



**NSDL**

Technology, Trust & Reach

# REDEFINING DIGITAL JOURNEY



**ANNUAL REPORT**  
**2020-21**

# Corporate Information

## BOARD OF DIRECTORS

**Mr. B. A. Prabhakar**  
Public Interest Director & Chairman

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

**Prof. G. Sivakumar**  
Public Interest Director

**Ms. Priya Subbaraman**  
Shareholder Director

**Mr. B. Sambamurthy**  
Public Interest Director

**Dr. Rajani Gupte**  
Public Interest Director

**Mr. Rajeev Kumar**  
Shareholder Director

## AUDITORS

**Statutory Auditors**  
**Deloitte Haskins & Sells,**  
**Chartered Accountants LLP**  
Indiabulls Finance Centre,  
Tower 3, 27-32 Floor, Senapati  
Bapat Marg,  
Elphinstone Road (W),  
Mumbai - 400 013

**Internal Auditors**  
**M/s Mahajan & Aibara,**  
Chartered Accountants  
B-Wing, 2nd Floor, Mafatlal Chambers,  
N M Joshi Marg, Lower Parel (East),  
Mumbai - 400 013

**Secretarial Auditors**  
**M/s S. N. Ananthasubra-**  
**manian & Co.**  
Company Secretaries  
10/25-26, 2nd Floor,  
Brindaban,  
Thane (W) - 400 601

## BANKERS

**NSDL Payments Bank Limited**  
**HDFC Bank Limited**

**ICICI Bank Limited**  
**IDBI Bank Limited**

**Kotak Mahindra Bank Limited**

## REGISTERED OFFICE

Trade World, 'A' Wing, 4th 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 139-280

- NSDL Database Management Limited (NDML) 139
- NSDL Payments Bank Limited (NPBL) 209



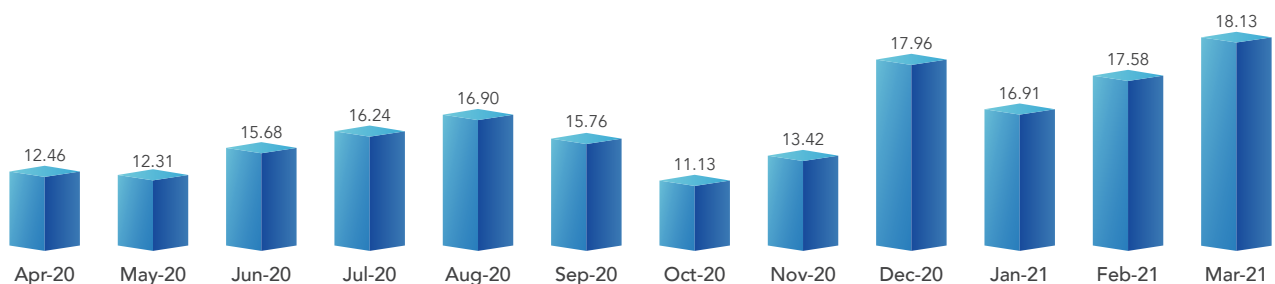
## SPEED-e

SPEED-e is a common internet infrastructure that enables the Depository Participants to provide depository services to their clients. The SPEED-e facility is used extensively by our Depository Participants (DPs) to offer an electronic instruction submission facility to their clients. This brings convenience to investors which reduces the risk for DPs as well as to investors. It also provides customer delight thus enhancing the overall customer experience.

Over the years, various features viz., Statement of Holding (SoH), Account freezing, ISIN/ Quantity level freezing, multiple authorizations by certain users, instructions upload facility, Mutual Fund Redemption, SPICE and SPEED-e / SPICE Direct, Pledge and margin pledge Instruction Submission, Confirmation and Unilateral closure by counter party were added to SPEED-e service.

As on March 31, 2021, 213 Participants have subscribed to SPEED-e service and more than 12.76 lakh users have registered for e-service facility. During FY2020-21, more than 18.45 crore instructions were executed through SPEED-e. During the FY 2020-21, approximately 80.27% instructions out of total instructions processed on SPEED-e were processed through SPEED-e Direct facility.

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







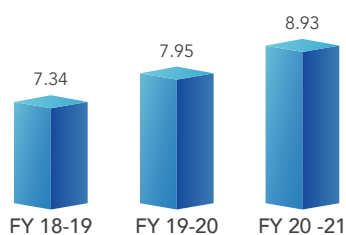
## IDeAS

Internet-based Demat Account Statement (IDeAS) is a secure internet service setup by NSDL to empower its 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, facility to opt of eCAS, view eCAS, download eCAS of last 12 months and updation of email ID in demat account to receive eCAS.

During the FY 2020-21, number of clients using IDeAS increased to 8.93 lakh from 7.95 lakh in previous year indicating a growth of around 12.5%. As on March 31, 2021, 472 Clearing Members were using IDeAS as compared to 545 Clearing Members as on March 31, 2020. As on March 31, 2021, 254 DPs have subscribed for IDeAS.

**Clients registered for IDeAS facility**  
(Figures in Lakh)





## Consolidated Account Statement (CAS)

CAS has been a very popular initiative of NSDL. 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, securitized 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. CAS enables investors to monitor their portfolio effectively and also help them to develop strategies and accordingly take informed decisions. CAS is sent to investors electronically using email primarily (e-CAS). Investors also have an online option to opt for e-CAS and update email ID for receiving e-CAS.

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 feature of "Annualized Return" has been incorporated to provide information on return on investors' investments in mutual funds schemes.

- **During the year under review, NSDL has dispatched over 6 crore CAS to investors.**

**As part of our endeavor to enhance investor experience, NSDL has incorporated following new features in NSDL CAS**

- The instructions detail viz., Instruction initiated by Client/POA holder & Source of instruction like Electronic, Physical DIS etc. are included in transactions details in respect of NSDL demat accounts of CAS.
- Transaction details in respect of Margin Pledge and Re-pledge in favour of Trading Members (TM), Clearing Members (CM) and Clearing Corporations (CC) are included in Transactions details in respect of NSDL demat accounts of CAS.
- The details of IDCW i.e., Income Distribution (appreciation on NAV) and Capital Withdrawal (Equalization Reserve) in respect of Dividend transactions (Payout & Reinvestment) are included in Mutual Fund schemes held in NSDL demat account and Mutual Fund Folios of CAS.

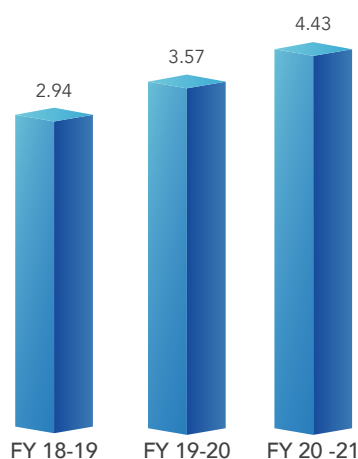


## Mobile App

- Mobile Application is a technology initiative of NSDL for investors to enable them to access to their demat account online, from the comfort of their home or office, on anytime, anywhere basis. NSDL Mobile App empowers demat account holder with an ability to monitor their holdings along with the price and values of the securities. NSDL Mobile App is a secured way of tracking the portfolio.
- Additional feature viz., client can exercise voting rights electronically, e-DIS launched wherein demat account holder can accept or reject electronic Delivery Instructions Slips (e-DIS) submitted by Clearing Members. Also, clients can Submit and View Delivery Instructions.

### Total number of Users who accessed Mobile Application

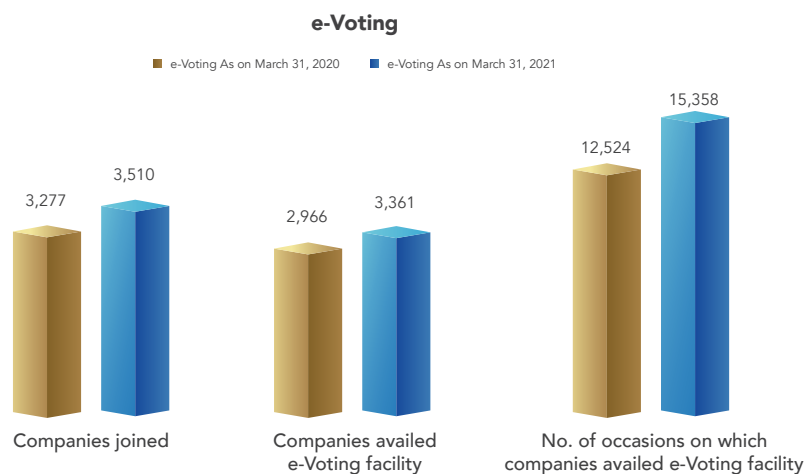
(Figures in Lakh)





## e-Voting

NSDL e-Voting solution has facilitated many companies to offer e-Voting services to their shareholders. This has enabled even small investors to take active part in the company's decision-making process by voting on the important resolutions. Apart from facilitating the voting process, NSDL also help 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 SMS to investors for every debit in their demat account and many other important transactions. These messages help them to monitor their demat account in an effective manner. As on March 31, 2021, NSDL has sent about **12.63 crore messages**.





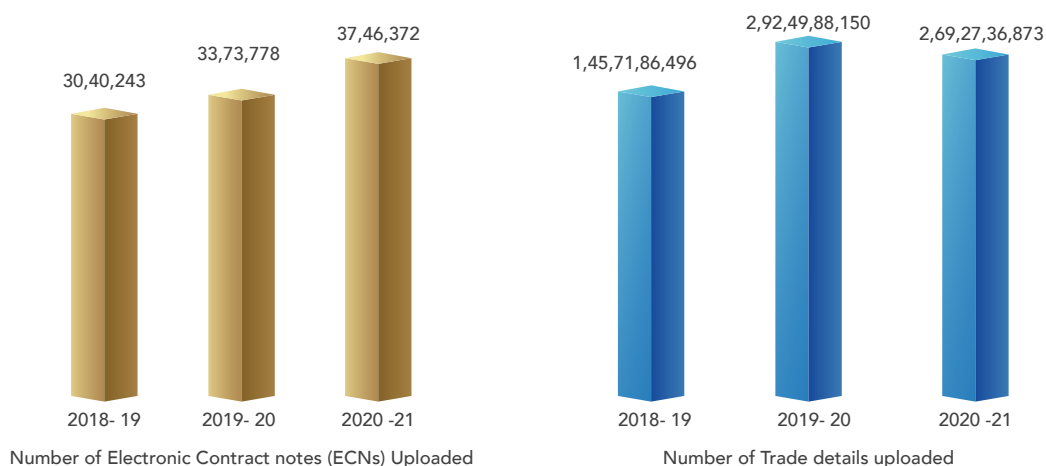


## Electronic Contract Notes - STeADY

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

During the FY 2020-2021, 37.46 lakh contract notes were submitted through STeADY as compared to 33.73 lakh contract notes during the FY 2019-20, indicating a growth over 11% in respect of contract notes.

Electronic Contract Note Data





## Investor Accounts

- The number of active depository accounts increased from 1.97 crore as at the end of the previous year to 2.17 crore as on March 31, 2021 resulting in net increase of 20 lakh accounts.
- During FY 2020-21, 24.96 lakh new accounts were opened at NSDL, taking total number of demat accounts opened till March 31, 2021 to 3.64 crore.

## SPICE

Submission of Power of attorney-based Instructions for Clients Electronically (SPICE) facility is in respect of demat accounts operated on the basis of Power of Attorney (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 Participants. SPICE enables Clearing Members to debit Client account and credit 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

- Number of unique clients registered for SPICE facility as on March 31, 2021 was 1,40,02,628



## MD & CEO Message

### FY 2020-21



Dear Shareholder,

I am delighted to inform you that your Company has turned in yet another very successful year in FY 2020-21. The global pandemic caused untold challenges to people and businesses not only in India but all across the world. Yet the capital markets witnessed unprecedented boom during the year. It is a reflection of the resilience, optimism and buoyancy of the Indian economy even in the face of adversity and a testament to its inherent, fundamental strength.

There was a substantial increase in the number of new demat accounts opened with a sharp increase in new investors participating in the markets. Number of new demat accounts opened in NSDL during FY 2020-21 increased by 54% over the previous year on gross basis and by 73% on net basis after closures. Such growth rates had not been witnessed in recent years. Concomitantly, there was significant increase in trading and settlement activity as well. NSDL's revenue from operations recorded a growth of 34% in FY 2020-21 over the previous year and profit after tax recorded a growth of 62%.

Total custody value of assets held in NSDL demat accounts crossed the historic milestone of ₹ 250 lakh crore in May 2021. NSDL continued to maintain a market share of over 89% in the total custody value of dematerialised assets in the country. NSDL crossed the milestone of ₹ 100 lakh crore in 2014, taking 18 years since inception, but the next ₹ 100 lakh crore took only six years and the further ₹ 50 lakh crore thereafter took only six months. Nothing can be more telling about the rapid growth of the Indian capital markets.

What is also most satisfying is that NSDL worked with speed and focus to support this order of growth and ensure that all services to the markets functioned with no disruption whatsoever, even while operating in a work from home scenario for bulk of its employees as also those of market participants. Not only the depository system but all the critical national projects and businesses operated by our subsidiaries functioned smoothly with no interruption. It is also a demonstration of the resilience of NSDL



infrastructure and the manner in which it supported continued economic activity.

The quest to enable end to end digital journeys and operations continued through the year. While NSDL has been principally operating digital platforms for many years, the pandemic taught us the need to examine every physical or paper interaction that remained and digitise the same. NSDL's API-based Instant Demat Accounting Opening service allowed clients to open demat accounts instantly using digital journeys. Likewise, Digital Loan against Securities service allowed clients to avail loan against their securities in minutes by instantly pledging their securities holdings. NSDL's eAGM service which allowed Indian corporates to conduct annual general meetings through video conferencing was extensively used by who's who of corporate India. NSDL's digital onboarding platform for unlisted companies allowed companies to easily get admitted in the depository. NSDL's Online Commercial Paper System enabled companies to issue commercial paper using end-to-end digital workflows. Issuer portals provided digital enablement of various services to issuer companies.

To make markets safer, several initiatives mooted by SEBI such as margin pledge and repledge system, eDIS operation with 2 factor authentication, OTP confirmation for off-market transfers, block mechanism for early pay-in, were introduced.

NSDL Database Management Ltd recorded significant growth in operations, especially KRA and Payments, although revenues from SEZ Online were muted due to sharp decline in exports and imports due to the pandemic. NSDL Payments Bank has expanded its operations during the year and is well on track to achieve break-even. The bank earned net profit in the last quarter of FY 2020-21 as also in the first quarter of FY 2021-22.

With the vast experience and diverse product range, NSDL is well positioned to enrich the digital enablement of our investors and continue to contribute to the development of India's financial markets by providing world-class market infrastructure.

I extend sincere appreciation to all the stakeholders including the Members of the Board, SEBI, RBI, Central and State Governments and, most importantly, to all our employees for their valuable support and contribution. We thank you for being a part of our journey and 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. SAMBAMURTHY  
BOGGARAPU**

Former Chairman of National  
Payments Corporation of India  
as RBI Nominee



**PROF. G.  
SIVAKUMAR**

Department of Computer Science  
and Engineering, IIT Bombay



**DR. RAJANI  
GUPTÉ**

Vice Chancellor, Symbiosis  
International (Deemed University)



**MR. RAJEEV  
KUMAR**

Executive Director,  
IDBI Bank Limited



**MS. PRIYA  
SUBBARAMAN**

Chief Regulatory Officer, National  
Stock Exchange of India Limited



**MR. G.V. NAGESWARA RAO**

Managing Director & CEO  
National Securities Depository Limited



## Our Team



**MR. G.V. NAGESWARA RAO**  
Managing Director & CEO



**MR. SAMAR BANWAT**  
Executive Director



**MR. SUNIL BATRA**  
Executive Vice President &  
Chief Technology Officer



**MR. NITYANAND  
PHATARPHOD**  
Executive Vice President



**MR. PRASHANT VAGAL**  
Executive Vice President



**MR. MANOJ SARANGI**  
Senior Vice President



**MR. JAGDISH PANDYA**  
Senior Vice President



**MR. AMIT JINDAL**  
Senior Vice President



**MR. CHANDRESH SHAH**  
Vice President &  
Chief Financial Officer



**MR. VISHAL GUPTA**  
Vice President



**MR. RAKESH MEHTA**  
Vice President



**MR. RAHUL PRATAP  
SINGH**  
Vice President



**MR. VISHAL GAJJAR**  
Vice President



**MR. MALAV SHAH**  
Vice President &  
Compliance Officer

## NOTICE

Notice is hereby given that, the Ninth Annual General Meeting of the Members of National Securities Depository Limited will be held on Wednesday, September 29, 2021 at 11:30 a.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business. The venue shall be deemed to be Registered Office of the Company i.e. Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai- 400 013.

### 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, 2021, together with the Reports of the Board of Directors and the Auditors thereon.**
- 2. To declare final dividend on equity shares for the financial year ended March 31, 2021.**

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

**"RESOLVED THAT** final dividend at the rate of ₹5 per share on the equity capital of the company for the year ended March 31, 2021 be paid to those shareholders whose names appear on the register of members, as on record date."

### Registered Office:

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

Date : August 14, 2021  
Place : Mumbai

- 3. To appoint Mr. Rajeev Kumar (DIN: 01879049) as Shareholder Director of the Company who retires by rotation and being eligible, offers himself for re-appointment.**

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

**"RESOLVED THAT** pursuant to Regulation 25 read with Part C of the Second Schedule of the SEBI (Depositories & Participants) Regulations, 2018; Sections 152, 161 and other applicable provisions of the Companies Act, 2013, as amended from time to time and the Articles of Association of the Company, subject to approval of the SEBI and such other consent and permission as may be necessary, and subject to such modifications, variations as may be approved and acceptable approval of the Members be and is hereby accorded for the appointment of Mr. Rajeev Kumar (DIN: 01879049), a representative of IDBI Bank, as Shareholder Director on the Board of NSDL.

**"RESOLVED FURTHER THAT** Managing Director & CEO or the Company Secretary or the Compliance Officer or the Chief Financial Officer of the Company be and are hereby severally authorised to take such steps and do all such acts, deeds and things as may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolutions."

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

Sd/-  
**Nikhil Arya**  
Company Secretary  
Membership No. A42548



**NOTES:**

1. In view of the continuing restrictions on the movement of people at several places in the country, due to outbreak of COVID-19, the Ministry of Corporate Affairs (MCA), vide its General Circular No. 02/2021 dated January 13, 2021 read with General Circular No. 20/2020 dated 5th May, 2020, General Circular No. 14/2020 dated 8th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020 and other applicable circulars issued by the Securities and Exchange Board of India (SEBI), has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2021. In accordance with, the said circulars of MCA, SEBI and applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the 9th AGM of the Company shall be conducted through VC / OAVM.
2. As the AGM shall be conducted through VC / OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice. The proceedings of this AGM shall be deemed to be conducted at the Registered Office of the Company situated at 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400 013, which shall be deemed venue of AGM.
3. During the meeting where a poll on any item is demanded by the member pursuant to Section 109 of the Act, the member shall cast their vote on the resolution only by sending emails through their email addresses which are registered with the company or with their Depository Participant(s).
4. Members (Institutional/Corporate Shareholders) are requested to send a scanned copy (PDF / JPEG format) of the Board Resolution authorising its representatives to attend the AGM through VC/OAVM and to vote in its behalf, pursuant to Section 113 of Companies Act, 2013 at NikhilA@nsdl.co.in.

**ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT:**

5. In accordance with, the General Circular No. 20/2020 dated 5th May, 2020 issued by MCA and Circular No. SEBI/HO/CFD/ CMD1/CIR/P/2020/79 dated 12th May, 2020 read with Circular No. SEBI/HO/

CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 issued by SEBI, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).

6. Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participants. In case of any queries / difficulties in registering the e-mail address, Members may write to NikhilA@nsdl.co.in
7. The Notice of AGM along with Annual Report for the financial year 2020-21, is available on the website of the Company at [www.nsdl.co.in](http://www.nsdl.co.in).

**PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:**

8. Members will be able to attend the 9th AGM through VC/OAVM facility. Members have to download BlueJeans app from Google Play Store/iOS App store or from this link (<https://www.bluejeans.com/downloads>). Post installation of BlueJeans app on your device, please use this link <https://bluejeans.com/7863494611/4588> to join the said meeting.
9. For convenience of the Members and proper conduct of AGM, Members can login and join at least 30 (thirty) minutes before the time scheduled for the AGM and shall be kept open throughout the proceedings of AGM.
10. Members who need assistance with the use of technology for joining the AGM through VC/OAVM can contact the Company Secretary at the below mentioned details:  
  
Mr. Nikhil Arya  
Company Secretary  
Mobile no - +91 9766661056  
Email id: NikhilA@nsdl.co.in
11. Please note that participants connecting from Mobile devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

12. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

#### **PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS:**

13. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, email id, mobile number at Nikhila@nsdl.co.in. Questions/ queries received by the Company till 5.00 p.m. on September 28, 2021 shall only be considered and responded during the AGM.

14. Members who would like to express their views or ask questions during the AGM may raise their hand however the Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM.

#### **GENERAL INFORMATION:**

15. The voting rights shall be as per the number of equity shares held by the Member(s) as on the date of Ninth AGM being the cut-off date.

16. During the AGM, the Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act shall be available for inspection upon request.

17. The Board of Directors has recommended Final Dividend of ₹5 per Equity Share for the Financial Year ended March 31, 2021 subject to approval of shareholders at the AGM.

18. If Dividend on Equity Shares, as recommended by the Board, is declared at the AGM, it will be paid within 30 days from the date of declaration to all Beneficial Owners / Members in respect of shares held and whose names are on the Company's Register of Members.

19. 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, 2021.

20. As per the Finance Act 2020, dividend income is taxable in the hands of shareholders w.e.f. April 1, 2020 at applicable rates and as such the Company is not required to pay any DDT.

21. 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.

#### **ADDITIONAL INFORMATION AS REQUIRED UNDER CLAUSE 1.2.5 OF SS-2 AND REGULATION 36 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS**

##### **Item No. 3: Re-appointment of Mr. Rajeev Kumar as Shareholder Director of the Company**

The Board of Directors had proposed the re-appointment of Mr. Rajeev Kumar, as a Shareholder Director. Pursuant to Section 152 of Companies Act, Mr. Rajeev Kumar is liable to retire by rotation and being eligible, seeks re-appointment.

Mr. Rajeev Kumar is a seasoned banker with more than 25 years' experience in wholesale banking project finance, debt syndication, investment banking, retail loans, MSME and agri lending, NPA management, financial restructuring. Mr. Kumar have held key leadership positions in Corporate banking, Infrastructure financing, NPA Management, Debt Syndication. Besides he was Zonal head of Delhi. He was one of the key role players in merger of IDBI Bank with IDBI, setting up of infrastructure Debt Fund. He also has been on the boards of several companies.

Mr. Kumar 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. Rajeev Kumar 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 2020-2021, Mr. Rajeev Kumar was eligible to attend 3 Board meetings of which he has attended 1 Board Meeting.





## DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2021

### To the Members,

Your Directors are pleased to present the Ninth Annual Report and the Company's Audited Financial Statements for the Financial Year (FY) ended March 31, 2021.

### FINANCIAL RESULTS

(₹in Crore)

| Particulars                                    | FY 2020-21    | FY 2019-20    |
|--|---------------|---------------|
| Revenue from Operations                        | 335.58        | 249.59        |
| Other income                                   | 53.11         | 40.87         |
| <b>Total Income</b>                            | <b>388.69</b> | <b>290.46</b> |
| Total Expenditure                              | 146.26        | 142.70        |
| <b>Profit before depreciation</b>              | <b>242.43</b> | <b>147.76</b> |
| Depreciation                                   | 7.43          | 4.76          |
| Contribution to Investor Protection Fund (IPF) | 8.84          | 5.19          |
| <b>Profit before exceptional items</b>         | <b>226.16</b> | <b>137.81</b> |
| Exceptional Items                              | -             | -             |
| Profit before tax                              | 226.16        | 137.81        |
| Provision for Tax                              | 51.43         | 28.92         |
| Provision for Deferred Tax (Credit)            | (1.41)        | 0.48          |
| <b>Total Tax Expenses</b>                      | <b>50.02</b>  | <b>29.40</b>  |
| <b>Profit after Tax</b>                        | <b>176.14</b> | <b>108.41</b> |
| <b>Total Comprehensive Income</b>              | <b>176.50</b> | <b>109.24</b> |
| <b>Appropriation:</b>                          |               |               |
| Proposed Dividend                              | 20.00         | 16.00         |
| Tax on Dividend                                | -             | -             |
| Transfer to General Reserve                    | -             | -             |
| <b>Surplus Carried to the Balance Sheet</b>    | <b>156.50</b> | <b>93.24</b>  |

### Results of operations and state of Company's affairs for Financial Year 2020-21

#### STANDALONE

Revenue from Operations increased to ₹335.58 crore in FY 2020-21 as compared to ₹249.59 crore in the previous year, a growth of 34.5%. Profit before Tax and Exceptional Items increased to ₹226.16 crore in 2020-21 as compared to ₹137.81 crore in the previous year. Profit after Tax (PAT) increased to ₹176.14 crore in 2020-21 as compared to ₹108.41 crore in the previous year, a growth of 62.5%. Earnings Per Share (EPS) of the Company increased to ₹44.03 in 2020-21 as compared to ₹27.10 in the previous year.

Further, as required under SEBI (Depositories and Participants) Regulations, 2018, five percent of profits from depository operations, i.e. ₹8.84 crore has been set aside to be contributed to the Investor Protection Fund (IPF).

The net worth of the Company as on March 31, 2021 increased by 21.2 % to ₹918 crore as compared to ₹757 crore a year ago.

#### CONSOLIDATED

Revenue from Operations increased to ₹465.75 crore in FY 2020-21 as compared to ₹326.07 crore in the previous year, a growth of 42.8%. Profit before Tax and Exceptional Items increased to ₹246.58 crore in FY 2020-21 as compared to ₹162.21 crore in the previous year. Profit after Tax (PAT) increased to ₹188.56 crore in 2020-21 as compared to ₹124.76 crore in the previous year, a growth of 51.1%. Earnings per Share (EPS) of the Company increased to ₹47.14 in 2020-21 as compared to ₹31.19 in the previous year.

The net worth of the Group as on March 31, 2021 increased by 20.4% to ₹1,019 crore as compared to ₹847 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 ₹5.00 on four crore equity share of the face value of ₹10/- each (i.e. 50%) for FY 2020-21 (as compared to ₹4.00 per share for FY 2019-20) for consideration of the shareholders.

The dividend distribution would result in a cash outflow of ₹20.00 crore.

#### DETAILS OF SUBSIDIARY COMPANIES

Your Company has the following subsidiary companies as on March 31, 2021:

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

NSDL Database Management Limited recorded a gross income of ₹ 81.06 crore and PBT of ₹ 39.06 crore for the year ended March 31, 2021.

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

NSDL Payments Bank Limited recorded a gross income of ₹ 62.35 crore and a loss of ₹ 12.54 crore for the year ended March 31, 2021. 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, 2021, the paid up share capital stood at ₹40 crore comprising of 4 crore equity shares of face value 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 the dematerialisation of securities and electronic settlement of trades in the Indian Stock Market.

Financial Year 2020-21 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 2020-21 in line with the regulatory requirements are as under:

#### 1. OTP based off-market transfers

To increase safety of clients' assets and allow more secure operations, SEBI introduced a guideline that Depositories shall put in place a system of obtaining client's consent through One Time Password (OTP) for off market transfer of securities from client's demat account. In compliance with the guideline, NSDL has developed a system to record consent from investor by sending One Time Password (OTP) on his mobile number and email ID registered in demat account. The system also sends out the notification to investors on confirmations of instruction

#### 2. Stamp Duty collection

Amendments to the Indian Stamp Act, 1899 introduced by the Finance Act, 2019 requires depositories to collect stamp duty on specified transactions, NSDL has developed the system to collect stamp duty on eligible transactions from entities like Issuers, Depository Participants and Clients. Direct integration with NSDL Payments Bank allowed NSDL to introduce real time collection and accounting of stamp duty for convenience

of market participants. The collected stamp duty is remitted to the respective State Governments.

#### 3. Common Application Form (CAF) for FPI

In order to simplify the process of Foreign Portfolio Investor (FPI) registration and reduce the Turnaround time (TAT), SEBI in consultation with Income Tax Department (ITD) has created a Common Application Form (CAF) for FPIs. NSDL has developed and implemented the Common Application Form (CAF) to help FPI to apply for PAN and register as FPI using a single application form. Individual FPIs can now apply for PAN using NSDL CAF Portal. Through direct integration with NSDL eGovernance Infrastructure Ltd, which processes PAN applications, a single application can be made for obtaining PAN and demat account opening, facilitating ease of business.

## BUSINESS INITIATIVES

#### 1. Operations in GIFT City (IFSC)

An International Financial Services Centre (IFSC) has been set up at GIFT City, with International Financial Services Centres Authority (IFSCA) as a unified regulator. After obtaining approvals of SEBI and IFSCA, NSDL has commenced depository operations with a branch at GIFT City. NSDL is also part of a consortium of MIs which is in the process of setting up an International Bullion Exchange, Clearing Corporation and Depository in GIFT City to facilitate trading in precious metals.

NSDL intends to offer a range of services as part of its GIFT City operations, starting with allowing Indian investors to hold and trade depository receipts with global stocks as underlying securities.

#### 2. Enhancement of Mobile App

NSDL has revamped the NSDL Mobile App Android for providing better User experience and has implemented features like MPIN based login for ease of use to the investors. This revamp has been done for Android as well as iOS versions of NSDL Mobile App.

#### 3. Impact of Dividend Distribution Tax - on pool accounts and changes required in NSDL system:

As per Union Budget 2020-21, effective from 01 April 2020, dividend will be taxed in the hands of investors, at applicable rates. However, issuer would remit dividend and deduct tax to the holder of shares as per beneficial positions provided by the depositories as on the record date.



All custodians execute Irreversible Delivery Out (IDO) instructions for margin obligation towards sale transactions. For the Client to be able to claim the benefit of TDS, it is required that the securities are present in the Client's demat account on the record date.

Hence, NSDL has developed a facility of 'Hold and Transfer' of Securities from a client account to a pool account. Client to CM Instructions for Custodians and Stock brokers who have opted for this facility will be held (blocked) in the client account till the day of Pay-in.

#### 4. E-Voting and Integration with Video Conferencing (VC) Service for AGMs

Due to the Pandemic, Ministry of Corporate Affairs has permitted companies to hold Annual General Meetings (AGMs) over VC. NSDL introduced eAGM service to facilitate companies to hold AGMs over VC. The facility allows shareholders to login and participate in AGM from their remote locations. Shareholders can also submit their questions which can be replied by Company appointed Moderators. Corporate India including the Who's who of corporate India has used eAGM service of NSDL to successfully conduct their AGMs over video conferencing.

### 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 a facility for viewing details of insurance policies held in investors' e-Insurance Account (eIA) with National Insurance Repository (NIR) of NDML. Additionally, a feature of "Annualised Return" has been incorporated to provide information on return on investors' investments in mutual funds schemes.

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

**CAS Enhancements:** As part of our endeavor to enhance investor experience, NSDL has incorporated the following new features in NSDL CAS:

- The instruction details viz., Instruction initiated by Client/POA holder & Source of instruction like Electronic, Physical DIS, etc. are included in transactions details in respect of NSDL demat accounts of CAS.
- Transaction details in respect of Margin Pledge and Re-pledge in favour of Trading Members (TM), Clearing Members (CM) and Clearing Corporations (CC) are included in Transactions details in respect of NSDL demat accounts of CAS.
- The details of IDCW i.e. Income Distribution (appreciation on NAV) and Capital Withdrawal (Equalization Reserve) in respect of Dividend transactions (Payout & Reinvestment) are included in Mutual Fund schemes held in NSDL demat account and Mutual Fund Folios of CAS.

#### Asset Value under Custody

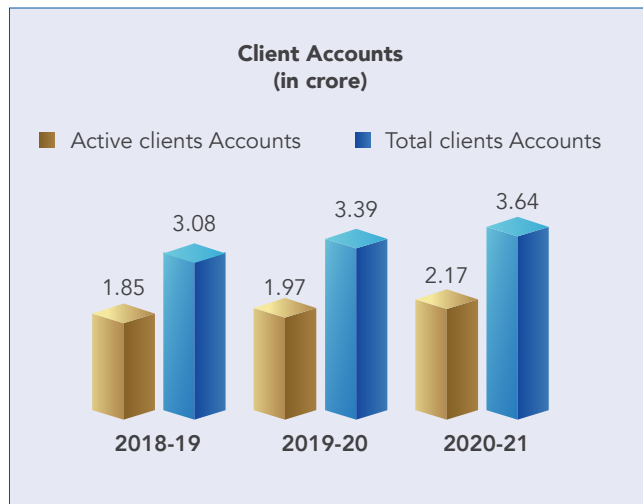
The value of assets held under custody stood at ₹243.75 lakh crore as on March 31, 2021. The market share of NSDL stood at 89.88 % in total custody value as on March 31, 2021. The value of equity securities stood at ₹189.91 lakh crore, while the value of debt securities (Debentures, Bonds, CPs, CDs, etc.) stood at ₹42.60 lakh crore.



#### Client Accounts

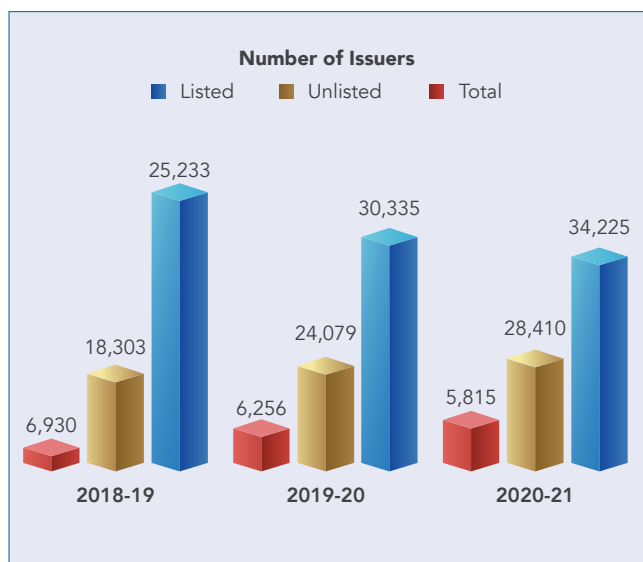
During FY 2020-21, 24.96 lakh new accounts (growth of 54% over the previous year) were opened at NSDL, taking the total number of demat accounts opened till March 31, 2021 to ₹3.64 crore.

The number of active depository accounts increased from 1.97 crore as at the end of the previous year to 2.17 crore as on March 31, 2021 resulting in net increase of about 20 lakh accounts (growth of 73 % over the previous year).



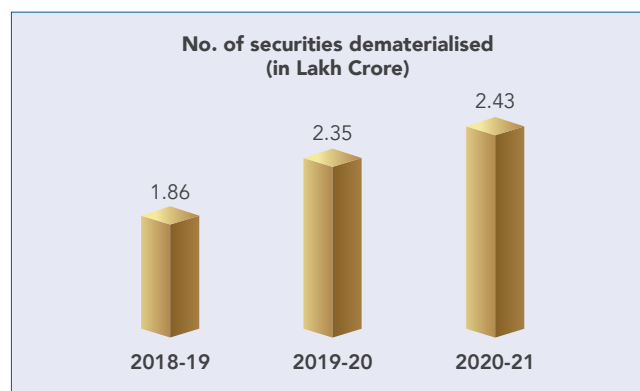
#### Issuers

During the year, the number of Issuers who signed agreements with NSDL to avail dematerialisation facilities continued to grow and crossed 34,225 by March 31, 2021 as compared to 30,335 as on March 31, 2020.



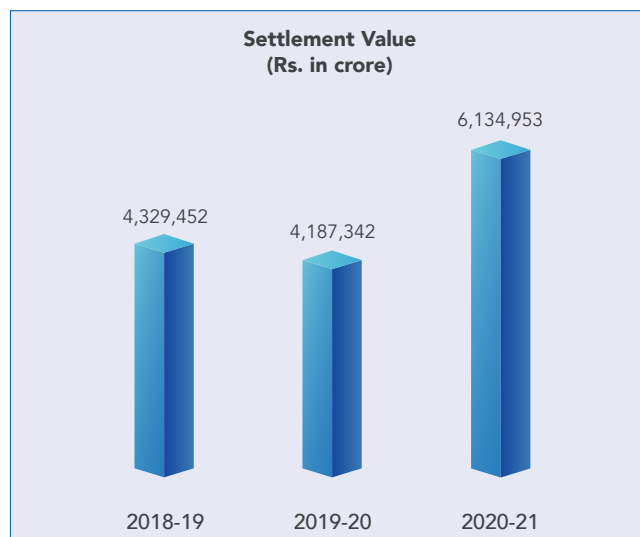
#### Dematerialisation of Securities

The number of securities dematerialised in NSDL stood at more than 2.43 lakh crore as on March 31, 2021, against 2.35 lakh crore as on March 31, 2020, indicating a growth of over 3.40 % during the year.



#### Settlement Volumes

During the year under review, the value of securities that were settled in NSDL in dematerialised form during FY 2020-21 was ₹61,34,953.27 crore as against ₹41,87,341.68 crore in FY 2019-20.



**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.nsdl.co.in](http://www.fpi.nsdl.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 2020-21, a total of 855 new FPI applications were registered by DDPs on NSDL FPI registration portal as against 1122 in FY 2019-20. DDPs have also renewed the registration validity of 2237 FPIs during FY 2020-21 on the NSDL FPI portal as against 3092 during FY 2019-20. There were 9997 FPIs registered on NSDL FPI website as on March 31, 2021. NSDL also monitors the investment limits of FPI investor groups which form part of the same investor group under the equity segment and Aggregate FPI Debt limits in respect of Corporate Debt. Besides, NSDL disseminates rich statistical information on NSDL FPI portal relating to investment by FPIs in India.

NSDL has launched a web based online common application form on the NSDL FPI Registration portal viz., FPI Monitor [[www.fpi.nsdl.co.in](http://www.fpi.nsdl.co.in)] for FPI applicants on February 21, 2020. The online common application form enables FPI applicants with single window clearance facility of registration with SEBI, allotment of PAN from Income Tax Department, KYC and Opening of Bank and Demat accounts in India.

During FY 2020-2021, out of 855 new FPI applications, 738 FPIs were registered through online Common Application Form (CAF) portal. Out of 738 CAF registrations, around 490 applicants were allotted PAN through CAF during FY 2020-21.

**FPI Registration via CAF during FY 2020-21**

|                              |            |
|------------------------------|------------|
| FPI Registration with PAN    | 490        |
| FPI Registration without PAN | 248        |
| <b>Total</b>                 | <b>738</b> |

**Depository Participants**

The total number of Depository Participants stood at 276 as on March 31, 2021. These Participants provide depository services from more than 36,044 service centres/branches located in more than 1,985 cities / towns.

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

| Sr. No. | Category                     | No. of Participants |
|---------|------------------------------|---------------------|
| 1       | Banks                        | 45                  |
| 2       | Clearing Corporations        | 3                   |
| 3       | Custodians                   | 6                   |
| 4       | Financial Services Companies | 4                   |
| 5       | Foreign Banks                | 7                   |
| 6       | NBFC                         | 2                   |
| 7       | Registrar & Transfer Agent   | 2                   |
| 8       | Stock Brokers                | 207                 |
|         | <b>Total</b>                 | <b>276*</b>         |

\*Includes 22 Participants which are under closure/termination process and SEBI registration is not yet cancelled/suspended.



## STATE WISE SPREAD OF SERVICE CENTRES OF NSDL DEPOSITORY PARTICIPANTS



**Total – 36,044**

**Overseas: 12 service centres**

This map is a generalized illustration only for the ease of the reader to understand the locations, and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features / states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind in connection to its accuracy or completeness.



## 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 the market for corporate debt instruments such as debentures, bonds, zero coupon bonds, step up bonds, variable coupon bonds, market linked debentures, 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. NSDL also publishes rating actions in investment grade rating category provided by Credit Rating Agencies on a half yearly basis as per the SEBI circular on 'Guidelines for Enhanced Disclosures by Credit Rating Agencies' (CRAs).

## 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. The total number of corporate actions during FY 2020-21 aggregated 3,54,990 as compared to 3,16,750 in the previous year indicating a growth of around 12%. The number of securities credited/debited by way of corporate actions stood at 62,816 crore as compared to 86,472 crore in the previous year.

Details of securities issued by way of electronic credits through NSDL for FY 2020-21 are as under:

| Description                     | No. of Corporate Actions | No. of Allottees (in hundred) | No. of securities (in crore) |
|---------------------------------|--------------------------|-------------------------------|------------------------------|
| Equity Shares                   | 9192                     | 69003                         | 26674                        |
| Preference Shares               | 541                      | 52                            | 19771                        |
| Bonds                           | 4250                     | 974                           | 7393                         |
| Commercial Papers               | 4136                     | 86                            | 3                            |
| Certificate Of Deposits         | 368                      | 10                            | 1                            |
| Securitised Instruments         | 318                      | 6                             | 6053                         |
| Mutual Fund Units               | 334345                   | 18469                         | 1028                         |
| Government Securities           | 1690                     | 3361                          | 6                            |
| Warrants                        | 60                       | 19                            | 910                          |
| Alternative Investment Fund     | 8                        | 0                             | 0                            |
| Infrastructure Investment Trust | 4                        | 0                             | 630                          |
| Real Estate Investment Trust    | 14                       | 115                           | 152                          |
| Rights Entitlements             | 64                       | 20373                         | 194                          |
| <b>Total</b>                    | <b>3,54,990</b>          | <b>1,12,470.06</b>            | <b>62,816.00</b>             |

## LAS (LOAN AGAINST SECURITIES)

NSDL has implemented Collateral Management System for 'Loan Against Securities' (LAS) Product. The 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.

## 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. NSDL has leveraged its technology capabilities to facilitate faster and convenient processes, create best-in class technology platforms and reduce transaction costs. Your Company's innovations in recent years have enhanced its 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 Technology Vision, Strategy & Architecture offerings provide the vision, strategy, and roadmap for IT systems modernisation, transformations of infrastructure and operations, aligning the technological changes with the business goals. NSDL is leveraging the best in class software tools and frameworks to build state of art high performant, robust and resilient platform.

SEBI had directed to ensure compliance with the decision of Technical Advisory Committee (TAC) with respect to the existence of Primary Data Centre (PDC) and Disaster Recovery Site (DRS) to be in different seismic zones. In March 2021, NSDL has relocated the Disaster recovery Data centre operation from Pune to Bangalore to comply with DR seismic zone policy.

As part of its commitment to the capital markets community for providing an open architecture platform enabling the ease of integration with depository services and facilitate the development of innovative products, NSDL is building API based "Innovation Sandbox" for FinTech firms to create out of box innovative solutions. In its continuous endeavour to adopt NextGen technologies, NSDL is building a Blockchain platform to embark upon a transformative journey for Indian capital markets to address transparency issues in corporate bond market.



## SECURITY OPERATIONS CENTRE

NSDL has setup an in-house Security Operations Centre (SOC) with 24x7 operations. The objective of SOC is to detect, analyse, contain, eradicate and respond to any adverse cyber security events. As part of in-house SOC, NSDL uses industry standard Tools and Technologies based on Big Data analytics platform for log analysis and correlation of network, security and server infrastructure. In-house SOC is staffed with team of security analysts / engineers which operates 24x7 for real time active monitoring, threat hunting and response to cyber security events.

With changing environmental needs, NSDL has been continuously upgrading the platform and the associated infrastructure to improve on analytics, correlation, detection and response capabilities. SOC is designed to continuously evolve and increasingly mature over time.

## API ECONOMY AND MICROSERVICES

NSDL continues to make strides in building Application Programming Interface (API) as a bundle of code which can facilitate secure data exchange between Depository applications and its Business Partners. These APIs are developed as digital economy based business models and channels for servicing NSDL Business Partners such as Brokers, Bank, AMC and RTA as well as the end investors. The usage and demand of Business-to-Business (B2B) and Business-to-Consumer (B2C) APIs have grown significantly year on year in terms of transactions, offering a new channel for monetization of services and assets. APIs have helped NSDL establish an open platform for collaboration with NSDL Business Partners, deliver more engaging and efficient user experiences using set of open-industry approved tools. Due to the increasing demand of its services, NSDL has also embarked upon the strategic initiative towards implementation of micro services architecture driven by well-balanced agile development methodology.

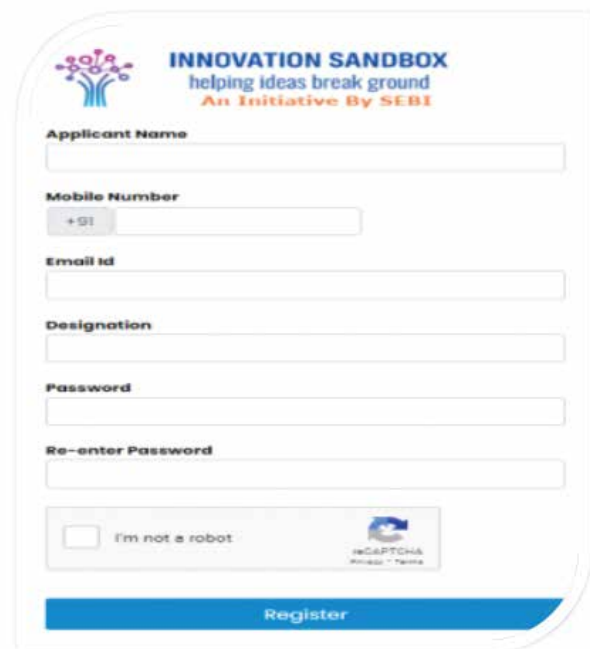
## BIG DATA PLATFORM

NSDL has implemented Big Data Platform - Hadoop as an Enterprise Data Lake. The data lake approach embraces all traditional and non-traditional data types. The data primarily includes all master data, transactional data, documents, historic and archive data.

In addition to migrating existing processes and applications, Hadoop platform is also used for building new applications, providing periodic alerts to support surveillance activities and is being used as a document store with API based integration with applications. New initiatives such as UCC maintenance, Early Warning Systems are implemented using the Big Data Platform. Hbase integration has been implemented with Issuer Portal for various applications like Issuer On-boarding, ISIN, Commercial Paper and Billing.

## INNOVATION SANDBOX

SEBI vide its circular no. SEBI/MRD/CSC/CIR/P/2019/64 dated May 20, 2019 has provided guidance for MIIIs to create an ecosystem which promotes innovation in the securities market. NSDL is developing an "Innovation Sandbox", which would be a testing environment where FinTech firms and entities not regulated by SEBI including individuals may use the environment for offline testing of their proposed solutions in isolation from the live market, subject to fulfilment of the eligibility criteria, based on market related data made available by Stock Exchanges, Depositories and Qualified Registrar and Share Transfer Agents (QRTAs).



**INNOVATION SANDBOX**  
 helping ideas break ground  
 An Initiative By SEBI

Applicant Name


Mobile Number

Email id

Designation

Password

Re-enter Password

☐ I'm not a robot 

**Register**

## DISTRIBUTED LEDGER TECHNOLOGY (BLOCKCHAIN)

NSDL recognises the potential of Blockchain solution which is a new emerging technology for decentralized distributed ledger to record real-time transactions across partner network. A Proof of Concept [PoC] work has been done for setting up a private Blockchain solution for electronic voting platform in collaboration with NSE Technology team. The objective of the Blockchain solution was to make decentralized e-Voting Platform which can bring transparency, non-repudiation and verifiability. Taking up the journey ahead and learnings, NSDL is building a market infrastructure platform for Debenture issuance's asset cover monitoring. The platform will bring issuer and debenture trustee on a common platform to record asset charges and monitor asset cover ratio which will bring transparency in the debenture market.

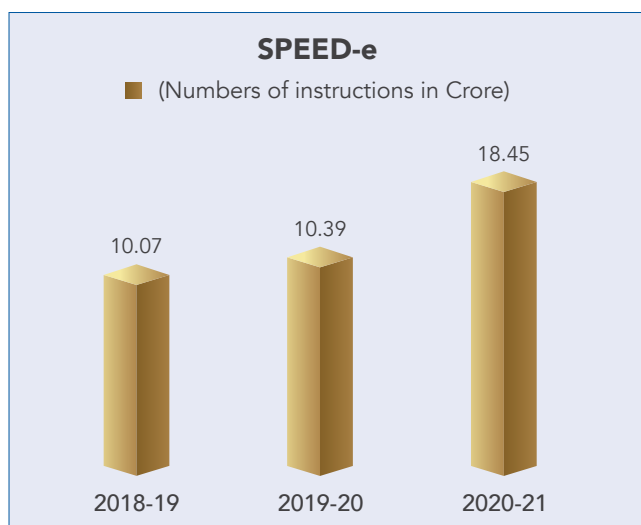


## ELECTRONIC INSTRUCTION PLATFORM

### SPEED-e

SPEED-e is a common internet infrastructure that enables 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 a secure internet facility. Over the years, various features viz., Statement of Holding (SoH), Account freezing, ISIN/ Quantity level freezing, multiple authorisation by certain users, instructions upload facility, Mutual Fund Redemption, 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, 2021, 213 Participants have subscribed to SPEED-e service and more than 12.76 lakh users are registered for e-service facility. During FY2020-21, more than 18.45 crore instructions were executed through SPEED-e. During the FY 2020-21, approximately 80.27% 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.

### SPICE

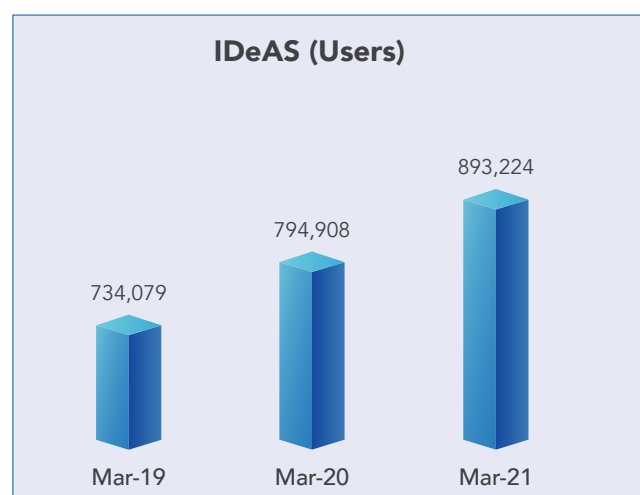
Submission of Power of attorney based Instructions for Clients Electronically (SPICE) facility is in respect of demat accounts operated on the basis of Power of Attorney (POA). Many investors execute POA in favour of their stock brokers. Based on the POA, Clearing Members (CMs) submit instructions to

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 Participants. SPICE enables Clearing Members to debit Client account and credit 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, facility to opt for eCAS, view eCAS, download eCAS of last 12 months and updation of email ID in demat account to receive eCAS.

During the FY 2020-21, the number of clients using IDeAS increased to 8.93 lakh from 7.95 lakh in previous year indicating a growth of around 12.5%. As on March 31, 2021, 472 Clearing Members were using IDeAS as compared to 545 Clearing Members as on March 31, 2020. As on March 31, 2021, 254 DPs have subscribed for IDeAS.



### STeADY

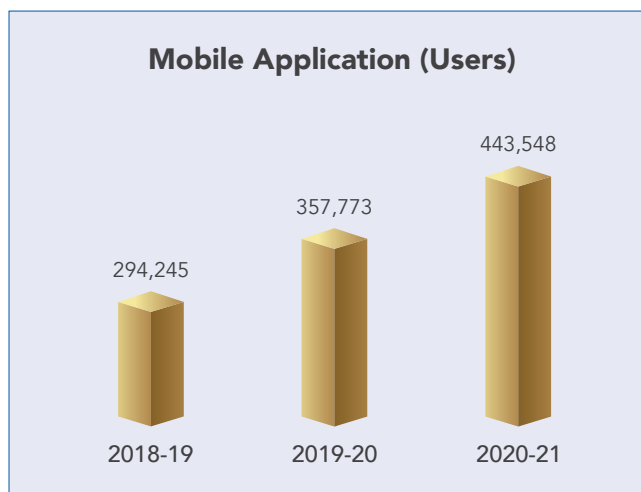
Securities Trading-information Easy Access and Delivery (STeADY) is a facility that enables Straight through Processing (STP) of trade information. It is an Internet based facility that helps to transmit digitally signed trade information with encryption to the market participants. The electronic contract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

During the FY 2020-21, 37.46 lakh contract notes were submitted through STeADY as compared to 33.73 lakh contract notes during the FY 2019-20, indicating a growth over 11% in respect of contract notes.

### Mobile App

Mobile Application is Technology initiative of NSDL for the benefit of demat account holders of NSDL for online access to their demat accounts; anytime, anywhere. NSDL Mobile App empowers the demat account holder with an ability to monitor their holdings along with the price and values of the securities. NSDL Mobile App is a secured way of tracking the portfolio. Additional feature viz., client can exercise voting rights electronically, e-DIS launched wherein demat accountholder can accept or reject electronic Delivery Instructions Slips (e-DIS) submitted by Clearing Members. Also, clients can Submit and View Delivery Instructions.

During the year, number of Users who have accessed NSDL Mobile App has increased to 4,43,548 from 3,57,773 in previous year.



### 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, 2021, 217.89 lakh investors were registered for using this service as compared to 256.19 lakh investors as on March 31, 2020. During the financial year 2020-21, a total of 12.6 crore SMS alerts have been sent to clients under this service compared to 7.1 crore SMS alerts during the financial year 2019-20.

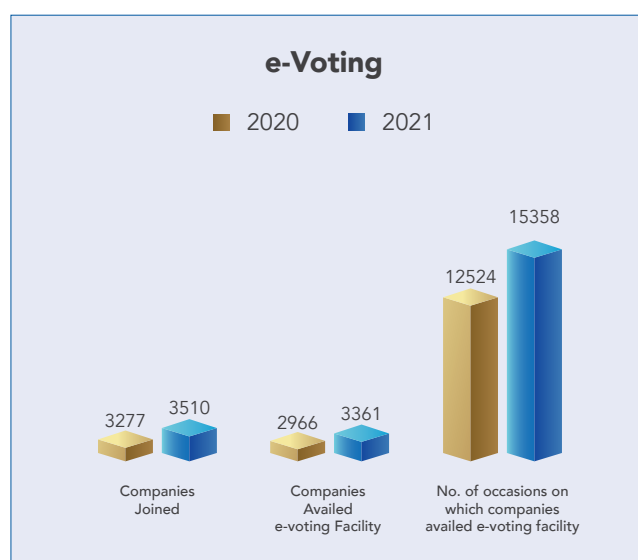
### ACE

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.

