



**NSDL**

Technology, Trust & Reach



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# Educate Enhance Empower

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Annual Report **2018-19**

# Corporate Information

## BOARD OF DIRECTORS

(as on September 06, 2019)

### Mr. B. A. Prabhakar

Public Interest Director & Chairman

### Mr. G. V. Nageswara Rao

Managing Director & CEO

### Mr. B. Sambamurthy

Public Interest Director

### Prof. G. Sivakumar

Public Interest Director

### Dr. Rajani Gupte

Public Interest Director

### Mr. J. Ravichandran

Shareholder Director

### Mr. Suresh Khatanhar

Shareholder Director

## AUDITORS

### Statutory Auditors

#### M/s Deloitte Haskins & Sells,

Chartered Accountants

Indiabulls Finance Centre,  
Tower 3, 27-32 Floor,  
Senapati Bapat Marg,  
Elphinstone Road (W),  
Mumbai - 400 013.

### Internal Auditors

#### M/s Aneja Associates,

Chartered Accountants

301, Peninsula Towers,  
Peninsula Corporate Park,  
Ganpatrao Kadam Marg,  
Lower Parel, Mumbai - 400 013.

## BANKERS

HDFC Bank

ICICI Bank

IDBI Bank

Kotak Mahindra Bank

## REGISTERED OFFICE

Trade World, 'A' Wing, 4<sup>th</sup> Floor,  
Kamala Mills Compound,  
Senapati Bapat Marg,  
Lower Parel,  
Mumbai - 400 013 (India)

**Website: [www.nsdl.co.in](http://www.nsdl.co.in)**

CIN: U74120MH2012PLC230380

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### SUBSIDIARIES

- 158 NSDL Database Management Limited (NDML)
- 240 NSDL Payments Bank Limited (NPBL)

NSDL has successfully completed 22 years of operation. During these years NSDL has launched various path-breaking initiatives and services that have redefined Indian capital markets, providing maximum convenience and ease of operation to demat account holders and business partners.

NSDL's custody value of ₹ 186.80 lakh crore (as on March 31, 2019) reflects the growing status of the Indian economy and increased investor participation. This poses newer challenges of serving and protecting investors while enhancing user experience. NSDL has made it possible by using the triad of **Educating** the Investors, **Enhancing** the Technology and **Empowering** the end-users. NSDL believes that every investor should be a 'Prudent Investor' and pledges to achieve this using Educate, Enhance and Empower as a Theme for the new decade.

**Educate**  
**Enhance**  
**Empower**

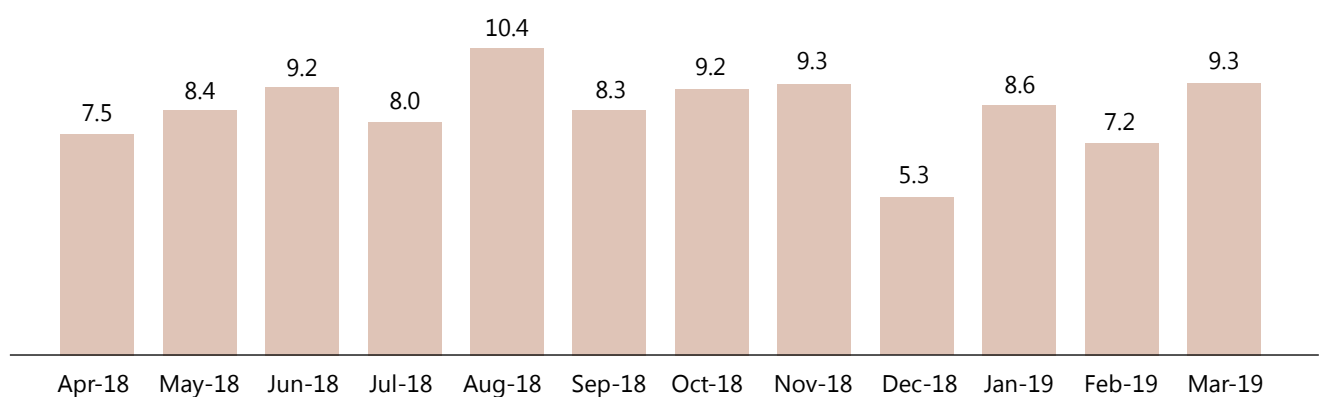


# SPEED-e

The SPEED-e platform is used extensively by our Depository Participants (DPs) to offer an electronic delivery instruction submission facility to their clients. This brings convenience to investors which reduces the risk for DPs as well as investors. It also provides customer delight thus enhancing the overall customer experience. 200 NSDL DPs use the SPEED-e platform. SPEED-e usage has been increasing every year and is reflected in the increased number of instructions being processed. SPEED-e has achieved the milestone of 100 million transactions for the second year in row.

- ▶ No. of DPs that have subscribed for SPEED-e facility as on March 31, 2019 is 200 having 240 DPM set-ups.
- ▶ Total instructions processed on SPEED-e platform during FY 2018-19 is 100.5 Million.
- ▶ During the financial year 2018-19, approximately 79% instructions were processed through SPEED-e Direct out of total instructions processed on SPEED-e compared to 78% in FY 2017-18.

Number of instructions processed through SPEED-e platform (Figures in million)





Product Information

Corporate Overview

Statutory Reports

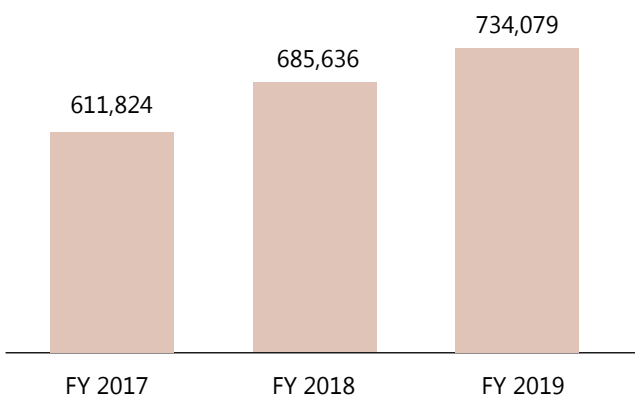
Financial Statements

Subsidiaries

# IDeAS

IDeAS is an Internet-based facility which empowers demat account holders to view their holdings online. In addition, this simple yet very useful facility for investors enables all the demat account holders to access other useful information through links to other portals like Form 26AS through income tax portal, e-Voting etc.

**Clients registered for IDeAS facility**







# Consolidated Account Statement (CAS)

CAS has been a very popular initiative of NSDL. With CAS, demat account holders can view all their investments like equity shares, preference shares, mutual fund units, bonds, debentures, sovereign gold bonds, government securities, commercial paper, certificate of deposit etc. in one statement. CAS empowers demat account holders to monitor their portfolio in an effective way and also educates them to develop strategies and accordingly take informed decisions.

NSDL continues to enhance investor experience by introducing new features in CAS.

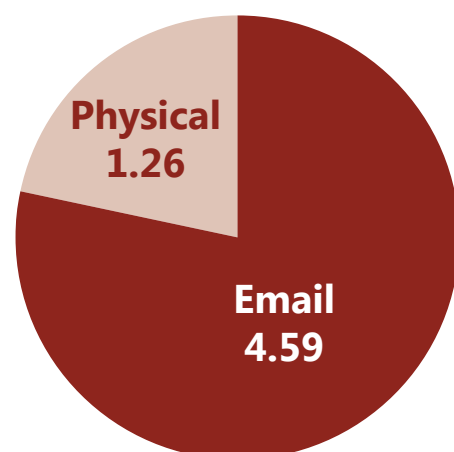
The following new features were incorporated to enhance investors CAS experience:

- ▶ A link has been incorporated in respect of India Bond Info website for Corporate Bond ISIN, so the investors can view the details of Corporate bonds held in their portfolios.

- ▶ Additionally, ISIN description has been added for Debt ISINs to classify the ISINs in respect of Tax-free instruments.

During 2018-19, NSDL has sent over 5.85 crore Consolidated Account Statements to demat account holders.

**Total number of CAS sent to demat account holders in FY 2018-19 - 5.85 crore**





# Mobile App

In today's digital world, everyone is accessing information on their mobiles. Keeping this in mind, NSDL has developed a Mobile Application - NSDL Mobile App for the benefit of demat account holders. This app has empowered demat account holders to access their demat account holdings **"Anytime, Anywhere, on The Go"** along with the prices and values of their securities.

NSDL Mobile App is available on both Apple App store and Google play store.

NSDL continues to enhance investor experience by introducing "New Features" in the mobile app.

- ▶ The Demat Account Holders can exercise voting rights electronically.
- ▶ Electronic Delivery Instructions Slips (e-DIS) facility wherein Demat Account Holders can accept or reject electronic delivery instruction slip (e-DIS) submitted by Clearing Members.

- ▶ As on March 31, 2019, total number of users who have accessed NSDL Mobile App has increased to 2,94,245 (2.94 lakh) from 2,34,884 (2.34 lakh) an increase of **25% YOY**.

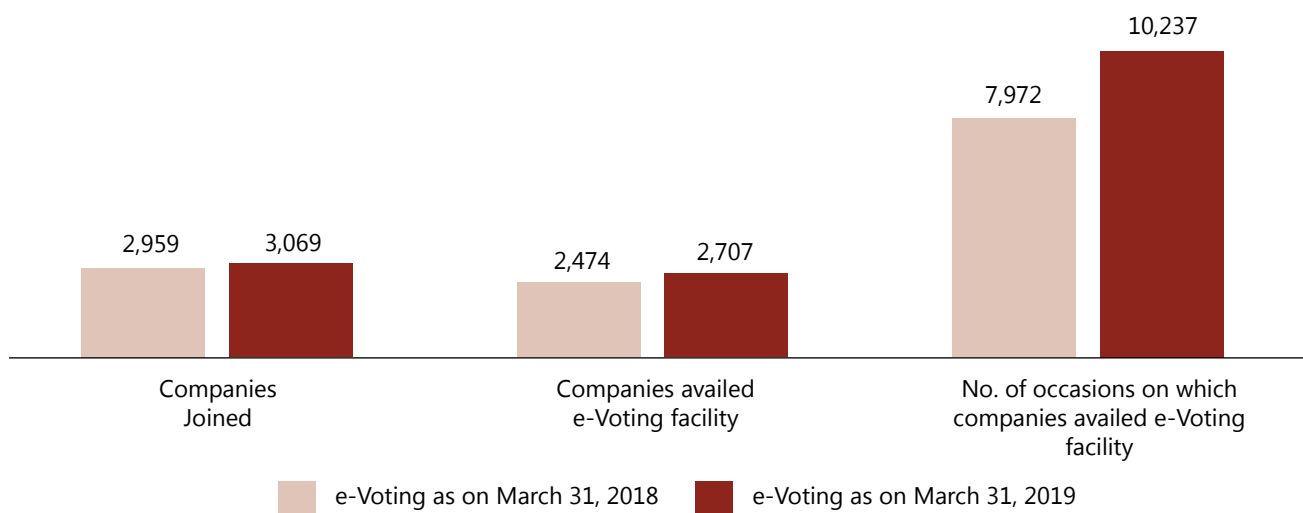




# e-Voting

The e-Voting platform has facilitated many leading companies to offer e-Voting services to their Shareholders and thus has empowered their Shareholders to exercise voting rights by casting their votes electronically. This has enabled investors to take an active part in the company's overall decision-making

process by participating in voting. The platform offers the companies live-streaming of meeting proceedings and instantaneous results. In addition to this, it also offers tab-based e-Voting services at the AGM venue itself and e-notices service to the companies availing e-Voting platform.







## SMS Alerts

NSDL sends real time SMSes to its demat account holders for every debit as well as few other important transactions. These messages help the demat account holder to stay updated and monitoring the account becomes simple and effective.

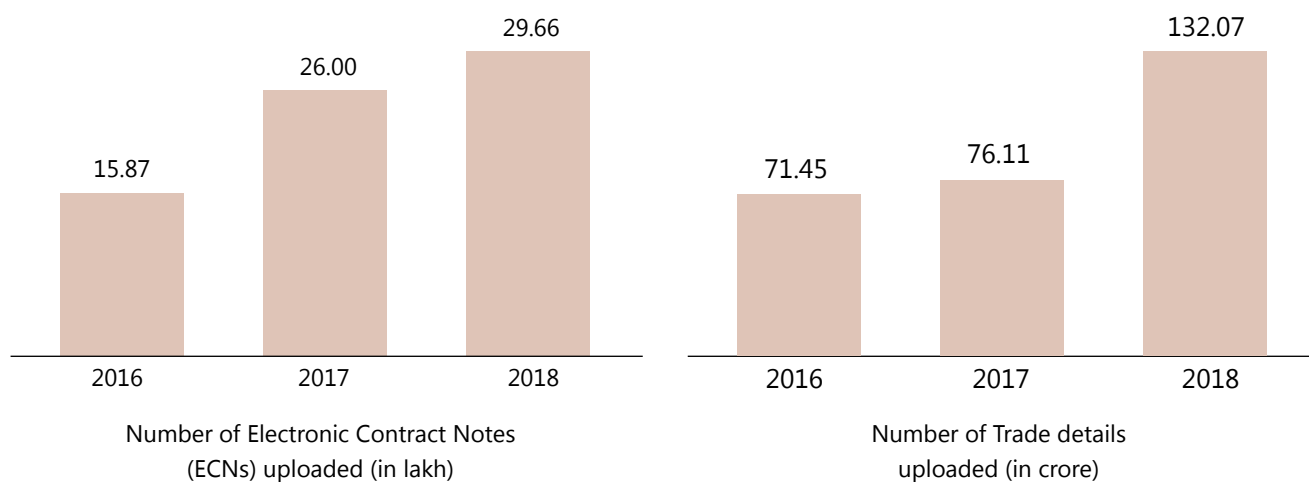
During 2018-19, NSDL has sent about 6.95 crore messages which nearly equals 3 messages every second of operation.



# Electronic Contract Notes

Our STeADY platform is used extensively by clearing members (Brokers) to carry out electronic transmission of “digitally signed and encrypted” trade information to market participants. It has witnessed tremendous increase in the number of transactions.

NSDL’s STeADY platform caters to a wide range of market participants with impeccable speed and accuracy.





## Investor Accounts

- ▶ During the FY 2018-19, NSDL opened 19.24 lakh new demat accounts.
- ▶ No. of Active Accounts as on March 31, 2019, stood at 1.85 crore.

## SPICE

Submission of Power of Attorney (POA) based Instructions for Clients Electronically (SPICE) enables CMs to execute power of attorney based instructions using SPEED-e platform. Based on the POA, clearing members can submit instructions to the respective Depository Participants (DPs) to debit clients demat accounts. SPICE also includes SPICE - Direct wherein auto pay in instructions (submitted by CMs using the feature of SPICE) can be directly transmitted to NSDL.

- ▶ No. of unique clients registered for SPICE facility as on March 31, 2019 is 1,18,69,325.





## Message from MD & CEO

### **Dear Shareholder,**

We are in exciting time in history where transformative digital technologies are emerging at an unprecedented rate and technology is becoming core for all products and services across all sectors. NSDL's business resilience and longevity comes from its ability to stay abreast with technology change, continually investing in building capabilities on newer technologies. As the rate of change of technology changes increases, our value to them will only increase. Financial year 2018-19 witnessed weaker market conditions during some periods resulting in an overall lower activity in both primary and secondary markets compared to the previous year. Nevertheless, it is heartening that the number of new demat accounts opened remained unaffected by market conditions. New demat accounts opened during 2018-19 at 19.24 lakh was only marginally lower than 19.61 lakh accounts opened during 2017-18, which was itself a growth of 32% over the previous year and a record

high (excluding 2007-08 due to a specific IPO). It is demonstrative of the resilience of the Indian capital markets and continuous entry of new investors.

NSDL's custody value stood at ₹ 186.80 lakh crore as of March 31, 2019 which reflected a market share of 89.98%. NSDL's market share has been consistently steady at 89% and in fact has only increased from 89.15% as of March 31, 2014. NSDL's market share in total settlement value was 91.32% for 2018-19 which again has only increased in the recent past. It reinforces NSDL's market position as the preferred depository where Indian investors hold their securities. It is further reflective of the quality of accounts that NSDL holds.

NSDL continued its leadership in admission of issuer companies driven largely by unlisted companies. Issuers admitted in NSDL stood at 25,233 as of March 31, 2019.



During the year, NSDL continued to make strides in introducing digital initiatives, some of which I would like to highlight. NSDL worked with ICICI Bank which became the first bank to introduce paperless process for bank customers to open demat account within minutes through net banking. Similar digital process was introduced by the bank in the assisted channel using a mobile device. NSDL further improved the process by introducing direct API integration with its depository system. Federal Bank became the first bank to use API integration allowing their customers to open a demat account which is instantly activated in the NSDL's system using a seamless digital process.

NSDL is working on several digital initiatives aimed at corporates and institutional investors to facilitate secure, efficient and paperless processes. An online onboarding portal has already been launched for unlisted companies. It allows submission of documents electronically for admission into NSDL. We are building a Commercial Paper platform that would allow electronic issuance of commercial paper using end-to-end digital workflows. We have also received SEBI approval for launch of Electronic Book Provider that would facilitate issuance of corporate bonds on private placement basis. The platform is expected to be launched shortly.

Emerging risks is also an area of concern, particularly at the level of the participants. SEBI has initiated a number of measures that institute restrictions and controls over transactions to mitigate such risks. Depository systems are being enhanced to implement such control measures.

NSDL Database Management Limited's (NDML) National Insurance Repository has crossed the milestone of 1 million electronic insurance accounts. 1.2 million electronic insurance policies are held in these accounts reflecting the quality of accounts. National Academic Depository has made significant progress with over 28 million academic awards having been lodged in the depository with over 580 academic institutions having joined the depository. NDML's RTA operations increased significantly with 792 issuers and 1723 ISINs being serviced. National Payments Services Platform (PayGov) is implementing integration with NSDL Payments Bank which will bring synergy.

NSDL Payments Bank received approval from the RBI to commence operations in October 2018. Since then the bank has made live its various services one after the other. RTGS, NEFT, IMPS, NFS, BBPS services have gone live as also issuance of digital and physical Rupay cards. The bank conducts live operations in a closed user group and commercial operations are expected to start shortly.

I am sure that with its vast experience and diverse product range, NSDL will continue to enrich digital experience of Indian consumers and contribute to the development of India's financial markets and the Indian economy in general, by providing world-class market infrastructure.

I place on record our sincere appreciation to all the stakeholders including the Members of the Board, Central and State Governments, SEBI, RBI and Employees for their valuable support and contribution.

Thank you for being a part of our journey! We look forward to your continued support.

With best wishes,

**G. V. Nageswara Rao**  
 MD & CEO





# Board of Directors



**Mr. B. A. Prabhakar**  
Former Chairman and  
Managing Director of  
Andhra Bank



**Mr. G. V. Nageswara Rao**  
Managing Director & CEO  
of National Securities  
Depository Limited



**Mr. B. Sambamurthy**  
Former Chairman of National  
Payments Corporation of India  
as RBI Nominee



**Prof. G. Sivakumar**  
Department of Computer  
Science and Engineering,  
IIT Bombay



**Dr. Rajani Gupte**  
Vice Chancellor of  
Symbiosis International  
(Deemed University)



**Mr. J. Ravichandran**  
Group President of  
National Stock Exchange  
of India Limited



**Mr. Suresh Khatanhar**  
Executive Director of  
IDBI Bank Limited



# Our Team



**Mr. G. V. Nageswara Rao**  
Managing Director & CEO



**Mr. Samar Banwat**  
Executive Director



**Mr. Krishna Srinivas**  
Executive Director



**Mr. Nityanand Phatarphod**  
Executive Vice President



**Mr. Dnyanesh Nerurkar**  
Executive Vice President



**Mr. S. Ganesh**  
Senior Vice President &  
Compliance Officer



**Mr. Prashant Vagal**  
Senior Vice President



**Mr. Manoj Sarangi**  
Senior Vice President



**Mr. Sunil Batra**  
Senior Vice President



**Mr. Jagdish Pandya**  
Senior Vice President



**Mr. Chandresh Shah**  
Vice President & Chief  
Financial Officer (CFO)



**Mr. Vishal Gupta**  
Vice President



**Mr. Amit Jindal**  
Vice President

# Notice of Seventh Annual General Meeting

Notice is hereby given that the Seventh Annual General Meeting of the Members of National Securities Depository Limited will be held on Monday, September 30, 2019 at 11:30 a.m. at the Board Room of National Securities Depository Limited, Trade World, 'A' Wing, 5<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai - 400 013, to transact the following business:

## ORDINARY BUSINESS:

1. **To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2019, together with the Reports of the Board of Directors and the Auditors thereon.**

2. **To declare dividend on equity shares for the financial year ended March 31, 2019 and in this connection to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** dividend at the rate of ₹ 3 per share on the equity capital of the company for the year ended March 31, 2019 be paid to those shareholders whose names appear on the register of members, as on record date."

3. **To appoint director in place of director who retires by rotation subject to the explanation given in the explanatory statement annexed herewith and approval of SEBI, offers himself for re-appointment, subject to approval of SEBI and in this connection to consider and if thought fit, to pass the following resolution as Ordinary Resolution:**

**"RESOLVED THAT** pursuant to provision of Section 152 and other applicable provisions of the Companies Act, 2013; Regulation 25 read with Part C of the Second Schedule of the SEBI (Depositories and Participants) Regulations, 2018, as amended from time to time and Articles of Association of the Company, subject to approval of the SEBI and such other consent and permission as may be necessary, approval of members of the Company be and is hereby accorded for the re-appointment of Mr. J. Ravichandran (DIN: 00073736) as a Director."

4. **To re-appoint Statutory Auditors of the Company for a period of three years and to fix their remuneration:**

**"RESOLVED THAT** pursuant to the provisions of Section 139 and 142 of the Companies Act, 2013 read with the Companies (Audit and Auditors)

Rules, 2014, (including any re-enactment or modification thereto) and such other applicable provisions, if any, Deloitte Haskins & Sells, Chartered Accountants, Mumbai, (Firm registration number 117364W) be and is hereby re-appointed as the Statutory Auditors of the Company for a further period of three years to hold office from the conclusion of this Annual General Meeting till the conclusion of Tenth Annual General Meeting at a remuneration of ₹ 29,50,000/- for FY 2019-20 and the remuneration for FY 2020-21 and FY 2021-22 shall be as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors from time to time."

## SPECIAL BUSINESS:

5. **To appoint Mr. B. Sambamurthy (DIN: 00246211) as Independent Director of the Company.**

**To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** Mr. B. Sambamurthy (DIN: 00246211), who was appointed as a Public Interest Director as per SEBI (Depositories and Participants) Regulations, 2018 with effect from April 20, 2019, for a term of three years, be and is hereby appointed as an Independent Director pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) for such term as approved by SEBI and his term shall not be liable to retire by rotation."

Place: Mumbai

### Registered Office:

Trade World, 'A' Wing, 4<sup>th</sup> Floor,  
Kamala Mills Compound,  
Senapati Bapat Marg,  
Lower Parel (West)  
Mumbai- 400 013

By Order of the Board of Directors  
For National Securities Depository Limited

Sd/-

**Prasad Poojary**  
Company Secretary  
Membership No. ACS26056

Date: September 06, 2019

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The Instrument of proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting. Proxies submitted on behalf of corporate members etc. must be supported by duly certified copy of the Board Resolution or Power of Attorney together with specimen signatures of those representative(s) authorised to attend and vote at the Annual General Meeting. A proxy form for the AGM is enclosed.
3. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights then such proxy shall not act as a proxy for any other person or shareholder.
4. Corporate Members are requested to send a duly certified copy of the Board Resolution or Power of Attorney together with specimen signatures of those representative(s) authorised to attend and vote at the Annual General Meeting.
5. Members / Proxies are requested to bring to the meeting, the attendance slip enclosed herewith, duly filled in and deposit the same at the entrance of the meeting hall.
6. The date of Annual General Meeting of the Company shall be considered as the record date for identifying the shareholders entitled for dividend for the financial year ended March 31, 2019.
7. In case of Items no. 3 and 4, additional information as required under Regulation 36(3) and 36(4) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meeting is annexed to the Notice.
8. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of Items No. 5 is annexed hereto.
9. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act and all documents referred to in the accompanying Notice, Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.30 a.m. to 6.00 p.m.) on all working days (except Saturdays, Sundays and Public Holidays) up to the date of the Annual General Meeting of the Company, provided that not less than three days of notice in writing is given to the Company.
10. Subject to the provisions of the Act, dividend as recommended by the Board, if declared at the ensuing Annual General Meeting, will be paid within a period of thirty days from the date of declaration, to members whose names appear in the Register of Members as on the record date.
11. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
12. Electronic copy of the AGM Notice & Annual Report for FY 2018-19 is being sent to all the members whose email address are registered with the Company / Depository Participant(s) for communication purposes and the same will be available on the Company's website i.e. www.nsd.co.in. Members of the Company, who have registered their email address, are entitled to receive such communication in physical format as well upon specific request.
13. Members are requested to update their email address with their Depository Participant(s) to enable the Company to send future communications electronically.
14. The route map showing directions to reach the venue of the Seventh Annual General Meeting is given at the end of this Notice.



# Additional Information

## As required under Clause 1.2.5 of SS-2 and Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

### Item No. 3:

#### **Re-appointment of Mr. J. Ravichandran as Shareholder Director of the Company**

The Board of Directors had proposed the re-appointment of Mr. J. Ravichandran, as a Shareholder Director representing National Stock Exchange of India Ltd. (NSEIL) and the same was approved by Shareholders at its last Annual General Meeting held on September 19, 2018 and SEBI vide its letter dated November 01, 2018 had also approve the same. In view of the above, he was re-appointed as a Shareholder Director effective from the last Annual General Meeting.

Pursuant to Section 152 of Companies Act, Mr. Ravichandran is liable to retire by rotation and subject to approval of SEBI, seeks re-appointment. In this regard, it may be noted that pursuant to Regulation 24(9) and 24(10) of the SEBI (Depositories and Participants) Regulations, 2018, Board of NSDL has advised NSEIL to obtain a clarification from SEBI if its representative can continue on the Board of NSDL and NSEIL has represented to SEBI in this regard. NSDL has taken up with SEBI in this matter.

Mr. J. Ravichandran, aged 58 years, is B.Com, B. L., FCS. He is the Group President of NSEIL. Mr. Ravichandran has been associated with NSE for the last 25 years and has handled various functions such as finance & accounts, legal, secretarial, group investments, CSR, administration, etc., from time to time. Mr. Ravichandran does not hold any directorship / membership of the committees on the Board of the Listed Company.

Mr. J. Ravichandran does not hold by himself or for any other person on beneficial basis, any shares in the Company and is not related to any other director on the Board.

The sitting fees in respect of Mr. Ravichandran is payable to NSEIL for attending Board and other Committee meetings. During the FY 2018-19, Mr. J Ravichandran has attended all eight Board Meetings.

The Board recommends the proposed Ordinary resolution in relation to re-appointment of Mr. J. Ravichandran as a Shareholder Director subject to approval of SEBI be passed by the shareholders. Except Mr. J. Ravichandran, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution set out at Item No. 3.

### Item No. 4:

#### **Re-appointment of Statutory Auditors of the Company for period of three years and to fix their remuneration**

Members of Company had approved the appointment of Deloitte Haskins & Sells, Chartered Accountants, (Firm registration number: 117364W) ('Deloitte') as the Statutory Auditors of the Company at the 2<sup>nd</sup> Annual General Meeting held on September 24, 2014, till the conclusion of the 7<sup>th</sup> Annual General Meeting to be held in the year 2019.

In accordance with the Companies Act, 2013 and on the recommendation of Audit Committee and in the best interest of the Company, the Board of Directors have considered and recommended the proposed appointment of Deloitte for a term of three years i.e. from the conclusion of this AGM till the conclusion of Tenth AGM to be held for the FY 2021-22 subject to review by the Board every year. Deloitte have provided their consent and confirmed that their re-appointment, if made, would be within the limits specified under Section 141 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, as amended from time to time. The details of the proposed remuneration to be paid to Deloitte for the FY 2019-20 is ₹ 29,50,000. The fees for FY 2020-21 and FY 2021-22 shall be fixed by the Board as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors from time to time.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution set out at Item No. 4.



# Explanatory Statement

## Pursuant to Section 102 of the Companies Act, 2013

### Item No. 5:

#### **Appointment of Mr. B. Sambamurthy (DIN: 00246211) as Independent Director of the Company**

Mr. B. Sambamurthy (DIN: 00246211) is a Public Interest Director on the Board of the Company nominated by SEBI in terms of Regulation 25(2) of SEBI (Depositories and Participants) Regulations, 2018. In order to comply with the provisions of Section 149, 152 of the Companies Act, 2013 his appointment as Independent Director is being proposed for passing by the Members for such term as approved by SEBI.

Mr. Sambamurthy, aged 70 years, is a qualified Chartered Accountant with 40 years of Banking and related experience. He is presently serving as a Director on the Board of the Clearing Corporation of India Limited and as a Governing Council Member on Insurance Information Bureau of India (Established by IRDAI). He has extensive knowledge and experience in Banking and Financial Services. He does not hold any directorship/membership of the Committees on the Board of Listed Company.

Mr. Sambamurthy does not hold by himself or for any other person on beneficial basis, any shares in the Company and is not related to any other director on the Board.

Mr. Sambamurthy will be paid remuneration in the form of sitting fee within the limit prescribed under the Companies Act, 2013 for attending Board and other Committee meetings. During the FY 2018-19, Mr. Sambamurthy attended all three Board Meetings held during his tenure.

The Board is of the opinion that Mr. Sambamurthy fulfills the conditions as specified in Section 149 and Schedule IV of Companies Act, 2013 and he is independent of the management and recommends to propose Ordinary resolution in relation to appointment of Mr. Sambamurthy as an Independent Director be passed by the shareholders. Except Mr. Sambamurthy, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution set out at Item No. 5.

Place: Mumbai

#### **Registered Office:**

Trade World, 'A' Wing, 4<sup>th</sup> Floor,  
Kamala Mills Compound,  
Senapati Bapat Marg,  
Lower Parel (West).  
Mumbai – 400 013

By Order of the Board of Directors  
For National Securities Depository Limited

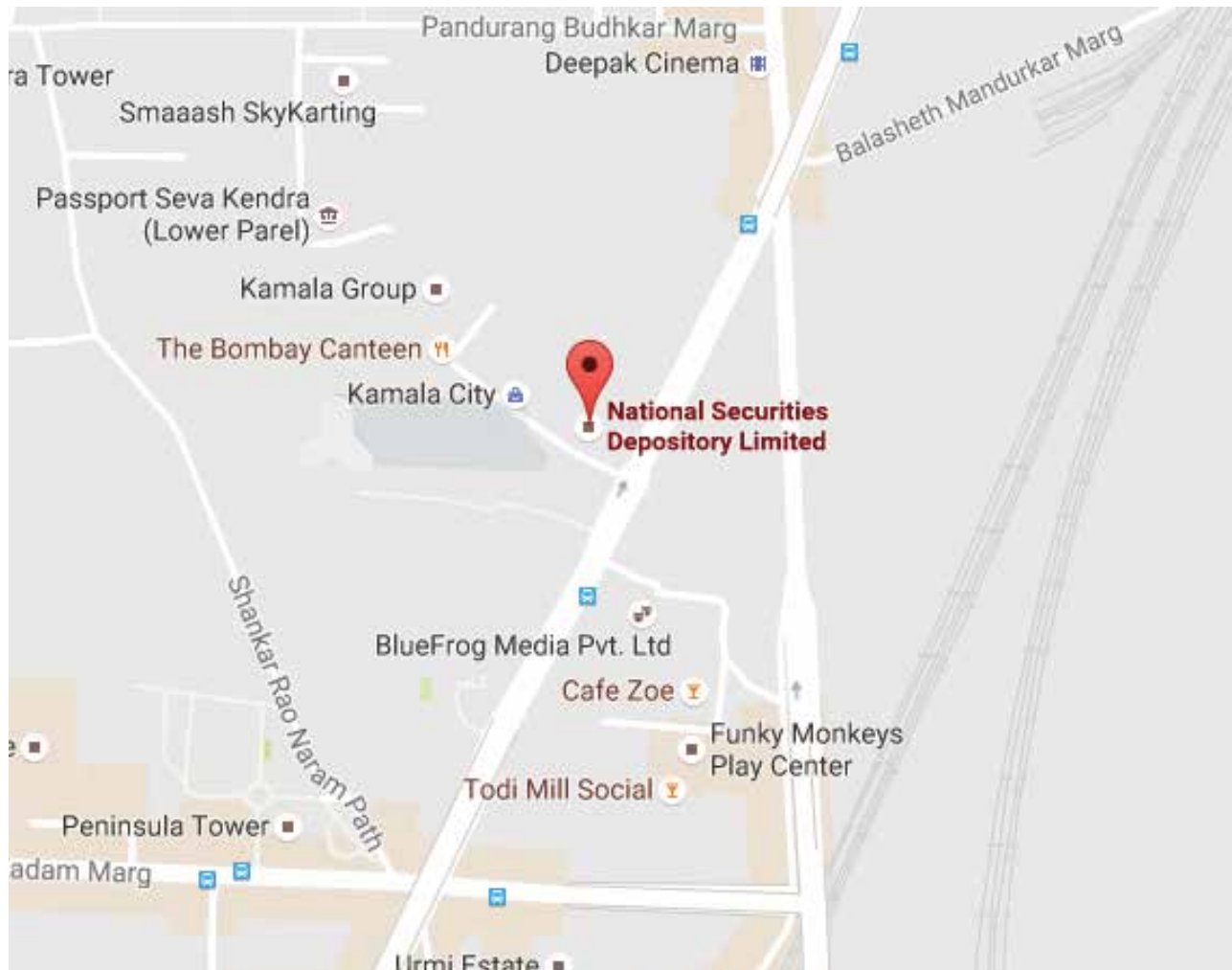
Sd/-

**Prasad Poojary**

Company Secretary  
Membership No. ACS26056

Date: September 06, 2019

# Route map to the venue of the Annual General Meeting



National Securities Depository Limited

**CIN: U74120MH2012PLC230380**

Trade World, 'A' Wing, 4<sup>th</sup> Floor,

Kamala Mills Compound,

Senapati Bapat Marg,

Lower Parel (West),

Mumbai - 400 013,

Email : [cs-depository@nsdl.co.in](mailto:cs-depository@nsdl.co.in)

Website : [www.nsdl.co.in](http://www.nsdl.co.in)

Phone : (022) 2499 4200 Fax: (022) 2497 6351

**National Securities Depository Limited**

 Regd. Office: Trade World, 'A' Wing, 4<sup>th</sup> Floor, Kamala Mills Compound,  
 Senapati Bapat Marg, Lower Parel (West), Mumbai - 400 013

CIN: U74120MH2012PLC230380

Tel: (022) 2499 4200 Website: www.nsd.com.in

**Form MGT-11  
 PROXY FORM**
**[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014 – Form No. MGT-11]**

Name of the Member(s)	
Registered address	
E-mail Id	
Folio No/ Client Id	
DP ID	

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1.	Name	
	Address	
	E-mail Id	
	Signature	

Or failing him/her

2.	Name	
	Address	
	E-mail Id	
	Signature	

Or failing him/her

3.	Name	
	Address	
	E-mail Id	
	Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Seventh Annual General Meeting of the company, to be held on the Monday, September 30, 2019 at 11:30 a.m. at the Board Room of National Securities Depository Limited, Trade World, 'A' Wing, 5<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai - 400 013 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolutions	Please Tick Relevant		
		For	Against	Abstain
	<b>ORDINARY BUSINESS:</b>			
1.	To adopt Financial Statements and the Reports of the Board of Directors and Auditors for the year ended as on March 31, 2019.			
2.	To declare dividend on equity shares for the financial year ended March 31, 2019.			
3.	To re-appoint Mr. J. Ravichandran (DIN: 000737736) as director liable to retire by rotation, who retires by rotation and offers himself for re-appointment, subject to approval of SEBI.			
4.	To re-appoint Statutory Auditors of the Company for a period of three years and to fix their remuneration.			
	<b>SPECIAL BUSINESS:</b>			
5.	To appoint Mr. B. Sambamurthy (DIN: 00246211) as Independent Director.			

Signed this..... day of..... ....2019.

Signature of Member: \_\_\_\_\_

Signature of Proxy holder (s): \_\_\_\_\_

Affix Revenue Stamp of not less than ₹ 1/-

**Note:**

This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Annual General Meeting

It is optional to indicate your preference. If you leave the "for" or "against" column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/ she may deemed appropriate.

## ATTENDANCE SLIP

### National Securities Depository Limited

Regd. Office: Trade World, 'A' Wing, 4<sup>th</sup> Floor, Kamala Mills Compound,  
 Senapati Bapat Marg, Lower Parel (West), Mumbai - 400 013  
 CIN: U74120MH2012PLC230380  
 Tel: (022) 2499 4200 Website: www.nsd1.co.in

### SEVENTH ANNUAL GENERAL MEETING, MONDAY, SEPTEMBER 30, 2019

Folio No/ Client Id																			
DP ID																			

Number of Shares held																			
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I certify that I am a member / proxy / authorized representative for the member of the Company.

I hereby record my presence at the Seventh Annual General Meeting of the Company on Monday, 30<sup>th</sup> day of September, 2019, at the Board Room of National Securities Depository Limited, Trade World, 'A' Wing, 5<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai- 400 013.

-----  
 Name of the member / proxy  
 (in BLOCK letters)

-----  
 Signature of the member / proxy

**Note:** Please fill up this attendance slip and hand it over at the entrance of the meeting.

Product Information	
Corporate Overview	
Statutory Reports	
Financial Statements	
Subsidiaries	



# Board's Report

To the Members,

Your Directors are pleased to present the Seventh Annual Report and the Company's Audited Financial Statements for the Financial Year (FY) ended March 31, 2019.

## Financial Results

Particulars	2018-19 (₹ in crore)	2017-18 (₹ in crore)
Revenue from Operations	217.28	200.76
Other Income	42.98	35.85
Total Income	260.26	236.61
Total Expenditure	120.07	104.94
<b>Profit Before Depreciation</b>	<b>140.18</b>	<b>131.67</b>
Depreciation	2.93	2.64
Contribution to Investor Protection Fund (IPF)	4.29	4.66
<b>Profit Before Exceptional Items</b>	<b>132.95</b>	<b>124.37</b>
Exceptional Items	8.08	0
<b>Profit Before Tax</b>	<b>124.87</b>	<b>124.37</b>
Provision for Deferred Tax (Credit)	(0.98)	0.22
Provision for Tax	29.92	36.38
<b>Profit After Tax</b>	<b>95.94</b>	<b>87.77</b>
<b>Total Comprehensive Income</b>	<b>95.41</b>	<b>87.80</b>
<b>Appropriation:</b>		
Proposed Dividend	12.00	10.00
Tax on Dividend	2.47	2.06
Transfer to General Reserve	-	-
<b>Surplus Carried to the Balance Sheet</b>	<b>80.94</b>	<b>75.74</b>

## Results of operations and state of Company's affairs for Financial Year 2018-19

Revenue from Operations increased to ₹ 217.28 crore in FY 2018-19 as compared to ₹ 200.76 crore in the previous financial year, a growth of 8.2%. Profit Before Tax and Exceptional Items increased to ₹ 132.95 crore in FY 2018-19 as compared to ₹ 124.37 crore in the previous financial year. During the year, based on SEBI advice, the Company refunded fees charged to issuer companies towards system driven disclosures amounting to ₹ 8.08 crore pertaining to the FY 2016-17. Profit After Tax (PAT) increased to ₹ 95.94 crore in FY 2018-19 as compared to ₹ 87.77 crore in the previous year, a growth of 9.3%. Earnings Per Share (EPS) of the Company increased to ₹ 23.98 in FY 2018-19 as compared to ₹ 21.94 in the previous financial year.

Further, as required under SEBI (Depositories and Participants) Regulations, 2018, 5% of profits from depository operations, i.e. ₹ 4.29 crore has been set aside to be contributed to the Investor Protection Fund (IPF).

The net worth of the Company as on March 31, 2019 increased by 14.3% to ₹ 662 crore as compared ₹ 579 crore a year ago.

No material changes and commitments have occurred after the close of the year till the date of this report, which affect the financial position of the Company.

### Dividend

The Board of Directors of your Company is pleased to recommend a dividend of ₹ 3.00 per equity share of the face value of ₹ 10/- each (i.e. 30%) for FY 2018-19 (as compared to ₹ 2.50 per share for FY 2017-18) for consideration of the shareholders. The dividend distribution would result in a cash outflow of ₹ 14.47 crore including tax on dividend of ₹ 2.47 crore.

### Details of Subsidiary Companies

Your Company has following subsidiary companies as on March 31, 2019:

**a. NSDL Database Management Limited (CIN: U72400MH2004PLC147094)**

NSDL Database Management Limited recorded a gross income of ₹ 77.43 crore and PBT of ₹ 30.66 crore for the year ended March 31, 2019.

**b. NSDL Payments Bank Limited (CIN: U65900MH2016PLC284869)**

NSDL Payments Bank Limited recorded a gross income of ₹ 6.05 crore and a loss of ₹ 6.63 crore for the year ended March 31, 2019.

The Company's policy for determining material subsidiary, as approved by the Board, may be accessed on the Company's website at the link: <https://nsdl.co.in/publications/disclosure.php>

### Share Capital

There was no change in the Share Capital of the Company during the year under review. As on March 31, 2019, the paid up share capital stood at ₹ 40 crore comprising of 4 crore equity shares of ₹ 10/- each. During the year under review the Company has not issued any shares with Differential Voting Rights nor has it granted any Stock Option or Sweat Equity. None of the Directors of the Company hold shares in the Company.

# Management Discussion and Analysis

## Business Overview

The Business of the Company mainly consists of depository operations. The Company provides depository and allied services through its Business Partners across the country. The Company plays a major role in dematerialisation of securities and electronic settlement of trades in the Indian Stock Market.

Financial Year 2018-19 has been a successful year for the Company. The Company was able to capitalise on the market conditions through its operational excellence, higher efficiency and well executed strategies.

## Regulatory Requirements

The key implementations taken up during FY 2018-19 in line with the regulatory requirements are as under:

### 1. Early Warning System

SEBI has put in place an Early Warning Mechanism and sharing of information between Stock Exchanges, Depositories and Clearing Corporations to detect the diversion of client's securities by the stock broker at an early stage so as to take appropriate preventive measures. The alerts need to be generated on daily and monthly basis.

### 2. HUF

Various enhancements have been incorporated in HUF (Hindu Undivided Family) Account. New Account Type – 'HUF' has been defined with the facility to capture the details of Karta and coparceners separately.

### 3. Capture Payment Details for Off Market Transfers

Facility has been developed to capture Payment Details for Off Market Transfers. This includes details like mode of payment, payment date, bank details, etc.

### 4. System Driven Disclosures

As per SEBI circular for System Driven Disclosures in Securities Market, the following disclosures were implemented:

- a) Disclosures under Regulation 29(1) and 29(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011 by non-promoters i.e. the total holding/acquisition of any individual other than Beneficial Owner

classified as Promoter and Promoter group needs to be reported in case the holding/acquiring percentage is equal to or more than 5% in a listed ISIN of the company.

- b) Disclosures under Regulation 7(2) of SEBI (Prohibition of Insider Trading Regulations) 2015 pertaining to directors and employees of the company i.e. Companies are mandated to provide Depositories with the PAN/Demat account Numbers for Key Management Personnel as part of monitoring under Prohibition of Insider Trading Regulation.

### 5. Foreign Investment Limit Monitoring

NSDL has put in place the necessary infrastructure and IT systems for operationalising the monitoring of foreign investment limits in listed Indian Companies. The foreign investment limits would constitute the aggregate of FPI limits, aggregate of NRI limits and sectoral caps of individual companies.

### 6. Online Internal / Concurrent Audit Report submission through e-PASS

NSDL has provided online facility to Compliance Officers of Depository Participants and their respective internal auditors to fill Internal Audit Report (IAR) or Concurrent Audit Report (CAR) / both through e-PASS portal. Participants and Auditors can submit digitally signed IAR/CAR through this channel.

## Business Initiatives

The following Key Business Initiatives were implemented by your Company in FY 2018-19.

### 1) IRMS

As a part of IEPF implementation, companies are enabled to transfer demat (NSDL and CDSL) and physical shares (in respect of which unpaid or unclaimed dividend is transferred to IEPF Authority) to Demat Account of IEPF Authority through Corporate Actions.

Further, NSDL has developed 'IEPF Recordkeeping and Management System (IRMS). IRMS system will maintain details of source accounts (NSDL, CDSL and Physical) from which the positions are transferred to IEPF account maintained by NSDL, and also track changes to holdings due to corporate events such as bonus etc.

## 2) Employee data Monitoring

NSDL has developed a product to provide reports to companies who intend to monitor transactions done by their employees in securities and the positions held by them in their demat accounts maintained with DPs of NSDL. With the consent of the employees, such reports will be provided on periodic basis and as and when transactions are carried out in the demat accounts of the employees.

## 3) Submission of Debit Instruction using Mobile App

Clients will be able to submit Debit instructions using NSDL's Mobile App which eliminates the need to submit physical Delivery Instruction Slips (DIS). Client is required to authenticate using One Time Password (OTP) sent on Registered Mobile Number of the Client as the second factor while submission of the Instruction.

## 4) Loan Against Securities

NSDL has implemented Collateral Management System for Loan Against Securities (LAS) Product. Banks which are Depository Participants of NSDL,

can avail this facility to provide online loan to their customers against securities held by the customers in their respective demat accounts.

## 5) Foreign Investment Limit Monitoring

In Foreign Exchange Management Act, 1999 and its regulations framed under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 being notified by Reserve Bank of India, foreign investment limits in respect to Foreign Investments made in India are specified. The onus of compliance with respect to various foreign investment limits rests on the Indian company. In order to facilitate the listed Indian companies to ensure compliance with the various foreign investment limits, NSDL has developed a web based portal for companies to capture and monitor foreign investment limit information as advised in the SEBI Circular dated April 05, 2018. NSDL disseminates list of companies falling under Red Flag (Caution) List and Breach list on its websites. NSDL also communicates the Red Flag and Breach list to stock exchanges.

# Progress at NSDL

## NSDL Consolidated Account Statement (CAS)

NSDL sends CAS to demat account holders who maintain their demat accounts with NSDL DPs. NSDL CAS is a single statement of all investments in the securities market and includes investments in equity shares, preference shares, mutual funds, bonds, debentures, securitised instruments, money market instruments and government securities held in demat mode. All investments held in single or joint names are mentioned in NSDL CAS. NSDL CAS offers unparalleled convenience to investors in keeping track of their investment portfolio.

NSDL continues to enhance investor experience, by introducing new features in CAS. NSDL has incorporated facility for viewing details of insurance policies held in investors' e-Insurance Account (eIA) with National Insurance Repository (NIR) of NDML. Additionally, a new feature of "Annualised Return" has been incorporated to provide information on return on investors' investments in mutual funds schemes. Further, pursuant to amendments in Long Term Capital Gain (LTCG) Tax in Union Budget 2018, Fair Market Value as at the end of January, 2018 has been also incorporated in CAS.

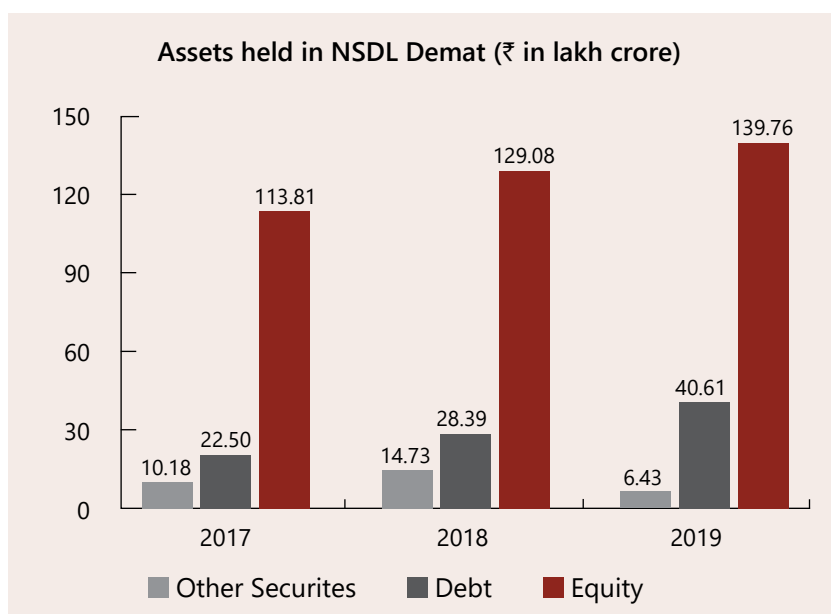
During the year under review, NSDL has dispatched over five crore CAS to investors.

**CAS Enhancements:** As part of our endeavour to enhance investor experience, we have incorporated following new features in NSDL CAS:

- Link to NSDL's Corporate Bond Database has been incorporated for Corporate Bond ISINs so that the investors can conveniently view the details of corporate bonds held in their portfolios.
- Additionally, ISIN description for Debt ISINs has been added to classify the ISINs in respect of Tax-free instruments.

## Asset Value under Custody

The value of assets held under custody stood at ₹ 186.80 lakh crore as on March 31, 2019. The market share of NSDL stood at 89.98 % in total custody value as on March 31, 2019. The value of equity securities stood at ₹ 139.76 lakh crore, while the value of debt securities (Debentures, Bonds, CPs, CDs etc.) stood at ₹ 40.61 lakh crore.

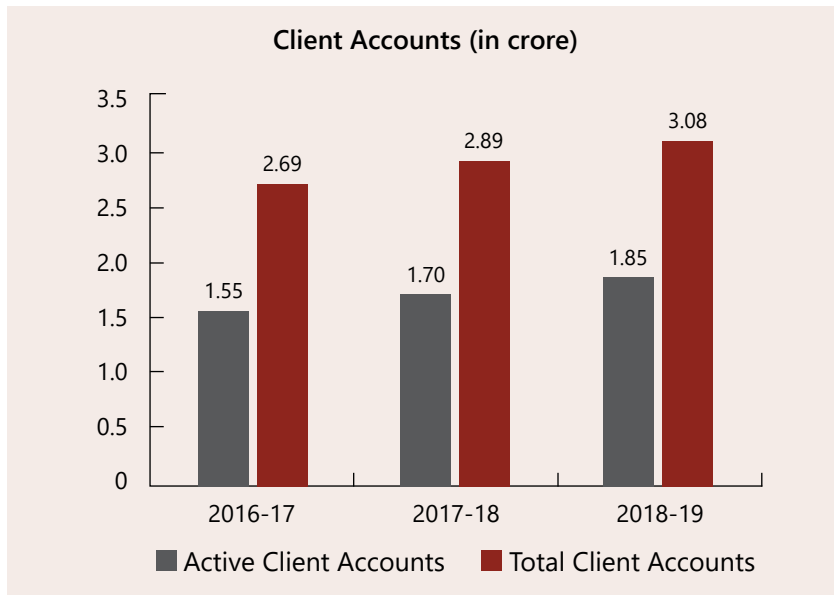




### Client Accounts

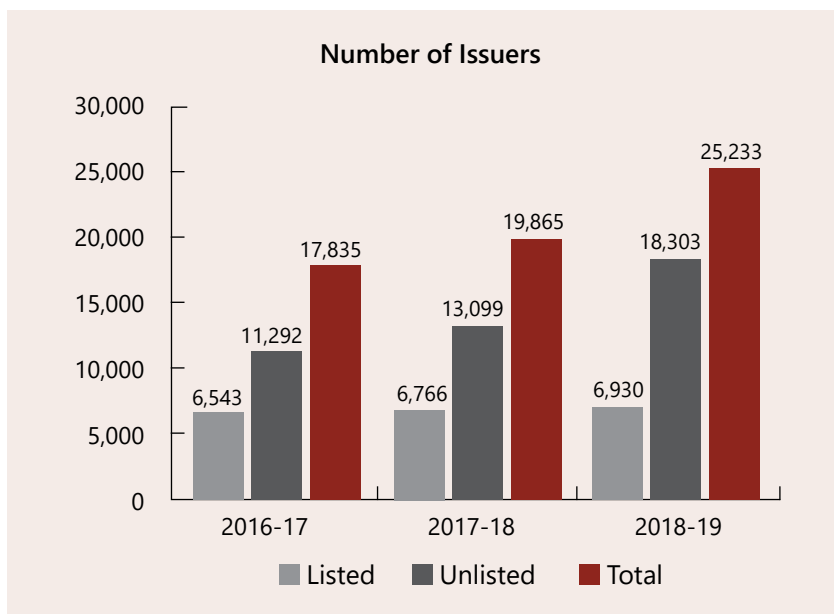
During FY 2018-19, 19.24 lakh new accounts were opened at NSDL, taking total number of demat accounts opened till March 31, 2019 to 3.08 crore.

The number of active depository accounts increased from 1.70 crore as at the end of the previous year to 1.85 crore as on March 31, 2019 resulting in net increase of 14.29 lakh accounts.



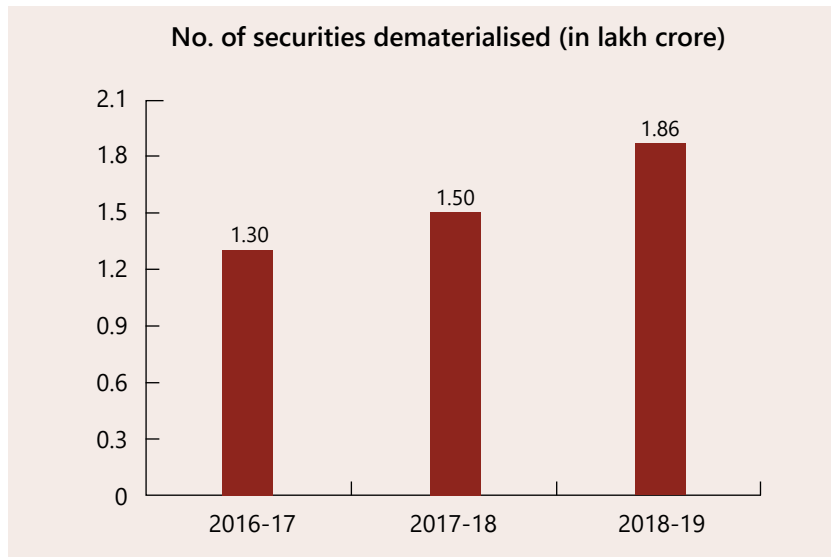
### Issuers

During the year, the number of Issuers who signed agreements with NSDL to avail dematerialisation facilities continued to grow and crossed 25,233 by March 31, 2019 as compared to 19,865 as on March 31, 2018.



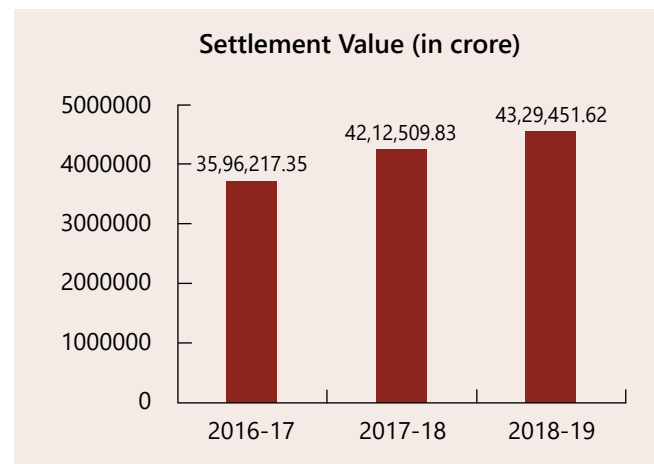
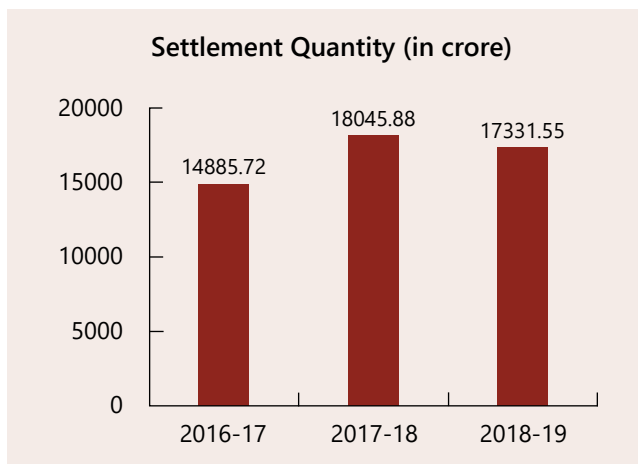
### Dematerialisation of Securities

The number of securities dematerialised in NSDL stood at more than 1.86 lakh crore as on March 31, 2019, against 1.5 lakh crore as on March 31, 2018, indicating a growth of over 24% during the year.



### Settlement Volumes

During the year under review, the value of securities that were settled in NSDL in dematerialised form during FY 2018-19 was ₹ 43,29,451.62 crore as against ₹ 42,12,509.85 crore in FY 2017-18. NSDL's market share in settlement value stood at 92% during FY 2018-19.



### FPI Monitor

Foreign Portfolio Investors (FPI) regime commenced in India from June 01, 2014 onwards. SEBI has assigned the responsibility of centrally generating FPI Registration Number and FPI Certificate to NSDL. Accordingly, NSDL has developed a central system viz., FPI Monitor ([www.fpi.nsd.co.in](http://www.fpi.nsd.co.in)) for the Designated Depository Participants (DDP) to register their FPI applicants online and obtain FPI registration number along with FPI certificate for the applicant. During FY 2018-19, a total of 827 new FPI applications were registered by DDPs on NSDL FPI registration portal. DDPs have also renewed the registration period of 1,835 FPIs on the portal. There were 9,390 FPIs registered on NSDL FPI website as on March 31, 2019.

NSDL also monitors the investment limits of FPI investor groups who have common beneficial ownership under the equity segment. NSDL monitors debt limit utilization in respect of FPIs / Deemed FPIs (i.e. erstwhile FII and Sub accounts). Besides, NSDL disseminates rich statistical information on NSDL FPI portal relating to investment by FPIs / Deemed FPIs in India.

### Depository Participants

The total number of Depository Participants stood at 277 as on March 31, 2019. These Participants offer services from 30,741 locations in 1,934 cities and towns across the country and overseas.

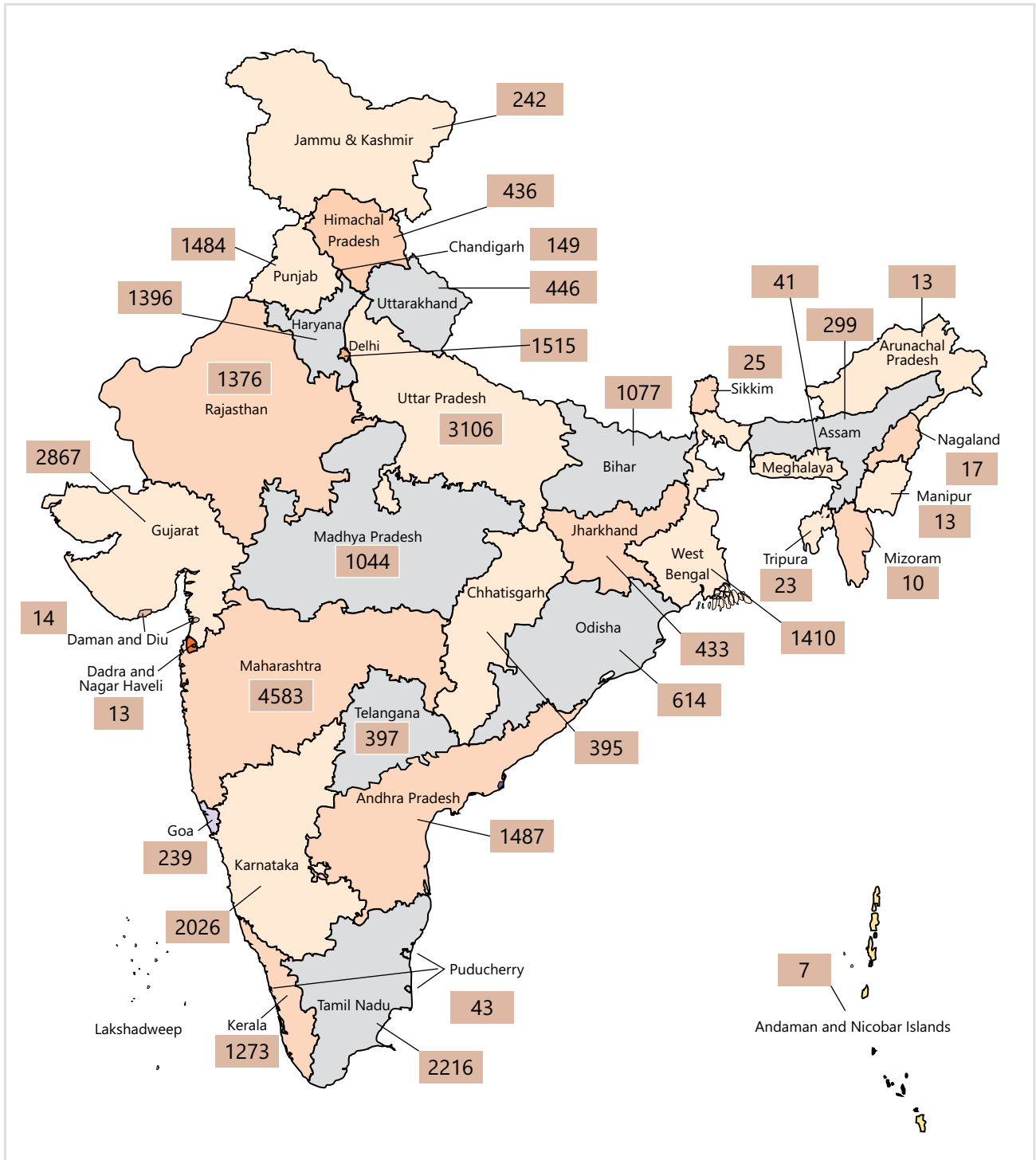
The category wise break-up of Participants was as follows:

Sr. No.	Category	No. of Participants
1	Banks	44
2	Clearing Corporations	3
3	Custodians	6
4	Financial Services Companies	4
5	Foreign Banks	7
6	NBFC	1
7	Registrar & Transfer Agent	1
8	Stock Brokers	211
	Total	277*

\*Includes twelve Participants which are under closure/termination process and SEBI registration is not yet cancelled/suspended.

During the financial year, NSDL conducted inspection of all its Depository Participants which were operational during the year.

### State wise spread of Service Centres of NSDL Depository Participants



Total – 30,741  
Overseas: 12 service centres

Map not to scale  
For illustrative purpose only

### Corporate Bond Database

The information in respect of various bonds/debentures issued by issuers is available in a fragmented manner and available at multiple sources such as websites of credit rating agencies, debenture trustees, depositories, stock exchanges etc. Lack of comprehensive information on the corporate debt instruments hinders the development in market for corporate debt instruments such as debentures, bonds, zero coupon bonds, step up bonds etc. in India. NSDL has developed the website for dissemination of authentic and complete information on corporate bonds enabling investors to view the information at a single place in an easy, fast and transparent manner. This is a pioneering initiative which makes available authentic reference data to corporate bond investors.

### Corporate Actions

The Corporate Action (CA) service of NSDL continued to be used extensively by Issuers in distributing securities arising out of IPOs, Bonus, Rights issue etc., electronically. Total number of corporate actions during FY 2018-19 aggregated 2,84,811 as compared to 2,53,522 in the previous year indicating a growth of around 16%. Number of securities credited/debited by way of corporate actions stood at 46,929 crore as compared to 31,879 crore in the previous year.

Details of securities issued by way of electronic credits through NSDL for FY 2018-19 are as under:

Description	No. of Corporate Actions	No. of Allottees (in hundred)	No. of securities (in crore)
Equity Shares	9,024	92,407.82	19,373.31
Preference Shares	330	86.84	3,472.70
Bonds	4,040	3118.03	493.44
Commercial Papers	10,336	103.36	5.22
Certificate of Deposits	1,828	33.94	6.91
Securitised Instruments	939	18.84	20,727.37
Mutual Fund Units	2,57,370	20,444.21	2511.66
Government Securities	884	224.13	0.92
Warrants	46	2.13	95.34
Infrastructure Investment Trust	10	0.33	113.41
Alternative Investment Fund	1	0.08	0.10
Real Estate Investment Trust	3	30.05	128.64
<b>Total</b>	<b>2,84,811</b>	<b>1,16,470</b>	<b>46,929</b>

### Technology

Your Company is an institution of national repute, operating across a wide range of businesses and is renowned for its capabilities in establishing and operating core infrastructure involving high-end technology. NSDL has been at the forefront in leveraging technology including the current and emerging transformational trends of mobility, digitisation and rapid growth of social media, to bring value to Business Partners and investors. We have leveraged our technology capabilities to facilitate faster and convenient processes, create best-in-class technology platforms and reduce transaction costs. Our innovations in recent years have enhanced our franchise and improved the overall investor experience.

Using innovative and flexible technology systems, NSDL works to support the investors and intermediaries in the capital market of the country. NSDL aims at ensuring the safety and soundness of Indian marketplaces by developing settlement solutions that increase efficiency, minimise risk and reduce costs. NSDL plays a quiet but central role in developing products and services that will continue to nurture the growing needs of the financial services industry.

NSDL has endeavoured in creating a future proof infrastructure to provide agility and plans to migrate to an On-premise cloud using Hyper Converged Infrastructure. NSDL is also in process of implementing NVMe storage to enhance the overall performance.