The total number of email alerts that have been sent to clients in FY 2020-21 are 1,93,339 for change of address in demat account.

### 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.





## 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 the Association of National Numbering Agencies (ANNA). SEBI has delegated the responsibility to NSDL for issuance and maintenance of ISIN, Financial Instrument Short Name (FISN) and Classification of Financial Instruments (CFI) codes and reporting to ANNA and to undertake other related activities. ISIN, FISN 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 & AWARENESS

### Client Accounts

During F.Y. 2020-21, 24.96 Lakh new accounts were opened at NSDL, taking total number of demat accounts opened till March 31, 2021 to 3.64 Crore.

The number of active depository accounts increased from 1.96 Crore as at the end of the previous year to 2.16 Crore as on March 31, 2021 resulting in net increase of 20 Lakh accounts.

### Investor Education and Awareness

Subsequent to the formation of NSDL Investor Protection Fund Trust as per SEBI's guidelines, the activities related to the promotion of investor education and awareness are undertaken through the Trust. During the F.Y. 2020-21, 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. This year, due to pandemic, NSDL conducted most programs in form of webinars. Such programs are conducted in Hindi, English and other Indian languages on different topics related to the capital market and investment. Apart from providing a general introduction to the capital market and thematic programs are also conducted on topics relevant to prevailing investors' interest and markets changes. NSDL engages expert and experienced subject matter experts drawn from SEBI, Exchanges, Depository Participants and inhouse staff as speakers for these programs.

The detailed Schedule of these programs is published on NSDL website well in advance. In addition, investors

are informed about these programs through emails and SMS. These mediums enable investors to register for the programs as per their interest, need and convenience. Participants are encouraged to provide their feedback about the programs through NSDL website.

Following activities / initiatives for promotion of investor education and awareness were undertaken during the F.Y. 2020-21:

### Programmes with SEBI and Exchanges:

NSDL conducted 298 programmes in association with SEBI and exchanges during the given period. These programmes were attended by around 44,500 investors.

### Programmes with Depository Participants (DPs):

NSDL conducted 63 programmes with different Depository Participants which were attended by more than 4,700 investors.

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

- **NSDL Certification program conducted for students:**  
NSDL conducted a certification program titled 'NSDL Certification in Capital Market' for 45 students of Symbiosis School of Banking & Finance, Pune on various topics of the capital market. This certification program is aimed at equipping students with adequate exposure to capital markets and to enable them to become Prudent Investor, once they start earning. The focus of the program is to provide students a practical insight into the nitty-gritty of the capital market. The faculties for this program include industry experts and market practitioners.

Due to the pandemic situation, this program was conducted completely online as a pilot project. In view of the encouraging response from students and academicians, this program shall be scaled up in the coming months.

- **Awareness Programs through seminars and workshops**

NSDL conducted 35 awareness programmes for students and professionals from different academic and professional institutes which were attended by around 5,500 students.

### Other Programmes:

NSDL organized 52 programmes for different Institutions and investors spread across the country which were attended by more than 6,500 investors.

### **World Investor Week (WIW) was celebrated during November 23 – 29, 2020**

NSDL celebrated 'World Investor Week' (WIW) from November 23 – 29, 2020 under the aegis of IOSCO and SEBI. As part of the celebration, NSDL conducted 41 Investor awareness programmes in association with SEBI, NSE and Depository Participants to educate investors about the financial markets. 4 online quiz programs were also conducted during the week in association with NSE. These programs were attended by more than 12,200 investors from all over the country.

### **Global Money Week – 2021 celebrated during March 22 – 28, 2021**

NSDL celebrated 'Global Money Week' from March 22 – 28, 2021 under the aegis of International Network on Financial Education of Organisation for Economic Co-operation and Development (OECD – INFE). The basic objective was to encourage young people to learn financial education at an early age and acquire skills required to make prudent financial decisions in their life.

### **Investors Knowledge Quest organized by NSDL and NSE**

To spread the knowledge amongst investors, during the F.Y. 2020–21, NSDL organized online quiz programs named 'Investors Knowledge Quest' alongwith NSE. This was a series of 10 quiz programs focused on some important topics like Demat account, Equity, Mutual Fund, Derivatives, etc. These programs attracted huge interest from the investors community. More than 14,000 investors participated in these programs. Selected top participants were awarded with gift hampers.

In all, NSDL conducted 449 various kinds of programmes during the F.Y. 2020-21. More than 61,000 investors and other stakeholders were reached through these initiatives. Since its inception, NSDL has conducted more than 4,500 Investor Awareness Programmes and seminars which have been attended by more than 4.62 lakh investors.

Apart from conducting awareness programs, NSDL conducts periodic email campaigns to connect with the investors community and keep them updated about the important developments, etc. in the capital market.

### **Publications**

- **NSDL newsletter for investors - The Financial Kaleidoscope:**

NSDL publishes a monthly newsletter 'The Financial Kaleidoscope' in English and Hindi for investor community. In March 2021, The Financial Kaleidoscope

was sent to 1.21 crore investors through email. This newsletter continues to draw wide spread appreciation from readers. Readers are encouraged to provide their feedback and participate in online knowledge contest in each issue of the newsletter. Selected winners are given a prize as a token of appreciation from NSDL.

- **Booklet on 'NSDL Primer on Personal Finance'**

NSDL has published a book on investor education and financial literacy named 'NSDL Primer on Personal Finance' which aims to serve as a step-by-step guide to create wealth for investors. This book provides a comprehensive view of creating wealth just by saving regularly, various instruments available for investment through different channels, how you can plan your tax in a better way and plan for your retirement, etc.

- **e-Guide for Demat Account Holders**

NSDL's e-Guide for Demat Account Holders gives investors a holistic view of the capital market, Intermediaries involved in the Capital Market, various useful products and services that NSDL offers, etc. This e-guide is published in nine different languages namely English, Hindi, Marathi, Gujarati, Bengali, Kannada, Malayalam, Tamil and Telugu.

- **Information Brochure for Investors**

NSDL's Information Brochure for Investors provides investors with some of the ways to become prudent investor. It provides information on claiming refund of unclaimed shares/dividends from Investor Education and Protection Fund (IEPF) Authority apart from the overview of the capital market. This brochure is published in nine different languages namely English, Hindi, Marathi, Gujarati, Bengali, Kannada, Malayalam, Tamil and Telugu.

- **Booklet on Securities Market**

Booklet on Securities Market is a joint publication by SEBI, Exchanges and Depositories with a common objective to guide investors with the ways of investing and take necessary precautions before investing in capital markets. This has been published in Hindi, English and other major Indian languages.

The aforementioned publications are available under 'Education' section on NSDL website.

- **FAQ on Demat Account**

To keep the investors updated about the various amendments/additions in the features and facilities offered related to demat account, NSDL has published a detailed 'Frequently Asked Questions' (FAQs). It is





structured in a way to provide answers to questions which are mostly asked by many investors.

For the benefit of all concerned, electronic versions of all the above publications have been made available on NSDL's website under the 'Education' tab.

## ARBITRATION

NSDL Bye-Laws provide for the 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, who manage and supervises all aspects in the matter of settlement of disputes.

During FY 2020-21, 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 (NSE) administers an examination on "Depository Operations" called NCFM (NSE'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, 26 persons have qualified for the NCFM exam taking the total number of qualified persons to 60,250.

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). 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.

During the year, your Company had organised 3 NISM oriented training programs which were attended by 26 Participant staff. Further, your Company had organised 19 CPE training programs for various modules which were

attended by 455 candidates. The module wise breakup of CPE training programs are as mentioned below:

| Module of CPE                             | No of Programmes | No. of Persons |
|---|------------------|----------------|
| NISM Series-VI : Depository Operations    | 11               | 202            |
| NISM Series-VIII : Equity Derivatives     | 7                | 231            |
| NISM-Series-V-A: Mutual Fund Distributors | 1                | 22             |
| <b>Total</b>                              | <b>19</b>        | <b>455</b>     |

## 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 89% 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 launched API / Technical Integration interface between the Participants and NSDL for opening NSDL Demat Accounts, Demat Gateway for providing to brokers mandate for delivery instructions and Margin pledge instruction for margin requirements. Further, NSDL has launched an integration with Participants to facilitate their Clients to access e-CAS and value added services on IDeAS from the Net/Mobile banking and Participant/ Broking website. In addition, NSDL launched Cloud DPM system to facilitate Participants to migrate their DPM System (on premises) to NSDL Cloud, a private network. Adding to more automation, NSDL has also made available various value added services for seamless NSDL DPM system operations i.e. NSDL STP Navigator, NSDL e-Signer & Auto Download for all its Participants.

The Company derives its business mainly from activities in the Primary and Secondary Capital Markets. Buoyant capital market conditions increases volumes at the depository. 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 the 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 the 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 the increased use of technology in the operations of the enterprise.

#### **BUSINESS CONTINUITY PLANNING (BCP) & DISASTER RECOVERY**

Your Company has a policy in place, as per the SEBI circular dated March 26, 2019 for Business Continuity Plan and Disaster Recovery and have shifted 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. Further, the SEBI had issued a revised circular dated March 22, 2021 for Business Continuity Plan and Disaster Recovery. NSDL is in process of implementing the same.

#### **INSURANCE**

Your Company has renewed its Insurance policy to cover the risk of depository business, with an overall limit of ₹ 200 crore and a 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 equipment's.

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.

During the year under review, M/s. Aneja Associates, Chartered Accountants ceased to be Internal & Operations Auditor and M/s. Mahajan & Aibra, Chartered Accountants, were appointed as Internal & Operations Auditor of the Company, w.e.f. January 01, 2020.

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 cost of ₹2,888.82 Lakhs on the resources committed towards regulatory functions in FY 2020-21. The total cost comprise of direct expense of the resources actively involved in regulatory activities as well as expenses pertaining to the supporting teams and other administrative expenses.

#### **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 Person 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 advice 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 salient features of the policy include the following:**

- a. Philosophy of NSDL towards the positive impact towards employees and stakeholders in the society
- b. CSR Guiding Principles
- c. Areas of activities
- d. Implementation and Project Planning
- e. Monitoring
- f. Reporting

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 disclosed on the website of the Company (<https://nsdl.co.in/publications/disclosure.php>).

National Securities Depository Limited and its subsidiaries believe in inclusive growth by empowering and enhancing lives and thereby enabling socio-economic development in the communities where we operate. With the philosophy of 'Giving Back', NSDL undertakes various initiatives with the aim of socio-economic empowerment under the aegis of corporate social responsibility (CSR). Being a responsible corporate citizen, the Company has been implementing need based social initiatives that have meaningful and sustainable impact on the communities. Through its impact driven CSR programs/projects, NSDL has been reaching out to the underprivileged section of the society and enable them to uplift themselves by making them part of our programs designed in the areas of education, health, skill development, environmental sustainability, disaster relief, etc. The CSR programs undertaken by NSDL facilitate a holistic development of the communities. The sustainable development of communities where we operate is an essential part of our corporate social responsibility.

**Project Artha SAMARTH (a skill development initiative in BFSI sector)**

Skill Development is the most crucial element in India's growth story and there is a need of bridging the skill gap that exists in the country. NSDL Group believes in the philosophy of 'learn and earn' and aims to empower the underprivileged youth of the country by making them employable and develop entrepreneurship skills. Through Project Artha SAMARTH, NSDL reaches out to the youth in different strata of the community, especially from poor socio-economic backgrounds. The identified youth are trained on various BFSI sector specific skills such as Business Correspondents (BC), Business Facilitator (BF), Insurance Agents, Mutual Fund Distributors, etc. NSDL reaches out to the unemployed youth, emerging or aspiring entrepreneurs in BFSI sector, self-employed youth in BFSI sector and youth from low income earning group,

etc. for imparting various BFSI sector specific skills. NSDL emphasises more on entrepreneurship development amongst the trained youth and inculcates entrepreneurial skills during training. Moreover, the trained candidates are also provided with the relevant platform to help them kick start and bring out the entrepreneur amongst them. The candidates are mobilized and enrolled in the program through a stringent evaluation procedure which includes need assessment, interest analysis, counselling, group discussions, personal interviews, etc. The comprehensive training modules have been designed to upgrade the skill-sets of youth and to open various avenues for trained youth to opt for self-employment or employment in BFSI sector. The program also encompasses assessments from industry recognized agencies, certification and guidance for entrepreneurship or employment assistance. The Company also mentors and hand holds the trained candidates post training to ensure a sustainable livelihood. Till now, NSDL has successfully trained and certified around 8500+ youth on various BFSI industry specific job roles such as BC, BF, Mutual Fund Distributor and Financial Advisor who were empowered with livelihood skills. It is not just 8500+ youth but 8500+ families who have benefitted through our initiatives and efforts. Every year, NSDL conducts training programs on different modules/ job roles across different states of India. The Company is being reaching out to the most deserving youth who have aspirations and potential to serve BFSI industry and most importantly an inclination towards entrepreneurship. The trained candidates are also mentored to provide livelihood opportunities post successful assessment and certification.

**Project Yogdaan (health support to Thalassemia patients)**

NSDL supports the cause of 'Thalassemia' by facilitating required medical aid to the patients suffering from this life-threatening disease. Under Project Yogdaan, the Company has identified Thalassemia patients who belong to poor socio-economic background, who undergo regular blood transfusions at Sion Hospital, Mumbai. These patients belong to age group of 4 months to 35 years and lack adequate financial resources. NSDL provides bed-side Leukocyte Filters to the underprivileged Thalassemia patients to ensure reaction free blood transfusions. The use of bed-side Leukocyte filters help in prevention of severe allergic reactions and infections that are caused during blood transfusion activity. The use of filters has resulted in significant reduction in febrile reactions amongst these Thalassemia patients. The Leukocyte filters are provided free of cost to all identified patients throughout the year. Apart from this, NSDL also supports these Thalassemia patients by providing free yearly DXA Scan and MRI investigations which are

required for diagnosis and prevention of fatal effects of iron overload on various body organs. In the year 2020-21, NSDL could extend its support to around 305 Thalassemia patients with the help of Project Yogdaan. This uninterrupted supply of bed-side Leukocyte Filters has proved to be the most effective intervention in protecting Thalassemia patients from life threatening issues.

#### **Beautification and Maintenance of Traffic Islands**

With the objective to promote environmental sustainability, NSDL has developed and beautified 3 traffic islands in Mumbai. NSDL carries out daily maintenance of three traffic islands in association with local administrative bodies.

#### **Project SAHYOG (support program to combat pandemic COVID 19)**

Outbreak of the pandemic of novel COVID 19 caused a lot of distress across the globe and it has affected India as well. While the entire nation was fighting this war against corona virus, NSDL Group also contributed to support health and medical system to combat with COVID 19. Primarily, Project SAHYOG was initiated to support the society through relief and rehabilitative measures during any disastrous or emergency situations. In 2018, the Company extended its support during Kerala Floods by providing relief material and basic necessities in the flood affected regions of Kerala. Similarly, in 2020, NSDL Group initiated a program to support & strengthen the medical task force and health system who are serving the people on the ground. Considering the emergency and distress situation posed by COVID 19, NSDL group extended support to frontline health workers, local administrative bodies and medical service providers by supplying essential medical material and personal protection equipment. NSDL group supplied various medical materials such as surgical gloves, PPE kits, hand sanitizers, disinfectants, etc. to the Public Health Department and Ward Offices of Mumbai Municipal Corporation. The materials were supplied to public health posts, community dispensaries, health officers and on-ground medical team who were working in different wards of the Municipal Corporation. Moreover, NSDL group also distributed PPE kits and required medical material to general physicians, maternity homes, local dispensaries and ambulance service providers in the city. This timely support of medical material especially PPE kits had been recognized and appreciated by the beneficiaries.

In 2020-21, NSDL undertook awareness campaigns by reaching out to beneficiaries over email. Further, NSDL distributed Do's and Don'ts and awareness about COVID appropriate behaviour posters in English, Hindi and few

other regional languages to local shopkeepers across various cities in India. The Company also distributed hand sanitizers/cleansers to the local shops which are frequently visited by people for their daily essential goods & services. The objective was to promote social distancing and habit of sanitization amongst the general public.

#### **Project Shiksha Sahyog (an educational scholarship program)**

NSDL launched the scholarship program with the aim of bridging the gap between bright student and right education. There are many deserving bright students who can't continue with their studies due to lack of adequate financial resources. Project Shiksha Sahyog is like boon for such students. This program is a need and merit based educational support, which intends to reach out to the underprivileged students from economically backward sections of society and thereby ensuring that their studies are not hampered due to lack of financial resources. The beneficiaries are identified, screened and shortlisted as per eligibility criteria and further, the scholarship amount is disbursed directly to the beneficiaries. Through Shiksha Sahyog NSDL supports the underprivileged students who are pursuing higher secondary education, ITI course, general degree courses and post-graduation courses in spite of various hurdles. Such students are provided with scholarships based on the total fees paid during academic year. In the year 2020-21, NSDL has supported around 500 students in different scholarship categories and different cities in India through NSDL Shiksha Sahyog program.

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**".

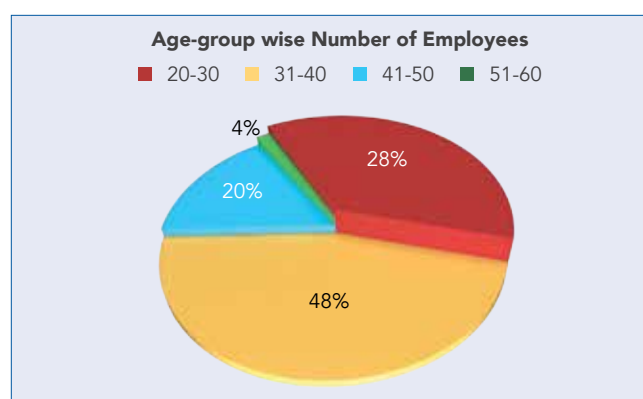
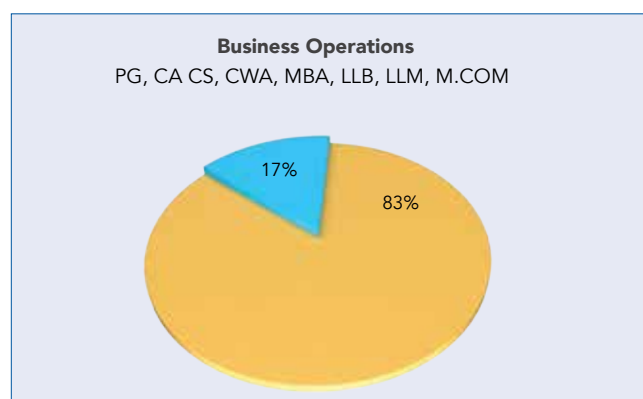
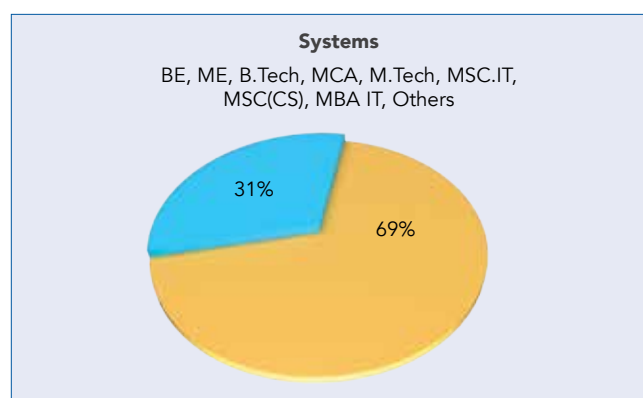
#### **HUMAN RESOURCES**

Your Company emphasizes on the quality of its Human Resources as Employees are vital for the organization. The Company has favourable work environment, 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. 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.

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



#### KEY FINANCIAL RATIOS FOR FY 2020-21

Key Financial Ratios like Current Ratio, Return on Equity, etc., are in accordance with the prudent commercial practice adopted across the Industry in which your

Company operates and these ratios can be ascertained from the financial statements which forms part of the annual report and that there are no significant changes therein as compared to the previous financial year.

#### 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 FY 2020-21.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability confirm that:

- In the preparation of the annual accounts for the year ended March 31, 2021, the applicable accounting standards have been followed and there are no material departures from the same.
- 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;
- 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 and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- 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
- 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 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”.

### **BOARD 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.

The performance of the Independent Directors was evaluated by the entire Board except the person being evaluated. The performance of the Committees was evaluated by the Board seeking inputs from the Committee Members. The Board carried out the evaluation of its own performance and that of its Committees and individual Director keeping in mind the inputs received from the Directors.

### **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.

No material related party transactions were entered during the Financial Year under review, by your Company and hence the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, in Form AOC -2, is not applicable to your Company.

### **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 have become or ceased to be a Subsidiary, Joint Venture (JV) and Associate Company of your Company.

### **DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

During the year under review and as on the date of signing the report, following changes in Directors have taken place:

#### **1. Appointment / Re-appointment:**

- a. Mr. B.A. Prabhakar (DIN: 02101808) was re-appointed





as a Public Interest Director for a further term of three years w.e.f. May 08, 2020

- b. Mr. Rajeev Kumar (DIN: 01879049) was appointed as a Shareholder Director on the NSDL Board w.e.f. July 08, 2020.
- c. Ms. Priya Subbaraman (DIN: 01620890) was appointed as a Shareholder Director on the NSDL Board w.e.f. October 23, 2020.
- d. Prof. G. Sivakumar (DIN: 07537575) was re-appointed as a Public Interest Director for a further term of three years w.e.f. January 05, 2021.
- e. Dr. Rajani Gupte (DIN: 03172965) was re-appointed as a Public Interest Director for a further term of three years w.e.f. May 23, 2021.
- f. Mr. G. V. Nageswara Rao (DIN: 00799504) was re-appointed as Managing Director & CEO of the Company w.e.f. July 01, 2018 for a term of three years and further, SEBI has extended the tenure of Mr. G. V. Nageswara Rao till such time the new MD&CEO is appointed or August 31, 2021, whichever is earlier.

The Company hereby confirms that necessary application was made to SEBI for appointment / re-appointment of Directors (Shareholder / Public Interest Director / Managing Director & CEO) in accordance with SEBI (Depositories and Participants) Regulations, 2018 and upon receipt of such approvals, Directors (Shareholder / Public Interest Director / Managing Director & CEO) are appointed on the Board of NSDL.

## 2. DETAILS OF KEY MANAGERIAL PERSONNEL

As on March 31, 2021, the Company has three Key Managerial Personnel as per the Companies Act, 2013 i.e. MD & CEO, Chief Financial Officer and Company Secretary:

| Sr. No. | Name of Key Managerial Personnel | Designation             |
|---------|----------------------------------|-------------------------|
| 1.      | Mr. G. V. Nageswara Rao          | Managing Director & CEO |
| 2.      | Mr. Chandresh Shah               | Chief Financial Officer |
| 3.      | Mr. Nikhil Arya                  | Company Secretary       |

Note: Mr. Prasad Poojary ceased as Company Secretary w.e.f. the close of business hours on February 12, 2021 and Mr. Nikhil Arya has been appointed as Company Secretary w.e.f. February 12, 2021.

## 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

Deloitte Haskins & Sells Chartered Accountants LLP (ICAI Registration No. 117364W), were re-appointed as Statutory Auditors of the Company in the Seventh Annual General Meeting, 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).

Accordingly, Deloitte Haskins & Sells Chartered Accountants LLP are the Statutory Auditors of the Company for the financial year 2020-21 and shall continue as Statutory Auditors of the Company till the conclusion of the Tenth Annual General Meeting.

The notes on financial statement referred to in the Auditors' Report are self-explanatory and there are no qualifications, reservations or adverse remarks in their report. There are no frauds reported by auditors under subsection (12) of section 143 of the Companies Act, 2013.

## SECRETARIAL AUDIT REPORT

In terms of Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Board has 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 2020-21.

The Secretarial Audit report for the financial year ended March 31, 2021 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 in their report.

#### ANNUAL RETURN

Annual Return i.e. Form MGT-7 can be accessed on the Company's website at the web-link

<https://nsdl.co.in/publications/disclosure.php>

#### COMPLIANCE WITH SECRETARIAL STANDARDS

Your Company is in compliance with Secretarial Standards issued by Institute of Company Secretaries of India.

#### 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 2020-21<br>(₹ in lakh) | FY 2019-20<br>(₹ in lakh) |
|---------|---|---------------------------|---------------------------|
| 1.      | Foreign Exchange Earnings (Miscellaneous)                       | Nil                       | Nil                       |
| 2.      | Foreign Exchange Outgo/Expenditure incurred in foreign currency | 8.67                      | 102.55                    |

#### 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-E"** and forms part of this report.

#### OUTLOOK

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.

#### ACKNOWLEDGEMENT

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 : August 14, 2021  
 Place : Mumbai

Sd/-  
**G. V. Nageswara Rao**  
 Managing Director & CEO

Sd/-  
**Prof. G. Sivakumar**  
 Public Interest Director



# ANNEXURE A

## Report on CSR Activities

### 1. Brief Outline on CSR Policy of the Company

National Securities Depository Limited (NSDL) and its associate companies & subsidiaries have been involved in various socio-economic development programs/projects that have meaningful yet sustainable impact on the communities where it operates. The Company undertakes various impact driven programs under aegis of Corporate Social Responsibility (CSR) which are mapped to the Company's CSR policy. The CSR policy enumerates specific thematic areas in which are guiding principles of the projects/programs that are being implemented by NSDL. At present, the Company endeavours to undertake CSR programs/projects in the area of education, health, environmental sustainability and disaster relief & rehabilitation.

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 2020-21 as listed out in the CSR policy, were in the areas of promoting education, employment & livelihood generating skills, health & sanitation, environmental sustainability, etc. Composition of CSR Committee, CSR Policy and CSR projects approved by the board are available on our website at the web link: <https://nsdl.co.in/publications/disclosure.php>

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

### 2. Composition of CSR Committee

| Sr. No. | Name of the Director    | Designation/<br>Nature of Directorship | Number of Meetings<br>of CSR Committee<br>Held During the Year | Number of Meetings<br>of CSR Committee<br>attended During the Year |
|---------|-------------------------|--|--|--|
| 1       | Mr. B. A. Prabhakar     | Chairman                               | 1  | 1  |
| 2       | Prof. G. Sivakumar      | Member                                 | 1  | 1  |
| 3       | Mr. G. V. Nageswara Rao | Member                                 | 1  | 1  |

### 3. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

| Sr. No. | Financial Year | Amount available for Set-off from<br>preceding financial years (in ₹) | Amount required to be Set-off for the<br>financial year, if any (in ₹) |
|---------|----------------|---|--|
| 1       | NA             | NA  | NA   |

### 4. Average net profit of NSDL as per Section 135(5): ₹ 12,461.37 Lakhs.

### 5. (a) Two percent of average net profit of the Company as per section 135(5)- ₹ 249.23 Lakh

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years- NIL

(c) Amount required to be set off for the financial year- NIL

(d) Total CSR obligation for the financial year (5a+5b-5c) - ₹ 249.23 Lakh

### 6. (a) CSR amount spent or unspent for the financial year:

As a part of internal practice, the CSR funds are spent as a joint CSR initiative of NSDL and its subsidiaries & associate companies hence; the total amount spent for the FY consists of amount spent for NSDL as well as NDML as a joint CSR initiative of both the organization. The CSR projects/programs are being implemented by NSDL as a joint initiative of both organizations. The expenditures were incurred out of NSDL and NDML's CSR budget separately.

The below table shows the amount spent by NSDL as a whole towards CSR obligation of NSDL as well as NDML.

| Total Amount Spent for the Financial Year 2020-21 (in ₹) | Amount Unspent (in ₹)  |                  |   |        |                  |
|--|--|------------------|---|--------|------------------|
|  | Total Amount transferred to Unspent CSR Account as per section 135(6). |                  | Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) |        |                  |
|  | Amount   | Date of transfer | Name of the Fund  | Amount | Date of transfer |
| 3,25,13,057*   | NA   | NA               | NA  | NA     | NA               |

**Note-**

Out of total amount spent in FY 2020-21, the amount of ₹258.05 Lakh shall be considered as CSR spending of NSDL and ₹64.46 Lakh has been spent from NDML's budget. The CSR funds have been spent as a joint CSR initiative of both the organizations.

As per the calculation method given in Annexure I of Rules made under Section 135 of the Companies Act 2013, the profit for change in fair value of assets as per IndAS is to be excluded from the profits to be considered for arriving at CSR obligation. Accordingly, the amount to be spent on CSR for FY 2020-21 comes to ₹310.06 Lakhs combined for NSDL and NDML.

\*Thus, the total CSR spent includes an excess spending of ₹15.07 Lakh by NSDL and its associate companies & subsidiaries. The bifurcation of excess spent is as follows-

- ₹12.45 Lakh has been spent excessively by NSDL and NDML. Out of this, ₹8.82 Lakh has been spent in excess by NSDL and ₹3.63 Lakh has been spent in excess by NDML during FY 2020-21.
- ₹2.62 Lakh which was received as a refund for program conducted in 2019-20 and the same refund amount has been spent immediately in FY 2020-21.  
The refund amount of ₹2.30 Lakh has re-spent by NSDL while ₹32,000/- has been re-spent by NDML

**(b) Details of CSR amount spent against other than ongoing projects for the financial year:**

| Sr. No. | Name of the Project  | Item from the list of activities in schedule VII to the Act | Local area (Yes/No) | Location of the project |          |                                     | Mode of implementation - Direct (Yes/No) | Mode of implementation - through implementing agency |                         |
|---------|--|---|---------------------|-------------------------|----------|-------------------------------------|--|--|-------------------------|
|         |  |   |                     | State                   | District | Amount spent for the project (in ₹) |  | Name   | CSR Registration Number |
| 1       | Project Yogdaan- (Health support to Under privileged Thalassemia patients) | (i)   | Yes                 | Maharashtra             | Mumbai   | 5,523,520                           | Yes (Direct)                             | NA   | NA                      |
| 2       | Maintenance and Beautification of Traffic islands                          | (iv)  | Yes                 | Maharashtra             | Mumbai   | 153,000                             | Yes (Direct)                             | NA   | NA                      |



| Sr. No.      | Name of the Project   | Item from the list of activities in schedule VII to the Act | Local area (Yes/No) | Location of the project  |  | Amount spent for the project (in ₹) | Mode of implementation - Direct (Yes/No) | Mode of implementation - Through implementing agency |                         |
|--------------|---|---|---------------------|--|--|-------------------------------------|--|--|-------------------------|
|              |   |   |                     | State  | District   |                                     |  | Name   | CSR Registration Number |
| 3            | Project SAHYOG (Disaster Relief, rehabilitation and reconstruction program by NSDL)-<br>. Distribution of hand sanitizers/ cleansers<br>. Awareness through posters<br>. Email Campaign for awareness   | (xii)   | PAN India           | All States (PAN India)   | PAN India  | 2,661,530                           | Yes (Direct)                             | NA   | NA                      |
| 4            | Project Artha SAMARTH- a skill development initiative in BFSI sector to enable livelihood for deserving youth with high potential and inclination to serve BFSI sector. Primary objective is to encourage entrepreneurship amongst youth who can canvass BFSI sector specific products and services. NSDL also endeavors facilitate employment linkages for trained youth. Two major programs are: Mutual Fund Distributors Certification Program Business correspondence & Business Facilitator training program (BC-BF) | (ii)  | PAN India           | <b>For Mutual Fund Distributor Certification Program:</b><br>Mumbai (Maharashtra), New Delhi, Kolkata (West Bengal), Lucknow (UP), Bengaluru (Karnataka), Chennai (Tamilnadu), Ahmedabad (Gujarat), Jaipur (Rajasthan), Bhubaneswar (Odisha), Chandigarh. For BC-BF Training Program: PAN India. | <b>For Mutual Fund Distributor Certification Program:</b><br>Mumbai (Maharashtra), New Delhi, Kolkata (West Bengal), Lucknow (UP), Bengaluru (Karnataka), Chennai (Tamilnadu), Ahmedabad (Gujarat), Jaipur (Rajasthan), Bhubaneswar (Odisha), Chandigarh. For BC-BF Training Program: PAN India. | 19,386,783                          | Yes (Direct)                             | NA   | NA                      |
| 5            | NSDL ShikshaSahyog (an educational scholarship program)   | (ii)  | PAN India           | All States (PAN India)   | Mumbai   | 3,766,400                           | No                                       | TISS   | NA                      |
| <b>Total</b> |   |   |                     |  |  | <b>32,513,057</b>                   |  |  |                         |

- (c) Amount spent in Administrative Overheads- ₹ 10,21,824/-  
 (d) Amount spent on Impact Assessment- NA  
 (e) Total amount spent for the Financial Year (6b+6c+6d)- ₹ 3,25,13,057  
 (f) **Excess amount for set off:**

| Sr. No. | Particulars   | Amount ( ₹ in Lakh ) |
|---------|---|----------------------|
| i       | Two percent of average net profit of the company as per section 135(5)                                      | 249.23               |
| ii      | Total amount spent for the Financial Year   | 258.05               |
| iii     | Excess amount spent for the financial year [(ii)-(i)]   | 8.82                 |
| iv      | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | Nil                  |
| v       | Amount available for set off in succeeding financial years [(iii)-(iv)]                                     | 8.82                 |

\*During FY 2020-21, NSDL Group has spent the total corpus of ₹325.13 Lakh as the CSR spent towards various CSR programs/projects in the area of education, skill development, environmental sustainability, promotion of healthcare including preventive healthcare, disaster relief & rehabilitation campaigns during any sort of national emergency or natural calamity as such that posed by COVID 19. Out of total CSR spent of ₹325.13 Lakh an amount of ₹64.46 Lakh was apportioned to NDML and spent separately out of NDML's CSR obligation for FY 2020-21 as per the joint CSR initiative of both the organizations.

NSDL Group 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, the company 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 to deliver in measurable result/outcome oriented approach. During project execution, NSDL Group has incurred the CSR expenditures through the implementing partners in a way where the funds have been disbursed based on progress of the programs. NSDL Group closely monitors and evaluates the performance and impact of its CSR program and based on such evaluation, plans to execute similar impact driven and sustainable CSR programs in coming years.

Further, it is to be noted that the below mentioned points in the Annexure-II of Rules made under Section 135 of the Companies Act, 2013 are not applicable while reporting in the prescribed format and hence, the details in these respective sections are not furnished.

- Details of CSR amount spent against ongoing projects for the financial year- NA
- Details of Unspent CSR amount for the preceding three financial years- NA
- Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NA
- In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year- NA

Sd/-  
**G. V. Nageswara Rao**  
 (MD & CEO)

Sd/-  
**B. A. Prabhakar**  
 (Chairman 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, 2021

(₹ in Lakh)

| Particulars                            | NSDL Database Management Limited | NSDL Payments Bank Limited                      |
|--|----------------------------------|---|
| Share Capital                          | 6,105.00                         | 18,000.00                                       |
| Reserves and Surplus                   | 14,000.93                        | (3,690.69)                                      |
| <b>Total Networth</b>                  | <b>20,105.93</b>                 | <b>14,309.31</b>                                |
| Total Assets                           | 24,082.71                        | 24,786.46                                       |
| <b>Total Liabilities</b>               | <b>3,976.78</b>                  | <b>10,477.15</b>                                |
| Investments                            | 15,654.84                        | 3,141.98  |
| Turnover                               | 6,859.78                         | 6,201.02  |
| <b>Profit / (Loss) Before Taxation</b> | <b>3,906.13</b>                  | <b>(1,253.86)</b>                               |
| Provisions for taxation                | 799.09                           | -   |
| Profit / (Loss) After Taxation         | 3,107.04                         | (1,253.86)                                      |
| Proposed dividend                      | 915.75                           | -   |
| % of Shareholding                      | 100%                             | 88.89% (Direct) and 11.11% (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, 2021.

- 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

For and on behalf of Board of Directors

Date : August 14, 2021  
Place : Mumbai

Sd/-  
**G. V. Nageswara Rao**  
Managing Director & CEO

Sd/-  
**Prof. G. Sivakumar**  
Public Interest Director

## ANNEXURE-C

### Corporate Governance

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

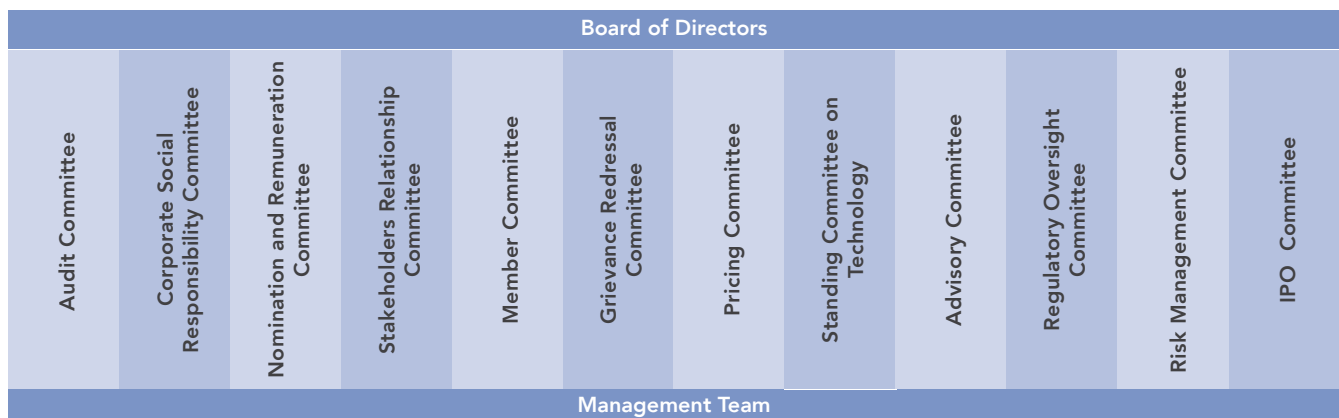
NSDL is committed to high standards of Corporate Governance which is critical to our business integrity and maintaining investors' trust. The Company's philosophy on Corporate Governance is based on the fundamental principle of fair, ethical and transparent governance practices by adopting the highest 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 the 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, ethically conducting its business 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 regulation 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, 2021.

#### 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. The Corporate Governance Structure of National Securities Depository Limited is as follows:





## Board of Directors

Your Company recognizes and embraces the importance of a diverse Board and is constituted in conformity with the Companies Act, 2013 ('the Act'), SEBI (Depositories and Participants) Regulations 2018, and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Board functions either as a full Board or through various Committees constituted to oversee specific areas. Policy formulation, setting up of goals and evaluation of performance and control functions vest with the Board.

Your Company is provided with direction and guidance by professional Board comprising eminent persons with considerable professional expertise and experience in Capital Markets, Finance, Legal, Banking, IT and other related fields.

Your Board is vested with the requisite powers, authorities and duties to ensure the 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 – Finance, Information Technology, Management and Administration or any other area relevant to the financial markets
- Experience – Prior experience in area of finance, technology, 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 to the Company's business, analyzing technological trends, innovation, creative ideas for business, research, innovation and digitisation and ability to leverage the same for the 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.

The names of the Directors possessing the aforesaid skills / expertise / competencies/ positive attributes are as follows:

| S.N. | Name                    | Category of Directors/ Designation    |
|------|-------------------------|---------------------------------------|
| 1    | Mr. B. A. Prabhakar     | Public Interest Director and Chairman |
| 2    | Mr. G. V. Nageswara Rao | Managing Director and CEO             |
| 3    | Prof. G. Sivakumar      | Public Interest Director              |
| 4    | Dr. Rajani Gupte        | Public Interest Director              |
| 5    | Mr. B. Sambamurthy      | Public Interest Director              |
| 6    | Mr. Rajeev Kumar        | Shareholder Director                  |
| 7    | Ms. Priya Subbaraman    | Shareholder Director                  |

### I. 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.

## II. Composition of the Board as on date:

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

## Governing Board as on date along with the changes therein during the FY 2020-21 to till date:

| Names of Directors                   | Category   | Designation               |
|--------------------------------------|--|---------------------------|
| Mr. B. A. Prabhakar <sup>1</sup>     | Non-Executive Independent (Public Interest Director) | Chairman                  |
| Mr. G. V. Nageswara Rao <sup>2</sup> | Executive Director                                   | Managing Director and CEO |
| Prof. G. Sivakumar <sup>3</sup>      | Non-Executive Independent (Public Interest Director) |                           |
| Dr. Rajani Gupte <sup>4</sup>        | Non-Executive Independent (Public Interest Director) |                           |
| Mr. B. Sambamurthy                   | Non-Executive Independent (Public Interest Director) |                           |
| Mr. Rajeev Kumar <sup>5</sup>        | Non-Executive Non-Independent (Shareholder Director) |                           |
| Ms. Priya Subbaraman <sup>6</sup>    | Non-Executive Non-Independent (Shareholder Director) |                           |

- Mr. B. A. Prabhakar has been re-appointed as Public Interest Director for a further term of three years w.e.f. May 08, 2020
- Mr. G. V. Nageswara Rao as Managing Director & CEO was granted an extension by SEBI, till such time the new MD&CEO is appointed or August 31, 2021 whichever is earlier.
- Prof. G. Sivakumar has been re-appointed as Public Interest Director for a further term of three years w.e.f. January 05, 2021
- Dr. Rajani Gupte has been re-appointed as Public Interest Director for a further term of three years w.e.f. May 23, 2021
- Mr. Rajeev Kumar has been appointed as Shareholder Director w.e.f. July 08, 2020
- Ms. Priya Subbaraman has been appointed as Shareholder Director w.e.f. October 23, 2020

In the opinion of the Board, the Independent Directors fulfill the conditions specified in the 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.

Independent Directors are provided with necessary documents / brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. The web link providing the details of the familiarization programme(s) imparted to Independent Directors is <https://nsdl.co.in/publications/disclosure.php>

## III. Meetings and attendance during the FY 2020-2021

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 way of Circular Resolution(s), important items of business which are permitted by the Companies Act. During the year under review, the Board met Four (4) times i.e. on June 18, 2020, August 14, 2020, November 12, 2020 and February 12, 2021.

**Details of attendance of the Directors at the Board meetings held during the year and the last Annual General Meeting are given hereunder:**

| Sr. No. | Name of the Director    | Attendance Particulars                   |                                |                           |
|---------|-------------------------|--|--------------------------------|---------------------------|
|         |                         | No. of Board Meetings held during tenure | No. of Board meetings attended | Last AGM whether attended |
| 1       | Mr. B. A. Prabhakar     | 4  | 3                              | Yes                       |
| 2       | Prof. G. Sivakumar      | 4  | 4                              | Yes                       |
| 3       | Dr. Rajani Gupte        | 4  | 4                              | Yes                       |
| 4       | Mr. B. Sambamurthy      | 4  | 4                              | Yes                       |
| 5       | Mr. Rajeev Kumar        | 3  | 1                              | No                        |
| 6       | Ms. Priya Subbaraman    | 2  | 2                              | No                        |
| 7       | Mr. G. V. Nageswara Rao | 4  | 4                              | Yes                       |

**Details of the directorships, membership/chairmanship in other Committees are given hereunder:**

| Name of Director        | Relationship with other Directors | No. of Directorships in other companies* | Number of memberships in Audit/ Stakeholder Committee(s) including NSDL (Refer Regulation 26(1) of Listing Regulations) | No of post of Chairperson in Audit/ Stakeholder Committee(s) including NSDL (Refer Regulation 26(1) of Listing Regulations) |
|-------------------------|-----------------------------------|--|---|---|
| Mr. B. A. Prabhakar     | No                                | 3  | 2   | 1   |
| Prof. G. Sivakumar      | No                                | 4  | 3   | -   |
| Dr. Rajani Gupte        | No                                | 5  | 3   | 1   |
| Mr. B. Sambamurthy      | No                                | -  | -   | 1   |
| Mr. Rajeev Kumar        | No                                | -  | -   | -   |
| Ms. Priya Subbaraman    | No                                | -  | 2   | -   |
| Mr. G. V. Nageswara Rao | No                                | 2  | 3   | -   |

\*Number of Directorship in other Companies excludes directorship in Section 8 Companies & Foreign Companies, if any.

### Meetings of Independent Directors

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 on June 18, 2020, November 12, 2020 and February 11, 2021 to seek views of PIDs on critical issues. Also, a separate meeting of Independent Directors was held on February 11, 2021 for discussing matters as specified in Schedule IV of the Companies Act, 2013.

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

| Sr. No. | Name of the 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 |
| 2       | Prof. G. Sivakumar      | Nil   | Nil                                    |
| 3       | Dr. Rajani Gupte        | L&T Finance Holdings Limited  | Non-Executive Independent Director     |
| 4       | Mr. B. Sambamurthy      | Nil   | Nil                                    |
| 5       | Mr. Rajeev Kumar        | Nil   | Nil                                    |
| 6       | Ms. Priya Subbaraman    | Nil   | Nil                                    |
| 7       | Mr. G. V. Nageswara Rao | Nil   | Nil                                    |



#### IV. 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                 | Category  | Sitting fees paid (in ₹) |
|---------|----------------------|---|--------------------------|
| 1       | Mr. B. A. Prabhakar  | Non-Executive Chairman & Public Interest Director | 28,20,000                |
| 2       | Mr. B. Sambamurthy   | Non-Executive/Public Interest Director            | 24,80,000                |
| 3       | Prof. G. Sivakumar   | Non-Executive/Public Interest Director            | 29,00,000                |
| 4       | Dr. Rajani Gupte     | Non-Executive/Public Interest Director            | 22,40,000                |
| 5       | Mr. Rajeev Kumar     | Non-Executive/Shareholder Director                | 2,80,000                 |
| 6       | Ms. Priya Subbaraman | Non-Executive/Shareholder Director                | 3,60,000                 |

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 (in ₹)           |
|--------------|--|-------------------------|
| 1            | Gross salary<br>a.) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961<br>b.) Value of perquisites u/s 17(2) Income Tax Act, 1961 | 34,637,984<br>5,970,049 |
| <b>Total</b> |  | <b>40,608,033</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 are placed on the website of the Company.

#### Committees of Board

The Board functions either as a full Board or through various Committees constituted to oversee specific areas with a view to have 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 as mandated under relevant Acts, Rules or Regulations thereof.

#### I. Audit Committee

The 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.

#### Brief descriptions of terms of reference are as follows:

The terms of reference of Audit Committee, inter alia, includes assisting 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. It also recommends to the Board the appointment, replacement, reappointment, remuneration and terms of appointment of Auditors of the Company including payment to Statutory Auditors for any services rendered by them. The Committee reviews the annual financial statements and auditors report thereon before submission to the Board for its approval, major accounting entries involving estimates bases on exercise by management, significant adjustments made in the financial statements arising out of the audit findings, disclosure of related parties transactions and qualifications and modified opinion(s) in the draft audit report. The Committee lays down the criteria



for granting omnibus approval for transactions which are repetitive in nature. 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.

#### I. Composition of the Audit Committee:

| Sr. No. | Name of the Director | Designation | Category             |
|---------|----------------------|-------------|----------------------|
| 1       | Mr. B. Sambamurthy   | Chairman    | PID                  |
| 2       | Mr. B. A. Prabhakar  | Member      | PID                  |
| 3       | Prof. G. Sivakumar   | Member      | PID                  |
| 4       | Dr. Rajani Gupte     | Member      | PID                  |
| 5       | Ms. Priya Subbaraman | Member      | Shareholder Director |

#### ii. Meetings and attendance during the year:

The Committee met four (4) times during the year on June 18, 2020, August 14, 2020, November 12, 2020 and February 12, 2021. Details of attendance of each member at the Committee Meetings held during the year are as follows:

| Sr. No. | Name of the Director | No. of Meetings held during the tenure | No. of Meetings attended |
|---------|----------------------|--|--------------------------|
| 1       | Mr. B. Sambamurthy   | 4                                      | 4                        |
| 2       | Mr. B. A. Prabhakar  | 4                                      | 3                        |
| 3       | Prof. G. Sivakumar   | 4                                      | 4                        |
| 4       | Dr. Rajani Gupte     | 4                                      | 4                        |
| 5       | Ms. Priya Subbaraman | 1                                      | 1                        |

#### II. Nomination and Remuneration Committee

The Nomination and Remuneration Committee discharges such functions as defined under Section 178 of Companies Act, 2013, SEBI Circular dated January 10, 2019 on Committees of MII's under SEBI (Depositories and Participants) Regulations, 2018 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

##### Brief Descriptions of Terms of Reference are as follows:

The terms of reference of Nomination and Remuneration Committee, inter alia, includes recommending appointments of Directors (including MD & CEO) to the Board, formulation of criteria for performance evaluation of Directors and the Board as per the provisions of the Companies Act, 2013. The criteria, qualifications, positive attributes and independence requirements are laid down by the Committee.

The Committee has laid down the performance evaluation criteria for the Directors in accordance with the provisions of the Companies Act, 2013 and the SEBI (Depositories and Participants) Regulations, 2018.

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>).

### I. Composition of the Committee:

| Sr. No. | Name of the Director | Designation | Category |
|---------|----------------------|-------------|----------|
| 1       | Prof. G. Sivakumar   | Chairman    | PID      |
| 2       | Mr. B. A. Prabhakar  | Member      | PID      |
| 3       | Dr. Rajani Gupte     | Member      | PID      |
| 4       | Mr. B. Sambamurthy   | Member      | PID      |

### II. Meetings and attendance during the year:

The Committee met nine (9) times during the year on June 18, 2020, August 14, 2020, October 29, 2020, November 12, 2020, December 07, 2020, January 20, 2021, February 07, 2021, February 12, 2021 and March 24, 2021. Details of attendance of each member at the Committee Meetings held during the year are as follows:

| Sr. No. | Name of the Director | No. of Meetings held during the tenure | No. of Meetings attended |
|---------|----------------------|--|--------------------------|
| 1       | Prof. G. Sivakumar   | 9                                      | 9                        |
| 2       | Mr. B. A. Prabhakar  | 9                                      | 8                        |
| 3       | Dr. Rajani Gupte     | 9                                      | 9                        |
| 4       | Mr. B. Sambamurthy   | 9                                      | 9                        |

### III. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee discharges such functions as defined under Section 135 of Companies Act, 2013.

#### Brief Descriptions of the terms of reference are as follows:

The terms of reference of the Committee, inter alia, includes formulating and monitoring the implementation of the CSR Policy, evaluating the projects and amount of expenditure to be incurred on the permissible activities as prescribed under Schedule VII of the Companies Act, 2013, in accordance with the CSR Policy.

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, 2013.

### I. Composition of the Committee:

| Sr. No. | Name of the Director   | Designation | Category |
|---------|------------------------|-------------|----------|
| 1       | Mr. B. A. Prabhakar    | Chairman    | PID      |
| 2       | Prof. G. Sivakumar     | Member      | PID      |
| 3       | Mr. G.V. Nageswara Rao | Member      | MD & CEO |

### II. Meetings and attendance during the year:

The Committee met once during the year on June 17, 2020 and attendance details of each member for the same is as follows:

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



#### IV. Stakeholders Relationship Committee

The Board has constituted the Stakeholder Relationship Committee in accordance with Section 178 of the Companies Act and notification of SEBI (Listing Obligation and Disclosure Requirements) 2015

##### Brief Descriptions of the Terms of Reference are as follows

The terms of reference of Committee, inter alia, includes redressal of grievances received from the security holders of the Company from time to time.

##### I. Composition of Committee:

| Sr. No. | Name of the Director    | Chairperson/Member | Category             |
|---------|-------------------------|--------------------|----------------------|
| 1       | Dr. Rajani Gupte        | Chairperson        | PID                  |
| 2       | Mr. B. A. Prabhakar     | Member             | PID                  |
| 3       | Mr. G. V. Nageswara Rao | Member             | MD & CEO             |
| 4       | Ms. Priya Subbaraman    | Member             | Shareholder Director |

##### II. Meetings and attendance during the year:

The Committee met once during the year on February 12, 2021 and attendance details of each member for the same is as follows:

| Sr. No. | Name of the Director    | No. of Meetings held during the tenure | No. of Meetings attended |
|---------|-------------------------|--|--------------------------|
| 1       | Dr. Rajani Gupte        | 1                                      | 1                        |
| 2       | Mr. B. A. Prabhakar     | 1                                      | 1                        |
| 3       | Mr. G. V. Nageswara Rao | 1                                      | 1                        |
| 4       | Ms. Priya Subbaraman    | 1                                      | 1                        |

In addition to the Committees covered specifically in detail above as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company also has the following Committees as per SEBI (Depositories and Participants) Regulations, 2018 and the committees which are formed voluntarily, namely:

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

##### General Body Meetings

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

| AGM     | Date               | Time       | Venue   | Special Resolution (if any) |
|---------|--------------------|------------|---|-----------------------------|
| Sixth   | September 19, 2018 | 11.00 a.m. | Board Room, National Securities Depository Limited, Trade World, 'A' wing, 5th Floor, Kamala Mills Compound, Lower Parel, Mumbai- 400 013 | No                          |
| Seventh | September 30, 2019 | 11.30 a.m. |   | No                          |
| Eight   | September 29, 2020 | 12:00 Noon | On Video Conference*  | No                          |

\*Note: The Eighth Annual General Meeting of the Members of National Securities Depository Limited was held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") due to outbreak of COVID-19 and the proceedings of the same was deemed to be conducted at the Registered Office of the Company.

### Postal Ballot

NSDL had, on May 19, 2020, dispatched to all the Shareholders, Postal Ballot Notice dated May 11, 2020 as per the provisions of the Companies Act, 2013, for obtaining the consent of the Shareholders to appoint Mr. Rajeev Kumar (DIN: 01879049) as a Shareholder Director of the Company by Ordinary Resolution by means of postal ballot through e-voting. The Ordinary Resolution had been duly approved by the requisite majority of the Shareholders on June 18, 2020.

The Scrutinizer's Report on Postal Ballot through e-voting is hosted on the Website of the Company at <https://nsdl.co.in/publications/disclosure.php>

### 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.

### Means of Communication

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

### General Shareholder Information

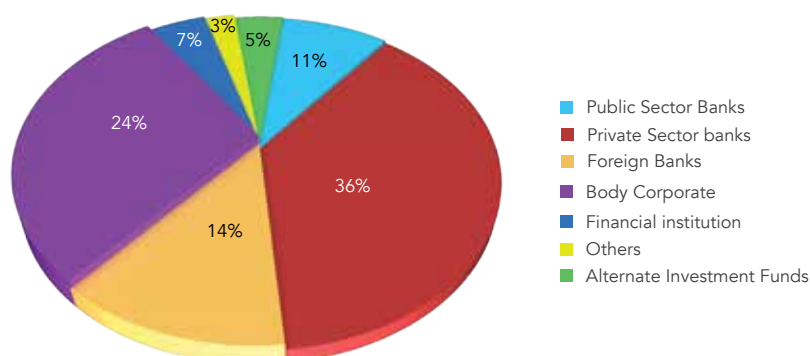
- The Ninth Annual General Meeting of the Company is scheduled to be held on Wednesday, September 29, 2021 at 11:30 a.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").
- **Financial year:** April 01, 2020 to March 31, 2021
- **Dividend Payment Date:** On or before thirty days from the date of approval in the AGM.
- **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:** NA
- **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 the transfer of shares without the approval of the Board of NSDL and SEBI.
- **Distribution of shareholding as on 31st March, 2021:**

| Sr. No. | Category   | Percentage of Shareholding |
|---------|--|----------------------------|
| 1.      | Public Sector Banks                                      | 10.67                      |
| 2.      | Private Sector Banks                                     | 36.25                      |
| 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>              |





Percentage of Shareholding



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

|                     |  |
|---------------------|--|
| <b>AHMEDABAD</b>    | Unit No. 402, 4th Floor, Heritage Horizon, 40, Sardar Patel Nagar, off. C.G. Road, Ellisbridge, Ahmedabad – 380 006. |
| <b>BENGALURU</b>    | Office No. 106, DBS House, 26 Cunningham Road, Bangalore -560 052.   |
| <b>CHENNAI</b>      | 6A, 6th Floor, Kences Tower, # 1 Ramkrishna Street, North Usman Road, T. Nagar, Chennai – 600 017.                   |
| <b>HYDERABAD</b>    | Office No. 123, Hyderabad Mid-Town, 1st Floor Mid Town Plaza, Road No 1, Banjara Hills, Hyderabad - 500 033.         |
| <b>KOCHI</b>        | S- 105, Monlassh Business Center, Crescens Tower, NH-47, Changampuzha Nagar Post, Kochi- 680 233.                    |
| <b>KOLKATA</b>      | 2nd Floor, “The Millenium”, Flat No. 2E, 235/2A, Acharya Jagdish Chandra Bose Road, Kolkata – 700 020.               |
| <b>NEW DELHI</b>    | Unit No. 601, 603, 604, Tower A, 6th Floor, Naurang House, Kasturba Gandhi Marg, Connaught Place, New Delhi – 110    |
| <b>JAIPUR</b>       | 207, 2nd Floor, Arcade Tower, K-12, Malviya Marg, C – scheme, Jaipur – 302001. Tel : (0141) 2366347                  |
| <b>LUCKNOW</b>      | Unit No. 438, 4th Floor, Regus Business Center, Halwasia Court, Hazratganj, Lucknow, 226001, Tel : (0522) 6672325    |
| <b>GANDHI NAGAR</b> | Premise 625, 6th Floor, Signature Building, Block 13-B, Zone 1, GIFT SEZ, GIFT City, Gandhinagar - 382355            |

- **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: nikhila@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:** The 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.

## 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 and 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. The Policy on Related Party Transactions is hosted on the Company’s website at <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]

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>

### A. Code of Conduct and Code of Ethics

Your Company has adopted Code of Conduct and Code of 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.

### B. CEO and CFO Certification

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Company have furnished the compliance certificate on Company's financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 which has been appended as **Annexure I** to Corporate Governance Report.

### C. 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 which has been appended as **Annexure II** to Corporate Governance Report.

### D. Certificate from a Company Secretary in Practice on debarment or disqualification of Directors

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. The said certificate also forms part of this report which has been appended as **Annexure III** to Corporate Governance Report.

### E. 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:

(₹ in lakh)

| Types of Services | March 31, 2021 |
|-------------------|----------------|
| Audit Fees        | 19.15          |
| Tax Audit Fees    | 2.55           |
| Other Services    | 9.30           |

### F. 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 |



**G. Corporate Governance Requirement as specified in Regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 has been complied mutatis mutandis to the extent applicable to the Depository**

**H. 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, 2021.

**For and on behalf of the Board**

Place: Mumbai  
Date: August 14, 2021

Sd/-  
**G. V. Nageswara Rao**  
Managing Director & CEO

**Annexure I****COMPLIANCE CERTIFICATE**

[In terms of Regulation 17(8) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015]

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2021 and that to the best of our knowledge and belief:
- 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee:
- 1) Significant changes in internal control over financial reporting during the year;
  - 2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - 3) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Sd/-  
**G. V. Nageswara Rao**  
Managing Director & CEO

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

Date: August 14, 2021

**CORPORATE GOVERNANCE - COMPLIANCE CERTIFICATE**

To the Members,  
**National Securities Depository Limited**  
CIN: U74120MH2012PLC230380  
4th 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 **31st March, 2021**. 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 31st March 2021.
3. Due to the pandemic caused by COVID-19 and prevailing lockdowns / restrictions on movement of people imposed by the Government, for the purpose of issuing this certification, we have conducted our audit remotely based on the records and information made available to us by the Company, electronically.
4. The compliance of the conditions of Corporate Governance as well as preparation of the Corporate Governance Report is the responsibility of the Management.
5. 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.
6. 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 31st March, 2021.
7. 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.
8. 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**  
ICSI Unique Code : P1991MH040400  
Peer Review Cert. No.: 606/2019

Sd/-  
**S. N. Ananthasubramanian**  
Partner  
FCS : 4206 | COP No.: 1774  
ICSI UDIN : F004206C000417531  
3rd June, 2021 | Thane



**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

[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,  
The Members of  
**NATIONAL SECURITIES DEPOSITORY LIMITED**  
**CIN : U74120MH2012PLC230380**  
Trade World, 'A' Wing, 4th Floor,  
Kamala Mills Compound,  
Senapati Bapat Marg,  
Lower Parel (West) Mumbai - 400013

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 & Proper person as per Regulation 23(2) of the SEBI (Depositories & Participants) Regulations 2018, (Depository Regulations) read with the criteria specified under Regulation 20 of Securities Contract (Regulation) (Stock Exchanges and Clearing Corporations Regulations 2018; hereinafter referred to as 'relevant documents')

as submitted by the Directors of NATIONAL SECURITIES DEPOSITORY LIMITED ('the Company') bearing CIN: U74120MH2012PLC230380 and having its registered office at Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West) Mumbai - 400013, to the Board of Directors of the Company ('the Board') for the Financial Year 2020-2021 and Financial Year 2021-2022 and relevant registers, records, forms and returns maintained by the Company and 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 (LODR) Regulations, 2015. 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.

Due to the pandemic caused by COVID – 19 and prevailing lockdowns / restrictions on movement of people imposed by the Government, for the purpose of issuing this certification, we have conducted our audit remotely based on the records and information made available to us by the Company electronically.

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.

Based on our examination as aforesaid and such other verifications carried out by us as deemed necessary and adequate (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)), in our opinion and to the best of our information and knowledge and according to the explanations provided by the Company, its officers and authorized representatives, we hereby certify that none of the Directors on the Board of the Company, as listed hereunder for the Financial Year ending 31st March, 2021, have been debarred or disqualified from being appointed or continuing as Directors of Companies by Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority.



| Sr. No. | Name of Director   | Director Identification Number (DIN) | Date of Appointment | Date of Cessation |
|---------|--|--------------------------------------|---------------------|-------------------|
| 01      | Mr. G.V Nageswara Rao (MD)   | 00799504                             | 28/05/2013          | NA                |
| 02      | Mr. B. A. Prabhakar (PID)  | 02101808                             | 08/05/2017          | NA                |
| 03      | Mr. G. Sivakumar (PID)   | 07537575                             | 05/01/2018          | NA                |
| 04      | Dr. Rajani Gupte (PID)   | 03172965                             | 23/05/2018          | NA                |
| 05      | Mr. Sambamurthy Boggarapu (PID)  | 00246211                             | 20/04/2019          | NA                |
| 06      | Mr. Rajeev Kumar (SD representing IDBI Bank Ltd.)                            | 01879049                             | 08/07/2020          | NA                |
| 07      | Ms. Priya Subbaraman (SD representing National Stock Exchange of India Ltd.) | 01620890                             | 23/10/2020          | NA                |

MD- Managing Director

SD- Shareholder Director

PID – Public Interest Director

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 31st March, 2021

For **S. N. ANANTHASUBRAMANIAN & Co.**

Company Secretaries

ICSI Unique Code P1991MH040400

Peer Review Cert. No.: 606/2019

Sd/-

**S. N. Ananthasubramanian**

Partner

FCS : 4206 | COP No. : 1774

ICSI UDIN : F004206C000419720

4th June, 2021|Thane

## ANNEXURE-D

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021**

[Pursuant to section 204 (1) of the Companies Act, 2013 and Regulation 31 of the SEBI (Depositories and Participant) 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, 4th 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 31st March 2021**, 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 **31st March, 2021** 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. 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;**
- iv. 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 Stock Exchange;**
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 - **Applicable to the extent of Schedule C to the Regulations being a Market Intermediary;**
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 - **Not Applicable to the Company, since the Company is not listed with any 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 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 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 Stock Exchange;**
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not Applicable to the Company, since the Company is not listed with any Stock Exchange;**
- v. The Company has identified and confirmed the following laws as being specifically applicable to the Company:
- 1) Depositories Act, 1996;
  - 2) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
  - 3) The SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 – **applicable to the extent applicable as a recognised Depository pursuant to Regulation 31 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018** and
  - 4) 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 any 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 with proper balance of Executive Directors, Non-Executive Directors including Independent Directors and Woman Director.
- 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 wherever necessary with short notice for which none of the Directors have objected to; 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 of the Board and Committees thereof were carried 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

ICSI Unique Code : P1991MH040400

Peer Review Cert. No.: 606/2019

Sd/-

**S. N. Ananthasubramanian**

Partner

FCS : 4206 | COP No.: 1774

ICSI UDIN : F004206C000417531

3rd June, 2021| Thane

## Annexure A

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

Our Secretarial Audit Report for the Financial Year ended 31st March, 2021 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. Due to the pandemic caused by COVID-19 and prevailing lockdowns/ restrictions on movement of people imposed by the Government, for the purpose of issuing this report we have conducted our audit remotely based on the records and information made available to us by the Company electronically.
6. 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.
7. 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  
ICSI Unique Code : P1991MH040400  
Peer Review Cert. No.: 606/2019

Sd/-  
**S. N. Ananthasubramanian**  
Partner  
FCS : 4206 | COP No. : 1774  
ICSI UDIN : F004206C000417531  
3rd June, 2021|Thane





# 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 March 2021, 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 March 2021, 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 and will 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.
- When we read the 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 as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

#### Management's Responsibility for the Consolidated 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.

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.

## Independent Auditor's Report (Contd.)

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

### Report on Other Legal and Regulatory Requirements

1. 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, 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.



## Independent Auditor's Report (Contd.)

- e) On the basis of the written representations received from the directors as on 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 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:
- The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - 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 LLP**

Chartered Accountants

(Firm's Registration No. 117364W / W100739)

Sd/-

**Pallavi A. Gorakshakar**

Partner

(Membership No:105035)

(UDIN: 21105035AAAAGW5414)

Place: Mumbai

Date: 8th June, 2021

# 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 March 31, 2021 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.

### 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



## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT (contd.)

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 March 31, 2021, 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 LLP**

Chartered Accountants

(Firm's Registration No. 117364W / W100739)

Sd/-

**Pallavi A. Gorakshakar**

Partner

(Membership No:105035)

(UDIN: 21105035AAAAGW5414)

Place: Mumbai

Date: 8th June, 2021



## 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) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, the reconciliation with the fixed asset register is in progress and is delayed and Management expects no material discrepancies would arise on the completion of the reconciliation.
- (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 CARO 2016 is not applicable.
- (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 Companies Act, 2013.
- (iv) The Company has not granted any loans or provided guarantees. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of making investments.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from public during the year.
- (vi) Having regard to the nature of the Company's business, reporting under clause (vi) of CARO 2016 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, Employees' State Insurance Corporation (ESIC), Income tax, Sales Tax, Goods & Service Tax (GST), Service Tax, Customs 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, Employees' State Insurance Corporation (ESIC), Income-tax, Sales Tax, Goods & Service Tax (GST) Service Tax, Customs Duty, Excise Duty, Value Added Tax (VAT), cess and other material statutory dues in arrears as at March 31, 2021 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 March 31, 2021 on account of dispute are given below:

| Name of Statute      | Nature of Dues  | Forum where Dispute is Pending | Period to which the amount relates | Amount involved (₹lakh) | Amount unpaid (₹lakh) |
|----------------------|---|--------------------------------|------------------------------------|-------------------------|-----------------------|
| Finance Act, 1994    | Service Tax   | Supreme Court                  | 2004-05 to 2008-09                 | 5,236.21                | 4,843.49              |
| Income-tax Act, 1961 | Demand arising out of Regular Assessment / Reassessment | CIT (Appeals)                  | 2017-18                            | 1,806.25                | 1,556.25              |

- (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 CARO 2016 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 CARO 2016 Order is not applicable.



## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT (contd.)

- (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 remuneration 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 CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 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 CARO 2016 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 directors of its subsidiary companies 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 LLP**

Chartered Accountants

(Firm's Registration No. 117364W / W100739)

Sd/-

**Pallavi A. Gorakshakar**

Partner

(Membership No:105035)

(UDIN: 21105035AAAAGW5414)

Place: Mumbai

Date: 8th June, 2021

# BALANCE SHEET

AS AT 31ST MARCH, 2021

(₹ in Lakh)

| Particulars   | Notes   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------|---------------------------|---------------------------|
| <b>ASSETS</b>   |         |                           |                           |
| <b>Non-Current Assets</b>   |         |                           |                           |
| a) Property, plant and equipment  | 3       | 2,908.46                  | 2,046.53                  |
| b) Capital work-in-progress   |         | 651.99                    | -                         |
| c) Other intangible assets  | 3       | 450.76                    | 62.01                     |
| d) Right of use of assets   | 3       | 105.80                    | 129.17                    |
| e) Financial assets   |         |                           |                           |
| i) Non-current investments  | 4       | 67,706.72                 | 68,244.35                 |
| ii) Other financial assets  | 5       | 12,085.22                 | 580.12                    |
| f) Deferred tax assets (net)  | 6       | 484.40                    | 343.61                    |
| g) Income tax assets (net)  |         | 549.37                    | 549.37                    |
| h) Other non-current assets   | 7       | 71.02                     | 1,435.52                  |
| <b>Total Non-Current Assets</b>   |         | <b>85,013.74</b>          | <b>73,390.68</b>          |
| <b>Current Assets</b>   |         |                           |                           |
| a) Financial assets   |         |                           |                           |
| i) Current investments  | 8       | 10,596.01                 | 9,406.51                  |
| ii) Trade receivables   | 9       | 10,129.73                 | 7,450.04                  |
| iii) Cash and cash equivalents  | 10      | 1,014.41                  | 1,071.23                  |
| iv) Bank balances other than (iii) above  | 11      | 16,514.96                 | 522.02                    |
| v) Other financial assets   | 5       | 448.96                    | 231.68                    |
| b) Other current assets   | 7       | 1,580.25                  | 888.27                    |
| <b>Total Current Assets</b>   |         | <b>40,284.32</b>          | <b>19,569.75</b>          |
| <b>Total Assets</b>   |         | <b>125,298.06</b>         | <b>92,960.43</b>          |
| <b>EQUITY AND LIABILITIES</b>   |         |                           |                           |
| <b>Equity</b>   |         |                           |                           |
| a) Equity share capital   | 12      | 4,000.00                  | 4,000.00                  |
| b) Other equity   | 13      | 87,773.16                 | 71,723.18                 |
| <b>Total Equity</b>   |         | <b>91,773.16</b>          | <b>75,723.18</b>          |
| <b>Liabilities</b>  |         |                           |                           |
| <b>Non-Current Liabilities</b>  |         |                           |                           |
| a) Financial liabilities  |         |                           |                           |
| i) Lease liability  | 27      | 60.61                     | 74.60                     |
| ii) Other financial liabilities   | 14      | 360.12                    | 273.19                    |
| <b>Total Non-Current Liabilities</b>  |         | <b>420.73</b>             | <b>347.79</b>             |
| <b>Current Liabilities</b>  |         |                           |                           |
| a) Financial liabilities  |         |                           |                           |
| i) Trade payables   |         |                           |                           |
| a) Total outstanding dues of micro enterprises and small enterprises                      | 15      | 214.34                    | 99.62                     |
| b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 15      | 1,821.73                  | 1,737.87                  |
| ii) Lease liability   | 27      | 54.37                     | 56.41                     |
| iii) Other financial liabilities  | 16      | 21,307.90                 | 7,288.80                  |
| b) Provisions   | 17      | 2,817.80                  | 2,729.63                  |
| c) Current tax liability (net)  |         | 1,940.47                  | 939.01                    |
| d) Other current liabilities  | 18      | 4,947.56                  | 4,038.12                  |
| <b>Total Current Liabilities</b>  |         | <b>33,104.17</b>          | <b>16,889.46</b>          |
| <b>Total Liabilities</b>  |         | <b>33,524.90</b>          | <b>17,237.25</b>          |
| <b>Total Equity and Liabilities</b>   |         | <b>125,298.06</b>         | <b>92,960.43</b>          |
| See accompanying notes to the Financial Statements  | 1 to 40 |                           |                           |

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

Sd/-  
**Pallavi A. Gorakshakar**  
Partner

Place : Mumbai  
Date : 8th June, 2021

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/-  
**Nikhil Arya**  
Company Secretary  
A42548



# STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in Lakh)

| Particulars  | Notes   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------|---------------------------|---------------------------|
| <b>INCOMES</b>   |         |                           |                           |
| Revenue from operations  | 19      | 33,557.82                 | 24,958.55                 |
| Other income   | 20      | 5,311.50                  | 4,087.44                  |
| <b>Total Income</b>  |         | <b>38,869.32</b>          | <b>29,045.99</b>          |
| <b>EXPENSES</b>  |         |                           |                           |
| Employee benefits expense  | 21      | 6,488.24                  | 5,739.38                  |
| Depreciation and amortisation expense  | 3       | 743.02                    | 476.35                    |
| Finance cost   | 27      | 10.96                     | 14.12                     |
| Contribution to investor protection fund   | 31      | 883.55                    | 518.53                    |
| Other expenses   | 22      | 8,127.17                  | 8,516.29                  |
| <b>Total Expenses</b>  |         | <b>16,252.94</b>          | <b>15,264.67</b>          |
| <b>Profit before Tax</b>   |         | <b>22,616.38</b>          | <b>13,781.32</b>          |
| <b>Tax Expense</b>   |         |                           |                           |
| Current tax  |         | 5,143.40                  | 2,891.76                  |
| Deferred tax   | 6       | (140.79)                  | 48.40                     |
| <b>Total Tax Expenses</b>  |         | <b>5,002.61</b>           | <b>2,940.16</b>           |
| <b>Profit after Tax</b>  |         | <b>17,613.77</b>          | <b>10,841.16</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                        |         | 48.39                     | 110.87                    |
| ii) Income tax relating to items that will not be reclassified to profit or loss |         | (12.18)                   | (27.91)                   |
| <b>Total Other Comprehensive Income</b>  |         | <b>36.21</b>              | <b>82.96</b>              |
| <b>Total Comprehensive Income for the year</b>                                   |         | <b>17,649.98</b>          | <b>10,924.12</b>          |
| Basic and Diluted earnings per equity share of ₹ 10 each                         | 30      | 44.03                     | 27.10                     |
| See accompanying notes to the Financial Statements                               | 1 to 40 |                           |                           |

In terms of our report attached.

For Deloitte Haskins & Sells Chartered Accountants LLP

Chartered Accountants

For and on behalf of the Board of Director

Sd/-

**Pallavi A. Gorakshakar**

Partner

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

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

Place : Mumbai  
Date : 8th June, 2021

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

Sd/-  
**Nikhil Arya**  
Company Secretary  
A42548

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| <b>A. Cash Flow from Operating Activities</b>  |                           |                           |
| Profit before tax  | 22,616.38                 | 13,781.32                 |
| Adjustments for :  |                           |                           |
| Depreciation and amortisation expense  | 743.02                    | 476.35                    |
| Provision for compensated absences   | 151.27                    | 159.13                    |
| Provision for investor awareness   | 514.97                    | 453.00                    |
| Provision for doubtful trade receivables   | 520.77                    | 274.91                    |
| Bad debts written off  | 0.30                      | -                         |
| Contribution to investor protection fund   | 883.55                    | 518.53                    |
| Fair value gain on investments in mutual funds   | (1,214.33)                | (985.43)                  |
| Dividend income from current investments   | (44.44)                   | (163.79)                  |
| Dividend from subsidiary   | (610.50)                  | -                         |
| Loss / (Profit) on sale of property, plant and equipment                                 | 22.02                     | 0.05                      |
| Interest income  | (2,998.68)                | (2,583.20)                |
| <b>Operating Profit before Working Capital Changes</b>                                   | <b>20,584.33</b>          | <b>11,930.87</b>          |
| <b>Changes in Working Capital :</b>  |                           |                           |
| (Increase) / decrease other assets   | (672.56)                  | (222.93)                  |
| (Increase) / decrease other financial assets   | (14,934.28)               | (87.15)                   |
| (Increase) / decrease trade receivables  | (3,200.76)                | (1,244.65)                |
| Increase / (decrease) trade payables   | 202.10                    | 705.73                    |
| Increase / (decrease) other financial liabilities  | 465.75                    | 689.94                    |
| Increase / (decrease) provisions   | (541.86)                  | 82.96                     |
| Increase / (decrease) other liabilities  | 909.44                    | 259.36                    |
| <b>Cash generated from Operations</b>  | <b>2,812.16</b>           | <b>12,114.13</b>          |
| Net income tax paid  | (4,141.94)                | (3,504.00)                |
| <b>Net Cash generated from / (used) in Operating Activities (A)</b>                      | <b>(1,329.78)</b>         | <b>8,610.13</b>           |
| <b>B. Cash Flow from Investing Activities</b>  |                           |                           |
| Capital expenditure on property, plant and equipment, intangible assets, capital advance | (1,294.75)                | (1,917.95)                |
| Proceeds from sale of property, plant and equipment                                      | 1.17                      | -                         |
| Investment in subsidiary   | (3,000.00)                | (3,500.00)                |
| Purchase of non-current investments  | (233.09)                  | (6,766.72)                |
| Sale / Redemption of non-current investments   | -                         | 10.27                     |
| Proceeds / (Purchase) of current investments (Net)                                       | 3,795.55                  | (469.99)                  |
| Dividend received from current investments   | 44.44                     | 163.79                    |
| Dividend received from subsidiary  | 610.50                    | -                         |
| Interest received  | 2,949.14                  | 2,585.16                  |
| <b>Net Cash generated from / (used) in Investing Activities (B)</b>                      | <b>2,872.96</b>           | <b>(9,895.44)</b>         |
| <b>C. Cash Flow from Financing Activities</b>  |                           |                           |
| Dividend paid  | (1,600.00)                | (1,200.00)                |
| Dividend distribution tax paid   | -                         | (246.66)                  |
| <b>Net Cash used in Financing Activities (C)</b>   | <b>(1,600.00)</b>         | <b>(1,446.66)</b>         |
| <b>Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)</b>                    | <b>(56.82)</b>            | <b>(2,731.97)</b>         |
| Cash and Cash Equivalents at the beginning of the year                                   | 1,071.23                  | 3,803.20                  |
| <b>Cash and Cash Equivalents at the end of the year (Refer Note 10)</b>                  | <b>1,014.41</b>           | <b>1,071.23</b>           |
| See accompanying notes to the Financial Statements 1 to 40                               |                           |                           |

In terms of our report attached.

**For Deloitte Haskins & Sells Chartered Accountants LLP**  
Chartered Accountants

Sd/-  
**Pallavi A. Gorakshakar**  
Partner

Place : Mumbai  
Date : 8th June, 2021

**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/-  
**Nikhil Arya**  
Company Secretary  
A42548





# STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

## FOR THE YEAR ENDED 31ST MARCH, 2021

|   |                 |
|---|-----------------|
| <b>A. Equity Share Capital</b>                            | (₹ in Lakh)     |
| <b>As at 1st April, 2019</b>                              | <b>4,000.00</b> |
| Changes in equity share capital during the year (Note 12) | -               |
| <b>As at 31st March, 2020</b>                             | <b>4,000.00</b> |
| Changes in equity share capital during the year (Note 12) | -               |
| <b>As at 31st March, 2021</b>                             | <b>4,000.00</b> |

| <b>B. Other Equity</b>                                     | (₹ in Lakh)          |                   |                            |                  |
|--|----------------------|-------------------|----------------------------|------------------|
| Particulars  | Reserves and Surplus |                   | Other Comprehensive Income | Total            |
|  | General Reserve      | Retained Earnings | Actuarial Gains / (Losses) |                  |
| <b>Balance as at 1st April, 2019</b>                       | <b>36,312.82</b>     | <b>26,062.74</b>  | <b>(129.84)</b>            | <b>62,245.72</b> |
| Profit after tax   | -                    | 10,841.16         | -                          | 10,841.16        |
| Dividends (including dividend distribution tax)            | -                    | (1,446.66)        | -                          | (1,446.66)       |
| Other Comprehensive Income                                 | -                    | -                 | 82.96                      | 82.96            |
| <b>As at 31st March, 2020</b>                              | <b>36,312.82</b>     | <b>35,457.24</b>  | <b>(46.88)</b>             | <b>71,723.18</b> |
| Profit after tax   | -                    | 17,613.77         | -                          | 17,613.77        |
| Dividends  | -                    | (1,600.00)        | -                          | (1,600.00)       |
| Other Comprehensive Income                                 | -                    | -                 | 36.21                      | 36.21            |
| <b>As at 31st March, 2021</b>                              | <b>36,312.82</b>     | <b>51,471.01</b>  | <b>(10.67)</b>             | <b>87,773.16</b> |
| See accompanying notes to the Financial Statements 1 to 40 |                      |                   |                            |                  |

In terms of our report attached.

**For Deloitte Haskins & Sells Chartered Accountants LLP**  
Chartered Accountants

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

Sd/-  
**Pallavi A. Gorakshakar**  
Partner

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

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

Place : Mumbai  
Date : 8th June, 2021

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

Sd/-  
**Nikhil Arya**  
Company Secretary  
A42548

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2021

### 1. General Information

#### 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.

### 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 April 1, 2016. The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

#### 2.2 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.

#### 2.3. Revenue Recognition

- 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.
- 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.
- Dividend income is accounted for when the right to receive it is established.

#### 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.

##### As a Lessee -

Effective from April 1, 2019, the Company has adopted Ind AS 116, At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.)

### FOR THE YEAR ENDED 31ST MARCH, 2021

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been adjusted towards rent expenses in the Statement of Profit and Loss.

#### 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

##### 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:

- (a) in case of accumulated compensated absences, when employees render the services that increase their

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.)

### FOR THE YEAR ENDED 31ST MARCH, 2021

- entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

#### 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 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 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.

#### 2.8. 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 24 months or useful life, whichever is lower.

#### 2.10. 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.

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 and Assets

Contingent liabilities are when there is a possible obligation arising from past events, the existence of



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.)

### FOR THE YEAR ENDED 31ST MARCH, 2021

which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are not recognised but are disclosed in the notes.

Contingent asset is a possible asset that arises from past events the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. Contingent assets are neither recognised nor 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. All financial instruments are recognised initially at fair value.

#### 2.12. 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.

#### 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



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.)

### FOR THE YEAR ENDED 31ST MARCH, 2021

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:

##### i. Initial Recognition and Measurement:

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

##### ii. Subsequent Measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

#### 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. Expected Credit Losses on Trade Receivables

For trade receivables the Company measures the loss allowance at an amount equal to life time expected credit losses. Further, for the purpose of measuring life time expected credit losses for trade receivables, the company follows simplified approach as permitted under IndAS 109.

#### 2.15. Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand, balances in current account and demand deposits with banks having an original maturity of three months or less. These do not include bank balances earmarked/ restricted for specific purposes.

Bank balances other than cash and cash equivalents comprises of demand deposits with banks having an original maturity of more than three months.

#### 2.16. Use of Estimates and Judgement

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes, expenses, disclosure of contingent assets and disclosure of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note:

**Impairment of Trade Receivables:** The Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer status, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances are made.

**Employee Benefits:** Defined employee benefit assets/ liabilities determined based on the present value of future obligations using assumptions determined by the Company with advice from an independent qualified actuary.

#### 2.17. 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 STANDALONE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### NOTE 3 : PROPERTY, PLANT AND EQUIPMENT, OTHER INTANGIBLE ASSETS, AND RIGHT OF USE

| Gross Block | Property, Plant and Equipment |           |           |                                       |                          |                  |                        |                        |         |           | Other Intangible Assets | Right of Use |
|-------------|-------------------------------|-----------|-----------|---------------------------------------|--------------------------|------------------|------------------------|------------------------|---------|-----------|-------------------------|--------------|
|             | Description of Asset          | Buildings | Computers | Data and Tele-Communication Equipment | Electrical Installations | Office Equipment | Furniture and Fixtures | Leasehold Improvements | Vehicle | Total     |                         |              |
| (₹ in Lakh) | As at 31st March, 2019        | 3,517.82  | 4,844.60  | 1,278.73                              | 202.15                   | 373.84           | 253.83                 | -                      | 46.30   | 10,517.27 | 9,516.22                | -            |
|             | Additions during the year     | -         | 694.24    | 24.33                                 | -                        | 4.71             | 11.61                  | 20.05                  | -       | 754.94    | 55.65                   | 214.50       |
|             | Deductions                    | -         | -         | -                                     | -                        | (0.64)           | -                      | -                      | -       | (0.64)    | -                       | -            |
| (₹ in Lakh) | As at 31st March, 2020        | 3,517.82  | 5,538.84  | 1,303.06                              | 202.15                   | 377.91           | 265.44                 | 20.05                  | 46.30   | 11,271.57 | 9,571.87                | 214.50       |
|             | Additions during the year     | -         | 1,243.29  | 106.69                                | 6.71                     | 6.48             | 3.58                   | 1.14                   | -       | 1,367.89  | 597.43                  | 31.72        |
|             | Deductions                    | -         | (18.26)   | (9.98)                                | -                        | (0.01)           | -                      | -                      | -       | (28.25)   | -                       | -            |
| (₹ in Lakh) | As at 31st March, 2021        | 3,517.82  | 6,763.87  | 1,399.77                              | 208.86                   | 384.38           | 269.02                 | 21.19                  | 46.30   | 12,611.21 | 10,169.30               | 246.22       |

| Accumulated Depreciation and Amortisation | Property, Plant and Equipment            |           |           |                                       |                          |                  |                        |                        |         |          | Other Intangible Assets | Right of Use |
|---|--|-----------|-----------|---------------------------------------|--------------------------|------------------|------------------------|------------------------|---------|----------|-------------------------|--------------|
|   | Description of Asset                     | Buildings | Computers | Data and Tele-Communication Equipment | Electrical Installations | Office Equipment | Furniture and Fixtures | Leasehold Improvements | Vehicle | Total    |                         |              |
| (₹ in Lakh)                               | As at 31st March, 2019                   | 3,042.62  | 3,973.32  | 1,150.17                              | 187.62                   | 326.27           | 227.10                 | -                      | 5.76    | 8,912.86 | 9,431.60                | -            |
|   | Depreciation / amortisation for the year | 8.92      | 258.49    | 20.23                                 | 1.19                     | 11.00            | 4.15                   | 1.45                   | 7.33    | 312.76   | 78.26                   | 85.33        |
|   | Deductions                               | -         | -         | -                                     | -                        | (0.58)           | -                      | -                      | -       | (0.58)   | -                       | -            |
| (₹ in Lakh)                               | As at 31st March, 2020                   | 3,051.54  | 4,231.81  | 1,170.40                              | 188.81                   | 336.69           | 231.25                 | 1.45                   | 13.09   | 9,225.04 | 9,509.86                | 85.33        |
|   | Depreciation / amortisation for the year | 8.92      | 420.48    | 22.49                                 | 1.37                     | 11.47            | 5.04                   | 2.15                   | 7.33    | 479.25   | 208.68                  | 55.09        |
|   | Deductions                               | -         | (1.54)    | -                                     | -                        | -                | -                      | -                      | -       | (1.54)   | -                       | -            |
| (₹ in Lakh)                               | As at 31st March, 2021                   | 3,060.46  | 4,650.75  | 1,192.89                              | 190.18                   | 348.16           | 236.29                 | 3.60                   | 20.42   | 9,702.75 | 9,718.54                | 140.42       |

| Net Block   | Property, Plant and Equipment |           |           |                                       |                          |                  |                        |                        |         |          | Other Intangible Assets | Right of Use |
|-------------|-------------------------------|-----------|-----------|---------------------------------------|--------------------------|------------------|------------------------|------------------------|---------|----------|-------------------------|--------------|
|             | Description of Asset          | Buildings | Computers | Data and Tele-Communication Equipment | Electrical Installations | Office Equipment | Furniture and Fixtures | Leasehold Improvements | Vehicle | Total    |                         |              |
| (₹ in Lakh) | As at 31st March, 2020        | 466.28    | 1,307.03  | 132.66                                | 13.34                    | 41.22            | 34.19                  | 18.60                  | 33.21   | 2,046.53 | 62.01                   | 129.17       |
|             | As at 31st March, 2021        | 457.36    | 2,113.12  | 206.88                                | 18.68                    | 36.22            | 32.73                  | 17.59                  | 25.88   | 2,908.46 | 450.76                  | 105.80       |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.)

### FOR THE YEAR ENDED 31ST MARCH, 2021

#### Note 4 : Non-Current Investments

(₹ in Lakh)

| Particulars   | Rate of Interest (%) | Year of Maturity | Nos.         | Face Value / NAV (₹) | As at 31st March, 2021 | As at 31st March, 2020 |
|---|----------------------|------------------|--------------|----------------------|------------------------|------------------------|
| <b>(a) Investment in Equity Instruments of Subsidiaries (at cost)</b> |                      |                  |              |                      |                        |                        |
| 1 NSDL Database Management Limited                                    |                      |                  | 6,10,50,000  | 10                   | 6,105.00               | 6,105.00               |
| 2 NSDL Payments Bank Limited  |                      |                  | 16,00,00,000 | 10                   | 16,000.00              | 13,000.00              |
| <b>Sub-total</b>  |                      |                  |              |                      | <b>22,105.00</b>       | <b>19,105.00</b>       |
| <b>(b) Investment in Debentures or Bonds (at amortised cost)</b>      |                      |                  |              |                      |                        |                        |
| 1 India Infrastructure Finance Company Limited                        | 9.41                 | 2037             | 3            | 10,00,000            | 35.03                  | 35.12                  |
| 2 Power Finance Corporation of India Limited *                        | 7.35                 | 2035             | 50,000       | 1,000                | 527.41                 | 527.72                 |
| 3 National Housing Bank *   | 8.76                 | 2034             | 8,000        | 5,000                | 430.78                 | 431.80                 |
| 4 Housing and Urban Development Corporation Limited*                  | 8.76                 | 2034             | 5,000        | 1,000                | 54.92                  | 55.09                  |
| 5 India Infrastructure Finance Company Limited*                       | 8.66                 | 2034             | 70,000       | 1,000                | 863.11                 | 871.00                 |
| 6 NTPC Limited*   | 8.66                 | 2033             | 92,899       | 1,000                | 1,140.93               | 1,150.03               |
| 7 NHPC Ltd*   | 8.67                 | 2033             | 49,420       | 1,000                | 611.49                 | 615.44                 |
| 8 India Infrastructure Finance Company Limited*                       | 7.40                 | 2033             | 50,000       | 1,000                | 556.00                 | 558.86                 |
| 9 National Highway Authority of India Limited *                       | 7.35                 | 2031             | 189,883      | 1,000                | 2,152.05               | 2,161.24               |
| 10 Indian Renewable Energy Development Agency Limited*                | 7.49                 | 2031             | 50,000       | 1,000                | 510.25                 | 510.46                 |
| 11 National Bank for Agriculture and Rural Development*               | 7.35                 | 2031             | 440,010      | 1,000                | 4,782.57               | 4,809.00               |
| 12 Indian Railway Finance Corporation Limited *                       | 7.35                 | 2031             | 99,000       | 1,000                | 1,091.33               | 1,096.30               |
| 13 Housing and Urban Development Corporation Limited*                 | 7.39                 | 2031             | 100,000      | 1,000                | 1,134.64               | 1,142.62               |
| 14 Indian Railway Finance Corporation Limited *                       | 7.28                 | 2030             | 11,074       | 1,000                | 125.38                 | 126.24                 |
| 15 National Housing Bank *  | 8.68                 | 2029             | 30,000       | 5,000                | 1,616.43               | 1,626.92               |
| 16 Indian Railway Finance Corporation Limited *                       | 8.40                 | 2029             | 63,000       | 1,000                | 723.83                 | 727.80                 |
| 17 NHPC Ltd*  | 8.54                 | 2028             | 81,428       | 1,000                | 955.15                 | 961.62                 |
| 18 Power Finance Corporation of India Limited *                       | 8.46                 | 2028             | 40           | 10,00,000            | 420.01                 | 420.33                 |
| 19 Rural Electrification Corporation Limited *                        | 8.46                 | 2028             | 60,000       | 1,000                | 700.65                 | 709.37                 |
| 20 Rural Electrification Corporation Limited *                        | 8.46                 | 2028             | 157          | 10,00,000            | 1,854.10               | 1,876.22               |
| 21 Indian Railway Finance Corporation Limited *                       | 8.48                 | 2028             | 100          | 10,00,000            | 1,149.21               | 1,156.10               |
| 22 Indian Railway Finance Corporation Limited *                       | 7.34                 | 2028             | 60,000       | 1,000                | 625.67                 | 626.38                 |
| 23 India Infrastructure Finance Company Limited*                      | 8.26                 | 2028             | 80           | 10,00,000            | 885.78                 | 891.00                 |
| 24 National Housing Bank *  | 8.46                 | 2028             | 90           | 10,00,000            | 1,014.04               | 1,021.42               |
| 25 Housing and Urban Development Corporation Limited*                 | 8.56                 | 2028             | 20           | 10,00,000            | 235.80                 | 238.57                 |
| 26 National Highway Authority of India Limited *                      | 8.30                 | 2027             | 140,000      | 1,000                | 1,513.69               | 1,521.26               |
| 27 Power Finance Corporation of India Limited *                       | 8.30                 | 2027             | 50,000       | 1,000                | 529.86                 | 531.37                 |
| 28 Indian Railway Finance Corporation Limited *                       | 7.38                 | 2027             | 100          | 10,00,000            | 1,128.69               | 1,139.93               |
| 29 Indian Railway Finance Corporation Limited *                       | 8.10                 | 2027             | 50,000       | 1,000                | 574.69                 | 582.57                 |
| 30 Rural Electrification Corporation Limited *                        | 8.12                 | 2027             | 100,000      | 1,000                | 1,167.86               | 1,182.55               |
| 31 NTPC Limited*  | 7.15                 | 2025             | 21           | 10,00,000            | 219.37                 | 219.44                 |
| 32 IDFC FIRST Bank Limited  | 9.03                 | 2025             | 5            | 10,00,000            | 55.57                  | 55.62                  |
| 33 IDFC FIRST Bank Limited  | 8.80                 | 2025             | 4            | 10,00,000            | 42.36                  | 42.35                  |
| 34 Indian Renewable Energy Development Agency Limited*                | 7.17                 | 2025             | 60           | 10,00,000            | 623.52                 | 622.13                 |
| 35 HDB Financial Services Limited                                     | 10.19                | 2024             | 1            | 10,00,000            | 10.20                  | 10.25                  |
| 36 Housing and Urban Development Corporation Limited*                 | 8.51                 | 2024             | 50,000       | 1,000                | 537.76                 | 546.78                 |
| 37 Indian Railway Finance Corporation Limited *                       | 7.18                 | 2023             | 75,000       | 1,000                | 782.27                 | 786.03                 |
| 38 NTPC Limited*  | 8.41                 | 2023             | 150,000      | 1,000                | 1,617.37               | 1,639.44               |
| 39 Power Finance Corporation of India Limited *                       | 7.19                 | 2023             | 100,000      | 1,000                | 1,042.17               | 1,054.93               |
| 40 Rural Electrification Corporation Limited *                        | 7.21                 | 2022             | 10           | 10,00,000            | 102.93                 | 103.14                 |
| 41 Power Finance Corporation of India Limited *                       | 7.21                 | 2022             | 50           | 10,00,000            | 524.32                 | 531.06                 |
| 42 Housing and Urban Development Corporation Limited*                 | 8.10                 | 2022             | 60,000       | 1,000                | -                      | 605.77                 |
| 43 Power Finance Corporation of India Limited *                       | 8.20                 | 2022             | 90,000       | 1,000                | -                      | 946.94                 |
| 44 National Highway Authority of India Limited *                      | 8.20                 | 2022             | 100,000      | 1,000                | -                      | 1,057.66               |



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.)

### FOR THE YEAR ENDED 31ST MARCH, 2021

#### Note 4 : Non-Current Investments (contd.)

(₹ in Lakh)

| Particulars   | Rate of Interest (%) | Year of Maturity | Nos.        | Face Value / NAV (₹) | As at 31st March, 2021 | As at 31st March, 2020 |
|---|----------------------|------------------|-------------|----------------------|------------------------|------------------------|
| 45 Rural Electrification Corporation Limited *          | 7.93                 | 2022             | 90,000      | 1,000                | -                      | 967.63                 |
| 46 Power Grid Corporation of India Limited              | 9.64                 | 2021             | 32          | 12,50,000            | -                      | 439.47                 |
| 47 Power Finance Corporation of India Limited *         | 7.51                 | 2021             | 600         | 1,00,000             | -                      | 620.39                 |
| <b>Sub-total</b>  |                      |                  |             |                      | <b>34,669.19</b>       | <b>39,553.33</b>       |
| <b>(C) Investment in Mutual Funds (at FVTPL)</b>        |                      |                  |             |                      |                        |                        |
| 1 Nippon India Fixed Horizon Fund - XXXVIII - Series 05 |                      |                  | 50,00,000   | 12.55                | 627.65                 | 574.99                 |
| 2 Sundaram Fixed Term Plan-IK 1098 DAYS                 |                      |                  | 50,00,000   | 12.51                | 625.64                 | 586.13                 |
| 3 Kotak FMP Series 235 - 1140 Days                      |                      |                  | 50,00,000   | 12.56                | 627.94                 | 587.72                 |
| 4 Franklin India FMP SR 4 PL F (1286 Days)              |                      |                  | 1,00,00,000 | 12.73                | 1,272.88               | 1,165.25               |
| 5 Nippon India Fixed Horizon Fund - XXXIX - Series 09   |                      |                  | 1,00,00,000 | 12.75                | 1,274.88               | 1,169.84               |
| 6 Kotak FMP Series 248                                  |                      |                  | 1,00,00,000 | 12.77                | 1,276.54               | 1,172.21               |
| 7 Sundaram Fixed Term Plan - IS 1120 Days               |                      |                  | 50,00,000   | 12.06                | 603.01                 | 552.57                 |
| 8 SBI Debt fund series C 49                             |                      |                  | 1,00,00,000 | 12.01                | 1,200.87               | 1,103.06               |
| 9 SBI Debt fund series C 50                             |                      |                  | 1,00,00,000 | 11.95                | 1,195.33               | 1,099.46               |
| 10 Kotak FMP Series 267                                 |                      |                  | 50,00,000   | 11.97                | 598.74                 | 551.27                 |
| <b>Sub-total</b>  |                      |                  |             |                      | <b>9,303.48</b>        | <b>8,562.49</b>        |
| <b>(D) Investment in ETF Bonds (at FVTPL)</b>           |                      |                  |             |                      |                        |                        |
| 1 Edelweiss Bharat Bond ETF                             |                      | 2023             | 1,00,000    | 1,000                | 1,116.98               | 1,023.53               |
| 2 Edelweiss Bharat Bond ETF                             |                      | 2025             | 49,997      | 1,000                | 512.07                 | -                      |
| <b>Sub-total</b>  |                      |                  |             |                      | <b>1,629.05</b>        | <b>1,023.53</b>        |
| <b>Total</b>  |                      |                  |             |                      | <b>67,706.72</b>       | <b>68,244.35</b>       |
| * Investment in tax free bonds                          |                      |                  |             |                      |                        |                        |
| Aggregate amount of quoted investment                   |                      |                  |             |                      | 45,601.72              | 49,139.35              |
| Aggregate market value of quoted investment             |                      |                  |             |                      | 48,812.51              | 50,340.95              |
| Aggregate amount of unquoted investments                |                      |                  |             |                      | 22,105.00              | 19,105.00              |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 5 : Other Financial Assets

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 |               | As at<br>31st March, 2020 |               |
|--|---------------------------|---------------|---------------------------|---------------|
|  | Non-Current               | Current       | Non-Current               | Current       |
| Security deposits                                  | 563.30                    | -             | 580.00                    | -             |
| Interest accrued on fixed deposits                 | -                         | 50.20         | -                         | 0.66          |
| Deposits with maturity of more than twelve months* | 11,521.92                 | -             | -                         | -             |
| Others**   | -                         | 398.76        | 0.12                      | 231.02        |
| <b>Total</b>                                       | <b>12,085.22</b>          | <b>448.96</b> | <b>580.12</b>             | <b>231.68</b> |

\* Includes FD earmarked for future payments.

\*\* Includes balances with related parties - Refer Note 26

### Note 6: Deferred Tax Asset (net)

(₹ in Lakh)

| Particulars                             | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| <b>Deferred Tax Asset :</b>             |                           |                           |
| Lease Liability (Refer Note 27)         | 2.31                      | 0.46                      |
| Employee benefits                       | 273.11                    | 228.44                    |
| Provision for doubtful debts / advances | 301.22                    | 170.14                    |
|   | <b>576.64</b>             | <b>399.04</b>             |
| <b>Less: Deferred Tax Liability :</b>   |                           |                           |
| Property, plant and equipment           | 92.24                     | 55.43                     |
|   | <b>92.24</b>              | <b>55.43</b>              |
| <b>Net Deferred Tax Asset</b>           | <b>484.40</b>             | <b>343.61</b>             |

The movement in Deferred Tax Asset and Liabilities:

(₹ in Lakh)

| Particulars                             | As at<br>1st April, 2020 | Credited (Charged) /<br>to Statement of<br>Profit and Loss | As at<br>31st March, 2021 |
|---|--------------------------|--|---------------------------|
| <b>Deferred Tax Asset :</b>             |                          |  |                           |
| Lease Liability (Refer Note 27)         | 0.46                     | 1.85   | 2.31                      |
| Employee benefits                       | 228.44                   | 44.67  | 273.11                    |
| Provision for doubtful debts / advances | 170.14                   | 131.08   | 301.22                    |
|   | <b>399.04</b>            | <b>177.60</b>  | <b>576.64</b>             |
| <b>Less: Deferred Tax Liability :</b>   |                          |  |                           |
| Property, plant and equipment           | 55.43                    | 36.81  | 92.24                     |
|   | <b>55.43</b>             | <b>36.81</b>   | <b>92.24</b>              |
| <b>Net Deferred Tax Asset</b>           | <b>343.61</b>            | <b>140.79</b>  | <b>484.40</b>             |

The movement in Deferred Tax Asset and Liabilities:

(₹ in Lakh)

| Particulars                             | As at<br>1st April, 2019 | Credited (Charged) /<br>to Statement of<br>Profit and Loss | As at<br>31st March, 2020 |
|---|--------------------------|--|---------------------------|
| <b>Deferred Tax Asset :</b>             |                          |  |                           |
| Property plant and equipment            | 23.03                    | (23.03)  | -                         |
| Lease Liability (Refer Note 27)         | -                        | 0.46   | 0.46                      |
| Employee Benefit                        | 214.54                   | 13.90  | 228.44                    |
| Provision for doubtful debts / advances | 116.79                   | 53.35  | 170.14                    |
| Other                                   | 37.65                    | (37.65)  | -                         |
|   | <b>392.01</b>            | <b>7.03</b>  | <b>399.04</b>             |
| <b>Less: Deferred Tax Liability :</b>   |                          |  |                           |
| Property plant and equipment            | -                        | 55.43  | -                         |
|   |                          | <b>55.43</b>   | <b>55.43</b>              |
| <b>Net Deferred Tax Asset</b>           | <b>392.01</b>            | <b>48.40</b>   | <b>343.61</b>             |



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.)

### FOR THE YEAR ENDED 31ST MARCH, 2021

#### Note 7 : Other Assets

(₹ in Lakh)

| Particulars                       | As at<br>31st March, 2021 |                 | As at<br>31st March, 2020 |               |
|-----------------------------------|---------------------------|-----------------|---------------------------|---------------|
|                                   | Non-Current               | Current         | Non-Current               | Current       |
| Capital advances                  | -                         | -               | 1,345.08                  | -             |
| Prepaid expenses                  | 71.02                     | 179.49          | 90.44                     | 192.48        |
| Advance to employees for expenses | -                         | 61.17           | -                         | 60.68         |
| GST credit receivable             | -                         | 1,339.59        | -                         | 635.11        |
| <b>Total</b>                      | <b>71.02</b>              | <b>1,580.25</b> | <b>1,435.52</b>           | <b>888.27</b> |

#### Note 8 : Current Investments

(₹ in Lakh)

| Particulars   | Rate of<br>Interest (%) | Nos.      | Face Value<br>/ NAV (₹) | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|-------------------------|-----------|-------------------------|---------------------------|---------------------------|
| <b>(a) Current portion of Long-Term Investments :</b>                                 |                         |           |                         |                           |                           |
| Investment in Debentures or Bonds (at amortised cost)                                 |                         |           |                         |                           |                           |
| 1 Housing and Urban Development Corporation Limited*                                  | 8.10                    | 60,000.00 | 1,000.00                | 604.75                    | -                         |
| 2 Power Finance Corporation of India Limited *  | 8.20                    | 90,000    | 1,000                   | 939.99                    | -                         |
| 3 National Highway Authority of India Limited *                                       | 8.20                    | 100,000   | 1,000                   | 1,050.69                  | -                         |
| 4 Rural Electrification Corporation Limited *   | 7.93                    | 90,000    | 1,000                   | 960.86                    | -                         |
| 5 Power Grid Corporation of India Limited   | 9.64                    | 32        | 12,50,000               | 439.47                    | -                         |
| 6 Power Finance Corporation of India Limited *  | 7.51                    | 600       | 1,00,000                | 621.50                    | -                         |
| <b>Sub-total</b>  |                         |           |                         | <b>4,617.26</b>           | -                         |
| <b>(b) Other Current Investments :</b>  |                         |           |                         |                           |                           |
| Investment in Mutual Funds (at FVTPL)   |                         |           |                         |                           |                           |
| 1 Units of Axis Liquid Fund - Direct Growth   |                         | 34,034    | 2,284.79                | 777.60                    | 750.21                    |
| 2 Units of IDFC Liquid Fund   |                         | -         | -                       | -                         | 739.94                    |
| 3 Units of Birla Sunlife Liquid Fund - Direct Growth                                  |                         | -         | -                       | -                         | 883.91                    |
| 4 Units of UTI Treasury Advantage Fund - Daily Dividend Reinvestment                  |                         | 7 0,122   | 1,009.87                | 708.14                    | 665.15                    |
| 5 Units of Axis Liquid Fund - Direct Plan - Daily Dividend                            |                         | 145       | 1,000.96                | 1.45                      | 1.40                      |
| 6 Units of IDFC Liquid Fund - Direct Plan - Daily Dividend                            |                         | 89        | 1,001.67                | 0.89                      | 0.86                      |
| 7 Units of HDFC Liquid Fund- Daily Dividend Reinvestment                              |                         | 67,234    | 1,019.82                | 685.67                    | 663.97                    |
| 8 Units of HDFC Liquid Fund - Direct Growth   |                         | -         | -                       | -                         | 309.11                    |
| 9 Units of ICICI Prudential Liquid Fund Dir Growth                                    |                         | 2,30,867  | 304.74                  | 703.53                    | 678.24                    |
| 10 Units of IDBI Ultra Short Term Fund - Daily Dividend Reinvestment                  |                         | 88        | 1,031.19                | 0.91                      | 0.86                      |
| 11 Units of L&T Liquid Fund - Direct Growth   |                         | -         | -                       | -                         | 780.99                    |
| 12 Units of Principal Debt Opportunity Conservative Fund- Daily Dividend Reinvestment |                         | 64,707    | 938.35                  | 607.18                    | 581.36                    |
| 13 Units of UTI Liquid Fund - Daily Dividend Reinvestment                             |                         | 67,271    | 1,019.45                | 685.79                    | 663.18                    |
| 14 Units of L&T Banking & PSU debt fund   |                         | 29,88,465 | 20.11                   | 601.04                    | 554.84                    |
| 15 Units of Sundaram Corporate bond fund  |                         | 37,67,812 | 32.02                   | 1,206.55                  | 1,107.45                  |
| 16 Units of KOTAK Liquid Fund - Direct Growth   |                         | -         | -                       | -                         | 1,025.05                  |
| <b>Sub-total</b>  |                         |           |                         | <b>5,978.75</b>           | <b>9,406.51</b>           |
| <b>Total</b>  |                         |           |                         | <b>10,596.01</b>          | <b>9,406.51</b>           |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 8 : Current Investments (contd.)