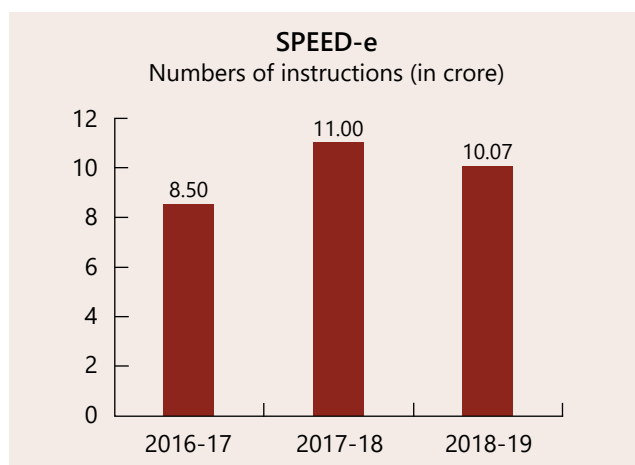
### Electronic Instruction Platform

#### SPEED-e

SPEED-e is a common internet infrastructure that enables the Depository Participants to provide depository services to their clients. Demat account holders (including Clearing Members) subscribing to this service can submit delivery instructions to their participants electronically through SPEED-e website instead of submitting Delivery Instruction Slips in paper form. SPEED-e users can access the service using secure internet facility. Over the years, various features viz., Statement of Holding (SoH), Account freezing, ISIN/ Quantity level freezing, multiple authorization by certain users, instructions upload facility, SPICE and SPEED-e / SPICE Direct, Pledge Instruction Submission, Confirmation and Unilateral closure by counter party were added to SPEED-e service.

As on March 31, 2019, 200 Participants have subscribed to SPEED-e service and more than 10.35 lakh users are registered for this service. During FY 2018-19, more than 10.07 crore instructions were executed through SPEED-e.

During the FY 2018-19, approximately over 8 crore (80%) instructions out of total instructions processed on SPEED-e were processed through SPEED-e Direct facility.



#### Digital LAS

The Participants viz., HDFC Bank Limited and ICICI Bank Ltd. have integrated with SPEED-e services which enables Demat Account Holder to take loan by Pledging Securities online on real time basis.

### Collateral Management Service

NSDL and Clearing Corporation (CC) viz., NSE Clearing Limited (NCL) have started the collateral pledge facility through SPEED-e whereby Clearing Members (CMs) can pledge the securities to CC viz., NCL from its demat account maintained with own Participant or any other Participant of NSDL.

#### SPICE

Submission of Power of Attorney (POA) based Instructions for Clients Electronically (SPICE) facility is in respect of demat accounts operated on the basis of POA. Many investors execute POA in favour of their stock brokers. Based on the POA, Clearing Members (CMs) submit instructions to the Participants (where Clients maintain demat accounts) to debit the demat accounts of the Clients. SPICE enables such CMs to submit digitally signed instructions to Participant through the SPEED-e facility thereby eliminating the need to give paper based delivery instructions to the Participants. SPICE enables the Clearing Members to debit the Client account and credit the CM Pool account. Further, SPICE facility is enhanced to debit the Client account and credit the Margin/BO account of the CM. SPICE also includes the feature of SPICE Direct wherein auto pay-in instructions (submitted by CMs using the feature of SPICE) can be directly transmitted to NSDL.

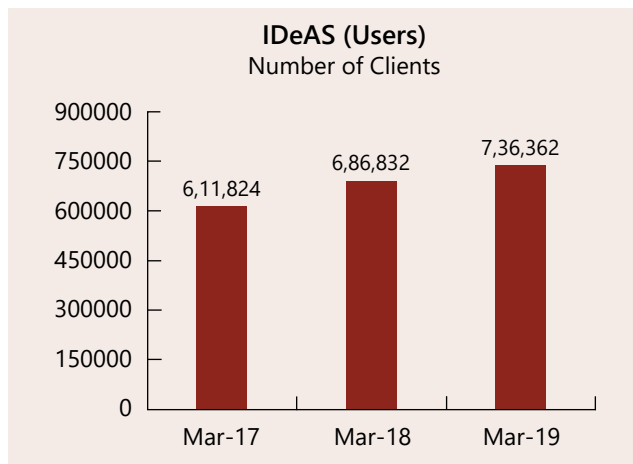
#### IDeAS

Internet-based Demat Account Statement (IDeAS) is a secure internet service setup by NSDL for demat account holders to view online their latest balances along with the values and transactions in their demat account. This facility is available to all the clients including Clearing Members who have opened a demat account with any of the Participants of NSDL. IDeAS clients can also download month wise transaction statements for the previous 12 months from the date of activation of IDeAS facility. Over the period, NSDL has enhanced its IDeAS service and enabled various facilities viz., Single Sign-on facility to clients for accessing e-Voting system of NSDL to cast their votes electronically in respect of resolutions of companies to be passed by Postal Ballot or a General Meeting and Interface with Income Tax Department Website to View/Download Tax Credit Statements (Form 26AS) and to provide Electronic Verification Code (EVC) during e-filing of Income Tax Return.

During the FY 2018-19, number of clients using IDeAS increased to 7.36 lakh from 6.86 lakh in previous year



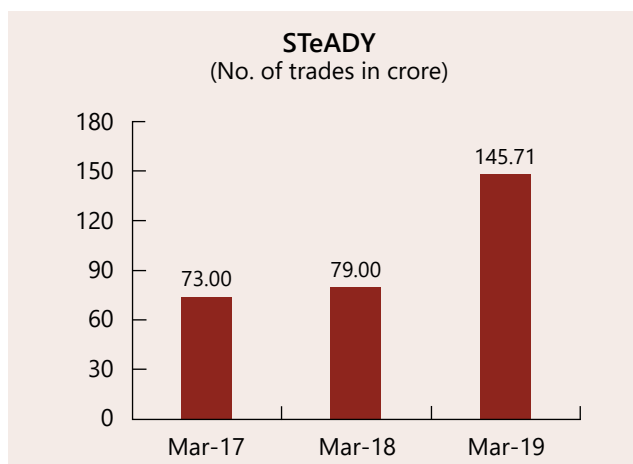
indicating a growth over of about 7%. As on March 31, 2019, 566 Clearing Members were using IDeAS as compared to 578 Clearing Members as on March 31, 2018. As on March 31, 2019, 265 DPs have subscribed for IDeAS.



### STeADY

Securities Trading-information Easy Access and Delivery (STeADY) is a facility that enables Straight Through Processing (STP) of trade information. STeADY is an Internet based facility that helps to transmit digitally signed trade information with encryption to the market participants electronically. The electronic contract notes are made available to institutional investors and their custodians for matching and to complete the settlement.

During the FY 2018-19, about 145.71 crore trade details in respect of 30.40 lakh contract notes have been submitted through STeADY as compared to 79 crore trade details in respect of 26 lakh contract notes during the FY 2017-18 indicating a growth over 84 % in respect of trade details and 16.85% in respect to contract notes.



### Mobile App

NSDL has developed Mobile App which facilitates Demat Account Holders to view and operate their demat accounts using Mobile device. Mobile App also enables Demat Account Holders to vote electronically, view latest holdings along with price, execute electronic Delivery Instructions Slips (e-DIS) submitted by Clearing Member, submit & view Delivery Instructions.

### TRADeS

Transaction Related Alerts of Demat account received through SMS (TRADeS) is SMS Alert facility of NSDL that provides important updates to Clients on their mobile phones about their depository accounts, which facilitates risk mitigation and provides value added services.

As on March 31, 2019, 218.62 lakh investors were registered for using this service as compared to 190 lakh investors as on March 31, 2018. During the financial year 2018-19, a total of 6.5 crore SMS alerts have been sent to clients under this service compared to 8 crore SMS alerts during financial year 2017-18.

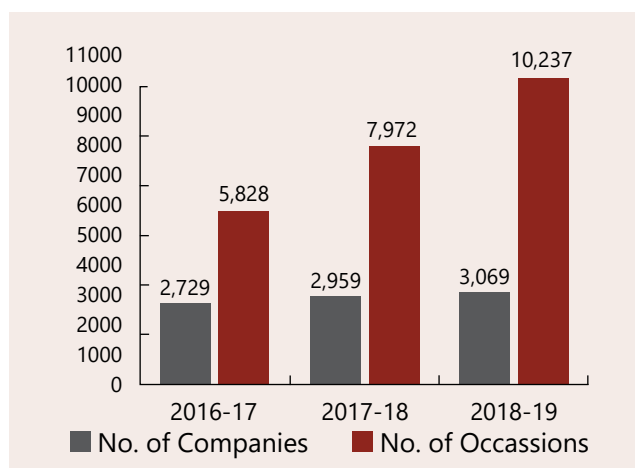
### ACE

As a measure to further strengthen the risk containment mechanism, your Company provides Alerts to Clients through Email (ACE) facility to depository account holders whereby emails are sent by your Company to the email addresses (captured in the DPM System) of the account holder(s) in case of change of address in their depository accounts. This facility is in addition to SMS alert facility for change of address of account holders.

### e-Voting

Your company provides an e-Voting platform using secure Internet Infrastructure that enables shareholders of companies to vote electronically on resolutions of companies put to vote by shareholders. Since April 2014, e-Voting is mandatory for all listed companies. The e-Voting system of NSDL has been authorized by the Ministry of Corporate Affairs, Government of India. NSDL launched electronic voting (e-Voting) service [www.evoting.nsdl.com](http://www.evoting.nsdl.com) which is a platform for providing electronic voting facility for shareholders of companies. Through this platform shareholders can cast their votes electronically. Number of Companies which entered into agreement with NSDL for availing e-Voting services is 3,069 as on March 31, 2019 as against 2,959 companies a year

ago. Further, companies availed of e-voting services of NSDL on 10,237 occasions as against 7,972 occasions a year ago.



### ISIN Numbering Agency

NSDL issues the International Securities Identification Number (ISIN) for all securities issued in India regardless of the type of security viz., equity, debt, mutual funds, money market instruments etc. ISIN is a globally accepted unique identifier for securities. SEBI is the National Numbering Agency (NNA) for India and a member of Association of National Numbering Agencies (ANNA). SEBI has delegated the responsibility to NSDL for issuance and maintenance of ISIN and Classification of Financial Instruments (CFI) codes and reporting to ANNA and to undertake other related activities. Both ISIN and CFI codes are defined as per ISO standards. NSDL thus has the most extensive experience in India of issuing globally unique identifiers defined as per international ISO standards.

### Investor Education and Awareness

Subsequent to formation of NSDL Investor Protection Fund Trust as per SEBI's guidelines, the activities related to promotion of investor education and awareness are undertaken through the Trust. During the FY 2018 - 19, two meetings of the trust were held. The activities in connection with investor education and awareness are conducted in accordance with the internal guidelines framed in compliance with SEBI's circulars.

NSDL connects with investors through a series of Awareness Programmes conducted across the country in association with SEBI, Exchanges, DPs and other institutions. These programmes are organised to spread awareness amongst the demat account holders

and potential clients about the depository services, new facilities introduced for investors, precautions to be taken by investors, information on grievance redressal system, procedure for claiming shares and dividend from Investor Education and Protection authority, etc.

Following activities / initiatives for promotion of investor education and awareness were undertaken during the year:

#### ➤ Programmes with SEBI:

In order to reach out to investors spread across the country, NSDL conducted 26 programmes in association with SEBI during FY 2018-19. These programmes were attended by more than 3,700 investors.

#### ➤ Programmes with Depository Participants, NSE and other Institutions:

During FY 2018-19, NSDL conducted 282 programmes with Depository Participants, 16 programmes with NSE and 22 Joint Awareness Programmes with various other institutions across the country. These programmes were attended by around 22,500 investors.

#### ➤ Participation in events conducted by other Institutions:

NSDL regularly participates in various seminars, lectures, workshops and conferences related to investor education and awareness by way of putting up stalls and/or sponsorships of such events. During FY 2018-19, NSDL participated at 18 such conferences and events organized by reputed industry associations like Indian Chamber of Commerce (ICC), Federation of Indian Chambers of Commerce and Industry (FICCI), ASSOCHAM, Indira Gandhi Institute of Development Research (IGIDR), Association of Investment Bankers of India (AIBI), Association of National Exchanges Members of India, CFA Institute India Private Limited etc. These events were attended by around 3,100 delegates.

#### ➤ Awareness Programmes conducted for students and other sections of society:

During FY 2018-19, NSDL conducted 23 training programmes for students and professionals from different academic and professional institutes which were attended by more than 1,700 students. Colleges/Institutes are also encouraged

to visit NSDL to understand the nuances of capital market.

NSDL in association with PTVA's Institute of Management, Mumbai organized a unique certification programme titled 'Being a Prudent Investor' for women entrepreneurs. This program was attended by 65 women entrepreneurs who were invited on the basis of responses collected during a survey conducted by students of the institute among more than 600 women entrepreneurs belonging to different areas across Maharashtra. These participants were handed over a certificate upon completion of the programme.

➤ **Corporate Awareness Programmes (CAPs):**

During the FY 2018–19, NSDL conducted five programmes exclusively for employees of various companies under the theme 'Corporate Awareness Programmes'. These programmes were attended by more than 200 employees.

In all, NSDL conducted 375 various kinds of programmes and participated in 18 events during the FY 2018–19. More than 31,300 investors and other stakeholders were reached through these initiatives. Since inception, NSDL has conducted more than 3,400 investor awareness programmes and seminars which have been attended by more than 3.33 lakh investors.

➤ **Publications:**

NSDL publishes two monthly newsletters 'The Financial Kaleidoscope' for investor community and 'NSDL Update' for Depository Participants. In the month of March 2019, The Financial Kaleidoscope was sent to 1.14 crore demat account holders through an email. This newsletter has been appreciated by readers.

Apart from these newsletters, NSDL publishes investor guide, brochures / pamphlets / posters etc. to spread knowledge about the demat process and new facilities in the depository system. These publications are distributed during the various events conducted by NSDL.

NSDL has also published a detailed guide "e-Guide for Demat Account Holders" in eight different languages namely Hindi, Marathi, Gujarati, Bengali, Kannada, Malayalam, Tamil and Telugu.

**Arbitration**

NSDL Bye Laws provide for settlement of claims, differences and disputes arising out of dealings in the depository between Participants inter-se or between Participants and its clients by arbitration. For this purpose, a panel of Arbitrators has been formed to hear the disputes and pass awards. The arbitration facilities to the Participants and their clients are made available from NSDL offices located at Mumbai, New Delhi, Kolkata and Chennai. The Arbitration Committee consisting of senior executives of NSDL, manages and supervises all aspects in the matter of settlement of disputes. During FY 2018-19, no new arbitration proceeding was initiated by the Company or against the Company.

**Quality of Service**

**ISO Certification**

Your Company is ISO 27001:2013 & ISO 22301:2012 certified for Depository systems. The certifications are subject to periodic surveillance audits which are undertaken as per the requirements of the standards.

**Training Programmes & Certification**

Your Company in association with National Stock Exchange of India Ltd (NSEIL) administers an examination on "Depository Operations" called NCFM (NSEIL's Certification Programme on Financial Markets). To enable the Participant staff to take up the examination, NSDL has prepared background material on depository operations. During the year under review, 92 persons have qualified the NCFM exam taking total number of qualified persons to 60,126.

SEBI has made it mandatory for certain categories of officials of Participants to qualify National Institute of Securities Markets (NISM)-Series VI-Depository Operations Certification Examination (DOCE) test. Your company has taken initiative in conducting training programmes for Depository Participants in order to assist the staff of Depository Participants to appear for NISM- DOCE test. The training programme covers all the topics as specified by NISM for DOCE which helps the staff of Depository Participant to appear for NISM DOCE test.

During the year, your company has organised 16 NISM oriented training programs. Further, your company has organised 89 CPE training programs for various modules which were attended by 1,914 candidates.

The module wise breakup of CPE training programmes are as mentioned below:

Module of CPE	No of Programmes	No. of Persons
NISM Series-VI : Depository Operations	70	1532
NISM-Series-II-A: Registrars to an Issue and Share Transfer Agents – Corporate	6	135
NISM Series-IX : Merchant Banking	3	70
NISM Series VII: Securities Operations and Risk Management	4	56
NISM-Series-X-A: Investment Adviser (Level 2)	2	49
NISM-Series-X-A: Investment Adviser (Level 1)	2	35
NISM Series-VIII : Equity Derivatives	1	21
NISM-Series- III-A: Securities Intermediaries Compliance (Non- Fund)	1	16
<b>Total</b>	<b>89</b>	<b>1,914</b>

In addition to the above, your Company has also organised 80 KYC Oriented training programmes for facilitating the officials of Participants to keep themselves updated about the recent developments in depository operations. Such trainings have been attended by around 4,400 officials.

### Opportunities and Threats

NSDL is the first depository of the country and one of the largest depositories in the world, with an overwhelmingly high market share of 90% in terms of custody value of dematerialized securities in Indian capital markets. The business of the Company mainly consists of depository operations and allied services. As part of digital initiatives, NSDL has incorporated various facilities through NSDL e-Services platform such as Digital LAS facility and its Integration with

Banks for Online Pledging of Securities offering a delightful customer experience with an entirely seamless transaction. NSDL has also launched Online Mutual Fund Redemption facility on NSDL e-Services platform which enhances smooth flow for customers in respect of MF Redemption without submitting physical redemption form to RTA. Further, NSDL alongwith Clearing Corporation (CC) have started the collateral pledge facility whereby Clearing Member(CM) can pledge the securities to CC from its demat account maintained with own DP or any other DP of NSDL. NSDL also has developed Employee Demat Accounts reports to Companies (e-DAC) facility on e-Services for obtaining Periodic reports of employees' details of transactions and holdings in respect of their demat accounts held with DPs of NSDL. Further, NSDL has started monitoring foreign investment limits pertaining to FPI, NRI and Sectoral cap in respect of listed companies which have appointed NSDL as a Designated Depository. NSDL disseminates list of companies falling under Red Flag (Caution) List and Breach list on the websites of NSDL viz., [www.nsdl.co.in](http://www.nsdl.co.in) or [www.fpi.nsdl.co.in](http://www.fpi.nsdl.co.in). SEBI has vide circular dated May 28, 2018 decided to implement next phase of system driven disclosure [SDD] covering non – promoters, Directors and employees of the company. Accordingly, NSDL has implemented mechanism providing necessary details pertaining to aforesaid persons/entities to Stock Exchanges on daily basis for reporting under SDD.

The Company derives its business mainly from activities in the Primary and Secondary Capital Markets. Buoyant capital market conditions increases volumes at the depository. Further, like other businesses, the Company also faces business competition. Similarly, when capital markets are weak, the volumes of trading are also depressed. However, the Company takes business competition as an opportunity for improvement and betterment of services to investors, rather than a threat.

### Risk Management

In the normal course of business, your Company is exposed to following risks:

- Business Risk: This is attributable to the impact of market behaviour on the revenues of the Company and sustainability of business across cycles.
- Business Continuity Risk: This arises out of possible inability to conduct business and provide



services on account of damage to physical assets and breakdown of infrastructure due to natural calamities, accidents, breakdowns etc.

- (c) **Operational Risk:** This arises out of any possible loss from operations due to third party liability, infidelity of employees, electronic & computer crimes, errors & omissions etc.
- (d) **Financial Risk:** NSDL is a zero-debt Company since its inception. The Company has followed the strategy of funding all its expansions, diversifications and infrastructure related expenditure through internal accruals.
- (e) **Legal and Statutory Risk:** This is attributable to various legal and statutory compliances of laws and regulations governing the Company.
- (f) **Technological Risk:** This risk arises with increased use of technology in the operations of the enterprise.

#### **Business Continuity Planning (BCP)**

Your Company has a Business Continuity Plan in place and shifts the depository operations to its Disaster Recovery Site (DRS) periodically so as to check the readiness and to demonstrate NSDL's capability to conduct the operations from DRS.

#### **Insurance**

Your Company has renewed its Insurance policy to cover the risk of depository business, with an overall limit of ₹ 100 crore including provision for one reinstatement of ₹ 100 crore with proportionate premium. The policy covers the Depository as well as its Participants. All Participants have subscribed to the policy. Apart from this, your Company has taken adequate insurance cover for premises and equipments.

In addition to above your Company has obtained an Insurance policy to cover the liability of the Directors and Officers of the Company and its Subsidiaries.

#### **Internal Controls and Audit**

Your Company has well established processes and clearly defined roles and responsibilities at various levels. Comprehensive operational manual and standard operating procedures have been put in place in various departments of your Company. An independent audit firm has been appointed for conducting internal and operations audit. The report of the Internal Auditor along with management

response is placed before the Audit Committee, which reviews the same and advises on improvements in internal controls.

As a good IT-Governance practice, your Company undertakes Information Systems (IS) Audit for its depository systems, every year. The Audit also includes visits to Participants to verify the IT set-up and practices followed for the NSDL DPM setup.

#### **Resources Committed Towards Regulatory Functions**

The Company has incurred a total salary cost of ₹ 970.10 lakh on 143 resources committed towards regulatory functions in FY 2018-19.

#### **SEBI (Depositories and Participants) Regulations, 2018**

SEBI, vide its notification dated October 03, 2018, notified the SEBI (Depositories and Participants) Regulations, 2018, which replaced the SEBI (Depositories and Participants) Regulations, 1996. During the year under review, the Company is in compliance with the applicable provisions of the aforesaid regulations.

#### **Risk Management Framework**

The Company has adopted a Risk Management Framework. Further, pursuant to the SEBI (Depositories & Participants) Regulations, 2018 and recommendations of SEBI, the Company has constituted a Risk Management Committee comprising of Public Interest Directors and Independent External Persons and the said Committee is chaired by a Public Interest Director.

#### **Other Measures**

Your Company has appointed a Compliance Officer and a legal team to advise the company on issues relating to compliance with various laws. The Compliance Officer confirms on the compliance on matters relating to the relevant laws of various jurisdictions and the same is reported quarterly at Board meetings. The Company also seeks outside legal advice, wherever needed. Your Company uses information technology extensively for its business. All technology services are regularly reviewed and capacity planning and system enhancement is undertaken based on the analysis of current usage and future needs. There is an Information Technology Advisory Committee (ITAC) comprising of IT experts for advising the Management on various matters pertaining to IT usage.



### Corporate Social Responsibility

In terms of Section 135 of the Companies Act, 2013 (the Act) the Company has constituted the Corporate Social Responsibility (CSR) Committee under the Chairmanship of Mr. B. A. Prabhakar.

The Composition, meeting and attendance during the year is set out in Corporate Governance Report, which forms part of the Annual Report.

The Company has formulated CSR Policy as approved by the Board and the same is placed on the website of the Company (<https://nsdl.co.in/publications/disclosure.php>). The Report on CSR initiatives is set out as "Annexure – A" and forms part of this Annual Report.

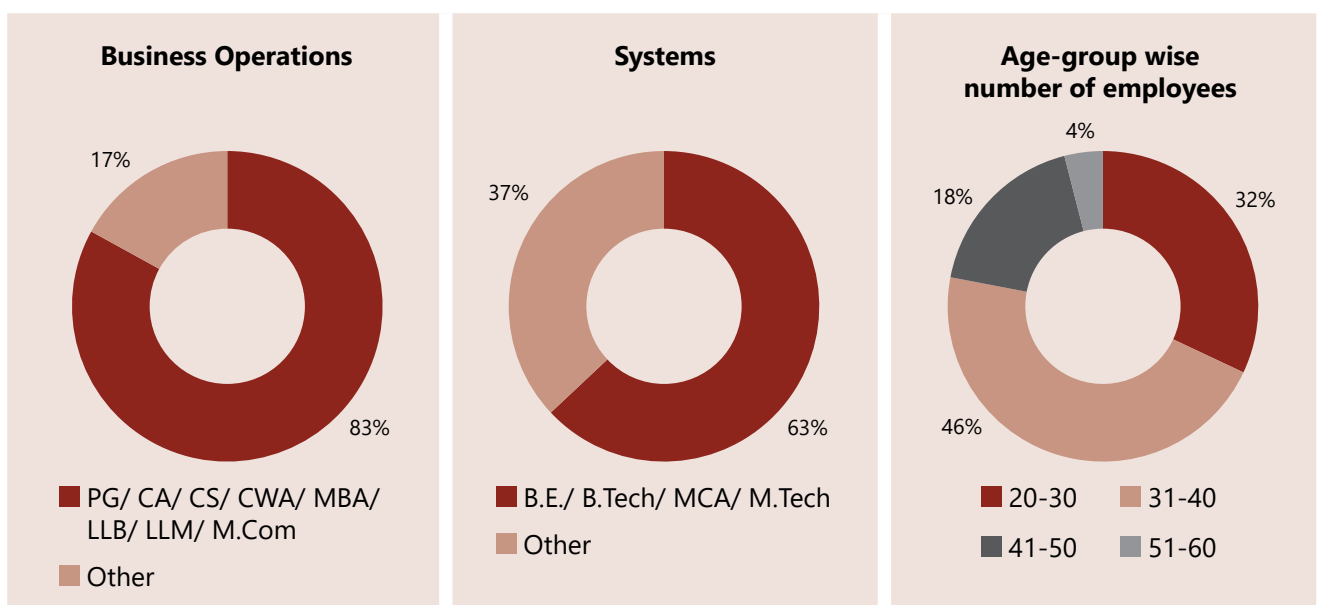
### Subsidiaries

As required under Section 134 of the Companies Act, 2013, the Audited Statement of Accounts, the report of the Directors and Auditors of the Subsidiary Companies are annexed and the statement containing salient features of the financial statements of subsidiaries in form AOC-1 is annexed to this report as "Annexure – B".

### Human Resources

Your Company emphasises on the quality of its human resources as Employees are vital for the organization. The Company has created favourable work environment and has set up a human resource management system, which enables it to attract and retain high caliber employees. Employee relations at all locations are harmonious and cordial. The Company gives utmost importance to the training and development of its employees. Various training and orientation programmes are conducted, both in-house as well as external programmes. Officials across various levels are exposed to programmes according to training needs. Company also nominates select employees to participate in various seminars in the capital market and other related areas both in India and abroad. A comprehensive induction programme is conducted for new recruits. Other training programmes on Information Security Policies Awareness, Business Continuity Planning etc. are also conducted in order to keep abreast the employees in these areas. Special team building programmes are conducted for employees to increase their efficiency and performance in a team.

Qualification-wise and Age group-wise break up of employees is as follows:



### Positive Work Environment

The company has formulated and adopted a policy on prevention of sexual harassment at work place and takes all necessary measures to ensure a harassment free work place and has instituted an Internal Complaints Committee for redressal of complaints and to prevent sexual harassment.

No complaints were received during the FY 2018-19. The Company had received one complaint during the FY 2017-18 and the same has been resolved.

### Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- that in the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards have been followed and there are no material departures;
- that such accounting policies selected and 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 at the end of the financial year and of the profit or loss of the Company for that period;
- that proper and sufficient care 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;
- that they have prepared the annual accounts on a going concern basis;
- that they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- that they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Declaration from Public Interest Directors/Independent Directors

The Company has received declarations from all the Public Interest Directors, under Section 149 (7) of the Companies Act, 2013, stating that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has also received declaration from the Public Interest Directors that they meet the "fit and proper" criteria as prescribed under Regulation 23 of the SEBI (Depositories and Participants) Regulations, 2018 read with Regulation 20 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 ("SECC Regulations"). In the opinion of the Board, all Independent Directors/Public Interest Directors fulfil all the applicable conditions prescribed under the Companies Act, 2013, SEBI (Depositories and Participants) Regulations, 2018 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Implementation of Code of Corporate Governance

As per the SEBI (Depositories and Participants) Regulations, 2018, the disclosure requirements and corporate governance norms as specified for the listed companies mutatis mutandis are applicable to the depository. During the year under review, the Company is in compliance with the applicable provisions of the aforesaid regulations. The status of implementation of the Code of Corporate Governance is enclosed as "Annexure – C".

### Performance Evaluation

In terms of the provisions of the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees based on a defined set of parameters as recommended by the Nomination and Remuneration Committee.

Further, in terms of the SEBI (Depositories and Participants) Regulations, 2018 read with SEBI Circular dated February 05, 2019, the Board based on the recommendation of Nomination and Remuneration Committee, has adopted the Policy for Performance Review of Public Interest Directors. The criteria for evaluation of PIDs is based on the said policy framed in accordance with the SEBI prescribed guiding principles namely qualification, experience, knowledge and competency, fulfilment of functions, ability to function as team, initiative, availability and attendance, commitment, contribution, integrity, independence, independent views and judgement. The detailed policy for performance evaluation of PIDs, as approved by the Board, may be accessed on your Company's website.

### **Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013**

The particulars of Loans, Guarantees or Investments made during the financial year are set out in the Notes to Accounts which forms part of this Annual Report.

### **Particulars of Contracts or Arrangements with Related Parties**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Disclosure of transactions with related parties is set out in Note No. 26 of Standalone Financial Statements, forming part of the Annual Report & Annexures thereto.

### **Transfer to Reserve**

During the year under review, no transfer has been made to General Reserve.

### **Names of the Companies which have become and ceased to be a Subsidiary, JV and Associate Company during the year**

During the year under review, no company has become or ceased to be a Subsidiary, Joint Venture (JV) and Associate Company of your Company.

### **Details of Key Managerial Personnel**

As on March 31, 2019, the Company has three Key Managerial Personnel as per the Companies Act, 2013 i.e. MD&CEO, Chief Financial Officer and Company Secretary:

<b>Sr. No.</b>	<b>Name of Key Managerial Personnel</b>	<b>Designation</b>
1.	Mr. G. V. Nageswara Rao	MD & CEO
2.	Mr. Chandresh M. Shah	Chief Financial Officer (CFO)
3.	Mr. Prasad Poojary	Company Secretary (CS)

### **Details of Significant and Material Orders passed by the Regulators or Courts or Tribunals impacting the Going Concern Status and Company's operations in future**

During the year under review, no significant and material order was passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operation in future.

### **Change in the Nature of Business**

Your Company has not undergone any changes in the nature of the business during the financial year.

### **Details in respect of adequacy of Internal Financial Controls with reference to the financial statements**

The Company has well established Internal Control Systems commensurate with the size and nature of its business and are adequate to ensure compliance with various internal processes and procedures as well as with various statutory and legal requirements. The Internal Auditors of the Company review the Internal Financial Controls and their findings and recommendations are reviewed by the Audit Committee.

### Public Deposits

During the year under review, the Company has not accepted any fixed deposit under Sections 73, 74, 75 and 76 of the Companies Act, 2013 from the public.

### Auditors and Auditors Report

The Board reappointed M/s. Deloitte Haskins & Sells, Chartered Accountants (ICAI Registration No. 117364W), as Statutory Auditors of the Company, for a period of three years commencing from FY 2019-20 to FY 2021-22 (i.e. from the conclusion of the Seventh Annual General Meeting till the conclusion of Tenth Annual General Meeting).

The Company has received a certificate from the Auditors to the effect that re-appointment of their term, if made, would be within the limits prescribed under Act and that they are not disqualified for re-appointment. Board has recommended the re-appointment of their term. Members are requested to consider their re-appointment.

The notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

### Secretarial Audit Report

In terms of Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Board appointed M/s. S. N. Ananthasubramanian & Co., Practicing Company Secretaries (Firm Registration No. P1991 MH040400) to undertake the Secretarial Audit of the Company for the FY 2018-19.

The Secretarial Audit report for the financial year ended March 31, 2019 as provided by S. N. Ananthasubramanian & Co., Practicing Company Secretaries is enclosed as "Annexure D".

The Secretarial Auditor's report does not contain any qualifications, reservations or adverse remarks except for the below observation:

***Pursuant to Regulation 24(9) and 24(10) of SEBI (Depositories and Participants) Regulations, 2018, the Shareholder Director representing National Stock Exchange of India Limited (NSEIL), is in our opinion, ineligible to continue as a Director of the Company. In this regard, we also note that NSEIL has vide letters dated 18<sup>th</sup> December 2018, 5<sup>th</sup> February 2019 and 2<sup>nd</sup> August 2019, represented on the matter with SEBI.***

### Comments by the Board:

The Board of NSDL, at its various meetings, reviewed the status of adherence of SEBI (Depositories and Participants) Regulations, 2018 in respect of Shareholder Director representing NSEIL wherein it noted that NSEIL, vide letters dated 18<sup>th</sup> December 2018, 5<sup>th</sup> February 2019 and 2<sup>nd</sup> August 2019, have represented to SEBI on this matter and it was understood that the representation is under consideration with SEBI. NSDL has taken up with SEBI in this regard.

### Extract of Annual Return

The extract of the Annual Return of the Company in Form MGT-9 is annexed herewith as "Annexure E".

Annual Return i.e. Form MGT-7 can also be accessed on the Company's website at the web-link <https://nsdl.co.in/publications/disclosure.php>.

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/Outgo

#### a) Conservation of Energy and Technology absorption -

The Company has a policy of switching off power after the office time in those areas where staff has left for the day. Staffs are strictly instructed to switch off their monitors before they leave for the day. The Company also maintains the air conditioning temperatures to conserve energy. The Company continuously strives to optimize its energy usage and efficiency.

**b) Foreign Exchange earnings/ outgo during the year under review:**

Sr. No.	Particulars	FY 2018-19 (₹ in lakh)	FY 2017-18 (₹ in lakh)
1	Foreign Exchange Earnings (Miscellaneous)	Nil	Nil
2	Foreign Exchange Outgo/Expenditure incurred in foreign currency	59.20	72.28

**Particulars of Employees**

Information required under the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and SEBI (Depositories and Participants) Regulations, 2018, a statement containing the remuneration details of Directors and employee is annexed as "Annexure F" and forms part of this report.

**Outlook**

India's macro-economy is stable with economic growth being one of the highest in the world, coupled with the government's commitment to fiscal consolidation and low inflation. India's growth story has largely remained positive on the strength of domestic absorption.

Improving business optimism, continued thrust on infrastructure development, ease of doing business initiative, easy availability of funds from various sources both internal and external, are expected to improve the investment inflow. The medium to long-term prospects of the economy, including the industrial sector, continue to be positive.

The Company aims at strengthening the existing business by way of providing various value added services to the investors and Business Partners. Your Company gives due importance to its role in deepening of the capital markets and will continue to focus on expanding its activities related to depository services, to enhance the network of Participants and service centres in the country and facilitating the Participants to spread penetration into semi urban and rural areas.

**Appreciation**

Your Directors are grateful for the support and co-operation extended by Securities and Exchange Board of India, Reserve Bank of India, Ministry of Finance, Ministry of Corporate Affairs, Depository Participants, Issuers, Registrars, Stock Exchanges, Commodity Exchanges, Investors and Market Intermediaries. Your Directors express their deep sense of appreciation of all the employees whose outstanding professionalism, commitment and initiatives have made the organisation's growth and success possible. Finally, the Directors wish to express their gratitude to the Members for their trust and support.

For and on behalf of Board of Directors

Date: September 06, 2019  
Place: Mumbai

Sd/-  
**(B. A. Prabhakar)**  
Chairman



## Annexure A

# Report on CSR Activities

It is company's policy to spend the amount allocated for CSR expenditure on activities listed in schedule VII of the Companies Act, 2013 and the rules framed thereunder. Therefore in view of the same the CSR activities for FY 2018-19 as listed out in the CSR policy were in the areas of promoting education, employment generating skills, health & sanitation, environmental sustainability, etc. Details of CSR policy are available on our website at the web link: <https://nsdl.co.in/downloadables/pdf/CSR%20Policy.pdf>. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

1. The composition of CSR Committee: The Committee comprises of Mr. B. A. Prabhakar (Chairman), Prof. G. Sivakumar and Mr. G. V. Nageswara Rao.
2. Average net profit of NSDL for last three financial years: ₹ 12,242.26 lakh.
3. Prescribed CSR Expenditure (i.e. 2% of Average PBT for the last three preceding financial years as in point no.2 above): ₹ 244.85 lakh.
4. During the FY 2018-19, NSDL has spent a total corpus of ₹ 301.64 lakh towards CSR activities. The manner in which the amount was spent during the financial year is detailed below:

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (Budget) (Amount in ₹)	Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Overheads (Amount in ₹)	Cumulative Expenditure up to the reporting period (Amount in ₹)	Amount spent direct or through Implementing agency (Amount in ₹)
1	Project Yogdaan- (Health support to Underprivileged Beneficiaries including Thalassemia patient)	Promoting preventive healthcare	Local Area, Mumbai (Maharashtra)	64,50,000	58,23,904	58,23,904	58,23,904 (Direct)
2	Educational support to Swami Vivekananda Adivasi Ashram School managed by Rashtriya Shikshan Sanstha Trust by creating better learning environment in the school	Promoting education	Local Area, Karjat (Maharashtra)	10,87,750#	5,43,750	10,87,500	5,43,750 (Direct)

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (Budget) (Amount in ₹)	Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Overheads (Amount in ₹)	Cumulative Expenditure up to the reporting period (Amount in ₹)	Amount spent direct or through Implementing agency (Amount in ₹)
3	Project SAMARTH, skill development initiative in BFSI sector to provide employment/ self-employment opportunities to under privileged <ul style="list-style-type: none"> <li>➤ Mutual Fund Distributor Certification Program</li> <li>➤ Business correspondence &amp; Business Facilitator training program (BCBF)</li> </ul>	Promoting education, employability skills and livelihood enhancement	<p><b>For Mutual Fund Distributor Certification Program:</b></p> <p>New Delhi, Kolkata (West Bengal), Dehradun (Uttarakhand), Mumbai (Maharashtra), Nagpur (Maharashtra), Jaipur (Rajasthan), Panjabari (Assam), Patna (Bihar), Hyderabad (Telangana), Varanasi (UP), Bhubaneswar (Odisha), Siliguri (West Bengal)</p> <p><b>For BCBF:</b></p> <p>Maharashtra- Pune, Amravati, Satara, Solapur.</p> <p>Rajasthan- Pali, Jodhpur,</p> <p>Karnataka- Hubli,</p> <p>Meghalaya- Shillong,</p> <p>West Bengal- Kolkata, Tamluk, Ghatal, Purulia,</p> <p>Burdwan, Bankura</p> <p>Odisha- Bhubaneswar, Cuttack.</p> <p>Assam- Guwahati.</p> <p>Sikkim- Namchi.</p> <p>Kerala- Allepy, Pathanamthitta,</p> <p>Trivandrum,</p> <p>Pondicherry- Pondicherry</p>	2,04,00,000	1,94,47,260	1,94,47,260	1,94,47,260  (Through implementing agency - Edujobs Academy Private Limited, EduBridge Learning Private Limited, Orion Edutech Private Limited and Pearl Institute of Financial Market Private Limited)

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (Budget) (Amount in ₹)	Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Overheads (Amount in ₹)	Cumulative Expenditure up to the reporting period (Amount in ₹)	Amount spent direct or through Implementing agency (Amount in ₹)
4	NSDL Shiksha Sahyog – (An Educational Scholarship Program)	Promotion of education	All over India. Preference given to the areas around NSDL regional offices	22,00,000	29,08,130	29,08,130	29,08,130 (Through Implementing Agency - Tata Institute of Social Sciences)
5	Maintenance and Beautification of Traffic islands	Ensuring environmental sustainability, ecological balance	Local Area-Mumbai (Maharashtra)	2,04,000	2,23,250	4,10,250	2,23,250 (Direct)
6	Project SAHYOG-Kerala Flood Relief Program to support the most flood affected regions in Kerala. Need based Disaster relief campaign for 150 families in the affected regions.	Eradicating hunger, poverty and malnutrition.	Kochi and Wayanad (Kerala)	3,75,000	3,51,406	3,51,406	3,51,406 (Through Implementing Agency - Care Works Foundation)
7	Project Monitoring, reporting and administration			8,65,938	8,65,938	8,65,938	8,65,938 (Direct)
			<b>Total</b>	<b>3,15,82,688</b>	<b>3,01,63,638*</b>	<b>3,08,94,388</b>	<b>3,01,63,638</b>

In the column 'Cumulative Expenditure upto the Reporting Period', NSDL has chosen to take FY 2017-18 as the base year and the amount reported is the total of expenditure incurred on respective CSR programs/projects upto reporting period (i.e. FY 2018-19).

\* Out of total CSR spent of ₹ 301.64 lakh, the amount of ₹ 281.93 lakh is to be considered as CSR expenditure for FY 2018-19 towards various CSR programs/projects in the area of education, skill development, environmental sustainability, preventive healthcare and disaster relief campaigns; of which an amount of ₹ 43.71 lakh was apportioned to NDML as per the joint CSR initiative of both the organizations. Out of total CSR spent of ₹ 301.64 lakh, the amount of ₹ 19.71 lakh has been considered as CSR expenditure for FY 2017-18 and the same had been reported in FY 2017-18 as CSR spent towards education, environmental sustainability and preventive healthcare of which an amount of ₹ 2.92 lakh were apportioned to NDML as per the joint CSR initiative of both the organizations.

# Outlay amount of ₹ 10,87,750 was approved for FY 2017-18 towards educational support to Swami Vivekananda Adivasi Ashram. An amount of ₹ 5,43,750 was spent in FY 2017-18 and remaining amount of ₹ 5,43,750 was spent in FY 2018 -19.

NSDL intends to have sustainable CSR programs with greater and long term impact on the community. The Company endeavors to implement outcome based CSR programs/projects that create shared value in

the most deserving communities. The success of CSR programs/projects is mapped to the qualitative outcomes that are evaluated through quantifiable measures. Hence, NSDL follows an approach wherein the CSR budget is spent in accordance with the expected project outcome.

The program implementation strategy has been designed in a way where the Company ensures that the budget is spent only when the quantifiable project outcome is seen during program execution. In this context, the program implementation partners have been engaged in a result/outcome oriented approach during program execution. During project execution, NSDL has incurred the CSR expenditures only towards the expected results/outcome delivered by program implementation partner. The program implementing partners were engaged in a way where the funds have been disbursed in accordance with their output or performance which would help to achieving the ultimate program outcome. NSDL closely monitors and evaluate the performance and impact of its CSR program and based on such evaluation, plans to execute impact driven and sustainable CSR programs in coming years.

Sd/-

**G. V. Nageswara Rao**

Managing Director & CEO

Sd/-

**B. A. Prabhakar**

Chairman of CSR Committee

## Annexure B

# Form AOC-1

Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

### Part "A": Subsidiaries

As on/for the year ended March 31, 2019

(₹ in lakh)

Particulars	NSDL Database Management Limited	NSDL Payments Bank Limited
Share Capital	6,105.00	11,500.00
Reserves & Surplus	8,450.76	(1,017.45)
Total Networth	14,555.76	10,482.55
Total Assets	17,424.26	10,858.61
Total Liabilities	2,868.50	376.06
Investments	14,988.33	406.28
Turnover	6,877.12	0.01
Profit Before Taxation	3,066.47	(662.89)
Provisions for taxation	771.21	(16.08)
Profit After Taxation	2,295.26	(646.81)
Proposed dividend	-	-
% of Shareholding	100%	82.61% (Direct) & 17.39% (through subsidiary)

The audited financial statements of the above subsidiaries have been drawn up to the same reporting date as that of the Company, i.e. March 31, 2019.

- Names of subsidiaries which are yet to commence operations: Nil.
- Names of subsidiaries which have been liquidated or sold during the year: Nil

### Part "B": Associates and Joint Ventures - Not Applicable



# Annexure C

## Corporate Governance

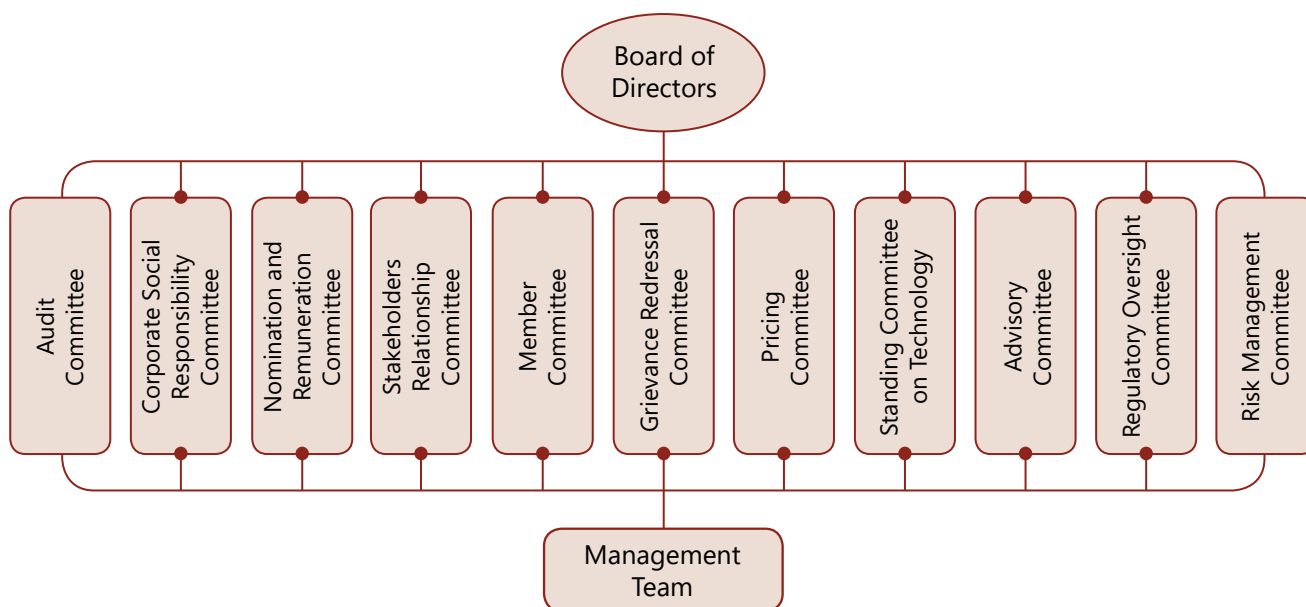
### Company's philosophy on code of Corporate Governance

NSDL is committed to high standards of Corporate Governance which is critical to our business integrity and maintaining investors' trust. The Company's philosophy on Corporate Governance is based on the fundamental principle of fair, ethical and transparent governance practices by adopting highest standards of professionalism, integrity, honesty, equity, transparency, accountability and ethical behavior in all facets of operations and dealing with all its stakeholders. It is also based on an effective independent Board and the separation of the Board's supervisory role from the executive management. The Board of Directors monitors the protection of long term interests of the stakeholders. The Board has a balanced mix of experts of eminence and integrity, who provide the vision and direction to the Company. The Company aims at complying with all applicable laws and regulations, conducting its business in an ethical manner and protecting the interests of investors and other stakeholders.

NSDL is a Public Limited Company incorporated under the Companies Act, 1956 and a Depository within the meaning of Depositories Act, 1996 whose securities are not listed on any of the stock exchanges. NSDL is additionally required to comply with the provisions of the SEBI (Depositories and Participants) Regulations, 2018, the guidelines, circulars and directives issued by SEBI from time to time. As per Regulation 31 (1) of the said regulations, the disclosure requirements and Corporate Governance norms as specified for listed companies shall mutatis-mutandis apply to a depository. Your Company has been practicing the Code of Corporate Governance by adopting most of the good Corporate Governance practices and continues to practice the Corporate Governance norms laid down in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Your Company has complied with the Corporate Governance norms prescribed in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also made the relevant disclosures as required therein. For the information of its stakeholders, NSDL is furnishing this Report on Corporate Governance for the financial year ended March 31, 2019.

### Governance Structure



Governance structure broadly comprises the Board of Directors and the Committees of the Board at the apex level and the Management structure at the operational level. This layered structure brings about a harmonious blend in governance as the Board sets the overall corporate objectives and gives direction and freedom to the Management to achieve these corporate objectives within a given framework, thereby bringing about an enabling environment for value creation through sustainable profitable growth.

## 1. Board of Directors

Your Company recognizes and embraces the importance of a diverse Board in its success. Your Company is provided with direction and guidance by professional Board comprising eminent persons with considerable professional expertise and experience in finance, legal, banking, IT and other related fields.

Your Board is vested with the requisite powers, authorities and duties to ensure highest level of integrity and transparency in all engagements of the Company. The Board also reviews long term as well as short-term strategies of the Company from time to time and ensures statutory and ethical conduct with high quality financial reporting. The Board provides and evaluates the strategic direction of the Company, management policies & their effectiveness and ensures that the long-term interests of the stakeholders are being served.

NSDL Board comprises of qualified members who bring the required skills, expertise and competence that allows them to make an effective contribution to the Board and its Committees. The skills/expertise/competencies/positive attributes etc. of the directors may be determined based on below parameters:

- Qualification – Law, Finance, Management and Administration or any other relevant to the financial markets
- Experience – Prior experience in area of law, finance, accounting, economics, management, administration or any other area relevant to the financial market
- Knowledge and Competency – Knowledge about the regulatory norms of the Company, constructive and analytical decision making abilities, strategy expertise for understanding and reviewing the strategy
- Understanding of Technology – Technical / Professional skills in relation of Company's business, analyzing technological trends, innovation, creative ideas for business, research, innovation and digitization and ability to leverage the same for advancement of capital markets.
- Leadership – Demonstrated leadership skills preferably at Board level, leadership experience with regard to managing a Company including risk management, strategic planning and guiding the Company towards benefits of the shareholders and other stakeholders.

## 2. Committees of Directors

With a view to have a more focused attention on various facets of business and for better accountability, the Board has constituted various committees. Each of these Committees has been mandated to operate within a given framework.

## 3. Management Structure

Management Structure for running the business of the Company as a whole is in place with appropriate delegation of powers and responsibilities. Managing Director and Chief Executive Officer (MD & CEO) is in overall control and responsible for the day-to-day working/operations of the Company. He gives strategic directions, lays down policy guidelines and ensures implementation of the decisions of the Board of Directors and its various committees.

Your Company has a professional and experienced management team. The MD & CEO is assisted by two Executive Directors who in turn have business/functional heads reporting to them to look after the day-to-day affairs of the Company.

### A. Composition and size of the Board and Category of directors

As per Regulation 24 (1) of SEBI (Depositories & Participants) Regulations, 2018, the Governing Board of every depository shall comprise of following types of Directors:

- Public Interest Directors
- Shareholder Directors
- Managing Director

The number of Public Interest Directors shall not be lesser than the number of Shareholder Directors with the Managing Director being included in the category of Shareholder Director.

The appointment of all Directors requires prior approval of SEBI. The Public Interest Directors on the Governing Board are nominated by SEBI, who represent the interest of investors in the securities market and who do not have any association directly and indirectly, which, is in conflict with their role. The Chairman of the Board is required to be elected from among the Public Interest Directors with prior approval from SEBI. Further, all the Public Interest Directors are also appointed as Independent Directors (not liable to retire by rotation) in order to comply with the provisions of Companies Act, 2013. The Chairman and CEO are separate posts in the Company.

Composition of the Board as on date:

Category	No. of Directors
Public Interest Directors / Independent Directors	4
Shareholder Director/s	2
Managing Director & CEO	1

Governing Board as on date along with the changes therein during the financial year to till date:

Names of Directors	Category of Directors
Mr. B. A. Prabhakar	Chairman, Non-Executive Independent (Public Interest Director)
Mr. S. Sridhar*	Non-Executive Independent (Public Interest Director)
Prof. G. Sivakumar	Non-Executive Independent (Public Interest Director)
Dr. Rajani Gupte**	Non-Executive Independent (Public Interest Director)
Mr. J. Ravichandran	Non-Executive Non-Independent (Shareholder Director)
Mr. Ajay Sharma#	Non-Executive Non-Independent (Shareholder Director)
Mr. B. Sambamurthy\$	Non-Executive Independent (Public Interest Director)
Mr. G. V. Nageswara Rao##	Managing Director & CEO
Mr. Suresh Khatanhar^	Non-Executive Non-Independent (Shareholder Director)

\* Mr. S. Sridhar ceased to be Public Interest Director w.e.f. February 12, 2019

\*\*Dr. Rajani Gupte appointed as Public Interest Director w.e.f. May 23, 2018

# Mr. Ajay Sharma appointed as Shareholder Director w.e.f. May 23, 2018 and ceased to be a Shareholder Director w.e.f. June 06, 2019

\$Mr. B. Sambamurthy appointed as a Public Interest Director w.e.f. April 20, 2019

## Mr. G.V. Nageswara Rao has been reappointed as Managing Director & CEO for a term of three years w.e.f. July 01, 2018

^Mr. Suresh Khatanhar has been appointed as Shareholder Director w.e.f. July 24, 2019

In the opinion of the Board, the Independent Directors fulfill the conditions specified in aforementioned Regulations and are independent of the management. Further, none of the Directors of the Company are inter-se related with each other and no Director holds any shares and convertible instruments in the Company. The web link providing the details of the familiarization programme(s) imparted to independent directors is <https://nsdl.co.in/publications/disclosure.php>

During the year, Mr. Sridhar has resigned as Public Interest Director before expiry of his tenure consequent to conflict of interest pursuant to SEBI (Depositories and Participants) Regulations, 2018. Mr. Sridhar also confirmed that there is no other material reason other than the provided above.

## B. Board Meetings

The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness. A minimum of four Board meetings are held every year. In addition, the Board also meets as and when necessary to address specific issues relating to the business. However in case of special and urgent business, the Board also approves by Circular Resolution, important items of business which are permitted by Companies Act. During the year under review, the Board met eight (8) times i.e. on April 03, 2018, April 25, 2018, May 08, 2018, August 09, 2018, September 19, 2018, November 14, 2018, December 28, 2018 and February 14, 2019. Further, in terms of the provisions of the SEBI (Depositories and Participants) Regulations, 2018 separate meetings of the Public Interest Directors (PIDs) of the Company were held to seek views of PIDs on critical issues. Further, a separate meeting of Independent Directors was held on February 14, 2019 for discussing matters as specified in the Schedule IV of the Companies Act, 2013.

Details of attendance of the Directors at the Board meetings held during the year and the last Annual General Meeting along with their other directorships, membership/chairmanship in other Committees are given hereunder:

Sr. No.	Name of the Director	Attendance Particulars			Number of Other Directorships and Committee Chairmanships/ Memberships		
		No. of Board Meetings held during tenure	No. of Board meetings attended	Last AGM whether attended	Other Directorships	Member	Chairperson
1	Mr. B. A. Prabhakar	8	8	Yes	4	3	3
2	Mr. S. Sridhar*	7	7	Yes	7	6	5
3	Prof. G. Sivakumar	8	8	Yes	3	1	Nil
4	Mr. J. Ravichandran	8	8	No	7	Nil	Nil
5	Mr. Ajay Sharma#	5	3	Yes	Nil	Nil	Nil
6	Dr. Rajani Gupte##	5	5	Yes	3	2	Nil
7	Mr. B. Sambamurthy^	NA	NA	NA	1	Nil	Nil
8	Mr. G. V. Nageswara Rao	8	8	Yes	2	2	Nil

\* Mr. S. Sridhar ceased to be Public Interest Director w.e.f. February 12, 2019

# Mr. Ajay Sharma appointed as Shareholder Director on May 23, 2018 and he ceased to be Shareholder Director w.e.f. June 06, 2019

## Dr. Rajani Gupte appointed as Public Interest Director on May 23, 2018

^ Mr. B. Sambamurthy appointed as Public Interest Director w.e.f. April 20, 2019

**Note:**

1. The Directorships held by Directors as mentioned above, do not include Private Limited Companies, Directorships in Foreign Companies and Section 8 Companies.
2. While considering Memberships/Chairmanships of Committees, only the Audit Committee and Shareholders'/ Investors' Grievance Committees in all Public Limited Companies have been considered.
3. NA – Not Applicable

Name of other listed entities where Directors of the Company are Directors and category of Directorships:

Sr. No.	Name of Director	Name of listed entities in which the concerned Director is a Director	Category of Directorships
1	Mr. B. A. Prabhakar	L&T Finance Holdings Limited	Non-Executive Non-Independent Director
		The Karnataka Bank Limited	Non-Executive Independent Director
2	Mr. S. Sridhar*	Jubilant Life Sciences Limited	Non-Executive Independent Director
		Strides Pharma Sciences Limited	Non-Executive Independent Director
		Shriram Transport Finance Company Limited	Non-Executive Independent Director
		Tourism Finance Corporation of India Limited	Non-Executive Independent Director
		DCB Bank Limited	Non-Executive Independent Director
3	Prof. G. Sivakumar	Nil	Nil
4	Mr. J Ravichandran	Nil	Nil
5	Mr. Ajay Sharma#	Nil	Nil
6	Dr. Rajani Gupte##	L&T Finance Holdings Limited	Non-Executive Independent Director
7	Mr. B. Sambamurthy	Nil	Nil
8	Mr. G. V. Nageswara Rao	Nil	Nil

\* Mr. S. Sridhar ceased to be Public Interest Director w.e.f. February 12, 2019

# Mr. Ajay Sharma appointed as Shareholder Director on May 23, 2018 and he ceased to be Shareholder Director w.e.f. June 06, 2019

## Dr. Rajani Gupte appointed as Public Interest Director on May 23, 2018

### C. Remuneration of the directors

The sitting fees paid to the Non-Executive Directors for attending the meetings of the Board and Committees, as per limits prescribed under the Act during the year is as follows:

Sr. No.	Name	Designation	Sitting fees paid/ Remuneration (₹)
1.	Mr. B. A. Prabhakar	Non-Executive Chairman & Public Interest Director	22,20,000
2.	Mr. S. Sridhar	Non-Executive/ Public Interest Director	13,60,000
3.	Mr. J. Ravichandran	Non-Executive/ Shareholder Director	14,60,000
4.	Prof. G. Sivakumar	Non-Executive/ Public Interest Director	15,60,000
5.	Dr. Rajani Gupte	Non-Executive/ Public Interest Director	9,00,000
6.	Mr. Ajay Sharma	Non-Executive/ Shareholder Director	3,00,000

Apart from receiving sitting fees, none of the Non-Executive Directors had material pecuniary relationship with the Company during the year under review.

### Remuneration of MD & CEO

Sr. No.	Particulars of Remuneration	Amount (₹)
1	Gross salary	
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	2,68,31,289
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	49,23,000
	<b>Total</b>	<b>3,17,54,289</b>

Terms of appointment of MD & CEO are as approved by the Shareholders and SEBI.

### Directors' appointment and remuneration

Directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Sub-Section (3) of Section 178 of the Companies Act, 2013, is adopted by the Board pursuant to the recommendation of the Nomination & Remuneration Committee. Further, the criteria for making payments to all the Directors is placed on the website of the Company.

### D. Committees of Board

#### I. Audit Committee

Board has constituted the Audit Committee in accordance with provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee of NSDL assists the Board in its responsibility of overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and other regulatory requirements. The Committee's purpose is to oversee the accounting and financial process of the Company and review the quarterly and annual financial accounts of the Company. The Committee reviews



reports of the Internal Auditors and Statutory Auditors and discusses their findings, suggestions, internal control system, scope of audit, observations of the auditors and also reviews accounting policies followed by the Company. The Committee also reviews the Operations Audit Reports submitted by Operations Auditors along with management response and suggests measures for further improvements in areas of operations. Further, pursuant to the enactment of Companies Act, 2013 and notification of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018, the functions of the Audit Committee have been aligned with the new requirements.

The Committee met four (4) times during the year on May 08, 2018, August 09, 2018, November 14, 2018 and February 14, 2019.

Sr. No.	Name of Director	Chairman/Member	No. of Meetings held during tenure	No. of Meetings attended
1.	Mr. B. A. Prabhakar	Chairman	4	4
2.	Mr. J. Ravichandran*	Member	3	3
3.	Mr. S. Sridhar*	Member	3	3
4.	Mr. Ajay Sharma#	Member	2	0
5.	Prof. G. Sivakumar#	Member	1	1
6.	Dr. Rajani Gupte#	Member	1	1

\*Mr. S. Sridhar ceased to be a member w.e.f. February 12, 2019; Mr. J. Ravichandran ceased to be a member w.e.f. February 13, 2019

# Mr. Ajay Sharma has been appointed as a member of the Committee w.e.f. August 9, 2018; Dr. Rajani Gupte and Prof. G. Sivakumar have been appointed as a member of the Committee w.e.f. February 13, 2019

## II. Nomination and Remuneration Committee

The Nomination and Remuneration Committee discharges such functions as defined in the Companies Act, 2013 and SEBI (Depositories and Participants) Regulations, 2018 and Regulation 19 and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee has three (3) members with Prof. G. Sivakumar as its Chairman. The Committee met five (5) times during the year on April 03, 2018, May 08, 2018, August 09, 2018, November 14, 2018 and February 14, 2019. Details of attendance of each member at the Committee Meetings held during the year are as follows:

Sr. No.	Name of Director	Chairman/Member	No. of Meetings held during tenure	No. of Meetings attended
1.	Prof. G. Sivakumar#	Chairman	1	1
2.	Mr. B. A. Prabhakar	Member	5	5
3.	Mr. J. Ravichandran*	Member	4	4
4.	Mr. S. Sridhar*	Member	4	4
5.	Dr. Rajani Gupte#	Member	2	2

\* Mr. S. Sridhar ceased to be a member w.e.f. February 12, 2019; Mr. J. Ravichandran ceased to be a member w.e.f. February 13, 2019

# Dr. Rajani Gupte has been appointed as a member of the Committee w.e.f. August 9, 2018 and Prof. G. Sivakumar has been appointed as the Chairman of the Committee w.e.f. February 13, 2019

The functions of the Committee include recommending appointments of Directors to the Board, recommending appointment of MD & CEO, formulation of criteria for performance evaluation of directors and the Board as per the provisions of the Companies Act, 2013. All appointments of directors are reviewed and recommended to the Board by the Committee. The criteria, qualifications, positive attributes and independence requirements are laid down by the committee whenever a vacancy for appointment of a director arises.

The Company has formulated Nomination and Remuneration Policy as approved by the Board. The salient features of the said policy are as under:

1. Remuneration of Directors, Key Managerial Personnel and other Employees
2. Board Diversity in terms of composition of Board
3. Process of recommendation of Directors

The said Policy is placed on the website of the Company (<https://nsdl.co.in/publications/disclosure.php>).

### III. Corporate Social Responsibility

The themes for the CSR activities are in the areas of education, health or employment generating skills, etc. including education, health and hygiene aspect. However, the company may also foray into other areas as permitted under the Companies Act.

The Committee met thrice during the year on May 08, 2018, August 09, 2018 and February 14, 2019.

Details of attendance of each member at the Committee Meetings held during the year are as follows:

Sr. No.	Name of Director	Chairman/Member	No. of Meetings held during tenure	No. of Meetings attended
1.	Mr. B. A. Prabhakar	Chairman	3	3
2.	Prof. G. Sivakumar	Member	3	3
3.	Mr. G.V. Nageswara Rao	Member	3	3

### IV. Stakeholders Relationship Committee

The Stakeholders Relationship Committee is constituted for the purpose of redressal of grievances received from the stakeholders of the Company from time to time. The Committee presently has three (3) members comprising of Dr. Rajani Gupte, Non-Executive Director/Public Interest Director, Mr. B. A. Prabhakar, Non-Executive Director/Public Interest Director and Mr. G. V. Nageswara Rao, Managing Director & CEO. Mr. S. Ganesh, Senior Vice President is the Compliance Officer of the Company. No meeting of Stakeholders Relationship Committee was held during the year as no grievances from shareholders were received during the year. Composition of Stakeholders Relationship Committee is given below:

Sr. No.	Name of Director	Chairperson/Member
1.	Dr. Rajani Gupte	Chairperson
2.	Mr. B. A. Prabhakar	Member
3.	Mr. G. V. Nageswara Rao	Member

In addition to the Committees covered specifically in detail above as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company also has following Committees, namely:

- Pricing Committee
- Member Committee
- Grievance Redressal Committee
- Standing Committee on Technology
- Advisory Committee
- Regulatory Oversight Committee
- Risk Management Committee

On account of constitution of the aforementioned Statutory Committees as per SEBI (Depositories and Participants) Regulations, 2018 read with the SEBI Circular dated January 10, 2019, following Committees stand dissolved:

- IT Strategy Committee
- IT Steering Committee
- Ethics Committee
- Executive Committee
- Disciplinary Action Committee
- Share Allotment & Transfer Committee

## V. General Body Meetings

The details of the Annual General Meetings (AGM) held are given below:

AGM	Date	Time	Venue	Special Resolution (if any)
Fourth	September 16, 2016	10.00 a.m.	Board Room, National Securities Depository Limited, Trade World, 'A' wing, 5 <sup>th</sup> Floor, Kamala Mills Compound, Lower Parel, Mumbai- 400 013	No
Fifth	September 27, 2017	11.30 a.m.		Yes
Sixth	September 19, 2018	11.00 a.m.		No

NSDL did not pass any resolution through postal ballot in the last year. The requirements of passing any resolution by postal ballot does not apply to NSDL as the number of shareholders of NSDL are less than 200.

## VI. Means of Communication

The Company maintains functional website and is an important means of communication. Further, the Annual Report of the Company is electronically sent to the shareholders giving required information to the shareholders on annual basis.

## VII. General Shareholder Information

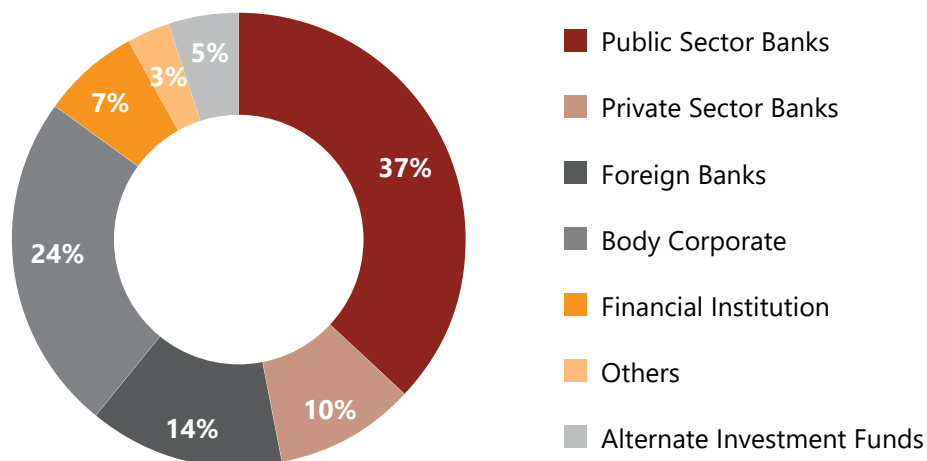
- The Seventh Annual General Meeting of the Company scheduled to be held on Monday, September 30, 2019 at 11:30 a.m. at 5<sup>th</sup> Floor, Trade World, "A" wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
- **Financial year:** April 01, 2018 to March 31, 2019
- **Dividend Payment Date:** On or Before October 30, 2019
- **Record date for dividend payment:** Date of AGM
- **Listing on Stock Exchange, Stock Code, Market Price Data and Performance of Stock:** The equity share of the Company is not listed in any Stock Exchange in India or abroad hence these are not applicable.
- **Registrar and Transfer Agents:** None
- **Share Transfer System:** The equity shares of NSDL are in dematerialised form. To ensure compliance with the provisions of SEBI (Depositories and Participants) Regulations, 2018, ISIN of equity shares is suspended to prevent transfer of shares without the approval of Board of NSDL and SEBI.
- **Distribution of shareholding as on March 31, 2019:**

Sr. No.	Category	Percentage of Shareholding
1	Public Sector Banks #	36.77
2	Private Sector Banks	10.15
3	Foreign Banks	14.38
4	Body Corporate *	24.00
5	Financial Institution *	6.83
6	Alternate Investment Funds (Indirect Foreign Investment)	4.90
7	Others	2.97
	<b>Total</b>	<b>100.00</b>

\* Promoters

# includes shareholding of IDBI Bank Ltd. (26.10%) which is also a Promoter

## Percentage of Shareholding



- Dematerialisation of shares and liquidity: Entire share capital is in dematerialised form.