(₹ in Lakh)

| Particulars  | Rate of Interest (%) | Nos. | Face Value / NAV (₹) | As at 31st March, 2021 | As at 31st March, 2020 |
|--|----------------------|------|----------------------|------------------------|------------------------|
| * Investment in tax free bonds   |                      |      |                      |                        |                        |
| Note - The Repurchase Price / NAV has been considered as the Quoted Market Price |                      |      |                      |                        |                        |
| Aggregate amount of quoted investment  |                      |      |                      | 10,596.01              | 9,406.51               |
| Aggregate market value of quoted investment                                      |                      |      |                      | 10,507.46              | 9,406.51               |
| Aggregate amount of unquoted investments   |                      |      |                      | -                      | -                      |

### Note 9 : Trade Receivables

(₹ in Lakh)

| Particulars                                    | As at 31st March, 2021 | As at 31st March, 2020 |
|--|------------------------|------------------------|
| Trade receivables considered good - Secured,   | 382.60                 | 180.72                 |
| Trade receivables considered good - Unsecured, | 9,747.13               | 7,269.32               |
| Unsecured, considered doubtful                 | 1,196.74               | 675.97                 |
|  | <b>11,326.47</b>       | <b>8,126.01</b>        |
| Less: Expected credit loss (Refer Note 2.14)   | 1,196.74               | 675.97                 |
| <b>Total</b>                                   | <b>10,129.73</b>       | <b>7,450.04</b>        |

Footnote: .

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.

2) The Company has appropriate levels of control procedures for new customers which ensures the potential customer's credit quality. Credit limits attributed to customers are reviewed periodically by the Management.

#### 3) Movement in Expected Credit Loss

(₹ in Lakh)

| Particulars                           | As at 31st March, 2021 | As at 31st March, 2020 |
|---------------------------------------|------------------------|------------------------|
| Balance at the beginning of the year  | 675.97                 | 401.06                 |
| Provision during the year             | 520.77                 | 274.91                 |
| Reversal during the year              | -                      | -                      |
| <b>Balance at the end of the year</b> | <b>1,196.74</b>        | <b>675.97</b>          |

### Note 10 : Cash and Cash Equivalents

(₹ in Lakh)

| Particulars                | As at 31st March, 2021 | As at 31st March, 2020 |
|----------------------------|------------------------|------------------------|
| Cash on hand               | 0.55                   | 0.55                   |
| Cheques on hand            | 8.90                   | 21.46                  |
| Balances with banks:       |                        |                        |
| i) in current accounts     | 142.20                 | 202.47                 |
| ii) in sweep fixed deposit | 862.76                 | 846.75                 |
| <b>Total</b>               | <b>1,014.41</b>        | <b>1,071.23</b>        |

### Note 11 : Bank Balances other than Cash and Cash Equivalents

(₹ in Lakh)

| Particulars   | As at 31st March, 2021 | As at 31st March, 2020 |
|---|------------------------|------------------------|
| Other bank balances:  |                        |                        |
| i) in current accounts*   | 13,253.52              | 522.02                 |
| ii) In other deposit accounts with original maturity more than 3 months | 3,261.44               | -                      |
| <b>Total</b>  | <b>16,514.96</b>       | <b>522.02</b>          |

\* These balances have restriction on repatriation.





## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 12 : Equity Share Capital

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| <b>Authorised :</b>  |                           |                           |
| 100,000,000 equity shares of ₹ 10 each with voting rights              | 10,000.00                 | 10,000.00                 |
| <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% :

| Name of the Shareholder  | As at<br>31st March, 2021 |           | As at<br>31st March, 2020 |           |
|--|---------------------------|-----------|---------------------------|-----------|
|  | Number of<br>Shares held  | % Holding | Number of<br>Shares held  | % Holding |
| IDBI Bank Ltd.   | 10,440,000                | 26.10     | 10,440,000                | 26.10     |
| National Stock Exchange of India Ltd   | 9,600,000                 | 24.00     | 9,600,000                 | 24.00     |
| HDFC Bank Limited  | 3,979,900                 | 9.95      | 3,979,900                 | 9.95      |
| Administrator of the Specified Undertaking of the Unit Trust of India-<br>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, proportionate to their shareholding.

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

| Particulars                           | No of shares      | (₹ in Lakh)  |
|---------------------------------------|-------------------|--------------|
| Balance as at 1st April, 2020         | 40,000,000        | 4,000        |
| Add: Issue of Shares                  | -                 | -            |
| <b>Balance as at 31st March, 2021</b> | <b>40,000,000</b> | <b>4,000</b> |

**12 (d)** On 8th June, 2021, the Board of Directors of the Company have recommended a final dividend of of ₹5.00 per share (PY ₹4 per share) in respect of the year ended 31st March, 2021, subject to approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 2,000.00 Lakh (PY ₹1600.00 Lakh).

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 13 : Other Equity

(₹ in Lakh)

| Particulars                              | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| <b>General Reserve</b>                   |                           |                           |
| Balance at the beginning of the year     | 36,312.82                 | 36,312.82                 |
| Add: Transferred from retained earning   | -                         | -                         |
| <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     | 35,457.24                 | 26,062.74                 |
| Profit for the year                      | 17,613.77                 | 10,841.16                 |
| Less: Dividend (Refer Note 12(d))        | (1,600.00)                | (1,200.00)                |
| Dividend distribution tax                | -                         | (246.66)                  |
| <b>Balance as at the end of the year</b> | <b>51,471.01</b>          | <b>35,457.24</b>          |
| <b>Other Comprehensive Income</b>        |                           |                           |
| Balance at the beginning of the year     | (46.88)                   | (129.84)                  |
| Other comprehensive income for the year  | 36.21                     | 82.96                     |
| <b>Balance as at the end of the year</b> | <b>(10.67)</b>            | <b>(46.88)</b>            |
| <b>Total</b>                             | <b>87,773.16</b>          | <b>71,723.18</b>          |

### Note 14 : Other Financial Liabilities (Non-Current)

(₹ in Lakh)

| Particulars                    | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--------------------------------|---------------------------|---------------------------|
| <b>Others:</b>                 |                           |                           |
| Incentive payable to employees | 360.12                    | 273.19                    |
| <b>Total</b>                   | <b>363.12</b>             | <b>273.19</b>             |

### Note 15 : Trade Payables

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Amounts due to micro enterprise and small enterprises* | 214.34                    | 99.62                     |
| Others   | 1,821.73                  | 1,737.87                  |
| <b>Total</b>   | <b>2,036.07</b>           | <b>1,837.49</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.

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

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Principal amount remaining unpaid to any supplier as at the end of the accounting period.  | 214.34                    | 99.62                     |
| 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>214.34</b>             | <b>99.62</b>              |



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 16 : Other Financial Liabilities (Current)

(₹ in Lakh)

| Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| Security deposit received from customers / depository participants      | 5,662.56                  | 5,140.66                  |
| Payable on purchase of property, plant and equipment, intangible assets | 15.94                     | 6.74                      |
| Payable to Investor Protection Fund Trust (Refer Note 31)               | 900.69                    | 546.37                    |
| Payable on redemption of NSC/KVP and government securities              | 1,290.99                  | 522.02                    |
| Payables to staff   | 1,165.43                  | 898.86                    |
| Gratuity payable to Fund (Refer Note 29)                                | 290.04                    | 154.71                    |
| Annual custody charges payable  | 36.15                     | 19.44                     |
| Payable for stamp duty collection                                       | 4,135.97                  | -                         |
| Advance received for auction of DP demat accounts*                      | 7,810.13                  | -                         |
| <b>Total</b>  | <b>21,307.90</b>          | <b>7,288.80</b>           |

\* Advance received for Auction of Demat Accounts for DP Karvy Stock Broking Limited. The matter is subjudice with Bombay High Court.

### Note 17 : Provisions

(₹ in Lakh)

| Particulars                                      | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| <b>Provision for Employee Benefit</b>            |                           |                           |
| Provision for compensated absences               | 987.39                    | 836.12                    |
| <b>Other Provision</b>                           |                           |                           |
| Provision for investor awareness (Refer Note 32) | 1,830.41                  | 1893.51                   |
| <b>Total</b>                                     | <b>2,817.80</b>           | <b>2,729.63</b>           |

### Note 18 : Other Current Liabilities

(₹ in Lakh)

| Particulars                | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|----------------------------|---------------------------|---------------------------|
| Advances from customers    | 4,195.71                  | 3415.51                   |
| Income received in advance | 105.80                    | 139.40                    |
| Statutory remittances      | 640.61                    | 483.00                    |
| Others*                    | 5.44                      | 0.21                      |
| <b>Total</b>               | <b>4,947.56</b>           | <b>4038.12</b>            |

\* Includes balances with related parties - Refer Note 26

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 19 : Revenue from Operations

(₹ in Lakh)

| Particulars            | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|------------------------|---------------------------|---------------------------|
| Annual fees            | 1,315.27                  | 1,271.39                  |
| Custody fees           | 16,220.23                 | 12,054.16                 |
| Transaction fees       | 15,615.71                 | 11,242.10                 |
| Software license fees  | 17.10                     | 29.99                     |
| Communication fees     | 374.71                    | 333.33                    |
| Other operating income | 14.80                     | 27.58                     |
| <b>Total</b>           | <b>33,557.82</b>          | <b>24,958.55</b>          |

### Note 20 : Other Income

(₹ in Lakh)

| Particulars                                    | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Interest income :                              |                           |                           |
| i) On non-current investments                  | 2,564.01                  | 2,452.02                  |
| ii) On fixed deposits with banks               | 434.67                    | 131.18                    |
| iii) On overdue trade receivables              | 300.73                    | 167.78                    |
| <b>Sub-total</b>                               | <b>3,299.41</b>           | <b>2,750.98</b>           |
| Dividend income from current Investments       | 44.44                     | 163.79                    |
| Fair value gain on investments in mutual funds | 1,214.33                  | 985.43                    |
| Dividend from Subsidiary                       | 610.50                    | -                         |
| Bad debts recovered                            | 3.13                      | 43.02                     |
| Miscellaneous income                           | 139.69                    | 144.22                    |
| <b>Total</b>                                   | <b>5,311.50</b>           | <b>4,087.44</b>           |

### Note 21 : Employee Benefits Expenses

(₹ in Lakh)

| Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| Salaries and wages  | 5,611.09                  | 4,860.15                  |
| Contribution to provident and other funds (Refer Note 29) | 666.60                    | 621.12                    |
| Staff welfare expenses                                    | 167.04                    | 212.53                    |
| Deputation Cost   | 43.51                     | 45.58                     |
| <b>Total</b>  | <b>6,488.24</b>           | <b>5,739.38</b>           |



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 22 : Other Expenses

(₹ in Lakh)

| Particulars   | Year ended<br>31st March, 2021 |                 | Year ended<br>31st March, 2020 |                 |
|---|--------------------------------|-----------------|--------------------------------|-----------------|
| Annual fees   |                                | 347.92          |                                | 266.88          |
| Repairs and maintenance - system                        |                                | 3,013.26        |                                | 2,806.91        |
| Repairs and maintenance - premises                      |                                | 189.00          |                                | 240.77          |
| Repairs and maintenance - others                        |                                | 61.41           |                                | 55.29           |
| Insurance (Refer Note 28)                               |                                | 99.87           |                                | 95.03           |
| Power and fuel  |                                | 153.19          |                                | 223.62          |
| Rent (net of recovery)                                  |                                | 156.16          |                                | 184.87          |
| Communication expenses                                  |                                | 1,167.11        |                                | 1,176.48        |
| Travelling and conveyance expenses                      |                                | 149.67          |                                | 284.23          |
| Legal and professional fees                             |                                | 480.52          |                                | 613.69          |
| Printing and stationery expenses                        |                                | 355.08          |                                | 484.98          |
| Rates and taxes   |                                | 212.49          |                                | 518.62          |
| Corporate social responsibility expense (Refer Note 33) |                                | 258.05          |                                | 249.01          |
| Seminar and business promotion expenses                 |                                | 39.55           |                                | 174.10          |
| Payment to auditors (net of GST set-off) :              |                                |                 |                                |                 |
| a) Audit fees   | 19.15                          |                 | 18.70                          |                 |
| b) Tax audit fees                                       | 2.55                           |                 | 2.40                           |                 |
| c) Other services                                       | 9.30                           | 31.00           | 8.40                           | 29.50           |
| Directors sitting fees                                  |                                | 110.80          |                                | 126.80          |
| Provision for investor awareness (Refer Note 32)        |                                | 514.97          |                                | 453.00          |
| Provision for doubtful trade receivables                |                                | 520.77          |                                | 274.91          |
| Bad debts written off                                   |                                | 0.30            |                                | -               |
| Loss on sale of assets                                  |                                | 22.02           |                                | 0.05            |
| Miscellaneous expenses                                  |                                | 244.03          |                                | 257.55          |
| <b>Total</b>  |                                | <b>8,127.17</b> |                                | <b>8,516.29</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 has received order from the Central Excise and Service Tax Appellate Tribunal (CESTAT) on 12th June 2020, and it subsequently filed a civil appeal in the Supreme Court and the Service Tax Department has filed a counter affidavit with the Supreme Court. The Company is in the process of further appeal and 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, AY 2017-18, AY 2018-19 and AY 2019-20 are ₹213.61 Lakh (Previous year ₹213.61 Lakh), ₹338.58 Lakh (Previous year ₹338.58 Lakh), ₹519.60 Lakh (Previous year ₹519.60 Lakh), ₹1,806.25 Lakh (Previous year ₹1,806.25 Lakh), ₹2,769.38 Lakh (Previous year Nil) and ₹799.03 Lakh (Previous year ₹805.84 Lakh) 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 31st March, 2021 is ₹115.49 Lakh (Previous year ₹441.65 Lakh).

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 24. Expenditure in Foreign Currency:

(₹ in Lakh)

| Particulars         | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---------------------|---------------------------|---------------------------|
| Travelling expenses | -                         | 64.94                     |
| Membership fees     | 3.26                      | 14.02                     |
| Professional fees   | 5.41                      | 23.59                     |
| <b>Total</b>        | <b>8.67</b>               | <b>102.55</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. Further, all activities are carried in India. 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:

|       |  |  |
|-------|--|--|
| (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)   | Mr. B. A. Prabhakar                              | Public Interest Director                 |
|       | Mr. G V Nageswara Rao                            | Managing Director and CEO                |
|       | Prof. G. Sivakumar                               | Public Interest Director                 |
|       | Dr. Rajani Gupte                                 | Public Interest Director                 |
|       | Mr. B. Sambamurthy                               | Public Interest Director                 |
|       | Mr. Rajeev Kumar (w.e.f. 8th July, 2020)         | Shareholder Director                     |
|       | Ms. Priya Subbaraman (w.e.f. 23rd October, 2020) | Shareholder Director                     |





## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 26. Related Party Disclosures (contd.)

#### b) Nature and Volume of Transactions during the year with the above Related Parties

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| (i) Transactions during the year :                 |                           |                           |
| <b>I. Companies having Substantial Interest</b>    |                           |                           |
| <b>a) IDBI Bank Limited</b>                        |                           |                           |
| - Transaction fees                                 | 47.27                     | 38.55                     |
| - Annual fees                                      | 11.30                     | 11.33                     |
| - Annual custody fees                              | 23.83                     | 23.11                     |
| - Reimbursement of expenses                        | 1.42                      | 1.56                      |
| - Interest Income on fixed deposit with bank       | 316.72                    | 127.68                    |
| - Interest (waiver)/ income – other                | 1.14                      | 2.14                      |
| - Miscellaneous expenses                           | 0.37                      | 0.43                      |
| - Investor awareness expense                       | 5.25                      | -                         |
| - Dividend paid                                    | 417.60                    | 313.20                    |
| <b>b) National Stock Exchange of India Limited</b> |                           |                           |
| - Transaction fees                                 | 142.32                    | 58.71                     |
| - Miscellaneous expenses                           | -                         | 0.13                      |
| - Dividend paid                                    | 384.00                    | 288.00                    |
| <b>II. Subsidiary Companies</b>                    |                           |                           |
| <b>a) NSDL Database Management Limited</b>         |                           |                           |
| - Income   | 124.54                    | 118.21                    |
| - Expenses   | 11.39                     | 9.66                      |
| - Reimbursement of expenses                        | 53.00                     | 37.71                     |
| - Dividend received                                | 610.50                    | -                         |
| <b>b) NSDL Payments Bank</b>                       |                           |                           |
| - Investment In subsidiary                         | 3,000.00                  | 3,500.00                  |
| - Income   | 3.73                      | 0.10                      |
| - Expenses   | 29.56                     | -                         |
| - Reimbursement of expenses                        | 22.56                     | 104.38                    |
| <b>III. Key Managerial Personnel</b>               |                           |                           |
| <b>a) Sitting Fees to directors</b>                | 110.80                    | 126.80                    |
| <b>b) Remuneration to MD (Refer note ii):</b>      |                           |                           |
| - Short-term employee benefit                      | 374.49                    | 350.28                    |
| - Long-term employee benefit                       | -                         | -                         |
| (ii) (Payable)/Receivable at the end of the year : |                           |                           |
| <b>Companies having Substantial Interest</b>       |                           |                           |
| <b>a) IDBI Bank Limited</b>                        |                           |                           |
| - Security deposit payable                         | (30.00)                   | (30.00)                   |
| - Balance in current account                       | 0.33                      | 11.02                     |
| - FDs  | 5,517.63                  | 846.75                    |
| - Trade receivables                                | 11.82                     | 21.94                     |
| <b>b) National Stock Exchange of India Limited</b> |                           |                           |
| - Trade receivables                                | 94.94                     | 41.88                     |
| <b>Subsidiary Companies</b>                        |                           |                           |
| <b>a) NSDL Database Management Limited</b>         |                           |                           |
| - Receivables (net)                                | 17.65                     | 46.80                     |
| <b>b) NSDL Payments Bank Limited</b>               |                           |                           |
| - Security deposit payable                         | 1.50                      | 1.50                      |
| - Payables (net)                                   | 4.62                      | 0.17                      |
| <b>Key Managerial Personnel</b>                    |                           |                           |
| <b>a) Payable to key managerial person</b>         | 254.97                    | 254.48                    |

#### Note:

- There are no provisions for doubtful debts or amounts written off/written back in respect of dues from/to related parties.
- Managerial Remuneration does not include provision made for compensated absence and 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 STANDALONE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 27. Lease Liability

#### Statement showing movement in Lease Liabilities:

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Lease Liability at the beginning of the year         | 131.01                    | -                         |
| Add/(Less): Agreements reassessed as lease contracts | -                         | 163.39                    |
| Additions  | 31.72                     | 51.11                     |
| Deductions/Adjustments                               | -                         | -                         |
| Finance cost accrued during the period               | 10.96                     | 14.12                     |
| Payment of lease liabilities                         | 58.71                     | 97.61                     |
| Lease Liability at the end of the year               | 114.98                    | 131.01                    |

#### Statement showing carrying value of Right of Use Assets:

(₹ in Lakh)

| Particulars                                      | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Right of Use Assets at the beginning of the year | 129.17                    | 163.39                    |
| Additions  | 31.72                     | 51.11                     |
| Deductions/Adjustments                           | -                         | -                         |
| Depreciation                                     | 55.09                     | 85.33                     |
| Right of Use Assets at the end of the year       | 105.80                    | 129.17                    |

#### Statement showing breakup value of the Current and Non-Current Lease Liabilities:

(₹ in Lakh)

| Particulars                     | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---------------------------------|---------------------------|---------------------------|
| Current lease liabilities       | 54.37                     | 56.41                     |
| Non - Current lease liabilities | 60.61                     | 74.60                     |
| <b>Total</b>                    | <b>114.98</b>             | <b>131.01</b>             |

#### Statement showing agreement maturities of Lease Liabilities on an undiscounted basis:

(₹ in Lakh)

| Particulars            | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|------------------------|---------------------------|---------------------------|
| Due for :              |                           |                           |
| Up to One year         | 56.58                     | 37.00                     |
| One year to Five years | 60.20                     | 117.03                    |
| More than Five years   | 37.84                     | 14.44                     |
| <b>Total</b>           | <b>154.62</b>             | <b>168.47</b>             |

#### Statement showing amount recognised in Statement of Profit and Loss:

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Interest on lease liabilities  | 10.96                     | 14.12                     |
| Depreciation on right of use assets  | 55.09                     | 85.33                     |
| Variable lease payments not included in the measurement of lease liabilities                     | -                         | -                         |
| Income from sub-leasing right-of-use assets  | -                         | -                         |
| Expenses relating to short-term leases   | -                         | -                         |
| Expenses relating to leases of low-value assets, excluding short-term leases of low value assets | -                         | -                         |
| <b>Total</b>   | <b>66.05</b>              | <b>99.45</b>              |

#### Statement showing amount recognised in Statement of Cash Flows:

(₹ in Lakh)

| Particulars                   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|-------------------------------|---------------------------|---------------------------|
| Total cash outflow for leases | 58.71                     | 97.61                     |



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

**Note 28. Expenses in Note 22 has been disclosed net of recoveries as under**

(₹ in Lakh)

| Particulars | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|-------------|---------------------------|---------------------------|
| Insurance   | 56.32                     | 67.24                     |

### 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<br>31st March, 2021 | As at<br>31st March, 2020 |
|---------------------|---------------------------|---------------------------|
| Provident fund      | 228.96                    | 200.50                    |
| ESIC                | 1.32                      | 1.40                      |
| Superannuation fund | 150.97                    | 142.68                    |
| <b>Total</b>        | <b>381.25</b>             | <b>344.58</b>             |

#### b) Gratuity

##### (i) Summary of Actuarial Assumptions

| Particulars                   | As at<br>31st March, 2021                               | As at<br>31st March, 2020                               |
|-------------------------------|---|---|
| Discount rate                 | 6.86%   | 6.82%   |
| Rate of return on plan assets | 6.86%   | 6.82%   |
| Salary escalation             | 7.00%   | 7.00%   |
| Attrition rate                | Slab<br>(18% < 5 Years,<br>4% >= 5 Years)               | 2.00%   |
| Mortality table               | Indian Assured Lives<br>Mortality (2006-08)<br>Ultimate | Indian Assured Lives<br>Mortality (2006-08)<br>Ultimate |

##### (ii) Reconciliation of Defined Benefit Obligation

(₹ in Lakh)

| Particulars                              | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Liability at the beginning of the year   | 2,543.96                  | 2,129.04                  |
| Interest cost                            | 173.50                    | 165.64                    |
| Current service cost                     | 274.25                    | 244.05                    |
| Liability Transferred In/ Acquisitions   | 21.11                     | -                         |
| (Liability Transferred Out/ Divestments) | (9.42)                    | -                         |
| Benefits paid                            | (322.85)                  | (22.82)                   |
| Actuarial loss /(gain) on obligations    | (61.65)                   | 28.05                     |
| <b>Liability at the end of the year</b>  | <b>2,618.90</b>           | <b>2,543.96</b>           |

##### (iii) Reconciliation of Fair Value of Plan Assets

(₹ in Lakh)

| Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| Fair value of plan assets at the beginning of the year  | 2,389.25                  | 1,852.26                  |
| Interest income   | 162.95                    | 144.11                    |
| Contributions by the employer                           | 106.38                    | 276.78                    |
| Assets Transferred In/Acquisitions                      | 19.17                     | -                         |
| (Assets Transferred Out/ Divestments)                   | (12.78)                   | -                         |
| Benefits paid   | (322.85)                  | (22.82)                   |
| Actuarial (gain)/ loss on plan assets                   | (13.26)                   | 138.92                    |
| <b>Fair Value of Plan Assets at the end of the year</b> | <b>2,328.86</b>           | <b>2,389.25</b>           |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 29. Employee Benefits (contd.)

#### (iv) Amount recognised in Balance Sheet

(₹ in Lakh)

| Particulars                                      | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Present value of funded obligation               | (2,618.90)                | (2,543.96)                |
| Fair value of plan assets at the end of the year | 2,328.86                  | 2,389.25                  |
| <b>Amount recognised in balance sheet</b>        | <b>(290.04)</b>           | <b>(154.71)</b>           |

#### (v) Expenses recognised in Statement of Profit and Loss

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Current service cost   | 274.25                    | 244.05                    |
| Interest cost  | 10.55                     | 21.53                     |
| <b>Expenses recognised in the Statement of Profit and Loss</b> | <b>284.80</b>             | <b>265.58</b>             |

#### (vi) Expenses recognised in other Comprehensive Income

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Actuarial (gain)/ loss on obligation                         | (61.65)                   | 28.05                     |
| Actuarial (gain)/loss on plan assets                         | 13.26                     | (138.92)                  |
| <b>Net (Income)/Expense for the period recognized in OCI</b> | <b>(48.39)</b>            | <b>(110.87)</b>           |

#### (vii) Balance Sheet Reconciliation

(₹ in Lakh)

| Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| Opening net liability                               | 154.71                    | 276.78                    |
| Expenses recognized in statement of profit and loss | 284.80                    | 265.58                    |
| Expenses recognized in OCI                          | (48.39)                   | (110.87)                  |
| Net Liability/(Asset) Transfer In                   | 1.94                      | -                         |
| Net (Liability)/Asset Transfer Out                  | 3.36                      | -                         |
| Employers contribution                              | (106.38)                  | (276.78)                  |
| <b>Amount recognised in Balance Sheet</b>           | <b>290.04</b>             | <b>154.71</b>             |

#### (viii) Description of Plan Assets (managed by an Insurance Company)

Information of major categories of plan assets of gratuity fund is not available with the Company and hence not disclosed as per the requirements of Ind AS 19 "Employee Benefits".

#### (ix) Expected contribution in the next year ₹280.36 Lakh (Previous year ₹252.98 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                              | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Discount rate (1% movement)              | (220.31)                  | 255.37                    |
| Future salary appreciation (1% movement) | 252.47                    | (221.97)                  |
| Attrition rate (1% movement)             | (7.76)                    | 8.16                      |

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.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 30. Earnings Per Share

| Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| Profit for the year attributable to the equity shareholders (₹ in Lakh) | 17,613.77                 | 10,841.16                 |
| Weighted average number of equity shares during the year                | 40,000,000                | 40,000,000                |
| Basic and diluted earnings per share (₹)*                               | 44.03                     | 27.10                     |
| 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 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 31st March, 2021 works out to ₹883.55 Lakh (Previous year ₹518.53 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 ₹518.83 Lakh (Previous year ₹622.68 Lakh) to NSDL IPF Trust for the year ended 31st March, 2021. The amount as at 31st March, 2021 includes contribution to IPF for the year ended 31st March, 2021, and other amounts recovered from depository participants as required by the guidelines.

### Note 32. 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 listed with SEBI.

Pursuant to the Circular, the Company has set aside ₹514.97 Lakh (Previous year ₹453.00 Lakh) being 20% of incremental revenue on issuer income for year ended 31st March, 2021.

(₹ in Lakh)

| Particulars           | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|-----------------------|---------------------------|---------------------------|
| Opening Balance       | 1,893.51                  | 1,440.51                  |
| Addition              | 514.97                    | 453.00                    |
| Payment / Utilisation | (578.07)                  | -                         |
| Closing Balance       | 1,830.41                  | 1,893.51                  |

### Note 33. Expenses towards Corporate Social Responsibility

(₹ in Lakh)

| Sr. No. | Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---------|---|---------------------------|---------------------------|
| (i)     | Gross amount required to be spent by the company during the year. | 258.04                    | 248.34                    |
| (ii)    | Amount spent during the period on:                                | 258.05                    | 249.01                    |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 33. Expenses towards Corporate Social Responsibility (contd.)

(₹ in Lakh)

| Sr. No. | Particulars                           | As at March 31, 2021     |                 |        |
|---------|---------------------------------------|--------------------------|-----------------|--------|
|         |                                       | In Cash/ Cheque/Transfer | Yet to be spent | Total  |
| (i)     | Construction/acquisition of any asset | -                        | -               | -      |
| (ii)    | On purposes other than (i) above      | 258.05                   | -               | 258.05 |

(₹ in Lakh)

| Sr. No. | Particulars                           | As at March 31, 2020     |                 |        |
|---------|---------------------------------------|--------------------------|-----------------|--------|
|         |                                       | In Cash/ Cheque/Transfer | Yet to be spent | Total  |
| (i)     | Construction/acquisition of any asset | -                        | -               | -      |
| (ii)    | On purposes other than (i) above      | 174.01                   | 75.00           | 249.01 |

### Note 34. Fair Value Measurement

(₹ in Lakh)

| Particulars                        | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|------------------------------------|---------------------------|---------------------------|
| <b>Financial Assets</b>            |                           |                           |
| <b>a) Amortised Cost*</b>          |                           |                           |
| Investments in debt instrument     | 39,286.45                 | 39,553.33                 |
| Trade receivables                  | 10,129.73                 | 7,450.04                  |
| Cash and cash equivalents          | 1,014.41                  | 1,071.23                  |
| Other bank balances                | 16,514.96                 | 522.02                    |
| Other financial assets             | 12,534.18                 | 811.80                    |
|                                    | <b>79,479.73</b>          | <b>49,408.42</b>          |
| <b>b) FVTPL</b>                    |                           |                           |
| Investment in mutual funds         | 15,282.23                 | 17,969.00                 |
| Investment in Exchange traded Fund | 1,629.05                  | 1,023.53                  |
|                                    | <b>16,911.28</b>          | <b>18,992.53</b>          |
| <b>c) At cost</b>                  |                           |                           |
| Investment in subsidiaries         | 22,105.00                 | 19,105.00                 |
|                                    | <b>22,105.00</b>          | <b>19,105.00</b>          |
| <b>Total</b>                       | <b>118,496.01</b>         | <b>87,505.95</b>          |
| <b>Financial Liabilities</b>       |                           |                           |
| <b>a) Amortised Cost*</b>          |                           |                           |
| Trade payables                     | 2,036.07                  | 1,837.49                  |
| Lease liability                    | 114.98                    | 131.01                    |
| Other financial liabilities        | 21,668.02                 | 7,561.99                  |
| <b>Total</b>                       | <b>23,819.07</b>          | <b>9,530.49</b>           |

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

#### Fair value hierarchy of financial assets and financial liabilities measured at amortised cost:

(₹ in Lakh)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2021 | Fair value       | Carrying value   | Fair value hierarchy |
|--|------------------|------------------|----------------------|
| <b>Financial Assets</b>  |                  |                  |                      |
| Investments in debt instrument   | 42,408.69        | 39,286.45        | Level 2              |
| Trade receivables  | 10,129.73        | 10,129.73        | Level 3              |
| Cash and cash equivalents  | 1,014.41         | 1,014.41         | Level 3              |
| Other bank balances  | 16,514.96        | 16,514.96        | Level 3              |
| Other financial assets   | 12,534.18        | 12,534.18        | Level 3              |
| <b>Total</b>   | <b>82,601.97</b> | <b>79,479.73</b> |                      |
| <b>Financial Liabilities</b>   |                  |                  |                      |
| Trade payables   | 2,036.07         | 2,036.07         | Level 3              |
| Lease liability  | 114.98           | 114.98           | Level 3              |
| Other financial liabilities  | 21,668.02        | 21,668.02        | Level 3              |
| <b>Total</b>   | <b>23,819.07</b> | <b>23,819.07</b> |                      |





## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 34. Fair Value Measurement (contd.)

(₹ in Lakh)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2020 | Fair value       | Carrying value   | Fair value hierarchy |
|--|------------------|------------------|----------------------|
| <b>Financial Assets</b>  |                  |                  |                      |
| Investments in debt instrument   | 40,754.93        | 39,553.33        | Level 2              |
| Trade receivables  | 7,450.04         | 7,450.04         | Level 3              |
| Cash and cash equivalents  | 1,071.23         | 1,071.23         | Level 3              |
| Other bank balances  | 522.02           | 522.02           | Level 3              |
| Other financial assets   | 811.80           | 811.80           | Level 3              |
| <b>Total</b>   | <b>50,610.02</b> | <b>49,408.42</b> |                      |
| <b>Financial Liabilities</b>   |                  |                  |                      |
| Trade payables   | 1,837.49         | 1,837.49         | Level 3              |
| Lease liability  | 131.01           | 131.01           | Level 3              |
| Other financial liabilities  | 7,561.99         | 7,561.99         | Level 3              |
| <b>Total</b>   | <b>9,530.49</b>  | <b>9,530.49</b>  |                      |

### Note 35. 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.

**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.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 35. Financial Instruments (contd.)

#### (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.

#### (c) Market Risk

Market Risk is the risk that the value of on and off-balance sheet positions of a Company will be adversely affected by movements in market rates or prices such as interest rates, prices resulting in a loss to earnings and capital.

The Company may be exposed to Market Risk in different ways. The market risk is potential for loss resulting from adverse movement in market risk factors such as interest rates and prices. The Company's exposure to market risk is primarily on account of interest rate risk, price risk. All investment in Debentures and Bonds are at fixed rate of Interest and does not have material interest rate risks.

The Company's exposure to assets having price risk is as under:-

(₹ in Lakh)

| Particulars          | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|----------------------|---------------------------|---------------------------|
| Mutual Fund          | 15,282.23                 | 17,969.00                 |
| Exchange traded Fund | 1,629.05                  | 1,023.53                  |
| <b>Total</b>         | <b>16,911.28</b>          | <b>18,992.53</b>          |

#### Sensitivity

The table below summarises the impact of increases/ decreases of the Price on profit for the period. The analysis is based on the assumption that the instrument index has increased/ decreased by 5% with all other variables held constant.

(₹ in Lakh)

| Particulars    | Impact on<br>profit after tax |            | Impact on other<br>components of equity |            |
|----------------|-------------------------------|------------|---|------------|
|                | FY 2020-21                    | FY 2019-20 | FY 2020-21                              | FY 2020-21 |
| Increase by 5% | 845.56                        | 949.63     | -                                       | -          |
| Decrease by 5% | (845.56)                      | (949.63)   | -                                       | -          |

### Note 36. 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:

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| <b>Profit Before Tax from Continuing Operations</b>                  | <b>22,616.38</b>          | <b>13,781.32</b>          |
| Corporate tax expense rate   | 25.17%                    | 25.17%                    |
| Tax on accounting profit   | 5,692.54                  | 3,468.76                  |
| Effect of tax on income exempt from taxation                         | (670.78)                  | (673.60)                  |
| Effect of expenses not deductible in determining taxable income      | 286.50                    | 267.44                    |
| Effect of different tax rates for capital gain on investments        | -                         | (175.61)                  |
| Effect of tax on unrealised gains on investment                      | (305.65)                  | -                         |
| Effect on deferred tax due to change in Income tax rate              | -                         | 53.17                     |
| <b>Income Tax Expense recognised in Statement of Profit and Loss</b> | <b>5,002.61</b>           | <b>2,940.16</b>           |



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

- Note 37.** The Code on wages 2019 and Code on Social Security, 2020 ("the Codes") relating to employee compensation and post-employment benefits that received Presidential assent have not been notified further the related rules for quantifying the financial impact have not been notified. The Company will assess the impact of the Codes when the rules are notified and will record any related impact in the period the Code becomes effective.
- Note 38.** The outbreak of COVID-19 pandemic across the globe and in India including the recent second wave has contributed to a significant volatility in the global and Indian financial markets and slowdown in the economic activities. The Government of India / State government have introduced a variety of measures to contain the spread of the virus including countrywide / statewide lockdown for a specified period. The Company being Depository was allowed to operate during such specified period. In assessing the impact of COVID-19 pandemic on recoverability of its assets, the Company has considered internal and external sources of information, economic forecasts and industry reports up-to the date of approval of these financial statements. Based on current indicators of future economic conditions, the Company is of the view that impact of COVID-19 pandemic is not likely to be material. The Company will continue to monitor any material changes to the future economic conditions.
- Note 39.** Previous year's figures have been regrouped / reclassified wherever necessary.
- Note 40.** These financial statements were approved for issue by the board of directors of the company at their meeting held on 8th June, 2021.

### 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/-  
**Nikhil Arya**  
Company Secretary  
A42548

Place : Mumbai  
Date : 8th June, 2021

# 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 its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31 March 2021, 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 March 2021, 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-paragraphs (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, 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 consolidated financial statements does not cover the other information and we do not and will 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 other auditors.
- When we read the 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 as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

## 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, 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.



## INDEPENDENT AUDITOR'S REPORT (contd.)

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 respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to 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 skepticism 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.

- 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.



## INDEPENDENT AUDITOR'S REPORT (contd.)

### Other Matters

We did not audit the financial statements of two subsidiaries, whose financial statements/financial information reflect total assets of ₹48,869.17 Lakhs as at 31 March, 2021, total revenues of ₹14,341.06 Lakhs and net cash inflows amounting to ₹5,255.56 Lakhs 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

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.
- 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 IndAS 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 March, 2021 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 March, 2021 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 LLP**

Chartered Accountants  
(Firm's Registration No. 117364W / W100739)

Sd/-

**Pallavi A. Gorakshakar**

Partner

(Membership No:105035)

(UDIN: 21105035AAAAGX1611)

Place : Mumbai

Date : 8<sup>th</sup> June, 2021





## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (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 March 31, 2021, we have audited the internal financial controls over financial reporting of National Securities Depository Limited (hereinafter referred to as "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, 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 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

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT (contd.)

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, which are companies incorporated in India, 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 March 31, 2021, 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 LLP**

Chartered Accountants  
(Firm's Registration No. 117364W / W100739)

Sd/-

**Pallavi A. Gorakshakar**

Partner

(Membership No:105035)  
(UDIN: 21105035AAAAGX1611)

Place : Mumbai

Date : 8<sup>th</sup> June, 2021



# CONSOLIDATED BALANCE SHEET

## AS AT 31ST MARCH, 2021

(₹ in Lakh)

| Particulars   | Notes | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|-------|---------------------------|---------------------------|
| <b>ASSETS</b>   |       |                           |                           |
| <b>Non-Current Assets</b>   |       |                           |                           |
| a) Property, plant and equipment  | 3     | 3,289.13                  | 2,446.41                  |
| b) Capital work-in-progress   |       | 651.99                    | 27.25                     |
| c) Other intangible assets  | 3     | 2,503.50                  | 1,807.27                  |
| d) Intangible asset under development   |       | 1,035.16                  | 1,039.35                  |
| e) Right of use of assets   | 3     | 857.12                    | 1,173.05                  |
| f) Financial assets   |       |                           |                           |
| i) Non-current investments  | 4     | 56,600.81                 | 61,934.23                 |
| ii) Other financial assets  | 5     | 14,472.62                 | 886.75                    |
| g) Deferred tax assets (net)  | 6(a)  | 484.40                    | 343.61                    |
| h) Income tax assets (net)  |       | 642.36                    | 668.11                    |
| i) Other non-current assets   | 7     | 151.95                    | 1,488.96                  |
| <b>Total Non-Current Assets</b>   |       | <b>80,689.04</b>          | <b>71,814.99</b>          |
| <b>Current Assets</b>   |       |                           |                           |
| a) Financial assets   |       |                           |                           |
| i) Current investments  | 8     | 16,239.87                 | 14,475.97                 |
| ii) Trade receivables   | 9     | 10,879.71                 | 8,128.02                  |
| iii) Cash and cash equivalents  | 10    | 8,112.56                  | 2,913.82                  |
| iv) Bank balances other than (iii) above  | 11    | 30,277.57                 | 7,422.88                  |
| v) Other financial assets   | 5     | 861.91                    | 536.56                    |
| b) Other current assets   | 7     | 2,814.08                  | 1,491.69                  |
| <b>Total Current Assets</b>   |       | <b>69,185.70</b>          | <b>34,968.94</b>          |
| <b>Total Assets</b>   |       | <b>149,874.74</b>         | <b>106,783.93</b>         |
| <b>EQUITY AND LIABILITIES</b>   |       |                           |                           |
| <b>Equity</b>   |       |                           |                           |
| a) Equity share capital   | 12    | 4,000.00                  | 4,000.00                  |
| b) Other equity   | 13    | 97,929.53                 | 80,674.24                 |
| <b>Total Equity</b>   |       | <b>101,929.53</b>         | <b>84,674.24</b>          |
| <b>Liabilities</b>  |       |                           |                           |
| <b>Non-Current Liabilities</b>  |       |                           |                           |
| a) Financial liabilities  |       |                           |                           |
| i) Lease liability  | 28    | 582.45                    | 960.78                    |
| ii) Other financial liabilities   | 14    | 363.16                    | 273.19                    |
| b) Deferred tax liability (Net)   | 6(b)  | 43.85                     | 121.96                    |
| c) Other non-current liabilities  | 15    | 79.17                     | 18.03                     |
| d) Provisions   | 18    | 116.82                    | 44.40                     |
| <b>Total Non-Current Liabilities</b>  |       | <b>1,185.45</b>           | <b>1,418.36</b>           |
| <b>Current Liabilities</b>  |       |                           |                           |
| a) Financial liabilities  |       |                           |                           |
| i) Trade payables   |       |                           |                           |
| a) Total outstanding dues of micro enterprises and small enterprises                      | 16    | 303.02                    | 233.70                    |
| b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 16    | 3,111.06                  | 2,434.83                  |
| ii) Lease liability   | 28    | 348.53                    | 253.50                    |
| iii) Other financial liabilities  | 17    | 23,147.49                 | 7,823.88                  |
| b) Provisions   | 18    | 3,053.88                  | 2,904.72                  |
| c) Current tax liability (net)  |       | 2,206.26                  | 1,105.09                  |
| d) Other current liabilities  | 19    | 14,589.52                 | 5,935.61                  |
| <b>Total Current Liabilities</b>  |       | <b>46,759.76</b>          | <b>20,691.33</b>          |
| <b>Total Liabilities</b>  |       | <b>47,945.21</b>          | <b>22,109.69</b>          |
| <b>Total Equity and Liabilities</b>   |       | <b>149,874.74</b>         | <b>106,783.93</b>         |
| See accompanying notes to the Consolidated Financial Statements                           |       | 1 to 41                   |                           |

In terms of our report attached.

For Deloitte Haskins &amp; Sells Chartered Accountants LLP

Chartered Accountants

Sd/-

Pallavi A. Gorakshakar

Partner

Place : Mumbai

Date : 8<sup>th</sup> June, 2021

For and on behalf of the Board of Directors

Sd/-

B.A. Prabhakar

Chairman

DIN: 02101808

Sd/-

Chandresh Shah

Chief Financial Officer

Sd/-

G V Nageswara Rao

Managing Director and CEO

DIN:00799504

Sd/-

Nikhil Arya

Company Secretary  
A42548

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in Lakh)

| Particulars  | Notes   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------|---------------------------|---------------------------|
| <b>INCOMES</b>   |         |                           |                           |
| Revenue from operations  | 20      | 46,575.20                 | 32,606.96                 |
| Other income   | 21      | 5,855.47                  | 5,328.47                  |
| <b>Total Income</b>  |         | <b>52,430.67</b>          | <b>37,935.43</b>          |
| <b>EXPENSES</b>  |         |                           |                           |
| Employee benefits expense  | 22      | 8,806.13                  | 7,344.16                  |
| Depreciation and amortisation expense  | 3       | 1,701.81                  | 1,283.00                  |
| Finance cost   | 28      | 86.38                     | 109.66                    |
| Contribution to investor protection fund   | 32      | 883.55                    | 518.53                    |
| Other expenses   | 23      | 16,294.65                 | 12,458.72                 |
| <b>Total Expenses</b>  |         | <b>27,772.52</b>          | <b>21,714.07</b>          |
| <b>Profit before Tax</b>   |         | <b>24,658.15</b>          | <b>16,221.36</b>          |
| <b>Tax Expense</b>   |         |                           |                           |
| Current tax  |         | 6,009.34                  | 3,628.64                  |
| Deferred tax   | 6       | (207.64)                  | 116.51                    |
| <b>Total Tax Expenses</b>  |         | <b>5,801.70</b>           | <b>3,745.15</b>           |
| <b>Profit after Tax</b>  |         | <b>18,856.45</b>          | <b>12,476.21</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                        |         | (0.24)                    | 155.71                    |
| ii) Income tax relating to items that will not be reclassified to profit or loss |         | (0.92)                    | (36.18)                   |
| <b>Total Other Comprehensive Income</b>  |         | <b>(1.16)</b>             | <b>119.53</b>             |
| <b>Total Comprehensive Income for the year</b>                                   |         | <b>18,855.29</b>          | <b>12,595.74</b>          |
| Basic and Diluted earnings per equity share of ₹10 each                          | 31      | 47.14                     | 31.19                     |
| See accompanying notes to the Consolidated Financial Statements                  | 1 to 41 |                           |                           |

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

For and on behalf of the Board of Directors

Sd/-  
**Pallavi A. Gorakshakar**  
 Partner

Place : Mumbai  
 Date : 8<sup>th</sup> June, 2021

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

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

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

Sd/-  
**Nikhil Arya**  
 Company Secretary  
 A42548



# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| <b>A. Cash Flow from Operating Activities</b>  |                           |                           |
| Profit before tax  | 24,658.15                 | 16,221.36                 |
| <b>Adjustments for :</b>   |                           |                           |
| Depreciation and amortisation expense  | 1,701.81                  | 1,283.00                  |
| Provision for compensated absences   | 284.68                    | 218.86                    |
| Provision for investor awareness   | 514.97                    | 453.00                    |
| Provision for doubtful trade receivables   | 587.74                    | 273.58                    |
| Bad debts written off  | 3.20                      | 23.24                     |
| Contribution to investor protection fund   | 883.55                    | 518.53                    |
| Fair value gain on investments in mutual funds   | (1,416.00)                | (1,325.52)                |
| Dividend income from current investments   | (44.44)                   | (163.79)                  |
| Loss / (Profit) on sale of property, plant and equipment                                 | 67.33                     | 9.80                      |
| Profit on sale of investments  | (155.73)                  | -                         |
| Interest income  | (3,844.41)                | (3,339.95)                |
| <b>Operating Profit before Working Capital Changes</b>                                   | <b>23,240.85</b>          | <b>14,172.11</b>          |
| <b>Changes in Working Capital :</b>  |                           |                           |
| (Increase) / decrease other assets   | (1,282.60)                | (182.37)                  |
| (Increase) / decrease other financial assets   | (13,784.68)               | (230.68)                  |
| (Increase) / decrease trade receivables  | (3,342.63)                | (1,249.56)                |
| Increase / (decrease) trade payables   | 749.07                    | 964.14                    |
| Increase / (decrease) other financial liabilities  | 1,531.58                  | 1,800.55                  |
| Increase / (decrease) provisions   | (579.23)                  | 119.53                    |
| Increase / (decrease) other liabilities  | 8,715.05                  | 455.68                    |
| <b>Cash generated from Operations</b>  | <b>15,247.41</b>          | <b>15,849.40</b>          |
| Net income tax paid  | (4,893.68)                | (4,274.06)                |
| <b>Net Cash generated from Operating Activities (A)</b>                                  | <b>10,353.73</b>          | <b>11,575.34</b>          |
| <b>B. Cash Flow from Investing Activities</b>  |                           |                           |
| Capital expenditure on property, plant and equipment, intangible assets, capital advance | (2,336.53)                | (4,054.34)                |
| Proceeds from sale of property, plant and equipment                                      | 1.17                      | -                         |
| Bank balances not considered as cash and cash equivalents                                |                           |                           |
| i) Placed  | (17,024.05)               | (7,124.48)                |
| ii) Matured  | 6,900.86                  | 7,367.73                  |
| Purchase of non-current investments  | 6,335.69                  | (8,208.88)                |
| Sale / Redemption of non-current investments   | -                         | 10.27                     |
| Proceeds / (Purchase) of current investments (Net)                                       | (1,194.44)                | (3,311.34)                |
| Dividend received from current investments   | 44.44                     | 163.79                    |
| Interest received  | 3,717.87                  | 3,340.91                  |
| <b>Net Cash used in Investing Activities (B)</b>   | <b>(3,554.99)</b>         | <b>(11,816.34)</b>        |
| <b>C. Cash Flow from Financing Activities</b>  |                           |                           |
| Dividend paid  | (1,600.00)                | (1,200.00)                |
| Dividend distribution tax paid   | -                         | (246.66)                  |
| <b>Net Cash used in Financing Activities (C)</b>   | <b>(1,600.00)</b>         | <b>(1,446.66)</b>         |
| <b>Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)</b>                    | <b>5,198.74</b>           | <b>(1,687.66)</b>         |
| Cash and Cash Equivalents at the beginning of the year                                   | 2,913.82                  | 4,601.48                  |
| <b>Cash and Cash Equivalents at the end of the year (Refer Note 10)</b>                  | <b>8,112.56</b>           | <b>2,913.82</b>           |
| See accompanying notes to the Consolidated Financial Statements                          | 1 to 41                   |                           |

In terms of our report attached.

**For Deloitte Haskins & Sells Chartered Accountants LLP**  
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-  
**Pallavi A. Gorakshakar**  
Partner

Place : Mumbai  
Date : 8<sup>th</sup> June, 2021

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

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

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

Sd/-  
**Nikhil Arya**  
Company Secretary  
A42548

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in Lakh)

|   |                 |
|---|-----------------|
| <b>A. Equity Share Capital</b>                            |                 |
| <b>As at 1st April, 2019</b>                              | <b>4,000.00</b> |
| Changes in equity share capital during the year (Note 12) | -               |
| <b>As at 31st March, 2020</b>                             | <b>4,000.00</b> |
| Changes in equity share capital during the year (Note 12) | -               |
| <b>As at 31st March, 2021</b>                             | <b>4,000.00</b> |

### B. Other Equity

(₹ in Lakh)

| Particulars                                     | Reserves and Surplus |                   | Other Comprehensive Income | Total            |
|---|----------------------|-------------------|----------------------------|------------------|
|   | General Reserve      | Retained Earnings | Actuarial Gains / (Losses) |                  |
| <b>Balance as at 1st April, 2019</b>            | <b>36,312.82</b>     | <b>33,345.76</b>  | <b>(133.42)</b>            | <b>69,525.16</b> |
| Profit after tax                                | -                    | 12,476.21         | -                          | 12,476.21        |
| Dividends (including dividend distribution tax) | -                    | (1,446.66)        | -                          | (1,446.66)       |
| Other Comprehensive Income                      | -                    | -                 | 119.53                     | 119.53           |
| <b>As at 31st March, 2020</b>                   | <b>36,312.82</b>     | <b>44,375.31</b>  | <b>(13.89)</b>             | <b>80,674.24</b> |
| Profit after tax                                | -                    | 18,856.45         | -                          | 18,856.45        |
| Dividends                                       | -                    | (1,600.00)        | -                          | (1,600.00)       |
| Other Comprehensive Income                      | -                    | -                 | (1.16)                     | (1.16)           |
| <b>As at 31st March, 2021</b>                   | <b>36,312.82</b>     | <b>61,631.76</b>  | <b>(15.05)</b>             | <b>97,929.53</b> |

See accompanying notes to the Consolidated Financial Statements 1 to 41

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

For and on behalf of the Board of Directors

Sd/-  
**Pallavi A. Gorakshakar**  
 Partner

Place : Mumbai  
 Date : 8<sup>th</sup> June, 2021

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

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

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

Sd/-  
**Nikhil Arya**  
 Company Secretary  
 A42548





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2021

### 1. General Information

#### Company Overview

National Securities Depository Limited ("the Holding Company") was incorporated on 27th April 2012. The Holding Company is a Depository registered with Securities Exchange Board of India 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 provide electronic infrastructure for dematerialisation of securities, facilitates electronic settlement of trades in Indian Securities Market, offers services as a managed service provider, sets-up system infrastructure, connectivity, software application, database management systems, and banking services.

### 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 April 1, 2016. The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

#### 2.2 Basis of Preparation

These Consolidated Financial statements of the National Securities Depository Limited ("the Holding Company") and its subsidiaries (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 April 1, 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.

#### 2.3 Basis of Consolidation

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.

#### 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:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

- a. 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.
- b. 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.

- c. 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 Limited       | Subsidiary   | India                    | National Securities Depository Limited | 100%  |

- d. 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.

### 2.4. 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.

### 2.5. 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.

#### As a Lessee -

Effective from April 1, 2019, the Company has adopted Ind AS 116. At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been adjusted towards rent expenses in the Statement of Profit and Loss.

### 2.6. 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

##### ii. 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 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

##### i. 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 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### 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 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.

### 2.8. Property, Plant & 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. However, In case of its subsidiary NSDL Database Management Limited, Computer software is amortised over 48 months or useful life, whichever is lower.

### 2.11. 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.

#### Contingent Liabilities and Assets

Contingent liabilities are when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are not recognised but are disclosed in the notes.

Contingent asset is a possible asset that arises from past events the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. Contingent assets are neither recognised nor disclosed in the financial statements.

### 2.12. Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. All financial instruments are recognised initially at fair value.

### 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 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 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.

### 2.14. 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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

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

#### i. Initial Recognition and Measurement

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

#### ii. Subsequent Measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

### Derecognition of Financial Liabilities

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

### 2.15. Expected Credit Losses on Trade Receivables

For trade receivables the Company measures the loss allowance at an amount equal to life time expected credit losses. Further, for the purpose of measuring life time expected credit losses for trade receivables, the company follows simplified approach as permitted under Ind AS 109.

### 2.16. Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand, balances in current account and demand deposits with banks having an original maturity of three months or less. These do not include bank balances earmarked/ restricted for specific purposes

Bank balances other than cash and cash equivalents comprises of demand deposits with banks having an original maturity of more than three months.

### 2.17. Use of Estimates and Judgement

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes, expenses, disclosure of contingent assets and disclosure of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note:

**Impairment of Trade Receivables:** The Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer status, customer creditworthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances are made.

**Employee Benefits:** Defined employee benefit assets / liabilities determined based on the present value of future obligations using assumptions determined by the Company with advice from an independent qualified actuary.