- **Branch offices:**

<b>AHMEDABAD</b>	402, 4 <sup>th</sup> Floor, Heritage Horizon, Off C. G. Road, Navrangpura, Ahmedabad-380009. Tel: (079) 26461375
<b>BENGALURU</b>	Office No. 106, DBS house, 26, Cunningham Road, Bengaluru - 560052. Tel: (080) - 40407106
<b>CHENNAI</b>	6A, 6 <sup>th</sup> Floor, Kences Towers, #1 Ramkrishna Street, North Usman Road, T. Nagar, Chennai - 600017. Tel: (044) 2814 3917 /11
<b>HYDERABAD</b>	Office No. 123, Hyderabad Regus Mid-Town, 1 <sup>st</sup> Floor, Mid Town Plaza, Road No. 1, Banjara Hills, Hyderabad - 500033. Tel : (040) – 44334178
<b>KOCHI</b>	Suite No. S – 105, Monlash Business Center, 4 <sup>th</sup> Floor, Crescens Tower, NH 47, Changampuzha Nagar Post, Kochi - 682033. Tel : (0484) - 2933075
<b>KOLKATA</b>	Unit 2E, 2 <sup>nd</sup> Floor, The Millenium, 235/2A, A.J.C. Bose Road, Kolkata - 700020. Tel : (033) 2290 4243 / (033) 2290 4246
<b>NEW DELHI</b>	Unit No. 601, 603, 604, 6 <sup>th</sup> Floor, Tower-A, Naurang House, Kasturba Gandhi Marg, Connaught Place, New Delhi - 110001. Tel : (011) 2335 3814 / (011) 2335 3815

- **Address for correspondence:**

Shareholders' correspondence should be addressed to the Company Secretary at the registered office of the Company:

Tel.: (022) 2499 4200

E-mail id: cs-depository@nsdl.co.in

Website: www.nsdl.co.in

- **Company Registration details:**

The Company is registered with the Registrar of Companies, Mumbai, State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is U74120MH2012PLC230380.

- **Disclosure with Mandatory Information**

Compliance with Mandatory Requirements your Company has complied with all the mandatory corporate governance requirements under the Listing Regulations. Specifically, your Company confirms compliance with corporate governance requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the Listing Regulations.

## VIII. Other Disclosures

### i. Related Party Transactions

During the period under review, the Company had not entered into any material transaction with any of its related parties. Disclosure of transactions with related parties is set out in Note No. 26 of Standalone Financial Statements, forming part of the Annual Report & Annexures thereto. All transactions were at Arm's Length basis and in the ordinary course of business. The Company has put in place framework for identifying, monitoring and reporting of Related Party Transactions. Web link to be mentioned <https://nsdl.co.in/publications/disclosure.php>

### ii. Vigil mechanism /Whistle Blower Policy

The Company has established a vigil mechanism by framing a Whistle Blower Policy with a view to provide a mechanism for employees of the company to raise concerns on any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc.

The Policy is hosted on the Company's website at <https://nsdl.co.in/publications/disclosure.php>

### iii. Compliance with non-mandatory requirements [Part E of Schedule II Regulation 27(1) of the Listing Regulations]

Compliance with non-mandatory requirements [Part E of Schedule II Regulation 27(1) of the Listing Regulations] In addition to the above, the Company also complies with many non-mandatory requirements of Part E of Schedule II Regulation 27(1) of the Listing Regulations, 2015 like separate posts of Chairperson and Chief Executive Officer, Internal Auditors report to the Audit Committee etc.

### iv. Relevant Policies as applicable to the Company have been disclosed on the website of the Company at <https://nsdl.co.in/publications/disclosure.php>

## E. Code of Conduct and Code of Ethics

Your Company has adopted Code of Conduct and Ethics for its Directors and Key Management Personnel as prescribed under the SEBI (Depositories and Participants) Regulations, 2018. Code of Conduct and Code of Ethics as prescribed under Regulation 27 of the aforesaid Regulations have been hosted on website of the Company.

## F. CEO and CFO Certification

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Company are required to certify on an annual basis on Company's financial reporting and internal controls to the Board in terms of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



### G. Compliance Certificate on Corporate Governance

The requisite Certificate from S. N. ANANTHASUBRAMANIAN & Co., Practicing Company Secretaries (Firm Registration No. P1991 MH040400) confirming compliance with the conditions of Corporate Governance as stipulated under Schedule V (E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to the Directors' Report and forms part of the Annual Report.

### H. Certificate from a Company Secretary in Practice

M/s. S. N. ANANTHASUBRAMANIAN & Co., Practicing Company Secretaries (Firm Registration No. P1991 MH040400), has given a certificate that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as the directors of NSDL by SEBI/MCA or any such statutory authority. However, pursuant to Regulation 24(9) and 24(10) of SEBI (Depositories and Participants) Regulations, 2018, the Shareholder Director representing National Stock Exchange of India Limited (NSEIL), is in our opinion, ineligible to continue as a Director of the Company. In this regard, we also note that NSEIL has vide letters dated 18<sup>th</sup> December 2018, 5<sup>th</sup> February 2019 and 2<sup>nd</sup> August 2019, represented on the matter with SEBI.

The said certificate also forms part of this report.

### I. Fees paid to Statutory Auditors

The details of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all the entities in the network firm/network entity of which the statutory auditor is a part, are as follows:

Types of Services	(₹ In lakh)	
	Financial Year ended March 31, 2019	
Audit Fees		27.38
Tax Fees		0.83

### J. Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Number of Complaints filed during the year : Nil

Number of Complaints Disposed during the year : Nil

Number of Complaints pending as on end of the Financial Year : Nil

### K. Declaration regarding compliance by the Board Members and Key Management Personnel with the Company's Code of Conduct & Ethics

I, the undersigned, hereby confirm that, all Directors and the Key Managerial Personnel of the Company have affirmed compliance to the Code of Conduct & Ethics as applicable to them for the Financial Year ended March 31, 2019.

For and on behalf of the Board

Sd/-

Place: Mumbai  
Date: September 06, 2019

G. V. Nageswara Rao  
Managing Director & CEO

# Annexure D

## Form No. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Regulation 31 of SEBI (Depositories and Participants) Regulations, 2018 read with Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015]

To,  
The Members,  
**National Securities Depository Limited**  
CIN: U74120MH2012PLC230380  
Trade World, 'A' Wing, 4<sup>th</sup> Floor,  
Kamala Mills Compound, Senapati Bapat Marg,  
Lower Parel (West), Mumbai 400013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **National Securities Depository Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the **Financial Year ended 31<sup>st</sup> March 2019**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder.;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder- **Not applicable as the securities of the Company are not listed with any Stock Exchange;**
- iii. The Depositories Act, 1996, the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - **Provisions of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings are not applicable;**
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') -
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - **Not Applicable to the Company, since the Company is not listed with any of the Stock Exchange;**
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (upto 10<sup>th</sup> November, 2018) and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (with effect from 11<sup>th</sup> November, 2018) - **Not Applicable to the Company, since the Company is not listed with any of the Stock Exchange;**
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **Not Applicable to the Company, since the Company is not listed with any of the Stock Exchange;**
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not Applicable to the Company, since the Company is not listed with any of the Stock Exchange;**
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not Applicable as the Company is not registered as Registrar and Transfer Agent during the financial year under review;**
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not Applicable to the Company, since the Company is not listed with any of the Stock Exchange;**
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (upto 10<sup>th</sup> September, 2018) and Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (with effect from 11<sup>th</sup> September, 2018) - **Not Applicable to the Company, since the Company is not listed with any of the Stock Exchange;**
  - i. **The SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015** – The disclosure requirements and corporate governance norms as specified for listed companies are mutatis mutandis applicable to a depository as per the SEBI (Depositories and Participants) Regulations, 2018.
- vi. The Company has identified and confirmed the following laws as being specifically applicable to the Company:
- 1) The Depositories Act, 1996;
  - 2) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 till 2<sup>nd</sup> October, 2018 and The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 with effect from 3<sup>rd</sup> October, 2018.
  - 3) Rules, Regulations, Circulars, Orders, Notification and Directives issued under the above statutes to the extent applicable.

We have also examined compliance with the applicable Clauses/ Regulations of the following:

- (i) Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s) - **Not applicable as the Securities of the Company are not listed with the Stock Exchange.**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that: -**

- The Board of Directors of the Company is duly constituted under the Act, with proper balance of Executive Directors, Non-Executive Directors including Independent Directors and Woman Director.

**However, pursuant to Regulations 24(9) and 24(10) of SEBI (Depositories and Participants) Regulations, 2018, the Shareholder Director representing National Stock Exchange of India Limited (NSEIL), is in our opinion, ineligible to continue as a Director of the Company. In this regard, we also note that NSEIL has vide letters dated 18<sup>th</sup> December 2018, 5<sup>th</sup> February 2019 and 2<sup>nd</sup> August, 2019, represented the matter with SEBI.**

- The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule Board Meetings and Committee Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

In respect of following meetings, Notice and agenda were sent at shorter notice :

- 1) Board Meetings held on 3<sup>rd</sup> April, 2018, 25<sup>th</sup> April, 2018 and 28<sup>th</sup> December, 2018;
  - 2) Nomination and Remuneration Committee Meeting held on 3<sup>rd</sup> April, 2018.
- All decisions of the Board and Committees thereof were carried through with requisite majority.

**We further report that** based on the review of the compliance mechanism established by the Company and on the basis of Compliance Certificate(s) issued by the Compliance Officer and taken on record by the Board of Directors at their meeting(s), we are of the opinion that management has adequate systems and processes placed in the Company which is commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, no events/actions having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc. have taken place.

This report is to be read with our letter of even date which is annexed as Annexure "A" and forms an integral part of this report.

For **S. N. Ananthasubramanian & Co.**  
Company Secretaries  
Firm Registration no. P1991MH040400

Sd/-

**S. N. Ananthasubramanian**

Partner

FCS : 4206

C.P. No. : 1774

Date : 5<sup>th</sup> August, 2019

Place : Thane

# Annexure A

To,  
The Members,  
**NATIONAL SECURITIES DEPOSITORY LIMITED**  
CIN: U74120MH2012PLC230380  
Trade World, 'A' Wing, 4<sup>th</sup> Floor,  
Kamala Mills Compound, Senapati Bapat Marg,  
Lower Parel (West), Mumbai

Our Secretarial Audit Report for the Financial Year ended 31<sup>st</sup> March, 2019 of even date is to be read along with this letter.

## **Management's Responsibility**

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

## **Auditor's Responsibility**

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

## **Disclaimer**

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted affairs of the Company.
6. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

For **S. N. ANANTHASUBRAMANIAN & CO.**  
Company Secretaries  
Firm Registration No. P1991MH040400

Sd/-

**S. N. Ananthasubramanian**  
Partner  
FCS : 4206  
C.P No : 1774

Date : 5<sup>th</sup> August, 2019  
Place : Thane

# Corporate Governance - Compliance Certificate

To Members,  
**National Securities Depository Limited**  
CIN: U74120MH2012PLC230380  
4<sup>th</sup> Floor, 'A' Wing, Trade World,  
Kamala Mill Compound,  
Senapati Bapat Marg, Lower Parel,  
Mumbai- 400013.

1. We have examined relevant records of **National Securities Depository Limited** (the Company) for the purpose of certifying compliance of the Corporate Governance norms as specified for the Listed Companies for the financial year ended **31<sup>st</sup> March, 2019**. In terms of Regulation 31 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, as amended, the disclosure requirements and corporate governance norms as specified for listed companies have become mutatis mutandis applicable to a depository.
2. We have obtained all the information and explanations to the best of our knowledge and belief, which were necessary for the purpose of this certification regarding compliance of conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Chapter IV and Part C, D, and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year ended 31<sup>st</sup> March 2019.
3. The compliance of the conditions of Corporate Governance as well as preparation of the Corporate Governance Report is the responsibility of the Management.
4. Our responsibility is to provide a reasonable assurance that Company has complied with the applicable conditions of Corporate Governance and our examination was limited to the procedures adopted and implementation thereof by the Company for complying with the conditions of Corporate Governance.
5. Subject to our below note, on the basis of our examination of the records produced, explanations and information furnished to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as mutatis mutandis applicable to Depositories for the financial year ended 31<sup>st</sup> March, 2019.  
**"Pursuant to Regulation 24(9) and 24(10) of SEBI (Depositories and Participants) Regulations, 2018, the Shareholder Director representing National Stock Exchange of India Limited (NSEIL) is in our opinion, ineligible to continue as a Director of the Company. In this regard, we also note that NSEIL has, vide letters dated 18<sup>th</sup> December 2018, 5<sup>th</sup> February 2019 and 2<sup>nd</sup> August, 2019 represented the matter with SEBI."**
6. This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.
7. This Certificate is addressed to the Members of the Company solely for the purpose of enabling it to comply with its obligation under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, as amended and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty or care or for any other purpose or to any other part to whom it is shown or into whose hands it may come without our prior written consent in writing. We have no responsibility to update this Certificate for events and circumstances occurring after the date of this Certificate.

For **S. N. ANANTHASUBRAMANIAN & CO.**  
Company Secretaries  
Firm Registration No. P1991MH040400

Sd/-  
**S. N. Ananthasubramanian**  
Partner  
FCS : 4206  
COP No.:1774

Date : 5<sup>th</sup> August, 2019  
Place : Thane



# Certificate by a Company Secretary in Practice

[Pursuant to Regulation 34(3) and Schedule V Para C Clause (10) (i) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

**National Securities Depository Limited**

CIN: U74120MH2012PLC230380

Trade World, 'A' wing, 4<sup>th</sup> Floor,

Kamala Mills Compound,

Senapati Bapat Marg, Lower Parel (West)

Mumbai 400013

**National Securities Depository Limited** bearing CIN U74120MH2012PLC230380 is Company incorporated under the Companies Act, 1956 and a Depository registered pursuant to Regulation 7 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 having its registered office at Trade World, 'A' wing, 4<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai 400013 (hereinafter referred to as 'the Company'),

We have examined the following documents:

- i) Declaration of non-disqualification as required under Section 164 of Companies Act, 2013 ('the Act');
- ii) Disclosure of concern or interests as required under Section 184 of the Act;
- iii) Declaration of Fit and Proper person as per regulation 23(2) of the SEBI (Depositories & Participants) Regulation, 2018 (Depository Regulations) read with criteria specified under regulation 20 of Securities Contract (Regulation) (Stock exchanges and Clearing Corporations) Regulations, 2018; and hereinafter collectively referred to as 'Relevant Documents' submitted by the Directors to the Board of Directors of the Company ('the Board') as well as the relevant registers, records, forms and returns maintained by the Company as made available to us for the purpose of issuing this Certificate in accordance with Regulation 34(3) read with Schedule V Para C Clause 10 (i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. For the purpose of this certificate we have considered non-disqualification to include non-debarment by regulatory/statutory authorities.

It is the responsibility of Directors to submit Relevant Documents with complete and accurate information in accordance with the provisions of the Act and applicable SEBI Regulations.

Based on our examination as aforesaid and such other verifications carried out by us as deemed necessary and adequate (including ascertaining the status of the Directors Identification Number (DIN) at [www.mca.gov.in](http://www.mca.gov.in)), in our opinion and to the best of our information, knowledge and belief and according to the explanation provided by the Company, its officers and authorized representatives, following were the Directors of the Company for the financial year ended 31<sup>st</sup> March 2019.

Sr. No.	Name of Director	Category	Director Identification Number (DIN)	Date of Appointment
01.	Mr. G. V. Nageswara Rao	Managing Director & CEO	00799504	28/05/2013
02.	Mr. B. A. Prabhakar	Public Interest Director	02101808	08/05/2017
03.	Mr. J.Ravichandran	Shareholder Director representing National Stock Exchange of India Limited. (NSEIL)	00073736	12/10/2017
04.	Prof. G. Sivakumar	Public Interest Director	07537575	05/01/2018
05.	Dr. Rajani Gupte	Public Interest Director	03172965	23/05/2018
06.	*Mr. Ajay Sharma	Shareholder Director representing IDBI Bank Ltd.	06417150	23/05/2018

\*We have verified that Mr. Ajay Sharma ceased to be a Shareholder Director w.e.f. 6<sup>th</sup> June 2019.

We hereby certify that none of the Directors of the Company other than Shareholder Director representing NSEIL as per note below, have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Ministry of Corporate Affairs / Securities and Exchange Board of India/ or any such regulatory / statutory authority.

**Note -**

**“Pursuant to Regulation 24(9) and 24(10) of SEBI (Depositories and Participants) Regulations, 2018, Shareholder Director representing National Stock Exchange of India Limited (NSEIL) is ineligible to continue as a Director of the Company. In this regard, we also note that NSEIL has, vide letters dated 18<sup>th</sup> December 2018, 5<sup>th</sup> February 2019 and 2<sup>nd</sup> August, 2019, represented on the matter with SEBI.”**

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This Certificate has been issued at the request of the Company to make disclosure in its Corporate Governance Report of the Financial Year ended 31<sup>st</sup> March, 2019.

For **S. N. ANANTHASUBRAMANIAN & CO.**

Company Secretaries

Firm Registration No. P1991MH040400

Sd/-

**S. N. Ananthasubramanian**

Partner

FCS : 4206

COP No.:1774

Date : 5<sup>th</sup> August, 2019

Place : Thane

# Annexure E

## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. Registration and other details

CIN	U74120MH2012PLC230380
Registration Date	April 27, 2012
Name of the Company	National Securities Depository Limited
Category / Sub-Category of the Company	Limited by Shares / Indian Non-Govt. Company
Address of the Registered Office and contact details	Trade World, 'A' Wing, 4 <sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West) Mumbai – 400013. Contact No.: 022 24994400/4422
Whether listed company	No
Name, address and contact details of Registrar and Transfer Agent, if any	The Company has an in-house Share Department at the registered office address

#### II. Principal Business Activities of the Company

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Depository and depository related services	64990	100

#### III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
1	NSDL Database Management Limited	U72400MH2004PLC147094	Subsidiary	100	2(87)
2	NSDL Payments Bank Limited	U65900MH2016PLC284869	Subsidiary	82.61	2(87)

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
<b>A. Promoters</b>								
(1) Indian								
a) Individual / HUF	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-
d) Bodies Corporate	96,00,000	-	96,00,000	24.00	96,00,000	-	96,00,000	24.00
e) Banks / FI	1,47,32,000	-	1,47,32,000	36.83	1,31,72,000	-	1,31,72,000	32.93
f) Any Other....	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	2,43,32,000	-	2,43,32,000	60.83	2,27,72,000	-	2,27,72,000	56.93
(2) Foreign								
a) NRIs - Individuals	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-
Sub-Total (A)(2):	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoters (A) = (A)(1)+(A)(2)</b>	<b>2,43,32,000</b>	<b>-</b>	<b>2,43,32,000</b>	<b>60.83</b>	<b>2,27,72,000</b>	<b>-</b>	<b>2,27,72,000</b>	<b>56.93</b>
<b>B. Public Shareholding</b>								
(1) Institutions								
a) Mutual Funds / UTI	-	-	-	-	-	-	-	-
b) Banks / FI	1,44,80,000	-	1,44,80,000	36.20	1,40,80,000	-	1,40,80,000	35.20
c) Central Govt.	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	11,88,000	-	11,88,000	2.97	11,88,000	-	11,88,000	2.97	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) AIF (Indirect Foreign Investment)	-	-	-	-	19,60,000	-	19,60,000	4.90	4.90
<b>Sub-Total (B)(1):</b>	<b>1,56,68,000</b>	<b>-</b>	<b>1,56,68,000</b>	<b>39.17</b>	<b>1,72,28,000</b>	<b>-</b>	<b>1,72,28,000</b>	<b>43.07</b>	<b>3.90</b>
<b>(2) Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>1,56,68,000</b>	<b>-</b>	<b>1,56,68,000</b>	<b>39.17</b>	<b>1,72,28,000</b>	<b>-</b>	<b>1,72,28,000</b>	<b>43.07</b>	<b>3.90</b>
<b>C. Share held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A + B + C)</b>	<b>4,00,00,000</b>	<b>-</b>	<b>4,00,00,000</b>	<b>100</b>	<b>4,00,00,000</b>	<b>-</b>	<b>4,00,00,000</b>	<b>100</b>	<b>-</b>

**(ii) Shareholding of Promoters**

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
IDBI Bank Limited	1,20,00,000	30.00	-	1,04,40,000	26.10	-	(3.90)
National Stock Exchange of India Ltd.	96,00,000	24.00	-	96,00,000	24.00	-	-
Administrator of the Specified Undertaking of the Unit Trust of India- DRF (SUUTI)	27,32,000	6.83	-	27,32,000	6.83	-	-
<b>Total</b>	<b>2,43,32,000</b>	<b>60.83</b>	<b>-</b>	<b>2,27,72,000</b>	<b>56.93</b>	<b>-</b>	<b>(3.90)</b>

**(iii) Change in Promoter's Shareholding (please specify, if there is no change)**

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	2,43,32,000	60.83	2,43,32,000	60.83
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reason on for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	15,60,000	(3.90)
At the end of the year	2,43,32,000	60.83	2,27,72,000	56.93



**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1. HDFC Bank Limited	20,00,000	5.00	39,79,900	9.95
2. State Bank of India	20,00,000	5.00	20,00,000	5.00
3. Deutsche Bank A.G.	20,00,000	5.00	20,00,000	5.00
4. The Hongkong and Shanghai Banking Corporation Limited	12,50,000	3.13	12,50,000	3.13
5. Citibank N.A.	12,50,000	3.13	12,50,000	3.13
6. Standard Chartered Bank	12,50,000	3.13	12,50,000	3.13
7. Kotak Mahindra Life Insurance Company Limited.	11,88,000	2.97	11,88,000	2.97
8. Union Bank of India	11,25,000	2.81	11,25,000	2.81
9. Canara Bank	9,18,000	2.30	9,18,000	2.30
10. IIFL Special Opportunities Fund	-	-	4,42,103	1.11
11. Axis Bank*	20,00,000	5.00	20,100	0.05

\*Axis bank ceased to be a top ten shareholder during the FY 2018-19

**(v) Shareholding of Directors and Key Managerial Personnel**

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year Date wise Increase/ Decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer/ bonus/ sweat equity etc)				
At the end of the year				

None of the Directors/KMP hold shares in the Company

None of the Directors/KMP hold shares in the Company

None of the Directors/KMP hold shares in the Company

## V. INDEBTEDNESS

### Indebtedness of the Company including interest outstanding / accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	-	-	-
• Reduction	-	-	-	-
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

(Ammount in ₹)

Sr. No.	Particulars of Remuneration	Mr. G. V. Nageswara Rao Managing Director & CEO	Total Amount
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act,1961	2,68,31,289	2,68,31,289
	(b) Value of perquisites u/s17(2) Income Tax Act,1961	49,23,000	49,23,000
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit		
	- others, specify ...		
5.	Others,please specify	-	-
	Telephone Reimbursement		
	Total(A)	3,17,54,289	3,17,54,289
	Ceiling as per the Act		

**B. Remuneration to other directors:**

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. B. A. Prabhakar	Mr. J. Ravichandran	Prof. G. Sivakumar	Dr. Rajani Gupte	Mr. Ajay Sharma	Mr. S. Sridhar	
1.	Independent Directors							
	• Fee for attending board / committee meetings	22,20,000	-	15,60,000	9,00,000	-	13,60,000	60,40,000
	• Commission	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>22,20,000</b>		<b>15,60,000</b>	<b>9,00,000</b>		<b>13,60,000</b>	<b>60,40,000</b>
2.	Other Non-Executive Directors							
	• Fee for attending board / committee meetings		14,60,000	-		3,00,000		17,60,000
	• Commission	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-
	<b>Total (2)</b>		<b>14,60,000</b>			<b>3,00,000</b>		<b>17,60,000</b>
	<b>Total (B) = (1+2)</b>							<b>78,00,000</b>
	<b>Total Managerial Remuneration</b>							
	<b>Overall Ceiling as per the Act</b>							

**C. Remuneration to Key Managerial Personnel other than MD / MANAGER / WTD**

(In ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		Company Secretary	CFO			
		Mr. Prasad Poojary	Ms. Sudha Balakrishnan*	Ms. Vaishali Vaidya**	Mr. Chandresh Shah***	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	31,07,483	10,05,211	18,11,616	8,24,909	67,49,219
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	1,71,309	25,015	1,09,278	35,115	3,40,717
	(c) Profits in lieu of salary under section 17 (3) Income Tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission					
	- as % of profit	-	-	-	-	-
	- others, specify...	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	<b>Total</b>	<b>32,78,792</b>	<b>10,30,226</b>	<b>19,20,894</b>	<b>8,60,024</b>	<b>70,89,936</b>

\*Ms. Sudha Balakrishnan ceased to be CFO w.e.f. May 16, 2018.

\*\* Ms. Vaishali Vaidya was appointed as CFO from May 17, 2018 and ceased as CFO w.e.f. February 14, 2019.

\*\*\* Mr. Chandresh Shah was appointed as CFO w.e.f. February 14, 2019.

**VII Penalties / Punishment / Compounding of Offences:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give details)
<b>a) Company</b>					
Penalty			None		
Punishment					
Compounding					
<b>b) Directors</b>					
Penalty			None		
Punishment					
Compounding					
<b>c) Other Officers in Default</b>					
Penalty			None		
Punishment					
Compounding					

For and on behalf of the Board of Directors

 Date: September 06, 2019  
 Place: Mumbai

 Sd/-  
**(B. A. Prabhakar)**  
 Chairman

# **Financial Statements**

# Independent Auditor's Report

## To The Members of National Securities Depository Limited Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of **National Securities Depository Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

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

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report, but does not include the standalone financial statements and our auditor's report thereon. The Board's Report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

## 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 Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.



# Independent Auditor's Report

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibility for the Audit of the Standalone Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

# Independent Auditor's Report

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, referred to in the Other Matters section above 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 including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
  - 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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**  
 Chartered Accountants  
 (Firm's Registration No. 117364W)

Sd/-  
**Pallavi A. Gorakshakar**  
 Partner  
 (Membership No. 105035)

Mumbai, 21<sup>st</sup> May, 2019

# Annexure "A" to the Independent Auditor's Report

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

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

We have audited the internal financial controls over financial reporting of National Securities Depository Limited ("the Company") as of 31<sup>st</sup> March, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable

assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

# Annexure "A" to the Independent Auditor's Report

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over

financial reporting were operating effectively as at 31<sup>st</sup> March, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 117364W)

Sd/-  
**Pallavi A. Gorakshakar**  
Partner  
(Membership No. 105035)

Mumbai, 21<sup>st</sup> May, 2019

# Annexure “B” to the Independent Auditor’s Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of 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) According to the information and explanations given to us and the records examined by us and based on the examination of the conveyance deed and other relevant records provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- (iii) The Company has not granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) Having regard to the nature of the Company’s business / activities, reporting under clause (vi) 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, Employee State Insurance Corporation (ESIC), Income Tax, Goods and Service tax (GST), Service Tax, Custom Duty, Excise Duty, Value added tax (VAT), cess and other material statutory dues applicable to it to the appropriate authorities. As explained to us the company did not have any dues on account of Sales tax, Custom Duty and Excise Duty.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employee State Insurance Corporation (ESIC), Income-tax, Sales tax, Goods and Service tax (GST), Service Tax, Custom Duty, Excise Duty, Value added tax, cess, and other material statutory dues in arrears as at 31<sup>st</sup> March, 2019 for a period of more than six months from the date they became payable.
- (c) Details of dues of Service Tax and Income tax which have not been deposited as on 31<sup>st</sup> March, 2019 on account of dispute are given below:

(₹ in lakh)					
Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the amount relates	Amount involved	Amount unpaid
Finance Act, 1994	Service Tax	Bombay High Court	2004-05 to 2009-10	5,236.21	4,843.49
Income Tax Act, 1961	Demand arising out of Regular Assessment / Reassessment	CIT (Appeals)	2017-18	1,610.55	1,610.55

There are no dues of Sales Tax, Customs Duty, Excise Duty, and Value Added Tax which has not been deposited as on 31<sup>st</sup> March, 2019 on account of disputes.



# Annexure "B" to the Independent Auditor's Report

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) 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 by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remunerations in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the

details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**  
 Chartered Accountants  
 (Firm's Registration No. 117364W)

Sd/-  
**Pallavi A. Gorakshakar**  
 Partner  
 (Membership No. 105035)

Mumbai, 21<sup>st</sup> May, 2019



# Balance Sheet

as at 31<sup>st</sup> March, 2019

(₹ in lakh)

Particulars	Notes	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>ASSETS</b>			
<b>1) Non-current assets</b>			
a) Property, plant and equipments	3	1,604.41	1,154.35
b) Other intangible assets	3	84.62	144.56
c) Financial assets			
i) Non-current investments	4	57,987.90	47,985.74
ii) Other financial assets	5	484.81	462.07
d) Deferred tax assets (net)	6	392.01	293.62
e) Income tax assets (net)		562.35	562.35
f) Other non-current assets	7	541.30	98.85
<b>Total non-current assets</b>		<b>61,657.40</b>	<b>50,701.54</b>
<b>2) Current assets</b>			
a) Financial assets			
i) Current investments	8	7,951.09	9,626.15
ii) Trade receivables	9	6,480.30	3,868.68
iii) Cash and cash equivalents	10	3,803.20	5,051.10
iv) Bank balances other than (iii) above	11	1,046.15	574.58
v) Other financial assets	5	241.80	192.59
b) Other current assets	7	667.75	453.49
<b>Total current assets</b>		<b>20,190.29</b>	<b>19,766.59</b>
<b>Total assets</b>		<b>81,847.69</b>	<b>70,468.13</b>
<b>EQUITY &amp; LIABILITES</b>			
<b>Equity</b>			
a) Equity share capital	12	4,000.00	4,000.00
b) Other equity	13	62,245.72	53,910.60
<b>Total equity</b>		<b>66,245.72</b>	<b>57,910.60</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
i) Other financial liabilities	14	105.19	91.80
<b>Total non-current liabilities</b>		<b>105.19</b>	<b>91.80</b>
<b>Current liabilities</b>			
a) Financial liabilities			
i) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	15	80.20	25.01
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	15	1,051.56	720.47
ii) Other financial liabilities	16	6,904.53	5,867.01
b) Provisions	17	2,117.50	1,615.30
c) Current tax liability (net)		1,564.23	1,132.37
d) Other current liabilities	18	3,778.76	3,105.57
<b>Total current liabilities</b>		<b>15,496.78</b>	<b>12,465.73</b>
<b>Total liabilities</b>		<b>15,601.97</b>	<b>12,557.53</b>
<b>Total equity and liabilities</b>		<b>81,847.69</b>	<b>70,468.13</b>
See accompanying notes to the financial statements	1 to 39		

In terms of our report attached.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

Sd/-  
**Pallavi A. Gorakshakar**  
Partner  
Membership No.: 105035

Place : Mumbai  
Date : 21<sup>st</sup> May, 2019

For and on behalf of the Board of Directors

Sd/-  
**B.A. Prabhakar**  
Chairman  
DIN: 02101808

Sd/-  
**G V Nageswara Rao**  
Managing Director and CEO  
DIN: 00799504

Sd/-  
**Chandresh Shah**  
Chief Financial Officer

Sd/-  
**Prasad Poojary**  
Company Secretary  
A26056

# Statement of Profit and Loss

for the year ended on 31<sup>st</sup> March, 2019

(₹ in lakh)

Particulars	Notes	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
<b>INCOMES</b>			
Revenue from operations	19	21,727.56	20,076.25
Other income	20	4,297.73	3,584.94
<b>Total income</b>		<b>26,025.29</b>	<b>23,661.19</b>
<b>EXPENSES</b>			
Employee benefits expense	21	4,749.42	3,900.24
Depreciation and amortisation expense	3	293.38	263.52
Contribution to investor protection fund	31	429.11	466.44
Other expenses	22	7,258.02	6,594.07
<b>Total expenses</b>		<b>12,729.93</b>	<b>11,224.27</b>
<b>Profit before exceptional items</b>		<b>13,295.36</b>	<b>12,436.92</b>
Exceptional items	33	807.88	-
<b>Profit before tax</b>		<b>12,487.48</b>	<b>12,436.92</b>
<b>Tax expense</b>			
Current tax		2,992.23	3,638.65
Deferred tax	6	(98.39)	21.51
<b>Total tax expenses</b>		<b>2,893.84</b>	<b>3,660.16</b>
<b>Profit after tax</b>		<b>9,593.64</b>	<b>8,776.76</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss :			
i) Actuarial gain/(loss) on post retirement benefit plans		(74.74)	4.43
ii) Income tax relating to items that will not be reclassified to profit or loss		21.77	(1.53)
		<b>(52.97)</b>	<b>2.90</b>
<b>Total comprehensive income for the year</b>		<b>9,540.67</b>	<b>8,779.66</b>
Basic and diluted earnings per equity share of ₹ 10 each	30	23.98	21.94
See accompanying notes to the financial statements	1 to 39		

In terms of our report attached.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

Sd/-  
**Pallavi A. Gorakshakar**  
Partner  
Membership No.: 105035

Place : Mumbai  
Date : 21<sup>st</sup> May, 2019

Sd/-  
**G V Nageswara Rao**  
Managing Director and CEO  
DIN: 00799504

For and on behalf of the Board of Directors

Sd/-  
**B.A. Prabhakar**  
Chairman  
DIN: 02101808

Sd/-  
**Chandresh Shah**  
Chief Financial Officer

Sd/-  
**Prasad Poojary**  
Company Secretary  
A26056

# Cash Flow Statement

for the year ended on 31<sup>st</sup> March, 2019

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
<b>A. Cash flow from operating activities</b>		
Profit before tax	<b>12,487.48</b>	<b>12,436.92</b>
<b>Adjustments for :</b>		
Depreciation and amortisation expense	293.38	263.52
Provision for compensated absences	92.36	67.36
Provision for investor awareness	409.84	438.56
Provision for doubtful trade receivables	362.48	28.44
Bad debts written off	74.78	342.81
Contribution to investor protection fund	429.11	466.44
Fair value gain on investments in mutual funds	(306.78)	(43.13)
Dividend income from current investments	(316.38)	(322.11)
Profit on sale of property, plant and equipment	-	(0.38)
Profit on sale of investments	(389.96)	-
Interest income	(2,817.41)	(2,746.94)
<b>Operating profit before working capital changes</b>	<b>10,318.90</b>	<b>10,931.49</b>
<b>Changes in working capital:</b>		
(Increase) / decrease other assets	(263.86)	(208.97)
(Increase) / decrease other financial assets	(75.56)	(30.67)
(Increase) / decrease trade receivables	(3,048.88)	(1,555.21)
Increase / (decrease) trade payables	386.28	160.81
Increase / (decrease) other financial liabilities*	100.22	(159.06)
Increase / (decrease) provisions	-	(97.07)
Increase / (decrease) other liabilities	673.19	1,608.49
<b>Cash generated from operations</b>	<b>8,090.29</b>	<b>10,649.81</b>
Net income tax paid	(2,560.37)	(3,139.79)
<b>Net cash generated from operating activities (A)</b>	<b>5,529.92</b>	<b>7,510.02</b>

\* Excluding transfer from Investor Protection Reserve to National Securities Depository Limited Investor Protection Fund Trust during the FY 2017-18.

# Cash Flow Statement (contd.)

for the year ended on 31<sup>st</sup> March, 2019

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
<b>B. Cash flow from investing activities</b>		
Capital expenditure on property, plant and equipment, intangible assets, capital advance	(1,079.31)	(299.53)
Proceeds from sale of property, plant and equipment	-	0.44
Investment in subsidiary	(1,200.00)	-
Purchase of non-current investments	(11,620.87)	(7,157.78)
Sale / Redemption of non-current investments	3,515.45	740.20
Proceeds of current investments (Net)	1,675.06	1,634.38
Dividend received from current investments	316.38	322.11
Interest received	2,821.02	2,746.94
<b>Net cash used in investing activities (B)</b>	<b>(5,572.27)</b>	<b>(2,013.24)</b>
<b>C. Cash flow from financing activities</b>		
Dividend paid	(1,000.00)	(1,000.00)
Dividend distribution tax paid	(205.55)	(203.57)
<b>Net cash used in financing activities (C)</b>	<b>(1,205.55)</b>	<b>(1,203.57)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(1,247.90)</b>	<b>4,293.21</b>
Cash and cash equivalents at the beginning of the year	5,051.10	757.89
<b>Cash and cash equivalents at the end of the year (Refer Note 10)</b>	<b>3,803.20</b>	<b>5,051.10</b>
See accompanying notes to the financial statements	1 to 39	

In terms of our report attached.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

Sd/-  
**Pallavi A. Gorakshakar**  
Partner  
Membership No.: 105035

Place : Mumbai  
Date : 21<sup>st</sup> May, 2019

Sd/-  
**G V Nageswara Rao**  
Managing Director and CEO  
DIN: 00799504

For and on behalf of the Board of Directors

Sd/-  
**B.A. Prabhakar**  
Chairman  
DIN: 02101808

Sd/-  
**Chandresh Shah**  
Chief Financial Officer

Sd/-  
**Prasad Poojary**  
Company Secretary  
A26056

# Statement of Changes in Shareholder's Equity

for the year ended on 31<sup>st</sup> March, 2019

## A. Equity share capital

Particulars	(₹ in lakh)
<b>As at 1<sup>st</sup> April, 2017</b>	<b>4,000.00</b>
Changes in equity share capital during the year (Note 12)	-
<b>As at 31<sup>st</sup> March, 2018</b>	<b>4,000.00</b>
Changes in equity share capital during the year (Note 12)	-
<b>As at 31<sup>st</sup> March, 2019</b>	<b>4,000.00</b>

## B. Other equity

(₹ in lakh)

Particulars	Reserves and surplus			Other comprehensive income	Total
	Investor protection reserve	General reserve	Retained earnings	Actuarial gains / (losses)	
<b>Balance as at 1<sup>st</sup> April, 2017</b>	700.00	31,312.82	15,101.46	(79.77)	47,034.51
Profit after tax	-	-	8,776.76	2.90	8,779.66
Dividends (including dividend distribution tax)	-	-	(1,203.57)	-	(1,203.57)
Transfer to general reserve	-	-	(5,000.00)	-	(5,000.00)
Transfer from retained earnings	-	5,000.00	-	-	5,000.00
Transferred to National Securities Depository Limited Investor Protection Fund Trust (Refer Note 31)	(700.00)	-	-	-	(700.00)
<b>Balance as at 31<sup>st</sup> March, 2018</b>	-	<b>36,312.82</b>	<b>17,674.65</b>	<b>(76.87)</b>	<b>53,910.60</b>
Profit after tax	-	-	9,593.64	(52.97)	9,540.67
Dividends (including dividend distribution tax)	-	-	(1,205.55)	-	(1,205.55)
<b>Balance as at 31<sup>st</sup> March, 2019</b>	-	<b>36,312.82</b>	<b>26,062.74</b>	<b>(129.84)</b>	<b>62,245.72</b>
See accompanying notes to the financial statements	1 to 39				

In terms of our report attached.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

Sd/-  
**Pallavi A. Gorakshakar**  
Partner  
Membership No.: 105035

Place : Mumbai  
Date : 21<sup>st</sup> May, 2019

For and on behalf of the Board of Directors

Sd/-  
**B.A. Prabhakar**  
Chairman  
DIN: 02101808

Sd/-  
**G V Nageswara Rao**  
Managing Director and CEO  
DIN: 00799504

Sd/-  
**Chandresh Shah**  
Chief Financial Officer

Sd/-  
**Prasad Poojary**  
Company Secretary  
A26056

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 1 : General information

### 1.1. Company overview

National Securities Depository Limited ("the Company") was incorporated in April 2012. The Company is a Depository registered with SEBI under the provisions of Depositories Act, 1996, and Rules and Regulations framed thereunder. The Company provides electronic infrastructure for dematerialisation of securities and facilitates electronic settlement of trades in Indian Securities Market.

## Note 2 : Significant accounting policies

### 2.1. Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015, with effect from 1<sup>st</sup> April, 2016. The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. The date of transition to Ind AS was 1<sup>st</sup> April, 2015.

### 2.2. Changes in accounting standard and recent accounting pronouncements

On 30<sup>th</sup> March, 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116 on Leases. Ind AS 116 would replace the existing leases standard Ind AS 17. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently for operating lease, rentals are charged to the statement of profit and loss. The Company is currently evaluating the implication of Ind AS 116 on the financial statements.

The Companies (Indian Accounting Standards) Amendment Rules, 2019 notified amendments to the following accounting standards. The amendments would be effective from 1<sup>st</sup> April, 2019:

1. Ind AS 12, Income taxes – Appendix C on uncertainty over income tax treatments
2. Ind AS 19 – Employee benefits
3. Ind AS 23 – Borrowing costs
4. Ind AS 28 – investment in associates and joint ventures
5. Ind AS 103 and Ind AS 111 – Business combinations and joint arrangements
6. Ind AS 109 – Financial instruments

The Company is in the process of evaluating the impact of such amendments.

### 2.3. Basis of preparation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, Level 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety which are described as follows

Level 1 — inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 — inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability either directly or indirectly.

Level 3 — inputs are unobservable inputs for the assets or liability.

### 2.4. Revenue recognition

- a) Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms



# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

of payment and excluding taxes or duties collected on behalf of the government. Revenue is recognised when there is no significant uncertainty as regards its determination and realisation.

- b) Interest income is accounted on accrual basis. For financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.
- c) Dividend income is accounted for when the right to receive it is established.

## 2.5. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.

## 2.6. Employee benefits

Employee benefits include provident fund, superannuation fund, gratuity fund, and compensated absences.

### Defined contribution plan

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

#### i. Superannuation

The Company contributes a sum equivalent to 15% of annual basic salary of the eligible employees to an insurance company which administers the fund. The Company recognises such contributions as an expense in the year they are incurred.

#### ii. Provident fund

Employees are entitled to receive benefits in respect of provident fund, in which both employees and the Company make monthly contributions at a specified percentage of

the covered employees' salary (currently 12% of employees' basic salary).

### Defined benefit plans

#### i. Gratuity

The Company accounts for the net present value of its obligations for gratuity benefits based on an independent external actuarial valuation determined on the basis of the projected unit credit method carried out at the Balance Sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in retained earnings and is not reclassified to profit and loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit cost are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

#### ii. Other employee benefits

##### Performance incentive and compensated absences

The 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 services. 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 Company accounts for the net present value of its obligations for compensated absences based on an independent external actuarial valuation carried out at the Balance Sheet date. The cost of short-term compensated absences is accounted as under:

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

## 2.7. Tax on income

Income tax expense represents the sum of the tax currently payable and deferred tax.

### i. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'Profit Before Tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### ii. Deferred tax

Deferred tax is recognised on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### iii. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

## 2.8. Property, plant and equipment

Property, Plant & Equipment carried at cost less accumulated depreciation and amortisation and impairment losses, if any. The cost comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

### i. Capital work-in-progress

Projects under which tangible fixed assets that are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses, and interest attributable.

## 2.9. Intangible assets

Intangible assets purchased are measured at cost as of the date of acquisition less accumulated amortization and accumulated impairment, if any.

## 2.10. Depreciation and amortisation

Depreciation is charged so as to write off the cost of assets other than Capital work-in-progress less its estimated residual value over the useful lives as prescribed in Schedule II to the Companies Act, 2013, using the straight-line method.

Intangible assets are amortized on a straight line basis. Computer software is amortised over 24 months or useful life, whichever is lower.

## 2.11. Provision and contingencies

A provision is recognised when the Company has a present obligation as a result of past events 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.

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

Provisions are discounted to their present value and are determined based on the 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 disclosed in the Notes. Contingent assets are not recognised /disclosed in the financial statements.

## 2.12. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

## 2.13. Financial assets

Financial assets are (Investment in Mutual Funds, Non-Convertible Debentures, Bonds) classified into the following specified categories: financial assets "at amortised cost", "fair value through other comprehensive income", "fair value through Profit or Loss". The classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset at the time of initial recognition.

Financial assets are recognised by the Company as per its business model. All financial assets are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Income and expense is recognised on an effective interest basis for debt instrument. All other investments are classified as Fair Value Through Profit or Loss (FVTPL). The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. Financial assets are assessed for indicators

of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

### Objective evidence of impairment could include -

- Significant financial difficulty of the users or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables. For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### De-recognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## 2.14. Financial liabilities and equity instruments

### Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deduction all of its liabilities.

### Financial liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities.

Financial liabilities at Fair Value Through Profit or Loss (FVTPL). Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

## 2.15. Operating cycle

Based on the 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.

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 3 : Property, plant and equipment and other intangible assets

Gross block	Property, plant and equipment								Other intangible assets
	Buildings	Computers	Data and tele-communication equipment	Electrical installations	Office equipment	Furniture and fixtures	Vehicle	Total	Computer software (acquired)
<b>As at 31<sup>st</sup> March, 2017</b>	<b>3,517.82</b>	<b>4,216.03</b>	<b>1,221.33</b>	<b>199.91</b>	<b>349.41</b>	<b>250.80</b>	-	<b>9,755.30</b>	<b>9,287.94</b>
Additions during the year	-	143.64	1.36	2.24	15.40	1.53	-	164.17	144.12
Deductions	-	-	-	-	(1.54)	-	-	(1.54)	-
<b>As at 31<sup>st</sup> March, 2018</b>	<b>3,517.82</b>	<b>4,359.67</b>	<b>1,222.69</b>	<b>202.15</b>	<b>363.27</b>	<b>252.33</b>	-	<b>9,917.93</b>	<b>9,432.06</b>
Additions during the year	-	484.93	56.04	-	10.57	1.50	46.30	599.34	84.16
Deductions	-	-	-	-	-	-	-	-	-
<b>As at 31<sup>st</sup> March, 2019</b>	<b>3,517.82</b>	<b>4,844.60</b>	<b>1,278.73</b>	<b>202.15</b>	<b>373.84</b>	<b>253.83</b>	<b>46.30</b>	<b>10,517.27</b>	<b>9,516.22</b>

Accumulated depreciation and amortisation	Property, plant and equipment								Other intangible assets
	Buildings	Computers	Data and tele-communication equipment	Electrical installations	Office equipment	Furniture and fixtures	Vehicle	Total	Computer software (acquired)
<b>As at 31<sup>st</sup> March, 2017</b>	<b>3,024.78</b>	<b>3,779.39</b>	<b>1,129.58</b>	<b>185.67</b>	<b>305.65</b>	<b>220.73</b>	-	<b>8,645.80</b>	<b>9,143.23</b>
Depreciation / amortisation for the year	8.92	85.68	10.21	0.94	10.40	3.10	-	119.25	144.27
Deductions	-	-	-	-	(1.47)	-	-	(1.47)	-
<b>As at 31<sup>st</sup> March, 2018</b>	<b>3,033.70</b>	<b>3,865.07</b>	<b>1,139.79</b>	<b>186.61</b>	<b>314.58</b>	<b>223.83</b>	-	<b>8,763.58</b>	<b>9,287.50</b>
Depreciation / amortisation for the year	8.92	108.25	10.38	1.01	11.69	3.27	5.76	149.28	144.10
Deductions	-	-	-	-	-	-	-	-	-
<b>As at 31<sup>st</sup> March, 2019</b>	<b>3,042.62</b>	<b>3,973.32</b>	<b>1,150.17</b>	<b>187.62</b>	<b>326.27</b>	<b>227.10</b>	<b>5.76</b>	<b>8,912.86</b>	<b>9,431.60</b>

Net block	Property, plant and equipment								Other intangible assets
	Buildings	Computers	Data and tele-communication equipment	Electrical installations	Office equipment	Furniture and fixtures	Vehicle	Total Tangible assets	Computer software (acquired)
<b>As at 31<sup>st</sup> March, 2018</b>	<b>484.12</b>	<b>494.60</b>	<b>82.90</b>	<b>15.54</b>	<b>48.69</b>	<b>28.50</b>	-	<b>1,154.35</b>	<b>144.56</b>
<b>As at 31<sup>st</sup> March, 2019</b>	<b>475.20</b>	<b>871.28</b>	<b>128.56</b>	<b>14.53</b>	<b>47.57</b>	<b>26.73</b>	<b>40.54</b>	<b>1,604.41</b>	<b>84.62</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

Particulars	Rate of interest	Year of maturity	Nos.	Face value/ NAV (₹)	₹ in lakh	
					As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>(a) Investment in equity instruments of subsidiaries (at cost)</b>						
1 NSDL Database Management Limited			61,050,000	10	6,105.00	6,105.00
2 NSDL Payments Bank Limited			95,000,000	10	9,500.00	8,300.00
<b>Sub-total</b>					<b>15,605.00</b>	<b>14,405.00</b>
<b>(b) Investment in debentures or bonds (at amortised cost)</b>						
1 India Infrastructure Finance Company Limited	9.41	2037	3	1,000,000	35.20	35.28
2 Power Finance Corporation of India Limited *	7.35	2035	50,000	1,000	527.90	528.41
3 National Housing Bank *	8.76	2034	8,000	5,000	432.66	433.45
4 Housing and Urban Development Corporation Limited*	8.76	2034	5,000	1,000	55.24	55.38
5 India Infrastructure Finance Company Limited*	8.66	2034	70,000	1,000	878.15	885.24
6 NTPC Limited*	8.66	2033	92,899	1,002,000	1,158.39	1,708.30
7 NHPC Limited*	8.67	2033	49,420	1,000	618.99	622.54
8 India Infrastructure Finance Company Limited*	7.40	2033	50,000	1,000	561.38	-
9 National Highway Authority of India Limited *	7.35	2031	189,883	1,000	2,168.56	2,175.99
10 Indian Renewable Energy Development Agency Limited*	7.49	2031	50,000	1,000	510.55	510.82
11 National Bank for Agriculture and Rural Development*	7.35	2031	440,010	2,000	4,834.65	4,307.91
12 Indian Railway Finance Corporation Limited *	7.35	2031	99,000	1,000	1,100.39	877.85
13 Housing and Urban Development Corporation Limited*	7.39	2031	100,000	1,000	1,150.14	1,157.65
14 Indian Railway Finance Corporation Limited *	7.28	2030	11,074	1,000	126.97	127.69
15 National Housing Bank *	8.68	2029	30,000	10,000	1,636.89	3,166.27
16 Indian Railway Finance Corporation Limited *	8.40	2029	63,000	1,000	730.94	734.41
17 NHPC Limited*	8.54	2028	81,428	1,000	967.11	846.11
18 Power Finance Corporation of India Limited *	8.46	2028	40	1,000,000	420.17	420.29
19 Rural Electrification Corporation Limited *	8.46	2028	10,057	1,001,000	747.36	750.93
20 Indian Railway Finance Corporation Limited *	8.48	2028	100	1,000,000	1,162.28	1,166.97

## Note 4 : Non-current investments



# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 4 : Non-current investments (contd.)

Particulars	Rate of interest	Year of maturity	Nos.	Face value/ NAV (₹)	₹ in lakh	
					As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
21 Indian Railway Finance Corporation Limited *	7.34	2028	60,000	1,000	626.70	627.42
22 India Infrastructure Finance Company Limited*	8.26	2028	80	1,000,000	894.95	899.00
23 National Housing Bank *	8.46	2028	90	1,000,000	1,027.52	1,033.90
24 Housing and Urban Development Corporation Limited*	8.56	2028	20	1,000,000	241.00	243.42
25 National Highway Authority of India Limited *	8.30	2027	140,000	1,000	1,527.80	2,071.33
26 Power Finance Corporation of India Limited *	8.30	2027	50,000	1,000	532.33	1,067.36
27 Indian Railway Finance Corporation Limited *	8.10	2027	50,000	1,000	589.72	596.79
28 Rural Electrification Corporation Limited *	8.12	2027	50,000	1,000	589.48	-
29 NTPC Limited*	7.15	2025	21	1,000,000	219.40	219.40
30 Infrastructure Development Finance Company Limited	9.03	2025	5	1,000,000	55.57	54.52
31 Infrastructure Development Finance Company Limited	8.80	2025	4	2,000,000	42.32	42.30
32 Indian Renewable Energy Development Agency Limited*	7.17	2025	60	1,000,000	624.13	624.64
33 HDB Financial Services Limited	10.19	2024	1	1,000,000	10.29	10.33
34 Housing and Urban Development Corporation Limited*	8.51	2024	50,000	1,000	555.06	-
35 Indian Railway Finance Corporation Limited *	7.18	2023	75,000	1,000	789.12	792.50
36 NTPC Limited*	8.41	2023	150,000	1,000	1,667.66	-
37 Rural Electrification Corporation Limited *	7.21	2022	10	1,000,000	103.26	103.46
38 Housing and Urban Development Corporation Limited*	8.10	2022	60,000	1,000	606.85	607.98
39 Power Finance Corporation of India Limited *	8.20	2022	90,000	1,000	952.86	958.97
40 National Highway Authority of India Limited *	8.20	2022	100,000	1,000	1,065.63	1,073.60
41 Rural Electrification Corporation Limited *	7.93	2022	90,000	1,000	973.82	979.97
42 Power Grid Corporation of India Limited	9.64	2021	32	1,250,000	438.84	432.25
43 Power Finance Corporation of India Limited *	7.51	2021	600	100,000	620.02	619.84
44 Tata Capital Financial Services Limited	9.95	2019	2	1,000,000	-	10.27
<b>Sub-total</b>					<b>34,578.23</b>	<b>33,580.74</b>

\* Investment in tax free bonds

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 4 : Non-current investments (contd.)

Particulars	Rate of interest	Year of maturity	Nos.	Face value/ NAV (₹)	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
(₹ in lakh)						
<b>(c) Investment in mutual funds (at FVTPL)</b>						
1			5,000,000	11	533.56	-
1 Reliance Fixed Horizon Fund XXXVIII – Series 5 - 1125 Days						
2			5,000,000	11	536.45	-
2 Sundaram Fixed Term Plan-IK 1098 DAYS						
3			5,000,000	11	536.72	-
3 Kotak FMP Series 235 - 1140 Days						
4			10,000,000	11	1,062.40	-
4 Franklin India FMP SR 4 PL F (1286 Days)						
5			10,000,000	11	1,063.48	-
5 Reliance Fixed Horizon Fund XXXIX – Series 9 - 1296 Days						
6			10,000,000	11	1,065.46	-
6 Kotak FMP Series 248 - 1300 Days						
7			5,000,000	10	502.50	-
7 Sundaram Fixed Term Plan - IS 1120 Days						
8			10,000,000	10	1,004.10	-
8 SBI Debt fund series C 49 - 1178 Days						
9			10,000,000	10	1,000.00	-
9 SBI Debt fund series C 50 - 1177 Days						
10			5,000,000	10	500.00	-
10 Kotak FMP Series 267 - 1182 Days						
<b>Sub-total</b>					<b>7,804.67</b>	-
<b>Total</b>					<b>57,987.90</b>	<b>47,985.74</b>
					33,074.78	33,535.19
Aggregate amount of quoted investment						
					36,500.68	37,478.46
Aggregate market value of quoted investment						
					24,913.12	14,450.55
Aggregate amount of unquoted investments						

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 5 : Other financial assets

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Non-current	Current	Non-current	Current
Security deposits	484.60	-	460.60	-
Interest accrued on fixed deposits	-	2.62	-	6.23
Others*	0.21	239.18	1.47	186.36
<b>Total</b>	<b>484.81</b>	<b>241.80</b>	<b>462.07</b>	<b>192.59</b>

\* Includes balance recoverable from related party - Refer Note 26.

## Note 6 : Deferred tax asset (net)

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Deferred tax asset :</b>		
Property, plant and equipment	23.03	57.98
Employee benefits	214.54	186.76
Provision for doubtful debts / advances	116.79	11.23
Other	37.65	37.65
<b>Net deferred tax asset</b>	<b>392.01</b>	<b>293.62</b>

### The movement in deferred tax asset and liabilities

(₹ in lakh)

Particulars	As at 1 <sup>st</sup> April, 2018	Credited / (charged) to statement of profit and loss	As at 31 <sup>st</sup> March, 2019
<b>Deferred tax asset :</b>			
Property, plant and equipment	57.98	(34.95)	23.03
Employee benefits	186.76	27.78	214.54
Provision for doubtful debts / advances	11.23	105.56	116.79
Other	37.65	-	37.65
<b>Net deferred tax assets</b>	<b>293.62</b>	<b>98.39</b>	<b>392.01</b>

### The movement in deferred tax asset and liabilities

(₹ in lakh)

Particulars	As at 1 <sup>st</sup> April, 2017	Credited / (charged) to statement of profit and loss	As at 31 <sup>st</sup> March, 2018
<b>Deferred tax asset :</b>			
Property plant and equipment	126.70	(68.72)	57.98
Employee benefit	197.92	(11.16)	186.76
Disallowances under Section 40(a)(i) and 43B of the Income Tax Act, 1961	6.80	(6.80)	-
Provision for doubtful debts / advances	3.51	7.72	11.23
Other	37.65	-	37.65
	<b>372.58</b>	<b>(78.96)</b>	<b>293.62</b>
Less: Deferred tax liability :			
Fair value gain on investments	57.45	(57.45)	-
	<b>57.45</b>	<b>(57.45)</b>	<b>-</b>
<b>Net deferred tax assets</b>	<b>315.13</b>	<b>(21.51)</b>	<b>293.62</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 7 : Other assets

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Non-current	Current	Non-current	Current
Capital advances	453.27	-	60.42	-
Prepaid expenses	88.03	184.07	38.43	180.60
Expenses recoverable	-	28.58	-	17.58
GST credit receivable	-	455.10	-	255.31
<b>Total</b>	<b>541.30</b>	<b>667.75</b>	<b>98.85</b>	<b>453.49</b>

## Note 8 : Current investments

(₹ in lakh)

Particulars	Nos.	Face value/ NAV (₹)	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Current portion of long-term investments :</b>				
<b>Investment in debentures or bonds (at amortised cost)</b>				
1 Indian Oil Corporation Limited	130	1,000,000	-	1,377.18
2 Housing Development Finance Corporation Limited	150	1,000,000	-	1,596.63
3 Housing Development Finance Corporation Limited	15	1,000,000	-	156.19
4 Power Finance Corporation of India Limited	1	1,000,000	-	11.78
5 IDBI Bank Limited	1	1,000,000	-	11.66
6 Axis Bank Limited	35	1,000,000	-	350.38
7 Tata Capital Financial Services Limited	2	1,000,000	10.27	-
<b>Sub-total</b>			<b>10.27</b>	<b>3,503.82</b>
<b>Other current investments :</b>				
<b>Investment in mutual funds (at FVTPL)</b>				
1 Units of Axis Treasury Advantage Fund - Institutional Daily Dividend Reinvestment	70,190	1,008	707.31	670.49
2 Units of IDFC Ultra Short Term Fund - Daily Dividend Reinvestment	6,924,104	10	700.37	666.01
3 Units of Birla Sun Life Ultra Short Term Fund - Daily Dividend Reinvestment	675,756	107	725.54	690.73
4 Units of UTI Treasury Advantage Fund - Daily Dividend Reinvestment	69,706	1,002	698.70	664.51
5 Units of Axis Liquid Fund -Direct Plan-Daily Dividend	134	1,001	1.34	1.28
6 Units of IDFC Liquid Fund - Direct Plan - Daily Dividend	83	1,002	0.83	0.79
7 Units of HDFC Liquid Fund- Daily Dividend Reinvestment	62,542	1,020	637.81	608.03
8 Units of ICICI Prudential Liquid Plan-Daily Dividend Reinvestment	640,237	100	641.72	608.47
9 Units of IDBI Ultra Short Term Fund-Daily Dividend Reinvestment	80	1,031	0.83	0.79

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 8 : Current investments (contd.)

(₹ in lakh)

Particulars	Nos.	Face value/ NAV (₹)	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
10 Units of L & T Ultra Short Term fund- Daily Dividend Reinvestment	3,779,321	10	394.94	374.70
11 Units of Peerless Liquid Fund - Daily Dividend Reinvestment	64,007	1,001	640.89	610.01
12 Units of Principal Debt Opportunity Conservative Fund- Daily Dividend Reinvestment	64,705	1,006	651.00	620.42
13 Units of UTI Liquid Fund - Daily Dividend Reinvestment	62,526	1,019	637.42	606.09
14 L&T Banking & PSU debt fund	2,988,465	17	502.12	-
15 Sundaram Corporate bond fund	3,767,812	27	1,000.00	-
<b>Sub-total</b>			<b>7,940.82</b>	<b>6,122.33</b>
<b>Total</b>			<b>7,951.09</b>	<b>9,626.15</b>
Aggregate amount of quoted investment			10.27	-
Aggregate market value of quoted investment			10.33	-
Aggregate amount of unquoted investments			7,940.82	9,626.15

## Note 9 : Trade receivables

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Trade receivables considered good - Secured	478.06	570.41
Trade receivables considered good - Unsecured	6,002.24	3,298.27
Unsecured, considered doubtful	401.06	38.58
	<b>6,881.36</b>	<b>3,907.26</b>
Less: Provision for doubtful debts	401.06	38.58
<b>Total</b>	<b>6,480.30</b>	<b>3,868.68</b>

**Footnote:** The average credit period on sale of services is 30 days. No interest is charged on trade receivables for the first 30 days from the date of invoice. Thereafter, interest is charged at the range of 12% to 24% p.a. on certain categories of receivables.

## Note 10 : Cash and cash equivalents

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Cash on hand	0.53	0.46
Balances with banks:		
i) in current accounts	311.14	59.03
ii) in sweep fixed deposit	3,491.53	4,991.61
<b>Total</b>	<b>3,803.20</b>	<b>5,051.10</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 11 : Bank balances other than cash and cash equivalents

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Other bank balances:</b>		
In current accounts*	1,046.15	574.58
<b>Total</b>	<b>1,046.15</b>	<b>574.58</b>

\* These balances have restriction on repatriation.

## Note 12 : Equity share capital

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Authorised</b>		
100,000,000 equity shares of ₹ 10 each with voting rights	<b>10,000.00</b>	<b>10,000.00</b>
<b>Issued, subscribed and fully paid - up :</b>		
40,000,000 equity shares of ₹ 10 each fully paid up with voting rights	4,000.00	4,000.00
<b>Total</b>	<b>4,000.00</b>	<b>4,000.00</b>

### 12 (a) Details of shares held by each shareholder holding more than 5% shares :

Name of the shareholder	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Number of shares held	% Holding	Number of shares held	% Holding
IDBI Bank Ltd.	10,440,000	26.10	12,000,000	30.00
National Stock Exchange of India Ltd	9,600,000	24.00	9,600,000	24.00
HDFC Bank Limited	3,979,900	9.95	2,000,000	5.00
Administrator of the Specified Undertaking of the Unit Trust of India- Unit Scheme 1964	2,732,000	6.83	2,732,000	6.83

**12 (b)** 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, (except in case of interim dividend), is subject to the approval of the share holders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all dues, propotionate to their shareholding.

### 12 (c) Reconciliation of the shares outstanding at the beginning and end of the year :

(₹ in lakh)

Particulars	No. of shares	Amount
<b>Balance as at 1<sup>st</sup> April, 2018</b>	<b>40,000,000</b>	<b>4,000</b>
Add: Issue of shares	-	-
<b>Balance as at 31<sup>st</sup> March, 2019</b>	<b>40,000,000</b>	<b>4,000</b>

**12 (d)** On 21<sup>st</sup> May, 2019, the Board of Directors of the Company have recommended a final dividend of ₹ 3.00 per share in respect of the year ended 31<sup>st</sup> March, 2019, subject to approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 1,446.72 lakh inclusive of dividend distribution tax of ₹ 246.72 lakh.



# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 13 : Other equity

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Investor protection reserve*</b>		
Balance at the beginning of the year	-	700.00
Less: Transferred to National Securities Depository Limited Investor Protection Fund Trust (Refer Note 31)	-	(700.00)
<b>Balance as at the end of the year</b>	<b>-</b>	<b>-</b>
<b>General reserve</b>		
Balance at the beginning of the year	36,312.82	31,312.82
Add: Transferred from retained earning	-	5,000.00
<b>Balance as at the end of the year</b>	<b>36,312.82</b>	<b>36,312.82</b>
<b>Retained earnings</b>		
Balance at the beginning of the year	17,674.65	15,101.46
Profit for the year	9,593.64	8,776.76
Less: Dividend	(1,000.00)	(1,000.00)
Dividend distribution tax	(205.55)	(203.57)
Transferred to general reserve	-	(5,000.00)
<b>Balance at the end of the year</b>	<b>26,062.74</b>	<b>17,674.65</b>
<b>Other comprehensive income:</b>		
Balance at the beginning of the year	(76.87)	(79.77)
Other comprehensive income for the year	(52.97)	2.90
<b>Balance at the end of the year</b>	<b>(129.84)</b>	<b>(76.87)</b>
<b>Total</b>	<b>62,245.72</b>	<b>53,910.60</b>

\* Not earmarked for any specific purpose.

## Note 14 : Other financial liabilities (Non-current)

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Others:		
Incentive payable to key managerial person	105.19	91.80
<b>Total</b>	<b>105.19</b>	<b>91.80</b>

## Note 15 : Trade payables

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Amounts due to micro enterprise and small enterprises*	80.20	25.01
Others	1,051.56	720.47
<b>Total</b>	<b>1,131.76</b>	<b>745.48</b>

\* Dues to micro enterprise 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.

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 15 : Trade payables (contd.)

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

Particulars	(₹ in lakh)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Principal amount remaining unpaid to any supplier as at the end of the accounting period.	80.20	25.01
Interest due thereon remaining unpaid to any supplier as at the end of the accounting period.	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day.	-	-
The amount of interest due and payable for the period.	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting period.	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	-	-
<b>Total</b>	<b>80.20</b>	<b>25.01</b>

## Note 16 : Other financial liabilities (Current)

Particulars	(₹ in lakh)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Security deposit received from customers / depository participants	4,174.06	3,063.85
Payables on purchase of property, plant and equipment, intangible assets	7.80	10.76
National Securities Depository Limited Investor Protection Fund Trust (Refer Note 31)	561.23	1,389.42
Payable on redemption of NSC/KVP and government securities	1,046.16	574.58
Payables to staff	800.66	638.35
Gratuity payable to Fund	276.78	172.51
Annual custody charges payable	37.84	17.54
<b>Total</b>	<b>6,904.53</b>	<b>5,867.01</b>

## Note 17 : Provisions

Particulars	(₹ in lakh)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Provision for employee benefit</b>		
Provision for compensated absences	676.99	584.63
<b>Other provision</b>		
Provision for investor awareness (Refer Note 32)	1,440.51	1,030.67
<b>Total</b>	<b>2,117.50</b>	<b>1,615.30</b>

## Note 18 : Other liabilities

Particulars	(₹ in lakh)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Advances from customers	3,100.51	2,617.09
Income received in advance	221.03	200.46
Statutory remittances	457.22	288.02
<b>Total</b>	<b>3,778.76</b>	<b>3,105.57</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 19 : Revenue from operations

(₹ in lakh)

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
Annual fees	1,074.61	697.71
Custody fees	9,499.87	7,710.69
Transaction fees	10,781.36	11,314.14
Software license fees	25.34	18.89
Communication fees	314.30	315.74
Other operating income	32.08	19.08
<b>Total</b>	<b>21,727.56</b>	<b>20,076.25</b>

## Note 20 : Other income

(₹ in lakh)

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
<b>Interest income :</b>		
i) On non-current investments	2,718.89	2,510.79
ii) On fixed deposits with banks	98.52	236.15
iii) On overdue trade receivables	201.45	159.42
<b>Sub-total</b>	<b>3,018.86</b>	<b>2,906.36</b>
Dividend income from current Investments	316.38	322.11
Fair value gain on investments in mutual funds	306.78	43.13
Profit on sale of investments	389.96	-
Profit on sale of property, plant and equipment	-	0.38
Bad debts recovered	113.59	131.46
Miscellaneous income	152.16	181.50
<b>Total</b>	<b>4,297.73</b>	<b>3,584.94</b>

## Note 21 : Employee benefits expense

(₹ in lakh)

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
Salaries and wages	4,007.69	3,239.58
Contribution to provident and other funds (Refer Note 29)	507.97	406.25
Staff welfare expenses	203.18	218.63
Deputation cost	30.58	35.78
<b>Total</b>	<b>4,749.42</b>	<b>3,900.24</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 22 : Other expenses

Particulars	(₹ in lakh)	
	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
Annual fees	234.07	197.39
Repairs and maintenance - system	2,236.23	2,127.82
Repairs and maintenance - premises	215.04	201.86
Repairs and maintenance - others	68.62	54.37
Insurance (Refer Note 28)	102.60	75.08
Power and fuel	248.51	214.77
Rent (net of recovery)	252.34	231.72
Communication expenses	1,144.47	1,053.07
Travelling and conveyance expenses	288.77	246.03
Legal and professional fees	360.12	248.58
Printing and stationery expenses	425.99	600.30
Rates and taxes	40.59	52.95
Corporate social responsibility expense (Refer Note 34)	255.01	10.46
Seminar and business promotion expenses	224.74	241.33
Payment to auditors :		
i) Audit fees	24.60	22.80
ii) Tax audit fees	2.40	2.20
iii) Taxation matters	-	2.83
iv) Other services	-	0.22
v) Reimbursement of expenses (out of pocket expenses)	-	28.05
Directors sitting fees	78.40	81.00
Provision for investor awareness (Refer Note 32)	409.84	438.56
Provision for doubtful trade receivables	362.48	28.44
Bad debts written off	74.78	342.81
Miscellaneous expenses	208.42	119.48
<b>Total</b>	<b>7,258.02</b>	<b>6,594.07</b>

## Note 23 : Contingent liabilities and other commitments (to the extent not provided for)

### Contingent liabilities

- Demand from the service tax authorities of ₹ 5,236.21 lakh (Previous year ₹ 5,236.21 lakh) in respect of FY 2004-05 to FY 2008-09 relate to service tax demanded in respect of depository participant services during that period. The Company is hopeful of succeeding in appeals and does not expect any significant liability to materialise.
- Demand from income tax authorities for AY 2013-14, AY 2014-15, AY 2015-16, and AY 2017-18 for ₹ 213.61 lakh (Previous year ₹ 213.61 lakh), ₹ 338.58 lakh (Previous year ₹ 338.58 lakh), ₹ 519.60 lakh (Previous year ₹ 519.60 lakh), and ₹ 1,610.55 lakh (Previous year Nil) respectively. The Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary.

### Commitments

- Estimated amount of capital contracts not provided for (net of advances) for the year ended 31<sup>st</sup> March, 2019 is ₹ 81.99 lakh (previous year ₹ 12.94 lakh).

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 24 : Expenditure in foreign currency

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Travelling	51.86	55.52
Membership fees	7.34	16.76
<b>Total</b>	<b>59.20</b>	<b>72.28</b>

## Note 25 : Segment reporting

The Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind-AS 108, Operating Segments. The Company's business is to provide depository services to its clients in India which includes providing various services to the investors like, dematerialisation, re-materialisation, holding, transfer and pledge of securities in electronic form through close user group network of business partners (viz. Issuers / Registrars & Transfers Agents and Depository Participants) and providing facility to market intermediaries for "straight through processing", providing e-voting services to companies. All other activities of the Company revolve around the main business. As such, there are no reportable segments as per the Ind AS 108-'Operating Segments'.

## Note 26 : Related party disclosures

### a) Names of related parties and relationship

1	IDBI Bank Limited	Company having substantial Interest
2	National Stock Exchange of India Limited	Company having substantial Interest
3	NSDL Database Management Limited	Wholly-owned subsidiary (control exists)
4	NSDL Payments Bank Limited	Wholly-owned subsidiary
5	Key Managerial Personnel	Mr. G V Nageswara Rao, Managing Director and CEO

### b) Nature and volume of transactions during the year with the above related parties

(₹ in lakh)

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
<b>(i) Transactions during the year :</b>		
<b>I. Companies having substantial interest</b>		
a) IDBI Bank Limited		
- Transaction fees	39.30	47.04
- Annual fees	36.03	37.22
- Annual custody fees	24.66	25.72
- Reimbursement of expenses	1.47	1.59
- Other operational income	0.04	0.60
- Interest Income on fixed deposit with bank	96.20	104.77
- Interest (waiver)/ income – other	10.55	5.90
- Miscellaneous expenses	0.32	0.45
- Dividend paid	261.00	300.00
b) National Stock Exchange of India Limited		
- Transaction fees	49.30	129.22
- Miscellaneous expenses	0.06	0.21
- Dividend paid	240.00	240.00

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 26 : Related party disclosures (contd.)

Particulars	(₹ in lakh)	
	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
<b>II. Subsidiary company</b>		
a) NSDL Database Management Limited		
- Income	118.95	125.12
- Reimbursement of expense from NDML	120.25	25.26
- Expense	49.12	97.53
- Investment sold to subsidiary	1,165.64	-
b) NSDL Payment Bank		
Investment in subsidiary	1,200.00	-
<b>III. Key managerial personnel</b>		
- Remuneration	319.04	308.61
<b>(ii) (Payable)/receivable at the end of the year : Companies having substantial interest</b>		
a) IDBI Bank Limited		
- Security deposit payable	(30.00)	(30.00)
- Balance in current account	3,483.75	4,909.78
- Trade receivables	22.96	45.95
b) National Stock Exchange of India Limited		
- Trade receivable	26.95	11.89
<b>Subsidiary company</b>		
a) NSDL Database Management Limited - Receivable	53.45	116.17
b) NSDL Payments Bank Limited - Receivable	97.96	59.62
<b>Key managerial personnel</b>		
a) Payable to key managerial person	174.98	150.60

### Notes:

- (i) There are no provisions for doubtful debts or amounts written off/written back in respect of dues from/to related parties.
- (ii) Managerial Remuneration does not include provision made for compensated absence, leave travel allowance, gratuity since the same is provided for the company as a whole based on independent actuarial valuation except to the extent of amount paid.

## Note 27 : Operating lease

The Company holds certain premises under operating leases. Rent includes expenses which are net of recovery. The Rent expense net of recovery for the year ended 31<sup>st</sup> March, 2019 is ₹ 252.34 lakh (Previous year ₹ 231.72 lakh).

The committed lease rentals in respect of non-cancellable operating lease in the future are:

Particulars	(₹ in lakh)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Not later than one year	5.9	7.35
Later than one year and not later than five years	27.07	-
Later than five years	24.06	-



# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 28 : Expenses in note 22 has been disclosed net of recoveries as under:

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Insurance	46.85	49.27

## Note 29 : Employee benefits

a) The Company has recognized the following amounts in the statement of profit and loss under the head company's contribution to provident fund and other funds :

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Provident fund	157.54	126.51
Superannuation fund	128.60	87.48
<b>Total</b>	<b>286.14</b>	<b>213.99</b>

## b) Gratuity

### (i) Summary of actuarial assumptions

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Discount rate	7.78%	7.87%
Rate of return on plan assets	7.78%	7.87%
Salary escalation	8.00%	8.00%
Attrition rate	2.00%	2.00%
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

### (ii) Reconciliation of defined benefit obligation

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Liability at the beginning of the year	1,811.17	1,561.69
Interest cost	142.54	118.22
Current service cost	188.46	154.83
Benefits paid	(80.58)	(26.85)
Actuarial loss /(gain) on obligations	67.44	3.28
<b>Liability at the end of the year</b>	<b>2,129.04</b>	<b>1,811.17</b>

### (iii) Reconciliation of fair value of plan assets

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Fair value of plan assets at the beginning of the year	1,638.66	1,269.67
Interest income	128.96	96.11
Contributions by the employer	172.51	292.02
Benefits paid	(80.58)	(26.85)
Actuarial (gain)/ loss on plan assets	(7.29)	7.71
<b>Fair value of plan assets at the end of the year</b>	<b>1,852.26</b>	<b>1,638.66</b>

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 29 : Employee benefits (contd.)

### (iv) Amount recognised in balance sheet

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Present value of funded obligation	(2,129.04)	(1,811.17)
Fair value of plan assets at the end of the year	1,852.26	1,638.66
<b>Amount recognised in balance sheet</b>	<b>(276.78)</b>	<b>(172.51)</b>

### (v) Expenses recognised in statement of profit and loss

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Current service cost	188.46	154.83
Interest cost	13.58	22.11
<b>Expenses recognised in the statement of profit and loss</b>	<b>202.04</b>	<b>176.94</b>

### (vi) Expenses recognised in other comprehensive income

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Actuarial (gain)/ loss on obligation	67.45	3.28
Actuarial (gain)/loss on plan assets	7.29	(7.71)
<b>Net (income)/expense for the period recognized in OCI</b>	<b>74.74</b>	<b>(4.43)</b>

### (vii) Balance sheet reconciliation

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Opening net liability	172.51	292.02
Expenses recognized in statement of profit and loss	202.04	176.94
Expenses recognized in OCI	74.74	(4.43)
Employers contribution	(172.51)	(292.02)
<b>Amount recognised in balance sheet</b>	<b>276.78</b>	<b>172.51</b>

### (viii) Description of plan assets (managed by an insurance company)

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Central and state government securities	Funds deployed by Life Insurance Corporation of India.	Funds deployed by Life Insurance Corporation of India.
Bonds/ debentures		
Equity shares		
Others		

(ix) Expected contribution in the next year ₹ 215.30 lakh (previous year ₹ 167.53 lakh).

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 29 : Employee benefits (contd.)

### (x) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in lakh)

Particulars	Defined benefit obligation	
	Increase in assumption	Decrease in assumption
Discount rate (1% movement)	(215.96)	254.57
Future salary appreciation (1% movement)	251.48	(217.42)
Attrition rate (1% movement)	(8.53)	9.19

The above details are as certified by the actuary and relied upon by the auditors.

The actuarial calculation used to estimate defined benefit commitment and expenses are based on above assumptions which if changed would affect the defined benefit commitments and expenses.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

## Note 30 : Earnings per share

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
Profit for the year attributable to the equity shareholders (₹ in lakh)	9,593.64	8,776.76
Weighted average number of equity shares during the year	40,000,000	40,000,000
Basic and diluted earnings per share (₹)*	23.98	21.94
Face value of each share (₹)	10.00	10.00

\*Diluted Earnings per share is equal to the Basic Earnings per share in view of absence of any dilutive potential equity shares.

## Note 31 : Investor protection fund (IPF)

31.1. On 21<sup>st</sup> January, 2016, The Securities Exchange Board of India (SEBI) has issued SEBI (Depositories and Participants) (Amendment) Regulations, 2016 ("the Amended Regulations"). According to these Amended Regulations, depositories are required to establish and maintain an Investor Protection Fund (IPF) for the protection of interest of beneficial owners and every depository shall credit five per cent of its profits from depository operations every year to the Investor Protection Fund.

The contribution to IPF for the year ended 31<sup>st</sup> March, 2019 works out to ₹ 429.11 lakh (previous year ₹ 466.44 lakh), being 5% of the profits from depository operations of the Company before tax for the year available after making such contribution.

31.2. Further, SEBI vide its Circular dated 7<sup>th</sup> June, 2016 issued guidelines for utilization of IPF. The guidelines require administration of IPF by creation of a trust administered by Depository. As required by the Guidelines, the Company created irrevocable Trust 'National Securities Depository Limited Investor Protection Fund Trust' (NSDL IPF Trust). The Company transferred ₹ 1,168.65 lakh (previous year ₹ 465.41 lakh) to NSDL IPF Trust for the year ended 31<sup>st</sup> March, 2019.

31.3. In accordance with SEBI guidelines, an amount of ₹ 700 lakh was transferred from Investor Protection Reserve to NSDL IPF Trust during the financial year 2017-18.

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 32 : Other provisions: provision for investor awareness

SEBI vide its circular no. CIR/MRD/DP/18/2015, dated 9<sup>th</sup> December, 2015 (the "Circular") has revised the annual custody/issuer charges to be collected by the depositories from the issuers with effect from financial year 2015-16. The Circular has also directed the Depositories to set aside 20% of the incremental revenue received from the issuers listed with SEBI.

Pursuant to the Circular, the Company has set aside ₹ 409.84 lakh (previous year ₹ 438.56 lakh) being 20% of incremental revenue on issuer income for the period ended 31<sup>st</sup> March, 2019.

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Opening balance	1,030.67	689.18
Addition	409.84	438.56
Utilisation	-	(97.07)
<b>Closing balance</b>	<b>1,440.51</b>	<b>1,030.67</b>

## Note 33 : Exceptional item

During the period, SEBI has directed the Company to refund System Driven Disclosure fees of ₹ 807.88 lakh charged to the issuers of securities during financial year ended 31<sup>st</sup> March, 2017. Consequently, the Company has reversed the income from system driven disclosure fees net of GST.

## Note 34 : Expenses towards corporate social responsibility

(₹ in lakh)

Sr. No.	Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
a)	Gross amount required to be spent by the company during the year	244.85	202.30
b)	Amount spent during the year on:	255.01	10.46

(₹ in lakh)

Sr. No.	Particulars	As at 31 <sup>st</sup> March, 2019		
		In cash/ cheque/ transfer	Yet to be spent	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	255.01	-	255.01

(₹ in lakh)

Sr. No.	Particulars	As at 31 <sup>st</sup> March, 2018		
		In cash/ cheque/ transfer	Yet to be spent	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	10.46	191.84	202.30

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 35 : Fair value measurement

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Financial assets</b>		
<b>a) Amortised cost</b>		
Investments in debt instrument	34,588.50	37,084.56
Trade receivables	6,480.30	3,868.68
Cash and cash equivalents	3,803.20	5,051.10
Other bank balances	1,046.15	574.58
Other financial assets	726.61	654.66
	<b>46,644.76</b>	<b>47,233.58</b>
<b>b) FVTPL</b>		
Investment in mutual funds	6,438.70	6,122.33
	<b>6,438.70</b>	<b>6,122.33</b>
<b>c) At cost</b>		
Investment in subsidiaries	15,605.00	14,405.00
	<b>15,605.00</b>	<b>14,405.00</b>
<b>Total</b>	<b>68,688.46</b>	<b>67,760.91</b>
<b>Financial liabilities</b>		
<b>a) Amortised cost</b>		
Trade payables	1,131.76	745.48
Other financial liabilities	7,009.72	5,958.81
<b>Total</b>	<b>8,141.48</b>	<b>6,704.29</b>

The fair values of the above financial assets and liabilities approximate their carrying amounts except in case of investment in subsidiaries and in bonds and debentures.

## Note 36 : Financial instruments

### Capital risk management

The Company's objectives when managing capital is to safeguard continuity as a going concern and provide adequate return to shareholders through continuing growth and maintain an optimal capital structure to reduce the cost of capital. The Company sets the amount of capital required on the basis of annual business plan and long-term operating plans which include capital investments.

### Financial risk management

A wide range of risks may affect the Company's business and financial results. Amongst other risks that could have significant influence on the Company are market risk, credit risk and liquidity risk.

The Board of Directors of the Company manage and review the affairs of the Company by setting up short term and long term budgets by monitoring the same and taking suitable actions to minimise potential adverse effects on its operational and financial performance.

The Company is exposed to the following market risks:

#### (a) Credit risk

Credit risk refers to the risk that the counter party will default on its contractual obligation resulting in financial loss to the Company. The Company has adopted a policy of dealing with only credit worthy counter parties. This risk principally arises from credit exposures to customers, deposits with banks and financial institutions and other receivables.

# Notes to the Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 36 : Financial instruments (contd.)

**Trade and other receivables:** The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Receivables mainly consist of receivables from Depository Participants (DP), Issuers of Securities, Registrar and Transfer Agents (RTA), Asset Management Companies (AMC) and Stock Exchanges. Trade receivables consist of a large number of customers, representing diverse industries and geographical areas, hence the Company is not exposed to concentration risks. With respect to DPs, the Company performs credit evaluation while on boarding the customer and security deposits are taken. Ongoing credit evaluation is performed on the financial conditions of the accounts receivable. The Company has a dedicated Credit and Control team primarily responsible for monitoring credit risk and receivables. They monitor outstanding receivables along with ageing on periodic basis. For receivables pertaining to other streams of revenues, the credit and collection team regularly follows up for the collection.

The credit risk on liquid funds, banks and financial institutions is limited because the counterparties are with high credit-ratings.

### (b) Liquidity risk

Liquidity risk refers to the risk that the Company may not be in a position to meet its financial obligations timely. Management monitors rolling forecasts of the Company's liquidity position (comprising of undrawn bank facilities and cash and cash equivalents) on the basis of expected cash flows. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents.

## Note 37 : Income tax expenses recognised in statement of profit and loss

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	(₹ in lakh)	
	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
<b>Profit before tax from continuing operations</b>	<b>12,487.49</b>	<b>12,436.92</b>
Income tax expense calculated at 29.12% (PY 34.608%)	3,636.35	4,304.17
Effect of income that is exempt from taxation	(867.95)	(888.30)
Effect of expenses that are not deductible in determining taxable profit	284.48	238.07
Effect of different tax rates on capital gains	(69.81)	(7.28)
Effect of different tax rates for fair value gain on investments	(89.33)	(5.84)
Others	0.10	19.34
<b>Income tax expense recognised in statement of profit and loss</b>	<b>2,893.84</b>	<b>3,660.16</b>

**Note 38 :** Previous year's figures have been regrouped / reclassified wherever necessary.

**Note 39 :** These financial statements were approved for issue by the board of directors of the company at their meeting held on 21<sup>st</sup> May, 2019.

For and on behalf of the Board of Directors

Sd/-  
**B.A. Prabhakar**  
 Chairman  
 DIN: 02101808

Sd/-  
**G V Nageswara Rao**  
 Managing Director and CEO  
 DIN: 00799504

Sd/-  
**Chandresh Shah**  
 Chief Financial Officer

Sd/-  
**Prasad Poojary**  
 Company Secretary  
 A26056

Place : Mumbai  
 Date : 21<sup>st</sup> May, 2019



# Independent Auditor's Report

## TO THE MEMBERS OF NATIONAL SECURITIES DEPOSITORY LIMITED

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of **National Securities Depository Limited** ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the

Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraph (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Information other than the Financial Statements and Auditor's Report thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, but does not include the consolidated financial statements and our auditor's report thereon. The Board's report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by the other auditors.

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

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income,

# Independent Auditor's Report

consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

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

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

## **Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

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

influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

# Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

## Other Matters

- (a) We did not audit the financial statements / financial information of two subsidiaries, whose financial statements / financial information reflect total assets of ₹ 28,282.87 lakh as at 31<sup>st</sup> March, 2019, total revenues of ₹ 6,877.13 lakh and net cash outflows amounting to ₹ 932.35 lakh for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements/ financial information of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable 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 of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

# Independent Auditor's Report

- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Parent as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies, is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary companies. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
- ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies.

For **Deloitte Haskins & Sells**  
 Chartered Accountants  
 (Firm's Registration No. 117364W)

Place: Mumbai  
 Date: 21<sup>st</sup> May, 2019

Sd/-  
**Pallavi A. Gorakshakar**  
 (Partner)  
 (Membership No. 105035)

# Annexure "A" To The Independent Auditor's Report

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31<sup>st</sup> March, 2019, we have audited the internal financial controls over financial reporting of **National Securities Depository Limited** (hereinafter referred to as "the Parent") and its subsidiary companies, which are companies incorporated in India, as of that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Parent and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial

controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and



# Annexure "A" To The Independent Auditor's Report

that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary companies, have, in all material respects, an adequate internal financial controls system over financial reporting and such

internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2019, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For **Deloitte Haskins & Sells**  
 Chartered Accountants  
 (Firm's Registration No. 117364W)

Sd/-

**Pallavi A. Gorakshakar**

(Partner)

Place: Mumbai

Date: 21<sup>st</sup> May, 2019

(Membership No. 105035)



# Consolidated Balance Sheet

as at 31<sup>st</sup> March, 2019

(₹ in lakh)

Particulars	Notes	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	3	2,003.46	1,444.85
b) Capital work-in-progress		922.14	1,843.01
c) Other intangible assets	3	1,605.22	203.24
d) Financial assets			
i) Non-current investments	4	53,735.62	42,338.79
ii) Other financial assets	5	547.74	524.56
e) Deferred tax assets (net)	6(a)	392.01	293.62
f) Income tax assets (net)		636.27	636.37
g) Other non-current assets	7	605.87	144.79
<b>Total non-current assets</b>		<b>60,448.33</b>	<b>47,429.23</b>
<b>Current assets</b>			
a) Financial assets			
i) Current investments	8	9,839.11	11,002.85
ii) Trade receivables	9	7,175.28	5,036.75
iii) Cash and cash equivalents	10	4,601.48	6,856.92
iv) Bank balances other than (iii) above	11	8,413.88	8,403.43
v) Other financial assets	5	422.23	222.31
b) Other current assets	7	1,300.60	871.36
<b>Total current assets</b>		<b>31,752.58</b>	<b>32,393.62</b>
<b>Total assets</b>		<b>92,200.91</b>	<b>79,822.85</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	12	4,000.00	4,000.00
b) Other equity	13	69,525.16	59,695.28
<b>Total equity</b>		<b>73,525.16</b>	<b>63,695.28</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
i) Other financial liabilities	14	105.19	91.80
b) Deferred tax liability (Net)	6(b)	53.85	25.88
c) Other non-current liabilities	15	11.95	10.78
d) Provisions	18	14.71	25.25
<b>Total non-current liabilities</b>		<b>185.70</b>	<b>153.71</b>
<b>Current liabilities</b>			
a) Financial liabilities			
i) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	16	171.24	93.51
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	16	1,533.15	2,105.87
ii) Other financial liabilities	17	7,318.43	6,165.18
b) Provisions	18	2,262.55	1,735.08
c) Current tax liability (net)		1,718.67	1,304.80
d) Other current liabilities	19	5,486.01	4,569.42
<b>Total current liabilities</b>		<b>18,490.05</b>	<b>15,973.86</b>
<b>Total liabilities</b>		<b>18,675.75</b>	<b>16,127.57</b>
<b>Total equity and liabilities</b>		<b>92,200.91</b>	<b>79,822.85</b>
See accompanying notes to the financial statements	1 to 39		

In terms of our report attached.

For and on behalf of the Board of Directors

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

Sd/-  
**Pallavi A. Gorakshakar**  
Partner  
Membership No.: 105035

Sd/-  
**B.A. Prabhakar**  
Chairman  
DIN: 02101808

Place : Mumbai  
Date : 21st May, 2019

Sd/-  
**G V Nageswara Rao**  
Managing Director and CEO  
DIN: 00799504

Sd/-  
**Chandresh Shah**  
Chief Financial Officer

Sd/-  
**Prasad Poojary**  
Company Secretary  
A26056

# Consolidated Statement of Profit and Loss

for the year ended on 31<sup>st</sup> March, 2019

(₹ in lakh)

Particulars	Notes	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
<b>INCOMES</b>			
Revenue from operations	20	28,604.69	26,329.18
Other income	21	5,496.54	4,663.25
<b>Total income</b>		<b>34,101.23</b>	<b>30,992.43</b>
<b>EXPENSES</b>			
Employee benefits expense	22	6,043.95	4,855.65
Depreciation and amortisation expense	3	693.99	389.25
Contribution to investor protection fund	32	429.11	466.44
Other expenses	23	11,389.11	10,035.72
<b>Total expenses</b>		<b>18,556.16</b>	<b>15,747.06</b>
<b>Profit before exceptional items</b>		<b>15,545.07</b>	<b>15,245.37</b>
Exceptional items	34	807.88	-
<b>Profit before tax</b>		<b>14,737.19</b>	<b>15,245.37</b>
<b>Tax expense</b>			
Current tax		3,718.56	4,649.40
Adjustment for current tax of prior periods		0.83	-
Deferred tax	6	(70.42)	11.75
<b>Total tax expenses</b>		<b>3,648.97</b>	<b>4,661.15</b>
<b>Profit after tax</b>		<b>11,088.22</b>	<b>10,584.22</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss :			
i) Actuarial gain/(loss) on post retirement benefit plans		(77.14)	(4.57)
ii) Income tax relating to items that will not be reclassified to profit or loss		24.35	1.58
		<b>(52.79)</b>	<b>(2.99)</b>
<b>Total comprehensive income for the year</b>		<b>11,035.43</b>	<b>10,581.23</b>
Basic and diluted earnings per equity share of ₹ 10 each	31	27.72	26.46
See accompanying notes to the financial statements	1 to 39		

In terms of our report attached.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

Sd/-  
**Pallavi A. Gorakshakar**  
Partner  
Membership No.: 105035

Place : Mumbai  
Date : 21st May, 2019

Sd/-  
**G V Nageswara Rao**  
Managing Director and CEO  
DIN: 00799504

For and on behalf of the Board of Directors

Sd/-  
**B.A. Prabhakar**  
Chairman  
DIN: 02101808

Sd/-  
**Chandresh Shah**  
Chief Financial Officer

Sd/-  
**Prasad Poojary**  
Company Secretary  
A26056

# Consolidated Cash Flow Statement

for the year ended 31<sup>st</sup> March, 2019

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
<b>A. Cash flow from operating activities</b>		
Profit before tax	<b>14,737.19</b>	<b>15,245.37</b>
<b>Adjustments for :</b>		
Depreciation and amortisation expense	693.99	389.25
Provision for compensated absences	107.09	105.98
Provision for investor awareness	409.84	438.56
Provision for doubtful trade receivables	369.00	31.81
Bad debts written off	82.96	347.07
Contribution to investor protection fund	429.11	466.44
Fair value gain on investments in mutual funds	(493.40)	(106.97)
Dividend income from current investments	(316.38)	(323.85)
Profit on sale of property, plant and equipment	-	(0.38)
Profit on sale of investments	(285.67)	-
Interest income	(4,048.51)	(3,883.09)
<b>Operating profit before working capital changes</b>	<b>11,685.22</b>	<b>12,710.19</b>
<b>Changes in working capital:</b>		
(Increase) / decrease other assets	(497.47)	(399.94)
(Increase) / decrease other financial assets	(91.64)	(45.30)
(Increase) / decrease trade receivables	(2,590.49)	(2,169.35)
Increase / (decrease) trade payables	(494.99)	818.30
Increase / (decrease) other financial liabilities*	637.91	377.55
Increase / (decrease) provisions	0.01	(97.07)
Increase / (decrease) other liabilities	488.65	1,532.88
<b>Cash generated from operations</b>	<b>9,137.20</b>	<b>12,727.26</b>
Net income tax paid	(3,305.42)	(4,068.12)
<b>Net cash generated from operating activities (A)</b>	<b>5,831.78</b>	<b>8,659.14</b>

\* Excluding transfer from Investor Protection Reserve to National Securities Depository Limited Investor Protection Fund Trust during the FY 2017-18.

# Consolidated Cash Flow Statement (contd.)

for the year ended 31<sup>st</sup> March, 2019

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
<b>B. Cash flow from investing activities</b>		
Capital expenditure on property, plant and equipment, intangible assets, capital advance	(2,122.19)	(1,532.62)
Proceeds from sale of fixed assets	-	0.44
Bank balances not considered as cash and cash equivalents		
i) Placed	(7,367.73)	(7,828.85)
ii) Matured	7,828.85	200.00
Purchase of non-current investments	(12,916.81)	(5,529.60)
Sale / Redemption of non-current investments	2,299.05	740.20
Proceeds of current investments (Net)	1,163.74	(1,379.32)
Dividend received from current investments	316.38	323.85
Interest received	3,917.04	3,883.09
<b>Net cash (used in) / generated from investing activities (B)</b>	<b>(6,881.67)</b>	<b>(11,122.81)</b>
<b>C. Cash flow from financing activities</b>		
Dividend paid	(1,000.00)	(1,000.00)
Dividend distribution tax paid	(205.55)	(203.57)
<b>Net cash used in financing activities (C)</b>	<b>(1,205.55)</b>	<b>(1,203.57)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(2,255.44)</b>	<b>(3,667.24)</b>
Cash and cash equivalents at the beginning of the year	6,856.92	10,524.16
<b>Cash and cash equivalents at the end of the year (Refer Note 10)</b>	<b>4,601.48</b>	<b>6,856.92</b>
See accompanying notes to the financial statements	1 to 39	

In terms of our report attached.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

Sd/-  
**Pallavi A. Gorakshakar**  
Partner  
Membership No.: 105035

Place : Mumbai  
Date : 21<sup>st</sup> May, 2019

Sd/-  
**G V Nageswara Rao**  
Managing Director and CEO  
DIN: 00799504

For and on behalf of the Board of Directors

Sd/-  
**B.A. Prabhakar**  
Chairman  
DIN: 02101808

Sd/-  
**Chandresh Shah**  
Chief Financial Officer

Sd/-  
**Prasad Poojary**  
Company Secretary  
A26056

# Consolidated Statement of Changes in Shareholder's Equity

for the year ended 31<sup>st</sup> March, 2019

## A. Equity share capital

Particulars	(₹ in lakh)
<b>As at 1<sup>st</sup> April, 2017</b>	<b>4,000.00</b>
Changes in equity share capital during the year (Note 12)	-
<b>As at 31<sup>st</sup> March, 2018</b>	<b>4,000.00</b>
Changes in equity share capital during the year (Note 12)	-
<b>As at 31<sup>st</sup> March, 2019</b>	<b>4,000.00</b>

## B. Other equity

(₹ in lakh)

Particulars	Reserves and surplus			Other comprehensive income	Total
	Investor protection reserve	General reserve	Retained earnings	Actuarial gains/(losses)	
<b>Balance as at 1<sup>st</sup> April, 2017</b>	<b>700.00</b>	<b>31,312.82</b>	<b>19,082.44</b>	<b>(77.64)</b>	<b>51,017.62</b>
Profit after tax	-	-	10,584.22	(2.99)	10,581.23
Dividends (including dividend distribution tax)	-	-	(1,203.57)	-	(1,203.57)
Transfer to general reserve	-	-	(5,000.00)	-	(5,000.00)
Transfer from retained earnings	-	5,000.00	-	-	5,000.00
Transferred to National Securities Depository Limited Investor Protection Fund Trust (Refer Note 31)	(700.00)	-	-	-	(700.00)
<b>Balance as at 31<sup>st</sup> March, 2018</b>	<b>-</b>	<b>36,312.82</b>	<b>23,463.09</b>	<b>(80.63)</b>	<b>59,695.28</b>
Profit after tax	-	-	11,088.22	(52.79)	11,035.43
Dividends (including dividend distribution tax)	-	-	(1,205.55)	-	(1,205.55)
<b>Balance as at 31<sup>st</sup> March, 2019</b>	<b>-</b>	<b>36,312.82</b>	<b>33,345.76</b>	<b>(133.42)</b>	<b>69,525.16</b>
See accompanying notes to the financial statements	1 to 39				

In terms of our report attached.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

Sd/-  
**Pallavi A. Gorakshakar**  
Partner  
Membership No.: 105035

Place : Mumbai  
Date : 21st May, 2019

For and on behalf of the Board of Directors

Sd/-  
**B.A. Prabhakar**  
Chairman  
DIN: 02101808

Sd/-  
**G V Nageswara Rao**  
Managing Director and CEO  
DIN: 00799504

Sd/-  
**Chandresh Shah**  
Chief Financial Officer

Sd/-  
**Prasad Poojary**  
Company Secretary  
A26056

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 1 : General information

### 1.1. Company overview

National Securities Depository Limited ("the Holding Company") was incorporated on 27<sup>th</sup> April, 2012. The Holding Company is a Depository registered with SEBI under the provisions of Depositories Act, 1996, and Rules and Regulations framed thereunder. The Holding Company and its wholly owned subsidiaries constitute the Group. The Group provides electronic infrastructure for dematerialisation of securities, facilitates electronic settlement of trades in Indian Securities Market and offers services as a managed service provider and sets-up system infrastructure, connectivity, software application and database management systems.

### 1.2. Basis of consolidation and significant accounting policies

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## Note 2 : Significant accounting policies

### 2.1. Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015, with effect from 1<sup>st</sup> April, 2016. The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. The date of transition to Ind AS was 1<sup>st</sup> April, 2015.

### 2.2. Changes in accounting standard and recent accounting pronouncements

On 30<sup>th</sup> March, 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116 on Leases. Ind AS 116 would replace the existing leases standard Ind AS 17. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently for operating lease, rentals are charged to the statement of profit and loss. The Group is currently evaluating the implication of Ind AS 116 on the financial statements.

The Companies (Indian Accounting Standards) Amendment Rules, 2019 notified amendments to the following accounting standards. The amendments would be effective from 1<sup>st</sup> April, 2019:

1. Ind AS 12, Income taxes — Appendix C on uncertainty over income tax treatments
2. Ind AS 19— Employee benefits
3. Ind AS 23 – Borrowing costs
4. Ind AS 28— investment in associates and joint ventures
5. Ind AS 103 and Ind AS 111 — Business combinations and joint arrangements
6. Ind AS 109 — Financial instruments

The Group is in the process of evaluating the impact of such amendments.



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## 2.3. Basis of preparation

These Consolidated Financial statements of the Holding Company and its subsidiary (together the 'Group') have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015, prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India and transition date is considered as 1<sup>st</sup> April, 2015.

These Consolidated Financial statements have been prepared on accrual basis under the historical cost convention except for certain financial instruments which are measured at fair values at the end of each of the reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, Level 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety which are described as follows:

**Level 1** — inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

**Level 2** — inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability either directly or indirectly.

**Level 3** — inputs are unobservable inputs for the assets or liability.

## 2.4. Principles of consolidation

The Consolidated Financial statements relate to National Securities Depository Limited (the 'Holding Company') and its subsidiaries. The Consolidated Financial statements have been prepared on the following basis:

- The financial statements of the subsidiary companies are drawn upto the same reporting date as that of the Group for each of the reporting period covered by these Consolidated Financial statements.
- The financial statements of the Holding Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

- Following subsidiary companies have been considered in the preparation of the Consolidated Financial Statements:

Name of the entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power either directly or indirectly at each reporting period covered under these Consolidated Financial Statements.
NSDL Database Management Limited	Subsidiary	India	National Securities Depository Limited	100%
NSDL Payments Bank Ltd.	Subsidiary	India	National Securities Depository Limited	100%

- The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events

in similar circumstances and are presented to the extent possible, in the same manner as the Group's separate financial statements.

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## 2.5. Revenue recognition

- a) Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is recognised when there is no significant uncertainty as regards its determination and realisation.
- b) Interest income is accounted on accrual basis. For financial instruments measured at amortised cost interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.
- c) Dividend income is accounted for when the right to receive it is established.

## 2.6. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.

## 2.7. Employee benefits

Employee benefits include provident fund, superannuation fund, gratuity fund, and compensated absences.

### Defined contribution plan

The Group's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

#### i. Superannuation

The Group contributes a sum equivalent to 15% of annual basic salary of the eligible employees to an insurance company which administers the fund. The Group recognises such contributions as an expense in the year they are incurred.

#### ii. Provident fund

Employees are entitled to receive benefits in respect of provident fund, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' basic salary).

### Defined benefit plans

#### i. Gratuity

The Group accounts for the net present value of its obligations for gratuity benefits based on an independent external actuarial valuation determined on the basis of the projected unit credit method carried out at the Balance Sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in retained earnings and is not reclassified to profit and loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit cost are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

#### ii. Other employee benefits

##### Performance incentive and compensated absences

The 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 services. 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.

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

The Group accounts for the net present value of its obligations for compensated absences based on an independent external actuarial valuation carried out at the Balance Sheet date. The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

## 2.8. Tax on income

Income tax expense represents the sum of the tax currently payable and deferred tax.

### i. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'Profit Before Tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### ii. Deferred tax

Deferred tax is recognised on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in

the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### iii. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

## 2.9. Property, plant & equipment

Property, Plant & Equipment is carried at cost less accumulated depreciation and amortisation and impairment losses, if any. The cost comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

### i. Capital work-in-progress

Projects under which tangible fixed assets that are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses, and interest attributable.

## 2.10. Intangible assets

Intangible assets purchased are measured at cost as of the date of acquisition less accumulated amortization and accumulated impairment, if any.

## 2.11. Depreciation and amortisation

Depreciation is charged so as to write off the cost of assets other than Capital work-in-progress less its estimated residual value over the useful lives as prescribed in Schedule II to the Companies Act, 2013, using the straight-line method.

Intangible assets are amortized on a straight line basis. Computer software is amortised over 24 months or useful life, whichever is

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

lower. However, In case of its subsidiary NSDL Database Management Limited, Computer software is amortised over 48 months or useful life, whichever is lower.

## 2.12. Provision and contingencies

A provision is recognised when the Group has a present obligation as a result of past events 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 are discounted to their present value and are determined based on the 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 disclosed in the Notes. Contingent assets are not recognised/disclosed in the financial statements.

## 2.13. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

## 2.14. Financial assets

Financial assets are (Investment in Mutual Funds, Non- Convertible Debentures, Bonds) classified into the following specified categories: financial assets "at amortised cost", "fair value through other comprehensive income", "fair value through Profit or Loss". The classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset at the time of initial recognition.

Financial assets are recognised by the Group as per its business model. All financial assets are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Income and expense is recognised on an effective interest basis for debt instrument. All other investments are classified as Fair Value Through Profit or Loss (FVTPL). The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are

available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

### Objective evidence of impairment could include-

- Significant financial difficulty of the users or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables. For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### De-recognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## 2.15. Financial Liabilities and equity instruments

### Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deduction all of its liabilities.

### Financial liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities.

Financial liabilities at Fair Value Through Profit or Loss (FVTPL). Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

## 2.16. Operating cycle

Based on the activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 3 : Property, plant and equipment and other intangible assets

Gross block	Property, plant and equipment							Other intangible assets
	Buildings	Computers	Data and tele-communication equipment	Electrical installations	Office equipment	Furniture and fixtures	Vehicle	
<b>Description of asset</b>								
<b>As at 31<sup>st</sup> March, 2017</b>	<b>3,517.82</b>	<b>5,072.93</b>	<b>1,357.58</b>	<b>199.90</b>	<b>356.20</b>	<b>250.79</b>	<b>-</b>	<b>9,586.71</b>
Additions during the year	-	315.12	2.71	2.24	35.91	1.53	-	184.70
Deductions	-	-	-	-	(1.54)	-	-	-
<b>As at 31<sup>st</sup> March, 2018</b>	<b>3,517.82</b>	<b>5,388.05</b>	<b>1,360.29</b>	<b>202.14</b>	<b>390.57</b>	<b>252.32</b>	<b>-</b>	<b>9,930.63</b>
Additions during the year	-	677.79	56.04	-	12.85	1.50	46.30	1,860.13
Deductions	-	-	-	-	(0.36)	-	-	-
<b>As at 31<sup>st</sup> March, 2019</b>	<b>3,517.82</b>	<b>6,065.84</b>	<b>1,416.33</b>	<b>202.14</b>	<b>403.06</b>	<b>253.82</b>	<b>46.30</b>	<b>11,790.76</b>

Accumulated depreciation and amortisation	Property, plant and equipment							Other intangible assets
	Buildings	Computers	Data and tele-communication equipment	Electrical installations	Office equipment	Furniture and fixtures	Vehicle	
<b>Description of asset</b>								
<b>As at 31<sup>st</sup> March, 2017</b>	<b>3,024.78</b>	<b>4,477.23</b>	<b>1,254.03</b>	<b>185.67</b>	<b>311.00</b>	<b>220.72</b>	<b>-</b>	<b>9,532.52</b>
Depreciation / amortisation for the year	8.92	154.39	13.65	0.94	13.38	3.10	-	194.87
Deductions	-	-	-	-	(1.47)	-	-	-
<b>As at 31<sup>st</sup> March, 2018</b>	<b>3,033.70</b>	<b>4,631.62</b>	<b>1,267.68</b>	<b>186.61</b>	<b>322.91</b>	<b>223.82</b>	<b>-</b>	<b>9,727.39</b>
Depreciation / amortisation for the year	8.92	188.02	11.76	1.01	17.10	3.27	5.76	458.15
Deductions	-	-	-	-	(0.33)	-	-	-
<b>As at 31<sup>st</sup> March, 2019</b>	<b>3,042.62</b>	<b>4,819.64</b>	<b>1,279.44</b>	<b>187.62</b>	<b>339.68</b>	<b>227.09</b>	<b>5.76</b>	<b>10,185.54</b>

Net block	Property, plant and equipment							Other intangible assets
	Buildings	Computers	Data and tele-communication equipment	Electrical installations	Office equipment	Furniture and fixtures	Vehicle	
<b>Description of asset</b>								
<b>As at 31<sup>st</sup> March, 2018</b>	<b>484.12</b>	<b>756.43</b>	<b>92.61</b>	<b>15.53</b>	<b>67.66</b>	<b>28.50</b>	<b>-</b>	<b>203.24</b>
<b>As at 31<sup>st</sup> March, 2019</b>	<b>475.20</b>	<b>1,246.20</b>	<b>136.89</b>	<b>14.52</b>	<b>63.38</b>	<b>26.73</b>	<b>40.54</b>	<b>1,605.22</b>



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 4 : Non-current investments

Particulars	Rate of interest (%)	Year of maturity	Nos.	Face value / NAV (₹)	(₹ in lakh)	
					As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>(a) Investment in debentures or bonds (at amortised cost)</b>						
1 India Infrastructure Finance Company Limited	9.41	2037	3	10,00,000	35.20	35.28
2 Power Finance Corporation of India Limited*	7.35	2035	50,000	1,000	527.90	528.41
3 NTPC Limited*	7.37	2035	12,491	1,000	129.41	129.41
4 Power Finance Corporation of India Limited*	7.35	2035	1,540	1,000	15.92	15.92
5 Rural Electrification Corporation Limited*	7.18	2035	11,450	1,000	117.24	117.24
6 National Housing Bank*	8.76	2034	8,000	5,000	432.66	433.45
7 Housing and Urban Development Corporation Limited*	8.76	2034	5,000	1,000	55.24	55.38
8 India Infrastructure Finance Company Limited*	8.66	2034	70,000	1,000	878.15	885.24
9 India Infrastructure Finance Company Limited *	8.66	2034	30,000	1,000	344.61	346.10
10 NTPC Limited*	8.66	2033	92,899	10,02,000	1,158.39	1,708.30
11 NHPC Limited*	8.67	2033	49,420	1,000	618.99	622.54
12 India Infrastructure Finance Company Limited	7.40	2033	50,000	1,000	561.38	-
13 NHPC Limited *	8.67	2033	10,000	1,000	120.73	121.19
14 India Infrastructure Finance Company Limited*	7.40	2033	50,000	1,000	561.42	563.87
15 National Highway Authority of India Limited*	7.35	2031	1,89,883	1,000	2,168.56	2,175.99
16 Indian Renewable Energy Development Agency Limited*	7.49	2031	50,000	1,000	510.55	510.82
17 National Bank for Agriculture and Rural Development*	7.35	2031	4,40,010	2,000	4,834.65	4,307.91
18 Indian Railway Finance Corporation Limited*	7.35	2031	99,000	1,000	1,100.39	877.85
19 Housing and Urban Development Corporation Limited*	7.39	2031	1,00,000	1,000	1,150.14	1,157.65
20 National Highway Authority of India*	7.35	2031	28,313	1,000	303.88	303.88
21 National Highway Authority of India*	7.35	2031	50,000	1,000	569.09	570.88
22 National Bank For Agriculture And Rural Development*	7.35	2031	1,20,000	1,000	1,309.79	1,315.72
23 Indian Railway Finance Corporation Limited*	7.28	2030	11,074	1,000	126.97	127.69
24 National Highway Authority of India*	7.28	2030	50	10,00,000	543.48	543.87
25 Indian Railway Finance Corporation Limited*	7.28	2030	12,080	1,000	124.86	124.86
26 National Housing Bank*	8.68	2029	30,000	10,000	1,636.89	3,166.27
27 Indian Railway Finance Corporation Limited*	8.40	2029	63,000	1,000	730.94	734.41
28 Indian Railway Finance Corporation Limited*	8.63	2029	40,000	1,000	449.26	450.29
29 National Housing Bank*	8.68	2029	20,000	5,000	1,012.55	-
30 NHPC Limited*	8.54	2028	81,428	1,000	967.11	846.11
31 Power Finance Corporation of India Limited*	8.46	2028	40	10,00,000	420.17	420.29
32 Rural Electrification Corporation Limited*	8.46	2028	10,057	10,01,000	747.36	750.93

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 4 : Non-current investments (contd.)

Particulars	Rate of interest (%)	Year of maturity	Nos.	Face value / NAV (₹)	As at	
					31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
33 Indian Railway Finance Corporation Limited *	8.48	2028	100	10,00,000	1,162.28	1,166.97
34 Indian Railway Finance Corporation Limited *	7.34	2028	60,000	1,000	626.70	627.42
35 India Infrastructure Finance Company Limited*	8.26	2028	80	10,00,000	894.95	899.00
36 National Housing Bank *	8.46	2028	90	10,00,000	1,027.52	1,033.90
37 Housing and Urban Development Corporation Limited*	8.56	2028	20	10,00,000	241.00	243.42
38 Housing and Urban Development Corporation Limited *	8.56	2028	100	10,00,000	1,133.27	1,139.33
39 Housing and Urban Development Corporation Limited *	8.51	2028	50,000	1,000	561.65	564.72
40 National Housing Bank *	8.46	2028	50	10,00,000	599.85	605.57
41 NTPC Limited*	8.48	2028	1,00,000	1,000	1,202.10	1,213.91
42 National Highway Authority of India Limited *	8.30	2027	1,40,000	1,000	1,527.80	2,071.33
43 Power Finance Corporation of India Limited *	8.30	2027	50,000	1,000	532.33	1,067.36
44 Indian Railway Finance Corporation Limited *	8.10	2027	50,000	1,000	589.72	596.79
45 Rural Electrification Corporation Limited *	8.12	2027	50,000	1,000	589.48	-
46 NTPC Limited*	7.15	2025	21	10,00,000	219.40	219.40
47 Infrastructure Development Finance Company Limited	9.03	2025	5	10,00,000	55.57	54.52
48 Infrastructure Development Finance Company Limited	8.80	2025	4	20,00,000	42.32	42.30
49 Indian Renewable Energy Development Agency Limited*	7.17	2025	60	10,00,000	624.13	624.64
50 HDB Financial Services Limited	10.19	2024	1	10,00,000	10.29	10.33
51 Housing and Urban Development Corporation Limited*	8.51	2024	50,000	1,000	555.06	-
52 Indian Railway Finance Corporation Limited *	7.18	2023	75,000	1,000	789.12	792.50
53 NTPC Limited*	8.41	2023	1,50,000	1,000	1,667.66	-
54 NTPC Limited*	8.41	2023	50,000	1,000	555.90	-
55 Rural Electrification Corporation Limited *	7.21	2022	10	10,00,000	103.26	103.46
56 Housing and Urban Development Corporation Limited*	8.10	2022	60,000	1,000	606.85	607.98
57 Power Finance Corporation of India Limited *	8.20	2022	90,000	1,000	952.86	958.97
58 National Highway Authority of India Limited *	8.20	2022	1,00,000	1,000	1,065.63	1,073.60
59 Rural Electrification Corporation Limited *	7.93	2022	90,000	1,000	973.82	979.97
60 Indian Railway Finance Corporation Limited *	8.00	2022	60,000	1,000	629.17	631.29
61 Power Grid Corporation of India Limited	9.64	2021	32	12,50,000	438.84	432.25
62 Power Finance Corporation of India Limited *	7.51	2021	600	1,00,000	620.02	619.84
63 Tata Capital Financial Services Limited	9.95	2019	2	10,00,000	-	10.27
<b>Sub-total</b>					<b>44,862.41</b>	<b>42,338.79</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 4 : Non-current investments (contd.)

Particulars	Rate of interest (%)	Year of maturity	Nos.	Face value / NAV (₹)	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>(b) Investment in mutual funds (at FVTPL)</b>						
1			50,00,000	11	533.56	-
2			50,00,000	11	536.45	-
3			50,00,000	11	536.72	-
4			1,00,00,000	11	1,062.40	-
5			1,00,00,000	11	1,063.48	-
6			1,00,00,000	11	1,065.46	-
7			50,00,000	10	502.50	-
8			1,00,00,000	10	1,004.10	-
9			1,00,00,000	10	1,000.00	-
10			50,00,000	10	500.00	-
11			50,00,000		531.83	-
12			50,00,000		536.71	-
					<b>8,873.21</b>	-
					<b>53,735.62</b>	<b>42,338.79</b>
<b>Total</b>						
* Investment in tax free bonds						
					44,581.37	42,293.24
					47,899.07	46,340.62
					9,154.25	45.55

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 5 : Other financial assets

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Non-current	Current	Non-current	Current
Security deposits	514.32	202.72	496.83	202.72
Interest accrued on investments	-	0.24	-	1.39
Interest accrued on fixed deposits	3.21	139.88	1.26	7.27
Deposits with maturity of more than twelve months	30.00	-	25.00	-
Others	0.21	79.39	1.47	10.93
<b>Total</b>	<b>547.74</b>	<b>422.23</b>	<b>524.56</b>	<b>222.31</b>

## Note 6 (a) : Deferred tax asset (net)

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Deferred tax asset :</b>		
Property, plant and equipment	23.03	57.98
Employee benefits	214.54	186.76
Disallowances under Section 40(a)(i) and 43B of the Income Tax Act, 1961	-	-
Provision for doubtful debts / advances	116.79	11.23
Other	37.65	37.65
	<b>392.01</b>	<b>293.62</b>
<b>Less: Deferred tax liability :</b>		
Fair value gain on investments	-	-
	-	-
<b>Net deferred tax asset</b>	<b>392.01</b>	<b>293.62</b>

## The movement in deferred tax asset:

(₹ in lakh)

Particulars	As at 1 <sup>st</sup> April, 2018	Credited / (charge) to statement of profit and loss	As at 31 <sup>st</sup> March, 2019
<b>Deferred tax asset :</b>			
Property, plant and equipment	57.98	(34.95)	23.03
Employee benefits	186.76	27.78	214.54
Disallowances under Section 40(a)(i) and 43B of the Income Tax Act, 1961	-	-	-
Provision for doubtful debts / advances	11.23	105.56	116.79
Other	37.65	-	37.65
	<b>293.62</b>	<b>98.39</b>	<b>392.01</b>
<b>Less: Deferred tax liability :</b>			
Fair value gain on investments	-	-	-
	-	-	-
<b>Net deferred tax assets</b>	<b>293.62</b>	<b>98.39</b>	<b>392.01</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 6 (a) : Deferred tax asset (net) (contd.)

### The movement in deferred tax asset

(₹ in lakh)

Particulars	As at 1 <sup>st</sup> April, 2017	Credited / (charged) to statement of profit and loss	As at 31 <sup>st</sup> March, 2018
<b>Deferred tax asset :</b>			
Property, plant and equipment	126.70	(68.72)	57.98
Employee benefits	197.92	(11.16)	186.76
Disallowances under Section 40(a)(i) and 43B of the Income Tax Act, 1961	6.80	(6.80)	-
Provision for doubtful debts / advances	3.51	7.72	11.23
Other	37.65	-	37.65
	<b>372.58</b>	<b>(78.96)</b>	<b>293.62</b>
<b>Less: Deferred tax liability :</b>			
Fair value gain on investments	57.45	(57.45)	-
	<b>57.45</b>	<b>(57.45)</b>	<b>-</b>
<b>Net deferred tax assets</b>	<b>315.13</b>	<b>(21.51)</b>	<b>293.62</b>

## Note 6 (b) : Deferred tax liability

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Deferred tax liability :</b>		
Property, plant and equipment	24.15	42.99
Fair value gain on investments	72.63	17.49
	<b>96.78</b>	<b>60.48</b>
<b>Less: Deferred tax asset :</b>		
Employee benefits	41.03	34.60
Others	1.90	-
	<b>42.93</b>	<b>34.60</b>
<b>Net deferred tax liability</b>	<b>53.85</b>	<b>25.88</b>

### The movement in deferred tax liabilities

(₹ in lakh)

Particulars	As at 1 <sup>st</sup> April, 2018	Credited / (charged) to statement of profit and loss	As at 31 <sup>st</sup> March, 2019
<b>Deferred tax liability :</b>			
Property, plant and equipment	42.99	(18.84)	24.15
Fair value gain on investments	17.49	55.14	72.63
	<b>60.48</b>	<b>36.30</b>	<b>96.78</b>
<b>Less: Deferred tax asset :</b>			
Employee benefits	34.60	6.43	41.03
Others	-	1.90	1.90
	<b>34.60</b>	<b>8.33</b>	<b>42.93</b>
<b>Net deferred tax liability</b>	<b>25.88</b>	<b>27.97</b>	<b>53.85</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 6 (b) : Deferred tax liability (contd.)

### The movement in deferred tax liabilities

Particulars	(₹ in lakh)		
	As at 1 <sup>st</sup> April, 2017	Credited / (charged) to statement of profit and loss	As at 31 <sup>st</sup> March, 2018
<b>Deferred tax liability :</b>			
Property, plant and equipment	48.98	(5.99)	42.99
Fair value gain on investments	31.86	(14.37)	17.49
	<b>80.84</b>	<b>(20.36)</b>	<b>60.48</b>
<b>Less: Deferred tax asset :</b>			
Employee benefits	36.83	(2.23)	34.60
Others	8.37	(8.37)	-
	<b>45.20</b>	<b>(10.60)</b>	<b>34.60</b>
<b>Net deferred tax liability</b>	<b>35.64</b>	<b>(9.76)</b>	<b>25.88</b>

## Note 7 : Other assets

Particulars	(₹ in lakh)			
	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Non-current	Current	Non-current	Current
Capital advances	453.27	-	60.42	-
Prepaid expenses	144.17	281.49	82.27	249.27
Expenses recoverable	-	31.48	-	20.58
GST credit receivable	-	985.80	-	601.36
Security deposits	2.90	-	2.10	-
Others	5.52	1.83	-	0.15
<b>Total</b>	<b>605.87</b>	<b>1,300.60</b>	<b>144.79</b>	<b>871.36</b>

## Note 8 : Current investments

Particulars	Nos.	Face value / NAV (₹)	(₹ in lakh)	
			As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Current portion of long-term investments :</b>				
<b>Investment in debentures or bonds (at amortised cost)</b>				
1 Indian Oil Corporation Limited	130	10,00,000	-	1,377.18
2 Housing Development Finance Corporation Limited	150	10,00,000	-	1,596.63
3 Housing Development Finance Corporation Limited	15	10,00,000	-	156.19
4 Power Finance Corporation of India Limited	1	10,00,000	-	11.78
5 IDBI Bank Limited	1	10,00,000	-	11.66
6 Axis Bank Limited	35	10,00,000	-	350.38
7 Tata Capital Financial Services Limited	2	10,00,000	10.27	-
<b>Sub-total</b>			<b>10.27</b>	<b>3,503.82</b>



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 8 : Current investments (contd.)

(₹ in lakh)

Particulars	Nos.	Face value / NAV (₹)	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Other current investments :</b>				
<b>Investment in mutual funds (at FVTPL)</b>				
1 Units of Axis Treasury Advantage Fund - Institutional Daily Dividend Reinvestment	70,190	1,008	707.31	670.49
2 Units of IDFC Ultra Short Term Fund - Daily Dividend Reinvestment	69,24,104	10	700.37	666.01
3 Units of Birla Sun Life Ultra Short Term Fund - Daily Dividend Reinvestment	6,75,756	107	725.54	690.73
4 Units of UTI Treasury Advantage Fund - Daily Dividend Reinvestment	69,706	1,002	698.70	664.51
5 Units of Axis Liquid Fund -Direct Plan- Daily Dividend	134	1,001	1.34	1.28
6 Units of IDFC Liquid Fund - Direct Plan - Daily Dividend	83	1,002	0.83	0.79
7 Units of HDFC Liquid Fund- Daily Dividend Reinvestment	62,542	1,020	637.81	608.03
8 Units of ICICI Prudential Liquid Plan- Daily Dividend Reinvestment	6,40,237	100	641.72	608.47
9 Units of IDBI Ultra Short Term Fund- Daily Dividend Reinvestment	80	1,031	0.83	0.79
10 Units of L & T Ultra Short Term fund- Daily Dividend Reinvestment	37,79,321	10	394.94	374.70
11 Units of Peerless Liquid Fund - Daily Dividend Reinvestment	64,007	1,001	640.89	610.01
12 Units of Principal Debt Opportunity Conservative Fund- Daily Dividend Reinvestment	64,705	1,006	651.00	620.42
13 Units of UTI Liquid Fund - Daily Dividend Reinvestment	62,526	1,019	637.42	606.09
14 L&T Banking & PSU debt fund	29,88,465	17	502.12	-
15 Sundaram Corporate bond fund	37,67,812	27	1,000.00	-
16 HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Growth option	9,07,496		377.08	350.59
17 HDFC Medium Term Opportunities Fund- Direct Growth option	26,41,031		552.92	512.56
18 IDFC Corporate Bond Fund - Direct Growth option	42,90,188		551.74	513.55
<b>Sub-total</b>			<b>9,422.56</b>	<b>7,499.03</b>
Investments in Treasury Bills			406.28	-
<b>Total</b>			<b>9,839.11</b>	<b>11,002.85</b>
* Investment in tax free bonds				
Aggregate amount of quoted investment			1,492.01	1,376.70
Aggregate market value of quoted investment			1,492.07	1,376.70
Aggregate amount of unquoted investments			8,347.10	9,626.15

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 9 : Trade receivables

Particulars	(₹ in lakh)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Trade receivables considered good - Secured	480.65	572.94
Trade receivables considered good - Unsecured	6,694.63	4,463.81
Unsecured, considered doubtful	413.35	44.35
	<b>7,588.63</b>	<b>5,081.10</b>
Less: Provision for doubtful debts	413.35	44.35
<b>Total</b>	<b>7,175.28</b>	<b>5,036.75</b>

Footnote: The average credit period on sale of services is 30 days. No interest is charged on trade receivables for the first 30 days from the date of invoice. Thereafter, interest is charged at the range of 12% to 24% p.a. on certain categories of receivables.

## Note 10 : Cash and cash equivalents

Particulars	(₹ in lakh)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Cash on hand	0.53	0.46
Balances with banks:		
i) in current accounts	567.42	266.25
ii) in sweep fixed deposit	4,033.53	6,590.21
<b>Total</b>	<b>4,601.48</b>	<b>6,856.92</b>

## Note 11 : Bank balances other than cash and cash equivalents

Particulars	(₹ in lakh)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Other bank balances:		
i) in current accounts*	1,046.15	574.58
ii) In other deposit accounts with original maturity more than 3 months	7,192.73	7,635.00
iii) Margin money deposits with a bank (earmarked as security for performance guarantee and other commitments)	175.00	193.85
<b>Total</b>	<b>8,413.88</b>	<b>8,403.43</b>

\* These balances have restriction on repatriation.

## Note 12 : Equity share capital

Particulars	(₹ in lakh)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Authorised :		
100,000,000 equity shares of ₹ 10 each with voting rights	10,000.00	10,000.00
Issued, subscribed and fully paid - up :		
40,000,000 equity shares of ₹ 10 each fully paid up with voting rights	4,000.00	4,000.00
<b>Total</b>	<b>4,000.00</b>	<b>4,000.00</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## 12. (a) Details of shares held by each shareholder holding more than 5% shares:

Name of the shareholder	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Number of shares held	% Holding	Number of shares held	% Holding
IDBI Bank Ltd.	1,04,40,000	26.10	1,20,00,000	30.00
National Stock Exchange of India Ltd	96,00,000	24.00	96,00,000	24.00
HDFC Bank Limited	39,79,900	9.95	20,00,000	5.00
Administrator of the Specified Undertaking of the Unit Trust of India- Unit Scheme 1964	27,32,000	6.83	27,32,000	6.83

12. (b) 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, (except in case of interim dividend), is subject to the approval of the share holders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all dues, proportionate to their shareholding.

## 12. (c) Reconciliation of the shares outstanding at the beginning and end of the year:

(₹ in lakh)

Particulars	No. of shares	Amount
<b>Balance as at 1<sup>st</sup> April, 2018</b>	<b>4,00,00,000</b>	<b>4,000</b>
Add: Issue of shares	-	-
<b>Balance as at 31<sup>st</sup> March, 2019</b>	<b>4,00,00,000</b>	<b>4,000</b>

12. (d) On 21<sup>st</sup> May, 2019, the Board of Directors of the Company have recommended a final dividend of ₹ 3.00 per share in respect of the year ended 31<sup>st</sup> March, 2019, subject to approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 1,446.72 lakh inclusive of dividend distribution tax of ₹ 246.72 lakh.

## Note 13 : Other equity

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Investor protection reserve*</b>		
Balance at the beginning of the year	-	700.00
Less: Transferred to National Securities Depository Limited Investor Protection Fund Trust (Refer Note 32)	-	(700.00)
<b>Balance as at the end of the year</b>	<b>-</b>	<b>-</b>
<b>General reserve</b>		
Balance at the beginning of the year	36,312.82	31,312.82
Add: Transferred from retained earning	-	5,000.00
<b>Balance as at the end of the year</b>	<b>36,312.82</b>	<b>36,312.82</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 13 : Other equity (contd.)

Particulars	(₹ in lakh)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Retained earnings</b>		
Balance at the beginning of the year	23,463.09	19,082.44
Profit for the year	11,088.22	10,584.22
Less: Dividend	(1,000.00)	(1,000.00)
Dividend distribution tax	(205.55)	(203.57)
Transferred to general reserve	-	(5,000.00)
<b>Balance at the end of the year</b>	<b>33,345.76</b>	<b>23,463.09</b>
<b>Other comprehensive income:</b>		
Balance at the beginning of the year	(80.63)	(77.64)
Other comprehensive income for the year	(52.79)	(2.99)
<b>Balance at the end of the year</b>	<b>(133.42)</b>	<b>(80.63)</b>
<b>Total</b>	<b>69,525.16</b>	<b>59,695.28</b>

\* Not earmarked for any specific purpose.

## Note 14 : Other financial liabilities (non-current)

Particulars	(₹ in lakh)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Others:</b>		
Incentive payable to key managerial person	105.19	91.80
<b>Total</b>	<b>105.19</b>	<b>91.80</b>

## Note 15 : Other non-current liabilities

Particulars	(₹ in lakh)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Others:</b>		
Income received in advance	11.95	10.78
<b>Total</b>	<b>11.95</b>	<b>10.78</b>

## Note 16 : Trade payables

Particulars	(₹ in lakh)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Amounts due to micro enterprise and small enterprises*	171.24	93.51
Others	1,533.15	2,105.87
<b>Total</b>	<b>1,704.39</b>	<b>2,199.38</b>

\* Dues to micro enterprise 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.

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 16 : Trade payables (contd.)