### 2.18. 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 (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE 3 : PROPERTY, PLANT AND EQUIPMENT, OTHER INTANGIBLE ASSETS, AND RIGHT OF USE

| Gross Block                               | Property, Plant and Equipment |           |                                       |                          |                  |                        |                        |         |           |                              | Other Intangible Assets | Right of Use |
|---|-------------------------------|-----------|---------------------------------------|--------------------------|------------------|------------------------|------------------------|---------|-----------|------------------------------|-------------------------|--------------|
| Description of Asset                      | Buildings                     | Computers | Data and Tele-Communication Equipment | Electrical Installations | Office Equipment | Furniture and Fixtures | Leasehold Improvements | Vehicle | Total     | Computer Software (acquired) |                         |              |
| As at 31st March, 2019                    | 3,517.82                      | 6,065.84  | 1,416.33                              | 202.14                   | 403.06           | 253.82                 | -                      | 46.30   | 11,905.31 | 11,790.76                    | -                       |              |
| Additions during the year                 | -                             | 745.64    | 24.33                                 | 9.77                     | 11.53            | 28.24                  | 51.81                  | -       | 871.32    | 679.19                       | 1,551.75                |              |
| Deductions                                | -                             | (3.96)    | -                                     | -                        | (1.59)           | -                      | -                      | -       | (5.55)    | -                            | -                       |              |
| As at 31st March, 2020                    | 3,517.82                      | 6,807.52  | 1,440.66                              | 211.91                   | 413.00           | 282.06                 | 51.81                  | 46.30   | 12,771.08 | 12,469.95                    | 1,551.75                |              |
| Additions during the year                 | -                             | 1,350.63  | 118.75                                | 7.70                     | 6.62             | 4.43                   | 3.13                   | -       | 1,491.26  | 1,463.16                     | 31.72                   |              |
| Deductions                                | -                             | (32.84)   | (14.04)                               | (2.63)                   | (0.65)           | (6.22)                 | (9.70)                 | -       | (66.08)   | -                            | -                       |              |
| As at 31st March, 2021                    | 3,517.82                      | 8,125.31  | 1,545.37                              | 216.98                   | 418.97           | 280.27                 | 45.24                  | 46.30   | 14,196.26 | 13,933.11                    | 1,583.47                |              |
| (₹ in Lakh)                               |                               |           |                                       |                          |                  |                        |                        |         |           |                              |                         |              |
| Accumulated Depreciation and Amortisation | Property, Plant and Equipment |           |                                       |                          |                  |                        |                        |         |           |                              | Other Intangible Assets | Right of Use |
| Description of Asset                      | Buildings                     | Computers | Data and Tele-Communication Equipment | Electrical Installations | Office Equipment | Furniture and Fixtures | Leasehold Improvements | Vehicle | Total     | Computer Software (acquired) |                         |              |
| As at 31st March, 2019                    | 3,042.62                      | 4,819.64  | 1,279.44                              | 187.62                   | 339.68           | 227.09                 | -                      | 5.76    | 9,901.85  | 10,185.54                    | -                       |              |
| Depreciation / amortisation for the year  | 8.92                          | 362.24    | 20.85                                 | 2.14                     | 15.97            | 5.06                   | 4.65                   | 7.33    | 427.16    | 477.14                       | 378.70                  |              |
| Deductions                                | -                             | (3.76)    | -                                     | -                        | (0.58)           | -                      | -                      | -       | (4.34)    | -                            | -                       |              |
| As at 31st March, 2020                    | 3,051.54                      | 5,178.12  | 1,300.29                              | 189.76                   | 355.07           | 232.15                 | 4.65                   | 13.09   | 10,324.67 | 10,662.68                    | 378.70                  |              |
| Depreciation / amortisation for the year  | 8.92                          | 517.13    | 22.95                                 | 2.02                     | 16.41            | 6.47                   | 6.00                   | 7.33    | 587.23    | 766.93                       | 347.65                  |              |
| Deductions                                | -                             | (1.54)    | (3.23)                                | -                        | -                | -                      | -                      | -       | (4.77)    | -                            | -                       |              |
| As at 31st March, 2021                    | 3,060.46                      | 5,693.71  | 1,320.01                              | 191.78                   | 371.48           | 238.62                 | 10.65                  | 20.42   | 10,907.13 | 11,429.61                    | 726.35                  |              |
| (₹ in Lakh)                               |                               |           |                                       |                          |                  |                        |                        |         |           |                              |                         |              |
| Net Block                                 | Property, Plant and Equipment |           |                                       |                          |                  |                        |                        |         |           |                              | Other Intangible Assets | Right of Use |
| Description of Asset                      | Buildings                     | Computers | Data and Tele-Communication Equipment | Electrical Installations | Office Equipment | Furniture and Fixtures | Leasehold Improvements | Vehicle | Total     | Computer Software (acquired) |                         |              |
| As at 31st March, 2020                    | 466.28                        | 1,629.40  | 140.37                                | 22.15                    | 57.93            | 49.91                  | 47.16                  | 33.21   | 2,446.41  | 1,807.27                     | 1,173.05                |              |
| As at 31st March, 2021                    | 457.36                        | 2,431.60  | 225.36                                | 25.20                    | 47.49            | 41.65                  | 34.59                  | 25.88   | 3,289.13  | 2,503.50                     | 857.12                  |              |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 4 : Non-Current Investments

|     | Particulars  | Rate of Interest (%) | Year of Maturity | Nos.    | Face Value / NAV (₹) | As at 31st March, 2021 | As at 31st March, 2020 |
|-----|--|----------------------|------------------|---------|----------------------|------------------------|------------------------|
| (a) | <b>Investment in Debentures or Bonds (at amortised cost)</b> |                      |                  |         |                      |                        |                        |
| 1   | India Infrastructure Finance Company Limited                 | 9.41                 | 2037             | 3       | 1,000,000            | 35.03                  | 35.12                  |
| 2   | Power Finance Corporation of India Limited *                 | 7.35                 | 2035             | 50,000  | 1,000                | 527.41                 | 527.72                 |
| 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                | 430.78                 | 431.80                 |
| 7   | Housing and Urban Development Corporation Limited*           | 8.76                 | 2034             | 5,000   | 1,000                | 54.92                  | 55.09                  |
| 8   | India Infrastructure Finance Company Limited*                | 8.66                 | 2034             | 70,000  | 1,000                | 863.11                 | 871.00                 |
| 9   | India Infrastructure Finance Company Limited *               | 8.66                 | 2034             | 30,000  | 1,000                | 341.31                 | 343.01                 |
| 10  | NTPC Limited*  | 8.66                 | 2033             | 92,899  | 1,000                | 1,140.93               | 1,150.03               |
| 11  | NHPC Ltd*  | 8.67                 | 2033             | 49,420  | 1,000                | 611.49                 | 615.44                 |
| 12  | India Infrastructure Finance Company Limited*                | 7.40                 | 2033             | 50,000  | 1,000                | 556.00                 | 558.86                 |
| 13  | NHPC Limited *   | 8.67                 | 2033             | 10,000  | 1,000                | 119.72                 | 120.24                 |
| 14  | India Infrastructure Finance Company Limited *               | 7.40                 | 2033             | 50,000  | 1,000                | 556.05                 | 558.81                 |
| 15  | National Highway Authority of India Limited *                | 7.35                 | 2031             | 189,883 | 1,000                | 2,152.05               | 2,161.24               |
| 16  | Indian Renewable Energy Development Agency Limited*          | 7.49                 | 2031             | 50,000  | 1,000                | 510.25                 | 510.46                 |
| 17  | National Bank for Agriculture and Rural Development*         | 7.35                 | 2031             | 440,010 | 1,000                | 4,782.57               | 4,809.00               |
| 18  | Indian Railway Finance Corporation Limited *                 | 7.35                 | 2031             | 99,000  | 1,000                | 1,091.33               | 1,096.30               |
| 19  | Housing and Urban Development Corporation Limited*           | 7.39                 | 2031             | 100,000 | 1,000                | 1,134.64               | 1,142.62               |
| 20  | National Highway Authority of India *                        | 7.35                 | 2031             | 28,313  | 1,000                | 303.88                 | 303.94                 |
| 21  | National Highway Authority of India *                        | 7.35                 | 2031             | 50,000  | 1,000                | 565.14                 | 567.28                 |
| 22  | National Bank For Agriculture And Rural Development *        | 7.35                 | 2031             | 120,000 | 1,000                | 1,297.27               | 1,303.97               |
| 23  | Indian Railway Finance Corporation Limited *                 | 7.28                 | 2030             | 11,074  | 1,000                | 125.38                 | 126.24                 |
| 24  | National Highway Authority of India *                        | 7.28                 | 2030             | 50      | 1,000,000            | 542.61                 | 543.16                 |
| 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  | 5,000                | 1,616.43               | 1,626.92               |
| 27  | Indian Railway Finance Corporation Limited *                 | 8.40                 | 2029             | 63,000  | 1,000                | 723.83                 | 727.80                 |
| 28  | Indian Railway Finance Corporation Limited *                 | 8.63                 | 2029             | 40,000  | 1,000                | 447.05                 | 448.25                 |
| 29  | National Housing Bank *                                      | 8.68                 | 2029             | 20,000  | 5,000                | 987.55                 | 1,000.68               |
| 30  | NHPC Ltd*  | 8.54                 | 2028             | 81,428  | 1,000                | 955.15                 | 961.62                 |
| 31  | Power Finance Corporation of India Limited *                 | 8.46                 | 2028             | 40      | 1,000,000            | 420.01                 | 420.33                 |
| 32  | Rural Electrification Corporation Limited *                  | 8.46                 | 2028             | 60,000  | 1,000                | 700.65                 | 709.37                 |
| 33  | Rural Electrification Corporation Limited *                  | 8.46                 | 2028             | 157     | 10,00,000            | 1,854.10               | 1,876.22               |
| 34  | Indian Railway Finance Corporation Limited *                 | 8.48                 | 2028             | 100     | 10,00,000            | 1,149.21               | 1,156.10               |
| 35  | Indian Railway Finance Corporation Limited *                 | 7.34                 | 2028             | 60,000  | 1,000                | 625.67                 | 626.38                 |
| 36  | India Infrastructure Finance Company Limited*                | 8.26                 | 2028             | 80      | 1,000,000            | 885.78                 | 891.00                 |
| 37  | National Housing Bank *                                      | 8.46                 | 2028             | 90      | 1,000,000            | 1,014.04               | 1,021.42               |
| 38  | Housing and Urban Development Corporation Limited*           | 8.56                 | 2028             | 20      | 1,000,000            | 235.80                 | 238.57                 |
| 39  | Housing and Urban Development Corporation Limited *          | 8.56                 | 2028             | 100     | 1,000,000            | 1,119.80               | 1,126.77               |
| 40  | Housing and Urban Development Corporation Limited *          | 8.51                 | 2028             | 50,000  | 1,000                | 554.82                 | 558.34                 |
| 41  | National Housing Bank *                                      | 8.46                 | 2028             | 50      | 1,000,000            | 587.29                 | 593.75                 |
| 42  | NTPC Limited*  | 8.48                 | 2028             | 100,000 | 1,000                | 1,173.50               | 1,188.31               |
| 43  | National Highway Authority of India Limited *                | 8.30                 | 2027             | 140,000 | 1,000                | 1,513.69               | 1,521.26               |
| 44  | Power Finance Corporation of India Limited *                 | 8.30                 | 2027             | 50,000  | 1,000                | 529.86                 | 531.37                 |
| 45  | Indian Railway Finance Corporation Limited *                 | 7.38                 | 2027             | 100     | 1,000,000            | 1,128.69               | 1,139.93               |
| 46  | Indian Railway Finance Corporation Limited *                 | 8.10                 | 2027             | 50,000  | 1,000                | 574.69                 | 582.57                 |
| 47  | Rural Electrification Corporation Limited *                  | 8.12                 | 2027             | 100,000 | 1,000                | 1,167.86               | 1,182.55               |
| 48  | NTPC Limited*  | 7.15                 | 2025             | 21      | 1,000,000            | 219.37                 | 219.44                 |
| 49  | IDFC FIRST Bank Limited                                      | 9.03                 | 2025             | 5       | 1,000,000            | 55.57                  | 55.62                  |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 4 : Non-Current Investments (contd.)

|                                | Particulars   | Rate of Interest (%) | Year of Maturity | Nos.       | Face Value / NAV (₹) | As at 31st March, 2021 | As at 31st March, 2020 |
|--------------------------------|---|----------------------|------------------|------------|----------------------|------------------------|------------------------|
| 50                             | IDFC FIRST Bank Limited                                       | 8.80                 | 2025             | 4          | 1,000,000            | 42.36                  | 42.35                  |
| 51                             | Indian Renewable Energy Development Agency Limited*           | 7.17                 | 2025             | 60         | 1,000,000            | 623.52                 | 622.13                 |
| 52                             | Rural Electrification Corporation Limited *                   | 7.17                 | 2025             | 50         | 1,000,000            | 540.37                 | 546.06                 |
| 53                             | HDB Financial Services Limited                                | 10.19                | 2024             | 1          | 1,000,000            | 10.20                  | 10.25                  |
| 54                             | Housing and Urban Development Corporation Limited*            | 8.51                 | 2024             | 50,000     | 1,000                | 537.76                 | 546.78                 |
| 55                             | Indian Railway Finance Corporation Limited *                  | 7.18                 | 2023             | 75,000     | 1,000                | 782.27                 | 786.03                 |
| 56                             | NTPC Limited*   | 8.41                 | 2023             | 150,000    | 1,000                | 1,617.37               | 1,639.44               |
| 57                             | Power Finance Corporation of India Limited *                  | 7.19                 | 2023             | 100,000    | 1,000                | 1,042.17               | 1,054.93               |
| 58                             | NTPC Limited*   | 8.41                 | 2023             | 50,000     | 1,000                | 538.90                 | 547.70                 |
| 59                             | Rural Electrification Corporation Limited *                   | 7.21                 | 2022             | 10         | 1,000,000            | 102.93                 | 103.14                 |
| 60                             | Power Finance Corporation of India Limited *                  | 7.21                 | 2022             | 50         | 1,000,000            | 524.32                 | 531.06                 |
| 61                             | Housing and Urban Development Corporation Limited*            | 8.10                 | 2022             | 60,000     | 1,000                | -                      | 605.77                 |
| 62                             | Power Finance Corporation of India Limited *                  | 8.20                 | 2022             | 90,000     | 1,000                | -                      | 946.94                 |
| 63                             | National Highway Authority of India Limited *                 | 8.20                 | 2022             | 100,000    | 1,000                | -                      | 1,057.66               |
| 64                             | Rural Electrification Corporation Limited *                   | 7.93                 | 2022             | 90,000     | 1,000                | -                      | 967.63                 |
| 65                             | Indian Railway Finance Corporation Limited *                  | 8.00                 | 2022             | 60,000     | 1,000                | -                      | 626.89                 |
| 66                             | Power Grid Corporation of India Limited                       | 9.64                 | 2021             | 32         | 1,250,000            | -                      | 439.47                 |
| 67                             | Power Finance Corporation of India Limited *                  | 7.51                 | 2021             | 600        | 100,000              | -                      | 620.39                 |
|                                | <b>Sub-total</b>  |                      |                  |            |                      | <b>44,731.88</b>       | <b>50,317.92</b>       |
| <b>(b)</b>                     | <b>Investment in Mutual Funds (at FVTPL)</b>                  |                      |                  |            |                      |                        |                        |
| 1                              | Nippon India Fixed Horizon Fund - XXXVIII - Series 05         |                      |                  | 5,000,000  | 12.39                | 627.66                 | 574.99                 |
| 2                              | Sundaram Fixed Term Plan-IK 1098 DAYS                         |                      |                  | 5,000,000  | 12.41                | 625.63                 | 586.13                 |
| 3                              | Kotak FMP Series 235 - 1140 Days                              |                      |                  | 5,000,000  | 12.45                | 627.94                 | 587.72                 |
| 4                              | Franklin India FMP SR 4 PL F (1286 Days)                      |                      |                  | 10,000,000 | 12.60                | 1,272.88               | 1,165.25               |
| 5                              | Nippon India Fixed Horizon Fund - XXXIX - Series 09           |                      |                  | 10,000,000 | 12.62                | 1,274.88               | 1,169.84               |
| 6                              | Kotak FMP Series 248  |                      |                  | 10,000,000 | 12.64                | 1,276.54               | 1,172.21               |
| 7                              | Sundaram Fixed Term Plan - IS 1120 Days                       |                      |                  | 50,00,000  | 11.95                | 603.01                 | 552.57                 |
| 8                              | SBI Debt fund series C 49                                     |                      |                  | 10,000,000 | 11.90                | 1,200.87               | 1,103.06               |
| 9                              | SBI Debt fund series C 50                                     |                      |                  | 10,000,000 | 11.85                | 1,195.33               | 1,099.46               |
| 10                             | Kotak FMP Series 267  |                      |                  | 5,000,000  | 11.87                | 598.74                 | 551.27                 |
| 11                             | Franklin India Fixed Maturity Plans-Series 4 Plan B 1098 days |                      |                  |            | -                    | -                      | 581.78                 |
| 12                             | Kotak Mahindra MF FMP Series 235 -1140D Dir Growth 26Ag21     |                      |                  |            | -                    | -                      | 587.72                 |
| 13                             | SBI Mutual Fund Series 8 (1178 Days)                          |                      |                  | 5,000,000  | 11.78                | 589.00                 | 541.43                 |
| 14                             | SBI Mutual Fund Series 14 (1102 Days)                         |                      |                  | 3,000,000  | 11.58                | 347.40                 | 319.36                 |
|                                | <b>Sub-total</b>  |                      |                  |            |                      | <b>10,239.88</b>       | <b>10,592.78</b>       |
| <b>(C)</b>                     | <b>Investment in ETF Bonds (at FVTPL)</b>                     |                      |                  |            |                      |                        |                        |
| 1                              | Edelweiss Bharat Bond ETF                                     |                      | 2023             | 100,000    | 1,000                | 1,116.98               | 1,023.53               |
| 2                              | Edelweiss Bharat Bond ETF                                     |                      | 2025             | 49,997     | 1,000                | 512.07                 | -                      |
|                                | <b>Sub-total</b>  |                      |                  |            |                      | <b>1,629.05</b>        | <b>1,023.53</b>        |
|                                | <b>Total</b>  |                      |                  |            |                      | <b>56,600.81</b>       | <b>61,934.23</b>       |
| * Investment in tax free bonds |   |                      |                  |            |                      |                        |                        |
|                                | Aggregate amount of quoted investment                         |                      |                  |            |                      | <b>56,600.81</b>       | <b>61,934.23</b>       |
|                                | Aggregate market value of quoted investment                   |                      |                  |            |                      | <b>61,070.77</b>       | <b>65,806.64</b>       |
|                                | Aggregate amount of unquoted investments                      |                      |                  |            |                      | -                      | -                      |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 5 : Other Financial Assets

(₹ in Lakh)

| Particulars   | As at<br>31st March, 2021 |               | As at<br>31st March, 2020 |               |
|---|---------------------------|---------------|---------------------------|---------------|
|   | Non-Current               | Current       | Non-Current               | Current       |
| Security deposits   | 687.29                    | 219.98        | 632.85                    | 217.72        |
| Interest accrued on fixed deposits  | 7.42                      | 261.49        | 5.16                      | 137.21        |
| Deposits with maturity of more than twelve months*  | 13,721.91                 | -             | 99.50                     | -             |
| Margin money deposits with a bank (earmarked as security for performance guarantee and other commitments) | 56.00                     | -             | 149.12                    | -             |
| Others  | -                         | 380.44        | 0.12                      | 181.63        |
| <b>Total</b>  | <b>14,472.62</b>          | <b>861.91</b> | <b>886.75</b>             | <b>536.56</b> |

\* Includes FD earmarked for future payments.

### Note 6(a) : Deferred Tax Asset (net)

(₹ in Lakh)

| Particulars                             | As at<br>31st March, 2021 |               | As at<br>31st March, 2020 |               |
|---|---------------------------|---------------|---------------------------|---------------|
|   |                           |               |                           |               |
| <b>Deferred Tax Asset :</b>             |                           |               |                           |               |
| Lease Liability (Refer Note 28)         |                           | 2.31          |                           | 0.46          |
| Employee benefits                       |                           | 273.11        |                           | 228.44        |
| Provision for doubtful debts / advances |                           | 301.22        |                           | 170.14        |
|   |                           | <b>576.64</b> |                           | <b>399.04</b> |
| <b>Less: Deferred Tax Liability :</b>   |                           |               |                           |               |
| Property, plant and equipment           |                           | 92.24         |                           | 55.43         |
|   |                           | <b>92.24</b>  |                           | <b>55.43</b>  |
| <b>Net Deferred Tax Asset</b>           |                           | <b>484.40</b> |                           | <b>343.61</b> |

### The movement in Deferred Tax Asset and Liabilities:

(₹ in Lakh)

| Particulars                             | As at<br>31st March, 2020 |               | Credited / (Charged) to<br>Statement of Profit and Loss | As at<br>31st March, 2021 |
|---|---------------------------|---------------|---|---------------------------|
|   |                           |               |   |                           |
| <b>Deferred Tax Asset :</b>             |                           |               |   |                           |
| Lease Liability (Refer Note 28)         | 0.46                      | 1.85          |   | 2.31                      |
| Employee benefits                       | 228.44                    | 44.67         |   | 273.11                    |
| Provision for doubtful debts / advances | 170.14                    | 131.08        |   | 301.22                    |
|   | <b>399.04</b>             | <b>177.60</b> |   | <b>576.64</b>             |
| <b>Less: Deferred Tax Liability :</b>   |                           |               |   |                           |
| Property, plant and equipment           | 55.43                     | 36.81         |   | 92.24                     |
|   | <b>55.43</b>              | <b>36.81</b>  |   | <b>92.24</b>              |
| <b>Net Deferred Tax Asset</b>           | <b>343.61</b>             | <b>140.79</b> |   | <b>484.40</b>             |

### The movement in Deferred Tax Asset and Liabilities:

(₹ in Lakh)

| Particulars                             | As at<br>1st April, 2019 |                | Credited / (Charged) to<br>Statement of Profit and Loss | As at<br>31st March, 2020 |
|---|--------------------------|----------------|---|---------------------------|
|   |                          |                |   |                           |
| <b>Deferred Tax Asset :</b>             |                          |                |   |                           |
| Property plant and equipment            | 23.03                    | (23.03)        |   | -                         |
| Lease Liability (Refer Note 28)         | -                        | 0.46           |   | 0.46                      |
| Employee Benefit                        | 214.54                   | 13.90          |   | 228.44                    |
| Provision for doubtful debts / advances | 116.79                   | 53.35          |   | 170.14                    |
| Other                                   | 37.65                    | (37.65)        |   | -                         |
|   | <b>392.01</b>            | <b>7.03</b>    |   | <b>399.04</b>             |
| <b>Less: Deferred Tax Liability :</b>   |                          |                |   |                           |
| Property, plant and equipment           | -                        | 55.43          |   | 55.43                     |
|   | -                        | <b>55.43</b>   |   | <b>55.43</b>              |
| <b>Net Deferred Tax Asset</b>           | <b>392.01</b>            | <b>(48.40)</b> |   | <b>343.61</b>             |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 6(b) : Deferred Tax Liability

(₹ in Lakh)

| Particulars                       | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|-----------------------------------|---------------------------|---------------------------|
| <b>Deferred Tax Liability :</b>   |                           |                           |
| Property, plant and equipment     | 41.73                     | 25.22                     |
| Fair value gain on investments    | 95.20                     | 142.45                    |
|                                   | <b>136.93</b>             | <b>167.67</b>             |
| <b>Less: Deferred Tax Asset :</b> |                           |                           |
| Employee benefits                 | 64.03                     | 35.33                     |
| Provision for doubtful debts      | 18.02                     | 2.76                      |
| Lease Liability (Refer Note 28)   | 11.03                     | 7.62                      |
|                                   | <b>93.08</b>              | <b>45.71</b>              |
| <b>Net Deferred Tax Liability</b> | <b>43.85</b>              | <b>121.96</b>             |

### The movement in Deferred Tax Liabilities and Asset:

(₹ in Lakh)

| Particulars                       | As at<br>31st March, 2020 | Credited / (Charged) to<br>Statement of Profit and Loss | As at<br>31st March, 2021 |
|-----------------------------------|---------------------------|---|---------------------------|
| <b>Deferred Tax Liability :</b>   |                           |   |                           |
| Property, plant and equipment     | 25.22                     | 16.51   | 41.73                     |
| Fair value gain on investments    | 142.45                    | (47.25)   | 95.20                     |
|                                   | <b>167.67</b>             | <b>(30.74)</b>  | <b>136.93</b>             |
| <b>Less: Deferred Tax Asset :</b> |                           |   |                           |
| Employee benefits                 | 35.33                     | 28.70   | 64.03                     |
| Provision for doubtful debts      | 2.76                      | 15.26   | 18.02                     |
| Lease Liability (Refer Note 28)   | 7.62                      | 3.41  | 11.03                     |
|                                   | <b>45.71</b>              | <b>47.37</b>  | <b>93.08</b>              |
| <b>Net Deferred Tax Liability</b> | <b>121.96</b>             | <b>(78.11)</b>  | <b>43.85</b>              |

### The movement in Deferred Tax Liabilities and Asset:

(₹ in Lakh)

| Particulars                       | As at<br>1st April, 2019 | Credited / (Charged) to<br>Statement of Profit and Loss | As at<br>31st March, 2020 |
|-----------------------------------|--------------------------|---|---------------------------|
| <b>Deferred Tax Liability :</b>   |                          |   |                           |
| Property, plant and equipment     | 24.15                    | 1.07  | 25.22                     |
| Fair value gain on investments    | 72.63                    | 69.82   | 142.45                    |
|                                   | <b>96.78</b>             | <b>70.89</b>  | <b>167.67</b>             |
| <b>Less: Deferred Tax Asset :</b> |                          |   |                           |
| Employee benefits                 | 41.03                    | (5.70)  | 35.33                     |
| Provision for doubtful debts      | 1.90                     | 0.86  | 2.76                      |
| Lease Liability (Refer Note 28)   | -                        | 7.62  | 7.62                      |
|                                   | <b>42.93</b>             | <b>2.78</b>   | <b>45.71</b>              |
| <b>Net Deferred Tax Liability</b> | <b>53.85</b>             | <b>68.11</b>  | <b>121.96</b>             |

### Note 7 : Other Assets

(₹ in Lakh)

| Particulars                       | As at<br>31st March, 2021 |                 | As at<br>31st March, 2020 |                 |
|-----------------------------------|---------------------------|-----------------|---------------------------|-----------------|
|                                   | Non-current               | Current         | Non-current               | Current         |
| Capital advances                  | 47.86                     | -               | 1,345.08                  | -               |
| Prepaid expenses                  | 103.72                    | 284.84          | 131.66                    | 303.20          |
| Advance to employees for expenses | -                         | 63.85           | -                         | 61.21           |
| GST credit receivable             | -                         | 1,772.83        | -                         | 1,116.64        |
| Security deposits                 | -                         | 6.83            | 3.25                      | -               |
| Others                            | 0.37                      | 685.73          | 8.97                      | 10.64           |
| <b>Total</b>                      | <b>151.95</b>             | <b>2,814.08</b> | <b>1,488.96</b>           | <b>1,491.69</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 8: Current Investments

(₹ in Lakh)

| Particulars   | Rate of Interest (%) | Nos.      | Face Value / NAV (₹) | As at 31st March, 2021 | As at 31st March, 2020 |
|---|----------------------|-----------|----------------------|------------------------|------------------------|
| <b>(a) Current portion of Long-Term Investments :</b>                                 |                      |           |                      |                        |                        |
| <b>Investment in Debentures or Bonds (at amortised cost)</b>                          |                      |           |                      |                        |                        |
| 1 Housing and Urban Development Corporation Limited*                                  | 8.1                  | 60,000    | 1,000                | 604.75                 | -                      |
| 2 Power Finance Corporation of India Limited *  | 8.2                  | 90,000    | 1,000                | 939.99                 | -                      |
| 3 National Highway Authority of India Limited *                                       | 8.2                  | 100,000   | 1,000                | 1,050.69               | -                      |
| 4 Rural Electrification Corporation Limited *   | 7.93                 | 90,000    | 1,000                | 960.86                 | -                      |
| 5 Power Grid Corporation of India Limited   | 9.64                 | 32        | 1,250,000            | 439.47                 | -                      |
| 6 Power Finance Corporation of India Limited *  | 7.51                 | 600       | 100,000              | 621.50                 | -                      |
| 7 Indian Railway Finance Corporation Limited *  | 8                    | 60,000    | 1,000                | 624.45                 | -                      |
| <b>Sub-total</b>  |                      |           |                      | <b>5,241.71</b>        | -                      |
| <b>(b) Other Current Investments :</b>  |                      |           |                      |                        |                        |
| <b>Investment in Mutual Funds (at FVTPL)</b>  |                      |           |                      |                        |                        |
| 1 Units of Axis Liquid Fund - Direct Growth   |                      | 34,034    | 2,266.92             | 777.60                 | 750.21                 |
| 2 Units of IDFC Liquid Fund   |                      | -         | -                    | -                      | 739.94                 |
| 3 Units of Birla Sunlife Liquid Fund - Direct Growth                                  |                      | 276,601   | 328.93               | -                      | 883.91                 |
| 4 Units of UTI Treasury Advantage Fund - Daily Dividend Reinvestment                  |                      | 70,122    | 1,001.63             | 708.14                 | 665.15                 |
| 5 Units of Axis Liquid Fund -Direct Plan- Daily Dividend                              |                      | 144       | 1,000.96             | 1.45                   | 1.40                   |
| 6 Units of IDFC Liquid Fund - Direct Plan - Daily Dividend                            |                      | 88        | 1,001.67             | 0.89                   | 0.86                   |
| 7 Units of HDFC Liquid Fund- Daily Dividend Reinvestment                              |                      | 66,760    | 1,019.82             | 685.67                 | 663.97                 |
| 8 Units of HDFC Liquid Fund- Direct Growth  |                      | -         | -                    | -                      | 309.11                 |
| 9 Units of ICICI Prudential Liquid Fund Dir Growth                                    |                      | 230,867   | 302.33               | 703.53                 | 678.24                 |
| 10 Units of IDBI Ultra Short Term Fund- Daily Dividend Reinvestment                   |                      | 87        | 1,031.19             | 0.91                   | 0.86                   |
| 11 Units of L&T Liquid Fund - Direct Growth   |                      | -         | -                    | -                      | 780.99                 |
| 12 Units of Principal Debt Opportunity Conservative Fund- Daily Dividend Reinvestment |                      | 64,707    | 930.36               | 607.18                 | 581.36                 |
| 13 Units of UTI Liquid Fund - Daily Dividend Reinvestment                             |                      | 66,772    | 1,019.45             | 685.79                 | 663.18                 |
| 14 Units of L&T Banking & PSU debt fund   |                      | 2,988,465 | 20.10                | 601.04                 | 554.84                 |
| 15 Units of Sundaram Corporate bond fund  |                      | 3,767,812 | 31.92                | 1,206.55               | 1,107.45               |
| 16 Units of KOTAK Liquid Fund - Direct Growth   |                      | -         | 11.87                | -                      | 1,025.04               |
| 17 HDFC Low Duration Fund *   |                      | -         | -                    | -                      | 407.94                 |
| 18 HDFC Corporate Bond Fund-Direct Plan-Growth  |                      | -         | -                    | -                      | 609.65                 |
| 19 IDFC Corporate Bond Fund - Direct Growth option                                    |                      | -         | -                    | -                      | 599.02                 |
| 20 ICICI Prudential Banking & PSU Debt fund-Direct Plan - Growth                      |                      | -         | -                    | -                      | 306.84                 |
| 21 ICICI Prudential Banking & PSU Debt fund-Direct Plan - Growth                      |                      | -         | -                    | -                      | 102.00                 |
| 22 Kotak Banking and PSU Debt Fund - Dir - Growth                                     |                      | -         | -                    | -                      | 410.94                 |
| 23 Nippon Liquid Fund   |                      | 8,250     | 5,032.07             | 415.14                 | 400.17                 |
| 24 SBI Liquid Fund  |                      | 6,435     | 3,221.25             | 207.29                 | 200.07                 |
| 25 NIPPON BPSU - Dir - Growth   |                      | -         | -                    | -                      | 400.00                 |
| 26 Franklin India Fixed Maturity Plans-Series 4 Plan B 1098 days                      |                      | 5,000,000 | 12.54                | 627.00                 | -                      |
| 27 Kotak Mahindra MF FMP Series 235 -1140D Dir Growth 26Ag21                          |                      | 5,000,000 | 12.56                | 628.00                 | -                      |
| 28 Aditya Birla Sun Life Liquid Mutual Fund- Direct Growth Plan                       |                      | 103,367   | 331.53               | 342.70                 | -                      |
| 29 SBI Liquid Fund-Direct Growth  |                      | 701       | 3,196.44             | -                      | 457.58                 |





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 8 : Current Investments (contd.)

(₹ in Lakh)

|  | Particulars                                 | Rate of Interest (%) | Nos.  | Face Value / NAV (₹) | As at 31st March, 2021 | As at 31st March, 2020 |
|--|---|----------------------|-------|----------------------|------------------------|------------------------|
| 30   | SBI Overnight Fund Direct Growth            |                      | 9,569 | 3,351.74             | 320.72                 | -                      |
| 31   | ICICI Prudential Overnight Fund-DP-Growth   |                      | -     | -                    | -                      | 438.82                 |
|  | <b>Sub-total</b>                            |                      |       |                      | <b>8,519.60</b>        | <b>13,739.54</b>       |
|  | <b>Investments in Treasury Bills</b>        |                      |       |                      | <b>2,478.56</b>        | <b>736.43</b>          |
|  | <b>Total</b>                                |                      |       |                      | <b>16,239.87</b>       | <b>14,475.97</b>       |
| * Investment in tax free bonds   |   |                      |       |                      |                        |                        |
| Note - The Repurchase Price / NAV has been considered as the Quoted Market Price |   |                      |       |                      |                        |                        |
|  | Aggregate amount of quoted investment       |                      |       |                      | 16,239.87              | 14,475.97              |
|  | Aggregate market value of quoted investment |                      |       |                      | 16,146.53              | 14,475.97              |
|  | Aggregate amount of unquoted investments    |                      |       |                      | -                      | -                      |

\*After scheme re-categorization mandate of SEBI in 2018, schemes got merged and now there is no wholesale plan and retail plan, Pursuant to the scheme merger the company has received 9,22,772 units of HDFC Low Duration Fund as on 10th May, 2019 instead of HDFC Low Duration Fund-Wholesale-Growth (units in Previous scheme 9,07,496 units)

### Note 9 : Trade Receivables

(₹ in Lakh)

| Particulars                                    | As at 31st March, 2021 | As at 31st March, 2020 |
|--|------------------------|------------------------|
| Trade receivables considered good - Secured,   | 378.38                 | 187.93                 |
| Trade receivables considered good - Unsecured, | 10,501.33              | 7,940.09               |
| Unsecured, considered doubtful                 | 1,274.66               | 686.92                 |
|  | <b>12,154.37</b>       | <b>8,814.94</b>        |
| Less: Expected credit loss (Refer Note 2.15)   | 1,274.66               | 686.92                 |
| <b>Total</b>                                   | <b>10,879.71</b>       | <b>8,128.02</b>        |

Footnote: .

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.

2) The Company has appropriate levels of control procedures for new customers which ensures the potential customer's credit quality. Credit limits attributed to customers are reviewed periodically by the Management.

#### 3) Movement in Expected Credit Loss

(₹ in Lakh)

| Particulars                                 | As at 31st March, 2021 | As at 31st March, 2020 |
|---|------------------------|------------------------|
| <b>Balance at the beginning of the year</b> | 686.92                 | 413.35                 |
| Provision during the year                   | 592.71                 | 281.80                 |
| Reversal during the year                    | 4.97                   | 8.23                   |
| <b>Balance at the end of the year</b>       | <b>1,274.66</b>        | <b>686.92</b>          |

### Note 10 : Cash and Cash Equivalents

(₹ in Lakh)

| Particulars                | As at 31st March, 2021 | As at 31st March, 2020 |
|----------------------------|------------------------|------------------------|
| Cash on hand               | 0.55                   | 0.55                   |
| Cheques on hand            | 8.90                   | 21.46                  |
| Balances with banks:       |                        |                        |
| i) in current accounts     | 6,874.28               | 786.02                 |
| ii) in sweep fixed deposit | 1,228.83               | 2,105.79               |
| <b>Total</b>               | <b>8,112.56</b>        | <b>2,913.82</b>        |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 11 : Bank Balances other than Cash and Cash Equivalents

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Other bank balances:   |                           |                           |
| i) in current accounts*  | 13,253.52                 | 522.02                    |
| ii) In other deposit accounts with original maturity more than 3 months  | 16,849.93                 | 6,850.86                  |
| iii) Margin money deposits with a bank (earmarked as security for performance guarantee and other commitments) | 174.12                    | 50.00                     |
| iv) Others   | -                         | -                         |
| <b>Total</b>   | <b>30,277.57</b>          | <b>7,422.88</b>           |

\* These balances have restriction on repatriation.

### Note 12 : Equity Share Capital

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| <b>Authorised :</b>  |                           |                           |
| 100,000,000 equity shares of ₹ 10 each with voting rights              | 10,000.00                 | 10,000.00                 |
| <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% :

| Number of shareholders  | As at<br>31st March, 2021   |           | As at<br>31st March, 2020   |           |
|---|-----------------------------|-----------|-----------------------------|-----------|
|   | Number of<br>Shares<br>held | % Holding | Number of<br>Shares<br>held | % Holding |
| IDBI Bank Ltd.  | 10,440,000                  | 26.10     | 10,440,000                  | 26.10     |
| National Stock Exchange of India Ltd  | 9,600,000                   | 24.00     | 9,600,000                   | 24.00     |
| HDFC Bank Limited   | 3,979,900                   | 9.95      | 3,979,900                   | 9.95      |
| 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, proportionate to their shareholding.

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

| Particulars                           | No of shares      | (₹ in Lakh)  |
|---------------------------------------|-------------------|--------------|
| <b>Balance as at 1st April, 2020</b>  | <b>40,000,000</b> | <b>4,000</b> |
| Add: Issue of Shares                  | -                 | -            |
| <b>Balance as at 31st March, 2021</b> | <b>40,000,000</b> | <b>4,000</b> |

**12 (d)** On 8th June, 2021, the Board of Directors of the Company have recommended a final dividend of ₹ 5.00 per share (PY ₹ 4 per share) in respect of the year ended 31st March, 2021, subject to approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 2,000.00 Lakh (PY ₹ 1600.00 Lakh).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 13 : Other Equity

(₹ in Lakh)

| Particulars                              | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| <b>General Reserve</b>                   |                           |                           |
| Balance at the beginning of the year     | 36,312.82                 | 36,312.82                 |
| Add: Transferred from retained earning   | -                         | -                         |
| <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     | 44,375.31                 | 33,345.76                 |
| Profit for the year                      | 18,856.45                 | 12,476.21                 |
| Less: Dividend (Refer Note 12(d))        | (1,600.00)                | (1,200.00)                |
| Dividend distribution tax                | -                         | (246.66)                  |
| <b>Balance as at the end of the year</b> | <b>61,631.76</b>          | <b>44,375.31</b>          |
| <b>Other Comprehensive Income</b>        |                           |                           |
| Balance at the beginning of the year     | (13.89)                   | (133.42)                  |
| Other comprehensive income for the year  | (1.16)                    | 119.53                    |
| <b>Balance as at the end of the year</b> | <b>(15.05)</b>            | <b>(13.89)</b>            |
| <b>Total</b>                             | <b>97,929.53</b>          | <b>80,674.24</b>          |

### Note 14 : Other Financial Liabilities (Non-Current)

(₹ in Lakh)

| Particulars                          | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--------------------------------------|---------------------------|---------------------------|
| <b>Others:</b>                       |                           |                           |
| Incentive payable to employees       | 360.12                    | 273.19                    |
| Credit balances in Trade Receivables | 3.04                      | -                         |
| <b>Total</b>                         | <b>363.16</b>             | <b>273.19</b>             |

### Note 15 : Other Non-Current Liabilities

(₹ in Lakh)

| Particulars                | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|----------------------------|---------------------------|---------------------------|
| <b>Others:</b>             |                           |                           |
| Income received in advance | 79.17                     | 18.03                     |
| <b>Total</b>               | <b>79.17</b>              | <b>18.03</b>              |

### Note 16 : Trade Payables

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Amounts due to micro enterprise and small enterprises* | 303.02                    | 233.70                    |
| Others   | 3,111.06                  | 2,434.83                  |
| <b>Total</b>   | <b>3,414.08</b>           | <b>2,668.53</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 (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### 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<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Principal amount remaining unpaid to any supplier as at the end of the accounting period.  | 303.02                    | 233.70                    |
| 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>303.02</b>             | <b>233.70</b>             |

### Note 17 : Other Financial Liabilities (Current)

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Security deposit received from customers / depository participants       | 5,790.13                  | 5,262.67                  |
| Payables on purchase of Property, plant and equipment, intangible assets | 95.31                     | 111.66                    |
| Payable to Investor Protection Fund Trust (Refer Note 32)                | 900.69                    | 546.37                    |
| Payable on redemption of NSC/KVP and government securities               | 1,290.99                  | 522.02                    |
| Payables to staff  | 1,587.46                  | 1,144.78                  |
| Gratuity payable to Fund (Refer Note 30)                                 | 365.68                    | 167.76                    |
| Annual custody charges payable   | 36.15                     | 19.44                     |
| Payable for stamp duty collection  | 4,135.97                  | -                         |
| Advance received for auction of DP demat accounts*                       | 7,810.13                  | -                         |
| Others   | 1,134.98                  | 49.18                     |
| <b>Total</b>   | <b>23,147.49</b>          | <b>7,823.88</b>           |

\* Advance received for Auction of Demat Accounts for DP Karvy Stock Broking Limited. The matter is subjudice with Bombay High Court.

### Note 18 : Provisions

(₹ in Lakh)

|  | As at<br>31st March, 2021 |                 | As at<br>31st March, 2020 |                 |
|--|---------------------------|-----------------|---------------------------|-----------------|
|  | Non-current               | Current         | Non-current               | Current         |
| <b>Provision for Employee Benefit</b>            |                           |                 |                           |                 |
| Provision for compensated absences               | 116.82                    | 1,223.47        | 44.40                     | 1,011.21        |
| <b>Other Provision</b>                           |                           |                 |                           |                 |
| Provision for investor awareness (Refer Note 33) | -                         | 1,830.41        | -                         | 1,893.51        |
| <b>Total</b>                                     | <b>116.82</b>             | <b>3,053.88</b> | <b>44.40</b>              | <b>2,904.72</b> |

### Note 19 : Other Current Liabilities

(₹ in Lakh)

| Particulars                | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|----------------------------|---------------------------|---------------------------|
| Advances from customers    | 5,217.19                  | 4,370.84                  |
| Income received in advance | 673.46                    | 755.13                    |
| Statutory remittances      | 894.86                    | 598.53                    |
| Other Payables             | 7,804.01                  | 211.11                    |
| <b>Total</b>               | <b>14,589.52</b>          | <b>5,935.61</b>           |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 20 : Revenue from Operations

(₹ in Lakh)

| Particulars                  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|------------------------------|---------------------------|---------------------------|
| Annual fees                  | 2,351.04                  | 2,311.92                  |
| Custody fees                 | 16,217.76                 | 12,052.18                 |
| Registration fees            | 326.17                    | 676.25                    |
| Transaction fees             | 21,102.16                 | 16,572.53                 |
| Software license fees        | 17.10                     | 29.99                     |
| Communication fees           | 374.71                    | 333.33                    |
| Income from banking services | 6,171.46                  | 603.18                    |
| Other operating income       | 14.80                     | 27.58                     |
| <b>Total</b>                 | <b>46,575.20</b>          | <b>32,606.96</b>          |

### Note 21 : Other Income

(₹ in Lakh)

| Particulars                                    | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Interest income :                              |                           |                           |
| i) On non-current investments                  | 3,270.45                  | 3,149.13                  |
| ii) On fixed deposits with banks               | 573.96                    | 190.82                    |
| iii) On overdue trade receivables              | 300.73                    | 167.78                    |
| <b>Sub-total</b>                               | <b>4,145.14</b>           | <b>3,507.73</b>           |
| Dividend income from current Investments       | 44.44                     | 163.79                    |
| Fair value gain on investments in mutual funds | 1,416.00                  | 1,325.52                  |
| Profit on sale of investments                  | 155.73                    | -                         |
| Bad debts recovered                            | 17.68                     | 44.68                     |
| Extinguishment of Lease Liability              | 10.92                     | -                         |
| Rent recovery (Ind AS 116 - Leases)            | 31.43                     | 49.66                     |
| Amounts written back                           | 17.24                     | 208.36                    |
| Miscellaneous income                           | 16.89                     | 28.73                     |
| <b>Total</b>                                   | <b>5,855.47</b>           | <b>5,328.47</b>           |

### Note 22 : Employee Benefits Expenses

(₹ in Lakh)

| Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| Salaries and wages  | 7,748.76                  | 6,302.27                  |
| Contribution to provident and other funds (Refer Note 30) | 816.41                    | 741.96                    |
| Staff welfare expenses                                    | 190.45                    | 257.73                    |
| Deputation Cost   | 50.51                     | 42.20                     |
| <b>Total</b>  | <b>8,806.13</b>           | <b>7,344.16</b>           |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 23 : Other Expenses

(₹ in Lakh)

| Particulars   | Year ended<br>31st March, 2021 |                  | Year ended<br>31st March, 2020 |                  |
|---|--------------------------------|------------------|--------------------------------|------------------|
| Annual fees   |                                | 347.89           |                                | 266.88           |
| Repairs and maintenance - system                        |                                | 2,983.37         |                                | 2,806.91         |
| Repairs and maintenance - premises                      |                                | 206.86           |                                | 252.38           |
| Repairs and maintenance - others                        |                                | 471.90           |                                | 443.86           |
| System support charges                                  |                                | 1,164.66         |                                | 1,703.75         |
| Insurance (Refer Note 29)                               |                                | 143.94           |                                | 131.23           |
| Processing charges                                      |                                | 879.47           |                                | 1,051.25         |
| Power and fuel  |                                | 153.19           |                                | 223.62           |
| Rent (net of recovery)                                  |                                | 201.62           |                                | 271.36           |
| Communication expenses                                  |                                | 1,220.44         |                                | 1,223.74         |
| Travelling and conveyance expenses                      |                                | 163.31           |                                | 360.58           |
| Legal and professional fees                             |                                | 629.94           |                                | 740.21           |
| Printing and stationery expenses                        |                                | 360.74           |                                | 493.62           |
| Rates and taxes   |                                | 236.64           |                                | 545.60           |
| Corporate social responsibility expense (Refer Note 34) |                                | 322.83           |                                | 301.71           |
| Seminar and business promotion expenses                 |                                | 51.86            |                                | 174.23           |
| Payment to auditors (net of GST set-off) :              |                                |                  |                                |                  |
| (a) Audit fees  | 46.43                          |                  | 43.70                          |                  |
| (b) Tax audit fees                                      | 3.75                           |                  | 3.55                           |                  |
| (c) Taxation matters                                    | 1.50                           |                  | 1.50                           |                  |
| (d) Other services                                      | 17.40                          | 69.08            | 15.60                          | 64.35            |
| Directors sitting fees                                  |                                | 180.58           |                                | 216.78           |
| Provision for investor awareness (Refer Note 33)        |                                | 514.97           |                                | 453.00           |
| Provision for doubtful trade receivables                |                                | 587.74           |                                | 273.58           |
| Bad debts written-off                                   |                                | 3.20             |                                | 23.24            |
| Loss on sale of Assets / written off                    |                                | 63.16            |                                | 0.25             |
| Capital WIP written off                                 |                                | 4.17             |                                | 9.55             |
| Marketing expenses                                      |                                | 2.11             |                                | 0.84             |
| Business & remittance expenses                          |                                | 4,390.42         |                                | -                |
| Miscellaneous expenses                                  |                                | 940.56           |                                | 426.20           |
| <b>Total</b>  |                                | <b>16,294.65</b> |                                | <b>12,458.72</b> |

### Note 24 : 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 Group has received order from the Central Excise and Service Tax Appellate Tribunal (CESTAT) on 12th June 2020, and it subsequently filed a civil appeal in the Supreme Court and the Service Tax Department has filed a counter affidavit with the Supreme Court. The Holding Company is in the process of further appeal and 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, AY 2017-18, AY 2018-19, and AY 2019-20 for ₹ 213.61 Lakh (Previous year ₹ 213.61 Lakh), ₹ 347.13 Lakh (Previous year ₹ 347.13 Lakh), ₹ 522.82 Lakh (Previous year ₹ 522.82 Lakh), ₹ 2,040.94 Lakh (Previous year ₹ 2,040.94), ₹ 3,065.32 Lakh (Previous year ₹ 295.94), and ₹ 799.03 Lakh (Previous year ₹ 805.84) respectively. The Group has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

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

- 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 NSDL Payments Bank Limited for ₹ 25.00 Lakh (Previous year ₹ 25.00 Lakh)

#### Commitments:

- a) Estimated amount of capital contracts not provided (net of advances) for the year ended 31st March, 2021 is ₹ 291.83 Lakh (Previous year ₹ 568.08 Lakh).  
b) Other Commitments: Contractual guarantee: ₹ 230.12 Lakh (Previous year ₹ 199.12 Lakh)

### Note 25 : Expenditure in Foreign Currency

(₹ in Lakh)

| Particulars                  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|------------------------------|---------------------------|---------------------------|
| Travelling                   | -                         | 71.75                     |
| Membership fees              | 5.48                      | 15.16                     |
| Professional fees            | 5.41                      | 23.59                     |
| Network Connectivity charges | 132.98                    | 144.81                    |
| <b>Total</b>                 | <b>143.87</b>             | <b>255.31</b>             |

### 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 three operating and reporting segments; viz. Depository, Database Management Services, and Banking 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.

Banking Services segment (BS) includes 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, accepting demand deposits in the form of current account deposits, offering domestic money transfer through Business Correspondent, offering mutual fund investment services through mobile app, offering Bank verification services for corporate brokers, offering insurance investment services through mobile app.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 26 : Segment Reporting (contd.)

(₹ in Lakh)

| Particulars   | For the year ended 31st March, 2021 |                     |                  |                  | For the year ended 31st March, 2020 |                     |                  |                  |
|---|-------------------------------------|---------------------|------------------|------------------|-------------------------------------|---------------------|------------------|------------------|
|   | Depository                          | Database Management | Banking Services | Total            | Depository                          | Database Management | Banking Services | Total            |
| <b>Segment Revenue</b>  |                                     |                     |                  |                  |                                     |                     |                  |                  |
| Revenue   | 33,555.35                           | 6,848.39            | 6,171.46         | 46,575.20        | 24,956.57                           | 7,047.21            | 603.18           | 32,606.96        |
| Less: Inter segment revenue                                       | -                                   | -                   | -                | -                | -                                   | -                   | -                | -                |
| <b>Total</b>  | <b>33,555.35</b>                    | <b>6,848.39</b>     | <b>6,171.46</b>  | <b>46,575.20</b> | <b>24,956.57</b>                    | <b>7,047.21</b>     | <b>603.18</b>    | <b>32,606.96</b> |
| <b>Segment Results</b>  | 17,354.32                           | 2,828.20            | (1,293.46)       | <b>18,889.06</b> | 9,715.68                            | 2,715.64            | (1,430.10)       | <b>11,001.22</b> |
| <b>Add:</b> Other unallocable income (net of unallocable expense) |                                     |                     |                  | 1,710.33         |                                     |                     |                  | 1,822.07         |
| <b>Add:</b> Interest income                                       |                                     |                     |                  | 4,145.14         |                                     |                     |                  | 3,507.73         |
| Less: Finance cost  |                                     |                     |                  | 86.38            |                                     |                     |                  | 109.66           |
| <b>Profit Before Tax</b>  |                                     |                     |                  | <b>24,658.15</b> |                                     |                     |                  | <b>16,221.36</b> |
| Less: Tax expense   |                                     |                     |                  | (5,801.70)       |                                     |                     |                  | (3,745.15)       |
| <b>Profit for the year</b>  |                                     |                     |                  | <b>18,856.45</b> |                                     |                     |                  | <b>12,476.21</b> |

| Particulars   | For the year ended 31st March, 2021 |                     |                  |              |            | For the year ended 31st March, 2020 |                     |                  |              |            |
|---|-------------------------------------|---------------------|------------------|--------------|------------|-------------------------------------|---------------------|------------------|--------------|------------|
|   | Depository                          | Database Management | Banking Services | Un-allocable | Total      | Depository                          | Database Management | Banking Services | Un-allocable | Total      |
| <b>Segment Assets</b>   | 29,375.23                           | 4,876.25            | 10,955.47        | 104,667.79   | 149,874.74 | 13,844.52                           | 3,083.92            | 4,714.45         | 85,141.04    | 106,783.93 |
| <b>Segment Liabilities</b>  | 18,322.77                           | 3,641.66            | 10,477.15        | 15,503.63    | 47,945.21  | 15,773.46                           | 3,806.94            | 780.22           | 1,749.07     | 22,109.69  |
| <b>Capital Expenditure</b>  | 1,290.06                            | 396.69              | 646.59           | -            | 2,333.34   | 1,703.45                            | 232.39              | 566.75           | -            | 2,502.59   |
| <b>Depreciation/Amortisation</b>                                    | 743.02                              | 338.51              | 620.28           | -            | 1,701.81   | 476.35                              | 303.20              | 503.45           | -            | 1,283.00   |
| <b>Material non-cash items other than Depreciation/Amortisation</b> | 1,919.59                            | 63.53               | 6.34             | -            | 1,989.46   | 1,246.45                            | 21.91               | -                | -            | 1,268.35   |

### Note 27 : 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 | <b>Key Managerial Personnel (Holding Company)</b> |                                     |
|   | Mr. B. A. Prabhakar                               | Public Interest Director            |
|   | Mr. G V Nageswara Rao                             | Managing Director and CEO           |
|   | Prof. G. Sivakumar                                | Public Interest Director            |
|   | Dr. Rajani Gupte                                  | Public Interest Director            |
|   | Mr. B. Sambamurthy                                | Public Interest Director            |
|   | Mr. Rajeev Kumar (w.e.f. 8th July, 2020)          | Shareholder Director                |
|   | Ms. Priya Subbaraman (w.e.f. 23rd October, 2020)  | Shareholder Director                |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 27 : Related Party Disclosures: (contd.)