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

(₹ in lakh)

Particulars	As at	
	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Principal amount remaining unpaid to any supplier as at the end of the accounting period.	171.24	93.51
Interest due thereon remaining unpaid to any supplier as at the end of the accounting period.	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day.	-	-
The amount of interest due and payable for the period.	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting period.	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	-	-
<b>Total</b>	<b>171.24</b>	<b>93.51</b>

## Note 17 : Other financial liabilities (current)

(₹ in lakh)

Particulars	As at	
	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Security deposit received from customers / depository participants	4,286.97	3,159.85
Payables on purchase of Property, plant and equipment, intangible assets	18.88	14.51
Investor protection fund (Refer Note 32)	561.23	1,389.42
Payable on redemption of NSC/KVP and government securities	1,046.16	574.58
Payables to staff	1,046.53	793.84
Gratuity payable to fund	320.82	215.44
Annual custody charges payable	37.84	17.54
<b>Total</b>	<b>7,318.43</b>	<b>6,165.18</b>

## Note 18 : Provisions

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Non-current	Current	Non-current	Current
<b>Provision for employee benefit</b>				
Provision for compensated absences	14.71	822.04	25.25	704.41
<b>Other provision</b>				
Provision for investor awareness (Refer Note 33)	-	1,440.51	-	1,030.67
<b>Total</b>	<b>14.71</b>	<b>2,262.55</b>	<b>25.25</b>	<b>1,735.08</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 19 : Other liabilities

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Advances from customers	3,913.58	3,353.46
Income received in advance	874.82	736.69
Statutory remittances	632.14	346.69
Other payables	65.47	132.58
<b>Total</b>	<b>5,486.01</b>	<b>4,569.42</b>

## Note 20 : Revenue from operations

(₹ in lakh)

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
Annual fees	1,958.00	1,477.37
Custody fees	9,499.87	7,710.69
Registration fees	608.31	480.67
Transaction fees	16,166.78	16,306.74
Software license fees	25.34	18.89
Communication fees	314.30	315.74
Other operating income	32.09	19.08
<b>Total</b>	<b>28,604.69</b>	<b>26,329.18</b>

## Note 21 : Other income

(₹ in lakh)

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
Interest income :		
i) On non-current investments	3,327.80	3,040.08
ii) On fixed deposits with banks	720.71	843.01
iii) On overdue trade receivables	202.38	159.42
<b>Sub-total</b>	<b>4,250.89</b>	<b>4,042.51</b>
Dividend income from current Investments	316.38	323.85
Fair value gain on investments in mutual funds	493.40	106.97
Profit on sale of investments	285.67	-
Profit on sale of property, plant and equipment	-	0.38
Bad debts recovered	116.26	131.51
Miscellaneous income	33.94	58.03
<b>Total</b>	<b>5,496.54</b>	<b>4,663.25</b>



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 22 : Employee benefits expense

(₹ in lakh)

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
Salaries and wages	5,164.36	4,079.62
Contribution to provident and other funds (Refer Note 30)	592.20	475.94
Staff welfare expenses	245.70	258.21
Deputation cost	41.69	41.88
<b>Total</b>	<b>6,043.95</b>	<b>4,855.65</b>

## Note 23 : Other expenses

(₹ in lakh)

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
Annual fees	234.07	197.39
Repairs and maintenance - system	2,236.23	2,173.35
Repairs and maintenance - premises	221.66	203.80
Repairs and maintenance - others	321.00	117.06
System support charges	1,960.13	1,602.83
Insurance (Refer Note 29)	124.47	96.53
Processing charges	1,111.52	1,138.02
Power and fuel	248.51	214.77
Rent (net of recovery)	531.03	500.91
Communication expenses	1,187.27	1,091.65
Travelling and conveyance expenses	377.20	330.98
Legal and professional fees	417.20	282.03
Printing and stationery expenses	436.20	608.54
Rates and taxes	49.04	68.35
Corporate social responsibility expense (Refer Note 35)	301.64	12.28
Seminar and business promotion expenses	224.74	241.38
Payment to auditors :		
(a) Audit fees	36.60	33.55
(b) Tax audit fees	5.40	3.95
(c) Taxation matters	-	2.83
(d) Other services	5.85	1.37
(e) Reimbursement of expenses (out of pocket expenses)	0.41	-
Directors sitting fees	141.05	106.20
Provision for investor awareness (Refer Note 33)	409.84	438.56
Provision for doubtful trade receivables	369.00	31.81
Bad debts written-off	82.96	347.07
Marketing expenses	1.52	7.72
GST on CSR expenses	8.39	-
Miscellaneous expenses	346.18	182.79
<b>Total</b>	<b>11,389.11</b>	<b>10,035.72</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 24 : Contingent liabilities and other commitments (to the extent not provided for)

### Contingent liabilities

- a) Demand from the service tax authorities of ₹ 5,236.21 lakh (Previous year ₹ 5,236.21 lakh) in respect of FY 2004-05 to FY 2008-09 relate to service tax demanded in respect of depository participant services during that period. The Company is hopeful of succeeding in appeals and does not expect any significant liability to materialise.
- b) Demand from income tax authorities for AY 2013-14, AY 2014-15, AY 2015-16, and AY 2017-18 for ₹ 213.61 lakh (Previous year ₹ 229.53 lakh), ₹ 347.13 lakh (Previous year ₹ 347.13 lakh), ₹ 522.82 lakh (Previous year ₹ 519.60 lakh), and ₹ 1,850.26 lakh (Previous year Nil) respectively. The Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary.
- c) Fixed Deposits placed with Corporation Bank against which lien is marked and Bank Guarantee issued by Corporation Bank to Unique Identification Authority of India (UIDAI) on behalf of Payments Bank for ₹ 2,500.00 lakh (Previous year ₹ 2,500.00 lakh)

### Commitments

- a) Estimated amount of capital contracts not provided (net of advances) for the year ended 31st March, 2019 is ₹ 161.30 lakh (previous year ₹ 87.99 lakh).
- b) Other Commitments: Contractual guarantee: ₹ 175 lakh (previous year: ₹ 193.85 lakh)

## Note 25 : Expenditure in foreign currency

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Travelling	54.86	57.60
Membership fees	7.34	16.76
Registration fees	2.74	1.72
Annual Fees	2.04	-
<b>Total</b>	<b>66.98</b>	<b>76.08</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 26 : Segment reporting

The Group's operating segments are established on the basis of those components of the group that are evaluated regularly by the Chief Operating Decision Maker (CODM), in deciding how to allocate resources and in assessing performance. The managing Director has been identified as the CODM.

The Operating segments have been identified taking into account nature of products and services, the differing risk and returns and the internal business reporting systems.

The Group has two operating and reporting segments; viz. Depository and Database Management Services. Since the operations of the segments are in India, no geographical segments have been identified.

Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable"

Depository Segment (DP) includes providing various services to the investors like, dematerialisation, rematerialisation, holding, transfer and pledge of securities in electronic form, providing facility to market intermediaries for "Straight through Processing " and providing e-voting services to companies.

Database Management Services (DMS) includes data management services like National Skills Registry to IT / ITeS industry and transactions services like SEZ Online system on behalf of Ministry of Commerce & Industry, KYC registration agency (KRA) for centralization of the KYC records in the securities market, operations pertaining to the Repository of Insurance Policies.

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2019				For the year ended 31 <sup>st</sup> March, 2018			
	Depository	Database	Payment Bank	Total	Depository	Database	Payment Bank	Total
<b>Segment revenue</b>								
Revenue	21,573.69	6,877.12	0.01	<b>28,450.82</b>	20,076.25	6,252.93	-	<b>26,329.18</b>
Less: Inter segment revenue	-	-		-	-	-	-	-
<b>Total</b>	<b>21,573.69</b>	<b>6,877.12</b>	<b>0.01</b>	<b>28,450.82</b>	<b>20,076.25</b>	<b>6,252.93</b>		<b>26,329.18</b>
<b>Segment results</b>	8,843.76	2,200.28	(1,268.33)	<b>9,775.71</b>	8,851.98	2,072.68	(467.66)	<b>10,457.00</b>
<b>Add:</b> Other unallocable income (net of unallocable expense)				1,518.47				745.86
<b>Less:</b> Interest expense				-				-
<b>Add:</b> Interest income				4,250.89				4,042.51
<b>Less:</b> Exceptional item				807.88				-
<b>Profit before tax</b>				<b>14,737.19</b>				<b>15,245.37</b>
<b>Less:</b> Tax expense				(3,648.97)				(4,661.15)
<b>Profit for the year</b>				<b>11,088.22</b>				<b>10,584.22</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 26 : Segment reporting (contd.)

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2019					For the year ended 31 <sup>st</sup> March, 2018				
	Depository	Database management	Payment Bank	Un-allocable	Total	Depository	Database management	Payment Bank	Un-allocable	Total
<b>Segment assets</b>	13,734.79	1,912.30	3,239.97	73,313.85	<b>92,200.91</b>	11,243.27	3,418.81	2,478.31	62,682.46	<b>79,822.85</b>
<b>Segment liabilities</b>	12,980.83	2,596.00	280.25	2,818.67	<b>18,675.75</b>	10,850.58	3,256.89	114.84	1,905.26	<b>16,127.57</b>
<b>Capital expenditure</b>	1,079.31	190.08	852.83	-	<b>2,122.22</b>	299.53	28.89	1,204.21	-	<b>1,532.63</b>
<b>Depreciation/ Amortisation</b>	293.38	81.12	319.49	-	<b>693.99</b>	263.52	98.72	27.03	-	<b>389.27</b>
<b>Material non-cash items other than depreciation/ Amortisation</b>	1,276.21	14.70	-	-	<b>1,290.91</b>	1,276.25	7.63	-	-	<b>1,283.88</b>

## Note 27 : Related party disclosures

### a) Names of related parties and relationship:

(i)	IDBI Bank Limited	Company having substantial Interest
(ii)	National Stock Exchange of India Limited	Company having substantial Interest
(iii)	NSDL Database Management Limited	Wholly-owned subsidiary (control exists)
(iv)	NSDL Payments Bank Limited	Wholly-owned subsidiary (control exists)
(v)	Key Managerial Personnel	Mr. G V Nageswara Rao, Managing Director and CEO

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 27 : Related party disclosures (contd.)

### b) Nature and volume of transactions during the year with the above related parties

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>(i) Transactions during the year :</b>		
<b>I. Companies having substantial interest</b>		
a) IDBI Bank Limited		
- Transaction fees	39.30	47.04
- Annual fees	36.03	37.22
- Annual custody fees	24.66	25.72
- Reimbursement of expenses	1.47	1.59
- Other operational income	0.04	0.60
- Interest income on fixed deposit with bank	96.20	104.77
- Interest (waiver)/ income – other	10.55	5.90
- Miscellaneous expenses	0.32	0.45
- Dividend paid	261.00	300.00
<b>b) National Stock Exchange of India Limited</b>		
- Transaction fees	49.30	129.22
- Miscellaneous expenses	0.06	0.21
- Dividend paid	240.00	240.00
<b>II. Key managerial personnel</b>		
- Remuneration	319.04	308.61
<b>(ii) (Payable)/receivable at the end of the year :</b>		
<b>Companies having substantial interest</b>		
a) IDBI Bank Limited		
- Security deposit payable	(30.00)	(30.00)
- Balance in current account	3,483.75	4,909.78
- Trade receivables	22.96	45.95
b) National Stock Exchange of India Limited Trade receivable	26.95	11.89
<b>Key managerial personnel</b>		
a) Payable to key managerial person	174.98	150.60

#### Notes:

- (i) There are no provisions for doubtful debts or amounts written off/written back in respect of dues from/to related parties.
- (ii) Managerial Remuneration does not include provision made for compensated absence, leave travel allowance, gratuity since the same is provided for the company as a whole based on independent actuarial valuation except to the extent of amount paid.

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 28 : Operating lease

The Group holds certain premises under operating leases. Rent includes expenses of ₹ 531.03 lakh net of recovery of ₹ 75.28 lakh (previous year ₹ 500.91 lakh net of recovery ₹ 48.84 lakh).

The committed lease rentals in respect of non-cancellable operating leases in the future are:

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Not later than one year	5.90	37.35
Later than one year and not later than five years	27.07	22.50
Later than five years	24.06	-

Note 29 : Expenses in note 24 has been disclosed net of recoveries as under:

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Insurance	46.85	49.27

## Note 30 : Employee benefits

a) The Company has recognized the following amounts in the statement of profit and loss under the head company's contribution to provident fund and other funds :

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Provident fund	212.58	149.04
Superannuation fund	147.19	99.45
<b>Total</b>	<b>359.77</b>	<b>248.49</b>

## b) Gratuity

### (i) Summary of actuarial assumptions

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Discount rate	7.78%	7.87%
Rate of return on plan assets	7.78%	7.87%
Salary escalation	8.00%	8.00%
Attrition rate	2.00%	2.00%
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 30 : Employee benefits (contd.)

### (ii) Reconciliation of defined benefit obligation

(₹ In lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Liability at the beginning of the year	2,120.24	1,817.14
Interest cost	166.87	137.90
Current service cost	229.41	192.88
Benefits paid	(83.30)	(38.47)
Actuarial loss /(gain) on obligations	68.61	10.79
<b>Closing defined benefit obligation</b>	<b>2,501.83</b>	<b>2,120.24</b>

### (iii) Reconciliation of fair value of plan assets

(₹ In lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Fair value of plan assets at the beginning of the year	1,894.72	1,474.85
Interest income	149.11	113.13
Contributions by the employer	234.29	337.50
Benefits paid	(83.30)	(38.47)
Actuarial (gain)/loss on plan assets	(8.29)	7.71
<b>Closing fair value of plan assets</b>	<b>2,186.53</b>	<b>1,894.72</b>

### (iv) Amount to be recognized in balance sheet

(₹ In lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Present value of funded obligation	(2,501.83)	(2,120.24)
Fair value of plan assets at the end of the year	2,186.53	1,894.72
<b>Amount recognized in balance sheet</b>	<b>(315.30)</b>	<b>(225.52)</b>

### (v) Expenses to be recognized in statement of profit and loss

(₹ In lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Current service cost	229.41	192.88
Interest cost	17.75	25.98
<b>Expenses recognized in the statement of profit &amp; loss</b>	<b>247.16</b>	<b>218.86</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 30 : Employee benefits (contd.)

### (vi) Expenses to be recognized in other comprehensive income

(₹ In lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Actuarial (gain)/ loss on obligation	68.61	10.79
Actuarial (Gain) or Loss on	8.30	(8.91)
<b>Net (income)/expense for the period recognized in OCI</b>	<b>76.91</b>	<b>1.88</b>

### (vii) Balance sheet reconciliation

(₹ In lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Opening net liability	225.52	342.29
Expenses recognized in statement of profit or loss	247.16	218.86
Expenses recognized in OCI	76.91	1.88
Employers contribution	(234.29)	(337.51)
<b>Amount recognized in balance sheet</b>	<b>315.30</b>	<b>225.52</b>

### (viii) Description of plan assets (managed by an insurance company)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Central and state government securities		
Bonds/ debentures	Funds deployed by Life Insurance Corporation of India.	Funds deployed by Life Insurance Corporation of India.
Equity shares		
Others		

(ix) Expected contribution in the next year ₹ 252.34 lakh (previous year ₹ 196.27 lakh)

### (x) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ In lakh)

Particulars	Defined benefit obligation	
	Increase in assumption	Decrease in assumption
Discount rate (1% movement)	(264.17)	312.47
Future salary appreciation (1% movement)	309.17	(265.94)
Attrition rate (1% movement)	(10.62)	11.45

The above details are as certified by the actuary and relied upon by the auditors.

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 30 : Employee benefits (contd.)

The actuarial calculation used to estimate defined benefit commitment and expenses are based on above assumptions which if changed would affect the defined benefit commitments and expenses.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

## Note 31 : Earnings per share

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Profit for the year attributable to the equity shareholders (₹ in lakh)	11,088.22	10,584.22
Weighted average Number of equity shares during the year	40,000,000	40,000,000
Basic and Diluted Earnings per Share (₹)*	27.72	26.46
Face value of each share (₹)	10.00	10.00

\*Diluted Earnings per share is equal to the Basic Earnings per share in view of absence of any dilutive potential equity shares.

## Note 32 : Investor protection fund (IPF)

31.1 On January 21, 2016, The Securities Exchange Board of India (SEBI) has issued SEBI (Depositories and Participants) (Amendment) Regulations, 2016 ("the Amended Regulations"). According to these Amended Regulations, depositories are required to establish and maintain an Investor Protection Fund (IPF) for the protection of interest of beneficial owners and every depository shall credit five per cent of its profits from depository operations every year to the Investor Protection Fund.

The contribution to IPF for the year ended 31<sup>st</sup> March, 2019 works out to ₹ 429.11 lakh (previous year ₹ 466.44 lakh, being 5% of the profits from depository operations of the Company before tax for the year available after making such contribution.

31.2 Further, SEBI vide its Circular dated June 7, 2016 issued guidelines for utilization of IPF. The guidelines require administration of IPF by creation of a trust administered by Depository. As required by the Guidelines, the Company created irrevocable Trust 'National Securities Depository Limited Investor Protection Fund Trust' (NSDL IPF Trust). The Company transferred ₹ 1,168.65 lakh (previous year ₹ 465.41 lakh) to NSDL IPF Trust for the year ended March 31, 2019.

31.3 In accordance with SEBI guidelines, an amount of ₹ 700 lakh was transferred from Investor Protection Reserve to NSDL IPF Trust during the financial year 2017-18.

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 33 : Other provisions: provision for investor awareness

SEBI vide its circular no. CIR/MRD/DP/18/2015 dated December 9, 2015 (the "Circular") has revised the annual custody/issuer charges to be collected by the depositories from the issuers with effect from financial year 2015-16. The Circular has also directed the Depositories to set aside 20% of the incremental revenue received from the issuers. Pursuant to the Circular, the Company has set aside ₹ 409.84 lakh (previous year ₹ 438.56 lakh) being 20% of incremental revenue on issuer income for the period ended March 31, 2019.

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Opening balance</b>	<b>1,030.67</b>	<b>689.18</b>
Addition	409.84	438.56
Payment/repayment	-	(97.07)
<b>Closing balance</b>	<b>1,440.51</b>	<b>1,030.67</b>

## Note 34 : Exceptional item

During the period, SEBI has directed the Company to refund System Driven Disclosure fees of ₹ 807.88 lakh charged to the issuers of securities during financial year ended 31 March 2017. Consequently, the Company has reversed the income from system driven disclosure fees net of GST.

## Note 35 : Expenses towards corporate social responsibility

(₹ in lakh)

Sr. No.	Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
a)	Gross amount required to be spent by the company during the year.	290.44	237.43
b)	Amount spent during the year on:	301.64	12.28

(₹ in lakh)

Sr. No.	Particulars	As at March 31, 2019		
		In cash/cheque/ transfer	Yet to be spent	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	301.64	-	301.64

(₹ in lakh)

Sr. No.	Particulars	As at March 31, 2018		
		In cash/cheque/ transfer	Yet to be spent	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	12.28	225.15	237.43

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 36 : Fair value measurement

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Financial assets</b>		
<b>a) Amortised cost</b>		
Investments in debt instrument	53,745.89	45,842.61
Trade receivables	7,175.28	5,036.75
Cash and cash equivalents	4,601.48	6,856.92
Other bank balances	8,413.88	8,403.43
Other financial assets	969.97	746.85
	<b>74,906.50</b>	<b>66,886.58</b>
<b>b) FVTPL</b>		
Investment in mutual funds	9,422.56	7,499.03
	<b>9,422.56</b>	<b>7,499.03</b>
<b>Total</b>	<b>84,329.06</b>	<b>74,385.61</b>
<b>Financial liabilities</b>		
<b>a) Amortised cost</b>		
Trade payables	1,704.39	2,331.96
Other financial liabilities	7,423.62	6,256.98
<b>Total</b>	<b>9,128.01</b>	<b>8,588.94</b>

The fair values of the above financial assets and liabilities approximate their carrying amounts except in case of investment in subsidiaries and in bonds and debentures.

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 37 : Financial instruments

### Capital risk management

The Group's objectives when managing capital is to safeguard continuity as a going concern and provide adequate return to shareholders through continuing growth and maintain an optimal capital structure to reduce the cost of capital. The Group sets the amount of capital required on the basis of annual business plan and long-term operating plans which include capital investments.

### Financial risk management

A wide range of risks may affect the Group's business and financial results. Amongst other risks that could have significant influence on the Group are market risk, credit risk and liquidity risk.

The Board of Directors of the Group manage and review the affairs of the Group by setting up short term and long term budgets by monitoring the same and taking suitable actions to minimise potential adverse effects on its operational and financial performance.

The Group is exposed to the following market risks:

#### (a) Credit risk

Credit risk refers to the risk that the counter party will default on its contractual obligation resulting in financial loss to the Group. The Group has adopted a policy of dealing with only credit worthy counter parties. This risk principally arises from credit exposures to customers, deposits with banks and financial institutions and other receivables.

**Trade and other receivables:** The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Receivables mainly consist of receivables from Depository Participants (DP), Issuers of Securities, Registrar and Transfer Agents (RTA), Asset Management Companies (AMC) and Stock Exchanges. Trade receivables consist of a large number of customers, representing diverse industries and geographical areas; hence the Group is not exposed to concentration risks. With respect to DPs, the Group performs credit evaluation while on boarding the customer and security deposits are taken. Ongoing credit evaluation is performed on the financial conditions of the accounts receivable. The Group has a dedicated Credit and Control team primarily responsible for monitoring credit risk and receivables. They monitor outstanding receivables along with ageing on periodic basis. For receivables pertaining to other streams of revenues, the credit and collection team regularly follows up for the collection.

The credit risk on liquid funds, banks and financial institutions is limited because the counterparties are with high credit-ratings.

#### (b) Liquidity risk

Liquidity risk refers to the risk that the Group may not be in a position to meet its financial obligations timely. Management monitors rolling forecasts of the Group's liquidity position (comprising of undrawn bank facilities and cash and cash equivalents) on the basis of expected cash flows. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents.



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2019

## Note 38 : Income tax recognised in statement of profit and loss

The income tax expense for the year can be reconciled to the accounting profit as follows:

(₹ in lakh)

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
<b>Profit before tax from continuing operations</b>	<b>15,545.07</b>	<b>15,245.37</b>
Income tax expense calculated at 34.608%	4,530.14	5,274.91
Effect of income that is exempt from taxation	(1,045.27)	(1,075.51)
Effect of expenses that are not deductible in determining taxable profit	310.09	420.02
Effect of different tax rates on capital gains	(69.81)	14.71
Effect of different tax rates for fair value gain on investments	(89.33)	(27.93)
Others	13.15	54.95
<b>Income tax expense recognised in statement of profit and loss</b>	<b>3,648.97</b>	<b>4,661.15</b>

**Note 39 :** Previous year's figures have been regrouped and reclassified wherever necessary.

For and on behalf of the Board of Directors

Sd/-  
**B.A. Prabhakar**  
Chairman  
DIN: 02101808

Sd/-  
**G V Nageswara Rao**  
Managing Director and CEO  
DIN: 00799504

Sd/-  
**Chandresh Shah**  
Chief Financial Officer

Sd/-  
**Prasad Poojary**  
Company Secretary  
A26056

Place : Mumbai  
Date : 21st May, 2019





# NSDL DATABASE MANAGEMENT LIMITED

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## Special Economic Zone (SEZ) Online

NSDL Database Management Limited (NDML) has developed SEZ Online service as per the directive of Department of Commerce, Ministry of Commerce & Industry and the system enables electronic filing and processing of important SEZ related transactions that SEZ Developers, Co-Developers and Units have with SEZ administration.

The system facilitates uniform validations and processes across all Zones / Units, Electronic filing & processing, Transparency in Government transactions and Internet based access and use from anywhere for convenience.

- ▶ Year wise transaction count through the system has increased to 27.07 lakh in FY 2018-19 from 22.71 lakh recorded in FY 2017-18 (19.20 % increase).
- ▶ No. of entities (units, Developer, Co-developers): 5911 as on March 31, 2019.

# KYC Registration Agency (KRA)

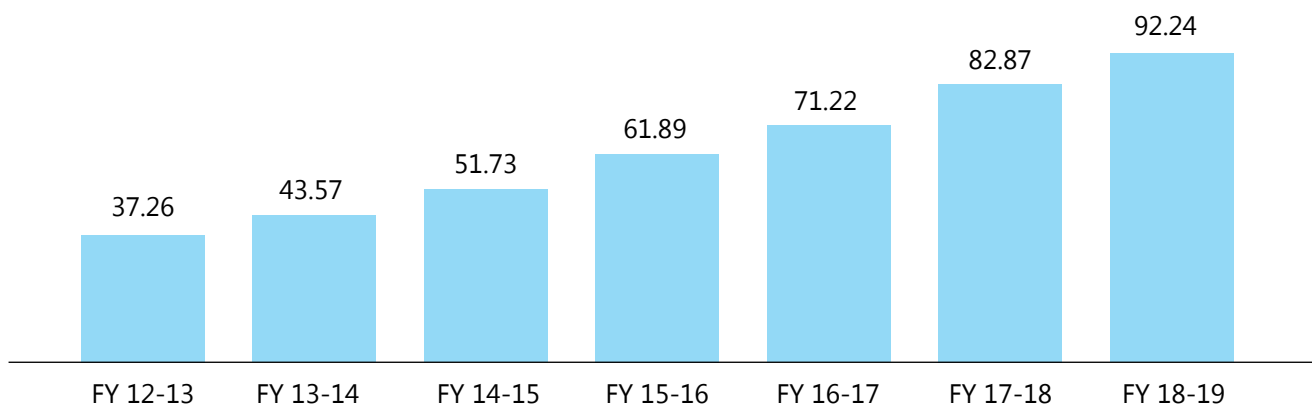
NSDL Database Management Limited (NDML) is registered with Securities & Exchange Board of India (SEBI) as KYC Registration Agency. With a view to bring uniformity in the KYC requirements in the securities markets, SEBI has stipulated uniform KYC requirements to be effected by all SEBI registered market intermediaries for their clients and has also issued the SEBI {KYC (Know Your Client) Registration Agency (KRA)}, Regulations, 2011. These Regulations create the framework for sharing of KYC records amongst SEBI registered intermediaries.

NDML has established connectivity with other KRAs thereby facilitating intermediaries registered with NDML KRA to download KYC information available with other KRAs. NDML KRA is facilitating inquiry of KYC status and download of KYC information to intermediaries through Application Programming Interface (API).

As on March 31, 2019, 1,299 SEBI registered market intermediaries have registered with NDML KRA. Intermediaries have uploaded 92.24 lakh KYC records to NDML KRA and have downloaded 103.44 lakh KYC records from NDML KRA.

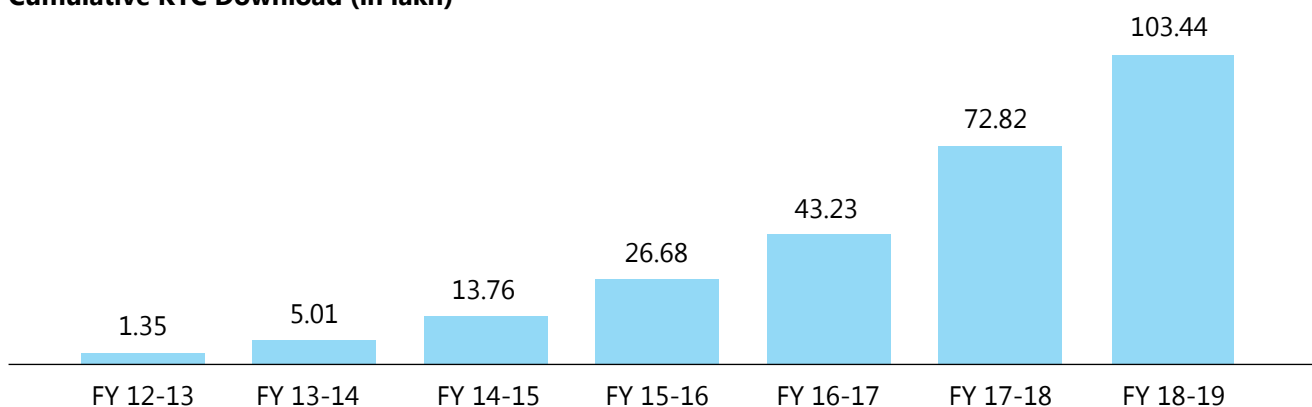
## Progress of KYC Records uploaded to NDML KRA

**Cumulative KYC Upload (in lakh)**



## Progress of KYC Records downloaded from NDML KRA

**Cumulative KYC Download (in lakh)**





# National Skills Registry (NSR)

NSR system established by NSDL Database Management Limited (NDML) is playing a key role in the IT / ITeS industry in the area of employee recruitment, background checks, engagement and relieving. Most of the large IT & ITeS companies have adopted NSR registration as a requirement for all their new employees and in many cases the companies have encouraged their existing employees to register. This collaborative effort by the industry and its employees will result in a better industry environment such that each employee is registered on a central system, defined and useful information is available, identity and biometric checks are done and pre-verified information relating to education and experience is available. This has boosted confidence of the companies in hiring employees coming from within the industry and has also reduced the cost and time involved in background check process.

As on March 31, 2019, 20 entities have been empanelled on NSR system for providing background checking services to NSR subscriber companies and registered professionals.

Three agencies have been providing services as Points of Service (POS) for facilitation of NSR registration to Knowledge Professionals (KPs) from 26 cities. 238 companies have joined NSR. Many large sized companies have implemented NSR and made NSR registration a part of the joining / HR process. The 238 companies subscribed with NSR comprise of about 60 percent of the total employee strength in the Indian IT / ITeS industry. A comparison of the hiring during the previous year suggests that the registration with NSR is in line with the hiring trend of the industry.

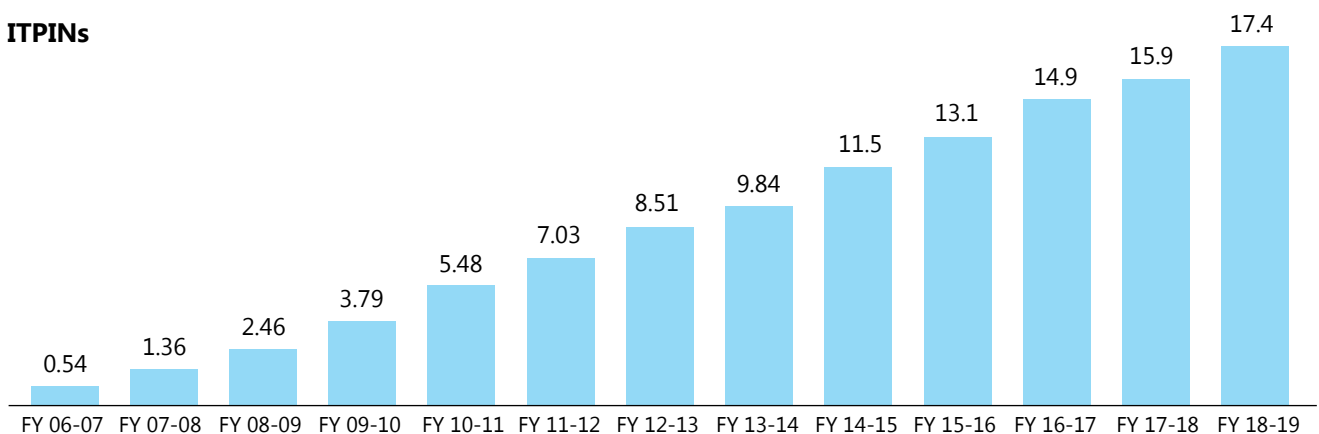
So far 17.47 lakh Knowledge Professionals have registered on NSR and have been allotted ITPIN.

1,47,690 Knowledge Professionals have completed their biometric registration in financial Year 2018 – 19.

Details of NSR registrations registered in the last 10 Financial Year is mentioned below.

## NSR registrations from 2006-07 to 2018-19 (Figures in lakhs)

### ITPINs



# P2F

## Paper to Follow (P2F) Process of Cheque Truncation System (CTS)

NSDL Database Management Limited (NDML) is managing 'Paper to Follow (P2F)' process of Cheque Truncation System (CTS) on behalf of National Payments Corporation of India (NPCI). NDML is required to manage P2F process at each of the 101 Grid CTS centers with suitable human resources and infrastructure.

During financial Year 2018 – 19, NDML added 44 more centres and is managing 145 P2F centres.

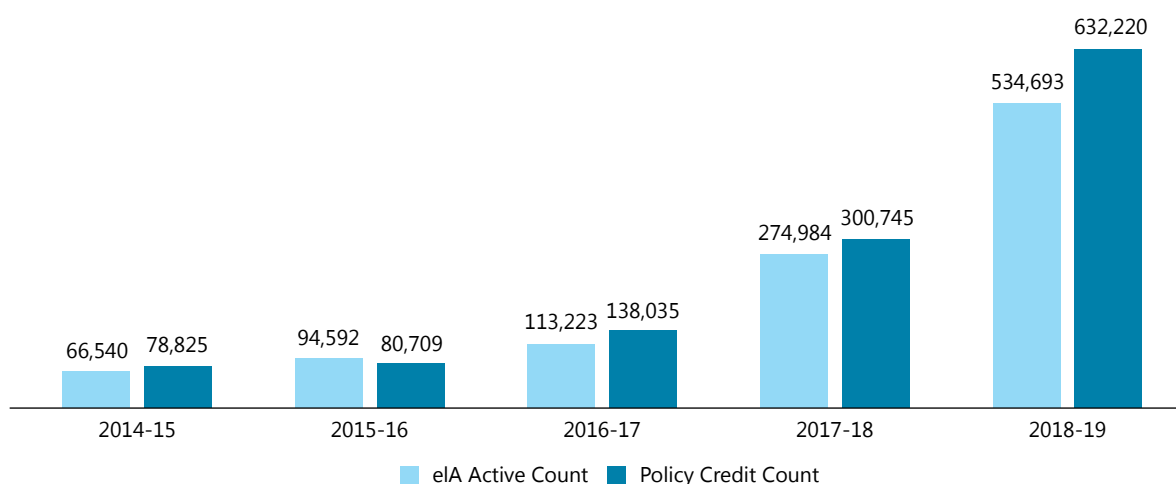




# National Insurance Repository (NIR)

NDML National Insurance Repository (NIR): NIR commenced its operations from August 2013 upon receipt of its Certificate of Registration to act as an Insurance Repository from Insurance Regulatory and Development Authority of India (IRDAI).

- ▶ NIR facilitates holding of life Insurance policies by 20 Life Insurance Companies and 19 General Insurance Companies in electronic form.
- ▶ In order to facilitate the customer to open an eIA, NIR has empanelled 83 Approved Persons (APs) which include 17 Banks and has presence in 7,274 branches across 732 cities.
- ▶ During the financial year 2018 – 19, NIR has opened 5,34,693 eIAs as compared to 2,74,984 eIAs opened during the last financial year, an increase of 96%.
- ▶ Similarly, during the financial year 2018 – 19, 6,32,220 policies were credited as compared to 3,00,745 policies credited during the previous financial year, an increase of 110%.
- ▶ As on March 31, 2019, NIR has opened 10,93,493 e-Insurance Accounts (eIAs) and 12,34,697 policies are held in these eIAs.







# Registrar and Transfer Agent (RTA)

NDML received Certificate of Registration from SEBI to carry on activities as a Category I – registrar to an issue and share transfer agent. NDML RTA division commenced its operations w.e.f. June 1, 2016.

NDML is offering its RTA services to Issuers of various types of securities such as unlisted equities and debt instruments such as Commercial Paper, Certificate of Deposit, Debentures, Securitized instruments etc.

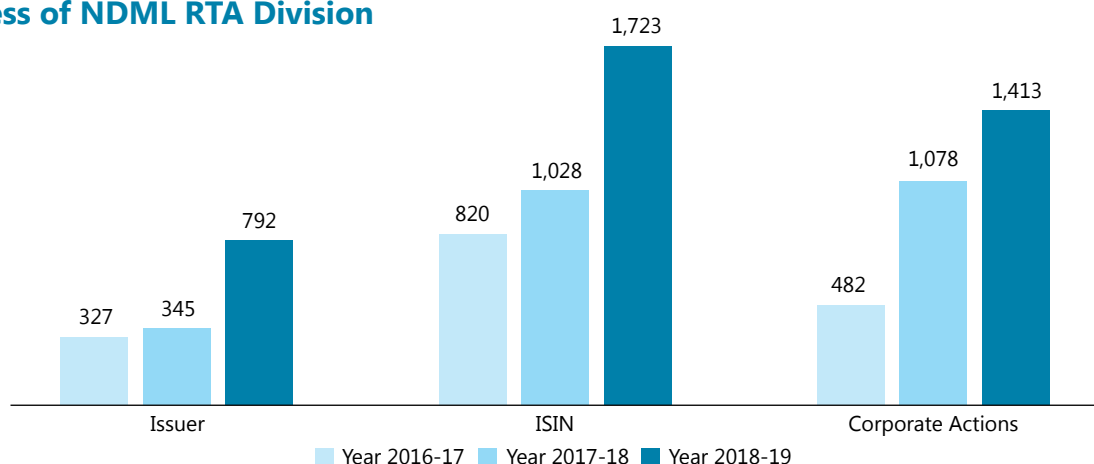
As on March 31, 2019, 1464 Issuers are availing services from NDML RTA division. Ministry of Corporate Affairs (MCA) vide its notification dated September 10, 2018 mandated unlisted public companies to issue securities

in dematerialization form only. As a part of outreach initiative for the unlisted public companies, NDML undertook various marketing campaigns to create visibility for RTA services provided by the company.

NDML received overwhelming response from unlisted companies, practicing Company Secretaries and Chartered Accountants as the marketing campaign created the required awareness about dematerialization of unlisted public companies in the market.

NDML has registered more than 400 unlisted companies during the last two quarters of FY 18-19.

## Progress of NDML RTA Division





## National Academic Depository (NAD)

National Academic Depository (NAD) is an initiative of Ministry of Human Resource Development (MHRD) and University Grants Commission (UGC), Government of India to facilitate digital issuance, storage, access and verification of academic awards by academic institutions. NAD is a Unique, Innovative and Progressive initiative under "Digital India" theme towards achieving Digital enablement of the Education Records. NDML has actively engaged with academic institutions, colleges and students across India to create awareness and facilitate their participation in NAD.

### Data as on March 31, 2019 for NAD:

- ▶ 512 Academic Institutions have signed the model Service Level Agreement with NDML for lodgement of academic awards in digital format.
- ▶ 154 Academic Institutions were able to successfully lodge 2.08 crore awards in the system.
- ▶ Over 2.35 lakh students are registered with NDML NAD to access and use their digital awards available in NAD.

**2.08 crore**

Awards

**2.35 lakh**

Student registrations



# Board of Directors



**Mr. P. P. Vora**

Former Chairman and  
Managing Director of  
Industrial Development  
Bank of India Limited



**Mr. C. M. Vasudev**

Former Secretary, Ministry  
of Finance



**Mr. G. V. Nageswara Rao**

Managing Director & CEO  
of National Securities  
Depository Limited



**Mr. Krishna Srinivas**

Director-in-charge

Product Information

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Statutory Reports

Financial Statements

Subsidiaries



# Our Team



**Mr. Krishna Srinivas**  
Director-in-charge



**Mr. Sameer Gupte**  
Senior Vice President



**Mr. Vijay Gupta**  
Senior Vice President



**Ms. Harshada Chavan**  
Vice President

## AUDITORS

### Statutory Auditors

#### **Khandelwal Jain & Co.**

Chartered Accountants  
12-B, 5th Floor, Baldota Bhavan,  
M. Karve Road, Churchgate,  
Mumbai - 400020

### Internal Auditors

#### **M/s. Aneja Associates**

Chartered Accountants  
301, Peninsula Towers,  
Peninsula Corporate Park,  
Ganpatrao Kadam Marg,  
Lower Parel, Mumbai - 400013

## SECRETARIAL AUDITORS

### **M/s. Ashish Garg**

Practising Company Secretary  
107, Gold Arcade, 3/1,  
New Palasia,  
Opp. Curewell Hospital,  
Indore (MP) - 452003

## BANKERS

Citibank N.A.  
Corporation Bank  
HDFC Bank  
ICICI Bank  
IDBI Bank

## CHIEF FINANCIAL OFFICER

**Ms. Vaishali Vaidya**

## COMPANY SECRETARY

**Mr. Prasad Poojary**

## REGISTERED OFFICE

4th floor, Trade World, 'A' Wing,  
Kamala Mills Compound,  
Senapati Bapat Marg, Lower Parel (W),  
Mumbai - 400 013.

**CIN:** U72400MH2004PLC147094

**Tel No.:** 91-22-49142700

**Fax No.:** 91-22-49142503

**e-mail:** info\_ndml@nsdl.co.in

**Website:** www.nsdl.co.in | www.ndml.in

# NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of NSDL Database Management Limited will be held at shorter notice on Thursday, August 29, 2019 at 12:00 noon at the Board Room of NSDL, Trade World, "A" Wing, 5<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, to transact the following business:

## ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at March 31, 2019, Profit and Loss Account and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.**
- To consider and approve appointment of director in place of director who retires by rotation and being eligible, offers himself for re-appointment and in this connection to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to provision of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of members of the Company be and is hereby accorded for the re-appointment of Mr. Krishna Srinivas (DIN: 07636143) as a Director."

Place: Mumbai

### Registered Office:

Trade World, 'A' Wing, 4<sup>th</sup> Floor,  
 Kamala Mills Compound,  
 Senapati Bapat Marg, Lower Parel,  
 Mumbai – 400 013

By Order of the Board of Directors  
 For **NSDL Database Management Limited**

Sd/-

**Prasad Poojary**  
 Company Secretary  
 Membership No. ACS26056

Date: August 20, 2019

## NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- The Instrument of proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting. Proxies submitted on behalf of corporate members etc. must be supported by duly certified copy of the Board Resolution or Power of Attorney together with specimen signatures of those representative(s) authorised to attend and vote at the Annual General Meeting. A proxy form for the AGM is enclosed.
- A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
- Corporate Members are requested to send a duly certified copy of the Board Resolution or Power of Attorney together with specimen signatures of those representative(s) authorised to attend and vote at the Annual General Meeting.
- Members / Proxies are requested to bring to the meeting; the attendance slip enclosed herewith, duly filled in and deposit the same at the entrance of the meeting hall.
- The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act and all documents referred to in the accompanying Notice, Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.30 a.m. to 6.00 p.m.) on all working days

(except Saturdays, Sundays and Public Holidays) up to the date of the Annual General Meeting of the Company, provided that not less than three days of notice in writing is given to the Company.

7. The Annual General Meeting is being convened at a shorter notice in accordance with the provisions of the Companies Act, 2013. In this regard, consent from the Members is being sought as required under the said Act.
8. Subject to the provisions of the Act, dividend as recommended by the Board, if declared at the ensuing Annual General Meeting, will be paid within a period of thirty days from the date of declaration, to members whose names appear in the Register of Members as on the record date.
9. Members holding shares in dematerialised form are hereby informed that bank particulars

registered against their respective depository accounts will be used by the Company for payment of dividend. The Company cannot act on any request received directly from the Members holding shares in dematerialised form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.

10. Electronic copy of the AGM Notice & Annual Report for financial year 2018-19 is being sent to all the members whose email IDs are registered with the Company / Depository and the same will be available on the Company's website i.e. [www.ndml.co.in](http://www.ndml.co.in).
11. The route map showing directions to reach the venue of the Fifteenth Annual General Meeting is given at the end of this notice.

---

## **Annexure to Notice – Additional Information as required under Clause 1.2.5 of SS-2**

### **Item No. 2**

Re-appointment of Mr. Krishna Srinivas (DIN: 07636143) as Director of the Company.

The Board of Directors had proposed the appointment of Mr. Krishna Srinivas, as Director and the same was approved by shareholders, at the Thirteenth Annual General Meeting held on September 27, 2017.

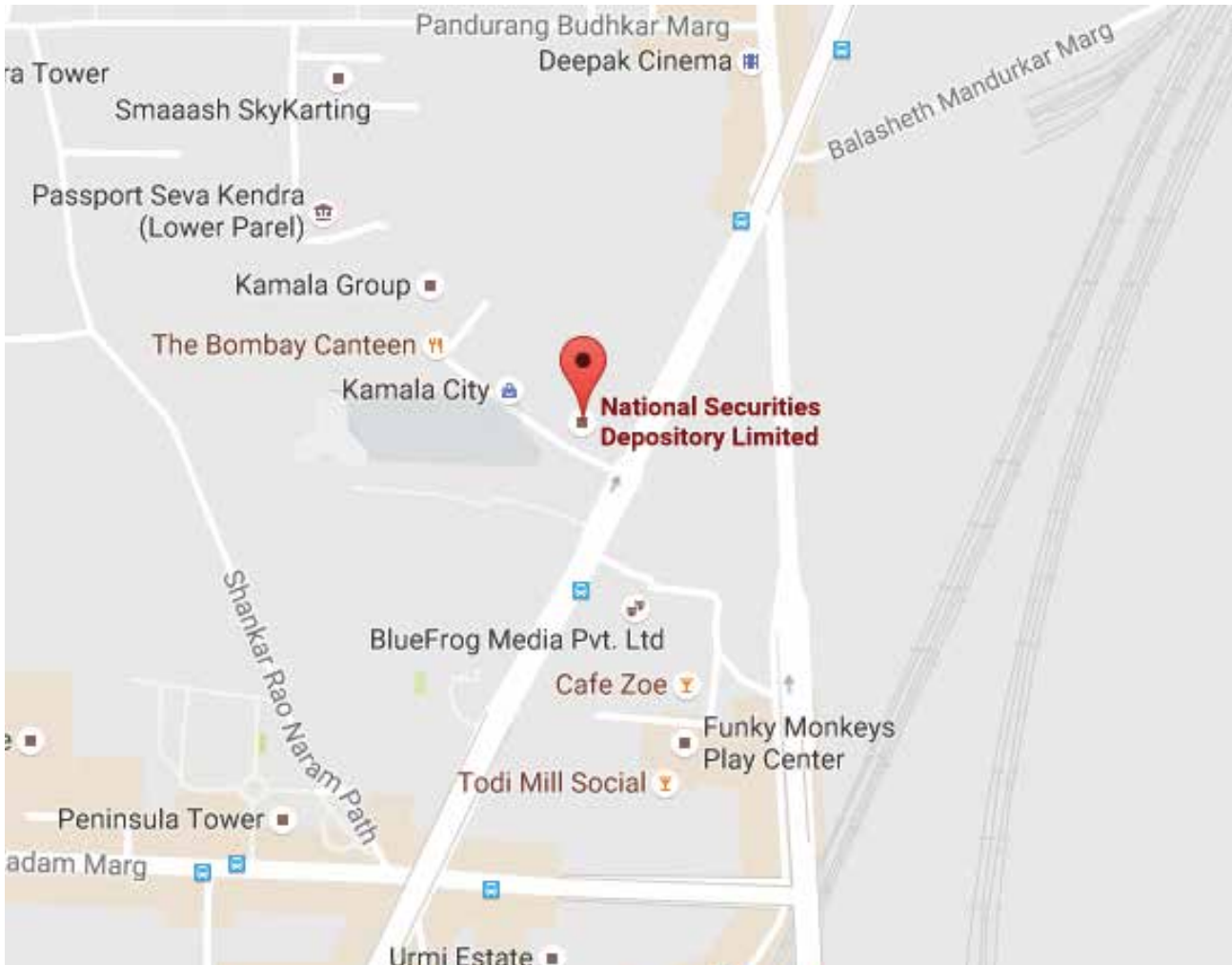
Pursuant to Section 152 of the Companies Act, 2013, Mr. Srinivas is liable to retire by rotation and being eligible, seeks reappointment.

Mr. Krishna Srinivas, aged 55 years, is a Bachelor in Electronics & Communication from Gulbarga University (1985) and is an alumni of National Institute for Training in Industrial Engineering (NITIE), with Post Graduate Diploma in Industrial Engineering (PGDIE - XVI Batch, 1987). He is currently at National Securities

Depository Limited (NSDL) as Executive Director, heading the IT and Systems. He has close to 31 years of experience. He was involved in various roles across various projects and was the Delivery Manager for NSDL Depository system from TCS side between 1998 and 2003. He has led and delivered several large marquee programs prominent ones being; SEBI DWBIS (for market-wide surveillance), Next- Generation RTGS system for RBI, NACH for NPCI and EDW Surveillance system for NSE.

The Board recommends the proposed Ordinary Resolution in relation to reappointment of Mr. Srinivas as a Director be passed by the shareholders. Except Mr. Srinivas, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution set out at Item no. 2.

# Route Map for the Fifteenth Annual General Meeting of NDML



- Product Information
- Corporate Overview
- Statutory Reports
- Financial Statements
- Subsidiaries

**NSDL DATABASE MANAGEMENT LIMITED**

Regd. Office: 4<sup>th</sup> Floor, Trade World, 'A' Wing, Kamala Mills Compound,  
Lower Parel (W), Mumbai – 400 013  
CIN: 72400MH2004PLC147094  
Tel: (022) 2499 4200 Website: www.ndml.in

**Form MGT-11  
PROXY FORM**

**[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014 – Form No. MGT-11]**

Name of the Member(s)	
Registered address	
E-mail Id	
Folio No/ Client Id	
DP ID	

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1.	Name	
	Address	
	E-mail Id	
	Signature	

Or failing him/her

2.	Name	
	Address	
	E-mail Id	
	Signature	

Or failing him/her

3.	Name	
	Address	
	E-mail Id	
	Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Fifteenth Annual General Meeting of the company, to be held on the Thursday, August 29, 2019 at 12:00 noon at the Board Room of National Securities Depository Limited, Trade World, 'A' Wing, 5<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai - 400 013 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolutions	Please Tick Relevant		
		For	Against	Abstain
	<b>ORDINARY BUSINESS:</b>			
1.	Adoption of Financial Statements and the Reports of the Board of Directors and Auditors for the year ended as on March 31, 2019.			
2.	To consider and approve appointment of Mr. Krishna Srinivas (DIN: 07636143) as director liable to retire by rotation, who retires by rotation and being eligible offers himself for re-appointment.			

Signed this..... day of..... .....2019.

Signature of Member: \_\_\_\_\_

Affix Revenue Stamp of not less than ₹ 1/-

Signature of Proxy holder (s): \_\_\_\_\_

**Note:**

This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Annual General Meeting

It is optional to indicate your preference. If you leave the "for" or "against" column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/ she may deemed appropriate.



# ATTENDANCE SLIP

## NSDL DATABASE MANAGEMENT LIMITED

Regd. Office: 4<sup>th</sup> Floor, Trade World, 'A' Wing, Kamala Mills Compound,  
Lower Parel (W), Mumbai – 400 013  
CIN: 72400MH2004PLC147094  
Tel: (022) 2499 4200 Website: www.ndml.in

### FIFTEENTH ANNUAL GENERAL MEETING, THURSDAY, AUGUST 29, 2019

Folio No/ Client Id																			
DP ID																			

Number of Shares held																			
-----------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

I certify that I am a member / proxy / authorized representative for the member of the Company.

I hereby record my presence at the Fifteenth Annual General Meeting of the Company on Thursday, August 29, 2019 at the Board Room of National Securities Depository Limited, Trade World, 'A' Wing, 5<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai- 400 013.

-----  
Name of the member / proxy  
(in BLOCK letters)

-----  
Signature of the member / proxy

---

**Note:** Please fill up this attendance slip and hand it over at the entrance of the meeting.

# Board's Report

To the Members,

Your Directors are pleased to present the Fifteenth Annual Report along with the Audited Financial Statements of your Company for the Financial Year ended March 31, 2019.

## FINANCIAL HIGHLIGHTS

The financial performance of the Company for FY 2018-19 is summarized in the following table:

Particulars	(₹ in lakh)	
	March 31, 2019	March 31, 2018
Income	7,743.31	6,910.63
Expenditure	4,595.72	4,081.53
<b>Profit (Loss) Before Depreciation &amp; Prior-Period Adjustment</b>	<b>3,147.59</b>	<b>2,829.10</b>
Depreciation	81.12	98.72
<b>Profit (Loss) Before Tax</b>	<b>3,066.47</b>	<b>2,730.38</b>
Provision for Deferred Tax	44.88	(26.67)
Provision for Tax	726.33	831.11
<b>Profit After Tax</b>	<b>2,295.26</b>	<b>1,925.94</b>
<b>Total Comprehensive Income</b>	<b>2,289.60</b>	<b>1,920.05</b>
Balance brought forward from previous year	6,161.16	4,241.11
<b>Profit / (Loss) carried to the Balance Sheet</b>	<b>8,450.76</b>	<b>6,161.16</b>

## OVERVIEW OF COMPANY AFFAIRS

During the year, your Company achieved a top line of ₹ 7,743.31 lakh resulting in a total comprehensive income of ₹ 2,289.60 lakh. The Company has achieved an operating profit of ₹ 2,200.28 lakh. The revenue expenditure for the year was ₹ 4,676.84 lakh. The Company expects to further expand the operations and revenues in its existing projects and leverage on the established cost structures so as to achieve better performance.

During FY 2018-19, your company has worked towards achieving higher operational and technical scale combined with excellence in the existing projects as well as engaging in such new projects that offer opportunity for delivering benefits of automation and process simplification to large user groups. Over the years, your company has entered into various areas requiring database management, automation and

end to end integration of services. Currently, the Company has eight operational projects viz. National Skills Registry (NSR) on behalf of NASSCOM (started in January 2006), SEZ Online on behalf of Ministry of Commerce and Industry (started in September 2009), KYC Registration Agency (KRA) (started in January 2012), NDML Payment Services Platform 'PayGov' on behalf of Ministry of Electronics and Information Technology (MeitY) (started in April 2012), Paper To Follow (P2F) on behalf of National Payments Corporation of India (started in April 2013), NDML National Insurance Repository (NIR) (started in August 2013), Registrar and Transfer Agent (RTA) (started in May 2016) and National Academic Depository (NAD) (started in July 2017)

## Dividend

Your Directors do not propose any dividend for the financial year 2018-19 under review.

**Transfer to Reserves**

During the year under review, no transfer has been made to General Reserve.

**Names of the Companies which have Become/ Ceased to be a Subsidiary, Joint Venture (JV) and Associate Company During the Year**

During the year under review, no company have become or ceased to be a Subsidiary, Joint Venture (JV) and Associate Company of your Company. As on March 31, 2019, your Company does not have any Subsidiary, JV or Associate Company.

**Share Capital**

There was no change in the Share Capital of the Company during the year under review. As on March 31, 2019, the paid up share capital stood at ₹ 61.05

crore comprising of 6,10,50,000 equity shares of ₹ 10 each. During the year under review the Company has neither issued any shares with Differential Voting Rights nor has it granted any Stock Option or Sweat Equity.

**Audit and Auditor's Report**

The Auditor's Report does not contain any qualification, reservation or adverse remark.

**Material Changes and Commitments Affecting the Financial Position of the Company**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year to which the financial statements relate and the date of the report.

# Management Discussion and Analysis

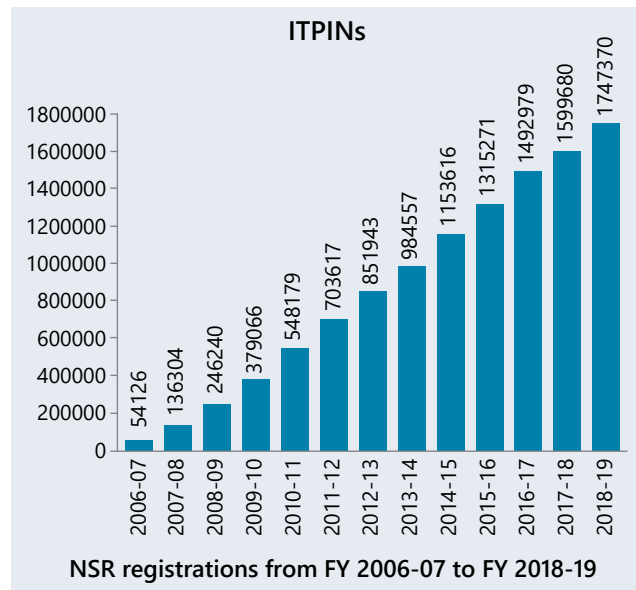
## PROGRESS OF VARIOUS PROJECTS

### National Skill Registry (NSR) Project

NSR system established by your Company is playing a key role in the IT / ITeS industry in the area of employee recruitment, background checks, engagement and relieving. Most of the large IT & ITeS companies have adopted NSR registration as a requirement for all their new employees and in many cases the Companies have encouraged their existing employees also to register. This collaborative effort by the industry and its employees will result in a better industry environment such that each employee is registered on a central system, defined and useful information is available, identity and biometric checks are done and pre-verified information relating to education and experience is available. This will boost confidence of the companies in hiring employees coming from within the industry and also reduce the cost and time involved in background check process. As the industry sources its business from off-shore clients, having authenticated information of ITeS personnel places the industry before its clients in a higher league where not only quality and cost but also security is of paramount importance.

As on March 31, 2019, 20 entities have been empaneled on NSR system for providing background checking services to NSR subscriber companies and registered professionals. Three agencies have been providing services as Points of Service (POS) for facilitation of NSR registration to Knowledge Professionals (KPs) from 26 cities. 238 companies have joined NSR. Many large sized companies have implemented NSR and made NSR registration a part of the joining / HR process. The 238 companies subscribed with NSR comprise of about 60 percent of the total employee strength in the Indian IT / ITeS industry. A comparison of the hiring during the previous year suggests that the registration with NSR is in line with the hiring trend of the industry.

So far 17.47 lakh Knowledge Professionals have registered on NSR and have been allotted ITPIN. 1,47,690 Knowledge Professionals completed their biometric registration in financial year 2018-19. Details of NSR registrations at the end of each financial year are indicated below:



### SEZ ONLINE PROJECT

Your Company is operating SEZ Online System on behalf of Ministry of Commerce and Industry (MOCI). SEZ Online is a nationwide integrated e-governance solution for facilitating processing of various transactions of SEZ developers, Co-developers, Units, Export Oriented Units (EOUs) and Deemed Exporters with the SEZ Administration. This project improves the speed and efficiency of transactions, brings about transparency in processing and enables better controls.

SEZ Online system is now being used in all operational SEZs by all operational units for processing of import, export and various other important transactions. The system continues to evidence good traction with administrative jurisdiction and trade and continues to identify areas of expanding system usage and implementation so as to further facilitate the users.

### Export Performance of SEZs:

FY 2018-19 has seen a healthy 25% growth in merchandised exports standing at ₹ 3.29 lakh crore as compared to ₹ 2.63 lakh crore for FY 2017-18.

Software exports have also seen a substantial growth of 24% in FY 2018-19 standing at ₹ 3.75 lakh crore compared to ₹ 3.03 lakh crore for FY 2017-18.

**Registration of Units / Developers:** As on March 31, 2019, 5,511 SEZ Units and 404 SEZ Developers / Co-Developers were registered on SEZ Online system. During FY 2018-19, 556 Units / Developers / Co-Developers got registered.

**Review of SEZ sector:** SEZs have contributed quite significantly to the international trade for the country and have generated significant employment in various sectors such as Gems & Jewellery, Petro-Chemicals, Pharma, Information Technology, etc. Free Trade Warehouses which have been recently set-up in the country have also boosted the trading and services aspects from SEZs. SEZs are also adopting newer business models such as e-Commerce, services export. It is believed that SEZs would continue to grow in terms of new SEZs, new units and therefore the volume of trade and the business. SEZ Online system would continue to play its due role in facilitating this growth.

### Important Developments

**SEZ Online Data sharing with Director General Foreign Trade (DGFT):** SEZ Online System has now implemented sharing of SEZ Shipping Bill information with DGFT. This will facilitate SEZ Units and DGFT to implement online application and issuance of export benefit i.e. MEIS (Merchandise Export from India Scheme) under Foreign Trade Policy. It is an important step forward in enabling SEZs as EDI ports. DGFT has issued trade notice on March 29, 2019 indicating commencement of online application of SEZ Shipping for MEIS claim from April 08, 2019.

**Successful Implementation of Service Exports from SEZs (SERF):** MOCI had setup a committee to deliberate on problems faced in compiling and reporting of Service Exports and provide recommendations for devising a mechanism to streamline reporting process. The committee was formed under chairmanship of DC NSEZ and drew members from RBI, DGCI&S, STPI and NSDL. The committee finalized the report and submitted to MOCI for their perusal. Ministry has approved the recommendation to implement a module in system named Service Export Reporting Form (SERF) so that all types of service exports could be comprehensively reported by SEZ Units. SERF module has been developed and implemented.

**SEZ Rules Amendment:** SEZ division, MOCI has notified amendments in SEZ Rules on September 19, 2018. The Rules are amended pursuant to the suggestions made by Committee of Development Commissioners. The Rules bring in various changes to address needs of the units and also incorporate changes necessary as a result of implementation of Goods & Services Tax. Amended Rules have also

introduced new forms for application (F1) and approval (F2) of Renewal of Letter of Approval (LOA) for SEZ unit. These new forms have been made available for SEZ units and DC offices for approval.

System is being developed and updated on a regular basis so as to be compliant with regulatory norms and provide convenient services to its esteemed users.

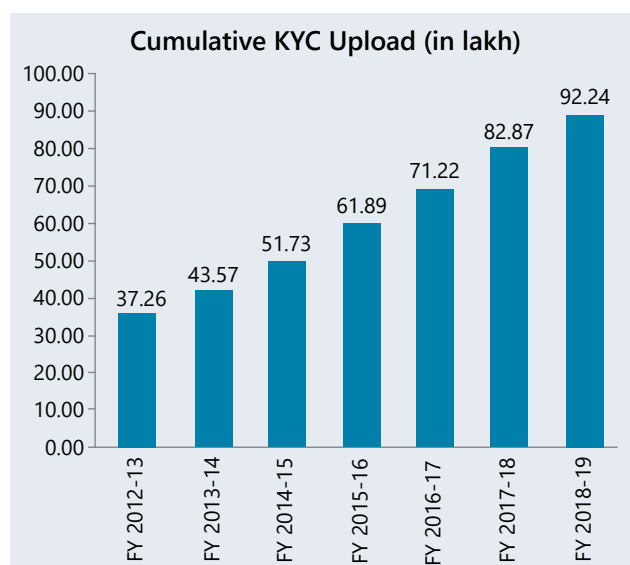
### KYC Registration Agency (KRA)

Your company is registered with Securities & Exchange Board of India (SEBI) as KYC Registration Agency. With a view to bring uniformity in the KYC requirements in the securities markets, SEBI has stipulated uniform KYC requirements to be effected by all SEBI registered market intermediaries for their clients and has also issued the SEBI {KYC (Know Your Client) Registration Agency (KRA)}, Regulations, 2011. These Regulations create the framework for sharing of KYC records amongst SEBI registered intermediaries.

Your company has established connectivity with other KRAs thereby facilitating intermediaries registered with NDML KRA to download KYC information available with other KRAs. NDML KRA is facilitating inquiry of KYC status and download of KYC information to intermediaries through Application Programming Interface (API).

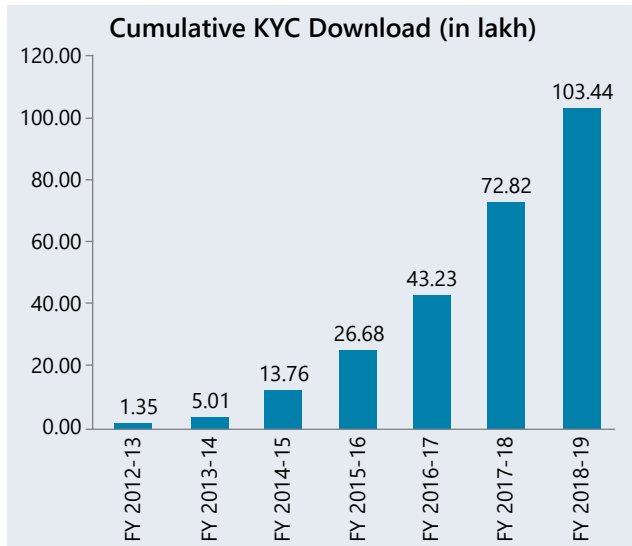
As on March 31, 2019, 1,299 SEBI registered market intermediaries have registered with NDML KRA. Intermediaries have uploaded 92.24 lakh KYC records to NDML KRA and have downloaded 103.44 lakh KYC records from NDML KRA.

### Progress of KYC Records uploaded to NDML KRA





## Progress of KYC Records downloaded from NDML KRA



## 'NDML Payment Services Platform (PAYGOV)' Established Under National E-Governance Plan (NEGP)

Ministry of Electronics & Information Technology (MeitY), Government of India (GoI) under its National e-Governance Plan (NeGP) has engaged your Company to assist Government Departments in collecting online payments from Citizens for various Government services. Your company is providing the payment services using "Payment Aggregator" model so that Citizens can be provided with various modes of payment such as Net banking, Credit cards, Debit cards, UPI, IMPS and Wallets etc. Technical and processing infrastructure for providing these services is sourced from service providers.

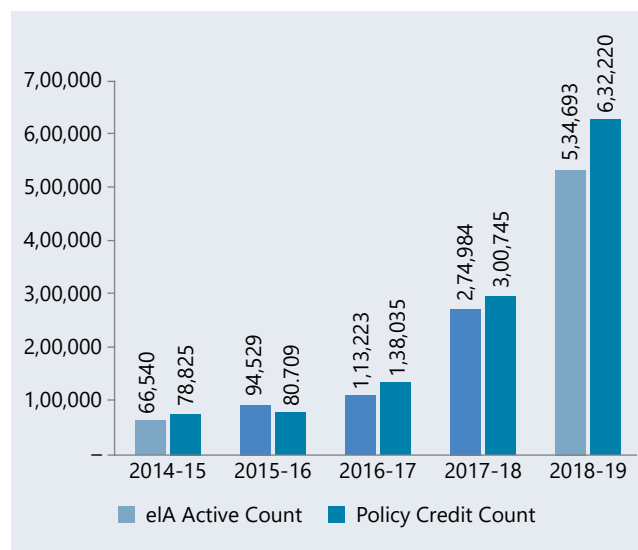
MeitY has sent letters to all states and government departments to consider using PayGov platform for online payment services. PayGov is currently connected with 140 different Government departments / Urban Local Bodies / PSUs across various States and is facilitating settlement of treasury as well as non-treasury payments. During the FY 2018-19, PayGov has processed 127 lakh (approx.) online payment transactions. PayGov looks forward to expanding the coverage of its services to various citizen service initiatives. PayGov is also further strengthening its operational and technical service framework by bringing in more service providers and also establishing direct interface with Merchants.