#### b) Nature and Volume of Transactions during the year with the above Related Parties:

(₹ in Lakh)

|      | Particulars  | Year ended<br>31st March, 2021 | Year ended<br>31st March, 2020 |
|------|--|--------------------------------|--------------------------------|
| (i)  | Transactions during the year :                       |                                |                                |
|      | <b>I. Companies having Substantial Interest</b>      |                                |                                |
|      | <b>a) IDBI Bank Limited</b>                          |                                |                                |
|      | -Transaction fees                                    | 47.27                          | 38.55                          |
|      | -Annual fees   | 11.30                          | 11.33                          |
|      | -Annual custody fees                                 | 23.83                          | 23.11                          |
|      | -Reimbursement of expenses                           | 1.42                           | 1.56                           |
|      | -Interest Income on fixed deposit with bank          | 316.72                         | 127.68                         |
|      | -Interest (waiver)/ income – other                   | 1.14                           | 2.14                           |
|      | -Miscellaneous expenses                              | 0.37                           | 0.43                           |
|      | -Investor awareness expense                          | 5.25                           | -                              |
|      | -Dividend paid                                       | 417.60                         | 313.20                         |
|      | <b>b) National Stock Exchange of India Limited</b>   |                                |                                |
|      | -Transaction fees                                    | 142.32                         | 58.71                          |
|      | -Miscellaneous expenses                              | -                              | 0.13                           |
|      | -Dividend paid                                       | 384.00                         | 288.00                         |
|      | <b>II. Key Managerial Personnel</b>                  |                                |                                |
|      | <b>a) Sitting Fees to directors</b>                  | 110.80                         | 126.80                         |
|      | <b>b) Remuneration to MD (Refer note ii) :</b>       |                                |                                |
|      | -Short-term employee benefit                         | 374.49                         | 350.28                         |
|      | -Long-term employee benefit                          | -                              | -                              |
| (ii) | <b>(Payable)/Receivable at the end of the year :</b> |                                |                                |
|      | <b>Companies having Substantial Interest</b>         |                                |                                |
|      | <b>a) IDBI Bank Limited</b>                          |                                |                                |
|      | -Security deposit payable                            | (30.00)                        | (30.00)                        |
|      | -Balance in current account                          | 0.33                           | 11.02                          |
|      | -FDs   | 5,517.63                       | 846.75                         |
|      | -Trade receivables                                   | 11.82                          | 21.94                          |
|      | <b>b) National Stock Exchange of India Limited</b>   |                                |                                |
|      | -Trade receivables                                   | 94.94                          | 41.88                          |
|      | <b>Key Managerial Personnel</b>                      |                                |                                |
|      | <b>a) Payable to key managerial person</b>           | 254.97                         | 254.48                         |

#### 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 and gratuity since the same is determined at aggregate basis for the component based on independent actuarial valuation except to the extent of amount paid.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 28 : Lease Liability:

#### Statement showing movement in Lease Liabilities:

(₹ in Lakh)

| Particulars  | As at 31st March, 2021 | As at 31st March, 2020 |
|--|------------------------|------------------------|
| <b>Lease Liability at the beginning of the year</b>  | <b>1,214.28</b>        | -                      |
| Add/(less): Agreements reassessed as lease contracts | -                      | 1,489.29               |
| Additions  | 31.72                  | 51.11                  |
| Deductions/Adjustments                               | -                      | -                      |
| Finance cost accrued during the period               | 84.97                  | 108.57                 |
| Payment of lease liabilities                         | 399.99                 | 434.69                 |
| <b>Lease Liability at the end of the year</b>        | <b>930.98</b>          | <b>1,214.28</b>        |

#### Statement showing carrying value of Right of Use Assets:

(₹ in Lakh)

| Particulars   | As at 31st March, 2021 | As at 31st March, 2020 |
|---|------------------------|------------------------|
| <b>Right of Use Assets at the beginning of the year</b> | <b>1,173.05</b>        | <b>1,500.64</b>        |
| Additions   | 31.72                  | 51.11                  |
| Deductions/Adjustments                                  | -                      | -                      |
| Depreciation  | 347.65                 | 378.70                 |
| <b>Right of Use Assets at the end of the year</b>       | <b>857.12</b>          | <b>1,173.05</b>        |

#### Statement showing breakup value of the Current and Non-Current Lease Liabilities:

(₹ in Lakh)

| Particulars                    | As at 31st March, 2021 | As at 31st March, 2020 |
|--------------------------------|------------------------|------------------------|
| Current lease liabilities      | 348.53                 | 253.50                 |
| Non- Current lease liabilities | 582.45                 | 960.78                 |
| <b>Total</b>                   | <b>930.98</b>          | <b>1,214.28</b>        |

#### Statement showing agreement maturities of Lease Liabilities on an undiscounted basis:

(₹ in Lakh)

| Particulars            | As at 31st March, 2021 | As at 31st March, 2020 |
|------------------------|------------------------|------------------------|
| Due for :              |                        |                        |
| Up to One year         | 402.30                 | 378.29                 |
| One year to Five years | 612.97                 | 1,015.52               |
| More than Five years   | 37.84                  | 14.44                  |
| <b>Total</b>           | <b>1,053.11</b>        | <b>1,408.25</b>        |

#### Statement showing amount recognised in Statement of Profit and Loss:

(₹ in Lakh)

| Particulars  | As at 31st March, 2021 | As at 31st March, 2020 |
|--|------------------------|------------------------|
| Interest on lease liabilities  | 84.97                  | 108.57                 |
| Depreciation on right of use assets  | 347.65                 | 378.70                 |
| Variable lease payments not included in the measurement of lease liabilities                     | -                      | -                      |
| Income from sub-leasing right-of-use assets  | -                      | -                      |
| Expenses relating to short-term leases   | -                      | -                      |
| Expenses relating to leases of low-value assets, excluding short-term leases of low value assets | -                      | -                      |
| <b>Total</b>   | <b>432.62</b>          | <b>487.27</b>          |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 28 : Lease Liability: (contd.)

Statement showing amount recognised in Statement of Cash Flows:

(₹ in Lakh)

| Particulars                   | As at 31st March, 2021 | As at 31st March, 2020 |
|-------------------------------|------------------------|------------------------|
| Total cash outflow for leases | 389.07                 | 434.69                 |

### Note 29 : Expenses in note 23 has been disclosed net of recoveries as under:

(₹ in Lakh)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|-------------|------------------------|------------------------|
| Insurance   | 56.32                  | 67.24                  |

### Note 30 : Employee Benefits:

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

(₹ in Lakh)

| Particulars         | As at 31st March, 2021 | As at 31st March, 2020 |
|---------------------|------------------------|------------------------|
| Provident fund      | 315.02                 | 291.76                 |
| ESIC                | 1.32                   | 1.40                   |
| Superannuation fund | 175.83                 | 161.13                 |
| <b>Total</b>        | <b>492.17</b>          | <b>454.29</b>          |

### b) Gratuity:

#### (i) Summary of Actuarial Assumptions:

| Particulars                   | As at 31st March, 2021                            | As at 31st March, 2020                            |
|-------------------------------|---|---|
| Discount rate                 | 5.58% - 6.86%                                     | 5.21 - 6.82%                                      |
| Rate of return on plan assets | 5.58% - 6.86%                                     | 5.21 - 6.82%                                      |
| Salary escalation             | 7.00%   | 7.00% - 8.00%                                     |
| Attrition rate                |   |   |
| - Less than 5 years           | 18% - 20%   | 2% - 30%  |
| - More than 5 years           | 4% - 5%   | 2% - 5%   |
| 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 31st March, 2021 | As at 31st March, 2020 |
|---|------------------------|------------------------|
| Liability at the beginning of the year    | 2,904.02               | 2,501.83               |
| Interest cost                             | 197.94                 | 194.64                 |
| Current service cost                      | 314.72                 | 295.49                 |
| Benefits paid                             | (326.05)               | (93.62)                |
| Actuarial loss/(gain) on obligations      | (14.63)                | 5.68                   |
| <b>Closing defined benefit obligation</b> | <b>3,076.00</b>        | <b>2,904.02</b>        |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 30 : Employee Benefits: (contd.)

#### (iii) Reconciliation of Fair Value of Plan Assets:

(₹ in Lakh)

| Particulars  | As at 31st March, 2021 | As at 31st March, 2020 |
|--|------------------------|------------------------|
| Fair value of plan assets at the beginning of the year | 2,745.23               | 2,186.53               |
| Interest income  | 186.97                 | 170.11                 |
| Contributions by the employer                          | 119.43                 | 320.82                 |
| Benefits paid  | (326.05)               | (93.62)                |
| Actuarial (gain)/loss on plan assets                   | (14.89)                | 161.39                 |
| <b>Closing Fair Value of Plan Assets</b>               | <b>2,710.69</b>        | <b>2,745.23</b>        |

#### (iv) Amount to be recognized in Balance Sheet

(₹ in Lakh)

| Particulars                                      | As at 31st March, 2021 | As at 31st March, 2020 |
|--|------------------------|------------------------|
| Present value of funded obligation               | (3,076.00)             | (2,904.02)             |
| Fair value of plan assets at the end of the year | 2,710.69               | 2,745.23               |
| <b>Amount recognized in Balance Sheet</b>        | <b>(365.31)</b>        | <b>(158.79)</b>        |

#### (v) Expenses to be recognized in Statement of Profit and Loss:

(₹ in Lakh)

| Particulars  | As at 31st March, 2021 | As at 31st March, 2020 |
|--|------------------------|------------------------|
| Current service cost   | 314.72                 | 295.49                 |
| Interest cost  | 10.97                  | 24.53                  |
| <b>Expenses recognized in the Statement of Profit &amp; Loss</b> | <b>325.69</b>          | <b>320.02</b>          |

#### (vi) Expenses to be recognized in other Comprehensive Income:

(₹ in Lakh)

| Particulars  | As at 31st March, 2021 | As at 31st March, 2020 |
|--|------------------------|------------------------|
| Actuarial (gain)/ loss on obligation                         | (14.63)                | 5.68                   |
| Actuarial (Gain) or Loss on                                  | 14.89                  | (161.39)               |
| <b>Net (Income)/Expense for the period recognized in OCI</b> | <b>0.26</b>            | <b>(155.71)</b>        |

#### (vii) Balance Sheet Reconciliation:

(₹ in Lakh)

| Particulars  | As at 31st March, 2021 | As at 31st March, 2020 |
|--|------------------------|------------------------|
| Opening net liability                              | 158.79                 | 315.30                 |
| Expenses recognized in statement of profit or loss | 325.69                 | 320.02                 |
| Expenses recognized in OCI                         | 0.26                   | (155.71)               |
| Employers contribution                             | (119.43)               | (320.82)               |
| <b>Amount recognized in Balance Sheet</b>          | <b>365.31</b>          | <b>158.79</b>          |





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 30 : Employee Benefits: (contd.)

#### (viii) Description of Plan Assets (managed by an Insurance Company):

Information of major categories of plan assets of gratuity fund is not available with the Group, and hence not disclosed as per the requirements of Ind AS 19 "Employee Benefits".

(ix) Expected contribution in the next year ₹354.75 Lakh (Previous year ₹ 293.92 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)              | (264.87)                   | 307.62                 |
| Future salary appreciation (1% movement) | 303.88                     | (266.67)               |
| Attrition rate (1% movement)             | (11.62)                    | 12.36                  |

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 31 : Earnings Per Share:

| Particulars   | Year ended<br>31st March, 2021 | Year ended<br>31st March, 2020 |
|---|--------------------------------|--------------------------------|
| Profit for the year attributable to the equity shareholders (₹ in Lakh) | 18,856.45                      | 12,476.21                      |
| Weighted average Number of equity shares during the year                | 40,000,000                     | 40,000,000                     |
| Basic and Diluted Earnings per Share (₹)*                               | 47.14                          | 31.19                          |
| 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 32 : Investor Protection Fund (IPF):

**32.1** 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 period ended 31st March, 2021 works out to ₹ 883.55 Lakh (Previous year ₹ 518.53 Lakh), being 5% of the profits from depository operations of the Holding Company before tax for the year available after making such contribution.

**32.2** 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 Holding Company created irrevocable Trust 'National Securities Depository Limited Investor Protection Fund Trust' (NSDL IPF Trust). The Holding Company transferred ₹ 518.83 Lakh (Previous year ₹ 622.68 Lakh) to NSDL IPF Trust for the period ended 31st March, 2021. The amount as at 31st March, 2021 includes contribution to IPF for the year ended 31st March, 2021, and other amounts recovered from depository participants as required by the guidelines.

### 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 Holding Company has set aside ₹ 514.97 Lakh (Previous year ₹ 453.00 Lakh) being 20% of incremental revenue on issuer income for the year ended March 31, 2021.

(₹ in Lakh)

| Particulars            | As at 31st March, 2021 | As at 31st March, 2020 |
|------------------------|------------------------|------------------------|
| Opening Balance        | 1,893.51               | 1,440.51               |
| Addition               | 514.97                 | 453.00                 |
| Payment/ Utilisation   | (578.07)               | -                      |
| <b>Closing Balance</b> | <b>1,830.41</b>        | <b>1,893.51</b>        |

### Note 34 : Expenses towards Corporate Social Responsibility:

(₹ in Lakh)

| Sr. No. | Particulars  | Year ended 31st March, 2021 | Year ended 31st March, 2020 |
|---------|--|-----------------------------|-----------------------------|
| a)      | Gross amount required to be spent by the Group entities during the year. | 322.47                      | 301.35                      |
| b)      | Amount spent during the period on:                                       | 322.83                      | 301.71                      |

(₹ in Lakh)

| Sr. No. | Particulars                           | As at March 31, 2021      |                 |        |
|---------|---------------------------------------|---------------------------|-----------------|--------|
|         |                                       | In Cash/ Cheque/ Transfer | Yet to be spent | Total  |
| (i)     | Construction/acquisition of any asset | -                         | -               | -      |
| (ii)    | On purposes other than (i) above      | 322.83                    | -               | 322.83 |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 34 : Expenses towards Corporate Social Responsibility: (contd.)

(₹ in Lakh)

| Sr. No. | Particulars                           | As at March 31, 2020      |                 |        |
|---------|---------------------------------------|---------------------------|-----------------|--------|
|         |                                       | In Cash/ Cheque/ Transfer | Yet to be spent | Total  |
| (i)     | Construction/acquisition of any asset | -                         | -               | -      |
| (ii)    | On purposes other than (i) above      | 190.23                    | 111.48          | 301.71 |

### Note 35 : Fair Value Measurement:

(₹ in Lakh)

| Particulars                        | As at 31st March, 2021 | As at 31st March, 2020 |
|------------------------------------|------------------------|------------------------|
| <b>Financial Assets</b>            |                        |                        |
| <b>a) Amortised Cost</b>           |                        |                        |
| Investments in debt instrument     | 52,452.15              | 51,054.35              |
| Trade receivables                  | 10,879.71              | 8,128.02               |
| Cash and cash equivalents          | 8,112.56               | 2,913.82               |
| Other bank balances                | 30,277.57              | 7,422.88               |
| Other financial assets             | 15,334.53              | 1,423.31               |
|                                    | <b>117,056.52</b>      | <b>70,942.38</b>       |
| <b>b) FVTPL</b>                    |                        |                        |
| Investment in mutual funds         | 18,759.48              | 24,332.33              |
| Investment in Exchange traded Fund | 1,629.05               | 1,023.53               |
|                                    | <b>20,388.53</b>       | <b>25,355.86</b>       |
| <b>Total</b>                       | <b>137,445.05</b>      | <b>96,298.24</b>       |
| <b>Financial Liabilities</b>       |                        |                        |
| <b>a) Amortised Cost</b>           |                        |                        |
| Trade payables                     | 3,414.08               | 2,668.53               |
| Lease liability                    | 930.98                 | 1,214.28               |
| Other financial liabilities        | 23,510.65              | 8,097.07               |
| <b>Total</b>                       | <b>27,855.71</b>       | <b>11,979.88</b>       |

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 35 : Fair Value Measurement: (contd.)

Fair value hierarchy of financial assets and financial liabilities measured at amortised cost:

(₹ in Lakh)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2021 | Fair value        | Carrying value    | Fair value hierarchy |
|--|-------------------|-------------------|----------------------|
| <b>Financial Assets</b>  |                   |                   |                      |
| Investments in debt instrument   | 54,350.21         | 52,452.15         | Level 2              |
| Trade receivables  | 10,879.71         | 10,879.71         | Level 3              |
| Cash and cash equivalents  | 8,112.56          | 8,112.56          | Level 3              |
| Other bank balances  | 30,277.57         | 30,277.57         | Level 3              |
| Other financial assets   | 15,334.53         | 15,334.53         | Level 3              |
| <b>Total</b>   | <b>118,954.58</b> | <b>117,056.52</b> |                      |
| <b>Financial Liabilities</b>   |                   |                   |                      |
| Trade payables   | 3,414.08          | 3,414.08          | Level 3              |
| Lease liability  | 930.98            | 930.98            | Level 3              |
| Other financial liabilities  | 23,510.65         | 23,510.65         | Level 3              |
| <b>Total</b>   | <b>27,855.71</b>  | <b>27,855.71</b>  |                      |

Fair value hierarchy of financial assets and financial liabilities measured at amortised cost:

(₹ in Lakh)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2020 | Fair value       | Carrying value   | Fair value hierarchy |
|--|------------------|------------------|----------------------|
| <b>Financial Assets</b>  |                  |                  |                      |
| Investments in debt instrument   | 54,190.33        | 51,054.35        | Level 2              |
| Trade receivables  | 8,128.02         | 8,128.02         | Level 3              |
| Cash and cash equivalents  | 2,913.82         | 2,913.82         | Level 3              |
| Other bank balances  | 7,422.88         | 7,422.88         | Level 3              |
| Other financial assets   | 1,423.31         | 1,423.31         | Level 3              |
| <b>Total</b>   | <b>74,078.36</b> | <b>70,942.38</b> |                      |
| <b>Financial Liabilities</b>   |                  |                  |                      |
| Trade payables   | 2,668.53         | 2,668.53         | Level 3              |
| Lease liability  | 1,214.28         | 1,214.28         | Level 3              |
| Other financial liabilities  | 8,097.07         | 8,097.07         | Level 3              |
| <b>Total</b>   | <b>11,979.88</b> | <b>11,979.88</b> |                      |

### Note 36 : 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 36 : Financial Instruments: (contd.)

#### 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.

#### (c) Market Risk

Market Risk is the risk that the value of on and off-balance sheet positions of a Group will be adversely affected by movements in market rates or prices such as interest rates, prices resulting in a loss to earnings and capital.

The Group may be exposed to Market Risk in different ways. The market risk is potential for loss resulting from adverse movement in market risk factors such as interest rates and prices. The Company's exposure to market risk is primarily on account of interest rate risk, price risk. All investment in Debentures and Bonds are at fixed rate of Interest and does not have material interest rate risks.

The Group's exposure to assets having price risk is as under:-

(₹ in Lakh)

| Particulars          | As at 31st March, 2021 | As at 31st March, 2020 |
|----------------------|------------------------|------------------------|
| Mutual Fund          | 18,759.48              | 24,332.33              |
| Exchange traded Fund | 1,629.05               | 1,023.53               |
| <b>Total</b>         | <b>20,388.53</b>       | <b>25,355.86</b>       |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 36 : Financial Instruments: (contd.)

#### Sensitivity

The table below summarises the impact of increases/ decreases of the Price on profit for the period. The analysis is based on the assumption that the instrument index has increased/ decreased by 5% with all other variables held constant.

(₹ in Lakh)

| Particulars    | Impact on profit after tax |            | Impact on other components of equity |            |
|----------------|----------------------------|------------|--------------------------------------|------------|
|                | FY 2020-21                 | FY 2019-20 | FY 2020-21                           | FY 2019-20 |
| Increase by 5% | 1,019.43                   | 1,267.79   | -                                    | -          |
| Decrease by 5% | (1,019.43)                 | (1,267.79) | -                                    | -          |

### Note 37 : 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 31st March, 2021 | Year ended 31st March, 2020 |
|--|-----------------------------|-----------------------------|
| <b>Profit Before Tax from Continuing Operations</b>                      | <b>24,658.15</b>            | <b>16,221.36</b>            |
| Corporate tax expense rate   | 25.17%                      | 25.17%                      |
| Tax on accounting profit   | 6,675.63                    | 4,442.17                    |
| Effect of income that is exempt from taxation                            | (848.58)                    | (849.05)                    |
| Effect of expenses that are not deductible in determining taxable profit | 321.50                      | 283.26                      |
| Effect of different tax rates for capital gain on investments            | -                           | (175.61)                    |
| Effect of tax on unrealised gains on investment                          | (366.65)                    | -                           |
| Effect on deferred tax due to change in Income tax rate                  | -                           | 53.17                       |
| Others   | (19.80)                     | (8.79)                      |
| <b>Income Tax Expense recognised in Statement of Profit and Loss</b>     | <b>5,801.70</b>             | <b>3,745.15</b>             |

### Note 38 : Additional information pursuant to para 2 of general instructions for the preparations of Consolidated Financial Statements:

(₹ in Lakh)

| Name of Entity in the Group            | Net Assets<br>(Total Assets less Total Liabilities) |                   | Share in Profit or Loss             |                  | Share in Other Comprehensive Income             |               | Share in Total Comprehensive Income             |                  |
|--|---|-------------------|-------------------------------------|------------------|---|---------------|---|------------------|
|  | As % of Consolidated Net Assets                     | Amount            | As % of Consolidated Profit or Loss | Amount           | As % of Consolidated Other Comprehensive Income | Amount        | As % of Consolidated Total Comprehensive Income | Amount           |
| National Securities Depository Limited | 68.34%  | 69,655.13         | 89.71%                              | 16,915.95        | 3121.55%  | 36.21         | 89.91%  | 16,952.16        |
| NSDL Database Management Limited       | 17.63%  | 17,974.02         | 17.08%                              | 3,220.19         | (2884.48%)                                      | (33.46)       | 16.90%  | 3,186.73         |
| <b>NSDL Payments Bank Limited</b>      | 14.03%  | 14,300.38         | (6.79%)                             | (1,279.69)       | (337.07%)                                       | (3.91)        | (6.81%)   | (1,283.60)       |
| <b>Total</b>                           | <b>100.00%</b>                                      | <b>101,929.53</b> | <b>100.00%</b>                      | <b>18,856.45</b> | <b>100.00%</b>                                  | <b>(1.16)</b> | <b>100.00%</b>                                  | <b>18,855.29</b> |





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

**Note 39 :** The Code on wages 2019 and Code on Social Security, 2020 ("the Codes") relating to employee compensation and post-employment benefits that received Presidential assent have not been notified further the related rules for quantifying the financial impact have not been notified. The Company will assess the impact of the Codes when the rules are notified and will record any related impact in the period the Code becomes effective.

**Note 40 :** The outbreak of COVID-19 pandemic across the globe and in India including the recent second wave has contributed to a significant volatility in the global and Indian financial markets and slowdown in the economic activities. The Government of India / State government have introduced a variety of measures to contain the spread of the virus including countrywide / statewide lockdown for a specified period. The Holding Company being Depository was allowed to operate during such specified period. In assessing the impact of COVID-19 pandemic on recoverability of its assets, the Group has considered internal and external sources of information, economic forecasts and industry reports up-to the date of approval of these financial statements. Based on current indicators of future economic conditions, the Group is of the view that impact of COVID-19 pandemic is not likely to be material. The Group will continue to monitor any material changes to the future economic conditions.

**Note 41 :** Previous year's figures have been regrouped and reclassified wherever necessary.

For and on behalf of the Board of Directors

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

Sd/-  
**Nikhil Arya**  
Company Secretary  
A42548

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

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

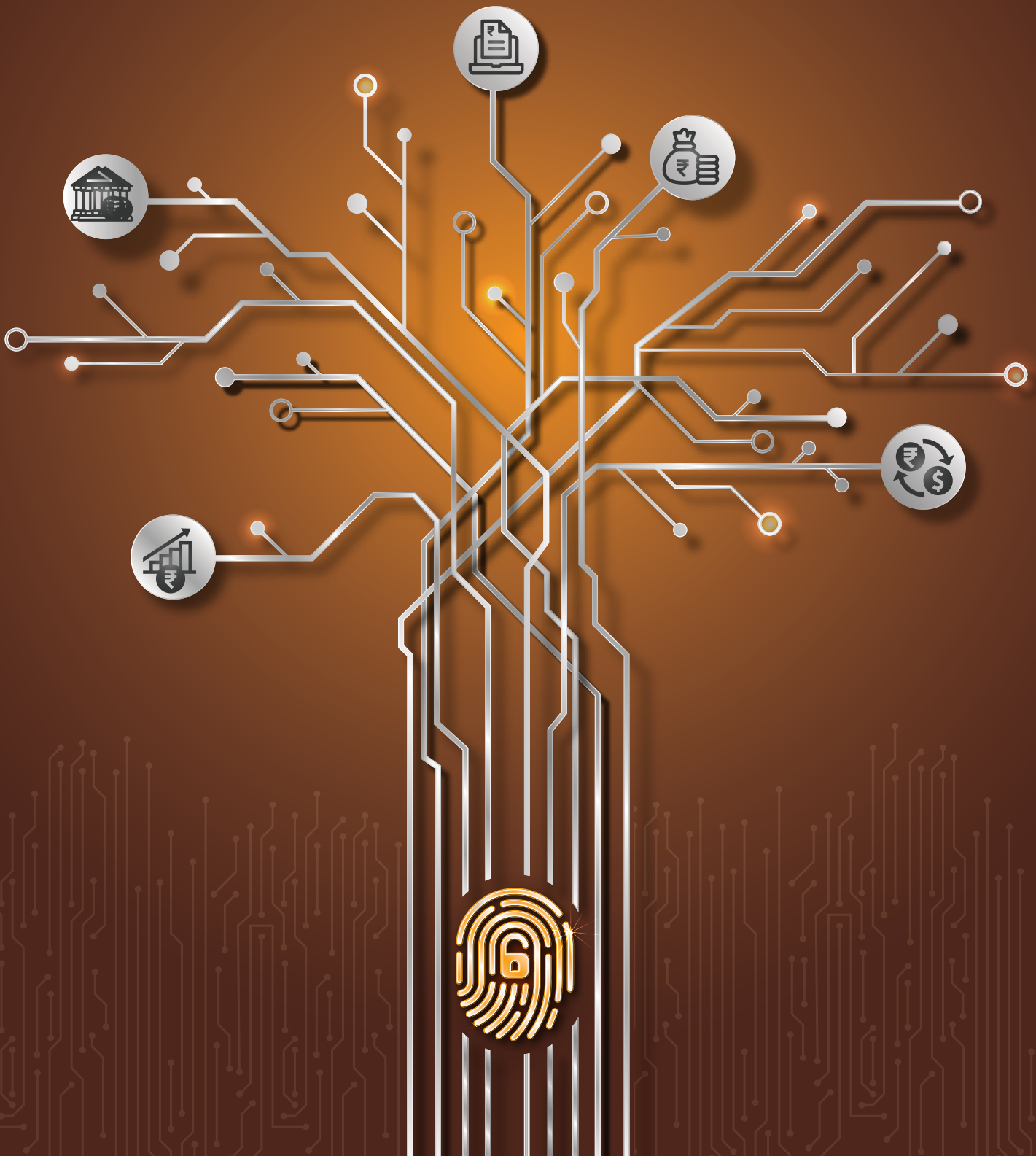
Place : Mumbai  
Date : 8<sup>th</sup> June, 2021



**NSDL**

Technology, Trust & Reach

# NSDL DATABASE MANAGEMENT LIMITED





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## SEZ

NSDL Database Management Limited has developed SEZ Online service as per the directive of Department of Commerce; Ministry of Commerce & 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. The system facilitates Uniform Validations and Processes across all Zones / Units with completely Electronic filing & processing of transactions. System ushers in an age of transparency, efficiency and automation in SEZ eco-system. The system reduces the need for manual interface not only with the Office of SEZ Administration but also with other eco-system participants such as Ports, RBI, Authorized Dealers, GST Officers, DGFT etc.

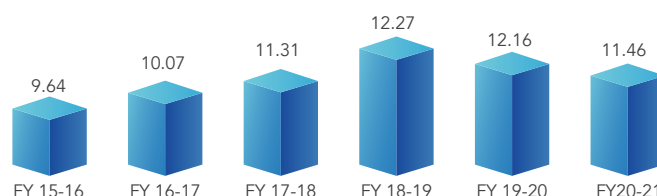
SEZ Online has completed its first decade of successfully operations. With the support and co-operation of Ministry of Commerce & Industry, Development Commissioner Offices, Specified Officers, SEZ Developers and Units, the system has been fully implemented across all SEZs and supports more than 50 different types of transactions / approvals. The system also maintains various kinds of reports to support the users with their activities, compliances, monitoring and also analysis.

As on March 31, 2021, 6594 SEZ Units and 455 SEZ Developers / Co-Developers are registered on SEZ Online system.

Various important facilities and modules including "Online Duty Payment", "Integration of GST data", "DTA Services Procurement Form", "Bond Ledger Maintenance", "Risk Management System" were implemented during FY 2020-21. MOCI had also taken-up ambitious project of reducing compliance burden for SEZ Constituents across various transactions / approvals. SEZ Online system supported this initiative by developing required features / changes.

### SEZ Online transaction Volumes for Six Years

(Figures in Lakh)





## KYC Registration Agency (KRA)

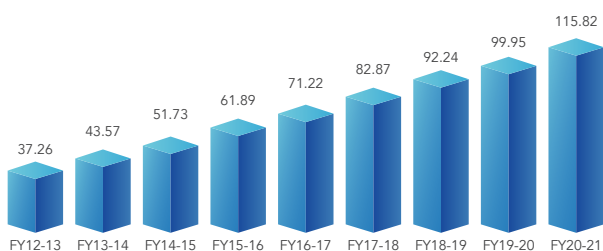
Your company is registered with Securities & Exchange Board of India (SEBI) as KYC Registration Agency. With a view to bring uniformity in the KYC requirements in the securities markets, SEBI has stipulated uniform KYC requirements to be effected by all SEBI registered market intermediaries for their 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, 2021, total 1395 SEBI registered market intermediaries are registered with NDML KRA. NDML continues to expand the service interface and user facilitation mechanism so as to make it extremely convenient to use and avail NDML KRA services. During 2020-21, NDML also has also implemented "Cyber Security Guidelines" provided by SEBI so as to further enhance security of information and transactions. NDML has also achieved ISO 27001 Certification for NDML KRA operators.

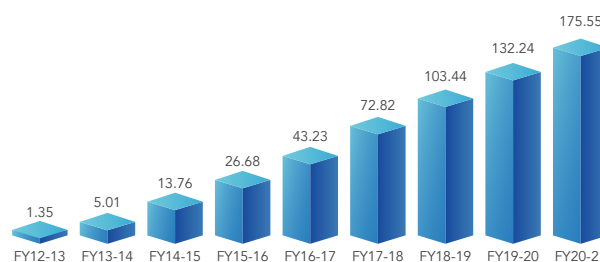
### Progress of KYC Records Uploaded to NDML KRA

Cumulative KYC Upload (in Lakh)



### Progress of KYC Records Downloaded from NDML KRA

Cumulative KYC Upload (in Lakh)







## National Skills Registry (NSR)

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 also places the industry before its clients in a higher league where not only quality and cost but also security is of paramount importance.

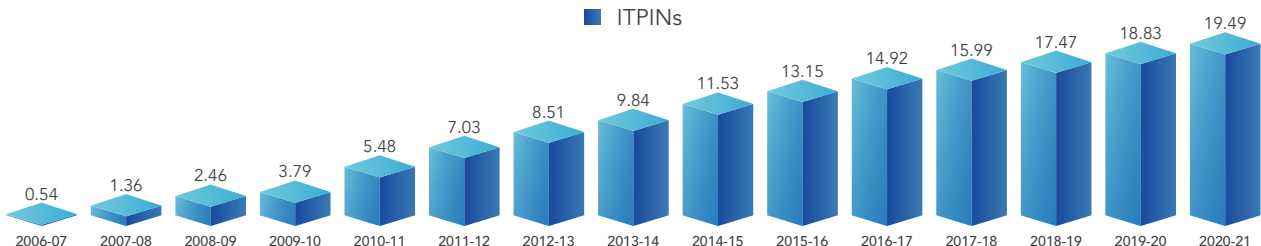
As on March 31, 2021, 262 companies have joined NSR as subscribers for using its services. 19 entities have been empanelled on NSR system for providing background checking services to NSR subscriber companies and registered professionals. Many large sized companies have implemented NSR and made NSR registration a part of the joining / HR process. During the year 2020-21, in order to support the companies with NSR registration process for their employees, NSR has adopted a completely online method of employee registration and KYC which is based on robust Aadhaar XML and Video KYC.

19.49 Lakh Knowledge Professionals have registered on NSR and have been allotted ITPIN. 69,518 Knowledge Professionals completed their biometric registration in the financial year 2020-21

### Details of NSR Registrations from 2006-07 to 2020-21

(Figures in Lakh)

■ ITPINs



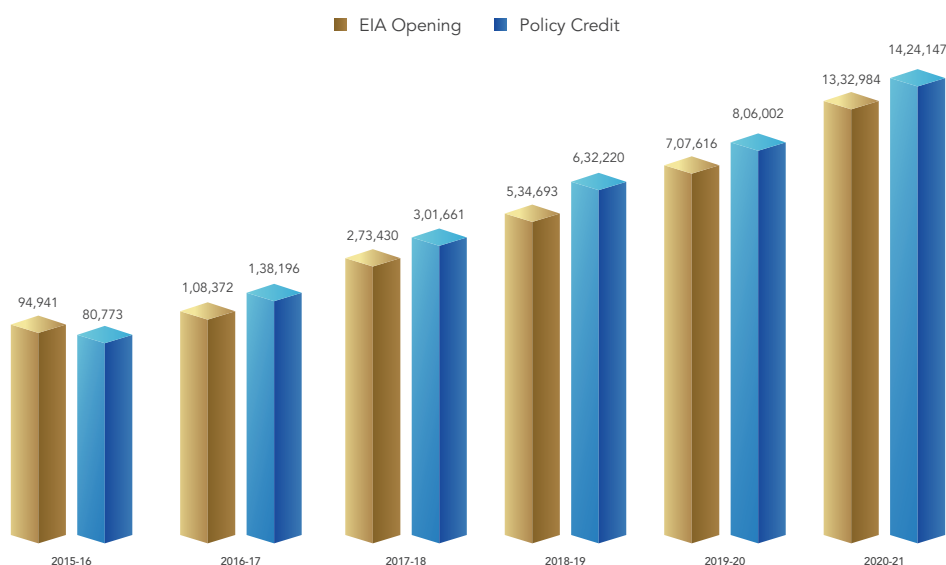




## National Insurance Repository (NIR)

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).

NDML NIR has become a preferred choice for various large insurance companies as well as for the policy holders. NIR is providing its services across the spectrum of all insurance products. NIR has signed agreements with 21 Life Insurance Companies and 21 General Insurance Companies to facilitate issuance of policies in electronic form. NIR has launched various key initiatives during 2020-21 such as Mobile App, eIA for customers of Motor Insurance Policies, Aadhaar XML based eIA, Corporate eIA, OTP based log-in approach for customers etc. NIR has also launched communication and awareness initiatives to help the customers with information on insurance services and how to use eIA in an effective manner.



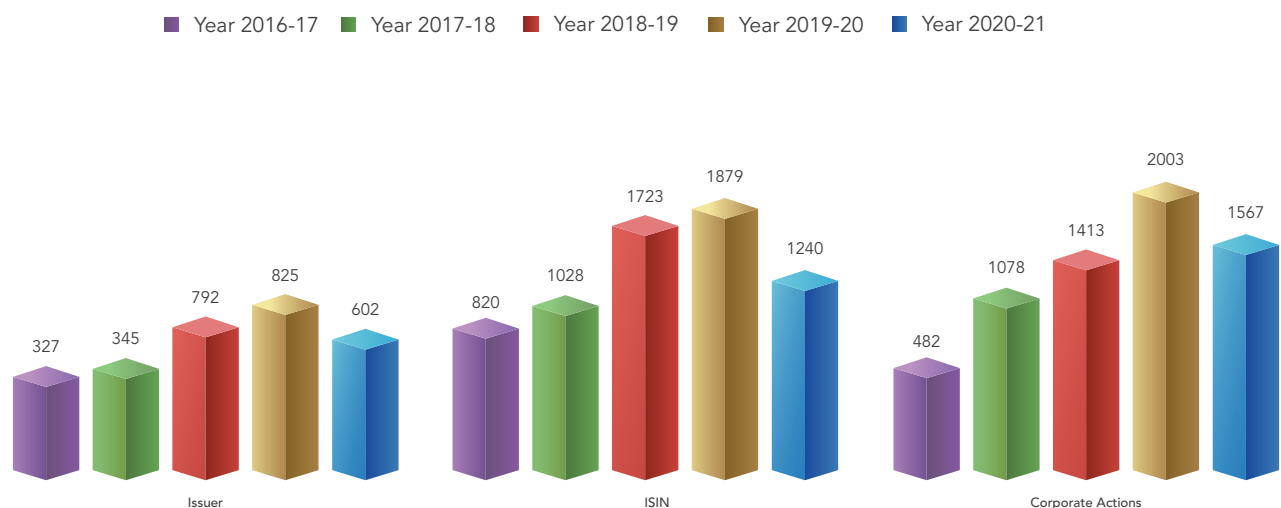


## Registrar and Transfer Agent (RTA)

Your company is registered with SEBI to carry on activities as a Category I – Registrar to an Issue and Share Transfer Agent. Accordingly, the Company has set-up RTA services and commenced operations since 2016.

NDML is offering its RTA services to Issuers of various types of securities since June 2016 including equities and debt instruments such as Commercial Paper, Certificate of Deposit, Debentures, Securitised instruments etc. NDML RTA is also supporting as “Limited Purpose Depository” for Stamp Duty handling for “Alternate Investment Funds”. NDML RTA division has developed state of the art, RTA application software and IPO processing software using robust technology and modern interface to support compliant, efficient and well audited operations. NDML RTA processes are certified for information security compliances with ISO 27001 Certification.

### Progress of NDML RTA Division





## Instigo

NDML has deep engagement with Capital Market intermediaries as part of its KRA operations. To further deepen this engagement and support the market intermediaries with on-boarding new clients in a completely online manner, in 2020-21 NDML has developed a Digital Account Opening Solution – “Instigo”- for facilitating the SEBI Registered Intermediaries (SRIs) to open digital accounts online to on-board clients and perform online KYC without requiring physical interaction.

Instigo is an integrated service that enables the clients of the intermediaries to perform KYC in an online manner using various modes of online KYC available such as Aadhaar XML, Video KYC, DigiLocker, KRA etc. The application, apart from providing seamless Bank Verification service & e-Sign service also helps the intermediaries interface with exchanges, depositories, CERSAI, KRA and back-office systems. The system is designed so as to be compliant with SEBI regulations for KYC and account opening. Instigo is poised to cater to the growing requirement of Trading, Demat, PMS, Custodians, AMCs, Mutual Fund distribution, Banking and AIF which are expected for an exponential growth in coming years.

As on March 31, 2021, there are 80 SEBI Registered Intermediaries have consented to avail services through Instigo application.



## National Payment Services Platform (PayGov)

Ministry of Electronics & Information Technology (MeitY), Government of India (GoI) under its National e-Governance Plan (NeGP) has engaged NDML 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, NEFT/RTGS 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 & also issued an advisory in this regard. PayGov is currently connected with 302 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 2020-21 PayGov has processed 180 lakh (approx.) online payment transactions. PayGov looks forward to expanding the coverage of its services to various citizen service initiatives. NDML has also established SurePay as a payment platform and is supporting few merchants with online payment collection facility. This is being further strengthened by developing innovative solutions and direct interface with merchants and banks.





## Online eKYC services- KYC User Agency (KUA)

Ministry of Finance had issued the Gazette Notification for enabling access to Aadhaar based e-KYC for capital market participants by authorizing key Market Infrastructure Institutions to act as KYC User Agency (KUA). NDML has obtained a license from UIDAI to function as a KUA.

### **Access to eKYC by SEBI Registered Intermediaries through NDML KUA**

Majority of SEBI Registered Intermediaries (SRIs) have approached NDML & consented to avail eKYC services from NDML KUA. Further procedural guidelines/directions are awaited from UIDAI and SEBI w.r.t. performing eKYC through Aadhar. Once such guidelines are in place NDML would facilitate the intermediaries to complete the necessary integrations with NDML KUA and avail OTP / Biometric based AADHAAR eKYC services.

## 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. MADHUSUDHAN ML**  
 Managing Director &  
 CEO



**MR. SAMAR BANWAT**  
 Director





## Our Team



**MR. VIJAY GUPTA**  
Senior Vice President



**MR. MADHUSUDHAN ML**  
Managing Director & CEO



**MS. HARSHADA CHAVAN**  
Senior Vice President



**MR. HAMID ARIF**  
Assistant Vice President



**MR. RAJESH KUMAR S**  
Vice President



**MS. VAISHALI VAIDYA**  
Chief Financial Officer

### Auditors

**Statutory Auditors**  
**M/s. Khandelwal Jain & Co.**  
Chartered Accountants  
12-B, 5th Floor, Baldota Bhavan,  
M. Karve Road, Churchgate,  
Mumbai - 400 020

**Internal Auditors**  
**M/s. Aneja Associates**  
Chartered Accountants  
301, Peninsula Towers,  
Peninsula Corporate Park,  
Ganpatrao Kadam Marg,  
Lower Parel, Mumbai - 400013

**M/s. Mahajan & Aibara (FY 2021-22)**  
Chartered Accountants  
B-Wing, 2nd Floor  
Mafatlal Chambers, N. M. Joshi Marg,  
Lower Parel (East), Mumbai - 400 013

### Secretarial Auditor

**Mr. Ashish Garg**  
Practicing Company Secretary  
107, Gold Arcade, 3/1, New Palasia,  
Opp. Curewell Hospital  
Indore (MP) - 452 003

### Bankers

Citibank N.A.  
Corporation Bank Limited  
HDFC Bank Limited  
ICICI Bank Limited  
IDBI Bank Limited  
Axis Bank Limited  
NSDL Payment Bank Limited  
Kotak Mahindra Bank  
State Bank of India

### Chief Financial Officer

Ms. Vaishali Vaidya

### Company Secretary

Mr. Nikhil Arya

### Registered Office

4th Floor, 'A' Wing,  
Trade World,  
Kamala Mills Compound,  
Senapati Bapat Marg,  
Lower Parel (West), 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 Seventeenth Annual General Meeting of the Members of NSDL Database Management Limited will be held on Tuesday, September 28, 2021 at 11:30 a.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following business:

### ORDINARY BUSINESS:

**1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2021, 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.**

**2. To declare final dividend on equity shares for the financial year ended March 31, 2021.**

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

**"RESOLVED THAT** final dividend at the rate of ₹1.5 per share on the equity capital of the Company for the year ended March 31, 2021 be paid to those shareholders whose names appear on the register of members, as on record date."

**3. To appoint a Director in place of Mr. Samar Banwat (DIN: 07521003), who retires by rotation and being eligible, offers himself for re-appointment.**

To consider and, if thought fit, to pass, with or without modification(s), 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 Company be and is hereby accorded for re-appointment of Mr. Samar Banwat (DIN:07521003) as a Director."

**By Order of the Board of Directors  
For NSDL Database Management Limited**

### Registered Office:

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

Sd/-  
**Nikhil Arya**  
Company Secretary  
Membership No. A42548

Date : August 10, 2021

Place : Mumbai



#### NOTES:

1. In accordance with, the General Circular No. 20/2020 dated May 5, 2020 and General Circular No. 2/ 2021 dated January 13, 2021 has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2021. In accordance with the said circulars of MCA and applicable provisions of the Act, the 17th AGM of the Company shall be conducted through VC / OAVM.
2. As the AGM shall be conducted through VC / OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice. The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company located at 4th Floor, "A" Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400 013, which shall be the deemed venue of the AGM.
3. Members (Institutional / Corporate Shareholders) are requested to send a scanned copy (PDF / JPEG format) of the Board Resolution authorising its representative(s) to attend the AGM through VC/ OAVM and to vote in its behalf, pursuant to Section 113 of the Act, at [nikhila@nsdl.co.in](mailto:nikhila@nsdl.co.in)

#### ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT:

4. In accordance with, the General Circular No. 20/2020 dated May 5, 2020 issued by MCA, owing to the difficulties involved in dispatching physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
5. Members holding shares in dematerialised mode are requested to register/update their email addresses with the relevant Depository Participants. In case of any queries /difficulties in registering the e-mail address, Members may write to the Company Secretary at [nikhila@nsdl.co.in](mailto:nikhila@nsdl.co.in)
6. The Notice of AGM along with Annual Report for the financial year 2020-21, is available on the website of the Company at [www.ndml.in](http://www.ndml.in)

#### PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:

7. Members will be able to attend the 17th AGM through VC/OAVM Facility. For this purpose, please download BlueJeans app from Google Play Store/iOS App store or from this link <https://www.bluejeans.com/downloads>. Post installation of BlueJeans app on your device, please use this link <https://bluejeans.com/7863494611/4588> to join the said meeting.
8. For convenience of the Members and proper conduct of AGM, Members can login and join at least 30 (thirty) minutes before the time scheduled for the AGM and shall be kept open throughout the proceedings of AGM.
9. Members who need assistance with the use of technology for joining the AGM through VC/OAVM can contact the Company Secretary at the below mentioned details:  
  
Mr. Nikhil Arya  
Company Secretary  
Mobile no : +919766661056  
Email id: [nikhila@nsdl.co.in](mailto:nikhila@nsdl.co.in)
10. Please note that the participants connecting from Mobile devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
11. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

#### PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS WITH RESPECT TO ANNUAL REPORT:

12. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings at the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, email ID, mobile number to the Company Secretary at [nikhila@nsdl.co.in](mailto:nikhila@nsdl.co.in). Queries, if any received by the Company till 5.00 p.m. on September 27, 2021 shall only be considered and responded during the AGM.
13. Members who would like to express their views or

ask questions during the AGM may raise their hands as per the functionality available on the BlueJeans VC application, however the Company reserves the right to restrict the number of questions and number speakers, as appropriate for smooth conduct of the AGM.

#### GENERAL INFORMATION:

14. The voting rights shall be as per the number of equity shares held by the Member(s) as on AGM date, being the cut-off date.
15. During the AGM, the Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act shall be available for inspection, on request.
16. The Board of Directors has recommended final dividend of ₹ 1.5 per Equity Share for the Financial Year ended March 31, 2021 subject to approval of shareholders at the AGM.
17. If Dividend on Equity Shares, as recommended by the Board, is declared at the AGM, it will be paid within

30 days from the date of declaration to all Beneficial Owners/ Members in respect of shares held and whose names are on the Company's Register of Members.

18. 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, 2021.
19. As per the Finance Act 2020, dividend income is taxable in the hands of shareholders w.e.f. April 1, 2020 at applicable rates and as such the Company is not required to pay any Dividend Distribution Tax.
20. 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 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.
21. To support 'Green Initiative', Members who are holding shares in physical forms are requested to register their email address with the Company.

**By Order of the Board of Directors  
For NSDL Database Management Limited**

#### Registered Office:

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

Sd/-  
**Nikhil Arya**  
Company Secretary  
Membership No. A42548

Date : August 10, 2021  
Place : Mumbai



## Other Disclosure relating to Directors seeking appointment/re-appointments pursuant to Clause 1.2.5 of Secretarial Standards-2 on General Meetings

| Name of Director   | Mr. Samar Banwat   |
|--|--|
| Category   | Director   |
| Date of Birth/Age  | February 25, 1972/ 49 Years  |
| Qualifications   | Chartered Accountant and Cost Accountant   |
| Experience   | He has nearly 24 years of experience in capital markets. He is an Executive Director in NSDL since April 2019. He is responsible for business development, products, regulatory compliance and operations. Mr. Banwat, a Chartered Accountant and a Cost Accountant, has been with NSDL since its inception i.e. 1996. In his career, he has handled several responsibilities across various departments in various roles within the business operations. He has been innovative and results driven leader focused on achieving exceptional results in challenging environments that demands continuous improvement. Experienced in driving product, process and customer service improvements while building partnership with key business decision makers. Exceptionally organized and disciplined; possess well developed inter personal skills and the ability to motivate and direct others in a supportive, cooperative team environment. He has contributed immensely in policy making and is a part of various working groups and committees formed by SEBI, the market regulator, as well as at international levels. |
| Terms & Conditions appointment or reappointment  | Non-Executive and Non-Independent Director, liable to retire by rotation.  |
| Remuneration Details   | NIL  |
| Date of first appointment on the Board   | August 07, 2020  |
| Shareholding in the Company  | 10 Shares<br>(Nominee of NSDL) jointly with NSDL   |
| Relationship with other Directors, Manager and other Key Managerial Personnel of the Company | None   |
| Number of Board Meeting attended during the year 2020-21                                     | Three  |
| List of other Directorship held  | India International Bullion Holding IFSC Limited   |
| Chairman/Member of the Committees of Board of other Companies                                | N.A.   |
| Chairman/Member of the Committees of Board of the Company                                    | N.A.   |

## DIRECTORS' REPORT

### for the Year ended 31st March, 2021

#### To the Members,

Your Directors are pleased to present the Seventeenth Annual Report and the Company's Audited Financial Statements for the Financial Year (FY) ended March 31, 2021.

#### FINANCIAL HIGHLIGHTS

The financial performance of the Company for FY 2020-21 is summarised in the following table:

(₹ in Lakh)

| Particulars  | March 31, 2021  | March 31, 2020  |
|--|-----------------|-----------------|
| Income from Operations   | 6,859.78        | 7,056.87        |
| Other Income   | 1,246.71        | 1,332.47        |
| <b>Total Income</b>  | <b>8,106.49</b> | <b>8,389.34</b> |
| Expenditure  | 3,861.85        | 4,218.49        |
| <b>Profit (Loss) before depreciation &amp; prior-period adjustment</b> | <b>4,244.64</b> | <b>4,170.85</b> |
| Depreciation   | 338.51          | 303.20          |
| <b>Profit (Loss) before Tax</b>  | <b>3,906.13</b> | <b>3,867.65</b> |
| Provision for Deferred Tax   | (66.85)         | 68.11           |
| Provision for Tax for earlier year                                     | 2.94            | -               |
| Provision for Tax  | 863.00          | 737.00          |
| <b>Profit after Tax</b>  | <b>3,107.04</b> | <b>3,062.54</b> |
| <b>Total Comprehensive Income</b>                                      | <b>3,073.58</b> | <b>3,087.09</b> |
| Balance brought forward from previous year                             | 11,537.85       | 8,450.76        |
| Dividend paid  | (610.50)        | -               |
| Profit / (Loss) carried to the Balance Sheet                           | 14,000.93       | 11,537.85       |

#### OVERVIEW OF COMPANY AFFAIRS

During FY 2020-21 the Company operated under the overall impact of Covid 19 pandemic. Various segments under which the Company operates were impacted partially by lock-down, social distancing and overall economic slowdown. The Company managed to operate its functions at full capacity during these conditions. The Company also developed operating and engagement models to assist the customers with models and features to perform their functions in a convenient manner and use NDML services. 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. The Company is also working on expanding its products portfolio to offer newer services to existing and new market segments. This would create further diversification in business and revenue lines for the Company in the next few years.

During the year, your Company achieved a top line of ₹8,106.49 Lakh resulting in a total comprehensive income of ₹3,073.58 Lakh. The Company has achieved an operating profit of ₹2,659.42 Lakh. The revenue expenditure for the year was ₹4,200.36 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 2020-2021, your Company has worked towards expanding capabilities, skills and domain expertise in various product segments and has also focused on achieving higher operational and technical scale combined with excellence in the existing projects. Your Company has built capability and reputation in developing and operating products that offer the opportunity for delivering benefits of automation and process simplification to large user groups and are well managed, secure and compliant. 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 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), NSDL National Insurance Repository (NIR) (started in August 2013), Registrar and Transfer Agent (RTA) (started in May 2016) and Instigo (started in July 2020).

Your Company continues to engage with industry, regulators and government departments for opportunities for assisting in digitisation and process automation projects that can assist the citizens and policy makers using the technology capabilities of the Company.

#### DIVIDEND

The Board of Directors of your Company is pleased to recommend a dividend of ₹1.50 per equity share of the face value of ₹10/- each (i.e.15%) for FY 2020-21 for consideration at the ensuing Annual General Meeting on 6,10,50,000 equity shares.

The total sum of dividend, if approved, would result in cash outflow of ₹915.75 Lakh.





## 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 has become or ceased to be a Subsidiary, Joint Venture (JV) and Associate Company of your Company. As on March 31, 2021, your Company does not have any Subsidiary, JV or Associate Company.

## BUSINESS UPDATE

### 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 results in a better industry environment such that each employee is registered on a central system, defined and useful information is available, identity checks are done and pre-verified information relating to education and experience is available. This will boost the confidence of the companies in hiring employees coming from within the industry and also reduce the cost and time involved in the background check process. As the industry sources its business from off-shore clients, having authenticated information of ITeS personnel also 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, 2021, 262 companies have joined NSR as "Subscriber" companies. These companies participate in NSR system by registering employees as well as by accessing information of registered professionals. These

companies 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 with registrations in NSR, suggests that the registration with NSR is in line with the hiring trend of the industry.

So far 19.49 lakh Knowledge Professionals have registered on NSR and have been allotted IT Professional Identification Number (ITPIN). 69,518 Knowledge Professionals completed their registration in the financial year 2020 – 21. In the beginning of 2020 on account of Covid 19 pandemic; NSR registrations were halted on account of social distancing norms and also work from home practices. On the recommendation of NASSCOM and NSR Steering Committee, NSR registration process for professionals was made online using secure facilities like Aadhaar XML KYC and Video KYC. In the new system also it was stipulated that NSR would ensure uniqueness of professional profiles by way of employing multiple deduplication processes. Upon implementation of these models, NSR registration numbers increased and started reaching pre-covid figures. Now with these two online KYC modes; NSR registration process for a professional has become completely online. Subsequent to this the NSR POS based biometric registration process has been withdrawn.

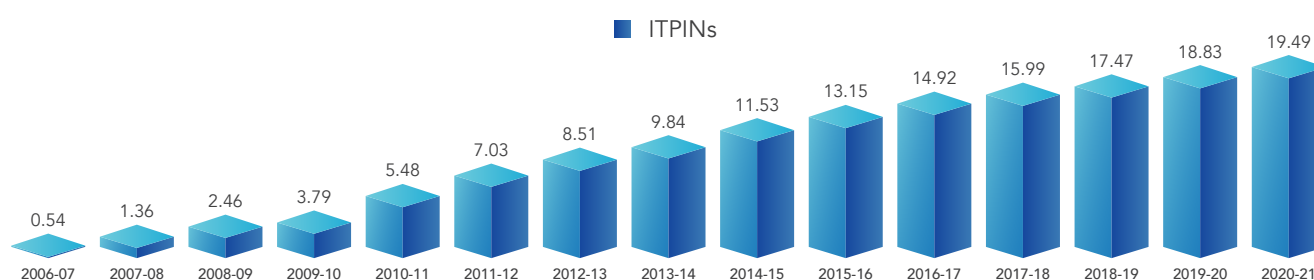
19 entities have been empaneled on NSR system for providing background checking services to NSR subscriber companies and registered professionals.