## NDML National Insurance Repository (NIR)

NIR commenced its operations from August, 2013 upon receipt of its Certificate of Registration to act as an Insurance Repository from Insurance Regulatory and Development Authority of India (IRDAI).

IRDAI has been in the process of creating conducive environment for promoting holding of policies in electronic form. The revised guidelines on Insurance Repositories and 'Insurance Regulatory and Development Authority of India (Issuance of e-Insurance Policies) Regulations, 2016' issued by IRDAI had created a framework for issuance of policies in electronic form. This coupled with 'Guidelines on Insurance e-Commerce' issued by IRDAI on March 9, 2017 and subsequent clarification issued on September 7, 2017 mandated policies sourced through online platform to be credited in the e-Insurance Account (eIA) of the customer.

During the FY 2018-19, NIR has opened 5,34,693 eIAs as compared to 2,74,984 eIAs opened during the previous financial year, an increase of 96%. Similarly, during the financial year 2018-19, 6,32,220 policies were credited as compared to 3,00,745 policies credited during the previous financial year, an increase of 110%. As on March 31, 2019 NIR has opened 10,93,493 e-Insurance Accounts (eIAs) and 12,34,697 policies are held in these eIAs.



NIR now facilitates holding of life insurance policies issued by 20 Life Insurance Companies and 19 General Insurance Companies in electronic form.

In order to facilitate the customer to open an eIA, NIR has empaneled 83 Approved Persons (APs) which include 17 Banks and has presence in 7,274 branches across 732 cities.

## Paper to Follow (P2F) Process of Cheque Truncation System (CTS)

Your Company is managing 'Paper to Follow (P2F)' process of Cheque Truncation System (CTS) on behalf of National Payments Corporation of India (NPCI). NDML is required to manage P2F process at each of the



101 Grid CTS centers with suitable Human Resources and Infrastructure. During the year, your Company added 44 more centres. NDML has established and managing P2F process at 145 centers as on March 31, 2019.

### National Academic Depository (NAD)

National Academic Depository (NAD) is an initiative of Ministry of Human Resources Development, Govt. of India (MHRD) to facilitate digital issuance, storage, access and verification of Academic Awards issued by Academic Institutions.

In July 2017, Government of India has set forth on the transformational path to set-up a National Depository of Academic Awards issued by all Academic Institutions. NSDL Database Management Limited (NDML) is assigned with the task of implementation of NAD as a Depository. **MHRD** has also appointed **University Grants Commission (UGC)** as the nodal administrative body for overseeing and ensuring the implementation of NAD in all Academic Institutions across the country and providing relevant policy and administrative support. UGC has signed agreement with NDML and authorised it to set-up NAD and provide NAD services. UGC has also issued letters to all Universities to join and support the NAD initiative. In order to propagate NAD adoption, MHRD / UGC have decided that no charges may be levied initially on Students and Academic Institutions for using the system. However, Verification of Academic Awards may be charged. An outreach program has been successfully conducted with Universities and Institutions of National Importance for joining NDML NAD system.

Your Company is engaging with academic institutions across the country to facilitate them in implementing NAD. Academic Institutions are responding positively to the initiative and have set-up NAD Cells as the nodal points for implementation of NAD.

NDML has signed agreements with 512 Academic Institutions to facilitate them to join NAD system. This includes large State Universities, Institutions of National Importance, School Boards etc. More than 2 crore academic awards have been successfully lodged by these institutions in NAD through NDML. An outreach program is being conducted for informing students about NAD and its benefits and to facilitate them to join the same. 2.5 lakh students have registered on NDML NAD to access their academic awards online. Aadhaar Number and underlying data was considered as a primary reference point for ensuring e-KYC of students and was proposed to be used as the primary mechanism for online registration of students. However, in view of the Hon. Supreme Court judgement on usage of Aadhaar data, UIDAI

has disabled access to online Aadhaar e-KYC service. This impacted the student registrations for a large part of the year. However, now the Company has developed an alternate mechanism of Aadhaar based registrations whereby UIDAI provides a download of Aadhaar record to Aadhaar Holder and the Aadhaar Holder can submit a copy of such record to NDML NAD for his / her registration. This would facilitate online registration of students in a seamless manner.

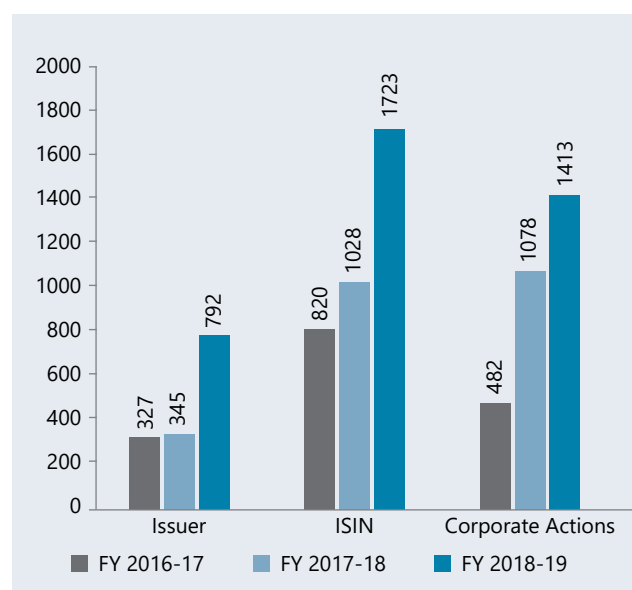
NAD program is a very unique and progressive initiative in the area of digitisation and e-Governance for academic awards. This would unfold and present its capabilities to serve the nation over the next few years. In the meanwhile Govt. of India and NDML are taking steps to expand the implementation and market adoption of the same. NAD development was presented to a cross-section of Global Community of Academic Depositories and Administrators at a conference held in Mexico in April 2019 and was very well received.

### Registrar and Transfer Agent (RTA)

Your company received Certificate of Registration from SEBI to carry on activities as a Category I – Registrar to an Issue and Share Transfer Agent. NDML RTA division commenced its operations w.e.f. June 1, 2016.

NDML is offering its RTA services to Issuers of various types of securities such as unlisted equities and debt instruments such as Commercial Paper, Certificate of Deposit, Debentures, Securitized instruments etc. As on March 31, 2019, 1,464 Issuers are availing services from NDML RTA division.

### Progress of NDML RTA Division



Ministry of Corporate Affairs (MCA), vide its notification dated September 10, 2018, mandated Unlisted Public Companies to issue securities in dematerialization form only. As a part of outreach initiative for the unlisted public companies, your company undertook various marketing campaigns to create visibility for RTA services provided by the company. Your company received overwhelming response from Unlisted Companies, Practicing Company Secretaries and Chartered Accountants; as the marketing campaign created for the purpose required awareness about dematerialization of unlisted public companies in the market.

Your company has registered more than 400 unlisted companies during October 2018 to March 2019. With every passing day, these numbers are increasing exponentially.

#### OTHER PROJECTS

Your Directors are confident that in the next few years, the Company would be able to take the current projects to new heights and establish new projects of national and social importance which would result in further improved operating and financial performance for the Company.

#### ISO 27001 CERTIFICATION

In view of the continued quest of highest quality norms for information security, the Company had obtained internationally recognized ISO 27001:2013 certification for implementation of information security management system (ISMS) for NSR Project and for NIR Project. In 2015-16, process for implementation of ISO in NIR Project was undertaken and the Company has received recertification of ISO 27001:2013 for the NSR project and NIR Project in March, 2016 by the accredited auditors Det Norske Veritas-Germanischer Lloyd (DNV-GL). The 2<sup>nd</sup> Surveillance Audit of NSR and NIR Project was carried out by DNV-GL in April, 2018 and the auditors have satisfied themselves with adequate and appropriate implementation of applicable information security controls in NSR and in NIR. Further, NAD, RTA and SEZ are now included under ISMS scope and implementation is under progress.

#### Change in the Nature of Business

Your Company has not undergone any changes in the nature of the business during the financial year under review.

#### INTERNAL CONTROLS AND AUDIT

The Company's accounts are audited by Statutory Auditors. With respect to Internal Audit, an external firm acting as independent Internal Auditor reviews the internal controls and operating systems and procedures. The report of the Internal Auditor along with management response is placed before the Audit Committee which reviews the same and advises on improvements in the internal controls.

With respect to legal compliances, the Company conducts its business with high standards of legal, statutory and regulatory compliances. The Company has instituted a legal compliance process in conformity with the best international standards, supported by a robust online system that covers all its activities. The gamut of this system includes statutes such as labour laws, taxation laws, corporate and securities laws, information technology laws and safety regulations.

Your Company has well established processes and clearly defined roles and responsibilities at various levels. Comprehensive operational manual and standard operating procedures have been put in place in various departments including operations and finance.

#### RISK MANAGEMENT AND INSURANCE

Taking into account various risks involved, your Company has taken adequate insurance cover for employees and assets. Your Company has also obtained a professional indemnity insurance policy for Insurance Repository activity as per the IRDAI requirement.

Also, Directors and Officers Liability Insurance policy has been taken by NSDL (holding company) to cover the liability of the Directors and officers of both NSDL and NDML.

## **OTHER MEASURES**

Your Company has appointed a Compliance Officer to ensure compliance with various laws. The Compliance Officer reports on the compliance relating to the relevant applicable laws quarterly at Board meetings. The Company also seeks outside legal advice, wherever needed.

## **DISCLOSURE RELATED TO FINANCIAL TRANSACTIONS**

### **Deposits**

During the year under review, the Company has not accepted any fixed deposit under Sections 73, 74, 75 and 76 of the Companies Act, 2013 from the public.

### **Particulars of Loans, Guarantees or Investments**

The particulars of Loans, Guarantees or Investments made during the financial year are set out in the Notes to Accounts which forms part of this Annual Report.

## **Particulars of Contracts or Arrangements with Related Parties**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were on an arm's length basis and in the ordinary course of business and have been in compliance with the applicable provisions of the Companies Act, 2013. Disclosure of transactions with related parties is set out in Note No. 28 of Standalone Financial Statements, forming part of the Annual Report & Annexures thereto.

## **The Details of Significant and Material Orders Passed by the Regulators or Courts or Tribunals Impacting the Going Concern Status and the Company's Operation in Future**

During the year under review, no significant and material order was passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operation in future.

# Corporate Governance

As a NSDL Group Company, the Company's philosophy on Corporate Governance is based on the fundamental principle of fair, ethical and transparent governance practices by adopting highest standards of professionalism, integrity, honesty, equity, transparency, accountability and ethical behavior in all facets of operations and dealing with all its stakeholders. It is also based on an effective independent Board, the separation of the Board's supervisory role from the executive management and the constitution of the Board Committees. These values and principles set the context to manage affairs of your Company in a fair and transparent manner. Your Company aims at maintaining highest standards in complying with all applicable laws and regulations, conducting its business in an ethical manner and protecting the interests of investors and other stakeholders. The governance practices of your Company are under continuous review and continuously benchmarked to the best practices to become an integral part of the way business is done.

## I. Board of Directors

Your Company believes in a diverse Board for its success and that an active, well informed independent Board is necessary to ensure the

highest standards of corporate governance. The Board reviews long term as well as short term strategies of your Company from time to time and ensures statutory and ethical conduct with high quality financial reporting. The Board's actions and decisions are aligned with the Company's best interests. Your Company is provided with direction and guidance by professional Board comprising eminent persons with considerable professional expertise and experience in finance, legal, banking and other related fields.

Your Company has a professional and experienced management team consisting of business / functional heads who look after the day-to-day affairs of the Company under the direction of Director-in-charge who functions under the overall supervision and control of the Board.

### A. Composition and size of the Board

The Board comprises of four (4) Directors out of which two of them are Independent Directors. Chairman of the Board is an Independent Director. Details of attendance of each director at the Board Meetings held during the year under review are as follows:

Sr. No.	Name of the Director	Category	Attendance Particulars		No. of other Directorships	No. of Committee Positions held	
			No. of Board Meetings held during tenure	No. of Board meetings attended		Member	Chairman
1.	Mr. P. P. Vora (DIN : 00003192)	Non-Executive Chairman/ Independent	5	5	4	5	1
2.	Mr. C. M. Vasudev (DIN : 00143885)	Non-Executive/ Independent	5	5	5	4	0
3.	Mr. G. V. Nageswara Rao (DIN : 00799504)	Non-Executive/ Promoter representative	5	5	2	2	0
4.	Mr. Krishna Srinivas (DIN: 07636143)	Manager/ Director-in-charge	5	5	-	-	-

Note:

- The Directorships held by Directors as mentioned above, do not include Directorships in Foreign Companies, Section 8 Companies and Private Limited Companies which are not the holding or subsidiary Company of a Public Company.
- While considering Memberships/Chairmanships of Committees, only the Audit Committee and Stakeholder's Relationship Committees in all Public Limited Companies have been considered.

## B. Board Procedures and Meetings

The Board of Directors is responsible for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness. A minimum of four Board meetings are held every year. Apart from the above, additional Board meetings are convened by giving appropriate notice in advance to all the Directors to address the specific needs of the Company. However, in case of business exigencies or urgency the Board also approves by Circular Resolution, important items of business (other than items as specified under Section 179 of the Companies Act, 2013) which cannot be deferred till the next Board Meeting. The Board reviews compliance reports of applicable laws to the Company every quarter. The dates of the subsequent Board meetings are decided with the mutual consent of all the Directors present at the ongoing Board meeting. The Board meetings are usually held at the registered office of the Company.

The agenda for the Board Meeting is prepared in consultation with the Director-in-charge. The agenda for the Board, inter-alia, includes a review of annual operating plans, capital allocations and budgets. All material information is incorporated in the agenda and the same with appropriate supporting documents are circulated well in advance for facilitating meaningful and focused discussions at the meeting. All significant developments and material events are brought to the notice of the Board as a part of the agenda paper in advance of the meeting or by way of presentation and discussion material during the meeting. The agenda and minutes of the meeting(s) are prepared in compliance with the provisions of the Companies Act, 2013.

During the year under review, five (5) Board Meetings were held viz. May 07, 2018, August 06, 2018, September 28, 2018, November 13, 2018 and February 13, 2019. Details of attendance of each director at the Board Meetings held during the financial year are as follows:

Sr. No.	Name of Directors	Total No. of Meetings during the tenure	Total No. of Meeting Attended
1.	Mr. P. P. Vora	5	5
2.	Mr. C. M. Vasudev	5	5
3.	Mr. G. V. Nageswara Rao	5	5
4.	Mr. Krishna Srinivas	5	5

## C. Board Level Changes:

There have been no Board level changes during FY 2018-19.

## D. Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting:

In accordance with the provisions of Section 152 (6) of the Companies Act, 2013, Mr. Krishna Srinivas (DIN: 07636143) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

## E. Independent Director(s):

The Board of NDML consists of 2 Independent Directors.

During the year under review, the Independent Directors met separately to transact the business as mentioned in the Schedule IV of the Companies

Act, 2013. All the Independent Directors were present at the meeting.

## F. Declaration from Independent Directors

The Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

## G. Policy on Directors' appointment and remuneration:

The policy of the Company on Directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Sub-Section (3) of Section 178 of the Companies Act, 2013, is adopted by the Board pursuant to the recommendation of the Nomination & Remuneration Committee.



## H. Performance Evaluation of the Board and Directors:

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees as per the evaluation criteria approved by the Nomination and Remuneration Committee and Board. A summarized report on performance evaluation of the Individual Directors as well as the evaluation of the working of Board Committees was reviewed by the Chairman of the Board.

## II. Board Committees

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Company. An Independent Director is nominated as the Chairperson of each of the Board Committees.

These Committees monitor the activities falling within their terms of reference. The Board Committees play a crucial role in the governance structure of the Company and are being set out to deal with specific areas/activities which concern the Company and require a closer review. The Board Committees are set up with the approval of the Board, to carry out the clearly defined role which is considered to be performed by members of the Board as a part of good governance practice. The minutes of the meetings of the Committees are placed before the Board for review. Currently, the Board has four Committees, viz:

- Audit Committee
- Nomination and Remuneration Committee
- Share Allotment and Transfer Committee
- Corporate Social Responsibility (CSR) Committee

**Board and Committee Composition as on March 31, 2019**

Name	Board	Audit Committee	Nomination and Remuneration Committee	Share Allotment and Transfer Committee	CSR Committee
Mr. P. P. Vora	Chairman	Chairman	Member	Chairman	Chairman
Mr. C. M. Vasudev	Member	Member	Chairman	-	Member
Mr. G. V. Nageswara Rao	Member	Member	Member	Member	Member
Mr. Krishna Srinivas	Member	-	-	-	-

## A. Audit Committee

Board has constituted the Audit Committee in accordance with provisions of Section 177 of the Companies Act, 2013. The Audit Committee of NDML assists the Board in its responsibility of overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and other regulatory requirements. The Committee's purpose is to oversee the accounting and financial process of the Company and review the quarterly and annual financial accounts of the Company. The Committee reviews reports of the Internal Auditors and Statutory Auditors and discusses their findings, suggestions, internal control system, scope of audit, observations of the auditors and also reviews accounting policies

followed by the Company. Further, pursuant to the enactment of Companies Act, 2013 the functions of the Audit Committee have been aligned with the new requirements.

The Committee consists of three directors out of which two are Independent Directors in accordance with the provisions of Section 177 of the Companies Act, 2013.

During the year under review, four (4) meetings of the Audit Committee were held on May 07, 2018, August 06, 2018, November 13, 2018 and February 13, 2019.

Details of attendance of each director at the Audit Committee Meetings held during the financial year are as follows:



Sr. No.	Name of the Member	Total No. of Meetings	Total No. of Meetings Attended
1.	Mr. P. P. Vora	4	4
2.	Mr. C. M. Vasudev	4	4
3.	Mr. G. V. Nageswara Rao	4	4

### Whistle Blower Policy

The Company has formulated a Whistle Blower Policy. The policy complies with the requirements of vigil mechanism as stipulated under Section 177 of the Companies Act, 2013. The policy has been published on the Company's website on the following web link: <https://www.ndml.in/disclosure.php>

### B. Nomination and Remuneration Committee

The Nomination and Remuneration Committee discharges such functions as defined in the Companies Act, 2013. The Committee has three (3) members with Mr. C. M. Vasudev as its Chairman. The Committee met four (4) times during the year on May 07, 2018, August 06, 2018, November 13, 2018 and February 13, 2019. Details of attendance of each member at the Committee Meetings held during the year are as follows:

Sr. No.	Name of the Member	Total No. of Meetings	Total No. of Meetings Attended
1.	Mr. C. M. Vasudev	4	4
2.	Mr. P. P. Vora	4	4
3.	Mr. G. V. Nageswara Rao	4	4

The functions of the Committee include recommending appointments of Directors to the Board, recommending appointment of MD & CEO/Manager, formulation of criteria for performance evaluation of directors and the Board as per the provisions of the Companies Act, 2013. All appointments of directors are reviewed and recommended to the Board by the Committee. The criteria, qualifications, positive attributes and independence requirements are laid down by the committee whenever a vacancy for appointment of a director arises.

The Company has formulated Nomination and Remuneration Policy as approved by the Board. The salient features of the said policy are as under:

1. Remuneration of Directors, Key Managerial Personnel and other Employees
2. Board Diversity in terms of composition of Board
3. Process of recommendation of Directors

The said Policy is placed on the website of the Company (<https://ndml.in/disclosure.php>).

### C. Share Allotment and Transfer Committee

The Share Allotment and Transfer Committee is formed for the purpose of allotment of shares and approve the share transfers lodged with the Company after all necessary approvals. The Committee consists of two members with Mr. P. P. Vora as Chairman of the Committee. The composition of the Committee is as follows:

Sr. No.	Name of the Member
1.	Mr. P. P. Vora
2.	Mr. G. V. Nageswara Rao

As there were no changes in the Authorised or Issued capital of the Company during the financial year and no transfer case lodged, the Committee did not meet.

### D. Corporate Social Responsibility (CSR) Committee

NSDL Database Management Limited (NDML) is covered under the purview of Section 135 of the Companies Act, 2013. In this regard, it has been decided by the Board of the Company that Corporate Social Responsibility (CSR) activities be undertaken jointly with NSDL, Holding Company and the actual CSR spend be allocated to the respective Companies in proportion of their legal obligations. Therefore, a common CSR function for NSDL and NDML has been created and the actual CSR amounts spent is proportionately allocated to the respective Companies. However, the CSR Committee for NDML is separate under the Chairmanship of Mr. P. P. Vora. The Composition of Committee is as follows:

Sr. No.	Name of the Member
1.	Mr. P. P. Vora
2.	Mr. C. M. Vasudev
3.	Mr. G. V. Nageswara Rao

In pursuance of Section 135 read with relevant Rules and Schedule VII of the Companies Act, 2013 (the Act), NDML has formulated a CSR Policy which strategically drives the CSR projects/ programs in the Company. CSR policy is hosted on the following web link: <https://www.ndml.in/disclosure.php>

During FY 2018-19, NSDL has spent ₹ 301.64 lakh towards various CSR projects/ programs in pursuance of its CSR Policy and out of the total corpus spent, it has allocated an amount of ₹ 43.71 lakh as NDML's contribution towards the CSR expenditure carried out during the FY 2018-19. The Report on CSR is set out as "Annexure I" and forms part of this Annual Report.

During FY 2018-19, the Committee met one (1) time during the year on June 04, 2019 and all the members were present in the said meeting.

### III. Details of Key Managerial Personnel (KMPs):

As on March 31, 2019, the Company has three (3) Key Managerial Personnel as per the Companies Act, 2013 i.e. Director-in-charge/Manager, Chief Financial Officer and Company Secretary.

Sr. No.	Name of Key Managerial Personnel	Designation
1.	Mr. Krishna Srinivas	Director-in-charge/ Manager
2.	*Ms. Sudha Balkrishna	Chief Financial Officer
3.	^Ms. Vaishali Vaidya	Chief Financial Officer
4.	**Ms. Neha Parekh	
5.	#Mr. Raj Manek	Company Secretary
6.	^^Mr. Prasad Poojary	

\* Ms. Sudha B. ceased to be Chief Financial Officer w.e.f. May 16, 2018.

^ Ms. Vaishali Vaidya was appointed as Chief Financial Officer w.e.f. May 17, 2018.

\*\* Ms. Neha Parekh ceased to be Company Secretary w.e.f. January 24, 2019.

# Mr. Raj Manek was appointed as Company Secretary w. e. f. February 13, 2019 and he ceased to be Company Secretary of the Company w.e.f. July 15, 2019

^^ Mr. Prasad Poojary has been appointed as Company Secretary w.e.f. August 01, 2019

### IV. Code of Ethics

The Company has a Code of Ethics which prescribes policies on confidentiality, conflict of interest and securities investment procedure and restrictions thereon. The Code is applicable to all Directors and Employees of the Company. Implementation of Code of Ethics is based on acceptance by the concerned Director/employee and submission of required declarations, disclosures or occurrence of any events.

### V. Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- that they have selected such accounting policies and 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 at the end of the financial year and of the profit or loss of the Company for that period;
- that they have taken proper and sufficient care 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 & detecting fraud and other irregularities;
- that they have prepared the annual accounts on a going concern basis; and

- e. that internal financial controls to be followed by the company are laid down and that such internal financial controls are adequate and were operating effectively;
- f. that they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

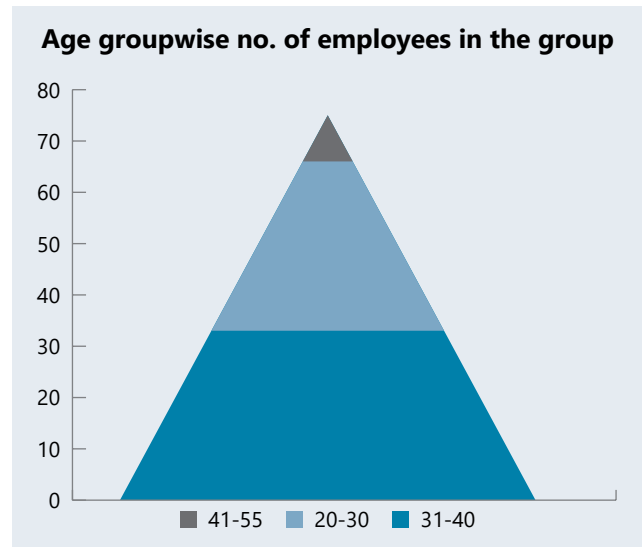
## VI. Human Resources

Your Company believes that employees are critical assets of the organisation and the quality of its employees is the key to its success in the long run. It, therefore, accords high importance to human resource development to create an environment where employees can thrive and are enabled to deliver sustainable organizational performance.

Your Company has nurtured an enabling performance culture which drives individuals to strive for excellence. The Company has created favorable work environment and provides fair and transparent policies to its employees. The organization firmly upholds the views of confidentiality, accountability, and trust in all areas of work.

To foster skills of the employees, various training programs are imparted. New entrants are made aware of the culture, policy and various businesses of the Company through Induction programme. Other training programmes on Information Security Policies Awareness, Business Continuity Planning, Awareness program on Sexual Harassment of Women at Workplace etc. are also conducted to keep abreast the employees in these areas. Company also nominates employees to participate in various seminars specific to business and other related areas and also for specific technical training.

Your Company maintains cordial relations with its employees. The Company organizes employee engagement activities in order to build and uphold cohesive work environment. Your Company seeks to develop its existing employees and continue to attract people with the requisite skills to help shape a better Organization.



## VII. Positive Work Environment

Positive Work Environment (PWE) Policy was in place at NDML in accordance with the Vishakha Guidelines since the year 2012. Pursuant to the enactment of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the PWE Policy viz.; NDML Policy for Positive Work Environment has been put in place in accordance with the aforesaid Act. Further, the Internal Complaints Committee (ICC) was formulated as per the requirements. In order to create awareness among employees of the Company, training program was conducted for the employees, including the management of the Company. It may be noted that during the year 2018-19, no grievance was reported to the Committee.

## VIII. Auditors

### A. Statutory Auditors

Khandelwal Jain & Co., Chartered Accountants, Statutory Auditors of the Company, were appointed as Auditors to hold office from the conclusion of the Thirteenth Annual General Meeting for a period of 5 years from FY 2017-18 to FY 2021-22 at a remuneration as may be decided by the Board of Directors.

### B. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Ashish Garg, Practising Company Secretary to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "Annexure II".

The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation or adverse remark given by the Auditors in their Report.

### C. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed as "Annexure III" and forms part of this report.

Annual Return i.e. Form MGT-7 can also be accessed on the Company's website at the web-link <https://ndml.in/disclosure.php>

### D. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

#### a) Conservation of Energy and Technology absorption

The Company has a policy of switching off power after the office time in those areas where staff has left for the day. Staffs are strictly instructed to switch off their monitors before they leave for the day. The Company also maintains the air conditioning temperatures to conserve energy. The Company continuously strives to optimize its energy usage and efficiency.

#### b) Foreign Exchange earnings/outgo during the period under review

(₹ in lakh)

Sr. No.	Particulars	FY 2018-19	FY 2017-18
1.	Foreign Exchange Earnings - Actual inflow in foreign currency	Nil	Nil
2.	Foreign Exchange Outgo / Expenditure incurred - Actual outflow in foreign currency	7.78	3.80

### E. APPRECIATION

Your Directors place on record their sincere appreciation of the support provided by NASSCOM, Government of India - Ministry of Commerce & Industry, Government of India - Ministry of Communications & Information Technology, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, Department of Electronics and Information Technology, National Payment Corporation of India, Ministry of Human Resource Development, various Insurer Companies availing NIR services, various State/Central Government Departments availing services of PayGov platform, Point of Service entities, Empanelled Background Checkers and Subscribers of the NSR, Developers, Co-Developers, Unit Holders, Export Oriented Units, Investors, Market Intermediaries, Registrars, Policy holders, Approved persons, Consultants, Service providers and Suppliers and Bankers. Your Directors also express deep sense of appreciation to all the employees for their professionalism, commitment and dedicated efforts which have made the organization's growth and success possible.

For and on behalf of the Board of Directors

Place: Delhi  
 Date: August 01, 2019

Sd/-  
**Mr. P. P. Vora**  
 Chairman

# Annexure I

## Report on CSR Activities

It is company's policy to spend the amount allocated for CSR expenditure on activities listed in schedule VII of the Companies Act, 2013 and the rules framed thereunder. Therefore in view of the same the CSR activities for FY 2018-19 as listed out in the CSR policy were in the areas of promoting education, employment generating skills, health & sanitation, environmental sustainability etc. Details of CSR policy are available on our website at the web link: <https://ndml.in/pdf/CSR%20Policy.pdf>. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

1. The composition of CSR Committee: The Committee comprises of Mr. P. P. Vora (Chairman), Mr. C. M. Vasudev and Mr. G.V. Nageswara Rao. Average net profit of NSDL for last three financial years: ₹ 2279.67 lakh.
2. Prescribed CSR Expenditure (i.e. 2% of Average PBT for the last three preceding financial years as in point no.1 above): ₹ 45.59 lakh

During the FY 2018-19, NSDL has spent a total corpus of ₹ 301.64 lakh towards CSR activities. The CSR expenditure of ₹ 43.71 lakh was proportionately allotted to NDML for FY 2018-19 as per the joint CSR initiative of both the organizations.

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (Budget) (Amount in ₹)	Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Overheads (Amount in ₹)	Cumulative Expenditure up to the reporting period (Amount in ₹)	Amount spent direct or through Implementing agency (Amount in ₹)
1	Project Yogdaan- (Health support to Underprivileged Beneficiaries including Thalassemia patient)	Promoting preventive healthcare	Local Area, Mumbai (Maharashtra)	64,50,000	58,23,904	58,23,904	58,23,904 (Direct)
2	Educational support to Swami Vivekananda Adivasi Ashram School managed by Rashtriya Shikshan Sanstha Trust by creating better learning environment in the school	Promoting education	Local Area, Karjat (Maharashtra)	10,87,750	5,43,750	10,87,500	5,43,750 (Direct)



Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (Budget) (Amount in ₹)	Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Overheads (Amount in ₹)	Cumulative Expenditure up to the reporting period (Amount in ₹)	Amount spent direct or through Implementing agency (Amount in ₹)
3	Project SAMARTH, skill development initiative in BFSI sector to provide employment/ self-employment opportunities to under privileged <ul style="list-style-type: none"> <li>Mutual Fund Distributor Certification Program</li> <li>Business correspondence &amp; Business Facilitator training program (BCBF)</li> </ul>	Promoting education, employability skills and livelihood enhancement	<p><b>For Mutual Fund Distributor Certification Program:</b></p> <p>New Delhi, Kolkata (West Bengal), Dehradun (Uttarakhand), Mumbai (Maharashtra), Nagpur (Maharashtra), Jaipur (Rajasthan), Panjabari (Assam), Patna (Bihar), Hyderabad (Telangana), Varanasi (UP), Bhubaneswar (Odisha), Siliguri (West Bengal)</p> <p><b>For BCBF:</b></p> <p>Maharashtra-Pune, Amravati, Satara, Solapur.</p> <p>Rajasthan- Pali, Jodhpur,</p> <p>Karnataka- Hubli,</p> <p>Meghalaya- Shillong,</p> <p>West Bengal- Kolkata, Tamluk, Ghatal, Purulia, Burdwan, Bankura</p> <p>Odisha- Bhubaneswar, Cuttack.</p> <p>Assam- Guwahati.</p> <p>Sikkim- Namchi.</p> <p>Kerala- Allepy, Pathanamthitta, Trivandrum,</p> <p>Pondicherry- Pondicherry</p>	2,04,00,000	1,94,47,260	1,94,47,260	1,94,47,260 (Through implementing agency - Edujobs Academy Private Limited, EduBridge Learning Private Limited, Orion Edutech Private Limited and Pearl Institute of Financial Market Private Limited)



Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (Budget) (Amount in ₹)	Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Overheads (Amount in ₹)	Cumulative Expenditure up to the reporting period (Amount in ₹)	Amount spent direct or through Implementing agency (Amount in ₹)
4	NSDL Shiksha Sahyog – (An Educational Scholarship Program)	Promotion of education	All over India. Preference given to the areas around NSDL regional offices	22,00,000	29,08,130	29,08,130	29,08,130 (Through Implementing Agency - Tata Institute of Social Sciences)
5	Maintenance and Beautification of Traffic islands	Ensuring environmental sustainability, ecological balance	Local Area-Mumbai (Maharashtra)	2,04,000	2,23,250	4,10,250	2,23,250 (Direct)
6	Project SAHYOG-Kerala Flood Relief Program to support the most flood affected regions in Kerala. Need based Disaster relief campaign for 150 families in the affected regions.	Eradicating hunger, poverty and malnutrition.	Kochi and Wayanad (Kerala)	3,75,000	3,51,406	3,51,406	3,51,406 (Through Implementing Agency - Care Works Foundation)
7	Project Monitoring, reporting and administration			8,65,938	8,65,938	8,65,938	8,65,938 (Direct)
			<b>Total</b>	<b>3,15,82,688</b>	<b>3,01,63,638*</b>	<b>3,08,94,388</b>	<b>3,01,63,638</b>

In the column 'Cumulative Expenditure upto the Reporting Period', NSDL has chosen to take 2017-18 as the base year and the amount reported is the total of expenditure incurred on respective CSR programs/projects upto reporting period (i.e. 2018-19).

\* Out of total CSR spent of ₹ 301.64 lakh, the amount of ₹ 281.93 lakh is to be considered as CSR expenditure for FY 2018-19 towards various CSR programs/projects in the area of education, skill development, environmental sustainability, preventive healthcare and disaster relief campaigns; of which an amount of ₹ 43.71 lakh was apportioned to NDML as per the joint CSR initiative of both the organizations. Out of total CSR spent of ₹ 301.64 lakh, the amount of ₹ 19.71 lakh has been considered as CSR expenditure for FY 2017-18 and the same had been reported in FY 2017-18 as CSR spent towards education, environmental sustainability and preventive healthcare of which an amount of ₹ 2.92 lakh were apportioned to NDML as per the joint CSR initiative of both the organizations.

NDML intends to have sustainable CSR programs with greater and long term impact on the community. The Company endeavors to implement outcome based CSR programs/projects that create shared value in the most deserving communities. The success of CSR programs/projects is mapped to the qualitative outcomes that are evaluated through quantifiable measures. Hence, NDML follows an approach wherein the CSR budget is spent in accordance with the expected project outcome.

The program implementation strategy has been designed in a way where the Company ensures that the budget is spent only when the quantifiable project outcome is seen during program execution. In this context, the program implementation partners have been engaged in a result/outcome oriented approach during program execution. During project execution, NDML has incurred the CSR expenditures only towards the expected results/outcome delivered by program implementation partner. The program implementing partners were engaged in a way where the funds have been disbursed in accordance with their output or performance which would help to achieve the ultimate program outcome. NDML closely monitors and evaluate the performance and impact of its CSR program and based on such evaluation, plans to execute impact driven and sustainable CSR programs in coming years.

Sd/-

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**G. V. Nageswara Rao**

Director

Sd/-

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**P. P. Vora**

(Chairman of CSR Committee)

# Annexure II

## FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31<sup>st</sup> March, 2019

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
**NSDL Database Management Limited**  
(U72400MH2004PLC147094)  
4<sup>th</sup> Floor, Trade World, A Wing, Kamala Mills Compound,  
Lower Parel (W), Mumbai – 400 013

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **NSDL Database Management Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder (in so far as they are made applicable);
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder (in so far as they are made applicable);
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; which is not applicable to the Company during the Audit Period.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; which is not applicable to the Company during the Audit Period.
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, in so far as they are made applicable from time to time
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; which is not applicable to the Company during the Audit Period.
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; which is not applicable to the Company during the Audit Period.

- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; which is not applicable to the Company during the Audit Period.
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; which is not applicable to the Company during the Audit Period
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; which is not applicable to the Company during the Audit Period and
  - i) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015; which is not applicable to the Company during the Audit Period.
- (vi) I have further examined the compliance reporting system, maintained, to our satisfaction, by the Company for the financial year ended 31<sup>st</sup> March, 2019 in the matters of compliances of applicable provisions of the following laws:
- a) Securities and Exchange Board of India {KYC (Know Your Client) Registration Agency}, Regulations, 2011
  - b) Revised Guidelines on Insurance repositories and electronic issuance of insurance policies issued by IRDA.

I have also examined compliance with the applicable clauses of the following:

Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of Key Managerial Personnel that took place during the period under review were carried out in compliance with the provision of the Act.

Adequate notice is given to all the directors to schedule the Board Meeting, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee(s) Meetings are carried through unanimously as recorded in the meetings of the Board and Committee(s) of the Board, as the case may be.

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Indore

Date: 01/08/2019

Sd/-  
**Ashish Garg**  
Practicing Company Secretary  
FCS No: 5181  
C P No: 4423  
PR: 568/2018

# Annexure III

## FORM NO. MGT-9

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31<sup>st</sup> March, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

i) Corporate Identity Number (CIN)	U72400MH2004PLC147094
ii) Registration Date	22/06/2004
iii) Name of the Company	NSDL Database Management Limited (NDML)
iv) Category / Sub-Category of the Company	Company limited by Shares / Indian Non-Govt Company
v) Address of the Registered office and contact details	4 <sup>th</sup> Floor, Trade World, 'A' Wing, Kamala Mills Compound, Lower Parel (West). Mumbai- 400013 Tel. No. 022-24994141
vi) Whether listed company	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	National Securities Depository Limited (NSDL) Trade World, 'A' Wing, Kamala Mills Compound, Lower Parel, Mumbai- 400013 Tel. No. 022-24994200

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

NDML has emerged as a "Total Solution Provider" offering Integrated Services, covering IT, Process Design, Operations and Administrative Infrastructure. The Company offers services as a managed service provider and sets-up system infrastructure, connectivity, software application and database systems so that users can access and use the same to complete their business processes in optimum manner.

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Database Management Services	72400	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	National Securities Depository Limited (NSDL) 4 <sup>th</sup> Floor, Trade World, 'A' Wing, Kamala Mills Compound, Lower Parel, Mumbai-400013	U74120MH2012PLC230380	Holding	100%	2(46)

#### IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
<b>A. Promoter</b>								
<b>1. Indian</b>								
a. Individual/ HUF	-	-	-	-	-	-	-	-
b. Central Govt.	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-
d. Body Corporate	61,049,900	100	61,050,000	100%	61,049,980	20	61,050,000	100%
e. Bank/ FI	-	-	-	-	-	-	-	-
f. Any other	-	-	-	-	-	-	-	-
<b>Sub-Total - A (1)</b>	<b>61,049,900</b>	<b>100</b>	<b>61,050,000</b>	<b>100%</b>	<b>61,049,980</b>	<b>20</b>	<b>61,050,000</b>	<b>100%</b>
<b>2. Foreign</b>								
a. NRI-Ind/HUF	-	-	-	-	-	-	-	-
a. Other Ind.	-	-	-	-	-	-	-	-
b. Body Corporate	-	-	-	-	-	-	-	-
c. Bank/ FI	-	-	-	-	-	-	-	-
d. Any other	-	-	-	-	-	-	-	-
<b>Sub Total - A (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholder of Promoter [A(1) + A(2)]</b>	<b>61,049,900</b>	<b>100</b>	<b>61,050,000</b>	<b>100%</b>	<b>61,049,980</b>	<b>20</b>	<b>61,050,000</b>	<b>100%</b>
<b>B. Public Shareholding</b>								
<b>1. Institution</b>								
a. Mutual Funds	-	-	-	-	-	-	-	-
b. Bank/ FI	-	-	-	-	-	-	-	-
c. Central Govt.	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-
					<b>N.A.</b>			



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
i. Any other	-	-	-	-	-	-	-	-	-
<b>Sub-Total – B (1)</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institution</b>									
<b>a) Body Corporate</b>									
India	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-
<b>b) Individual</b>									
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
<b>c) Other</b>	-	-	-	-	-	-	-	-	-
<b>Sub-Total – B (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding [B(1) + B(2)]</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>61,049,900</b>	<b>100</b>	<b>61,050,000</b>	<b>100%</b>	<b>61,049,980</b>	<b>20</b>	<b>61,050,000</b>	<b>100%</b>	<b>NIL</b>

**(ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	National Securities Depository Limited (NSDL)	6,10,49,900	99.99	-	61,049,900	99.99	-	-
2.	Mr. Krishna Srinivas (Nominee of NSDL) jointly with NSDL.	10	Negligible	-	10	Negligible	-	-
3.	Mr. Dnyanesh Nerurkar (Nominee of NSDL) jointly with NSDL	10	Negligible	-	10	Negligible	-	-
4.	Mr. Nityanand Phatarphod (Nominee of NSDL) jointly with NSDL	10	Negligible	-	10	Negligible	-	-
5.	Mr. S. Ganesh (Nominee of NSDL) jointly with NSDL	10	Negligible	-	10	Negligible	-	-
6.	Mr. Prashant Vagal (Nominee of NSDL) jointly with NSDL	10	Negligible	-	10	Negligible	-	-
7.	Mr. Samar Banwat (Nominee of NSDL) jointly with NSDL	10	Negligible	-	10	Negligible	-	-
8.	Mr. Manoj Sathe (Nominee of NSDL) jointly with NSDL	10	Negligible	-	10	Negligible	-	-
9.	Mr. Nitin Ambure (Nominee of NSDL) jointly with NSDL	10	Negligible	-	-	-	-	(100)
10.	Mr. Sameer Gupte (Nominee of NSDL) jointly with NSDL	10	Negligible	-	10	Negligible	-	-
11.	Mr. Vijay Gupta (Nominee of NSDL) jointly with NSDL	10	Negligible	-	10	Negligible	-	-
12.	Mr. Balkrishna Shankwalker (Nominee of NSDL) jointly with NSDL	-	-	-	10	Negligible	-	100
	<b>Total</b>	<b>61,050,000</b>	<b>100%</b>	<b>-</b>	<b>61,050,000</b>	<b>100%</b>	<b>-</b>	<b>-</b>

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year				No change during the year
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				No change during the year
	At the End of the year				No change during the year

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
	<b>For Each of the Top 10 Shareholders</b>				
	At the beginning of the year				NONE
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)				NONE
	At the End of the year (or on the date of separation, if separated during the year)				NONE

**(v) Shareholding of Directors and Key Managerial Personnel**

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	<b>Mr.Krishna Srinivas, Director / Manager</b>				
	At the beginning of the year	10	Negligible	10	Negligible
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	10	Negligible	10	Negligible

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
1. Principal Amount	-	-	-	-
2. Interest due but not paid	-	-	-	-
3. Interest accrued but not due	-	-	-	-
<b>Total (1+2+3)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	-	-	-	-
<b>Net Change</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Indebtedness at the end of the financial year</b>				
1. Principal Amount	-	-	-	-
2. Interest due but not paid	-	-	-	-
3. Interest accrued but not due	-	-	-	-
<b>Total (1+2+3)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		MD	WTD	Mr. Krishna Srinivas (Manager)*	
1.	Gross salary				
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	N.A.	N.A.	N.A.	-
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- Others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	- Ex-Gratia	-	-	-	-
	Total (A)	-	-	-	-
	Ceiling as per the Act	-	-	-	-

\*Mr. Krishna Srinivas does not draw any remuneration from NDML

## B. Remuneration to other directors:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. P. P. Vora	Mr. C. M. Vasudev	
<b>1.</b>	<b>Independent Directors</b>			
	a. Fee for attending board / committee meetings	6,60,000	6,60,000	13,20,000
	b. Commission	-	-	-
	c. Others, please specify	-	-	-
	<b>Total (1)</b>	<b>6,60,000</b>	<b>6,60,000</b>	<b>13,20,000</b>
<b>2.</b>	<b>Other Non-Executive Directors</b>	<b>Mr. G. V. Nageswara Rao*</b>	<b>Mr. Krishna Srinivas#</b>	
	a. Fee for attending board / committee meetings	-	-	-
	b. Commission	-	-	-
	c. Others, please specify - Ex-Gratia	-	-	-
	<b>Total (2)</b>	-	-	<b>NIL</b>
	<b>Total (B) [1+2]</b>			<b>13,20,000</b>
	Total Managerial Remuneration			13,20,000
	Overall Ceiling as per the Act			N.A.

\* Mr. G. V. Nageswara Rao being Managing Director of Holding Company does not receive sitting fees

# Mr. Krishna Srinivas does not draw any remuneration from NDML

## C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD:

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Name of Manager/CFO/CS				Total Amount
		Ms. Sudha Balakrishnan (CFO)*	Ms. Vaishali Vaidya (CFO)^	Ms. Neha Parekh (CS)@	Mr. Raj Manek (CS)^^	
<b>1.</b>	<b>Gross salary</b>					
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.11	10.35	8.29	0.50	21.25
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	0.11	0.50	0.15	-	0.76
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	<b>Commission</b>					
	- as % of profit	-	-	-	-	-
	- Others, specify...	-	-	-	-	-
5.	<b>Others</b>					
	Provident Fund	0.09	0.40	0.27	-	0.76
	Gratuity	5.26	-	2.72	-	7.98
	Leave Encashment	-	0.60	1.02	-	1.62
	Food Coupon	0.01	0.07	0.13	0.20	0.41
	Telephone Reimbursement	0.01	0.03	0.03	-	0.07
	<b>Total</b>	<b>7.59</b>	<b>11.96</b>	<b>12.61</b>	<b>0.52</b>	<b>32.85</b>

\* Ms. Sudha Balakrishnan ceased to be CFO w.e.f May 16, 2018

^ Ms. Vaishali Vaidya was appointed as CFO w.e.f May 17, 2018

@ Ms. Neha Parekh ceased to be Company Secretary w.e.f January 24, 2019

^^ Mr. Raj Manek was appointed as Company Secretary w.e.f February 13, 2019 and ceased to be Company Secretary w.e.f July 15, 2019

\*^The remuneration details provided are on the basis of deputation cost charged by NSDL to NDML.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. Company</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>C. Other Officers in Default</b>					
Penalty			NONE		
Punishment					
Compounding					

For and on behalf of the Board of Directors

Place: Delhi  
 Date: August 01, 2019

Sd/-  
**Mr. P. P. Vora**  
 Chairman



# Financial Statements

# Independent Auditor's Report

## TO THE MEMBERS OF NSDL DATABASE MANAGEMENT LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of **NSDL DATABASE MANAGEMENT LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "Financial Statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon. The Board's Report including Annexures to Board's Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board's Report including Annexures to Board's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe actions applicable in the applicable laws and regulations.

### Responsibilities of Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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

# Independent Auditor's Report

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.

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

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

## Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the

Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

# Independent Auditor's Report

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure 'A'**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, based on our audit 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed 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 March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure 'B'**. Our report expresses an unmodified opinion on the adequacy and

operating effectiveness of the Company's internal financial controls over financial reporting.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations as at March 31, 2019, on its financial position in its financial statements.
  - (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 **Khandelwal Jain & Co.**  
 Chartered Accountants  
 Firm's Registration No. 105049W

Sd/-  
**(Narendra Jain)**  
 Partner  
 Membership No. 048725

Place: Mumbai  
 Date: May 20, 2019

# Annexure 'A' to the Independent Auditor's Report

Referred to in the Independent Auditors' Report of even date to the members of NSDL Database Management Limited on the financial statements

- i) a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The Company has physically verified the fixed assets in accordance with a program of verification which in our opinion provides for physical verification of all fixed assets at reasonable intervals. We have been informed that no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable property in its name. Hence, provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
- ii) The Company does not hold any Inventory. Therefore, the provisions of clause 3(ii) of the said Order are not applicable to the Company.
- iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of clause 3(iii) of the said Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the investments made and guarantees provided, as applicable.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified.
- vi) The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.
- vii) a) According to the information and explanations given to us and on the basis of records examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities, the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax (GST) and other material statutory dues, as applicable. According to the records of the Company, there were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Goods and Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, the dues of Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Custom, Duty of Excise and Value Added Tax which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

Name of Statue	Nature of the Dues	Period to which the amount relates (Financial Year)	Amount (in lakhs)	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	2014-15	3.22	Company is in the process of filing rectification
Income Tax Act, 1961	Income Tax	2013-14	8.55	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2016-17	239.71	Commissioner of Income Tax (Appeals)



# Annexure 'A' to the Independent Auditor's Report

Referred to in the Independent Auditors' Report of even date to the members of NSDL Database Management Limited on the financial statements

- viii) As the Company has not taken any loan from banks, financial institutions or government, nor has it issued any debentures as at the balance sheet date, the provisions of clause 3(viii) of the Order are not applicable to the Company.
- ix) The Company has not taken any term loans and has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause 3(ix) of the Order are not applicable to the Company.
- x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi) According to the information and explanations given to us, the Company has not paid or provided managerial remuneration. Therefore, the provisions of clause 3(xi) of the Order are not applicable to the Company.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- xiii) The Company has entered into transactions with the related parties in compliance with the provisions of sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Financial Statements as

required under Indian Accounting Standard (Ind AS 24), Related Party Disclosures specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

For **Khandelwal Jain & Co.**  
Chartered Accountants  
Firm's Registration No. 105049W

Sd/-  
**(Narendra Jain)**  
Partner  
Membership No. 048725

Place: Mumbai  
Date: May 20, 2019



# Annexure 'B' to the Independent Auditor's Report

(Referred to in our report of even date)

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

1. We have audited the internal financial controls over financial reporting of **NSDL DATABASE MANAGEMENT LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

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

## Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial

reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

# Annexure 'B' to the Independent Auditor's Report

(Referred to in our report of even date)

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were

operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Khandelwal Jain & Co.**  
Chartered Accountants  
Firm's Registration No. 105049W

Sd/-  
**(Narendra Jain)**

Partner  
Membership No. 048725

Place: Mumbai  
Date: May 20, 2019

# Balance Sheet

as at 31<sup>st</sup> March, 2019

(₹ in lakh)

Particulars	Notes	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Assets</b>			
<b>1) Non Current Assets</b>			
a) Property, Plant and Equipments	3	286.12	151.18
b) Capital work-in-progress		16.26	13.72
c) Other Intangible assets	3	37.47	58.68
d) Financial Assets			
i) Investments	4	13,506.59	10,758.05
ii) Other Financial Assets	5	1.94	11.94
e) Income Tax Assets (Net)	6	72.57	72.57
f) Other non-current assets	7	52.46	42.09
<b>Total non-current assets</b>		<b>13,973.41</b>	<b>11,108.23</b>
<b>2) Current assets</b>			
a) Financial Assets			
i) Investments	8	1,481.74	1,376.70
ii) Trade receivables	9	705.74	1,168.07
iii) Cash and Cash Equivalents	10	507.10	1,536.58
iv) Bank balances other than cash and cash equivalents	11	293.85	193.85
v) Other Financial Assets	5	206.30	205.90
b) Other current assets	7	256.12	231.68
<b>Total current assets</b>		<b>3,450.85</b>	<b>4,712.78</b>
<b>Total assets</b>		<b>17,424.26</b>	<b>15,821.01</b>
<b>Equity &amp; Liabilities</b>			
<b>(A) Equity</b>			
a) Equity Share capital	12	6,105.00	6,105.00
b) Other Equity	13	8,450.76	6,161.16
<b>Total equity</b>		<b>14,555.76</b>	<b>12,266.16</b>
<b>(B) Liabilities</b>			
<b>1. Non-current liabilities</b>			
a) Deferred tax liabilities (net)	14	53.85	8.97
b) Other non-current liabilities	15	11.95	10.78
<b>Total non-current liabilities</b>		<b>65.80</b>	<b>19.75</b>
<b>2. Current liabilities</b>			
a) Financial Liabilities			
i) Trade payables			
a) Micro enterprises and small enterprises	16	91.04	68.50
b) Others	16	556.41	1,561.58
ii) Other financial liabilities	17	336.35	298.17
b) Provisions	18	140.91	118.81
c) Other current liabilities	19	1,523.55	1,315.61
d) Current tax liability (Net)	20	154.44	172.43
<b>Total current liabilities</b>		<b>2,802.70</b>	<b>3,535.10</b>
<b>Total liabilities</b>		<b>2,868.50</b>	<b>3,554.85</b>
<b>Total equity and liabilities</b>		<b>17,424.26</b>	<b>15,821.01</b>
See accompanying notes to the financial statements	1 to 35		

In terms of our report attached.

For and on behalf of the Board of Directors

For **KHANDELWAL JAIN & CO.**

Chartered Accountants

Firms Registration No.: 105049W

Sd/-

**Narendra Jain**

Partner

Membership No.: 048725

Sd/-

**P.P.Vora**

Chairman

DIN : 00003192

Sd/-

**C.M.Vasudev**

Director

DIN : 00143885

Sd/-

**G.V.Nageswara Rao**

Director

DIN : 00799504

Place : Mumbai

Date : 20<sup>th</sup> May, 2019

Sd/-

**Vaishali Vaidya**

Chief Financial Officer

Sd/-

**Raj Manek**

Company Secretary

# Statement of Profit and Loss

for the year ended on 31<sup>st</sup> March, 2019

(₹ in lakh)

Particulars	Notes	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
<b>INCOME</b>			
Revenue from operations	21	6,877.12	6,252.93
Other income	22	866.19	657.70
<b>Total revenue</b>		<b>7,743.31</b>	<b>6,910.63</b>
<b>EXPENSES</b>			
Employee benefits expense	23	970.47	845.57
Depreciation and amortization expense	3	81.12	98.72
Other expenses	24	3,625.25	3,235.96
<b>Total expenses</b>		<b>4,676.84</b>	<b>4,180.25</b>
<b>Profit before tax</b>		<b>3,066.47</b>	<b>2,730.38</b>
<b>Tax expense</b>			
Current tax		726.33	831.11
Deferred tax		44.88	(26.67)
		<b>771.21</b>	<b>804.44</b>
<b>Profit after tax</b>		<b>2,295.26</b>	<b>1,925.94</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on post retirement benefit plans		(7.99)	(9.00)
Income tax relating to items that will not be reclassified to profit or loss		2.33	3.11
<b>Total comprehensive income for the year</b>		<b>2,289.60</b>	<b>1,920.05</b>
Basic and diluted earnings per equity share of ₹ 10 each	31	3.76	3.15
See accompanying notes to the financial statements	1 to 35		

In terms of our report attached.

For **KHANDELWAL JAIN & CO.**  
 Chartered Accountants  
 Firms Registration No.: 105049W

Sd/-  
**Narendra Jain**  
 Partner  
 Membership No.: 048725

Place : Mumbai  
 Date : 20<sup>th</sup> May, 2019

Sd/-  
**P.P.Vora**  
 Chairman  
 DIN : 00003192

Sd/-  
**Vaishali Vaidya**  
 Chief Financial Officer

Sd/-  
**C.M.Vasudev**  
 Director  
 DIN : 00143885

Sd/-  
**Raj Manek**  
 Company Secretary

For and on behalf of the Board of Directors

# Statement of Cash Flow

for the year ended on 31<sup>st</sup> March, 2019

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
<b>A. Cash flow from operating activities</b>		
Profit before tax	3,066.47	2,730.38
<b>Adjustments for :</b>		
Depreciation and amortisation expense	81.12	98.72
Provision for compensated absences	22.10	12.40
Provision for doubtful trade receivables	6.52	3.37
Bad Debts Written off	8.18	4.26
(Gain)/Loss on sale of Assets	(0.03)	-
(Gain)/Loss on mutual funds at FVTPL	(173.58)	(63.84)
Interest Income	(689.21)	(593.20)
<b>Operating profit before working capital changes</b>	<b>2,321.57</b>	<b>2,192.09</b>
<b>Changes in working capital:</b>		
<b>Adjustments for (increase) / decrease in operating assets-</b>		
Other non-current assets	(10.37)	(38.42)
Trade receivables	447.63	(614.15)
Other current assets	(24.44)	(19.86)
Other financial assets	10.75	0.30
<b>Adjustments for increase / (decrease) in operating liabilities-</b>		
Trade payables	(982.63)	706.07
Other financial liabilities	22.86	22.71
Other liabilities	209.11	375.18
<b>Cash generated from operations</b>	<b>1,994.48</b>	<b>2,623.92</b>
Net income tax paid	(741.99)	(724.18)
<b>Net cash from operating activities (A)</b>	<b>1,252.49</b>	<b>1,899.74</b>

# Statement of Cash Flow (contd.)

for the year ended on 31<sup>st</sup> March, 2019

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advance	(190.08)	(28.89)
Proceeds from sale of fixed assets	0.05	-
Bank balances not considered as cash and cash equivalent		
-Placed	(293.85)	(193.85)
-Matured	193.85	244.35
Purchase of current investments	-	(1,000.00)
Redemption of current investments	-	803.63
Purchase of non-current investments from holding Company	(1,165.40)	-
Purchase of non-current investments	(1,551.20)	(1,194.20)
Interest received	724.66	597.03
<b>Net cash (used in) investing activities (B)</b>	<b>(2,281.97)</b>	<b>(771.93)</b>
<b>C. Cash flow from financing activities</b>		
<b>Net cash (used in) financing activities (C)</b>	<b>-</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(1,029.48)</b>	<b>1,127.81</b>
Cash and cash equivalents at the beginning of the period	1,536.58	408.77
Cash and cash equivalents at the end of the period	507.10	1,536.58
See accompanying notes forming part of the financial statements	(1 to 35)	

In terms of our report attached.

For **KHANDELWAL JAIN & CO.**  
 Chartered Accountants  
 Firms Registration No.: 105049W

Sd/-  
**Narendra Jain**  
 Partner  
 Membership No.: 048725

Place : Mumbai  
 Date : 20<sup>th</sup> May, 2019

Sd/-  
**P.P.Vora**  
 Chairman  
 DIN : 00003192

Sd/-  
**Vaishali Vaidya**  
 Chief Financial Officer

For and on behalf of the Board of Directors

Sd/-  
**C.M.Vasudev**  
 Director  
 DIN : 00143885

Sd/-  
**G.V.Nageswara Rao**  
 Director  
 DIN : 00799504

Sd/-  
**Raj Manek**  
 Company Secretary



# Statement of Changes in Shareholder's Equity

for the year ended on 31<sup>st</sup> March, 2019

## A. Equity Share Capital

Particulars	(₹ in lakh)
<b>As at 1<sup>st</sup> April, 2017</b>	<b>6,105.00</b>
Changes in Equity Share Capital during the year (Note 12)	-
<b>As at 31<sup>st</sup> March, 2018</b>	<b>6,105.00</b>
Changes in Equity Share Capital during the year (Note 12)	-
<b>As at 31<sup>st</sup> March, 2019</b>	<b>6,105.00</b>

## B. Other Equity

Particulars	Other Comprehensive Income		Total
	Retained Earnings	Actuarial gains / (losses)	
Balance as at 1 <sup>st</sup> April, 2017	<b>4,238.99</b>	<b>2.12</b>	<b>4,241.11</b>
Profit after tax	1,925.94	(5.89)	1,920.05
<b>Balance as at 31<sup>st</sup> March, 2018</b>	<b>6,164.93</b>	<b>(3.77)</b>	<b>6,161.16</b>
Profit after tax	2,295.26	(5.66)	2,289.60
<b>Balance as at 31<sup>st</sup> March, 2019</b>	<b>8,460.19</b>	<b>(9.43)</b>	<b>8,450.76</b>
See accompanying notes to the financial statements			

In terms of our report attached.

For **KHANDELWAL JAIN & CO.**

Chartered Accountants

Firms Registration No.: 105049W

Sd/-

**Narendra Jain**

Partner

Membership No.: 048725

Place : Mumbai

Date : 20<sup>th</sup> May, 2019

Sd/-

**P.P.Vora**

Chairman

DIN : 00003192

Sd/-

**Vaishali Vaidya**

Chief Financial Officer

Sd/-

**C.M.Vasudev**

Director

DIN : 00143885

Sd/-

**Raj Manek**

Company Secretary

For and on behalf of the Board of Directors

Sd/-

**G.V.Nageswara Rao**

Director

DIN : 00799504

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## Note 1 : General information

### 1.1. Company Overview

The Company is engaged in providing services to its clients relating to automation and re-engineering of business processes so that benefits of niche technology and electronic data can be used to enhance the process working and end-user experience. The Company offers services as a managed service provider and sets-up system infrastructure, connectivity, software application and database systems so that users can access and use the same to complete their business processes in optimum manner. The Company is currently providing "National Skills Registry" services to IT / ITeS industry so that employees of the industry can register for the system and the employer companies can access and use information of the employees. The Company also operates SEZ Online system on behalf of Ministry of Commerce & Industry. This system facilitates SEZ Units and Developers to file their transactions relating to operating in SEZ and processing of such transactions by SEZ authorities. The Company is also working as a "KYC Registration Agency (KRA)" so that KYC details of the clients of such market intermediaries as are regulated by Securities & Exchange Board of India (SEBI) can be maintained in electronic format. The Company is also offering payment gateway services for e-Governance projects. The Company is also registered with SEBI as "Category I – Registrars to an Issue & Share Transfer Agent".

### Note 2 : Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of Indian Accounting standard (Ind AS) Financial statements (Ind AS Financial Statement). These policies have been consistently applied to all the years presented unless otherwise stated.

### 2.1. Basis of preparation

#### (i) Compliance with Ind AS

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified).

The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Amendments thereto.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### (ii) Historical cost convention

These financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, Level 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety which are described as follows:

- Level 1 — inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 — inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability either directly or indirectly.
- Level 3 — inputs are unobservable inputs for the assets or liability.

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## 2.2. New Accounting Standard

Changes in Accounting Standard and recent accounting pronouncements

On March 30, 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116 on Leases. Ind AS 116 would replace the existing leases standard Ind AS 17 w.e.f. April 1, 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently for operating lease, rentals are charged to the statement of profit and loss. Company is currently evaluating the implication of Ind AS 116 on the financial statements.

The Companies (Indian Accounting Standards) Amendment Rules, 2019 notified amendments to the following accounting standards. The amendments would be effective from April 1, 2019

1. Ind AS 12, Income taxes — Appendix C on uncertainty over income tax treatments
2. Ind AS 19— Employee benefits
3. Ind AS 23 – Borrowing costs
4. Ind AS 28— Investment in associates and joint ventures
5. Ind AS 103 and Ind AS 111 — Business combinations and joint arrangements
6. Ind AS 109 — Financial instruments

The Company is in the process of evaluating the impact of such amendments.

## 2.3 Revenue recognition

- a) Effective April 1, 2018, the Company has adopted Ind AS 115, Revenue from contracts with customers using the cumulative catch – up approach, wherein the transition is done retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The adoption of this standard did not have a impact on the financial results for the year ended March 31, 2019.

- b) Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue are recognised on accrual basis upon rendering of service.
- c) Interest income is accounted on accrual basis. For financial instruments measured at amortised cost interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.
- d) Dividend income is accounted for when the right to receive is established.

## (a) Foreign currency translation and transactions

### (i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian currency (INR), which is the Company's functional and presentation currency.

### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

Effective April 1, 2018 the company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

## 2.4. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.

## 2.5. Employee benefits

Employee benefits include provident fund, superannuation fund, gratuity fund and compensated absences.

### **Defined Contribution Plan:**

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

#### i. Superannuation

The Company contributes a sum equivalent to 15% of annual basic salary of the eligible employees to an insurance company which administers the fund. The Company recognises such contributions as an expense in the year they are incurred.

#### ii. Provident Fund

Employees are entitled to receive benefits in respect of provident fund, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' basic salary).

## **Defined Benefit Plans**

### i. Gratuity

The Company accounts for the net present value of its obligations for gratuity benefits based on an independent external actuarial valuation determined on the basis of the projected unit credit method carried out at the Balance Sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in retained earnings and is not reclassified to profit and loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit cost are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

### ii. Compensated benefits

Compensated absences which accrue to employees and which are expected to be availed within twelve months immediately following the year end are reported as expenses during the year in which the employee performs the service that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit, and where the availment or encashment is otherwise not expected to wholly occur within the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

## 2.6 Tax on Income

Income tax expense represents the sum of the tax currently payable and deferred tax.

### i. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'Profit Before Tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

## ii. Deferred tax

Deferred tax is recognised on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

## iii. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

## 2.7. Property, Plant & Equipment

Property, Plant & Equipment are carried at cost less accumulated depreciation and amortisation and impairment losses, if any. The cost comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

## i. Capital work-in-progress

Projects under which tangible fixed assets that are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

## 2.8. Intangible assets

Intangible assets purchased are measured at cost as of the date of acquisition less accumulated amortization and accumulated impairment, if any.

## 2.9. Depreciation and Amortisation

Depreciation is charged so as to write off the cost of assets other than Capital work-in-progress less its estimated residual value over the useful lives as prescribed in Schedule II to the Companies Act, 2013, using the straight-line method.

Intangible assets are amortized on a straight line basis. Computer software is amortised over 48 months or useful life whichever is lower.

## 2.10. Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events 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 are discounted to their present value and are determined based on the 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 disclosed in the Notes. Contingent assets are not recognised/disclosed in the financial statements.

## 2.11. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

## 2.12. Investment and Financial assets

Financial assets are (Investment in Mutual Funds, Non- Convertible Debentures, Bonds) classified into the following specified categories: financial assets "at amortised cost", "fair value through other comprehensive income", "fair value through Profit or Loss". The classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset at the time of initial recognition.



# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

Financial assets are recognised by the Company as per its business model.

All financial assets are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Income and expense is recognised on an effective interest basis for debt instrument.

All other investments are classified as Fair Value through Profit or Loss (FVTPL). The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

#### Equity Investments in fellow subsidiary

Investment in Equity Instrument of fellow subsidiary are carried at cost.

#### Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include-

- Significant financial difficulty of the users or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables. For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what

the amortised cost would have been had the impairment not been recognised.

#### De-recognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## 2.13. Financial Liabilities and equity instruments

#### Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deduction all of its liabilities

#### Financial liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities.

Financial liabilities at Fair Value through Profit or Loss (FVTPL). Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

#### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

## 2.14. Operating Cycle

Based on the 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.



# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## Note 3 : Property Plant and Equipment and Intangible Assets

(₹ in lakh)

Description of Asset	TANGIBLE ASSETS				INTANGIBLE ASSETS		Total Gross Block
	Computers	Communication Equipment	Office Equipment	Total Tangible Assets	Computer Software (acquired)	Total Intangible Assets	
<b>Gross Block</b>							
<b>As at 1<sup>st</sup> April 2017</b>	<b>240.15</b>	<b>26.22</b>	<b>3.63</b>	<b>270.00</b>	<b>176.02</b>	<b>176.02</b>	<b>446.02</b>
Additions during the year ended 31 Mar 2017	13.48	1.35	12.16	26.99	40.59	40.59	67.58
Deductions / adjustments	-	-	-	-	-	-	-
<b>As at 31<sup>st</sup> March 2018</b>	<b>253.63</b>	<b>27.57</b>	<b>15.79</b>	<b>296.99</b>	<b>216.61</b>	<b>216.61</b>	<b>513.60</b>
Additions during the year ended 31 Mar 2019	183.60	-	1.52	185.12	9.75	9.75	194.87
Deductions / adjustments	-	-	0.36	0.36	-	-	0.36
<b>As at 31<sup>st</sup> March 2019</b>	<b>437.23</b>	<b>27.57</b>	<b>16.95</b>	<b>481.75</b>	<b>226.36</b>	<b>226.36</b>	<b>708.11</b>

Description of Asset	TANGIBLE ASSETS				INTANGIBLE ASSETS		Total Accumulated Depreciation and Amortization
	Computers	Communication Equipment	Office Equipment	Total Tangible Assets	Computer Software (acquired)	Total Intangible Assets	
<b>Accumulated Depreciation and Amortization</b>							
<b>As at 1<sup>st</sup> April 2017</b>	<b>81.09</b>	<b>14.42</b>	<b>2.19</b>	<b>97.70</b>	<b>107.32</b>	<b>107.32</b>	<b>205.02</b>
Depreciation and amortisation during the year ended 31 Mar 2018	43.54	3.44	1.13	48.11	50.61	50.61	98.72
Deductions	-	-	-	-	-	-	-
<b>As at 31<sup>st</sup> March 2018</b>	<b>124.63</b>	<b>17.86</b>	<b>3.32</b>	<b>145.81</b>	<b>157.93</b>	<b>157.93</b>	<b>303.74</b>
Depreciation and amortisation during the year ended 31 Mar 2019	45.31	1.38	3.47	50.16	30.96	30.96	81.12
Deductions	-	-	0.34	0.34	-	-	0.34
<b>As at 31<sup>st</sup> March 2019</b>	<b>169.94</b>	<b>19.24</b>	<b>6.45</b>	<b>195.63</b>	<b>188.89</b>	<b>188.89</b>	<b>384.52</b>

Description of Asset	TANGIBLE ASSETS				INTANGIBLE ASSETS		Total Net Block
	Computers	Communication Equipment	Office Equipment	Total Tangible Assets	Computer Software (acquired)	Total Intangible Assets	
<b>Net Block</b>							
<b>As at 31<sup>st</sup> March 2018</b>	<b>129.00</b>	<b>9.71</b>	<b>12.47</b>	<b>151.18</b>	<b>58.68</b>	<b>58.68</b>	<b>209.86</b>
<b>As at 31<sup>st</sup> March 2019</b>	<b>267.29</b>	<b>8.33</b>	<b>10.50</b>	<b>286.12</b>	<b>37.47</b>	<b>37.47</b>	<b>323.59</b>

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## Note 4 : Non-current investments

Particulars	Rate of interest	Year of maturity	No. of bonds / debentures / shares/ units	Face value	As at 31 <sup>st</sup> March, 2019 (₹ in lakh)	As at 31 <sup>st</sup> March, 2018 (₹ in lakh)
<b>(a) Investment in equity Instrument at cost (fully paid up)</b>						
<b>Unquoted equity instruments at cost</b>						
<b>In fellow Subsidiary company</b>						
NSDL Payment Bank Limited			20,000,000	10	2,000.00	2,000.00
<b>(b) Investment in Debentures or bonds</b>						
<b>Quoted debentures or bonds - amortised cost</b>						
(i) Indian Railway Finance Corporation Limited *	8.63	2029	40,000	1,000	449.26	450.29
(ii) Indian Railway Finance Corporation Limited *	8.00	2022	60,000	1,000	629.17	631.29
(iii) Housing and Urban Development Corporation Limited *	8.56	2028	100	1,000,000	1,133.27	1,139.33
(iv) India Infrastructure Finance Company Limited *	8.66	2034	30,000	1,000	344.61	346.10
(v) Housing and Urban Development Corporation Limited *	8.51	2028	50,000	1,000	561.65	564.72
(vi) NHPC Limited *	8.67	2033	10,000	1,000	120.73	121.19
(vii) NTPC Limited*	7.37	2035	12,491	1,000	129.41	129.41
(viii) Power Finance Corporation of India Limited *	7.35	2035	1,540	1,000	15.92	15.92
(ix) Rural Electrification Corporation Limited *	7.18	2035	11,450	1,000	117.24	117.24
(x) National Highway Authority of India *	7.28	2030	50	1,000,000	543.48	543.87
(xi) Indian Railway Finance Corporation Limited *	7.28	2030	12,080	1,000	124.86	124.86
(xii) National Highway Authority of India *	7.35	2031	28,313	1,000	303.88	303.88
(xiii) National Highway Authority of India *	7.35	2031	50,000	1,000	569.09	570.88
(xiv) National Bank For Agriculture And Rural Development *	7.35	2031	120,000	1,000	1,309.79	1,315.72
(xv) India Infrastructure Finance Company Limited *	7.40	2033	50,000	1,000	561.42	563.87
(xvi) National Housing Bank *	8.46	2028	50	1,000,000	599.85	605.57
(xvii) NTPC Limited*	8.48	2028	100,000	1,000	1,202.10	1,213.91
(xviii) NTPC Limited*	8.41	2023	50,000	1,000	555.90	-
(xix) National Housing Bank *	8.68	2029	20,000	5,000	1,166.42	-

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

Particulars	Rate of interest	Year of maturity	No. of bonds / debentures / shares / units	Face value	As at 31 <sup>st</sup> March, 2019 (₹ in lakh)	As at 31 <sup>st</sup> March, 2018 (₹ in lakh)
<b>(b) Investment in Mutual Funds (at fair value through Profit &amp; Loss)</b>						
(i) Franklin India Fixed Maturity Plans-Series 4 Plan B 1098 days			5,000,000		531.83	-
(ii) Kotak Mahindra MF FMP Series 235 -1140D Dir Growth 26Ag21			5,000,000		536.71	-
<b>Total</b>					<b>13,506.59</b>	<b>10,758.05</b>

\* Investment in Tax free bonds

Foot note 1: Classified as Current portion of long term Investment as the remaining maturity is less than 12 months

Aggregate amount of quoted investment	11,506.59	8,758.05
Aggregate market value of quoted investment	11,398.39	8,862.16
Aggregate amount of unquoted investments	2,000.00	2,000.00
Aggregate amount of impairment in value of investment	-	-

## Note 5 : Other Financial Assets

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019			As at 31 <sup>st</sup> March, 2018		
	Non current	Current	Total	Non current	Current	Total
(Unsecured, considered good unless stated otherwise)						
Security deposits	1.94	202.72	204.66	11.94	202.72	214.66
Interest receivable on Investments	-	0.24	0.24	-	1.39	1.39
Interest accrued on Fixed Deposit	-	3.34	3.34	-	1.04	1.04
Others	-	-	-	-	0.75	0.75
<b>Total</b>	<b>1.94</b>	<b>206.30</b>	<b>208.24</b>	<b>11.94</b>	<b>205.90</b>	<b>217.84</b>

## Note 6 : Income tax assets (Net)

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019			As at 31 <sup>st</sup> March, 2018		
	Non current	Current	Total	Non current	Current	Total
Advance income tax (net of provision)	72.57	-	72.57	72.57	-	72.57
<b>Total</b>	<b>72.57</b>	<b>-</b>	<b>72.57</b>	<b>72.57</b>	<b>-</b>	<b>72.57</b>

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## Note 7 : Other Assets

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019			As at 31 <sup>st</sup> March, 2018		
	Non current	Current	Total	Non current	Current	Total
(Unsecured, considered good unless stated otherwise)						
Prepaid expenses	49.56	63.32	112.88	39.99	57.04	97.03
GST credit receivable	-	188.07	188.07	-	171.49	171.49
Advance to employee	-	2.90	2.90	-	3.00	3.00
Security deposits	2.90	-	2.90	2.10	-	2.10
Others	-	1.83	1.83	-	0.15	0.15
<b>Total</b>	<b>52.46</b>	<b>256.12</b>	<b>308.58</b>	<b>42.09</b>	<b>231.68</b>	<b>273.77</b>

## Note 8 : Current investments

Particulars	No. of bonds / debentures / shares / units	As at 31 <sup>st</sup> March, 2019 (₹ in lakh)	As at 31 <sup>st</sup> March, 2018 (₹ in lakh)
<b>Other Current Investments :</b>			
<b>(a) Investment in Mutual Funds</b>			
Mutual funds at FVTPL			
(i) HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Growth option	9,07,496	377.08	350.59
(ii) HDFC Medium Term Opportunities Fund-Direct Growth option	2,641,031	552.92	512.56
(iii) IDFC Corporate Bond Fund - Direct Growth option	4,290,188	551.74	513.55
<b>Total</b>		<b>1,481.74</b>	<b>1,376.70</b>
Aggregate amount of quoted investment		1,481.74	1,376.70
Aggregate market value of quoted investment		1,481.74	1,376.70
Aggregate amount of unquoted investments		-	-
Aggregate amount of impairment in value of investment		-	-

## Note 9 : Trade receivables

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Secured, considered good	13.35	2.53
Unsecured, considered good	692.39	1,165.54
Unsecured, considered doubtful	12.29	5.77
	<b>718.03</b>	<b>1,173.84</b>
Less : Provision for doubtful trade receivables	12.29	5.77
<b>Total</b>	<b>705.74</b>	<b>1,168.07</b>
	<b>705.74</b>	<b>1,168.07</b>

### Foot note 1:

The average credit period on sale of services is 30 days. No interest is charged on trade receivables for the first 30 days from the date of invoice. Thereafter, interest is charged at the range of 12% to 24% p.a. on certain categories of receivables.

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## Note 10 : Cash and Cash Equivalents

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Cash and cash equivalents</b>		
(i) in current accounts	215.10	183.18
(ii) in sweep deposit for meeting short term commitment	292.00	1,353.40
<b>Total</b>	<b>507.10</b>	<b>1,536.58</b>

## Note 11 : Bank balances other than cash and cash equivalents

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Other bank balances</b>		
(i) In other deposit accounts with original maturity more than 3 months	118.85	-
(ii) margin money deposits with a bank (earmarked as security for performance guarantee and other commitments)	175.00	193.85
<b>Total</b>	<b>293.85</b>	<b>193.85</b>

Footnote 1: These balances have restriction on repatriation.

## Note 12 : Equity Share Capital

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Authorised</b>		
80,000,000 (previous year 80,000,000) Equity Shares of ₹ 10 each	8,000.00	8,000.00
<b>Issued, Subscribed and Fully Paid - Up</b>		
61,050,000 (previous year 61,050,000) Equity Shares of ₹ 10 each fully paid-up with voting rights	6,105.00	6,105.00
<b>Total</b>	<b>6,105.00</b>	<b>6,105.00</b>

**12a.** 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, (except in case of interim dividend), is subject to the approval of the share holders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all dues proportionate to their shareholding.

### 12b. Reconciliation of the shares outstanding at the end of the period

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Number of equity shares at the beginning	61,050,000	61,050,000
Add: Issued during the year	-	-
Number of equity shares at the end of the year	61,050,000	61,050,000

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## 12c. Details of shareholders holding more than 5% shares

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Name of the Shareholder</b>		
<b>National Securities Depository Limited (Holding company) and its nominees</b>		
Number of shares held	61,050,000	61,050,000
% of Holding	100	100

## 12d. Shares in the company held by its holding company or its ultimate holding company in aggregate

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Name of the Shareholder</b>		
<b>National Securities Depository Limited (Holding company) and its nominees</b>		
Number of shares held	61,050,000	61,050,000
% of Holding	100	100

## Note 13 : Other Equity

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Retained earning</b>		
Balance at the beginning of the year	6,161.16	4,241.11
Add : Profit for the year	2,295.26	1,925.94
Other comprehensive income	(5.66)	(5.89)
Balance at the end of the year	8,450.76	6,161.16
<b>Total</b>	<b>8,450.76</b>	<b>6,161.16</b>

## Note 14 : Deferred Tax

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Deferred tax liability</b>		
On difference between book balance and tax balance of fixed assets	24.15	26.08
Cumulative gain on FMP after indexation	72.63	17.49
<b>Deferred tax asset</b>		
Provision for employee benefits	41.03	34.60
Provision for doubtful debts	1.90	-
<b>Total</b>	<b>53.85</b>	<b>8.97</b>



# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

(₹ in lakh)

The movement in deferred tax asset and liabilities:	As at 31 <sup>st</sup> March 2018	Credited / (charge) to Income statement / OCI	As at 31 <sup>st</sup> March 2019
<b>Deferred tax liability</b>			
On difference between book balance and tax balance of fixed assets	26.08	(1.93)	24.15
Cumulative gain on FMP after indexation	17.49	55.14	72.63
	<b>43.57</b>	<b>53.21</b>	<b>96.78</b>
<b>Deferred tax asset</b>			
Provision for employee benefits	34.60	6.43	41.03
Provision for doubtful debts	-	1.90	1.90
	<b>34.60</b>	<b>8.33</b>	<b>42.93</b>
<b>Deferred tax</b>	<b>8.97</b>	<b>44.88</b>	<b>53.85</b>

## Note 15 : Other non-current liabilities

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Income received in advance	11.95	10.78
<b>Total</b>	<b>11.95</b>	<b>10.78</b>

## Note 16 : Trade payables

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Amounts due to micro, small and medium enterprises	91.04	68.50
Others	556.41	1,561.58
<b>Total</b>	<b>647.45</b>	<b>1,630.08</b>

Dues to micro, small and medium 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.

## Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Principal amount remaining unpaid to any supplier as at the end of the accounting period	91.04	68.50
Interest due thereon remaining unpaid to any supplier as at the end of the accounting period	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
The amount of interest due and payable for the period	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting period	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
<b>Total</b>	<b>91.04</b>	<b>68.50</b>

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## Note 17 : Other financial liabilities

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Current</b>		
Security deposit received from customers	112.91	96.00
Payables on purchase of fixed assets	11.08	3.75
Payables to staff	168.32	155.49
Gratuity payable to fund	44.04	42.93
<b>Total</b>	<b>336.35</b>	<b>298.17</b>

## Note 18 : Provisions

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Provision for compensated absences (refer footnote (i) below)	140.91	118.81
<b>Total</b>	<b>140.91</b>	<b>118.81</b>

Foot note (i): The provision for compensated absences includes ordinary leave and sick leave

## Note 19 : Other current liabilities

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Current</b>		
Advances from customers	813.07	736.37
Income received in advance	653.79	536.23
Statutory remittances	56.69	43.01
<b>Total</b>	<b>1,523.55</b>	<b>1,315.61</b>

## Note 20 : Current Tax liability (Net)

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Provision for income tax (net)	154.44	172.43
<b>Total</b>	<b>154.44</b>	<b>172.43</b>

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## Note 21 : Revenue from operations

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
Annual fees	883.39	779.66
Registration fees	608.31	480.67
Transaction fees	5,385.42	4,992.60
<b>Total</b>	<b>6,877.12</b>	<b>6,252.93</b>

## Note 22 : Other income

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
Interest income :		
- from financials assets at amortised cost	608.91	529.29
- On fixed deposits with banks	80.30	63.91
	<b>689.21</b>	<b>593.20</b>
Net gain on sale of Financial assets measured at FVTPL	-	14.39
Net profit on financial assets measured at FVTPL	173.58	49.45
Bad debts recovery	2.67	0.05
Miscellaneous income	0.73	0.61
<b>Total</b>	<b>866.19</b>	<b>657.70</b>

## Note 23 : Employee benefits expense

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
-Salaries and wages	736.74	629.42
-Contribution to provident and other funds (refer note 30)	84.23	69.69
-Staff welfare expenses	42.52	39.58
-Deputation Cost	106.98	106.88
<b>Total</b>	<b>970.47</b>	<b>845.57</b>

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## Note 24 : Other expenses

(₹ in lakh)

Particulars	For the year ended 31 <sup>st</sup> March, 2019		For the year ended 31 <sup>st</sup> March, 2018	
-System support charges		1,982.43		1,626.39
-Repairs and maintenance		45.60		47.66
-Processing charges		1,111.52		1,138.02
-Communication expenses		43.58		38.13
-Rent		190.61		220.71
-Insurance		21.87		21.45
-Travelling and conveyance expenses		69.70		65.58
-Legal and professional fees		26.44		18.60
-Rates and Taxes		-		6.25
-Printing and stationery expenses		10.21		7.69
-Payment to Auditors (net off service tax set-off)				
-(a) Audit fees	5.00		4.00	
-(b) Tax audit fees	1.00		1.00	
-(c) Other services	1.15	7.15	1.15	6.15
-Directors sitting fees		25.20		13.20
-Marketing Expenses		1.52		7.72
-Bad debts		8.18		4.26
-Provision for bad and doubtful debts		6.52		3.37
-Corporate social responsibility expenses		46.63		1.82
-GST on CSR expenses		8.39		-
-Miscellaneous expenses		19.70		8.96
<b>Total</b>		<b>3,625.25</b>		<b>3,235.96</b>

## Note 25 : Contingent Liabilities and Other Commitment (to the extent not provided for):

- a) Contingent Liabilities: Demand from Income Tax authorities for AY 2014-15 is ₹ 8.55 lakh, AY 2015-16 is ₹ 3.22 lakh and AY 2017-18 is ₹ 239.71 lakh. (previous year for AY 2013-14 is ₹ 15.92 lakh, AY 2014-15 is ₹ 8.55 lakh and AY 2015-16 is ₹ Nil)

The Company is hopeful of succeeding in appeal and does not expect any significant liability to materialise.

- b) Commitments:

- i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 79.31 lakh (previous year : ₹ 75.05 lakh)

- ii) Other Commitments:

Contractual guarantee: ₹ 175.00 lakh (previous year: ₹ 193.85 lakh)

**Note 26 : Expenditure incurred in foreign exchange:** ₹ 7.78 lakh (previous year : ₹ 3.80 lakh)

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

**Note 27 :** The Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind-AS 108, Operating Segments. The Company's business is to provide Data Management Services to its clients in India. All other activities of the Company revolve around the main business. As such, there are no reportable segments as per the Ind AS 108–'Operating Segments'.

## Note 28 : Related party Disclosures

### a) Name of related parties and relationship

National Securities Depository Limited	Holding Company
NSDL Payments Bank Ltd.	Fellow subsidiary
Mr.P.P.Vora	Director
Mr.C.M.Vasudev	Director
Mr. Krishna Srinivas	Key Managerial Personnel

### b) Nature and volume of transaction during the year with above related parties

(₹ in lakh)

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
<b>Transactions during the year:</b>		
<b>A) Holding Company - National Securities Depository Limited</b>		
<b>(a) Recoverable</b>		
i) Referral Fees	9.96	-
ii) Aadhar Authentication Services	0.45	-
iii) Rent	75.28	48.84
iv) Deputation cost	2.80	6.85
v) Repairs and maintenance	16.21	9.47
vi) Others	10.09	32.37
<b>Total (a)</b>	<b>114.79</b>	<b>97.53</b>
<b>(b) Payable</b>		
i) System Support Charges (Expenses)	22.28	23.56
ii) Deputation Cost (Expenses)	95.89	100.78
iii) CSR (Expenses)	46.63	1.82
iv) GST on CSR (iii) above	8.39	-
v) Others (Expenses)	2.13	24.22
<b>Total (b)</b>	<b>175.32</b>	<b>150.38</b>
(c) Net transaction during the year (a-b)	(60.53)	(52.85)
(d) Net Receivable/(Payable) at the year end	(53.45)	(116.17)
(e) Investment purchased (National Housing Bank – 8.68%)	1,165.64	-
<b>B) Fellow Subsidiary Company – NSDL Payment Bank Limited</b>		
(a) Security Deposit received	0.10	-
(b) Recoverable		
(i) RTA Income	0.05	-
(c) Receivable/(Payable) at the year end	0.02	-
<b>C) Directors</b>		
l) Sitting Fees		
i) Mr. P.P.Vora	12.60	6.60
ii) Mr. C.M.Vasudev	12.60	6.60

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## Note 29 : Operating Lease

The Company has entered into operating lease arrangements for office premises. Rent includes expenses of ₹ 190.61 lakh net of recovery of ₹ 75.28 lakh (previous year ₹ 220.71 lakh net of recovery of ₹ 48.84 lakh).

## Note 30 : Employee benefit plans

a) The company has recognized following amounts in the Statement of Profit and Loss under the head Company's contribution to Provident Fund and Other funds :

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Provident Fund	27.81	22.53
Superannuation Fund	18.59	11.97
<b>Total</b>	<b>46.40</b>	<b>34.50</b>

## b) Gratuity

### (i) Summary of actuarial assumptions

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Discount rate	7.78%	7.87%
Rate of Return on Plan Assets	7.78%	7.87%
Salary Escalation	8.00%	8.00%
Attrition Rate	2.00%	2.00%
Mortality Table	Indian assured lives mortality (2006-08)	Indian assured lives mortality (2006-08)

### (ii) Reconciliation of defined benefit obligation

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Liability at the beginning of the year	298.99	250.67
Interest cost	23.53	19.33
Current service cost	32.67	30.42
Benefit paid	(2.72)	(11.62)
Actuarial (gain)/loss on obligations – due to change in financials assumptions	4.53	(7.13)
Actuarial (gain)/loss on obligations – due to experience	2.23	17.33
<b>Liability at the end of the year</b>	<b>359.24</b>	<b>298.99</b>



# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## (iii) Reconciliation of fair value of plan assets

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Fair value of plan assets at the beginning of the year	256.06	205.18
Interest income	20.15	15.82
Expected return on plan assets excluding interest income	(1.23)	1.20
Contributions	42.93	45.48
(Assets transferred out/disinvestments)	-	-
Benefits paid from the fund	(2.72)	(11.62)
<b>Fair value of plan assets at the end of the year</b>	<b>315.20</b>	<b>256.06</b>

## (iv) Amount recognized in Balance sheet

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Present value of funded obligation	(359.24)	(298.99)
Fair value of plan assets at the end of the year	315.20	256.06
Liability at the end of the year	(44.04)	(42.93)
<b>Net (liability) / asset disclosed in the Balance Sheet</b>	<b>(44.04)</b>	<b>(42.93)</b>

## (v) Net Interest cost for current period

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Interest cost	23.53	19.33
Interest income	(20.15)	(15.82)
<b>Net interest cost for current period</b>	<b>3.38</b>	<b>3.51</b>

## (vi) Expenses recognized in Statement of Profit and Loss

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Current service cost	32.67	30.42
Net Interest cost	3.38	3.51
<b>Expenses recognised in statement of profit and loss</b>	<b>36.05</b>	<b>33.93</b>

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## (vii) Expense recognised in other comprehensive income

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Expected return on plan assets	1.22	(1.20)
Actuarial (gain)/loss	6.76	10.20
<b>Net (Income)/ Expenses for the period recognised in OCI</b>	<b>7.99</b>	<b>9.00</b>

## (viii) Balance sheet Reconciliation:

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Opening Net Liability	42.93	45.48
Expenses Recognized in Statement of Profit or Loss	36.05	33.93
Expenses Recognized in OCI	7.99	9.00
Net (Liability)/Asset Transfer out	-	-
Employers Contribution	(42.93)	(45.48)
<b>Amount recognised in the Balance Sheet</b>	<b>44.04</b>	<b>42.93</b>

## (ix) Category of assets

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Insurer managed funds	315.20	256.06
<b>Total</b>	<b>315.20</b>	<b>256.06</b>

## (x) Description of plan assets (managed by an Insurance Company)

(₹ in lakh)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Central and State Govt. securities	Funds deployed	Funds deployed
Bonds/ debentures	by Life Insurance	by Life Insurance
Equity shares	Corporation of	Corporation of
Others	India.	India.

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## (xi) Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in lakh)

	Defined benefit obligation (CY)		Defined benefit obligation (PY)	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate (1% movement)	(46.46)	55.77	(39.99)	48.33
Future salary appreciation (1% movement)	55.09	(46.76)	47.78	(40.29)
Attrition rate (1% movement)	(1.66)	1.82	(0.98)	1.07

The details of the Company's Post- retirement benefit plans for Gratuity for its employees are given above which is certified by the actuary and relied upon by the auditors.

Expected contribution in the next 12 months is ₹ 37.04 lakh (Previous Year: ₹ 28.74 lakh).

The actuarial calculation used to estimate defined benefit commitment and expenses are based on the above assumptions which if changed would affect the defined benefit commitments and expenses.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

## Note 31 : Earnings per share

In accordance with the IND AS 33 'Earnings per Share':

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
Profit for the year attributable to the equity shareholder (₹ in lakh)	2,295.26	1,925.94
Weighted average number of equity shares during the year	61,050,000	61,050,000
Basic and Diluted Earnings per Share	3.76	3.15
Face value of each share (₹)	10	10

Diluted Earnings per share is equal to the Basic Earnings per share in view of absence of any dilutive potential equity shares.

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## Note 32 : Fair value measurement

Particulars	(₹ in lakh)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Financial Assets</b>		
<b>a) Amortised cost</b>		
Investments in debt instrument	10,438.05	8758.05
Trade Receivables	705.74	1168.07
Cash and cash equivalents	507.10	1536.58
Other Bank balances	293.85	193.85
Other financial assets	208.24	217.84
	<b>12,152.98</b>	<b>11,874.39</b>
<b>b) FVTPL</b>		
Investment in mutual funds	2,550.28	1,376.70
	<b>2,550.28</b>	<b>1,376.70</b>
<b>Total</b>	<b>14,703.26</b>	<b>13,251.09</b>
<b>Financial Liabilities</b>		
<b>a) Amortised cost</b>		
Trade Payables	647.45	1,630.09
Other financial liabilities	336.35	298.17
<b>Total</b>	<b>983.80</b>	<b>1,928.26</b>

The fair values of the above financial assets and liabilities approximates their carrying amounts except in case of investment in bonds and debentures.

## Note 33 : Expenses towards Corporate Social Responsibility

Particulars	(₹ in lakh)	
	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
(a) Gross amount required to be spent by the company during the year.	45.59	35.13
(b) Amount provided during the year:	46.63	1.82

(₹ in lakh)			
As at March 31, 2019			
	In Cash/ Chq/Transfer	Yet to be paid in Cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	-	46.63	46.63

(₹ in lakh)			
As at March 31, 2018			
	In Cash/ Chq/Transfer	Yet to be paid in Cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	-	1.82	1.82

The Amount above represents Amount reimbursed to NSDL (Holding Company) for CSR Expenditure incurred by them on behalf of the company.

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## Note 34 : Income tax expenses recognised in Statement of Profit and Loss

(₹ in lakh)

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
<b>Profit before tax from continuing operations</b>	<b>3,066.47</b>	<b>2,730.39</b>
Income tax expense calculated at 29.12% (PY 34.608%)	892.96	944.93
Effect of income that is exempt from taxation	(177.32)	(186.29)
Effect of expenses that are not deductible in determining taxable profit	42.52	27.20
Effect of different tax rates on capital gains	-	21.99
Effect of different tax rates for fair value gain on investments	-	(22.09)
Others (interest, rate change effect, etc)	13.05	18.71
	<b>771.21</b>	<b>804.44</b>
<b>Income tax expenses recognised in Statement of Profit and Loss</b>	<b>771.21</b>	<b>804.44</b>

The tax rate used for the financial year 2018-19 and 2017-18 reconciliations above is the corporate entities in India on taxable profits under the Indian Tax Law.

## Note 35 : The previous year's figures have also been regrouped / reclassified to conform to this year's Classification.

For and on behalf of the Board of Directors

Sd/-  
**P.P.Vora**  
Chairman  
DIN : 00003192

Sd/-  
**C.M.Vasudev**  
Director  
DIN : 00143885

Sd/-  
**G.V.Nageswara Rao**  
Director  
DIN : 00799504

Place : Mumbai  
Date : 20<sup>th</sup> May, 2019

Sd/-  
**Vaishali Vaidya**  
Chief Financial Officer

Sd/-  
**Raj Manek**  
Company Secretary







# NSDL PAYMENTS BANK LIMITED

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NSDL Payments Bank (NSDLPB) received license from RBI to carry out the business of Payments Bank in India on March 30, 2017. The Bank commenced operations post approval from RBI on October 29, 2018. NSDLPB envisages to promote end-to-end digital and seamless banking products through self-service and assisted channels to a range of customers.

The Bank has gone live with its android mobile application – NSDL Jiffy and has started with Savings Account opening and maintenance services for individual customers in a Closed User Group (CUG) in live environment. The Bank is live with services like money transfer through mediums namely RTGS, NEFT, IMPS and Intra-bank transfer, issuance of virtual & physical debit cards, recharges & bill payments. Services soon to be added in the Bank's product suites are Current Account opening & maintenance and UPI services. The Bank would further leverage on innovative and up-to-date technological solutions to create multichannel self-service banking applications.

The Bank has also started its services to meet the objective of financial inclusion by providing access to underbanked and unbanked segment. The Bank is testing domestic money remittance service through a business correspondent network. The Bank envisages to partner with many financial sector participants to move towards creation of digital asset and investment marketplaces for every Indian.



# Board of Directors



**Mr. G. V. Nageswara Rao**  
Chairman



**Mr. SP. Narayanan**  
Managing Director &  
CEO



**Mr. L. Ravi Sankar**  
Independent Director



**Dr. Santanu Paul**  
Independent Director



**Mr. N.S. Venkatesh**  
Independent Director



**Mr. Ananth Narayan G.**  
Independent Director



**Dr. (Mrs.) Bala  
Krishnamoorthy**  
Independent Director

Product Information

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# Our Team



**Mr. Abhishek Bagchi**



**Mr. Venkatesh Rangan**



**Mr. Ashutosh Shirbhate**



**Mr. Rajeev Gupta**



**Mr. Naazish Munshi**



**Mr. Hemant Modak**



**Mr. Abhinav Chaturvedi**



**Mr. Radhamohan Misra**

## **COMPANY SECRETARY**

Ms. Deepashri Cornelius

## **AUDITORS**

**STATUTORY AUDITORS**  
**Khimji Kunverji & Co. LLP**  
**Chartered Accountants**  
Sunshine Tower, Level 19,  
Senapati Bapat Marg,  
Prabhadevi (West),  
Mumbai - 400 013

**SECRETARIAL AUDITORS**  
**MMJC & Associates LLP**  
**Company Secretaries**  
Ecstasy, 803/804, 9th Floor,  
City of Joy, J.S.D Road,  
Mulund (West),  
Mumbai - 400 080

## **INTERNAL AUDITOR**

Ms. Avani Jain

## **REGISTRAR & SHARE TRANSFER AGENT**

NSDL Database Management Limited  
Trade World, 'A' Wing, 4th Floor,  
Kamala Mills Compound,  
Senapati Bapat Marg,  
Lower Parel (West),  
Mumbai - 400 013

## **REGISTERED OFFICE**

Trade World, 'A' Wing, 4th Floor,  
Kamala Mills Compound,  
Senapati Bapat Marg,  
Lower Parel (West),  
Mumbai - 400 013

**CIN: U65900MH2016PLC284869**



# NOTICE

Notice is hereby given that the 3<sup>rd</sup> Annual General Meeting of NSDL Payments Bank Limited will be held at a shorter notice on Thursday, August 29, 2019 at 10.30 a.m. at the Board Room of NSDL, Trade World, 'A' Wing, 5<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai 400013, to transact the following business:

## AS ORDINARY BUSINESS:

1. **To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2019 and Statement of Profit and Loss, Cash Flow Statement and the Reports of the Directors and Auditors thereon.**

2. **To consider and approve appointment of director in place of Mr. G.V. Nageswara Rao who retires by rotation and being eligible, offers himself for re-appointment and in this connection to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to provisions of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of members of the Bank be and is hereby accorded for the re-appointment of Mr. G.V. Nageswara Rao (DIN 00799504) as a Director."

3. **To approve the appointment of Statutory Auditors of the Bank and to fix their remuneration for financial year ended March 31, 2020 and in this connection to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of section 139, 141, 142 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit and Auditors) Rules, 2014 including any statutory modification or re-enactment thereof, Khimji Kunverji & Co. LLP, Chartered Accountants, (ICAI Firm Reg. No. 105146W) be and is hereby appointed as the Statutory Auditors of the Bank to hold office from the conclusion from this meeting till the conclusion of the 4<sup>th</sup> Annual General Meeting of the Bank, subject to approval of the Reserve Bank of India at a remuneration as mutually agreed

between the Board of Directors of the Bank and the Statutory Auditors.

**RESOLVED FURTHER THAT** any Director or Company Secretary be and is hereby authorised to sign copy of this resolution as a certified true copy thereof and furnish the same to whomsoever concerned."

## AS SPECIAL BUSINESS:

4. **To consider and, if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution:**

**Appointment of Mr. Ananth Narayan G. as a Director of the Bank**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 161 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, Mr. Ananth Narayan G. (DIN: 05250681) whose nomination for appointment as a Director has been approved by the Reserve Bank of India, be appointed as a Director of the Bank for a period of 3 years with effect from November 12, 2018 not liable for retirement by rotation."

5. **To consider and, if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution:**

**Appointment of Mr. N.S. Venkatesh as a Director of the Bank**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 161 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, Mr. N.S. Venkatesh (DIN: 01893686) whose nomination for appointment as a Director has been approved by the Reserve Bank of India, be appointed as a Director of the Bank for a period of 3 years with effect from November 12, 2017 not liable for retirement by rotation."

6. **To consider and, if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution:**

**Appointment of Dr. (Mrs.) Bala Krishnamoorthy as a Director of the Bank**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 161 and other applicable provisions



of the Companies Act, 2013 and rules made thereunder, Dr. (Mrs.) Bala Krishnamoorthy (DIN: 08247118) whose nomination for appointment as a Director has been approved by the Reserve Bank of India, be appointed as a Director of the Bank for a period of 3 years with effect from November 12, 2018 not liable for retirement by rotation.”

By Order of the Board of Directors  
For **NSDL Payments Bank Limited**

Sd/-  
**Deepashri Cornelius**  
Company Secretary  
Mem No. ACS23694

Date: August 26, 2019  
Place: Mumbai

**NOTES:**

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE BANK.**
- The Instrument of proxy, in order to be effective, must be deposited at the Registered Office of the Bank not less than forty-eight hours before the commencement of the meeting. Proxies submitted on behalf of corporate members etc. must be supported by duly certified copy of the Board Resolution or Power of Attorney together with specimen signatures of those representative(s) authorised to attend and vote at the Annual General Meeting. A proxy form for the AGM is enclosed.
- A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Bank carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
- Corporate Members are requested to send a duly certified copy of the Board Resolution or Power of Attorney together with specimen signatures of those representative(s) authorised to attend and vote at the Annual General Meeting.
- Members / Proxies are requested to bring to the meeting; the attendance slip enclosed herewith, duly filled in and deposit the same at the entrance of the meeting hall.
- The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act and all documents referred to in the accompanying Notice, Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.30 am to 6.00 pm) on all working days (except Saturdays, Sundays and Public Holidays) up to the date of the Annual General Meeting of the Bank, provided that not less than three days of notice in writing is given to the Bank.
- Electronic copy of the AGM Notice & Annual Report for financial year 2018-19 is being sent to all the members whose email IDs are registered with the Bank / Depository.
- The route map showing directions to reach the venue of the Third Annual General Meeting is given at the end of this notice.

## Annexure to Notice

# Explanatory Statement

## IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 4

The Bank had received approval of the nomination of Mr. Ananth Narayan G. as a Director of the Bank from the Reserve Bank of India (RBI) vide its letter dated October 15, 2018. Consequently, Mr. Ananth Narayan G. was appointed as an Additional Director of the Bank by the Board in its meeting held on November 12, 2018. Pursuant to section 161 of the Companies Act, 2013, Mr. Ananth Narayan G. holds office up to the date of the Annual General Meeting. Hence, it is proposed to appoint him as a Director on the Board of the Bank for a period of 3 years with effect from November 12, 2018 subject to the directions issued by RBI from time to time.

In the opinion of the Board, Mr. Ananth Narayan G. fulfils the conditions specified in the Companies Act, 2013 for such an appointment. The Board recommends the resolution in relation to appointment of Mr. Ananth Narayan G. as a Director, for the approval by the shareholders of the Bank. Except Mr. Ananth Narayan G., being an appointee, none of the Directors and Key Managerial Personnel of the Bank and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

### Item No. 5

The Bank had received approval of the nomination of Mr. N.S. Venkatesh as a Director of the Bank from the Reserve Bank of India (RBI) vide its letter dated October 15, 2018. Consequently, Mr. N.S. Venkatesh was appointed as an Additional Director of the Bank by the Board in its meeting held on November 12, 2018. Pursuant to section 161 of the Companies Act, 2013, Mr. N.S. Venkatesh holds office up to the date of the Annual General Meeting. Hence, it is proposed to appoint him as a Director on the Board of the Bank for a period of 3 years with effect from November 12, 2018 subject to the directions issued by RBI from time to time.

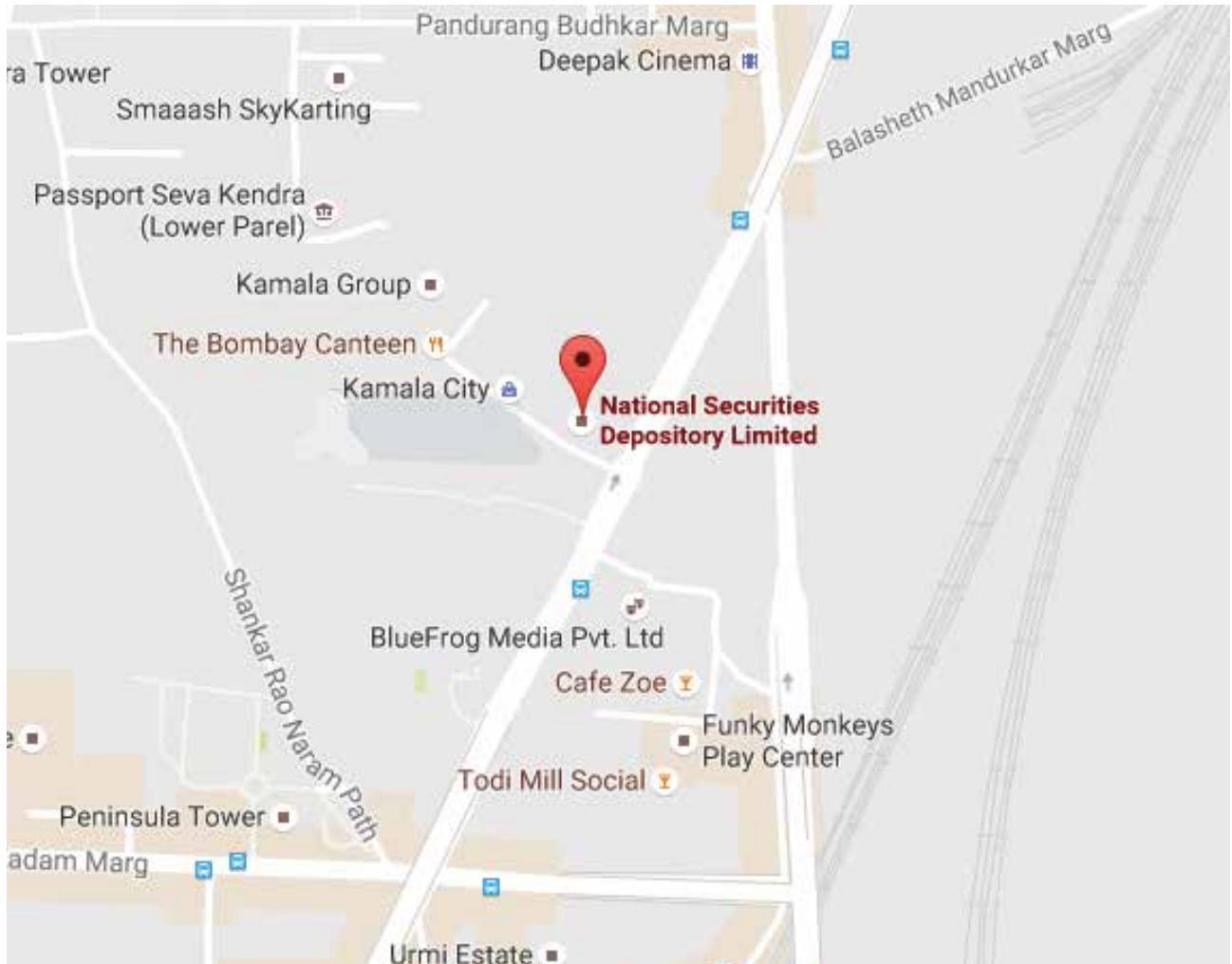
In the opinion of the Board, Mr. N.S. Venkatesh fulfils the conditions specified in the Companies Act, 2013 for such an appointment. The Board recommends the resolution in relation to appointment of Mr. N.S. Venkatesh as a Director, for the approval by the shareholders of the Bank. Except Mr. N.S. Venkatesh, being an appointee, none of the Directors and Key Managerial Personnel of the Bank and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

### Item No. 6

The Bank had received approval of the nomination of Dr. (Mrs.) Bala Krishnamoorthy as a Director of the Bank from the Reserve Bank of India (RBI) vide its letter dated October 15, 2018. Consequently, Dr. (Mrs.) Bala Krishnamoorthy was appointed as an Additional Director of the Bank by the Board in its meeting held on November 12, 2018. Pursuant to section 161 of the Companies Act, 2013, Dr. (Mrs.) Bala Krishnamoorthy holds office up to the date of the Annual General Meeting. Hence, it is proposed to appoint her as a Director on the Board of the Bank for a period of 3 years with effect from November 12, 2018 subject to the directions issued by RBI from time to time.

In the opinion of the Board, Dr. (Mrs.) Bala Krishnamoorthy fulfils the conditions specified in the Companies Act, 2013 for such an appointment. The Board recommends the resolution in relation to appointment of Dr. (Mrs.) Bala Krishnamoorthy as a Director, for the approval by the shareholders of the Bank. Except Dr. (Mrs.) Bala Krishnamoorthy, being an appointee, none of the Directors and Key Managerial Personnel of the Bank and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

# Route Map for the Third Annual General Meeting of NSDLPB



**NSDL PAYMENTS BANK LIMITED**

Regd. Office: Trade World, 'A' Wing, 4<sup>th</sup> Floor, Kamala Mills Compound,  
 Lower Parel (W), Mumbai – 400 013  
 CIN: U65900MH2016PLC284869

**Form MGT-11  
 PROXY FORM**

**[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014 – Form No. MGT-11]**

Name of the Member(s)	
Registered address	
E-mail Id	
Folio No/ Client Id	
DP ID	

I/We, being the member (s) of ..... shares of the above named Bank, hereby appoint

1.	Name	
	Address	
	E-mail Id	
	Signature	

Or failing him/her

2.	Name	
	Address	
	E-mail Id	
	Signature	

Or failing him/her

3.	Name	
	Address	
	E-mail Id	
	Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Third Annual General Meeting of the Bank, to be held on the Thursday, August 29, 2019 at 10.30 a.m. at the Board Room of National Securities Depository Limited, Trade World, 'A' Wing, 5<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai - 400 013 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolutions	Please Tick Relevant		
		For	Against	Abstain
	<b>ORDINARY BUSINESS:</b>			
1.	Adoption of Financial Statements and the Reports of the Board of Directors and Auditors for the year ended as on March 31, 2019.			
2.	Appointment of director in place of Mr. G.V. Nageswara Rao who retires by rotation and being eligible, offers himself for re-appointment.			
3.	Appointment of Statutory Auditors of the Bank and to fix their remuneration for financial year ended March 31, 2020.			
	<b>SPECIAL BUSINESS:</b>			
1.	Appointment of Mr. Ananth Narayan G. as a Director of the Bank			
2.	Appointment of Mr. N.S. Venkatesh as a Director of the Bank			
3.	Appointment of Dr. (Mrs.) Bala Krishnamoorthy as a Director of the Bank			

Signed this..... day of..... ....2019.

Signature of Member: \_\_\_\_\_

Signature of Proxy holder (s): \_\_\_\_\_

Affix Revenue Stamp of not less than ₹ 1/-

**Note:**

This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Bank, not less than 48 hours before the commencement of the Annual General Meeting

It is optional to indicate your preference. If you leave the "for" or "against" column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/ she may deemed appropriate.

## ATTENDANCE SLIP

### NSDL PAYMENTS BANK LIMITED

Regd. Office: Trade World, 'A' Wing, 4<sup>th</sup> Floor, Kamala Mills Compound,  
 Lower Parel (W), Mumbai – 400 013  
 CIN: U65900MH2016PLC284869

### THIRD ANNUAL GENERAL MEETING, THURSDAY, AUGUST 29, 2019

Folio No/ Client Id																	
DP ID																	

Number of Shares held												
-----------------------	--	--	--	--	--	--	--	--	--	--	--	--

I certify that I am a member / proxy / authorized representative for the member of the Bank.

I hereby record my presence at the Third Annual General Meeting of the Bank on Thursday, August 29, 2019 at the Board Room of National Securities Depository Limited, Trade World, 'A' Wing, 5<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai- 400 013.

-----  
 Name of the member / proxy  
 (in BLOCK letters)

-----  
 Signature of the member / proxy

**Note:** Please fill up this attendance slip and hand it over at the entrance of the meeting.



# Board's Report

## To the Members,

Your Directors are pleased to present the 3<sup>rd</sup> Annual Report along with the Audited Financial Statements of your Bank for the Financial Year ended March 31, 2019.

## BUSINESS OVERVIEW

Your Bank received approval from Reserve Bank of India (RBI) to commence operations on October 29, 2018. Thereafter, the Bank has commenced live operations of each service one after the other after obtaining connectivity to live environment at RBI, NPCI and other service providers. The Bank's Android mobile app is live. The Bank has started to open Savings Bank Accounts for individual customers in a Closed User Group (CUG) to test the services in live environment.

Payment services including RTGS, NEFT, IMPS and intra-bank fund transfers have gone live. Live connectivity with NFS has been established and the Bank has started to issue virtual and physical Rupay debit cards. Recharges and Bharat Bill Payment Services (BBPS) have gone live. UPI testing with NPCI is in progress and expected to go live shortly. The Bank has obtained live connectivity with UIDAI to carry out eKYC as a KUA, and the front-end apps are expected to go live shortly which would allow the Bank to open accounts electronically using biometric and OTP-based eKYC.

As regards commercial operations, payments based commercial services have gone live with bank account validation services for brokers and domestic money remittance services through business correspondents with initial partners/customers having been on-boarded and live field testing in progress. The Bank is utilising the CUG phase for testing and improving its various applications and processes before launch of customer facing commercial operations.

## FINANCIAL RESULTS

The financial position of the Bank is as under:

Particulars	(Amt in '000)
	2018-19*
Total income	59,148
Total expenses	1,24,439
Profit / (Loss) for the year	(65,291)
Loss brought forward	(37,754)
Total Loss After Tax	(103,045)
Basic & diluted EPS	(0.60)

\* The Bank commenced operations on October 29<sup>th</sup>, 2018 and the financial information is provided for the year ended 31<sup>st</sup> March 2019 as per the Banking Regulation Act, 1949.

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Bank.

## CHANGE IN NATURE OF BUSINESS

Your Bank has not undergone any changes in the nature of the business during the Financial year.

## DIVIDEND

In view of losses during the year, your Directors do not recommend any dividend for FY 2018-19.

## TRANSFER TO GENERAL RESERVES

Due to absence of profits, no amount has been proposed to transfer to general reserves.

## SHARE CAPITAL

As on March 31, 2019, the paid-up share capital of the Bank stood at ₹115 crore comprising of 11.5 crore Equity Shares of ₹10/- each. During the year under review, the Bank had issued 1.2 crore Equity Shares of ₹10/- each by way of rights issue.

None of the Directors of the Bank hold shares in the Bank.

## REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

Your Bank is a wholly owned subsidiary of National Securities Depositories Limited (NSDL)

During the year under review, your Bank did not have any subsidiary, associate and joint venture company.

## STATUTORY AUDITORS

M/s. Khimji Kunverji & Co. LLP, Chartered Accountants, (Firm Registration No. 105146W) had been appointed as the Statutory Auditors of the Bank for FY 2018-19 and would retire at the forthcoming Annual General Meeting of the Bank and it is proposed to re-appoint them as Statutory Auditors of the Bank.

The Bank has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 139 of the Companies Act, 2013. The Auditors Report does not contain any qualification, reservation or adverse remark and the points raised in the Audit report are self-explanatory.

### SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank has appointed MMJC & Associates LLP to undertake the Secretarial Audit for FY 2018-19.

The Secretarial Audit Report in Form MR-3 is annexed herewith as Annexure. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and Secretarial Auditor have not reported any instances of frauds committed in the Bank by its officers or employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

### INTERNAL CONTROLS AND AUDIT

Your Bank has well established processes and clearly defined roles and responsibilities at various levels. Comprehensive policies and standard operating procedures have been/are in process of being put in place in various departments of your Bank. There is an Internal Auditor appointed for conducting Internal and Operations audit of the Bank. The report of the Internal Auditor along with management response is put up before the Audit Committee for review. In order to provide further comfort, the Bank has also appointed a third party auditor to provide independent assurance on policy and processes of the Bank in an advisory capacity. As part of regulatory requirements, your Bank has also undergone IT Audit conducted by CISA certified auditor. Your Bank has framed process document and risk control matrix for certain key processes relating to internal financial controls system over financial reporting.

### RISK MANAGEMENT AND INSURANCE

The Bank has an Enterprise Risk Management framework which consists of policies, procedures, tools and methodologies in place to manage/mitigate identified risks to the Bank. At the apex level, the Board through its sub-committee – the Risk Management Committee (RMC) monitors the Risk appetite of the Bank. The Risk appetite is supported by various embedded process controls, monitoring mechanisms and coordinated action plans for issue

closure. Procedures/tools used by the bank include risk registers during product/process design, risk reviews, incident management on daily basis, daily investment and portfolio limits monitoring, transaction level monitoring and daily fraud rule checks.

### DEPOSITS

Being a banking company, the disclosures required as per Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014 read with sections 73 & 74 of the Companies Act, 2013 are not applicable to your bank.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

### PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

None of the transactions with any of related parties were in conflict with the Bank's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in Note No.2.3 of Financial Statements, forming part of the Annual Report.

### DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 ("POSH")

The Bank has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Bank did not receive any complaint during FY 2018-19 under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### CORPORATE GOVERNANCE

Being a NSDL Group entity, your Bank's philosophy on Corporate Governance is based on the fundamental principle of fair, ethical and transparent governance practices by adopting highest standards of professionalism, integrity, honesty, equity, transparency, accountability and ethical behavior in all facets of operations and dealing with all its stakeholders.

## BOARD OF DIRECTORS

### A. CHANGES IN BOARD DURING THE YEAR

The selection and appointment of Directors of the Bank is done in accordance with the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder, the Banking Regulation Act, 1949 and the Guidelines issued by the Reserve Bank of India. As on March 31, 2019, the Bank has Seven (7) Directors. Except Mr. SP. Narayanan, all the Directors on the Board are Non-Executive Directors out of which five (5) are Independent Directors.

During the year under review, following are the changes in Directors of the Bank:

- Mr. Ananth Narayan G., Mr. N.S. Venkatesh & Dr. (Mrs.) Bala Krishnamoorthy were appointed as Additional Independent Directors on November 12, 2018.
- Ms. Naina Krishna Murthy ceased to be Director w.e.f. November 12, 2018. The Board sincerely appreciates the invaluable

During the year under review, Five (5) Board meetings were held viz. May 3, 2018; May 6, 2018, July 31, 2018; November 12, 2018 and February 5, 2019. Details of attendance of each director at the Board Meetings held during FY 2018-19 are as follows:

Sr. No.	Name of the Member	No. of meetings attended during the tenure	Last AGM attendance
1.	Mr. G. V. Nageswara Rao	5	Present
2.	Mr. S.P. Narayanan	5	Present
3.	Mr. L. Ravi Sankar	5	Absent
4.	Ms. Naina Krishna Murthy	1	Absent
5.	Dr. Santanu Paul	4	Absent
6.	Mr. Ananth Narayan G.	-	NA
7.	Mr. N.S. Venkatesh	2	NA
8.	Dr. (Mrs.) Bala Krishnamoorthy	2	NA

### D. DECLARATION FROM INDEPENDENT DIRECTORS

The Independent Directors have given declaration of independence, as required pursuant to section 149(7) of the Companies Act, 2013, stating that they meet the criteria of independence as provided in section 149(6) of the Companies Act, 2013.

contribution made by her during her tenure as a Director of the Bank.

### B. Details of directors seeking appointment / re-appointment at the forthcoming AGM

In accordance with the provisions section 152(6) of the Companies Act, 2013, Mr. G.V. Nageswara Rao is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

### C. Board Procedures and Meetings

A minimum of four Board meetings are held every year. Apart from the above, additional Board meetings are convened by giving appropriate notice in advance to all the Directors to address the specific needs of the Bank. The dates of the Board meetings are decided with the mutual consent of all the Directors. The Board meetings are usually held at the registered office of the Bank. However in case of special and urgent business, the Board also approves by Circular Resolution, important items of business which are permitted by Companies Act.

In the opinion of the Board, these Independent Directors fulfil the conditions specified in the Companies Act, 2013 and rules made there under for appointment as Independent Directors and confirm that they are independent of the management.

## E. POLICY ON DIRECTORS', KEY MANAGERIAL PERSONNEL & OTHER EMPLOYEES APPOINTMENT AND REMUNERATION

The Policy on appointment and remuneration of Directors, Key Managerial personnel and other employees including criteria for determining qualifications, positive attributes, independence and other matters provided under Section 178(3) of the Companies Act, 2013, has been adopted by the Board pursuant to the recommendation of the Nomination and Remuneration Committee and has been enclosed as Annexure.

## F. PERFORMANCE EVALUATION OF THE BOARD AND DIRECTORS:

During the year under review, there have been changes in the Directorships of the Bank. Due to this, the annual performance evaluation of the Board's own performance, the Directors individually could not be carried out. However, going forward, the Bank may introduce evaluation criteria and implement the same as a prudent governance practice.

The Board believes that all its Directors uphold highest standards of integrity, adhered to the prescribed Code of Conduct under Companies Act, 2013, made constructive and effective contribution at meetings and generally carried

out their responsibilities well in the interest of the Bank and its stakeholders.

## BOARD COMMITTEES

### I. Audit Committee

The Board has constituted the Audit Committee in accordance with provisions of Section 177 of the Companies Act, 2013. The Committee has four (4) members with Mr. L. Ravi Sankar as its Chairman. The Audit Committee assists the Board in its responsibility of overseeing the quality and integrity of the accounting, auditing and reporting practices of the Bank and its compliance with the legal and other regulatory requirements. The Committee's purpose is to oversee the accounting and financial process of the Bank and review the quarterly and annual financial accounts of the Bank. The Committee reviews reports of the Internal Auditors and Statutory Auditors and discusses their findings, suggestions, internal control system, scope of audit, observations of the auditors and also reviews accounting policies followed by the Bank.

The Committee met Five (5) times on May 3, 2018; May 6, 2018; July 31, 2018; November 12, 2018 and February 5, 2019 during the year. The details of composition and attendance of members of the Audit Committee are given hereunder:-

Name of Director	Chairman/Member	No. of Meetings attended during tenure
Mr. L. Ravi Sankar*	Chairman	5
Mr. G.V. Nageswara Rao*	Member	5
Ms. Naina Krishna Murthy#	Member	1
Mr. Ananth Narayan G.#	Member	Nil
Mr. N.S. Venkatesh#	Member	2

\*Mr. L. Ravi Sankar and Mr. G.V. Nageswara Rao were re-appointed as Chairman and member respectively of the Audit Committee post its reconstitution on November 12, 2018

#Ms. Naina Krishna Murthy ceased to be a member and Mr. Ananth Narayan G. and Mr. N.S. Venkatesh have been appointed as members of the Audit Committee on November 12, 2018

## II. Nomination and Remuneration Committee

The Board has constituted the Nomination and Remuneration Committee in accordance with provisions of Section 178 of the Companies Act, 2013 and rules made thereunder. The Committee has three (3) members with Dr. Santanu Paul as its Chairman. The Nomination and Remuneration Committee discharges such functions as defined under Section 178 of the Companies Act, 2013. The Committee met Three (3) times during the year on May 3, 2018; July 31, 2018 and November 12, 2018. Details of attendance of each member at the Committee Meetings held during the year are as follows:

Name of the Director	Chairman/Member	No. of Meetings attended during tenure
Dr. Santanu Paul	Chairman	3
Mr. L. Ravi Sankar	Member	3
Mr. G.V. Nageswara Rao	Member	3

In addition to the Committees covered specifically in detail above as per Companies Act, 2013, the Bank also has following Committees, namely:

### i) Strategic Advisory Committee

### ii) Board-level Committees

- Risk Management Committee
- Customer Service Committee
- IT Strategy Committee

### iii) Executive-level Committees

- Executive Risk Management Committee
- Assets-Liability Management Committee
- Information & Cyber Security Committee
- Standing Committee on Customer Service

## DETAILS OF KEY MANAGERIAL PERSONNEL (KMPs)

In terms of Section 203 of the Companies Act, 2013, the details of the KMPs are as under:

Name	Designation
Mr. SP. Narayanan	Managing Director & CEO
Mr. Abhishek Bagchi	Chief Financial Officer
Ms. Deepashri Cornelius	Company Secretary

## VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Bank has a Whistleblower Policy for reporting any event fearlessly which goes against the Bank's values and ethical standards to a designated authority in the Bank. This details a whistleblowing mechanism for staff

and relevant third parties to report major concerns over any wrongdoing within the Bank. The Bank has appointed the Internal Auditor as the Vigilance Officer for the purpose of reporting, enforcing and monitoring the Whistleblower Policy and procedures.

## DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

During the year under review, no significant and material order was passed by the Regulators or Courts or Tribunals impacting the going concern status and Bank's operation in future.

## DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- that they have selected such accounting policies and 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 Bank at the end of the financial year and of the profit or loss of the Bank for that period;
- that they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the



Companies Act, 2013 for safeguarding the assets of the Bank and for preventing & detecting fraud and other irregularities;

- that they have prepared the annual accounts on a going concern basis; and
- that they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

- a) Conservation of Energy, Technology absorption -
- The Bank has commenced operations in closed user group (CUG) environment for opening savings account, debit card issuance, payment and recharge services through digital modes. The nature of business is purely service oriented and does not require substantial energy consumption.

The Bank sends its monthly account statement to customers through electronic mode instead of physical copy.

- b) Foreign Exchange earnings/outgo during the period under review
- Earnings -- NIL
- Outgo -- NIL

### EXTRACT OF ANNUAL RETURN

The extract of the Annual Return of the Bank in Form MGT-9 is enclosed as Annexure to this Report.

### APPRECIATION

Your Directors would like to place on record their sincere appreciation of the support provided by its holding company National Securities Depository Limited (NSDL), Reserve Bank of India (RBI), National Payments Corporation of India (NPCI), Ministry of Corporate Affairs (MCA), its bankers, employees and shareholders for their trust and support.

For and on behalf of the Board of Directors

Sd/-  
**G. V. Nageswara Rao**  
 CHAIRMAN

Place: Mumbai  
 Date: August 5, 2019



# FORM NO. MGT-9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

i) CIN:	U65900MH2016PLC284869
ii) Registration Date:	August 17, 2016
iii) Name of the Company:	NSDL Payments Bank Limited
iv) Category / Sub-Category of the Company:	Indian Non-Government Company
v) Address of the Registered office and contact details:	Trade World, 'A' Wing, 4 <sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West) Mumbai – 400013.
vi) Whether listed company:	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:	NSDL Database Management Limited Trade World, 'A' Wing, 4 <sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West) Mumbai – 400013. Tel: 91- 22 49142700 Fax: 91- 22- 49142503 Email: info_ndml@nsdl.co.in

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Financial service activities, except insurance and pension funding	64	Nil*

\*Since the Bank had not commenced commercial operations in FY19 and is in Closed User Group (CUG)/pilot stage

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	National Securities Depository Limited, Trade World, 'A' Wing, 4 <sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West) Mumbai - 400013.	U74120MH2012PLC230380	Holding Company	82.61%	2(87)(ii)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	-	80	80	0.001%	80	-	80	0.001%	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	10,29,99,920	10,29,99,920	99.99%	11,49,99,920	-	11,49,99,920	99.99%	-
e) Banks/ FI	-	-	-	-	-	-	-	-	-
f) Any Other..	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	10,30,00,000	10,30,00,000	100.00%	11,50,00,000	-	11,50,00,000	100.00%	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>									
Total shareholding of Promoter	-	10,30,00,000	10,30,00,000	100.00%	11,50,00,000	-	11,50,00,000	100.00%	-
(A) = (A) (1)+(A)(2)									
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/ FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	-	10,30,00,000	10,30,00,000	100 %	11,50,00,000	-	11,50,00,000	100 %	-

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	National Securities Depository Limited (NSDL)	8,29,99,920	80.58%	-	9,49,99,920	82.61%	-	+2.03%
2	Krishna Srinivas & NSDL	10	Negligible	-	10	Negligible	-	
3	Dnyanesh Nerurkar & NSDL	10	Negligible	-	10	Negligible	-	
4	Nityanand Phatarphod & NSDL	10	Negligible	-	10	Negligible	-	
5	S. Ganesh & NSDL	10	Negligible	-	10	Negligible	-	
6	Samar Banwat & NSDL	10	Negligible	-	10	Negligible	-	
7	Prashant Vagal & NSDL	10	Negligible	-	10	Negligible	-	
8	Manoj Sathe & NSDL	10	Negligible	-	10	Negligible	-	
9	Nitin Ambure & NSDL	10	Negligible	-	-	-	-	Negligible
10	Balkrishna Shankwalker & NSDL	-	-	-	10	Negligible	-	Negligible
	<b>Total</b>	<b>8,30,00,000</b>	<b>80.58</b>	<b>-</b>	<b>9,50,00,000</b>	<b>82.61</b>	<b>-</b>	<b>2.03%</b>

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.	Shareholding at the beginning of the year	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	8,30,00,000	80.58%		
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):				
	i) Rights Issue – 15.06.2018	30,00,000	2.83%	8,60,00,000	81.13%
	ii) Rights issue – 24.08.2019	30,00,000	2.75%	8,90,00,000	83.96%
	iii) Rights issue – 22.01.2019	30,00,000	2.68%	9,20,00,000	82.14%
	iv) Rights issue – 27.02.2019	30,00,000	2.61%	9,50,00,000	82.61%
	At the End of the year	9,50,00,000	82.61%	9,50,00,000	82.61%

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	2,00,00,000	19.42	2,00,00,000	17.39
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	2,00,00,000	19.42	2,00,00,000	17.39

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-

## V. INDEBTEDNESS

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	-	-	-	-
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	-	-	-	-
Change in Indebtedness during the financial year	-	-	-	-
• Addition				
• Reduction				
Net Change	-	-	-	-
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	-	-	-	-

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager (Mr. SP. Narayanan)*				Total Amount
1.	Gross salary		-	-	-	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	95,03,974				95,03,974
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	29,700				29,700
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961					
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission	-	-	-	-	-
	- as % of profit					
	- others, specify...					
5.	Others, please specify	-	-	-	-	-
	Total (A)	-	-	-	-	-
	Ceiling as per the Act	95,33,674	-	-	-	95,33,674

\* Mr. SP. Narayanan has been appointed as the MD & CEO of the Bank w.e.f 3<sup>rd</sup> May, 2018



**B. Remuneration to other directors:**

(Amount in ₹)

Particulars of Remuneration	Name of Directors						Total Amount
	©Mr. G. V. Nageswara Rao	Mr. L. Ravi Sankar	Dr. Santanu Paul	*Ms. Naina Krishna Murthy	#Mr. Ananth Narayan G.	#Mr. N.S. Venkatesh	
<b>1. Independent Directors</b>							
• Fee for attending board / committee meetings	-	14,00,000	10,00,000	2,20,000	-	5,60,000	3,80,000
• Commission	-	-	-	-	-	-	-
• Others, please specify	-	-	-	-	-	-	-
<b>Total (1)</b>	-	<b>14,00,000</b>	<b>10,00,000</b>	<b>2,20,000</b>	-	<b>5,60,000</b>	<b>35,60,000</b>
<b>2. Other Non-Executive Directors</b>							
• Fee for attending board committee meetings	-	-	-	-	-	-	-
• Commission	-	-	-	-	-	-	-
• Others, please specify	-	-	-	-	-	-	-
Total (2)	-	-	-	-	-	-	-
<b>Total (B) = (1 + 2)</b>	-	-	-	-	-	-	-
<b>Total Managerial Remuneration</b>	-	<b>14,00,000</b>	<b>10,00,000</b>	<b>2,20,000</b>	-	<b>5,60,000</b>	<b>35,60,000</b>
Overall Ceiling as per the Act	-	-	-	-	-	-	-

\* Ceased to be a Director w.e.f November 12, 2018

# Appointed as Additional Director w.e.f November 12, 2018

© Mr. G. V. Nageswara Rao being Managing Director of Holding Company does not receive sitting fees.

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	CFO	Company Secretary	
1.	Gross salary	Already covered above in clause VI (A)	41,16,944	10,14,940	51,31,884
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option				
3.	Sweat Equity				
4.	Commission				
	- as % of profit				
	- others, specify...				
5.	Others, please specify				
	<b>Total</b>		<b>41,16,944</b>	<b>10,14,940</b>	<b>51,31,884</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment			Not Applicable		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			Not Applicable		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			Not Applicable		
Compounding					

For and on behalf of the Board of Directors

 Place: Mumbai  
 Date: August 5, 2019

 Sd/-  
**G. V. Nageswara Rao**  
 CHAIRMAN

# FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31<sup>st</sup> March, 2019

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To  
The Members,  
**NSDL Payments Bank Limited**  
Trade World, 'A' Wing, 4<sup>th</sup> Floor,  
Kamala Mills Compound, Senapati Bapat Marg,  
Lower Parel (West), Mumbai – 400013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **NSDL Payments Bank Limited** (hereinafter called the "Bank"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 (hereinafter called the 'Audit Period') complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing; **(Not applicable to the Bank during the Audit Period)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not Applicable to the Bank during the Audit Period)**
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 **(Not applicable to the Bank during the Audit Period)**
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 notified on 11<sup>th</sup> September, 2018 **(Not applicable to the Bank during the Audit Period)**
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not Applicable to the Bank during the Audit Period)**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Bank during the Audit Period)**

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Bank during the Audit Period)**
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Bank during the Audit Period) and**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 notified on 11<sup>th</sup> September, 2018 **(Not Applicable to the Bank during the Audit Period).**

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.  
**(Not Applicable to the Bank during the Audit Period)**

During the period under review the Bank has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards made thereunder.

We further report that, having regard to the compliance system prevailing in the Bank and on test-check basis, the Bank has generally complied with the following applicable sector specific laws and circulars issued thereunder:

- i. Banking Regulation Act, 1949
- ii. Reserve Bank of India Act, 1934,

**We further report that**, the Board of Directors of the Bank is duly constituted with the approval of RBI. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**We further report that** there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the Bank has issued and allotted 1,20,00,000 Equity shares of ₹ 10/- each at par aggregating to ₹ 12,00,00,000/- on Right Issue basis.

For MMJC and Associates LLP  
Practising Company Secretaries

Sd/-  
**Saurabh Agarwal**  
Designated Partner  
FCS No. 9290  
CP No. 20907

Place: Mumbai  
Date: 17<sup>th</sup> July, 2019

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

# Annexure A

To  
The Members,  
**NSDL Payments Bank Limited**  
Trade World, 'A' Wing, 4<sup>th</sup> Floor,  
Kamala Mills Compound, Senapati Bapat Marg,  
Lower Parel (West), Mumbai – 400013

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Bank.

For **MMJC and Associates LLP**  
Practising Company Secretaries

Sd/-  
**Saurabh Agarwal**  
Designated Partner  
FCS No. 9290  
CP No. 20907

Place: Mumbai  
Date: 17<sup>th</sup> July, 2019

# Remuneration and Compensation Policy

## 1. PREAMBLE

- 1.1 Pursuant to section 178(3) of the Companies Act, 2013, it is required that the Nomination and Remuneration Committee ("NRC") formulate and recommend to the Board a policy relating to the remuneration for Directors, Key Managerial Personnel ("KMP") and other employees of NSDL Payments Bank Limited (the "Bank" or "NPBL").
- 1.2 This Remuneration and Compensation policy has been formulated pursuant to section 178 (3) of the Companies Act, 2013, Banking Regulation Act, 1949 and in line with RBI guidelines DBOD No. BC. 72 /29.67.001/2011-12, DBR.No.BC.97/29.67.001/2014-15 and related guidelines

## 2. GENERAL PRINCIPLES FOR REMUNERATION OF DIRECTORS, KMP AND OTHER EMPLOYEES

- 2.1 The NRC shall work in close coordination with Risk Management Committee of the bank, in order to achieve effective alignment between remuneration and risks. The NRC shall also ensure that the cost/income ratio of the bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.
- 2.2 Pursuant to section 178(4) of Companies Act, 2013, the following principles shall be ensured:
- 2.2.1 the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Bank successfully.
- 2.2.2 relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- 2.2.3 remuneration to Directors, KMP and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Bank and its goals.
- 2.2.4 Directors, KMP and other employees are compensated adequately for the efforts put in by them for the growth of the Bank taking into consideration their significant professional expertise and rich experience across a wide spectrum of functional areas, time commitment, ensuring compliance with various statutory

requirements and current competitive business environment.

- 2.2.5 The remuneration of Directors, KMP and other employees are aligned with the long-term interests of the Bank and its shareholders.
- 2.2.6 Staff engaged in financial and risk control shall be independent, have appropriate authority, and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank.
- 2.2.7 There shall be effective alignment of remuneration with prudent risk taking:
- 2.2.7.1 Remuneration shall be adjusted for all types of risk, wherever applicable
- 2.2.7.2 Remuneration outcomes shall be symmetric with risk outcomes.
- 2.2.7.3 Remuneration payout schedules must be sensitive to the time horizon of risks
- 2.2.7.4 The mix of cash, equity and other forms of remuneration shall be consistent with risk alignment.

## 3. REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTORS

- 3.1 The key elements of remuneration of Non-executive / Independent Directors are commission and sitting fees, subject to overall limit as prescribed in the Companies Act, 2013 & rules made thereunder and the Reserve Bank of India ("RBI") Circulars /Guidelines / Notifications/ Directions, issued from time to time.
- 3.2 In accordance with the provisions of section 197 of the Companies Act, 2013, the Directors (excluding Managing Director and Whole-time Director) may be paid remuneration by way of commission, either by way of a monthly payment or at a specified percentage of the net profits of the company or partly by one way and partly by the other, not exceeding 1% of the Net Profits of the Bank computed in the manner referred to in section 198 of the Companies Act, 2013.
- 3.3 In line with RBI's "Guidelines on Compensation of Non-executive Directors of Private Sector Banks"



dated June 1, 2015, payment of compensation in the form of profit-related commission to the Non-executive / Independent Directors (other than the Part-time Chairman), shall be subject to the Bank making profits. Such compensation, however, shall not exceed ₹1 million per annum for each such Director.

3.4 Since the Non-executive/Independent Directors collectively endeavour to ensure that the Bank performs well and is compliant with applicable laws, rules, regulations and guidelines, the commission paid to them, except the Chairman of the Bank, shall be subject to the approval of the Board of Directors of the Bank.

3.5 Since, the Non-executive Chairman continues to play a key role at the Board, is a member of key committees and represents the business interest of the Bank at various fora; he/she may be paid commission at a rate higher than the other Non-executive / Independent Directors, subject to the approval of the Board and RBI, as applicable.

3.6 The payment of commission to the Non-executive / Independent Directors of the Bank shall require the approval of the shareholders, which amount shall in any case; not exceed 1% of the net profits of the Bank as computed in the manner laid down in Section 198 of the Companies Act, 2013 or maximum of ₹10 lakh to each of such Directors, whichever is lower.

3.7 In addition to the above, Non-executive / Independent Directors shall be paid sitting fees, travelling expenses including airfare, hotel stay and such other expenses as are incurred by them and allowed to be reimbursed as per the provisions of the Companies Act, 2013, the Banking Regulation Act, 1949 (B.R. Act) and RBI Circulars / Guidelines / Notifications / Directions issued from time to time.

3.8 The Non-Executive Directors (excluding Independent Directors) shall be eligible for stock options as may be decided by the Nomination and Remuneration Committee ("NRC") of the Bank from time to time.

3.9 The Independent Directors shall not be eligible for stock options.

3.10 The Non-executive / Independent Directors shall be covered under the Directors and Officers Liability Insurance ("D&O") Policy of the Bank.

#### **4. REMUNERATION TO MANAGING DIRECTOR (MD) / WHOLE-TIME DIRECTOR (WTD) / CHIEF EXECUTIVE OFFICER (CEO)**

4.1 The Bank shall ensure that for the MD / WTD/ CEO:

- (a) remuneration is adjusted for all types of risk,
- (b) remuneration outcomes are symmetric with risk outcomes, and
- (c) remuneration payouts are sensitive to the time horizon of the risk.
- (d) The mix of cash, equity and other forms of compensation must be consistent with risk alignment.

4.2 The remuneration payable to MD / WTD / CEO shall include fixed salary, perquisites, variable pay in the form of performance bonus, certain retiral benefits, allowances and other benefits, within the overall limit as per Section 197 of the Companies Act, 2013 and rules framed thereunder and within the limits as may be approved by RBI subject to the approval of the shareholders of the Bank.

##### **4.3 Fixed Pay**

The Bank shall ensure that the fixed portion of remuneration is reasonable, taking into account all relevant factors including the industry practice.

##### **4.4 Variable pay composition and deferral**

4.4.1 While designing the remuneration arrangements, the Bank shall ensure that there is a proper balance between fixed pay and variable pay. However, variable pay shall not exceed 70% of the fixed pay in a year. Within this ceiling, at higher levels of responsibility the proportion of variable pay shall be higher. The variable pay may be in the form of cash, or stock linked instruments or mix of both. The Employees Stock Option Plan (ESOP) prevalent in India, may be excluded from the components of variable pay.

4.4.2 Where the variable pay constitutes a substantial portion of the fixed pay, an appropriate portion of the variable pay shall be deferred for over

a period. In case of deferral arrangements of variable pay, the deferral period shall not be less than three years. Compensation payable under deferral arrangements shall vest no faster than on a pro rata basis. There shall be proper balance between the cash and stock / share components (other than ESOP) in the variable pay in case the variable compensation contains stock or share linked instruments (other than ESOP).

4.5 Annual increments to MD/ WTD / CEO shall be linked to their overall performance and as decided by the NRC, from time to time and subject to the approval of RBI.

#### 4.6 Malus / Clawback

In the event of negative contribution of the Bank and/or the relevant line of business in any year, the deferred compensation shall be subject to malus/clawback arrangements.

#### 4.7 Guaranteed bonus

Any joining / sign on bonus shall be in the form of ESOPs only and shall only occur in the context of hiring new staff and be limited to first year. The Bank shall not grant severance pay other than accrued benefits (gratuity, pension, etc.) except in cases where it is mandatory by any statute.

#### 4.8 Hedging

The Bank shall not provide any facility or funds or permit employees to insure or hedge their remuneration structure to offset the risk alignment effects embedded in their remuneration arrangement. To enforce the same, the Bank shall establish appropriate compliance arrangements.

### 5. REMUNERATION OF RISK CONTROL / COMPLIANCE AND OTHER STAFF

5.1 Members of staff engaged in finance and risk control and other control function staff shall be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank. The mix of fixed and variable remuneration for control function personnel shall be weighted in favour of fixed remuneration.

5.2 The Bank may adopt all / any of the principles similar to the principles enunciated for MD/

WTD/CEO as appropriate while designing their remuneration structure.

5.3 All Employees shall conduct themselves to ensure that no breach of applicable Codes is committed. Any such breach shall have a direct bearing on their performance appraisal and rewards and shall also attract appropriate disciplinary action.

### 6. DISCLOSURES

6.1 The applicable disclosures as required under the relevant provisions of the Companies Act, 2013, the rules made thereunder and RBI Circulars / Guidelines / Notifications / Directions including DBOD No.BC. 72 /29.67.001/2011-12, issued from time to time, shall be made with regard to the remuneration details of the Directors and other employees in the annual financial statements / Board's report.

### 7. ATTENDANCE OF CHAIRPERSON OF NRC AT GENERAL MEETINGS

7.1 Pursuant to section 178(7) of the Companies Act, 2013, the Chairperson or in his/her absence, any other member of the NRC (who will be deemed to be authorised by the Chairperson) shall attend the general meetings of the Bank.

### 8. POLICY REVIEW

8.1 This Policy may be amended, modified or supplemented, from time to time, to ensure compliance with any amendment, modification or supplementation to the Companies Act, 2013 and rules made there under, RBI regulations / guidelines or any other law relating to employee / Directors' compensation, issued from time to time. At a minimum the policy shall be subject to annual review

8.2 The Board of Directors shall actively oversee the remuneration system's design and operation and shall monitor and review the same at least on an annual basis to ensure that the system operates as intended.

8.3 Pursuant to Section 10(1)(b)(iii) of the Banking Regulation Act, 1949 (B.R. Act, 1949), the Bank shall neither employ nor continue the employment of any person whose remuneration is, in the opinion of the RBI, excessive.

## Annexure 1

# Disclosure Requirements for Remuneration

<b>Remuneration</b>		
Qualitative disclosures	a.	Information relating to the composition and mandate of the Remuneration Committee.
	b.	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.
	c.	Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks
	d.	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.
	e.	A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.
	f.	Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms
Quantitative disclosures (The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer/ Other Risk Takers)	g.	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.
	h.	• Number of employees having received a variable remuneration award during the financial year.
		• Number and total amount of sign-on awards made during the financial year.
		• Details of guaranteed bonus, if any, paid as joining / sign on bonus.
		• Details of severance pay, in addition to accrued benefits, if any.
	i.	• Total amount of outstanding deferred remuneration, split into cash, shares and sharelinked instruments and other forms.
		• Total amount of deferred remuneration paid out in the financial year.
	j.	• Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.
	k.	• Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.
		• Total amount of reductions during the financial year due to ex- post explicit adjustments.
• Total amount of reductions during the financial year due to ex- post implicit adjustments.		

# Financial Statements

# Independent Auditor's Report

## To the Members of NSDL Payments Bank Limited Report on the Audit of the Financial Statements

### Opinion

1. We have audited the accompanying financial statements of **NSDL Payments Bank Limited** ('the Bank'), which comprise the Balance Sheet as at March 31, 2019 and the Profit and Loss Account and the Cash Flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with notes thereon give full information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013, in the manner so required for banking companies and give 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 Bank as at March 31, 2019;
  - b. in case of the Profit and Loss Account, of the loss of the Bank for the year ended on that date;
  - c. in the case of the Cash Flow Statement, of the cash flows of the Bank for the year ended on that date.

### Basis for Opinion

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

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

3. The Bank's Board of Directors is responsible for the preparation of the other information, comprising of the information included in the Management Discussion and Analysis, Directors' Report including Annexures to Directors' Report, and such other disclosures related Information, excluding the financial statements and auditors report thereon ('Other Information'). The other information is expected to be made available to us after the date of this auditors' report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the other Information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charges with governance as required under SA 720 'The Auditor's responsibilities Relating to other Information'

## Responsibility of Management for Financial Statements

4. The Bank's Board of Directors is responsible for the matters stated in section 134(5) of 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 Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under prescribed Section 133 of the Act, provision of section 29 of the Banking Regulation Act, 1949 and the circulations and guidelines issued by Reserve Bank of India ("RBI") from time to time. This responsibility also includes maintenance of adequate accounting records in accordance

# Independent Auditor's Report

with the provisions of the Act for safeguarding of the assets of the Bank 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; 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. In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

5. Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Our audit process in accordance with the SAs is narrated in details in Annexure 1 to this report.

## Other Matters

6. The comparative financial information of the Bank for the period ended March 31, 2018 have not been included as the Bank had not prepared its

financial statements for the year 2017-18 as per the Banking Regulation Act, 1949 pursuant to the e-mail received from Reserve Bank of India ("RBI") on May 9, 2018 which stated that since the Bank was yet to commence its banking operations, the provisions of Banking Regulations Act, 1949 would not be applicable to the Bank for preparation of the financial statements for the year 2017-18.

Our opinion is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

7. The Balance Sheet and Profit and Loss Account and the Cash Flow Statement have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
8. As required by Section 30(3) of the Banking Regulation Act, 1949, 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 and have found them to be satisfactory;
  - b. the transactions of the Bank, which have come to our notice have been within the powers of the Bank; and
  - c. Since the bank is having only one branch, the question on reporting the number of branches audited by us and the manner of audit thereon does not arise.
9. 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 Bank so far as it appears from our examination of those books;



# Independent Auditor's Report

- c. the Balance Sheet, the Profit and Loss Account 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 in so far as they apply to the Bank;
- e. on the basis of the written representations received from the directors as on March 31, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in Annexure 2.
- g. With respect to the other matters to be included in Auditors' Report in accordance with the requirements of Section 197(16) of the Act, as amended
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us, we report as under:
  - (i) The Bank does not have any pending Litigation, as at the year end which would impact its financial position;
  - (ii) The Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - (iii) the Bank is currently not liable to transfer any amount to the Investor Education and Protection Fund.

In our opinion and to the best of our information and according to the explanations given to us, being a banking company, Section 197 of the Act related to managerial remuneration is not applicable.

For **Khimji Kunverji & Co LLP**  
(formerly Khimji Kunverji & Co- FRN 105146W)  
Chartered Accountants

Sd/-  
**Gautam V Shah**  
Partner (F-117348)

Place: Mumbai  
Date: May 19, 2019

# Annexure 1 to the Independent Auditors' Report

(referred to in para 5 titled "Auditor's Responsibilities for the Audit of the Financial Statements")

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, to design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether

a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

# Annexure 2 to the Independent Auditors' Report

[referred to in paragraph 10(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report]

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of **NSDL Payments Bank Limited** ("the Bank") as at March 31, 2019 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

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

## Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls Over Financial Reporting

A Bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control over financial reporting includes those policies and procedures that:

- (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank;
- (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and
- (c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

# Annexure 2 to the Independent Auditors' Report

[referred to in paragraph 10(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report]

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

According to the information and explanation given to us, the Bank has framed process document and risk control matrix for certain key processes relating to internal financial controls system over financial reporting. In our opinion, considering the internal

control over financial reporting criteria established by the Bank and the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI and to justify existence and operative effectiveness of the said controls, the Bank need to strengthen the documentation of identified risk & controls to make it commensurate with the size of the Bank and nature of its business.

For **Khimji Kunverji & Co LLP**  
 (formerly Khimji Kunverji & Co- FRN 105146W)  
 Chartered Accountants

Sd/-  
**Gautam V Shah**  
 Partner (F-117348)

Place: Mumbai  
 Date: May 19, 2019

# Balance Sheet

as at 31<sup>st</sup> March, 2019

(₹ in '000s)

Particulars	Schedule No.	As at 31 <sup>st</sup> March, 2019
<b>Capital &amp; Liabilities</b>		
Capital	1	11,50,000
Reserves and Surplus	2	(1,03,045)
Deposits	3	155
Borrowings	4	-
Other Liabilities and Provisions	5	37,450
<b>Total</b>		<b>10,84,560</b>
<b>Assets</b>		
Cash and Balances with Reserve Bank of India	6	1,931
Balances with banks and money at call and short notice	7	7,37,574
Investments	8	39,324
Advances	9	-
Fixed Assets	10	2,50,194
Other Assets	11	55,537
<b>Total</b>		<b>10,84,560</b>
Contingent Liabilities	12	2,500
Bills for Collection		-
Significant Accounting Policies	17	
Notes to Accounts	18	

The Schedules referred to above form an integral part of the Balance Sheet

The Balance Sheet has been prepared in conformity with Form "A" of the Third schedule to the Banking Regulation Act, 1949

As per our report of even date

For **Khimji Kunverji & Co LLP**  
(formerly Khimji Kunverji & Co -  
FRN : 105146W)

Chartered Accountants

Sd/-  
**Gautam V Shah**  
Partner (F-117348)

Place : Mumbai  
Date : 19<sup>th</sup> May, 2019

For and on behalf of the Board of Directors  
**NSDL Payments Bank Limited**

**CIN: U65900MH2016PLC284869**

Sd/-  
**L. Ravi Shankar**  
Director  
DIN: 00185931

Sd/-  
**Abhishek Bagchi**  
Chief Financial Officer

Sd/-  
**SP. Narayanan**  
Managing Director and CEO  
DIN: 02255917

Sd/-  
**Deepashri Cornelius**  
Company Secretary

Sd/-  
**G. V. Nageswara Rao**  
Director  
DIN: 00799504

# Statement of Profit and Loss

for the year ended on 31<sup>st</sup> March, 2019

Particulars	Schedule No.	(₹ in '000s)
		For the year ended 31 <sup>st</sup> March, 2019
<b>I Income</b>		
Interest Earned	13	54,189
Other Income	14	4,959
<b>Total</b>		<b>59,148</b>
<b>II Expenditure</b>		
Interest Expended	15	872
Operating Expenses	16	1,25,175
Provisions and Contingencies	18(3) (3.1)	(1,608)
<b>Total</b>		<b>1,24,439</b>
<b>III Profit/Loss</b>		
Net Profit /(Loss) for the year		(65,291)
Profit brought forward	18(3) (3.23)	(37,754)
<b>Total</b>		<b>(1,03,045)</b>
<b>IV Appropriations</b>		
Transfer to Statutory Reserve		-
Transfer to Investment Reserve		-
Balance carried over to Balance Sheet		(1,03,045)
<b>Total</b>		<b>(1,03,045)</b>
EPS Basic (₹)		(0.60)
EPS Diluted (₹)		(0.60)
Face Value of shares (₹)		10/-
Significant Accounting Policies	17	
Notes to Accounts	18	

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date

For **Khimji Kunverji & Co LLP**  
 (formerly Khimji Kunverji & Co -  
 FRN : 105146W)

Chartered Accountants

Sd/-  
**Gautam V Shah**  
 Partner (F-117348)

Place : Mumbai  
 Date : 19<sup>th</sup> May, 2019

For and on behalf of the Board of Directors  
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 Chief Financial Officer

Sd/-  
**Deepashri Cornelius**  
 Company Secretary

Sd/-  
**G. V. Nageswara Rao**  
 Director  
 DIN: 00799504



# Statement of Cash Flow

for the year ended on 31<sup>st</sup> March, 2019

(₹ in '000s)

Particulars	As at 31 <sup>st</sup> March, 2019
<b>I Cash Flow from Operating Activities</b>	
Net Profit for the Year (before taxes)	(66,899)
Adjustments for:-	
Add : Non-Cash Expenditure	
Depreciation	31,949
<b>Cash Flow before Changes in Working Capital</b>	<b>(34,950)</b>
Adjustments for working capital changes	
Deposits	155
Other Liabilities	20,004
Other Assets	(33,950)
Direct Taxes paid	(72)
(Increase)/Decrease in AFS Investments	(39,324)
<b>Cash generated from Operating Activities</b>	<b>(88,137)</b>
<b>II Cash Flow from Investing Activities</b>	
Investment in deposits with maturity of more than twelve months	
Addition to Other Fixed Assets	(1,77,624)
Addition to Capital Work in Progress	92,341
<b>Cash generated from Investing Activities</b>	<b>(85,283)</b>
<b>III Cash Flow from Financing Activities</b>	
Proceeds of share issue	1,20,000
<b>Cash generated from financing Activities</b>	<b>1,20,000</b>
<b>IV Increase/Decrease during the Year</b>	<b>(53,420)</b>
<b>V Opening Cash and Cash Equivalents</b>	<b>7,92,925</b>
<b>VI Closing Cash and Cash Equivalents</b>	<b>7,39,505</b>
<b>Notes to the Cash Flow Statement:</b>	
Cash and cash equivalents includes the following:	
(i) Cash and Balances with Reserve Bank of India (Refer Schedule 6)	1,931
(ii) Balances with Banks in Current Accounts (Refer Schedule 7)	7,37,574
(iii) Money at Call and Short Notice (Refer Schedule 7)	-
<b>Cash and cash equivalents at the end of the year</b>	<b>7,39,505</b>

As per our report of even date

For **Khimji Kunverji & Co LLP**  
(formerly Khimji Kunverji & Co -  
FRN : 105146W)  
Chartered Accountants

Sd/-  
**Gautam V Shah**  
Partner (F-117348)

Place : Mumbai  
Date : 19<sup>th</sup> May, 2019

For and on behalf of the Board of Directors  
**NSDL Payments Bank Limited**

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Company Secretary

Sd/-  
**G. V. Nageswara Rao**  
Director  
DIN: 00799504

# Schedules forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## Schedule 1 - Capital

Particulars	(₹ in 000s)
	<b>As at 31<sup>st</sup> March, 2019</b>
<b>Authorised Capital</b>	
200,00,00,00 Ordinary Shares of ₹ 10/- each	20,00,000
<b>Issued, Subscribed &amp; Paid-up</b>	
11,50,00,000 Ordinary Shares of ₹ 10/- each	11,50,000
<b>Total</b>	<b>11,50,000</b>

## Schedule 2 - Reserves & Surplus

Particulars	(₹ in 000s)
	<b>As at 31<sup>st</sup> March, 2019</b>
<b>1. Statutory Reserve</b>	
(i) Opening Balance	-
(ii) Addition during the year	-
(iii) Deduction during the year	-
<b>Total</b>	<b>-</b>
<b>2. Investment Reserve</b>	
(i) Opening Balance	-
(ii) Addition during the year	-
(iii) Deduction during the year	-
<b>Total</b>	<b>-</b>
<b>3. Balance in Profit &amp; Loss Account</b>	
(i) Opening Balance (Refer note 18(3)(3.23))	(37,754)
(ii) Addition during the year	(65,291)
(iii) Deduction during the year	-
<b>Total</b>	<b>(1,03,045)</b>
<b>Total</b>	<b>(1,03,045)</b>

## Schedule 3 - Deposits

Particulars	(₹ in 000s)
	<b>As at 31<sup>st</sup> March, 2019</b>
<b>A. Demand Deposits</b>	
i) From Banks	-
ii) From Others	-
<b>Total</b>	<b>-</b>
<b>2. Savings Bank Deposits</b>	<b>155</b>

# Schedules forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

(₹ in 000s)

Particulars	As at 31 <sup>st</sup> March, 2019
<b>3. Term Deposits</b>	
i) From Banks	-
ii) From Others	-
<b>Total</b>	-
<b>Total</b>	<b>155</b>
<b>B. i. Deposits of Branches in India</b>	
ii. Deposits of Branches outside India	155
<b>Total</b>	<b>155</b>

## Schedule 4 - Borrowings

(₹ in 000s)

Particulars	As at 31 <sup>st</sup> March, 2019
<b>1. Borrowings in India</b>	
(i) Reserve Bank of India	-
(ii) Other Banks	-
(iii) Other Institutions and Agencies	-
(iv) Subordinated debt	-
<b>Total</b>	-
<b>2. Borrowings outside India</b>	-
<b>Total</b>	-

## Schedule 5 - Other Liabilities and Provisions

(₹ in 000s)

Particulars	As at 31 <sup>st</sup> March, 2019
1. Bills Payable	-
2. Inter Office Adjustments (Net)	-
3. Interest Accrued	-
4. Others (Including Provisions)	37,450
<b>Total</b>	<b>37,450</b>

## Schedule 6 - Cash and Balances with Reserve Bank of India

(₹ in 000s)

Particulars	As at 31 <sup>st</sup> March, 2019
1. Cash in hand	-
2. Balances with Reserve Bank of India	
(i) In Current Account	1,931
(ii) In Other Accounts	-
<b>Total</b>	<b>1,931</b>

# Schedules forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## Schedule 7 - Balance with Banks and Money at Call and Short Notice

Particulars	(₹ in 000s)
	As at 31 <sup>st</sup> March, 2019
<b>1. In India</b>	
(i) Balances with Banks	
a) In Current Accounts	2,186
b) In other Deposit Accounts (Refer Note 18(3) (3.19))	7,35,388
(ii) Money at Call and Short Notice	
a) With Banks	-
b) With Other Institutions	-
<b>Total</b>	<b>7,37,574</b>
<b>2. Outside India</b>	
(i) In Current Accounts	-
(ii) In Other Deposits Accounts	-
(iii) Money at Call and Short Notice	-
<b>Total</b>	<b>-</b>
<b>Total</b>	<b>7,37,574</b>

## Schedule 8 - Investments

Particulars	(₹ in 000s)
	As at 31 <sup>st</sup> March, 2019
<b>1. Investments in India (Gross)</b>	<b>39,324</b>
Less – Provision for depreciation	-
<b>Total</b>	<b>39,324</b>
<b>Investments in India in -</b>	
(i) Government Securities	39,324
(ii) Other Approved Securities	-
(iii) Shares	-
(iv) Debentures & Bonds	-
(v) Subsidiaries and / or Joint Venture	-
(vi) Others	-
<b>Total</b>	<b>39,324</b>
<b>2. Investments Outside India</b>	<b>-</b>
<b>Total</b>	<b>-</b>
<b>Total</b>	<b>39,324</b>

# Schedules forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## Schedule 9 - Advances

(₹ in 000s)

Particulars	As at 31 <sup>st</sup> March, 2019
<b>A.</b>	
(i) Bills Purchased and Discounted	-
(ii) Cash Credits, Overdrafts and Loans Repayable on Demand	-
(iii) Term Loans	-
<b>Total</b>	-
<b>B.</b>	
(i) Secured by Tangible Assets	-
(ii) Coverd by Bank/Government Guarantees	-
(iii) Unsecured	-
<b>Total</b>	-
<b>C.1 Advances in India</b>	
(i) Priority Sector	-
(ii) Public Sector	-
(iii) Banks	-
(iv) Others	-
<b>Total</b>	-
<b>C.2 Advances Outside India</b>	-
<b>Total</b>	-
<b>Total</b>	-

## Schedule 10 - Fixed Assets

(₹ in 000s)

Particulars	As at 31 <sup>st</sup> March, 2019
<b>1. Premises</b>	
(i) At cost at 31 <sup>st</sup> March of the preceding year	-
(ii) Additions During the year	-
(iii) Deductions During the year	-
(iv) Accumulated Depreciation to date	-
<b>Total</b>	-
<b>2. Other Fixed Assets</b>	
(i) At cost at 31 <sup>st</sup> March of the preceding year	16,634
(ii) Additions During the year	1,77,624
(iii) Deductions During the year	-
(iv) Accumulated Depreciation to date	34,652
<b>Total</b>	<b>1,59,606</b>
<b>3. Capital Work in Progress</b>	<b>90,588</b>
<b>Total (1+2+3)</b>	<b>2,50,194</b>

# Schedules forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## Schedule 11 - Other Assets

Particulars	(₹ in 000s)
	As at 31 <sup>st</sup> March, 2019
1. Inter-Office Adjustment (Net)	-
2. Interest Accrued	13,714
3. Tax Paid in Advance/Tax Deducted at Source (Net of Provision)	134
4. Stationery and Stamps	-
5. Deferred Tax Assets (Net)	-
6. Others	41,689
<b>Total</b>	<b>55,537</b>

## Schedule 12 - Contingent Liabilities

Particulars	(₹ in 000s)
	As at 31 <sup>st</sup> March, 2019
1. Claims against the bank not acknowledged as debts	-
2. Liability on Account of Outstanding Forward Exchange contracts	-
3. Liability on Account of Outstanding Derivative Contracts	-
4. Guarantees given on behalf of constituents	-
(i) In India	-
(ii) Outside India	-
6. Acceptances, Endorsements and other Obligations	-
7. Other items for which the bank is contingently liable	-
(i) Income tax & other matters (under appeal)	-
(ii) Others	2,500
<b>Total</b>	<b>2,500</b>

## Schedule 13 - Interest Earned

Particulars	(₹ in 000s)
	For the year ended 31 <sup>st</sup> March, 2019
1. Interest / Discount on Advances / bills	-
2. Income on Investments	705
3. Interest on balance with RBI and Other Inter bank funds	53,484
4. Others	-
<b>Total</b>	<b>54,189</b>

## Schedule 14 - Other Income

Particulars	(₹ in 000s)
	For the year ended 31 <sup>st</sup> March, 2019
1. Commission, Exchange and Brokerage	1
2. Profit on sale of Investments (Net)	4,958
3. Profit / (Loss) on sale of land, building and other assets (Net)	-
4. Profit on exchange transactions (Net)	-
5. Miscellaneous Income	-
<b>Total</b>	<b>4,959</b>



# Schedules forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## Schedule 15 - Interest Expended

(₹ in 000s)

Particulars	For the year ended 31 <sup>st</sup> March, 2019
1. Interest on Deposits	2
2. Interest on Reserve Bank of India / Inter-Bank Borrowings	-
3. Others	870
<b>Total</b>	<b>872</b>

## Schedule 16 - Operating Expenses

(₹ in 000s)

Particulars	For the year ended 31 <sup>st</sup> March, 2019
1. Payments to and provisions for employees	41,410
2. Rent, taxes and lighting	9,362
3. Printing and stationery	120
4. Advertisement and publicity	444
5. Depreciation on banks property	31,949
6. Director's fees Allowances and expenses	3,745
7. Auditors' fees and expenses (Including branch auditor's fees and expenses)	1,411
8. Law Charges	621
9. Postage, Telegrams, Telephones, etc.	97
10. Repairs and maintenance	20,678
11. Insurance	640
12. Other Expenditure	14,698
<b>Total</b>	<b>1,25,175</b>

# Significant Accounting Policies

## 17. Significant Accounting Policies

### 1. Background

NSDL Payments Bank Limited ('the Bank') was incorporated on 17<sup>th</sup> August 2016 under the Companies Act, 2013. The Bank is primarily engaged in the business of

- Accepting demand deposits in the form of savings bank deposits,
- To provide payment/ remittance/recharge services through its mobile application,
- Issue of debit cards for point of sale/ Ecommerce and ATM transactions,

The RBI has granted license to carry on payments bank business in India, under Section 22(1) of Banking Regulation Act, 1949 subject to terms and conditions mentioned vide their letter dated 30<sup>th</sup> March 2017. Thus, the Bank commenced banking business on 29<sup>th</sup> October, 2018.

### 2. Basis of Preparation

**2.1** The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting except otherwise stated in accordance with the generally accepted accounting principles in India to comply with the statutory requirements prescribed under the Banking Regulation Act, 1949, the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

The financial statements are presented in Indian Rupees ("Rupees" or "Rs" and all amounts are rounded off to the nearest thousands except as stated otherwise).

### 2.2 Use of estimates

The preparation of the financial statements requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, revenues and expenses during the reporting period and disclosure of contingent liabilities at the date of the financial statements. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revisions

to the accounting estimates are recognised prospectively in the current and future periods.

### 2.3 Going Concern

The Bank is operationally and financially fully supported by the holding company. In view of the Holding company's commitment to the business, the financial statements have been prepared on a going concern basis.

### 3. Investments

#### Classification

In accordance with the RBI guidelines on investments classification and valuation, investments are classified at the time of purchase as:

- Held For Trading (HFT)
- Available for Sale (AFS)
- Held to Maturity (HTM)

However, for disclosure in the Balance Sheet, investments in India are classified under six categories-

- Government Securities,
- Other approved securities,
- Shares,
- Debentures and Bonds,
- Investment in Subsidiaries/Joint Ventures
- Others (MF units, CD/CP, etc.)

#### Basis of Classification

Investments that are held principally for sale within a short period are classified as HFT securities. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days, are reclassified as AFS securities.

All other investments are classified as AFS securities.

#### Acquisition cost

Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the Profit and Loss Account. Broken period interest on debt instruments and government securities are considered as a revenue item under Profit and Loss account as per RBI guidelines. Cost of Investments is based on first in first out method.

#### Valuation

Investments are marked to market on a periodical basis as per relevant RBI guidelines. The market or fair value of quoted investments included in

# Significant Accounting Policies

the 'AFS' and 'HFT' categories is measured with respect to the market price of the scrip as available from the trades or quotes on the stock exchanges, SGL account transactions, and price list of RBI or prices declared by Financial Benchmark India Private Limited (FBIL) as at the year end.

The market or fair value of unquoted government securities included in the 'AFS' and 'HFT' categories is determined as per the price published by FBIL. Net depreciation, if any, within each category of each investment classification is recognised in the Profit and Loss Account. The net appreciation if any, under each category of each investment classification is ignored, except to the extent of depreciation previously provided.

Treasury Bills, being discounted instruments, are valued at carrying cost.

Units of mutual funds are valued at the latest repurchase price/net asset value declared by the mutual fund.

Realised gains/losses on investments under the AFS and HFT category are recognised in the Profit and Loss Account.

The Bank follows 'Settlement Date' accounting for recording purchase and sale transactions of securities.

## Disposal of Investments

Profit/Loss on sale of investments under the aforesaid three categories are taken to Profit/Loss account. The profit from sale of investments under HTM category if any, net of taxes and transfers to Statutory Reserve is subsequently appropriated to "Capital Reserve".

## 4. Revenue Recognition

Revenue is recognised to the extent, that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

Service revenue is recognised on completion of provision of services. Revenue is recognised on transfer of all significant risks and rewards and when no significant uncertainty exists regarding realisation of consideration.

All other fees/commission is accounted for as and when they become due.

## Investing and other activities

Income on account of interest and other activities are recognised on an accrual basis. Interest income on discounted instruments is recognised over

the tenure of the instruments so as to provide a constant periodic rate of return. Interest income is recognised in accordance with AS-9, Revenue Recognition on time proportion basis.

## 5. Property Plant and Equipment (Tangible and Intangible), Depreciation/Amortisation

Property Plant and Equipment (Fixed assets) are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes initial handling and delivery charges, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Capital work-in-progress includes cost of assets under development that are not ready for their intended use and reflects advances paid to acquire those assets, vendor payments made towards the development of the asset and also includes employee salary cost directly attributable towards development of intangible assets.

Intangible assets with finite useful lives are carried at cost and are amortised on a straight line basis over their estimated useful life and charged to profit and loss account. Salary cost included as a part of capital work in progress is capitalised and charged to Profit and Loss account based on allocation of time towards developmental and non-developmental activities based on Management estimate.

Depreciation is provided over the estimated useful life of a fixed asset on the straight-line method from the date of addition.

The Management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets. The assets residual value and useful lives are reviewed at each financial year end or whenever there are indicators for review and adjusted prospectively.

Asset category	Estimated Useful Life
Application software	5 years
Office Equipment	5 years
Computers and data processing units	
- Servers and networks	6 years
- End user devices, such as, desktops, laptops, etc.	3 years

# Significant Accounting Policies

## 6. Impairment

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. An impairment is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

## 7. Employee Benefits

The Bank's post-employment benefits include Defined Benefit Plan and Defined Contribution Plans. The Bank also provides other benefits in the form of compensated absences, by way of Privilege Leave and Sick Leave.

### Defined Benefit Plans

#### Gratuity

Under the Defined Benefit plan, the Bank provides retirement obligation in the form of Gratuity. In terms of the plan, a lump -sum payment is made to eligible employees at retirement or termination of employment based on respective employee salary and years of experience with the Bank. Gratuity liability is defined benefit obligation and is provided on the basis of actuarial valuation based on projected unit credit method made at the end of each financial year. The Bank contributes towards gratuity fund (defined benefit retirement plan) administered by identified insurer for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although insurer administers the scheme and determine the contribution premium required to be paid by the Bank. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Bank.

For defined benefit plans, the difference between the fair value of the plan assets and the present value of the plan liabilities is recognised as an asset or liability in the balance sheet. Scheme

liabilities are calculated using the projected unit credit method and applying the principal actuarial assumptions as at the date of balance sheet. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. All expenses in respect of defined benefit plans, including actuarial gains and losses, are recognised as a part of salary cost.

### Compensated Absences

The employees of the Bank are entitled to compensated absences based on the un-availed leave balance as well as other long term benefits. The Bank records liability based on actuarial valuation computed under projected unit credit method.

Compensated absences by way of Privilege Leave and Sick Leave are provided for based on estimates of encashment/availment of leave. The Bank provides for the compensated absences based on actuarial valuation as per projected unit credit method conducted by an independent actuary. Actuarial gains/losses are considered as a part of salary cost and included in capital work in progress.

### Defined Contribution Plan

The Bank's contributions to defined contribution plans are recognised as a part of salary cost as they fall due. The Bank has no further obligations under these plans beyond its periodic contributions. The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits.

## 8. Leases

### Finance Lease

Lease contracts where substantially all the risks and rewards incidental ownership has been transferred to the Bank are classified as Finance Lease.

Finance Lease is capitalised at the inception of the lease at fair value of the leased property or present value of minimum lease payments, whichever is lower and corresponding rental obligation with finance costs are included in other Financial Liability. Lease payments are apportioned between finance cost and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are recognised in finance costs in the statement of Profit and Loss account. A leased asset is depreciated over lower of the useful life of the asset or period of lease term.

# Significant Accounting Policies

## Operating Lease

Leases where the lessor transfers substantially all the risks and rewards of ownership of the leased asset are classified as finance lease and other leases are classified as operating lease.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

## 9. Taxation

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the relevant provisions of Income tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off assets against liabilities representing current tax and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The impact of changes in the deferred tax assets and liabilities is recognised in the Profit and Loss Account.

Deferred tax assets are recognised and reassessed at each reporting date, based upon the Management's judgement as to whether realisation is considered as reasonably certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realised against future profits.

At each balance sheet date, unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably or virtually certain, as the case may be, that future taxable income will be available against which such deferred tax assets can be realised.

## 10. Earnings per share

The Bank reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share. Basic earnings per share is computed by dividing the net profit/ (loss) after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end except where the results are anti-dilutive.

## 11. Provisions, Contingent Liabilities and Contingent Assets

In accordance with AS-29 relating to Provisions, Contingent Liabilities and Contingent Assets; a provision is recognised when the Bank has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on 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.

No provision is recognised and 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 occurrence of one or more uncertain future events not within the control of the Bank; 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.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent assets are not recognised in the financial statements.

## 12. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

## 13. Cash flow Statements

Cash flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Bank are segregated.



# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## 18. Notes forming part of the financial statements for the year ended 31<sup>st</sup> March, 2019

### 1. Statutory disclosures as per RBI

#### 1.1 Capital Adequacy

Capital Adequacy Ratio as per RBI guidelines on Basel II Capital Regulations is detailed below.

		(₹ in 000's)
<b>Particulars</b>		<b>As at 31<sup>st</sup> March, 2019</b>
i)	Common Equity Tier-1 capital ratio (%)	231.06%
ii)	Tier-1 capital ratio (%)	231.06%
iii)	Tier-2 capital ratio (%)	-
iv)	Total capital ratio (CRAR) (%)	231.06%
v)	Percentage of the shareholding of the Government of India in public sector banks	-
vi)	Amount of equity capital raised	120,000
vii)	Amount of Additional Tier 1 capital raised; of which	-
	Perpetual Non-Cumulative Preference Shares (PNCPS)	-
	Perpetual Debt Instruments (PDI)	-
viii)	Amount of Tier 2 capital raised; of which	-
	Debt capital instruments:	-
	Preference Share Capital Instruments:	-
	Preference Shares (PCPS) / Redeemable Non-Cumulative Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	-

As per RBI requirement, the Bank shall maintain a minimum net worth of ₹ 10,00,000 ('000s) at all times. The net worth of the Bank as at 31<sup>st</sup> March, 2019 is ₹ 10,46,955 ('000s). As per the methodology of computing net worth defined in the monthly and quarterly "Return on Asset, Liabilities and Exposures" of the Reserve Bank of India (RBI), Net worth is Total Capital and Reserves minus Revaluation Reserves minus Undisclosed Reserves minus General Provisions minus (Intangible Assets and Deferred Tax Assets). Computer Software (WDV as at 31<sup>st</sup> March, 2019: ₹ 1,48,313 ('000s') being classified separately under fixed assets in the said return and it is not considered as Intangible Assets while computing networth.

#### 1.2 Investments

- i) The following table sets forth for the period indicated, the details of investments and movement of provision held towards depreciation on investments of the Bank.

		(₹ in 000's)
<b>No.</b>	<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2019</b>
<b>1</b>	<b>Value of investments</b>	
(i)	Gross value of investments	
	(a) In India	39,324
	(b) Outside India	-
(ii)	Provision for depreciation	
	(a) In India	-
	(b) Outside India	-
(iii)	Net value of investments	
	(a) In India	39,324
	(b) Outside India	-
<b>2</b>	<b>Movement of provisions held towards depreciation on investments</b>	
(i)	Opening balance	-
(ii)	Add : Provisions made during the year	-
(iii)	Less : Write off/ Write back of excess provisions during the year	-
(iv)	Closing balance	-



# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

- ii) The following table sets forth, for the period indicated, the details of investments categorisation in accordance with RBI guidelines.

(₹ in 000's)

Security	As at 31 <sup>st</sup> March, 2019			
	HTM	HFT	AFS	Total
Government securities	-	-	39,324	39,324
Other Approved Securities	-	-	-	-
Shares	-	-	-	-
Debentures/Bonds	-	-	-	-
Others- Mutual Fund	-	-	-	-
Others- Joint Venture	-	-	-	-

HTM – Held for Trading

HFT – Held for Trade

AFS – Available for Sale

### 1.3 Repo/Reverse Repo Transactions (Face Value)

The Bank did not have purchase/sell any securities under repo/reverse repo during the year 2018-19.

### 1.4 Non SLR Investment Portfolio

- i) Issuer composition of Non SLR investments

(₹ in 000's)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	-	-	-	-	-
(ii)	FIs	-	-	-	-	-
(iii)	Banks	-	-	-	-	-
(iv)	Private Companies	-	-	-	-	-
(v)	Subsidiaries/Joint Ventures	-	-	-	-	-
(vi)	Others	-	-	-	-	-
(vii)	Total (I to vi)	-	-	-	-	-
(viii)	Less :Provision held towards depreciation	-	-	-	-	-
	<b>Total (viii – viii)</b>	-	-	-	-	-

<sup>(1)</sup> Amounts reported under columns 4, 5, 6 and 7 above may not be mutually exclusive.

### 1.5 Non-Performing Non-SLR investments

The Bank does not have any non performing investments during the year 2018-19.

### 1.6 Provision for Depreciation on Investments

Provision for depreciation on investments under 'Available for Sale' category as on 31<sup>st</sup> March, 2019 is Nil.

### 1.7 Sale and Transfers to/ from HTM Category

The Bank did not sell or transfer any investments to / from HTM category during the year 2018-19.

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## 1.8 Derivatives

The bank has not entered into any derivative transactions (Forward Rate Agreement/ Interest Rate Swap/ Exchange Traded Interest Rate Derivatives) during the year 2018-19. Therefore, qualitative and quantitative disclosures under RBI guidelines with respect to derivative transactions are not required.

## 1.9 Asset Quality

As per the RBI guidelines issued by RBI for licensing of Payments Bank; the payments bank are not allowed to give any advance or lend to any person including their directors. Therefore, the disclosure required for asset quality (movement in NPA's, disclosure on accounts subjected to restructuring, provisioning of standard assets etc.) are not applicable to payments bank.

## 1.10 Business Ratios

No.	Particulars	For the year ended 31 <sup>st</sup> March, 2019
i.	Interest income as a percentage to working funds <sup>1</sup>	2.33%
ii.	Non-interest Income as percentage to working funds <sup>1</sup>	0.35%
iii.	Operating profit as a percentage to working funds <sup>2</sup>	(3.51%)
iv.	Return on assets <sup>3</sup>	(2.90%)
v.	Business (Deposit) per employee <sup>4</sup> (₹ in actuals)	4,557
vi.	Profit/(Loss) per employee <sup>4</sup> (₹ in 000's)	(0.86)

In terms of RBI letter DBR.BP.No.8965/21.04.018/2018-19, dated 23<sup>rd</sup> April 2019, business ratios have been computed from the period the Bank was operational i.e. October 29, 2018

- Working funds represent average of total assets excluding accumulated losses as reported in Form X returns submitted to RBI under section 27 of the Banking Regulation Act, 1949 during the year.
- Operating Profit means Net Interest Income plus Other Income less Operating Expenses
- Net Profit as a percentage to average working funds
- For the purpose of per employee average number of employees have been considered
- For the purpose of above ratios except no. v the management has considered the numerator on prorata basis from the commencement of operation

## 1.11 Asset Liability Management

### Maturity pattern of certain items of assets and liabilities as on 31<sup>st</sup> March, 2019:

Maturity Bucket	(₹ in 000's)					
	Deposits	Advances	Investments*	Borrowings	Foreign currency assets	Foreign currency liabilities
Day 1	5	-	35,353	-	-	-
2 to 7 days	5	-	-	-	-	-
8 to 14 days	5	-	-	-	-	-
15 to 28 days	-	-	-	-	-	-
Days 29 to 3 months	-	-	-	-	-	-
Over 3 to 6 months	-	-	3,971	-	-	-
Over 6 month to 1 year	-	-	-	-	-	-
Over 1 to 3 years	140	-	-	-	-	-
Over 3 to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
<b>Total</b>	<b>155</b>	<b>-</b>	<b>39,324</b>	<b>-</b>	<b>-</b>	<b>-</b>

Classification of assets and liabilities under the different maturity buckets are compiled by the Management (on gross basis) based on the guidelines issued by the RBI and are based on the same assumptions as used by the Bank for compiling the returns submitted to RBI and which have been relied upon by the auditors.

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## 1.12 Exposures

### i) Sensitive Sectors

The Bank has not entered into any transactions related to capital market and real estate sector during the year 2017-18.

ii) As per the RBI guidelines issued by RBI for licensing of Payments Bank; the payments banks are not allowed to give any advance or lend to any person including their directors. Therefore, the disclosure required in respect to exposure to real estate sector, capital market, category wise country risk, single and group borrower limits and unsecured advances are not applicable to payments bank.

## 1.13 Disclosure of penalties imposed by RBI

No penalty has been imposed by RBI during the year 2018-19

## 2. Disclosure Requirements as per Accounting Standards

### 2.1 Accounting Standard 15 - Employee Benefits

#### Leave Encashment

The actuarially determined liability for Compensated Absences (Privilege Leave) of the employees of the Bank is given below:

No.	Particulars	(₹ in 000's) As at 31 <sup>st</sup> March, 2019
	Provision as at date	1,582

#### Provident Fund

The contribution to the Employee Provident Fund amounted to ₹ 27.23 (in 000's) for the year 2018-2019.

#### Gratuity

The following tables give the disclosure regarding the Gratuity Scheme in accordance with the Accounting Standard 15 (Revised):

#### Balance Sheet

##### Change in Defined Benefit Obligation during the year

No.	Particulars	(₹ in 000's) As at 31 <sup>st</sup> March, 2019
1	Defined Benefit Obligation at the beginning of the period	1,008
2	Service cost	828
3	Interest cost	79
4	Actuarial losses/(gains)	(560)
5	Benefit payments	-
6	Defined Benefit obligation at the end of the period	1,355

##### Amount recognised in Balance Sheet:

No.	Particulars	(₹ in 000's) As at 31 <sup>st</sup> March, 2019
1	Present value of defined benefit obligation	1,355
2	Fair value of plan assets	(1,907)
3	Funded status ((surplus)/ deficit)	(552)
4	Unrecognised past service costs	-
5	Net asset / (liability) recognised in the Balance Sheet	552

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## Change in the fair value of Plan Assets during the year

No.	Particulars	For the year ended 31 <sup>st</sup> March, 2019
1	Fair value of plan assets at the beginning of the year	-
2	Contributions by the Bank	1,885
3	Actuarial Gain/ (Loss) recognised during the year	22
4	Benefit paid	-
5	Fair value of plan assets at the end of the year	1,907

## Profit and Loss Account

### Net employee benefit expenses (recognised in payments to and provisions for employees)

(₹ in 000's)

No.	Particulars	For the year ended 31 <sup>st</sup> March, 2019
1	Current service cost	828
2	Interest on Defined Benefit Obligation	79
3	Expected Return on Plan Assets	-
4	Net Actuarial Losses/(Gains) recognised in the year	(582)
5	Past Service Cost	-
6	Actuarial losses / (Gains)	-
	<b>Total included in "Employee Benefit Expense" [Schedule 16(I)]</b>	<b>324</b>
	Actual Return on Plan Assets	22

### Experience adjustment is as follows:

(₹ in 000's)

No.	Experience Adjustments	For the year ended 31 <sup>st</sup> March, 2019
	<b>Gratuity</b>	
1	Actuarial (Gains)/Losses on Obligations – Due to Experience	(577)
2	Actuarial (Gains)/Losses on Plan Assets – Due to Experience	22

### The principal actuarial assumptions used as at the Balance Sheet date are as follows:

No.	Particulars	As at 31 <sup>st</sup> March, 2019
1	Salary escalations	8.00%
2	Discount rate	7.78%
3	Attrition rate	2.00%
4	Mortality rate	Indian assured Lives Mortality (2006-08)

The above assumptions are considered for determining actuarial liability under Gratuity and Leave Encashment. Liability towards Leave Encashment and Gratuity are non –funded.

## 2.2 Accounting Standard 17 – Segment Reporting

Currently, the bank operates in a Close User Group (CUG) and hence there is no reportable segment for the year ended 31<sup>st</sup> March, 2019

## 2.3 Accounting Standard 18 – Related Party Disclosures

Related party disclosure as required in accordance with AS 18 – "Related Party Disclosures" and RBI guidelines, is provided below.

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

The related parties of the Bank are broadly classified as:

Relationship	Name of the related Party
Promoters	National Securities Depository Limited
Key Management Personnel (KMP)	Mr. SP. Narayanan (MD & CEO) –w.e.f 3 <sup>rd</sup> May, 2018 Mr. Abhishek S. Bagchi (CFO) Ms. Deepashri Cornelius (CS)

In line with the Reserve Bank of India Circular No. DBR.BC.No.23//21.04.2018/2015-16 dated 1<sup>st</sup> July 2015; the Bank has not disclosed details pertaining to related parties where under a category there is only one entity. Similarly, there has been only one entity under Key Management personnel at any given point of time, and therefore, those details are also not disclosed. Related parties are identified by the Management and relied upon by the auditors.

(₹ in 000's)

Items / Related Party	Parent (as per ownership or control)	Key Management Personnel @	Relatives of Key Management Personnel	Total
Borrowings#	-	-	-	-
Deposit#	-	-	-	-
Placement of deposits	-	-	-	-
Investments#	-	-	-	-
Non funded commitments#	-	-	-	-
Leasing / HP arrangements Avalied/provided	-	-	-	-
Sale/Purchase of fixed assets	-	-	-	-
Interest paid	-	-	-	-
Interest Received	-	-	-	-
Rendering of services	-	-	-	-
Receiving of services	-	16,440	-	-
Management Services	-	-	-	-

## 2.4 Accounting Standard 19 - Lease Disclosures

The total amount paid by the Bank under cancellable operating lease for the financial year is ₹ 83 lakhs. The Bank has not entered into any non-cancellable operating lease and financial lease arrangement in the current year.

- Rent paid for lease hold property : ₹ 30 lakhs
- Rent paid to NSDL for shared premises : ₹ 53 lakhs

## 2.5 Accounting Standard 10 and 26 – Fixed Assets and Other application softwares Other Fixed Assets (including furniture & fixtures)

The movement in fixed assets capitalised as hardware and other application software is given below:

(₹ in 000's)

Hardware	For the year ended 31 <sup>st</sup> March, 2019
At cost at the beginning of the year	16,634
Additions during the year	1,002
Deductions during the year	-
Accumulated depreciation as at 31 <sup>st</sup> March 2019	6,343
Closing balance as at 31 <sup>st</sup> March 2019	11,293

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

	(₹ in 000's)
<b>Software</b>	<b>For the year ended 31<sup>st</sup> March, 2019</b>
At cost at the beginning of the year	-
Additions during the year	1,76,622
Deductions during the year	-
Accumulated depreciation as at 31 <sup>st</sup> March 2019	28,309
Closing balance as at 31 <sup>st</sup> March 2019	1,48,313

## 2.6 Accounting Standard 22: Accounting for taxes

The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

	(₹ in 000's)
	<b>For the year ended 31<sup>st</sup> March, 2019</b>
Deferred tax asset on account of depreciation	129
Deferred tax asset on account of other items	154
Deferred tax liability on account of depreciation	-
Deferred tax liability on account of other items	-

Deferred tax asset has not been recognised based on absence of virtual certainty of future profits.

## 2.7 Accounting Standard 20 – Earnings Per Share ('EPS')

<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March, 2019</b>
Net profit/(loss) after tax (₹ in 000's)	(65,291)
Basic weighted average no. of shares	1,08,030,137
Add: Equity shares for no consideration arising on grant of stock options under ESOP (₹ in 000's)	-
Diluted weighted average no. of shares	1,08,030,137
Basic EPS (₹)	(0.60)
Diluted EPS (₹)	(0.60)
Nominal value of shares (₹)	10/-

## 2.8 Accounting Standard 28 – Impairment of Assets

An asset is treated as impaired when its carrying amount exceeds its recoverable amount. The impairment is recognised by debiting the profit and loss account and is measured as the amount by which the carrying amount of the impaired assets exceeds their recoverable value.

The management has reviewed the carrying value of the assets, as per Accounting Standard 28 - "Impairment of Assets", and assessed that no impairment is required as the value in sale is higher than the carrying value.



# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## 3. Additional Disclosures as per RBI

### 3.1 Provisions and contingencies

Break up provisions and contingencies

(₹ in 000's)

Particulars	For the year ended 31 <sup>st</sup> March, 2019
Provision for depreciation on investments	-
Provision towards NPA	-
Provision made towards income tax	
- Current tax expense	-
- Deferred tax expense	(1,691)
- Prior Period	83
<b>Total</b>	<b>(1,608)</b>

### 3.2 Draw down from reserves

The Bank has not drawn any amount from reserves during the year 2018-19.

### 3.3 Disclosure of complaints/unimplemented awards of Banking Ombudsman

#### (i) Customer complaints

No.	Particulars	For the year ended 31 <sup>st</sup> March, 2019
(a)	No. of complaints pending at the beginning of the year	-
(b)	No. of complaints received during the year	-
(c)	No. of complaints redressed during the year	-
(d)	No. of complaints pending at the end of the year	-

#### (ii) Awards passed by the Banking Ombudsman

No.	Particulars	For the year ended 31 <sup>st</sup> March, 2019
(a)	No. of unimplemented awards at the beginning of the year	-
(b)	No. of Awards passed by the Banking Ombudsmen during the year	-
(c)	No. of Awards implemented during the year	-
(d)	No. of unimplemented Awards at the end of the year	-

Since the Bank is in Close User Group phase, no formal customer complaint register has been maintained and hence the above disclosures are not applicable.

### 3.4 Concentration of deposits

(₹ in 000's)

Particulars	As at 31 <sup>st</sup> March, 2019
Total deposits of twenty largest depositors (₹ in 000's)	126
Percentage of deposits of twenty largest depositors to total deposits of the Bank	81.35%

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

### 3.5 Off Balance sheet SPVs sponsored (which are required to be considered as per accounting norms)

There is no off-balance sheet SPVs sponsored during the year 2018-19.

### 3.6 Provision for Long Term Contracts

The Bank has a process whereby periodically all long term contracts are assessed for material foreseeable losses. As at 31<sup>st</sup> March, 2019, the Bank has reviewed and recorded adequate provision as required under applicable RBI laws/ accounting standards for material foreseeable losses on such long term contracts, where applicable, in the books of account and disclosed the same under the relevant notes in the financial statements.

### 3.7 Details of provisioning related to fraud accounts

Particulars	(₹ in 000's)	
	<b>As at 31<sup>st</sup> March, 2019</b>	
No. of frauds reported	-	
Amount involved in such frauds (net of recovery) (₹ in 000's)	-	
Quantum of provision made (₹ in 000's)	-	
Quantum of unamortised provision debited from 'other Reserves' at the end of the Year (₹ in 000's)	-	

Bank is reporting regulatory returns relevant to Payments Banks as per directions of Department of Banking Supervision (DBS), RBI vide mail communication 22<sup>nd</sup> December, 2017. During the year 2018-19, the Bank did not have any reported instances of fraud in the Closed User Group (CUG) stage and as informed by the Bank, no formal return for this purpose is required to be submitted.

### 3.8 Remuneration of Directors (Non-executive)

Particulars	(₹ in 000's)	
	<b>As at 31<sup>st</sup> March, 2019</b>	
- Board Meeting	1,400	
- Audit Committee	480	
- Nomination & remuneration Committee	360	
- Risk Management Committee	540	
- Customer Service Committee	360	
- IT Strategy Committee	180	
- Independent Director Committee	240	
<b>Total</b>	<b>3,560</b>	

### 3.9 Fee/Commission earned in respect of Insurance and other Third Party Products

The Bank has earned ₹ 336.32 from distribution of third party Mutual Fund products during the year 2018-19.

### 3.10 Bancassurance Business

No fees/remuneration had been received in respect of the bank assurance business during the year 2018-19.

### 3.11 Unamortised Pension and Gratuity Liabilities

The Bank does not have any unamortised Pension /Gratuity Liabilities as at 31<sup>st</sup> March, 2019.

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## 3.12 Disclosures on Remuneration

### (i) Qualitative Disclosure

**a. Information relating to the composition and mandate of the Remuneration Committee:**

The Nomination & Remuneration committee comprises of minimum 3 non-executive directors out of which at least one half consist of Independent Directors of the Bank. Key mandate of the Nomination & Remuneration committee is to identify persons who are qualified to become directors and recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

**b. Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:**

The current remuneration design offered is a competitive and market aligned remuneration package. The remuneration is designed to attract the required and quality talent in order to implement the start-up process movement of the Bank to a Business oriented approach.

**c. Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks:**

The incentive structures focus on ensuring sound and effective risk management by aligning with the Banks business strategy, values, key priorities and long-term goals. The bank is in process to develop a clear and predetermined role based KPIs which are set in accordance with the Banks overall strategy. This will further strength the future risk accounted from remuneration process.

**d. Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:**

Currently, there is no defined policy and the Bank is in the process of determining the same

**e. A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting:**

Currently, there is no defined policy and the Bank is in the process of determining the same

**f. Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms:**

Currently, there is no defined policy and the Bank is in the process of determining the same  
The qualitative disclosure is made by the management and relied upon by the auditors

### (ii) Quantitative Disclosure

**a. Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members:**

Number of meetings- 3

Remuneration paid to the members during the year 2018-19 - ₹ 3,60,000.

**b. Number of employees having received a variable remuneration award during the financial year:**

During the financial year, ten (10) employees received variable remuneration award.

Total Fixed Component (Gross) is ₹ 434,11,371 and Variable Pay is ₹ 97,01,000

**c. Number and total amount of sign-on awards made during the financial year: Nil**

**d. Details of guaranteed bonus, if any, paid as joining/ sign on bonus: Nil**

**e. Details of severance pay, in addition to accrued benefits, if any: Nil**

**f. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms: Nil**

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

- g. **Total amount of deferred remuneration paid out in the financial year:** Nil
- h. **Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred:** Nil
- i. **Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments:** Nil
- j. **Total amount of reductions during the financial year due to ex- post explicit adjustments:** Nil
- k. **Total amount of reductions during the financial year due to ex- post implicit adjustments:** Nil

### 3.13 Credit Default Swaps

The Bank has not issued any Credit Default Swaps (CDS) during the year 2018-19.

### 3.14 Intra-group Exposure

Particulars	(₹ in 000's)
	<b>As at 31<sup>st</sup> March, 2019</b>
Total amount of intra group exposures	-
Total amount of top 20 intra group exposures	-
Percentage of intra group exposures to total exposure of the bank on borrowers / customers	-
Details of breach of limits on intra group exposures and regulatory action thereon, if any.	-

### 3.15 Transfers to Depositor Education and Awareness Fund (DEAF)

Particulars	(₹ in 000's)
	<b>As at 31<sup>st</sup> March, 2019</b>
Opening balance of amounts transferred to DEAF	-
Add : Amounts transferred to DEAF during the year	-
Less : Amounts reimbursed by DEAF towards claims	-
Closing balance of amounts transferred to DEAF	-

### 3.16 Liquidity Coverage Ratio (LCR)

Disclosure pertaining to Liquidity Coverage Ratio (LCR) is not applicable to the payments bank

### 3.17 Micro, Small and Medium Enterprises Development Act, 2006

There are no delays in payments to micro and small enterprises as required to be disclosed under 'The Micro, Small and Medium Enterprises Development Act 2006'. The determination has been made to the extent such parties were identified by the management based on the information available and are relied upon by the auditors.

**3.18** As per Operating guidelines for Payments Bank issued by RBI dated 6<sup>th</sup> October, 2016, a Payments Bank cannot lend to any person except own employees. Accordingly all disclosures in Notes to Accounts pertaining to advances have not been made.

**3.19** The Bank has availed a Bank Guarantee for an amount of ₹ 2,500 thousand (Prev. period ₹ 2,500 thousand) in favour of UIDAI against a lien on Fixed Deposit.

# Notes forming part of the financial statements

for the year ended 31<sup>st</sup> March, 2019

## 3.20 Provident Fund

The Hon'ble Supreme Court of India ("SC") by their order dated 28<sup>th</sup> February, 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

Pending decision on the subject review petition and directions from the EPFO, the impact, if any, is not ascertainable and consequently no effect have been given in the accounts.

## 3.21 Categorywise Breakup of Other Expenses (Schedule-12)

Particulars	(₹ in 000's)
	For the year ended 31 <sup>st</sup> March, 2019
Membership Fees	2,805
Professional Fees	2,481
Office Maintenance	2,475
Travelling and Conveyance	1,874
Recruitment Charges	1,843
IT and Call Centre expenses	677
Security Charges	661
Registration Charges	604
Others	1,278
<b>Total</b>	<b>14,698</b>

## 3.22 Corporate Social Responsibility (CSR)

As per the provisions of Section 135 of the Companies Act, 2013, the Bank is not required to spend towards CSR in the current year.

## 3.23 Previous Year comparative figures

The comparative financial information of the Bank for the period ended 31<sup>st</sup> March, 2018 have not been included as the Bank had not prepared its financial statements for the year 2017-18 as per the Banking Regulation Act, 1949 pursuant to the e-mail communication received from Reserve Bank of India ("RBI") dated 9<sup>th</sup> May, 2018. These financial statements are the first set of financial statements prepared under the Banking Regulation Act, 1949.

As per our report of even date

For **Khimji Kunverji & Co LLP**  
(formerly Khimji Kunverji & Co -  
FRN : 105146W)

Chartered Accountants

Sd/-  
**Gautam V Shah**  
Partner (F-117348)

Place : Mumbai  
Date : 19<sup>th</sup> May, 2019

For and on behalf of the Board of Directors

**NSDL Payments Bank Limited**

**CIN: U65900MH2016PLC284869**

Sd/-  
**L. Ravi Shankar**  
Director  
DIN: 00185931

Sd/-  
**Abhishek Bagchi**  
Chief Financial Officer

Sd/-  
**SP. Narayanan**  
Managing Director and CEO  
DIN: 02255917

Sd/-  
**Deepashri Cornelius**  
Company Secretary

Sd/-  
**G. V. Nageswara Rao**  
Director  
DIN: 00799504

## NSDL BRANCHES

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