Details of NSR registrations at the end of each financial year are indicated below:

### SEZ Online Project

NDML has developed SEZ Online service as per the agreement with the Department of Commerce, Ministry of Commerce & Industry (MOCI). SEZ online is a nationwide integrated e-governance solution for facilitating the processing of various transactions of SEZ developers, Co-developers, Units with SEZ administration. The system facilitates Uniform Validations and Processes across all

**Details of NSR Registrations from 2006-07 to 2020-21**  
(Figures in Lakh)



Zones / Units, Electronic filing & processing, Transparency in Government transactions and Internet based Access and Use from Anywhere for Convenience.

SEZ Online has completed eleven years of successful operations. As on March 31, 2021:

- 6,000+ SEZ Units and 450+ SEZ Developers / Co-Developers are registered on SEZ Online system.
- During FY 2020-21, 300+ Units / Developers / Co-Developers got registered.

The system is successfully integrated with eco-system partners viz. ICEGATE, RBI, GSTN, DGFT, DGCI&S for facilitating seamless, secure and paperless transaction processing at various ends. The System also provides for comprehensive reports repository providing reporting services to MOCI, DC offices, Trade Associations and audit purposes to DRI, CAG, etc.

### KYC Registration Agency (KRA)

Your Company is registered with the 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 adopted 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 KRA is facilitating inquiry of KYC status and download of KYC information to intermediaries through various interfaces including Application Programming Interface (API). Your Company has also established connectivity with other KRAs thereby facilitating intermediaries registered with NDML KRA to download KYC information available with other KRAs.

New client onboarding is now supported with online KYC processes as per SEBI guidelines in this regard. NDML KRA has accordingly aligned its processes to support digital KYC records. NDML KRA has also complied with "Cyber Security" guidelines issued by SEBI. During the period of Covid 19 pandemic, even with the significant increase in transactions, NDML KRA was able to serve the market with efficient and low turn-around time and complete support.

As on March 31, 2021, NDML KRA supports 1395 SEBI registered market intermediaries and holds over 115 lakh KYC records.

### National 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) had 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, NEFT/RTGS, Wallets, etc.

MeitY had sent letters to all states and government departments to consider using PayGov platform for online payment services & also issued an advisory in this regard. PayGov is currently connected with more than 300 Government departments / Bodies / PSUs across various States and is facilitating settlement of treasury as well as non-treasury payments.

During the FY 2020-21 PayGov has processed 1.8 cr. online payment transactions. This includes support to merchants across Central Govt. Departments, State Government Departments, Quasi Govt. bodies, Public Sector Undertakings and also merchants in education and public service categories. The transaction types being supported include payment for service requests, tax payments, bill / fee payments, tender payments and purchase of products and services. PayGov services are already being used by departments / merchants across 30+ States / Union Territories in the country. PayGov looks forward to expanding the coverage of its services to various citizen service initiatives across different verticals. NDML has also further established its own payment platform i.e. SurePay. NDML is supporting various merchants with SurePay as well. SurePay is being further strengthened by developing innovative solutions and direct interface with merchants and banks. NDML SurePay platform has achieved ISO 27001 Certification for compliance with information security norms.

### 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). This process supplements the initiative to digitally process cheques and supports the CTS system with country-wide access to regional centres. NDML is supporting NPCI to manage P2F process in 154 cities across the country with suitable human resources and infrastructure.

### NSDL National Insurance Repository (NIR)

Insurance Regulatory and Development Authority of India (IRDAI) guidelines paved way for electronic issuance of insurance policies with guidelines and Regulations.



NDML is supporting the Regulator and the Insurers in serving the policy holders and their nominees with electronic policy records and services. NDML had received an approval from "IRDAI" for setting up Insurance Repository to facilitate holding of all types of insurance policies in electronic form in a single e-Insurance Account (eIA) and has named it NSDL NATIONAL INSURANCE REPOSITORY (NIR).

**Creating Value:** At NSDL NIR, we continuously work towards creating long term value for our insurance partners and policy holders at large. Our unparalleled reach along with solution capabilities enables us to serve the evolving needs of our customers across the insurance partners and policy holders, even in an extremely challenging environment during the pandemic.

Over last 15 months, there has been sharp uptake of digital technology across the industry, insurers are adopting to various digital tools to reach out to their customers and engage with them on the broader aspect with the help of these tools enabling them a complete digital experience across various stages customer life cycle.

NIR has played a pivotal role in conjunction with the insurers to enable digital issuance of policies and allowing customers to access and service the insurance policies digitally, leading to a win-win situation for insurers and policy holders alike. The policy issuance through NIR has been by far the best in past 5 years with NIR registering the highest ever policy issuance and increased participation from insurers. In these challenging times of pandemic, NIR has taken a leap and accentuated its efforts to ensure better customer engagement and service by helping insurance companies to issue policies in digital form on one hand and on other hand has helped customers to register and resolve policy servicing queries.

#### Business Update on NIR



- As on 31st Mar' 2021 Cumulative count of eIA stands at 31.21 lacs Cumulative count of policies with NIR stands at 34.61 lacs



- Increased participation & Engagement from insurance companies.
- 20 of 24 Life Insurance Companies
- 21 of 29 General Insurance Companies
- 4 of 5 Health Insurance Companies

#### Customer Experience Enhancements

NIR has always endeavored to provide & enhance the offerings to the eIA holders / policy holders so that they

can login to their e-Insurance Accounts anytime anywhere and can access the policy. NIR has also enabled its partners to process the transactions with ease. Some of the initiatives and enhancements taken by NIR as below:

- **Enhancing of NIR application:**

NIR has enhanced the display of policy and information to the policy holder in its login. The new display enables the customer to understand the details in the policy in a better manner as the look and feel of the policy display is enhanced.

- **Ease in login:**

In order to increase the logins to NIR and making the login convenient, NIR has changed the login approach. In the new approach, the policy holder need not remember his/her login id. The policy holder is identified based on the mobile number / email id / PAN / Login id registered with NIR. Further, in order to authenticate the policy holder an option to use OTP / Password is used.

- **Mobile App:**

In order to take NIR closer to the customer, NIR has launched a mobile App. This mobile app is available for android users. The App provides view of policies and the features available on the website.

- **Online eIA opening enhancement:**

NIR has the feature for online eIA opening for policy holder. This feature is based on the Offline eKYC services of UIDAI.

#### Customer Outreach Programme

- **Pulse:**

In order to further improvise visibility and traction with the eIA holders, NIR has started an initiative of sending a newsletter / update to the eIA holders. This newsletter is named as "Pulse" and has been well received by eIA holders. One of the feature of Pulse is 'Veteran Speak' wherein industry experts offer their views. We were honored to have Dr. Subhash C. Kuntia, Chairman, IRDAI, presenting his views in the first edition of Pulse. In addition, Pulse talks about enhancements of new features and benefits introduced for eIA holders.

#### Information Security Practice

NIR is ISO 27001 certified for Information Security and BCMS 22301 for Business Continuity Management Systems.

#### Registrar and Transfer Agent (RTA)

Your Company has received a Certificate of Registration

from SEBI to carry on activities as a Category I – Registrar to an Issue and Share Transfer Agent and accordingly, the Company has set-up RTA services in June 2016.

NDML is offering its RTA services to Issuers of various types of securities such as Listed, unlisted equities and debt instruments such as Commercial Paper, Certificate of Deposit, Debentures, Securitized instruments, etc.

As on March 31, 2021, NDML RTA was serving more than 2800 issuers of different types of securities.

The Company had received a permanent registration certificate to act as “Registrar to an Issue and Share Transfer Agent – Category I” from SEBI in March 2021.

In view of the growing activities in the primary market, NDML has undertaken and completed the development of IPO application software and capabilities.

The issuers and the merchant bankers have expressed interest in evaluating the services of NDML given that NDML is an institutional RTA with a proven governance structure and professional management track record.

### Instigo

NDML has developed an online platform (Instigo) for facilitating the SEBI Registered Intermediaries (SRIs) to on-board new clients and perform online KYC without requiring physical interaction. This process is designed in line with the SEBI guidelines issued in April 2020. The online service for the opening of demat & trading accounts has been made live as a mobile application as well as a web application in July 2020.

Various technology and systemic integrations are done in the product so as to facilitate complete client identification, verification and collection of necessary data and documents. The system also supports the intermediary to review the submissions made by the client and approve the same. The system has been adopted by many intermediaries for providing an online platform for client on-boarding and has therefore proved to be a boon during this period of Covid 19 pandemic.

As per the new guidelines, online customer on-boarding transactions in capital markets can be completed online with e-Sign of the client. NDML is offering e-sign service as a standalone service to SRIs. NDML has registered as an Application Service Provider (ASP) with NSDL e-Governance Infrastructure Limited (NEGIL) which is registered with Controller of Certifying Authorities (CCA) as a Esign Service Provider (ESP).

### New Projects

NDML had developed its forte in process automation,

e-Governance, digitization initiatives on behalf of a Govt. department, Regulatory body, Industry body. Leveraging its existing product portfolio and service capabilities, it is also now foraying into initiatives based on B2B and even B2C products.

**KYC User Agency (KUA):** Ministry of Finance has issued a Gazette Notification for enabling access to Aadhaar based e-KYC for capital market participants by authorising key Market Infrastructure Institutions to act as KYC User Agency (KUA). Your Company has been authorised by Ministry of Finance in this notification to serve as KUA. Accordingly, your Company had applied to Unique Identification Authority of India (UIDAI) for KUA license and has submitted the required documents and policies in this regard. Your Company has complied with all processing, operational, technical and security requirements for KUA license and has been authorized by UIDAI to operate as a KUA for providing services to SEBI Registered Intermediaries. This project will assist the capital market intermediaries in completing client KYC using Aadhaar based details of the clients using NDML services as a KUA.

Various other initiatives in the area of distribution of financial services and support for market intermediaries are in the conceptualization and formation stage.

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.

### 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.

### SHARE CAPITAL

There was no change in the Share Capital of the Company during the year under review. As on March 31, 2021, 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 granted any Stock Option or Sweat Equity.

### 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.





## 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

## 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.

## DEPOSITS

The Company has not accepted /renewed any fixed deposits from public or the Members, within the meaning of Section 73 of the Companies Act, 2013, read with Chapter V of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, during the FY 2020-21, and, as such, no amount of principal or interest on deposits from public or the Members, was outstanding as of the Balances Sheet date.

## 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 as defined under Section 188 of the Companies Act, 2013 and Rules made there under, 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. 30 of Standalone Financial Statements, forming part of the Annual Report and Annexures thereto. No material related party transactions were entered during the Financial Year under review, by your Company and hence the disclosure of related party transactions as required under Section 134(3) (h) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, in Form AOC-2, is not applicable to your Company.

## POSITIVE WORK ENVIRONMENT

Your 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 2020-21.

## BOARD OF DIRECTORS

### A. Changes in Board during the year:

Based on the recommendation of Nomination and Remuneration Committee ("NRC") the Board at its meeting held on May 12, 2020, appointed Mr. Madhusudhan ML (DIN: 08739281) as Managing Director & CEO of the Company. Further, the Members at Sixteenth AGM held on September 24, 2020 have approved the appointment of Mr. Madhusudhan ML as a Managing Director & CEO of the Company for a period of three years with effect from May 12, 2020.

Based on the recommendation of the NRC, the Board, at its meeting held on August 07, 2020, had appointed Mr. Samar Banwat (DIN: 07521003) as an Additional (Non-Executive and Non-Independent) Director of the Company effective from August 07, 2020. Further, the Members at Sixteenth AGM held on September 24, 2020 have approved the appointment of Mr. Banwat as a Non-Executive and Non-Independent Director of the Company.

Mr. Krishna Srinivas (DIN: 07636143) ceased to be Manager with effect from May 08, 2020 and subsequently ceased to be Director with effect from close of business hours of August 07, 2020.

## B. 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. Samar Banwat (DIN: 07521003) 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. 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. In case of business exigencies or urgency, the Board also approves by way of 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 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 Board Meetings were held. Details of attendance of each Director at the Board Meetings held during the financial year are as follows:

| Sr. No. | Name of the Directors   | Meetings/Attendance |               |              |              |              |
|---------|-------------------------|---------------------|---------------|--------------|--------------|--------------|
|         |                         | May 12, 2020        | June 15, 2020 | Aug 07, 2020 | Nov 06, 2020 | Feb 04, 2021 |
| 1       | Mr. P. P. Vora          | Present             | Present       | Present      | Present      | Present      |
| 2       | Mr. C. M. Vasudev       | Present             | Present       | Present      | Present      | Present      |
| 3       | Mr. G. V. Nageswara Rao | Present             | Present       | Present      | Present      | Present      |
| 4       | Mr. Krishna Srinivas*   | Present             | Present       | Absent       | NA           | NA           |
| 5       | Mr. Madhusudhan ML**    | NA                  | Present       | Present      | Present      | Present      |
| 6       | Mr. Samar Banwat#       | NA                  | NA            | Present      | Present      | Present      |

\* Mr. Krishna Srinivas ceased to be Manager w.e.f. May 08, 2020 and subsequently ceased to be Director w.e.f. August 07, 2020.

\*\*Mr. Madhusudhan ML was appointed as MD&CEO w.e.f. May 12, 2020

#Mr. Samar Banwat was appointed as Additional Director w.e.f. August 07, 2020.

## D. Declaration from Independent Directors

Your Company has received declarations from all the Independent Directors that they fulfill the criteria of independence as prescribed under Section 149(6) and Schedule IV of Companies Act, 2013 and the rules made there under and to hold the office of Independent Director of the Company for the financial year ended March 31, 2021.

## E. 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 NRC.

## F. 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 NRC 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.

## BOARD COMMITTEES

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Company. The details of the Board Committee are as under:

### I. 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.

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. Mr. P. P. Vora is Chairman of the Audit Committee.

During the year under review, four meetings of the Audit Committee were held and the details of attendance of each Director at the Audit Committee Meetings held during the financial year are as follows:

| Sr. No. | Name of the Members     | Meetings/Attendance |              |              |              |
|---------|-------------------------|---------------------|--------------|--------------|--------------|
|         |                         | June 15, 2020       | Aug 07, 2020 | Nov 06, 2020 | Feb 04, 2021 |
| 1       | Mr. P. P. Vora          | Present             | Present      | Present      | Present      |
| 2       | Mr. C. M. Vasudev       | Present             | Present      | Present      | Present      |
| 3       | Mr. G. V. Nageswara Rao | Present             | Present      | Present      | Present      |

## II. Nomination and Remuneration Committee

The Nomination and Remuneration Committee discharges such functions as defined in the Companies Act, 2013. The functions of the Committee include recommending appointments of Directors to the Board, recommending the 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>.

The Committee has three members with Mr. C. M. Vasudev as its Chairman. The Committee met three times during the year and the details of attendance of each member at the Committee Meetings held during the year are as follows:

| Sr. No. | Name of the Members     | Meetings/Attendance |              |              |
|---------|-------------------------|---------------------|--------------|--------------|
|         |                         | May 12, 2020        | Aug 07, 2020 | Feb 04, 2021 |
| 1       | Mr. C. M. Vasudev       | Present             | Present      | Present      |
| 2       | Mr. P. P. Vora          | Present             | Present      | Present      |
| 3       | Mr. G. V. Nageswara Rao | Present             | Present      | Present      |

## III. Share Allotment and Transfer Committee

The Share Allotment and Transfer Committee was formed for the purpose of allotment of shares and approve the share transfers lodged with the Company after all necessary approvals. The Committee consisted of two members with Mr. P. P. Vora as Chairman of the Committee. The composition of the Committee was as under:

| Sr. No. | Name of the Members     |
|---------|-------------------------|
| 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. This Committee has been dissolved w.e.f. May 12, 2020.

## IV. Corporate Social Responsibility (CSR) Committee

Your Company 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 the 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.

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 FY2020-21, NSDL (Holding Company) spent ₹325.13 Lakhs towards various CSR projects/programs in pursuance of its CSR Policy and out of the total corpus spent; it has allocated an amount of ₹ 64.46 Lakhs as NDML's contribution towards the CSR expenditure carried out during the F.Y. 2020-21. The Report on CSR is set out as "Annexure I" and forms part of this Annual Report.

The Committee met once during the year and the details of attendance of each member at the Committee Meetings held during the year are as follows:

| Sr. No. | Name of the Members     | Meetings/Attendance |
|---------|-------------------------|---------------------|
|         |                         | Aug 07, 2020        |
| 1.      | Mr. C. M. Vasudev       | Present             |
| 2.      | Mr. P. P. Vora          | Present             |
| 3.      | Mr. G. V. Nageswara Rao | Present             |
| 4.      | Mr. Madhusudhan ML*     | Present             |

\*Mr. Madhusudhan ML, MD & CEO has been inducted as a Member of the CSR Committee w.e.f May 12, 2020.

#### 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.

#### DETAILS OF KEY MANAGERIAL PERSONNEL (KMPs)

During the FY 2020-21, your Company had three Key Managerial Personnel as per the Companies Act, 2013 i.e. Chief Executive Officer, Chief Financial Officer and Company Secretary.

| Sr. No. | Name of Key Managerial Personnel | Designation                  |
|---------|----------------------------------|------------------------------|
| 1.      | Mr. Krishna Srinivas*            | Director-in-charge & Manager |
| 2.      | Mr. Madhusudhan ML**             | Managing Director & CEO      |
| 3.      | Ms. Vaishali Vaidya              | Chief Financial officer      |
| 4.      | Mr. Prasad Poojary#              | Company Secretary            |
| 5.      | Mr. Nikhil Arya##                | Company Secretary            |

\*Mr. Krishna Srinivas ceased to be Manager w.e.f. May 08, 2020 and subsequently ceased to be Director w.e.f. August 07, 2020.

\*\*Mr. Madhusudhan ML has been appointed as the MD&CEO w.e.f May 12, 2020.

#Mr. Prasad Poojary ceased to be Company Secretary of the Company w.e.f. February 04, 2021.

##Mr. Nikhil Arya has been appointed as Company Secretary w.e.f. February 04, 2021.

#### 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>

#### RISK MANAGEMENT POLICY

The Risk Management Policy and Framework approved by the Board of the Directors of the Company drives the enterprise-wide function of Risk Management, wherein all material risks faced by the Company are identified and assessed. For each of the risks identified, corresponding controls are assessed and policies and procedures are put in place for monitoring, mitigating and reporting on periodic basis.

#### 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 the future.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- 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;
- 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;

- d. they have prepared the annual accounts on a going concern basis;
- e. they have devised internal financial controls to be followed by the Company are laid down and that such internal financial controls are adequate and were operating effectively; and
- f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### STATUTORY AUDITOR

M/s. 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.

### 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 Mr. Ashish Garg, Practicing Company Secretary to undertake the Secretarial Audit of the Company. The Secretarial Audit Report in Form MR-3 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.

### REPORTING OF FRAUDS BY AUDITORS

There have been no frauds reported by the Auditors, under sub section (12) of Section 143 of the Companies Act, 2013 (including amendments) during the financial year under review, to the Audit Committee or the Board and hence there is nothing to report by the Board under Section 134 (3)(ca) of the Companies Act, 2013.

### 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  | F.Y. 2020-21 | F.Y. 2019-20 |
|---------|--|--------------|--------------|
| 1.      | Foreign Exchange Earnings - Actual inflow in foreign currency                      | Nil          | Nil          |
| 2.      | Foreign Exchange Outgo / Expenditure incurred - Actual outflow in foreign currency | Nil          | 6.81         |

### PARTICULARS OF EMPLOYEES

None of the employees who have worked throughout the year or a part of the financial year are covered under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration) Rules, 2014.

### ANNUAL RETURN

The Annual Return of your Company is available on the Company's website at the web-link <https://ndml.in/disclosure.php>

### COMPLIANCE WITH SECRETARIAL STANDARDS

In terms of Clause 9 of the Revised Secretarial Standards -1 (SS-1), your Company has complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India, during the Financial Year under review.

### ISO CERTIFICATIONS

In view of the continued quest of the highest quality norms for information security, the Company had obtained internationally recognized ISO 27001:2013 certification for the implementation of Information Security Management System (ISMS) framework for NSR, NIR, KRA, NAD, SEZ and RTA Projects. In 2015-16, the process for implementation of ISMS in NIR Project was undertaken and the Company has received recertification of ISO27001:2013 for the NSR and NIR project in April 2019 and also included NAD, RTA, KRA and SEZ Projects in its scope which is accredited by auditors Det Norske Veritas-Germanischer Lloyd (DNV-GL). Also, the Surepay project is now included under ISMS scope and implementation is currently under progress. And, to ensure continuity of operations with minimal disruption in case of any disaster, the Company had obtained internationally recognized ISO 22301:2012 certification for implementation of the Business Continuity Management System (BCMS) framework for NIR project. The second Surveillance Audit of NIR Project was carried out by DNV-GL in December 2020.



### APPRECIATION

Your Directors place on record their sincere appreciation of the support provided by NASSCOM, Ministry of Commerce & Industry, Government of India, Ministry of Electronics and Information Technology, Govt. of India, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, National Payment Corporation of India, various Insurer Companies availing NIR services, various State/Central Government Departments availing services of PayGov platform, Ministry of Finance, UIDAI, Point of Service entities, IT & ITeS

companies participating in NSR, Empanelled Background Checkers and Subscribers of the NSR, Development Commissioners of SEZs, Developers, Co-Developers, Unit Holders, 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**

Date : August 10, 2021  
Place : Mumbai

Sd/-  
**P. P. Vora**  
Chairman



## Annexure - I

### Annual Report On CSR Activities

#### 1. Brief Outline on CSR Policy of the Company

National Securities Depository Limited (NSDL) and its associate companies & subsidiaries have been involved in various socio-economic development programs/projects that have meaningful yet sustainable impact on the communities where it operates. The Company undertakes various impact driven programs under aegis of Corporate Social Responsibility (CSR) which are mapped to the Company's CSR policy. The CSR policy enumerates specific thematic areas in which are guiding principles of the projects/programs that are being implemented by NSDL. At present, the Company endeavours to undertake CSR programs/projects in the area of education, health, environmental sustainability and disaster relief & rehabilitation.

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 2020-21 as listed out in the CSR policy, were in the areas of promoting education, employment & livelihood generating skills, health & sanitation, environmental sustainability, etc. Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are available on our website at the web link: <https://ndml.in/pdf/NDML-CSR-Policy.pdf>. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

#### 2. Composition of CSR Committee

| Sr. No. | Name of the Director   | Designation/ Nature of Directorship | Number of Meetings of CSR Committee Held During the Year | Number of Meetings of CSR Committee attended During the Year |
|---------|------------------------|-------------------------------------|--|--|
| 1       | Mr. P. P. Vora         | Chairman                            | 1  | 1  |
| 2       | Mr. C. M. Vasudev      | Member                              | 1  | 1  |
| 3       | Mr. G.V. Nageswara Rao | Member                              | 1  | 1  |
| 4       | Mr. Madhusudhan ML     | Member                              | 1  | 1  |

#### 3. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

| Sr. No. | Financial Year | Amount Available for Set-off from preceding financial years (in ₹) | Amount required to be setoff for the financial year, if any (in ₹) |
|---------|----------------|--|--|
| 1       | NA             | NA   | NA   |

#### 4. Average net profit of NDML for last three financial years: ₹ 3,041.61 Lakhs.

5. (a) Two percent of average net profit of the company as per section 135(5)- ₹ 60.83 Lakh
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years- NIL
- (c) Amount required to be set off for the financial year- NIL
- (d) Total CSR obligation for the financial year (5a+5b-5c)- ₹ 60.83 Lakh

#### 6. (a) CSR amount spent or unspent for the financial year:

As a part of internal practice, the CSR funds are spent as a joint CSR initiative of NSDL and its subsidiaries or associate companies hence; the total amount spent for the FY consists of amount spent for NSDL as well as NDML as a joint CSR initiative of both the organization. The CSR projects/programs are being implemented by NSDL as a joint initiative of both organizations. The expenditures were incurred out of NSDL and NDML's CSR budget separately.

The below table shows the amount spent by NSDL as a whole towards CSR obligation of NSDL as well as NDML.

| Total Amount Spent for the Financial Year 2020-21 (in ₹) | Amount Unspent (in ₹)  |                  |  |        |                  |
|--|--|------------------|--|--------|------------------|
|  | Total Amount transferred to Unspent CSR Account as per section 135(6). |                  | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). |        |                  |
|  | Amount   | Date of transfer | Name of the Fund   | Amount | Date of transfer |
| 3,25,13,057*   | NA   | NA               | NA   | NA     | NA               |

#### Note

Out of Total Amount Spent in FY 2020-21, the amount of ₹ 258.05 Lakh shall be considered as CSR spending of NSDL and ₹ 64.46 Lakh has been spent from NDML's budget. The CSR funds have been spent as a joint CSR initiative of both the organizations.

As per the calculation method given in Annexure I of Rules made under the Section 135 of Companies Act 2013, the profit for change in fair value of assets as per IndAS is to be excluded from the profits to be considered for arriving at CSR obligation. Accordingly, the amount to be spent on CSR for FY 2020-21 comes to ₹ 310.06 Lakhs combined for NSDL and NDML.

\* Thus, the total CSR spent includes an excess spending of ₹ 15.07 Lakh by NSDL and its associate companies or subsidiaries. The bifurcation of excess spent is as follows-

- ₹ 12.45 Lakh has been spent excessively by NSDL and NDML. Out of this, ₹ 8.82 Lakh has been spent in excess by NSDL and ₹ 3.63 Lakh has been spent in excess by NDML during FY 2020-21.
- ₹ 2.62 Lakh which was received as a refund for program conducted in 2019-20 and the same refund amount has been spent immediately in FY 2020-21. The refund amount of ₹ 2.30 Lakh has re-spent by NSDL while ₹ 32,000/- has been re-spent by NDML subsequently.

(b) Details of CSR amount spent against other than ongoing projects for the financial year:

| Sr. No. | Name of the Project   | Item from the list of activities in schedule VII to the Act | Local area (Yes/No) | Location of the project |          |                                     | Mode of implementation - Direct (Yes/No) | Mode of implementation - Through implementing agency |                         |
|---------|---|---|---------------------|-------------------------|----------|-------------------------------------|--|--|-------------------------|
|         |   |   |                     | State                   | District | Amount spent for the project (in ₹) |  | Name   | CSR Registration Number |
| 1       | Project Yogdaan- (Health support to Underprivileged Thalassemia patients) | Item (i)  | Yes                 | Maharashtra             | Mumbai   | 552,3520                            | Yes (Direct)                             | NA   | NA                      |
| 2       | Maintenance and Beautification of Traffic islands                         | Item (iv)   | Yes                 | Maharashtra             | Mumbai   | 153,000                             | Yes (Direct)                             | NA   | NA                      |





| Sr. No. | Name of the Project   | Item from the list of activities in schedule VII to the Act | Local area (Yes/No) | Location of the project  |  |                                     | Mode of implementation - Direct (Yes/No) | Mode of implementation - Through implementing agency |                         |
|---------|---|---|---------------------|--|--|-------------------------------------|--|--|-------------------------|
|         |   |   |                     | State  | District   | Amount spent for the project (in ₹) |  | Name   | CSR Registration Number |
| 3       | Project SAHYOG (Disaster Relief, rehabilitation and reconstruction program by NSDL)-<br>· Distribution of hand sanitizers/ cleansers<br>· Awareness through posters<br>· Email Campaign for awareness   | Item (xii)  | PAN India           | All States (PAN India)   | PAN India  | 2,661,530                           | Yes (Direct)                             | NA   | NA                      |
| 4       | Project Artha SAMARTH- a skill development initiative in BFSI sector to enable livelihood for deserving youth with high potential and inclination to serve BFSI sector. Primary objective is to encourage entrepreneurship amongst youth who can canvass BFSI sector specific products and services. NSDL also endeavors to facilitate employment linkages for trained youth. Two major programs are: Mutual Fund Distributors Certification Program<br><br>Program Business correspondence & Business Facilitator training program (BC-BF) | Item (ii)   | PAN India           | For Mutual Fund Distributor Certification Program:<br><br>Mumbai (Maharashtra), New Delhi, Kolkata (West Bengal), Lucknow (UP), Bengaluru (Karnataka), Chennai (Tamilnadu), Ahmedabad (Gujarat), Jaipur (Rajasthan), Bhubaneswar (Odisha), Chandigarh.<br><br>For BC-BF Training Program: PAN India. | For Mutual Fund Distributor Certification Program:<br><br>Mumbai (Maharashtra), New Delhi, Kolkata (West Bengal), Lucknow (UP), Bengaluru (Karnataka), Chennai (Tamilnadu), Ahmedabad (Gujarat), Jaipur (Rajasthan), Bhubaneswar (Odisha), Chandigarh.<br><br>For BC-BF Training Program: PAN India. | 19,386,783                          | Yes (Direct)                             | NA   | NA                      |
| 5       | NSDL Shiksha Sahyog (an educational scholarship program)  | Item (ii)   | PAN India           | All States (PAN India)   | PAN India  | 3,766,400                           | No                                       | TISS   | NA                      |
| Total   |   |   |                     |  |  | 32,513,057                          |  |  |                         |

- (c) Amount spent in Administrative Overheads- ₹ 1,021,824/-  
 (d) Amount spent on Impact Assessment- NA  
 (e) Total amount spent for the Financial Year (6b+6c+6d)- ₹ 32,513,057  
 (f) **Excess amount for set off:**

| Sr. No. | Particulars   | Amount (₹ in Lakh) |
|---------|---|--------------------|
| i       | Two percent of average net profit of the company as per section 135(5)                                      | 60.83              |
| ii      | Total amount spent for the Financial Year   | 64.46              |
| iii     | Excess amount spent for the financial year [(ii)-(i)]   | 3.63               |
| iv      | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | Nil                |
| v       | Amount available for set off in succeeding financial years [(iii)-(iv)]                                     | 3.63               |

\*During FY 2020-21, NSDL Group has spent the total corpus of ₹ 325.13 Lakh as the CSR spent towards various CSR programs/projects in the area of education, skill development, environmental sustainability, promotion of healthcare including preventive healthcare, disaster relief & rehabilitation campaigns during any sort of national emergency or natural calamity as such that posed by COVID 19. Out of total CSR spent of ₹ 325.13 Lakh an amount of ₹ 64.46 Lakh was apportioned to NDML and spent separately out of NDML's CSR obligation for 2020-21 as per the joint CSR initiative of both the organizations.

NSDL Group 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, the Company 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 to deliver in measurable result/outcome oriented approach. During project execution, NSDL Group has incurred the CSR expenditures through the implementing partners in a way where the funds have been disbursed based on progress of the programs. NSDL Group closely monitors and evaluates the performance and impact of its CSR program and based on such evaluation, plans to execute similar impact driven and sustainable CSR programs in coming years.

Further, it is to be noted that the below mentioned points in the CSR Annexure-II of Rules made under Section 135 of the Companies Act, 2013 are not applicable while reporting in the prescribed format and hence, the details in these respective sections are not furnished.

- Details of CSR amount spent against ongoing projects for the financial year- NA
- Details of Unspent CSR amount for the preceding three financial years- NA
- Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NA
- In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year- NA

Sd/-  
 (MD & CEO)

Sd/-  
 (Chairman CSR Committee)



## Annexure - II

### Form No. MR-3

#### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
NSDL Database Management Limited  
(U72400MH2004PLC147094)  
4th 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 31st March, 2021 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 31st March, 2021 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 and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; which is not applicable to the Company during the Audit Period
  - 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 NSDL Database Management Limited for the financial year ended 31st March, 2021 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 (KRA)}, 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.

Sd/-

**Ashish Garg**

FCS No: 5181 C P No: 4423

PR: 568/2018

UDIN:F005181C000764940

Place : Indore

Date : August 10, 2021



This report is to be read with Annexure A which forms an integral part of this report.

**Annexure A**

To,  
The Members  
NSDL Database Management Limited  
(U72400MH2004PLC147094)  
4th Floor, Trade World, A Wing, Kamala Mills Compound,  
Lower Parel (W), Mumbai – 400 013

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process 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 process 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 Account of the Company.
4. Wherever 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 procedure on test basis.
6. 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 the affairs of the Company.

Sd/-

**Ashish Garg**

Practicing Company Secretary

FCS No: 5181 C P No: 4423

PR: 568/2018

UDIN:F005181C000764940

Place : Indore

Date : August 10, 2021

# 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, 2021, the Statement of Profit and Loss (including other comprehensive loss), 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, 2021, 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 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,





## INDEPENDENT AUDITOR'S REPORT (contd.)

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.

### 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

## INDEPENDENT AUDITOR'S REPORT (contd.)

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 loss, 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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, 2021, 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  
 UDIN : 21048725AAAAABY1403  
 Mumbai, May 27, 2021



## 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 explanation 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, 2021 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 Statute      | 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              | Rectification application pending with Centralized Processing Center (CPC) Bangalore |
| Income Tax Act, 1961 | Income Tax         | 2016-17   | 234.69            | Commissioner of Income Tax (Appeals)   |
| Income Tax Act, 1961 | Income Tax         | 2017-18   | 295.94            | Commissioner of Income Tax (Appeals)   |

- 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.

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT (contd.)

- |   |   |
|---|---|
| <p>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.</p> <p>xi) Based upon the audit procedures performed, we report that the managerial remuneration for the year ended March 31, 2021 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.</p> <p>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 .</p> <p>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</p> | <p>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.</p> <p>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.</p> <p>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</p> <p>xvi) The Company is not required to be registered under section 45-I A of the Reserve Bank of India Act, 1934. Accordingly , the provisions of clause 3(xvi) of the Order are not applicable to the Company.</p> |
|---|---|

For **Khandelwal Jain & Co.**  
 Chartered Accountants  
 Firm's Registration No. 105049W

Sd/-  
**Narendra Jain**  
 Partner  
 Membership No. 048725  
 UDIN : 21048725AAAAABY1403  
 Mumbai, May 27, 2021



## 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, 2021 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.

#### 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

## ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT (contd.)

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, 2021, 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

UDIN : 21048725AAAAABY1403

Mumbai, May 27, 2021





## BALANCE SHEET AS AT 31ST MARCH, 2021

(₹ in Lakh)

| Particulars  | Note No. | As at 31st March, 2021 | As at 31st March, 2020 |
|--|----------|------------------------|------------------------|
| <b>ASSETS</b>  |          |                        |                        |
| <b>Non-Current Assets</b>                              |          |                        |                        |
| a) Property, Plant and Equipments                      | 3        | 244.18                 | 248.25                 |
| b) Capital work-in-progress                            | 3        | -                      | 27.25                  |
| c) Other Intangible assets                             | 3        | 436.95                 | 73.20                  |
| d) Intangible Asset under Development                  | 3        | 31.70                  | 215.59                 |
| e) Right to Use  | 3        | 512.33                 | 722.91                 |
| f) Financial Assets                                    |          |                        |                        |
| i) Investments   | 4        | 13,152.96              | 14,948.75              |
| ii) Other Financial Assets                             | 5        | 2.94                   | 1.94                   |
| iii) Non current bank balances                         | 11       | 2,230.99               | 223.62                 |
| g) Income Tax Assets (Net)                             | 6        | 72.57                  | 111.11                 |
| h) Other non-current assets                            | 7        | 76.89                  | 39.18                  |
| <b>Total non-current assets</b>                        |          | <b>16,761.51</b>       | <b>16,611.80</b>       |
| <b>Current Assets</b>                                  |          |                        |                        |
| a) Financial assets                                    |          |                        |                        |
| i) Investments   | 8        | 2,501.88               | 3,436.63               |
| ii) Trade receivables                                  | 9        | 624.73                 | 654.14                 |
| iii) Cash and cash Equivalents                         | 10       | 494.82                 | 598.65                 |
| iv) Bank balances other than cash and cash equivalents | 11       | 3,298.61               | 50.00                  |
| v) Other financial assets                              | 5        | 225.77                 | 207.56                 |
| b) Other current assets                                | 7        | 175.39                 | 232.93                 |
| <b>Total Current Assets</b>                            |          | <b>7,321.20</b>        | <b>5,179.91</b>        |
| <b>Total Assets</b>                                    |          | <b>24,082.71</b>       | <b>21,791.71</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       | 14,000.93              | 11,537.85              |
| <b>Total Equity</b>                                    |          | <b>20,105.93</b>       | <b>17,642.85</b>       |
| <b>(B) Liabilities</b>                                 |          |                        |                        |
| <b>1. Non-Current Liabilities</b>                      |          |                        |                        |
| a) Deferred tax liabilities (net)                      | 14       | 43.85                  | 121.96                 |
| b) Financial liabilities                               |          |                        |                        |
| i) Other financial liabilities                         | 15       | 344.39                 | 556.16                 |
| c) Other non-current liabilities                       | 16       | 79.17                  | 18.03                  |
| <b>Total Non-Current Liabilities</b>                   |          | <b>467.41</b>          | <b>696.15</b>          |
| <b>2. Current Liabilities</b>                          |          |                        |                        |
| a) Financial liabilities                               |          |                        |                        |
| i) Trade payables                                      |          |                        |                        |
| a) Micro enterprises and small enterprises             | 17       | 69.16                  | 134.08                 |
| b) Others  | 17       | 506.55                 | 730.33                 |
| ii) Other financial liabilities                        | 18       | 769.43                 | 622.99                 |
| b) Provisions  | 19       | 209.65                 | 140.39                 |
| c) Other current liabilities                           | 20       | 1,688.79               | 1,658.84               |
| d) Current tax liability (Net)                         | 21       | 265.79                 | 166.08                 |
| <b>Total Current Liabilities</b>                       |          | <b>3,509.37</b>        | <b>3,452.71</b>        |
| <b>Total Liabilities</b>                               |          | <b>3,976.78</b>        | <b>4,148.86</b>        |
| <b>Total Equity and Liabilities</b>                    |          | <b>24,082.71</b>       | <b>21,791.71</b>       |

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 : May 27, 2021

Sd/-  
**G.V.Nageswara Rao**  
Director  
DIN : 00799504  
Place: Mumbai

For and on behalf of the Board of Directors

Sd/-  
**P.P.Vora**  
Chairman  
DIN : 00003192  
Place: Ahmedabad

Sd/-  
**Vaishali Vaidya**  
Chief Financial Officer  
Place: Mumbai

Sd/-  
**Madhusudhan ML**  
MD & CEO  
DIN : 08739281  
Place: Mumbai

Sd/-  
**Nikhil Arya**  
Company Secretary  
Place: Mumbai

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in Lakh)

| Particulars  | Note No. | For the year ended<br>31st March, 2021 | For the year ended<br>31st March, 2020 |
|--|----------|--|--|
| <b>INCOMES</b>   |          |  |  |
| Revenue from operations  | 22       | 6,859.78                               | 7,056.87                               |
| Other income   | 23       | 1,246.71                               | 1,332.47                               |
| <b>Total Income</b>  |          | <b>8,106.49</b>                        | <b>8,389.34</b>                        |
| <b>EXPENSES</b>  |          |  |  |
| Employee benefits expense  | 24       | 1,324.49                               | 992.76                                 |
| Depreciation and amortization expense  | 3        | 338.51                                 | 303.20                                 |
| Finance cost   | 25       | 55.63                                  | 71.91                                  |
| Other expenses   | 26       | 2,481.73                               | 3,153.82                               |
| <b>Total expenses</b>  |          | <b>4,200.36</b>                        | <b>4,521.69</b>                        |
| <b>Profit before exceptional items and tax</b>                               |          | <b>3,906.13</b>                        | <b>3,867.65</b>                        |
| <b>Tax expense</b>   |          |  |  |
| Current tax  |          | 863.00                                 | 737.00                                 |
| Current tax for earlier year   |          | 2.94                                   | -                                      |
| Deferred tax   |          | (66.85)                                | 68.11                                  |
|  |          | <b>799.09</b>                          | <b>805.11</b>                          |
| <b>Profit after Tax</b>  |          | <b>3,107.04</b>                        | <b>3,062.54</b>                        |
| <b>Other Comprehensive Income</b>  |          |  |  |
| Items that will not be reclassified to profit or loss :                      |          |  |  |
| Actuarial gain/(loss) on post retirement benefit plans                       |          | (44.72)                                | 32.80                                  |
| Income tax relating to items that will not be reclassified to profit or loss |          | 11.26                                  | (8.25)                                 |
| <b>Total Comprehensive Income for the year</b>                               |          | <b>3,073.58</b>                        | <b>3,087.09</b>                        |
| Basic and diluted earnings per equity share of ₹ 10 each                     | 33       | 5.09                                   | 5.02                                   |

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 : May 27, 2021

For and on behalf of the Board of Directors

Sd/-  
**P. P.Vora**  
 Chairman  
 DIN : 00003192  
 Place: Ahmedabad

Sd/-  
**Madhusudhan ML**  
 MD & CEO  
 DIN : 08739281  
 Place: Mumbai

Sd/-  
**G.V.Nageswara Rao**  
 Director  
 DIN : 00799504  
 Place : Mumbai

Sd/-  
**Vaishali Vaidya**  
 Chief Financial Officer  
 Place: Mumbai

Sd/-  
**Nikhil Arya**  
 Company Secretary  
 Place: Mumbai



# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in Lakh)

| Particulars   | For the year ended<br>31st March, 2021 | For the year ended<br>31st March, 2020 |
|---|--|--|
| <b>A. Cash Flow from Operating Activities</b>                   |  |  |
| Profit before tax   | 3,906.13                               | 3,867.65                               |
| Adjustments for :   |  |  |
| Depreciation and amortisation expense                           | 338.51                                 | 303.20                                 |
| Interest on Lease Liability as per IND AS 116                   | 55.63                                  | 71.91                                  |
| Provision for doubtful trade receivables                        | 60.63                                  | (1.33)                                 |
| Bad Debts Written off   | 2.90                                   | 23.24                                  |
| Loss on Sale of Assets  | 14.91                                  | -                                      |
| Assets written off  | -                                      | 0.20                                   |
| Capital WIP written off   | 4.17                                   | 9.55                                   |
| Provision for Impairment of CWIP                                | 26.23                                  | -                                      |
| Trade Payables Written Back                                     | (4.17)                                 | (208.36)                               |
| Extinguishment of Lease Liability                               | (10.92)                                | -                                      |
| (Gain)/Loss on mutual funds at FVTPL                            | (339.03)                               | (316.64)                               |
| Interest Income   | (843.61)                               | (753.98)                               |
| <b>Operating profit before working capital changes</b>          | <b>3,211.38</b>                        | <b>2,995.44</b>                        |
| Changes in working capital:                                     |  |  |
| Adjustments for (increase) / decrease in operating assets-      |  |  |
| Other non-current assets  | 10.15                                  | 13.28                                  |
| Trade receivables   | (31.08)                                | 29.69                                  |
| Other current assets  | 57.54                                  | 23.19                                  |
| Adjustments for increase / (decrease) in operating liabilities- |  |  |
| Trade payables  | (284.53)                               | 425.32                                 |
| Other financial liabilities                                     | 109.54                                 | 28.51                                  |
| Provisions  | 69.26                                  | (0.52)                                 |
| Other liabilities   | 91.09                                  | 141.37                                 |
| <b>Cash generated from operations</b>                           | <b>3,233.35</b>                        | <b>3,656.28</b>                        |
| Net income tax paid   | (727.69)                               | (772.15)                               |
| <b>Net cash from operating activities (A)</b>                   | <b>2,505.66</b>                        | <b>2,884.13</b>                        |
| <b>B. Cash flow from investing activities</b>                   |  |  |
| Capital expenditure on fixed assets, including capital advance  | (396.69)                               | (232.39)                               |
| Sale of Fixed Assets  | 0.51                                   | -                                      |
| Bank balances not considered as cash and cash equivalent        |  |  |
| -Placed   | (5,380.48)                             | (273.62)                               |
| -Matured  | 124.50                                 | 293.85                                 |
| Purchase of non-current investments                             | -                                      | (1,442.16)                             |
| Purchase of current investments                                 | -                                      | (1,638.25)                             |
| Redemption of investments                                       | 2,992.12                               | -                                      |
| Interest received   | 902.85                                 | 752.72                                 |
| <b>Net cash (used in) investing activities (B)</b>              | <b>(1,757.19)</b>                      | <b>(2,539.85)</b>                      |



## STATEMENT OF CASH FLOWS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in Lakh)

| Particulars  | For the year ended<br>31st March, 2021 | For the year ended<br>31st March, 2020 |
|--|--|--|
|  | (₹ in Lakh)                            | (₹ in Lakh)                            |
| <b>C. Cash flow from financing activities</b>                  |  |  |
| Payments towards Right to use assets                           | (241.80)                               | (252.73)                               |
| Dividend Paid  | (610.50)                               | -                                      |
| <b>Net cash (used in) financing activities (C )</b>            | <b>(852.30)</b>                        | <b>(252.73)</b>                        |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | (103.83)                               | 91.55                                  |
| Cash and cash equivalents at the beginning of the period       | 598.65                                 | 507.10                                 |
| <b>Cash and cash equivalents at the end of the period</b>      | <b>494.82</b>                          | <b>598.65</b>                          |

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 : May 27, 2021

Sd/-  
**G.V.Nageswara Rao**  
Director  
DIN : 00799504  
Place: Mumbai

For and on behalf of the Board of Directors

Sd/-  
**P. P.Vora**  
Chairman  
DIN : 00003192  
Place: Ahmedabad

Sd/-  
**Vaishali Vaidya**  
Chief Financial Officer  
Place: Mumbai

Sd/-  
**Madhusudhan ML**  
MD & CEO  
DIN : 08739281  
Place: Mumbai

Sd/-  
**Nikhil Arya**  
Company Secretary  
Place: Mumbai



## STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in Lakh)

| <b>A. Equity Share Capital</b>                            |                 |
|---|-----------------|
| As at 1st April, 2019                                     | 6,105.00        |
| Changes in equity share capital during the year (Note 12) | -               |
| As at 31st March, 2020                                    | 6,105.00        |
| As at 1st April, 2020                                     | 6,105.00        |
| Changes in equity share capital during the year (Note 12) | -               |
| <b>As at 31st March, 2021</b>                             | <b>6,105.00</b> |

(₹ in Lakh)

| <b>B. Other Equity</b>                |                   |                            |                  |
|---------------------------------------|-------------------|----------------------------|------------------|
| Particulars                           | Retained Earnings | Other Comprehensive Income | Total            |
|                                       |                   | Actuarial Gains / (Losses) |                  |
| Balance as at 1st April, 2019         | 8,460.19          | (9.43)                     | 8,450.76         |
| Profit after tax                      | 3,062.54          | 24.55                      | 3,087.09         |
| <b>Balance as at 31st March, 2020</b> | <b>11,522.73</b>  | <b>15.12</b>               | <b>11,537.85</b> |
| Balance as at 1st April, 2020         | 11,522.73         | 15.12                      | 11,537.85        |
| Profit after tax                      | 3,107.04          | (33.46)                    | 3,073.58         |
| Dividend                              | (610.50)          | -                          | (610.50)         |
| <b>Balance as at 31st March, 2021</b> | <b>14,019.27</b>  | <b>(18.34)</b>             | <b>14,000.93</b> |

In terms of our report attached.  
**For KHANDELWAL JAIN & CO.**  
 Chartered Accountants  
 Firms Registration No.: 105049W

For and on behalf of the Board of Directors

Sd/-  
**Narendra Jain**  
 Partner  
 Membership No.: 048725

Sd/-  
**P. P.Vora**  
 Chairman  
 DIN : 00003192  
 Place: Ahmedabad

Sd/-  
**Madhusudhan ML**  
 MD & CEO  
 DIN : 08739281  
 Place: Mumbai

Place : Mumbai  
 Date : May 27, 2021

Sd/-  
**G.V.Nageswara Rao**  
 Director  
 DIN : 00799504  
 Place: Mumbai

Sd/-  
**Vaishali Vaidya**  
 Chief Financial Officer  
 Place: Mumbai

Sd/-  
**Nikhil Arya**  
 Company Secretary  
 Place: Mumbai

# Notes to the Financial Statements

## FOR THE YEAR ENDED 31ST MARCH, 2021

### 1. General information

#### 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".

### 2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these condensed interim financial statements ("financial statements"). These policies have been consistently applied to the year / periods 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.

#### 2.2 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 are recognised on accrual basis upon rendering of service.
- 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





## Notes to the Financial Statements (contd.)

### FOR THE YEAR ENDED 31ST MARCH, 2021

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 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 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.

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.

#### 2.3 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.

##### As a lessee

Effective from April 1, 2019, the company has adopted Ind AS 116. At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease

## Notes to the Financial Statements (contd.)

### FOR THE YEAR ENDED 31ST MARCH, 2021

payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### 2.4 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.

#### 2.5 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



## Notes to the Financial Statements (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

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.

## 2.6 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.

## 2.7 Intangible assets

Intangible assets purchased are measured at cost

as of the date of acquisition less accumulated amortization and accumulated impairment, if any.

### i. Intangible Assets under Development

Projects under which Intangible assets that are not yet ready for their intended use are carried at cost, comprising Development expenses and software expenses.

## 2.8 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 and is amortised over 48 months or useful life whichever is lower.

## 2.9 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.

## 2.10 Financial instruments

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

## 2.11 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

## Notes to the Financial Statements (contd.)

### FOR THE YEAR ENDED 31ST MARCH, 2021

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.

#### **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 de-recognises 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.

## **2.12 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.



## Notes to the Financial Statements (contd.)

### FOR THE YEAR ENDED 31ST MARCH, 2021

#### De-recognition of financial liabilities

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

#### 2.13 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.

#### 2.14 Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

##### Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.

- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

#### Statement of profit and loss

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

#### 2.15 Rounding of amounts

All amounts disclosed in the financial statement and notes have been rounded off to the nearest lakhs as per the requirement of schedule III, unless otherwise stated.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31st MARCH, 2021

NOTE - 3 PROPERTY PLANT AND EQUIPMENT, INTANGIBLE ASSETS, RIGHT TO USE ASSET, CAPITAL WORK IN PROGRESS & INTANGIBLE ASSET UNDER DEVELOPMENT

(₹ in Lakh)

| Description of Asset                          | TANGIBLE ASSETS |                         |                  | INTANGIBLE ASSETS     |                              | RIGHT TO USE            |              | Capital Work in Progress | Intangible Asset under |
|---|-----------------|-------------------------|------------------|-----------------------|------------------------------|-------------------------|--------------|--------------------------|------------------------|
|   | Computers       | Communication Equipment | Office Equipment | Total Tangible Assets | Computer Software (acquired) | Total Intangible Assets | Right to Use |                          |                        |
| <b>Gross Block</b>                            |                 |                         |                  |                       |                              |                         |              |                          |                        |
| <b>As at 1st April 2019</b>                   | 437.23          | 27.57                   | 16.95            | 481.75                | 226.36                       | 226.36                  | -            | 2.54                     | 13.72                  |
| Additions during the year ended 31 March 2020 | 29.72           | -                       | 1.07             | 30.79                 | 59.31                        | 59.31                   | 934.07       | 27.25                    | 265.18                 |
| Deductions / adjustments                      | 3.96            | -                       | -                | 3.96                  | -                            | -                       | -            | 2.54                     | 63.31                  |
| <b>As at 31st March 2020</b>                  | 462.99          | 27.57                   | 18.02            | 508.58                | 285.67                       | 285.67                  | 934.07       | 27.25                    | 215.59                 |
| Additions during the year ended 31 March 2021 | 57.46           | 12.06                   | 0.06             | 69.58                 | 433.44                       | 433.44                  | -            | -                        | 278.02                 |
| Deductions / adjustments                      | 14.58           | 4.06                    | -                | 18.64                 | -                            | -                       | -            | 27.25                    | 435.68                 |
| <b>As at 31st March 2021</b>                  | 505.87          | 35.57                   | 18.08            | 559.52                | 719.11                       | 719.11                  | 934.07       | -                        | 57.93                  |

(₹ in Lakh)

| Description of Asset  | TANGIBLE ASSETS |                         |                  | Total Tangible Assets | INTANGIBLE ASSETS            |                         | RIGHT TO USE |                    | Capital Work in Progress | Intangible Asset under |
|---|-----------------|-------------------------|------------------|-----------------------|------------------------------|-------------------------|--------------|--------------------|--------------------------|------------------------|
|   | Computers       | Communication Equipment | Office Equipment |                       | Computer Software (acquired) | Total Intangible Assets | Right to Use | Total Right to Use |                          |                        |
| <b>Accumulated Depreciation and Amortization</b>                  |                 |                         |                  |                       |                              |                         |              |                    |                          |                        |
| <b>As at 1st April 2019</b>                                       | 169.94          | 19.24                   | 6.45             | 195.63                | 188.89                       | 188.89                  | -            | -                  | -                        | -                      |
| Depreciation and amortisation during the year ended 31 March 2020 | 65.31           | 0.62                    | 2.53             | 68.46                 | 23.58                        | 23.58                   | 211.16       | 211.16             | -                        | -                      |
| Deductions  | 3.76            | -                       | -                | 3.76                  | -                            | -                       | -            | -                  | -                        | -                      |
| Provision for Impairment  | -               | -                       | -                | -                     | -                            | -                       | -            | -                  | -                        | -                      |
| <b>As at 31st March 2020</b>                                      | 231.49          | 19.86                   | 8.98             | 260.33                | 212.47                       | 212.47                  | 211.16       | 211.16             | -                        | -                      |
| Depreciation and amortisation during the year ended 31 March 2021 | 55.16           | 0.46                    | 2.62             | 58.24                 | 46.03                        | 46.03                   | 210.58       | 210.58             | -                        | -                      |
| Deductions  | -               | 3.23                    | -                | 3.23                  | -                            | -                       | -            | -                  | -                        | -                      |
| Provision for Impairment  | -               | -                       | -                | -                     | 23.66                        | 23.66                   | -            | -                  | -                        | 26.23                  |
| <b>As at 31st March 2021</b>                                      | 286.65          | 17.09                   | 11.60            | 315.34                | 282.16                       | 282.16                  | 421.74       | 421.74             | -                        | 26.23                  |

(₹ in Lakh)

| Description of Asset         | TANGIBLE ASSETS |                         |                  | Total Tangible Assets | INTANGIBLE ASSETS            |                         | RIGHT TO USE |                    | Capital Work in Progress | Intangible Asset under |
|------------------------------|-----------------|-------------------------|------------------|-----------------------|------------------------------|-------------------------|--------------|--------------------|--------------------------|------------------------|
|                              | Computers       | Communication Equipment | Office Equipment |                       | Computer Software (acquired) | Total Intangible Assets | Right to Use | Total Right to Use |                          |                        |
| <b>Net Block</b>             |                 |                         |                  |                       |                              |                         |              |                    |                          |                        |
| <b>As at 31st March 2020</b> | 231.50          | 7.71                    | 9.04             | 248.25                | 73.20                        | 73.20                   | 722.91       | 722.91             | 27.25                    | 215.59                 |
| <b>As at 31st March 2021</b> | 219.22          | 18.48                   | 6.48             | 244.18                | 436.95                       | 436.95                  | 512.33       | 512.33             | -                        | 31.70                  |





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 4 : Non-Current Investments

(₹ in Lakh)

| Particulars   | Rate of Interest (%) | Year of Maturity | No. of bonds / debentures / shares / units | Face Value | As at 31st March, 2021 | As at 31st March, 2020 |
|---|----------------------|------------------|--|------------|------------------------|------------------------|
| <b>(a) Investment in equity Instrument at cost (fully paid up)</b>  |                      |                  |  |            |                        |                        |
| Unquoted equity instruments at cost   |                      |                  |  |            |                        |                        |
| In fellow Subsidiary company  |                      |                  |  |            |                        |                        |
| NSDL Payment Bank Limited   |                      |                  | 2,00,00,000                                | 10         | 2,000.00               | 2,000.00               |
| <b>(b) Investment in Debentures or bonds</b>  |                      |                  |  |            |                        |                        |
| Quoted debentures or bonds - amortised cost   |                      |                  |  |            |                        |                        |
| (i) Indian Railway Finance Corporation Limited *  | 8.63                 | 2029             | 40,000                                     | 1,000      | 447.05                 | 448.25                 |
| (ii) Indian Railway Finance Corporation Limited *   | 8.00                 | 2022             | 60,000                                     | 1,000      | -                      | 626.89                 |
| (iii) Housing and Urban Development Corporation Limited *   | 8.56                 | 2028             | 100  | 10,00,000  | 1,119.80               | 1,126.77               |
| (iv) India Infrastructure Finance Company Limited *   | 8.66                 | 2034             | 30,000                                     | 1,000      | 341.31                 | 343.01                 |
| (v) Housing and Urban Development Corporation Limited *   | 8.51                 | 2028             | 50,000                                     | 1,000      | 554.82                 | 558.34                 |
| (vi) NHPC Limited *   | 8.67                 | 2033             | 10,000                                     | 1,000      | 119.72                 | 120.24                 |
| (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   | 10,00,000  | 542.61                 | 543.16                 |
| (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                 | 303.94                 |
| (xiii) National Highway Authority of India *  | 7.35                 | 2031             | 50,000                                     | 1,000      | 565.14                 | 567.28                 |
| (xiv) National Bank For Agriculture And Rural Development *   | 7.35                 | 2031             | 1,20,000                                   | 1,000      | 1,297.27               | 1,303.97               |
| (xv) India Infrastructure Finance Company Limited *   | 7.40                 | 2033             | 50,000                                     | 1,000      | 556.05                 | 558.81                 |
| (xvi) National Housing Bank *   | 8.46                 | 2028             | 50   | 10,00,000  | 587.29                 | 593.75                 |
| (xvii) NTPC Limited*  | 8.48                 | 2028             | 1,00,000                                   | 1,000      | 1,173.50               | 1,188.31               |
| (xviii) NTPC Limited*   | 8.41                 | 2023             | 50,000                                     | 1,000      | 538.90                 | 547.70                 |
| (xix) National Housing Bank *   | 8.68                 | 2029             | 20,000                                     | 5,000      | 1,141.42               | 1,154.55               |
| (xx) Rural Electrification Corporation Limited *  | 7.17                 | 2025             | 50   | 10,00,000  | 540.37                 | 546.06                 |
| <b>(c) Investment in Mutual Funds (at fair value through Profit &amp; Loss)</b>                                     |                      |                  |  |            |                        |                        |
| (i) Franklin India Fixed Maturity Plans-Series 4 Plan B 1098 days   |                      |                  | 50,00,000                                  |            | -                      | 581.78                 |
| (ii) Kotak Mahindra MF FMP Series 235 -1140D Dir Growth 26Ag21  |                      |                  | 50,00,000                                  |            | -                      | 587.72                 |
| (iii) SBI Mutual Fund Series 8 (1178 Days)  |                      | 25/08/2022       | 50,00,000                                  |            | 589.00                 | 541.43                 |
| (iv) SBI Mutual Fund Series 14 (1102 Days)  |                      | 05/08/2022       | 30,00,000                                  |            | 347.40                 | 319.36                 |
| Total   |                      |                  |  |            | 13,152.96              | 14,948.75              |
| * 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   |                      |                  |  |            | 11,152.96              | 12,948.75              |
| Aggregate market value of quoted investment   |                      |                  |  |            | 12,258.26              | 11,398.39              |
| 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 31st March, 2021 |               |               | As at 31st March, 2020 |               |               |
|--|------------------------|---------------|---------------|------------------------|---------------|---------------|
| (Unsecured, considered good unless stated otherwise) | Non-Current            | Current       | Total         | Non-Current            | Current       | Total         |
| Security deposits                                    | 2.94                   | 202.72        | 205.66        | 1.94                   | 202.72        | 204.66        |
| Interest accrued on fixed deposits                   | -                      | 23.05         | 23.05         | -                      | 4.84          | 4.84          |
| <b>Total</b>   | <b>2.94</b>            | <b>225.77</b> | <b>228.71</b> | <b>1.94</b>            | <b>207.56</b> | <b>209.50</b> |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 6 : Income tax assets (Net)

(₹ in Lakh)

| Particulars                           | As at<br>31st March, 2021 |          |              | As at<br>31st March, 2020 |          |               |
|---------------------------------------|---------------------------|----------|--------------|---------------------------|----------|---------------|
|                                       | Non-Current               | Current  | Total        | Non-Current               | Current  | Total         |
| Advance income tax (net of provision) | 72.57                     | -        | 72.57        | 111.11                    | -        | 111.11        |
| <b>Total</b>                          | <b>72.57</b>              | <b>-</b> | <b>72.57</b> | <b>111.11</b>             | <b>-</b> | <b>111.11</b> |

### Note 7 : Other Assets

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 |               |               | As at<br>31st March, 2020 |               |               |
|--|---------------------------|---------------|---------------|---------------------------|---------------|---------------|
|  | Non-Current               | Current       | Total         | Non-Current               | Current       | Total         |
| (Unsecured, considered good unless stated otherwise) |                           |               |               |                           |               |               |
| Prepaid expenses                                     | 29.03                     | 54.12         | 83.15         | 35.93                     | 76.02         | 111.95        |
| GST credit receivable                                | -                         | 105.07        | 105.07        | -                         | 147.93        | 147.93        |
| Advance to employee                                  | -                         | 2.68          | 2.68          | -                         | 0.53          | 0.53          |
| Capital Advances                                     | 47.86                     | -             | 47.86         | -                         | -             | -             |
| Security deposits                                    | -                         | 6.83          | 6.83          | 3.25                      | -             | 3.25          |
| Others   | -                         | 6.69          | 6.69          | -                         | 8.45          | 8.45          |
| <b>Total</b>   | <b>76.89</b>              | <b>175.39</b> | <b>252.28</b> | <b>39.18</b>              | <b>232.93</b> | <b>272.11</b> |

### Note 8 : Current Investments

(₹ in Lakh)

| Particulars                       |   | Rate of Interest (%) | Year of Maturity | No. of bonds / debentures / shares / units | Face Value / NAV (₹) | As at 31st March, 2021 | As at 31st March, 2020 |
|-----------------------------------|---|----------------------|------------------|--|----------------------|------------------------|------------------------|
| <b>Other Current investment :</b> |   |                      |                  |  |                      |                        |                        |
| (a)                               | <b>Investment in Debentures or bonds</b>                      |                      |                  |  |                      |                        |                        |
|                                   | <b>Quoted debentures or bonds - amortised cost</b>            |                      |                  |  |                      |                        |                        |
|                                   | Indian Railway Finance Corporation Limited *                  | 8                    | 2022             | 60,000                                     | 1000                 | 624.45                 | -                      |
| (b)                               | <b>Investment in Mutual Funds</b>                             |                      |                  |  |                      |                        |                        |
|                                   | Mutual funds at FVTPL   |                      |                  |  |                      |                        |                        |
| (i)                               | HDFC Low Duration Fund *                                      |                      |                  | 9,22,772                                   |                      | -                      | 407.94                 |
| (ii)                              | HDFC Corporate Bond Fund-Direct Plan-Growth                   |                      |                  | 26,41,031                                  |                      | -                      | 609.65                 |
| (iii)                             | IDFC Corporate Bond Fund - Direct Growth option               |                      |                  | 42,90,188                                  |                      | -                      | 599.02                 |
| (iv)                              | ICICI Prudential Banking & PSU Debt fund-Direct Plan - Growth |                      |                  | 12,97,752                                  |                      | -                      | 306.84                 |
| (v)                               | ICICI Prudential Banking & PSU Debt fund-Direct Plan - Growth |                      |                  | 4,31,405                                   |                      | -                      | 102.00                 |
| (vi)                              | Kotak Banking and PSU Debt Fund - Dir - Growth                |                      |                  | 8,62,482                                   |                      | -                      | 410.94                 |
| (vii)                             | Nippon Liquid Fund  |                      |                  | 8,250                                      |                      | 415.14                 | 400.17                 |
| (viii)                            | SBI Liquid Fund   |                      |                  | 6,435                                      |                      | 207.29                 | 200.07                 |
| (ix)                              | NIPPON BPSU - Dir - Growth                                    |                      |                  | 26,51,518                                  |                      | -                      | 400.00                 |
| (x)                               | Franklin India Fixed Maturity Plans-Series 4 Plan B 1098 days |                      |                  | 50,00,000                                  |                      | 627.00                 | -                      |
| (xi)                              | Kotak Mahindra MF FMP Series 235 -1140D Dir Growth 26Ag21     |                      |                  | 50,00,000                                  |                      | 628.00                 | -                      |
|                                   | <b>Total</b>  |                      |                  |  |                      | <b>2,501.88</b>        | <b>3,436.63</b>        |
|                                   | Aggregate amount of quoted investment                         |                      |                  |  |                      | 2,501.88               | 3,436.63               |
|                                   | Aggregate market value of quoted investment                   |                      |                  |  |                      | 2,497.09               | 3,436.63               |
|                                   | Aggregate amount of unquoted investments                      |                      |                  |  |                      | -                      | -                      |
|                                   | Aggregate amount of impairment in value of investment         |                      |                  |  |                      | -                      | -                      |

\*After scheme re-categorization mandate of SEBI in 2018, schemes got merged and now there is no wholesale plan and retail plan, Pursuant to the scheme merger the company has received 9,22,772 units of HDFC Low Duration Fund as on 10th May,2019 instead of HDFC Low Duration Fund-Wholesale-Growth (units in Previous scheme 9,07,496 units)



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 9 : Trade Receivables

(₹ in Lakh)

| Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| Secured, considered good                                  | 2.15                      | 9.80                      |
| Unsecured, considered good                                | 622.58                    | 644.34                    |
| Unsecured, which have significant increase in Credit Risk | -                         | -                         |
| Unsecured, credit impaired                                | 71.58                     | 10.95                     |
|   | <b>696.31</b>             | <b>665.09</b>             |
| Less : Impairment loss allowance                          | 71.58                     | 10.95                     |
|   | <b>624.73</b>             | <b>654.14</b>             |
| <b>Total</b>  | <b>624.73</b>             | <b>654.14</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.

2) The Company has appropriate levels of control procedures for new customers which ensures the potential customer's credit quality. Credit limits attributed to customers are reviewed periodically by the Management

3) Movement of Credit impaired

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Balance at the begning of the year                                       | 10.95                     | 12.29                     |
| Credit impaired pertaining to discounted operations ( reclassification ) | -                         | -                         |
| Provision during the year  | 65.60                     | 6.89                      |
| Reversal during the year   | 4.97                      | 8.23                      |
| <b>Balance at the end of the year</b>                                    | <b>71.58</b>              | <b>10.95</b>              |

### Note 10 : Cash and Cash Equivalents

(₹ in Lakh)

| Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| Cash and cash equivalents                               |                           |                           |
| (i) in current accounts                                 | 128.75                    | 445.61                    |
| (ii) in sweep deposit for meeting short term commitment | 366.07                    | 153.04                    |
| <b>Total</b>  | <b>494.82</b>             | <b>598.65</b>             |

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

(₹ in Lakh)

| Particulars  | As at<br>31st March,<br>2021 | As at<br>31st March,<br>2020 | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|------------------------------|------------------------------|---------------------------|---------------------------|
|  | Non Current                  |                              | Current                   |                           |
| Other bank balances  |                              |                              |                           |                           |
| (i) In Deposits with original maturity for more than 12 months                                   | 2,174.99                     | 74.50                        | 3,124.49                  | -                         |
| (ii) Earmarked Deposits with original maturity for more than 12 months *                         | 56.00                        | 149.12                       | 124.12                    | -                         |
| (iii) Earmarked Deposits with original maturity for more than 3 months but less than 12 months * | -                            | -                            | 50.00                     | 50.00                     |
| <b>Total</b>   | <b>2,230.99</b>              | <b>223.62</b>                | <b>3,298.61</b>           | <b>50.00</b>              |

\* These balances are earmarked towards Performance Bank Guarantee

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 12 : Equity Share Capital

(₹ in Lakh)

| Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| <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.

The Board of Directors, in their meeting on May 27, 2021, have proposed a final dividend of ₹ 915.75 lakh for the Financial Year ended March 31, 2021. The Proposal is subject to approval of the shareholders at the ensuing annual general meeting to be held and if approved would result in a cash outflow of approximately ₹ 915.75 lakh.

The Board of Directors, in the meeting on June 15, 2020 proposed a final dividend of ₹ 1/- per equity share which has been approved by the shareholders at the Annual General Meeting held on September 24, 2020. The Total dividend paid during the year ended March 31, 2021 amounts to ₹ 610.50 lakh.

#### 12b. Reconciliation of the shares outstanding at the end of the year

| Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| Number of equity shares at the beginning              | 6,10,50,000               | 6,10,50,000               |
| Add: Issued during the year                           | -                         | -                         |
| <b>Number of equity shares at the end of the year</b> | <b>6,10,50,000</b>        | <b>6,10,50,000</b>        |

#### 12c . Details of shareholders holding more than 5% shares

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Name of the Shareholder  |                           |                           |
| National Securities Depository Limited (Holding company ) and its nominees |                           |                           |
| Number of shares held  | 6,10,50,000               | 6,10,50,000               |
| % of Holding   | 100                       | 100                       |

#### 12d. Shares in the company held by its holding company or its ultimate holding company in aggregate

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Name of the Shareholder  |                           |                           |
| National Securities Depository Limited (Holding company ) and its nominees |                           |                           |
| Number of shares held  | 6,10,50,000               | 6,10,50,000               |
| % of Holding   | 100                       | 100                       |



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 13 : Other Equity

(₹ in Lakh)

| Particulars                          | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--------------------------------------|---------------------------|---------------------------|
| Retained earning                     |                           |                           |
| Balance at the beginning of the year | 11,537.85                 | 8,450.76                  |
| Add : Profit for the year            | 3,107.04                  | 3,062.54                  |
| Less : Dividend                      | (610.50)                  | -                         |
| Other comprehensive income           | (33.46)                   | 24.55                     |
| Balance at the end of the year       | 14,000.93                 | 11,537.85                 |
| <b>Total</b>                         | <b>14,000.93</b>          | <b>11,537.85</b>          |

### Note 14 : Deferred Tax

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| <b>Deferred tax liability</b>                                      |                           |                           |
| On difference between book balance and tax balance of fixed assets | 41.73                     | 25.22                     |
| Cumulative gain on FMP after indexation                            | 95.20                     | 142.45                    |
| <b>Deferred tax asset</b>  |                           |                           |
| Provision for employee benefits                                    | 52.77                     | 35.33                     |
| Other Comprehensive Income on Gratuity                             | 11.26                     | -                         |
| Provision for doubtful debts                                       | 18.02                     | 2.76                      |
| Interest related to IND AS 116 Lease                               | 11.03                     | 7.62                      |
| <b>Total</b>   | <b>43.85</b>              | <b>121.96</b>             |

(₹ in Lakh)

| The movement in deferred tax asset and liabilities:                | As at<br>31st March,<br>2019 | Credited<br>/ (charge)<br>to Income<br>statement<br>/ OCI | As at<br>31st March,<br>2020 | Credited /<br>(charge) to<br>Income<br>statement /<br>OCI | As at<br>31st March,<br>2021 |
|--|------------------------------|---|------------------------------|---|------------------------------|
| <b>Deferred tax liability</b>                                      |                              |   |                              |   |                              |
| On difference between book balance and tax balance of fixed assets | 24.15                        | 1.07  | 25.22                        | 16.51   | 41.73                        |
| Cumulative gain on FMP after indexation                            | 72.63                        | 69.82   | 142.45                       | (47.25)   | 95.20                        |
|  | <b>96.78</b>                 | <b>70.89</b>  | <b>167.67</b>                | <b>(30.74)</b>  | <b>136.93</b>                |
| <b>Deferred tax asset</b>  |                              |   |                              |   |                              |
| Provision for employee benefits                                    | 41.03                        | (5.70)  | 35.33                        | 17.44   | 52.77                        |
| Other Comprehensive Income on Gratuity                             | -                            | -   | -                            | 11.26   | 11.26                        |
| Provision for doubtful debts                                       | 1.90                         | 0.86  | 2.76                         | 15.26   | 18.02                        |
| Interest related to IND AS 116 Lease                               | -                            | 7.62  | 7.62                         | 3.41  | 11.03                        |
|  | <b>42.93</b>                 | <b>2.78</b>   | <b>45.71</b>                 | <b>47.37</b>  | <b>93.08</b>                 |
| <b>Deferred tax</b>  | <b>53.85</b>                 | <b>68.11</b>  | <b>121.96</b>                | <b>(78.11)</b>  | <b>43.85</b>                 |

### Note 15 : Other financial liabilities

(₹ in Lakh)

| Particulars                          | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--------------------------------------|---------------------------|---------------------------|
| Lease Liability                      | 341.35                    | 556.16                    |
| Credit balances in Trade Receivables | 3.04                      | -                         |
| <b>Total</b>                         | <b>344.39</b>             | <b>556.16</b>             |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 16 : Other non-current liabilities

(₹ in Lakh)

| Particulars                | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|----------------------------|---------------------------|---------------------------|
| Income received in advance | 79.17                     | 18.03                     |
| <b>Total</b>               | <b>79.17</b>              | <b>18.03</b>              |

### Note 17 : Trade payables

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Amounts due to micro and small enterprises           | 69.16                     | 134.08                    |
| Others   | 484.59                    | 679.04                    |
| Trade payables to related parties (Refer Note No.30) | 21.96                     | 51.29                     |
| <b>Total</b>   | <b>575.71</b>             | <b>864.41</b>             |

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

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

(₹ in Lakh)

| Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| Principal amount remaining unpaid to any supplier as at the end of the accounting period  | 69.16                     | 134.08                    |
| 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>69.16</b>              | <b>134.08</b>             |

### Note 18 : Other financial liabilities

(₹ in Lakh)

| Particulars                              | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| <b>Current</b>                           |                           |                           |
| Security deposit received from customers | 127.57                    | 122.01                    |
| Payables on purchase of fixed assets     | 79.37                     | 104.92                    |
| Payables to staff                        | 272.03                    | 185.92                    |
| Gratuity payable to fund                 | 75.64                     | 13.05                     |
| Lease Liability                          | 214.82                    | 197.09                    |
| <b>Total</b>                             | <b>769.43</b>             | <b>622.99</b>             |

### Note 19 : Provisions

(₹ in Lakh)

| Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| Provision for compensated absences (refer footnote (i) below) | 209.65                    | 140.39                    |
| <b>Total</b>  | <b>209.65</b>             | <b>140.39</b>             |

Foot note (i): The provision for compensated absences includes ordinary leave and sick leave





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 20 : Other current liabilities

(₹ in Lakh)

| Particulars                | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|----------------------------|---------------------------|---------------------------|
| <b>Current</b>             |                           |                           |
| Advances from customers    | 1,021.48                  | 955.33                    |
| Income received in advance | 567.66                    | 615.73                    |
| Statutory remittances      | 99.65                     | 87.78                     |
| <b>Total</b>               | <b>1,688.79</b>           | <b>1,658.84</b>           |

### Note 21 : Current tax liability (Net)

(₹ in Lakh)

| Particulars                    | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--------------------------------|---------------------------|---------------------------|
| Provision for income tax (net) | 265.79                    | 166.08                    |
| <b>Total</b>                   | <b>265.79</b>             | <b>166.08</b>             |

### Note 22 : Revenue from operations

(₹ in Lakh)

| Particulars       | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|-------------------|---------------------------|---------------------------|
| Annual fees       | 1,035.77                  | 1,040.53                  |
| Registration fees | 326.17                    | 676.25                    |
| Transaction fees  | 5,497.84                  | 5,340.09                  |
| <b>Total</b>      | <b>6,859.78</b>           | <b>7,056.87</b>           |

### Note 23 : Other income

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Interest income :  |                           |                           |
| - from financial assets at amortised cost                  | 706.44                    | 697.11                    |
| - On fixed deposits with banks                             | 137.17                    | 56.87                     |
|  | 843.61                    | 753.98                    |
| Net gain on financial assets mandatorily measured at FVTPL | 183.30                    | 316.64                    |
| Gain / (Loss) on sale of Mutual Fund                       | 155.73                    | -                         |
| Bad debts recovery   | 14.55                     | 1.66                      |
| Extinguishment of Lease Liability                          | 10.92                     | -                         |
| Reversal of provision for bad and doubtful debts           | -                         | 1.33                      |
| Rent Recovery  | 31.43                     | 49.66                     |
| Trade payable written back *                               | 4.17                      | 208.36                    |
| Miscellaneous income                                       | 3.00                      | 0.84                      |
| <b>Total</b>   | <b>1,246.71</b>           | <b>1,332.47</b>           |

\* During the previous year, the Company has written back trade payable amounting to ₹ 208.36 lakh

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### Note 24 : Employee benefits expense

(₹ in Lakh)

| Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| - Salaries and wages  | 1,080.39                  | 767.37                    |
| - Contribution to provident and other funds (refer note 30) | 103.79                    | 88.62                     |
| - Staff welfare expenses                                    | 23.41                     | 45.20                     |
| - Deputation Cost   | 116.90                    | 91.57                     |
| <b>Total</b>  | <b>1,324.49</b>           | <b>992.76</b>             |

### Note 25 : Finance Cost

(₹ in Lakh)

| Particulars                   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|-------------------------------|---------------------------|---------------------------|
| - Interest on Lease Liability | 55.63                     | 71.91                     |
| <b>Total</b>                  | <b>55.63</b>              | <b>71.91</b>              |

### Note 26 : Other expenses

(₹ in Lakh)

| Particulars                                 | Year ended<br>31st March, 2021 |                 | Year ended<br>31st March, 2020 |                 |
|---|--------------------------------|-----------------|--------------------------------|-----------------|
| - System support charges                    |                                | 1,179.78        |                                | 1,724.35        |
| - Repairs and maintenance                   |                                | 42.86           |                                | 62.26           |
| - Processing charges                        |                                | 880.47          |                                | 1,053.13        |
| - Communication expenses                    |                                | 50.27           |                                | 47.00           |
| - Rent                                      |                                | 19.42           |                                | 12.47           |
| - Insurance                                 |                                | 21.96           |                                | 23.15           |
| - Travelling and conveyance expenses        |                                | 5.86            |                                | 60.89           |
| - Legal and professional fees               |                                | 34.43           |                                | 25.23           |
| - Printing and stationery expenses          |                                | 5.09            |                                | 6.34            |
| - Payment to Auditors (net off GST set-off) |                                |                 |                                |                 |
| - (a) Audit fees                            | 5.50                           |                 | 5.00                           |                 |
| - (b) Tax audit fees                        | 1.20                           |                 | 1.00                           |                 |
| - (c) Audit fees Limited review             | 1.80                           |                 | 1.50                           |                 |
| - (d) Other services                        | 1.55                           | 10.05           | 1.55                           | 9.05            |
| - Directors sitting fees                    |                                | 24.00           |                                | 27.20           |
| - Marketing Expenses                        |                                | 2.11            |                                | 0.84            |
| - Assets written off                        |                                | -               |                                | 0.20            |
| - Capital WIP written off                   |                                | 4.17            |                                | 9.55            |
| - Provision for Impairment of CWIP          |                                | 26.23           |                                | -               |
| - Loss on sale of Assets                    |                                | 14.91           |                                | -               |
| - Bad debts                                 |                                | 2.90            |                                | 23.24           |
| - Provision for bad and doubtful debts      |                                | 60.63           |                                | -               |
| - Corporate social responsibility expenses  |                                | 64.78           |                                | 52.70           |
| - Miscellaneous expenses                    |                                | 31.81           |                                | 16.22           |
| <b>Total</b>                                |                                | <b>2,481.73</b> |                                | <b>3,153.82</b> |



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### 27. Contingent Liabilities and Other Commitment (to the extent not provided for):

a) **Contingent Liabilities:** On account of disputed demand of Income Tax of ₹ 542.40 lakh (previous year ₹ 542.40 lakh).

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 ₹ 156.34 Lakh as at 31st March, 2021 (₹ 98.87 Lakh as at 31st March, 2020 )
- ii) Other Commitments:  
Contractual guarantee: ₹ 230.12 Lakh as at 31st March, 2021 (₹ 199.12 Lakh as at 31st March, 2020)

28. **Expenditure incurred in foreign exchange:** ₹ NIL (previous period : ₹ 6.81 Lakh)

29. 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'.

### 30. 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. G.V.Nageswara Rao                            | Director                 |
| Mr. Krishna Srinivas (resigned on 08th May,2020) | Key Managerial Personnel |
| Mr. Madhusudhan ML (w.e.f 27th April,2020)       | MD &CEO                  |
| Mr. Samar Banwat (w.e.f 07th August,2020)        | Director                 |

#### b) Nature and volume of transaction ( excluding GST ) during the year with above related parties

(₹ in Lakh)

| Particulars  | Year ended<br>31st March, 2021 | Year ended<br>31st March, 2020 |
|--|--------------------------------|--------------------------------|
| <b>Transactions during the year:</b>                               |                                |                                |
| <b>A) Holding Company - National Securities Depository Limited</b> |                                |                                |
| <b>(a) Income</b>  |                                |                                |
| i) Referral Fees   | 10.66                          | 9.66                           |
| ii) Rent   | 31.43                          | 17.09                          |
| iii) Deputation cost   | 8.91                           | 17.50                          |
| iv) Repairs and maintenance  | 5.52                           | 4.33                           |
| v) Others  | 0.80                           | -                              |
| <b>Total (a)</b>   | <b>57.32</b>                   | <b>48.58</b>                   |
| <b>(b) Expenses</b>  |                                |                                |
| (i) System Support Charges   | 12.86                          | 20.60                          |
| (ii) Deputation Cost   | 109.90                         | 94.95                          |
| (iii) Annual Custody Fees  | 0.75                           | 1.88                           |
| (iv) Dividend  | 610.50                         | -                              |
| (v) Others   | 0.78                           | 1.99                           |
| <b>Total (b)</b>   | <b>734.08</b>                  | <b>119.42</b>                  |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

### FOR THE YEAR ENDED 31ST MARCH, 2021

#### b) Nature and volume of transaction ( excluding GST ) during the year with above related parties

(₹ in Lakh)

| Particulars  | Year ended<br>31st March, 2021 | Year ended<br>31st March, 2020 |
|--|--------------------------------|--------------------------------|
| <b>(c) Gratuity &amp; Leave</b>  |                                |                                |
| (i) Gratuity transferred by NSDL in respect of Employee Transferred to NDML - ( Net expense )        | 3.35                           | -                              |
| (ii) Gratuity transferred by NDML in respect of Employee Transferred to NSDL - ( Net expense )       | 1.95                           | -                              |
| (iii) Leave (OL/SL) transferred by NSDL in respect of Employee Transferred to NDML - ( Net expense ) | 10.51                          | -                              |
| (iv) Leave (OL/SL) transferred by NDML in respect of Employee Transferred to NSDL - ( Net expense )  | 9.67                           | -                              |
| <b>(d) Net Receivable/(Payable) at the year end</b>  | <b>(17.65)</b>                 | <b>(46.80)</b>                 |
| <b>B) Fellow Subsidiary Company – NSDL Payment Bank Limited</b>                                      |                                |                                |
| <b>(a) Income</b>  |                                |                                |
| (i) RTA Income   | 0.08                           | 0.06                           |
| (ii) KRA Income  | 1.83                           | 0.10                           |
| (iii) Rent   | -                              | 32.57                          |
| (iv) Repairs and maintenance   | -                              | 7.98                           |
| <b>Total (a)</b>   | <b>1.91</b>                    | <b>40.71</b>                   |
| <b>(b) Expenses</b>  |                                |                                |
| (i) Rent   | 16.82                          | 4.16                           |
| (ii) Others (Integration Charges )   | 1.00                           | -                              |
| <b>Total (b)</b>   | <b>17.82</b>                   | <b>4.16</b>                    |
| <b>(C) Net Receivable/(Payable) at the year end</b>  | <b>(4.31)</b>                  | <b>(4.49)</b>                  |
| <b>Directors</b>   |                                |                                |
| I) Sitting Fees  |                                |                                |
| i) Mr. P.P.Vora  | 12.00                          | 13.60                          |
| ii) Mr. C.M.Vasudev  | 12.00                          | 13.60                          |
| <b>D) Key Managerial Personnel</b>   |                                |                                |
| i) Remuneration to MD – Madhusudhan ML *   |                                |                                |
| Short-term employee benefit  | 109.90                         | -                              |
| Post employment benefits   | 6.88                           | -                              |
| Long term employee benefits  | -                              | -                              |
| Total Remuneration   | 116.78                         | -                              |

\* Managerial Remuneration does not include provision made for compensated absence and 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 FORMING PART OF THE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### 31. Right to Use:

Following are the changes in the carrying value of right of use assets:

(₹ in Lakh)

| Particulars             | As at<br>31st March, 2021 | Year ended<br>31st March, 2020 |
|-------------------------|---------------------------|--------------------------------|
| Balance as at beginning | 722.91                    | -                              |
| Additions               | -                         | 934.07                         |
| Depreciation            | (210.58)                  | (211.16)                       |
| Balance as at end       | 512.33                    | 722.91                         |

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities:

(₹ in Lakh)

| Particulars                   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|-------------------------------|---------------------------|---------------------------|
| Current Lease Liabilities     | 214.82                    | 197.09                    |
| Non-Current Lease Liabilities | 341.35                    | 556.16                    |
| <b>Total</b>                  | <b>556.17</b>             | <b>753.26</b>             |

The following is the movement in lease liabilities during the year ended 31 March 2021:

(₹ in Lakh)

| Particulars                            | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Balance as at beginning                | 753.26                    | -                         |
| Additions                              | -                         | 934.07                    |
| Finance cost accrued during the year   | 55.63                     | 71.91                     |
| Payment / accrual of lease liabilities | (241.80)                  | (252.72)                  |
| Extinguishment of lease liabilities    | (10.92)                   | -                         |
| Balance as at end                      | 556.17                    | 753.26                    |

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

(₹ in Lakh)

| Particulars          | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|----------------------|---------------------------|---------------------------|
| Less than one year   | 252.72                    | 252.72                    |
| One to five years    | 361.53                    | 614.25                    |
| More than five years | -                         | -                         |
| <b>Total</b>         | <b>614.25</b>             | <b>866.97</b>             |

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### 32. 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<br>31st March, 2021 | As at<br>31st March, 2020 |
|---------------------|---------------------------|---------------------------|
| Provident Fund      | 40.04                     | 30.43                     |
| Superannuation Fund | 24.86                     | 18.45                     |
| <b>Total</b>        | <b>64.90</b>              | <b>48.88</b>              |

### b) Gratuity

(i) Summary of actuarial assumptions : (₹ in Lakh)

| Particulars                   | As at<br>31st March, 2021                | As at<br>31st March, 2020                |
|-------------------------------|--|--|
| Discount rate                 | 6.44%                                    | 6.84%                                    |
| Rate of Return on Plan Assets | 6.44%                                    | 6.84%                                    |
| Salary Escalation             | 7.00%                                    | 7.00%                                    |
| Attrition Rate                |  |  |
| - Less than 5 years           | 19.00%                                   | 19.00%                                   |
| - More than 5 years           | 5.00%                                    | 5.00%                                    |
| 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<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Liability at the beginning of the year   | 348.69                    | 359.24                    |
| Interest cost  | 23.85                     | 27.95                     |
| Current service cost   | 35.32                     | 42.42                     |
| Liability Transferred In / Acquisition   | 9.43                      | -                         |
| Liability Transferred Out / Disinvestment                                      | (21.11)                   | -                         |
| Benefit paid   | (3.20)                    | (70.80)                   |
| Actuarial (gain)/loss on obligations – due to demographic assumptions          | -                         | (16.06)                   |
| Actuarial (gain)/loss on obligations – due to change in financials assumptions | 18.18                     | (2.23)                    |
| Actuarial (gain)/loss on obligations – due to experience                       | 24.59                     | 8.17                      |
| Liability at the end of the year   | 435.74                    | 348.69                    |

(iii) Reconciliation of fair value of plan assets: (₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Fair value of plan assets at the beginning of the year   | 335.64                    | 315.20                    |
| Interest income  | 22.96                     | 24.52                     |
| Expected return on plan assets excluding interest income | (1.96)                    | 22.68                     |
| Contributions  | 13.05                     | 44.04                     |
| Assets transferred In / Acquisition                      | 12.78                     | -                         |
| (Assets transferred out/disinvestments)                  | (19.17)                   | -                         |
| Benefits paid from the fund                              | (3.20)                    | (70.80)                   |
| Fair value of plan assets at the end of the year         | 360.10                    | 335.64                    |





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.)

### FOR THE YEAR ENDED 31ST MARCH, 2021

#### (iv) Amount recognized in Balance sheet

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Present value of funded obligation                     | (435.74)                  | (348.69)                  |
| Fair value of plan assets at the end of the year       | 360.10                    | 335.64                    |
| Liability at the end of the year                       | (75.64)                   | (13.05)                   |
| Net (liability) / asset disclosed in the Balance Sheet | (75.64)                   | (13.05)                   |

#### (v) Net Interest cost for current year

(₹ in Lakh)

| Particulars                        | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|------------------------------------|---------------------------|---------------------------|
| Interest cost                      | 23.85                     | 27.95                     |
| Interest income                    | (22.96)                   | (24.52)                   |
| Net interest cost for current year | 0.89                      | 3.43                      |

#### (vi) Expenses recognized in Statement of Profit and Loss:

(₹ in Lakh)

| Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| Current service cost                                | 35.32                     | 42.42                     |
| Net Interest cost                                   | 0.89                      | 3.43                      |
| Expenses recognised in statement of profit and loss | 36.21                     | 45.85                     |

#### (vii) Expense recognised in other comprehensive income

(₹ in Lakh)

| Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| Expected return on plan assets                          | 1.96                      | (22.68)                   |
| Actuarial (gain)/loss                                   | 42.76                     | (10.12)                   |
| Net (Income)/ Expenses for the period recognised in OCI | 44.72                     | (32.80)                   |

#### (viii) Balance sheet Reconciliation:

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Opening Net Liability                              | 13.05                     | 44.04                     |
| Expenses Recognized in Statement of Profit or Loss | 36.21                     | 45.85                     |
| Expenses Recognized in OCI                         | 44.72                     | (32.80)                   |
| Net Liability /(Asset) Transfer in                 | (3.35)                    | -                         |
| Net (Liability)/Asset Transfer out                 | (1.95)                    | -                         |
| Employers Contribution                             | (13.05)                   | (44.04)                   |
| Amount recognised in the Balance Sheet             | 75.64                     | 13.05                     |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### (ix) Category of assets

(₹ in Lakh)

| Particulars           | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|-----------------------|---------------------------|---------------------------|
| Insurer managed funds | 360.10                    | 335.64                    |
| <b>Total</b>          | <b>360.10</b>             | <b>335.64</b>             |

### (x) Description of plan assets ( managed by an Insurance Company)

(₹ in Lakh)

| Particulars                        | As at<br>31st March, 2021                              | As at<br>31st March, 2020                              |
|------------------------------------|--|--|
| Central and State Govt. securities | Funds deployed by Life Insurance Corporation of India. | Funds deployed by Life Insurance Corporation of India. |
| Bonds/ debentures                  |  |  |
| Equity shares                      |  |  |
| Others                             |  |  |

### (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<br>( Current Year ) |                           | Defined benefit obligation<br>( Previous Year ) |                           |
|--|--|---------------------------|---|---------------------------|
|  | Increase in<br>assumption                      | Decrease in<br>assumption | Increase in<br>assumption                       | Decrease in<br>assumption |
| Discount rate (1% movement)              | (43.38)  | 50.95                     | (35.29)   | 41.57                     |
| Future salary appreciation (1% movement) | 50.15  | (43.54)                   | 41.08   | (35.54)                   |
| Attrition rate (1% movement)             | (3.25)   | 3.56                      | (1.16)  | 1.24                      |

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 ₹ 62.97 Lakh (Previous Year: ₹ 40.94 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.

### 33.Earnings per share

In accordance with the IND AS 33 'Earnings per Share':

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Profit for the period attributable to the equity shareholder (₹ in Lakh) | 3,107.04                  | 3062.54                   |
| Weighted average number of equity shares during the period               | 61,050,000                | 61,050,000                |
| Basic and Diluted Earnings per Share                                     | 5.09                      | 5.02                      |
| 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 (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### 34. Fair value measurement

(₹ in Lakh)

| Particulars                    | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--------------------------------|---------------------------|---------------------------|
| <b>Financial Assets</b>        |                           |                           |
| <b>a) Amortised cost</b>       |                           |                           |
| Investments in debt instrument | 10,841.01                 | 10,918.46                 |
| Trade Receivables              | 624.73                    | 654.14                    |
| Cash and cash equivalents      | 494.82                    | 598.65                    |
| Other Bank balances            | 5529.60                   | 273.62                    |
| Other financial assets         | 228.71                    | 209.50                    |
|                                | <b>17,718.87</b>          | <b>12,654.37</b>          |
| <b>b) FVTPL</b>                |                           |                           |
| Investment in mutual funds     | 2,813.83                  | 5,466.92                  |
|                                | <b>2,813.83</b>           | <b>5,466.92</b>           |
| <b>Total</b>                   | <b>20,532.70</b>          | <b>18,121.29</b>          |
| <b>Financial Liabilities</b>   |                           |                           |
| <b>a) Amortised cost</b>       |                           |                           |
| Trade Payables                 | 575.71                    | 864.41                    |
| Other financial liabilities    | 1,113.82                  | 1179.15                   |
| <b>Total</b>                   | <b>1,689.53</b>           | <b>2,043.56</b>           |

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

### 35. Expenses towards Corporate Social Responsibility

(₹ in Lakh)

| Sr. No. | Particulars   | Year ended<br>31st March, 2021 | Year ended<br>31st March, 2020 |
|---------|---|--------------------------------|--------------------------------|
| a)      | Gross amount required to be spent by the company during the year. | 64.43                          | 53.01                          |
| b)      | Amount paid during the year:                                      | 64.78                          | 52.70                          |

(₹ in Lakh)

| As at March 31, 2021 |                                       |                           |                           |       |
|----------------------|---------------------------------------|---------------------------|---------------------------|-------|
| Sr. No.              | Particulars                           | In Cash/ Chq/<br>Transfer | Yet to be paid<br>in cash | Total |
| (i)                  | Construction/acquisition of any asset | -                         | -                         | -     |
| (ii)                 | On purposes other than (i) above      | 64.78                     | -                         | 64.78 |

| As at March 31, 2020 |                                       |                           |                           |       |
|----------------------|---------------------------------------|---------------------------|---------------------------|-------|
| Sr. No.              | Particulars                           | In Cash/ Chq/<br>Transfer | Yet to be paid<br>in cash | Total |
| (i)                  | Construction/acquisition of any asset | -                         | -                         | -     |
| (ii)                 | On purposes other than (i) above      | 16.22                     | 36.48                     | 52.70 |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (contd.) FOR THE YEAR ENDED 31ST MARCH, 2021

### 36. Income tax expenses recognised in Statement of Profit and Loss

(₹ in Lakh)

|  | Year ended<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|--------------------------------|---------------------------|
| <b>Profit before tax from continuing operations</b>                      | <b>3,906.13</b>                | <b>3,867.65</b>           |
| Income tax expense calculated at 25.168%                                 | 983.09                         | 973.41                    |
| Effect of income that is exempt from taxation                            | (177.80)                       | (175.45)                  |
| Effect of expenses that are not deductible in determining taxable profit | 35.00                          | 15.82                     |
| Effect of different tax rates for fair value gain on investments         | (61.00)                        | -                         |
| Others (interest, rate change effect, etc)                               | 19.80                          | (8.67)                    |
| <b>Income tax expenses recognised in Statement of Profit and Loss</b>    | <b>799.09</b>                  | <b>805.11</b>             |

The tax rate used for the financial years 2020-21 and 2019-20 reconciliations above is the corporate entities in India on taxable profits under the Indian Tax Law.

### 37. COVID-19

The Novel Coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 has taken its toll on not just human life, but business and financial markets too. Various governments have introduced a variety of measures to contain the spread of the virus. The Indian government had announced countrywide lockdown which is continuing at present. In this nation-wide lock-down period, though all the services across the nation were suspended (except the specified essential services), some establishments including securities market intermediaries could operate and were exempted from the lock-down.

The management has assessed the potential impact of the COVID-19 on the Company. Based on the current assessment, the management is of the view that impact of COVID 19 on the operations of the Company and the carrying value of its assets and liabilities is not likely to be material.

### 38. Social Security Code

The Code on Social Security, 2020 (Code) relating to employee benefits during employment and post-employment benefits has received Presidential assent on 28th September 2020. The Code has been published in the Gazette of India. However, the date on which the Code comes into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

### 39. 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  
 Place: Ahmedabad

 Sd/-  
**Madhusudhan ML**  
 MD & CEO  
 DIN : 08739281  
 Place: Mumbai

 Sd/-  
**G.V.Nageswara Rao**  
 Director  
 DIN : 00799504  
 Place: Mumbai

 Sd/-  
**Vaishali Vaidya**  
 Chief Financial Officer  
 Place: Mumbai

 Sd/-  
**Nikhil Arya**  
 Company Secretary  
 Place: Mumbai

 Place : Mumbai  
 Date : May 27, 2021

## NOTES

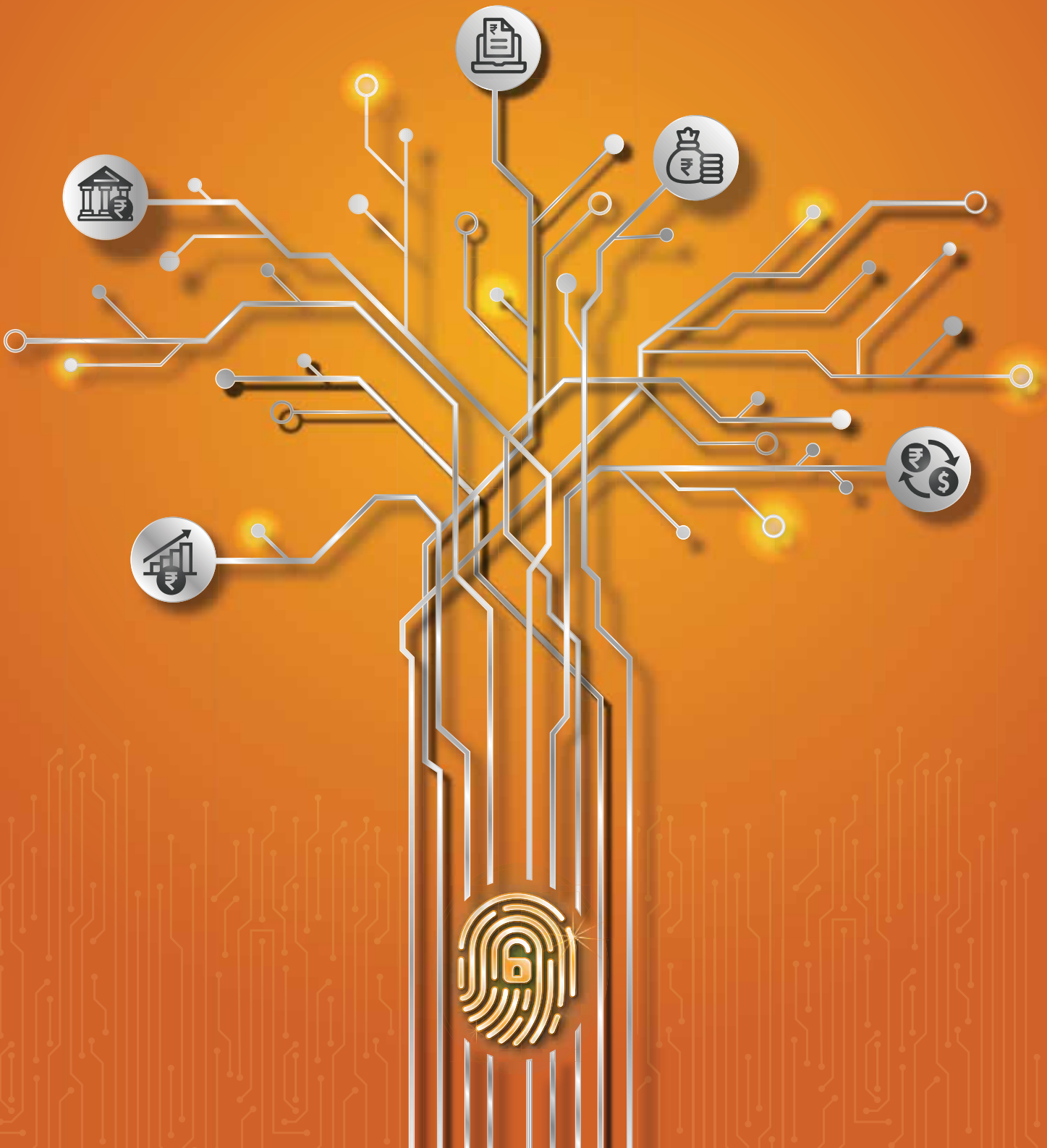
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**NSDL**

Technology, Trust & Reach

# NSDL PAYMENTS BANK LIMITED







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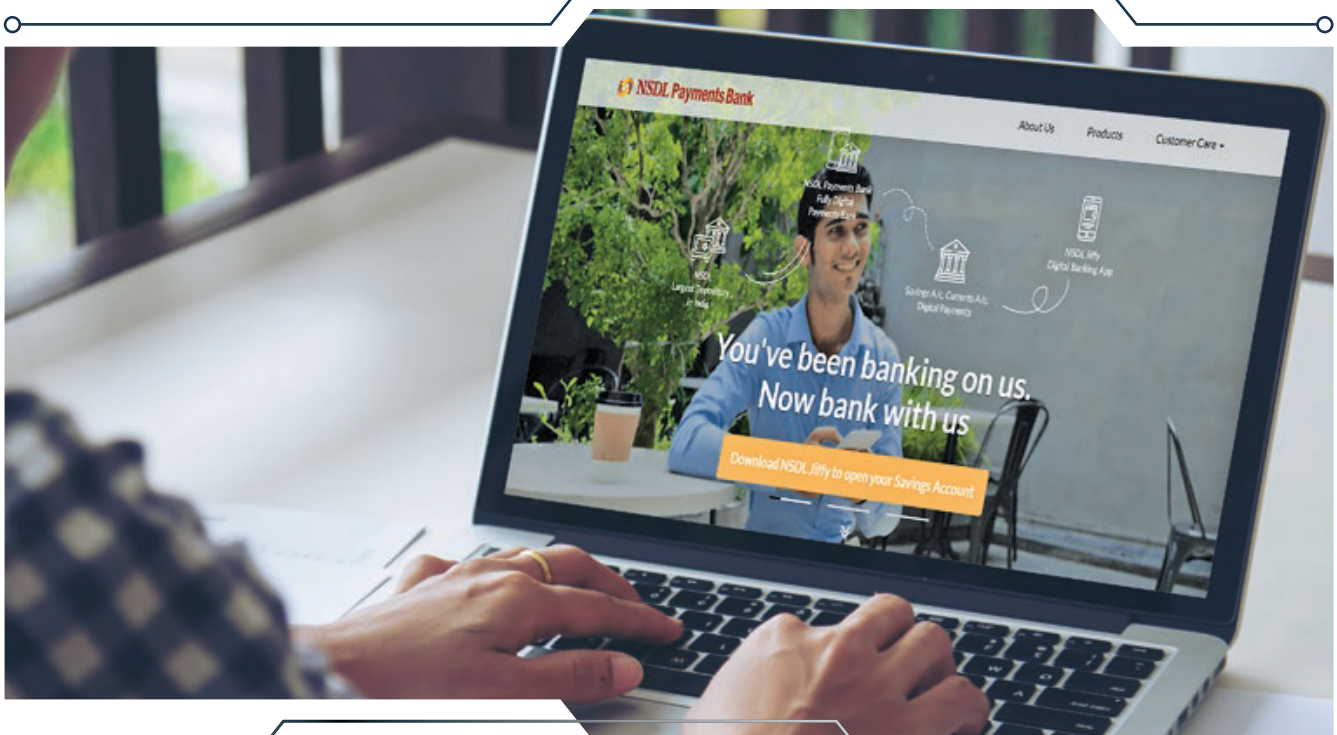
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NSDL Payments Bank expanded its operations in many verticals, keeping the mobile-first approach at its core as a digital bank.

With a consumer proposition from a single app, the bank added features like UPI, Mutual Funds and Insurance as categories on its flagship mobile app - NSDL Jiffy.

The bank grew its pan-India presence by expanding its BC channel business to offer Inclusive Banking products. The bank has created Bespoke solutions in the Capital Market segments and have partnered with the top Brokers in the country for a roll out of these offerings

Apart from this, the bank introduced new product lines by issuing Prepaid Cards and propositions for SME and MSMEs who need better banking services in the digital space thereby strengthening its Business Banking product suite.

This year, the Bank has created a distinct space in the digital arena by acquiring a large user base on the bank's mobile banking application - NSDL Jiffy and through the assisted application.

NSDL Jiffy, the face of the bank, went live on the Apple iOS platform while the Android version already being the showstopper. The app allows a fully digital savings account opening process with features like virtual debit card, fund transfer through NEFT, IMPS and Intrabank transfer while UPI as a feature was added during this year. The app added many biller categories in its Recharge and Bill Payments module making it a one-stop-shop for its users.

As a third-party distributor, the bank launched Mutual Funds and Term Insurance on NSDL Jiffy, while Health Insurance is the next category to be added soon.

To expand its Business Banking product suite, NSDL Payments Bank started offering Current Accounts through Digital and Offline modes along with corporate internet banking facility on desktop and mobile versions. The bank forayed into Capital Market focused solutions by partnering with well-known stock broking companies to provide their customers with specialised banking facilities for day-to-day trading activities.

NSDL Payments Bank became an active contributor in financial inclusion by providing access to the underbanked and unbanked segments. The Bank expanded its Domestic Money Transfer services network through the Business Correspondents and launched Micro ATM and AePS services during the financial year. Also, the bank opened its Customer Service Points and is planning to expand this network rapidly across various states of India.

The bank ventured into the Prepaid Cards business by partnering with numerous program managers. It also established a footprint in the offline merchants space by offering Payment Gateway and Point of Sale (PoS) solutions.

Having crossed some essential landmarks, NSDL Payments Bank envisions a future where every Indian is just a click away from a bank.



## Board of Directors



**MR. G. V. NAGESWARA  
RAO**

Chairman  
MD & CEO, NSDL



**MR. L. RAVI SANKAR**

Partner,  
Brahmayya & Co., Chennai



**DR. SANTANU PAUL**

MD, Talentsprint Pvt. Ltd.



**MR. N.S. VENKATESH**

CEO, AMFI



**DR. (MRS.) BALA  
KRISHNAMOORTHY**

Associate Dean &  
Professor-Strategy, NMIMS



**MR. PATRIC BARLA**

Ex CGM, Reserve Bank of India



**MR. ABHIJIT MADHUKAR  
KAMALAPURKAR**

(Managing Director & CEO) -  
Former Head Transaction  
Banking (IDFC First Bank  
Limited)

## Our Team



**MR. ASHUTOSH SINGH**  
President



**MR. ABHISHEK BAGCHI**  
Chief Financial Officer



**MR. ASHUTOSH SHIRBHATE**  
Chief Technology Officer



**MR. RANJAN SINGH**  
Chief Compliance Officer



**MR. SHAILESH SHETTY**  
Head - Investment & Insurance



**MR. HEMANT MODAK**  
Head - Inclusive Banking



**MR. ABHINAV CHATURVEDI**  
Head - Digital Banking



**MR. RITESH PARMAR**  
Head - Risk Management



## BOARD OF DIRECTORS

### Mr. G. V. Nageswara Rao (Chairman)

MD & CEO, NSDL

### Mr. Abhijit Madhukar Kamalapurkar\*

(Managing Director & CEO) -  
Former Head Transaction Banking  
(IDFC First Bank Limited)

### Mr. L. Ravi Sankar

Partner, Brahmayya & Co. Chartered Accountants  
Chennai

### Dr. Santanu Paul

MD, Talentsprint Pvt. Ltd.

### Mr. N.S. Venkatesh

CEO, AMFI

### Mr. Patric Barla

Ex CGM, Reserve Bank of  
India

### Dr. (Mrs.) Bala Krishnamoorthy

Associate Dean & Professor -Strategy,  
NMIMS

\* Mr. Abhijit Madhukar Kamalapurkar took charge as MD & CEO of the Bank on March 9, 2021

## COMMITTEES

### Audit Committee

Mr. L. Ravi Sankar (Chairman)  
Mr. G.V. Nageswara Rao  
Mr. N.S. Venkatesh

### Nomination and

### Remuneration Committee

Dr. Santanu Paul (Chairman)  
Mr. L. Ravi Sankar  
Mr. G.V. Nageswara Rao

### Risk Management Committee

Mr. L. Ravi Sankar (Chairman)  
Mr. G.V. Nageswara Rao  
Dr. Santanu Paul

### Customer Service Committee

Mr. G.V. Nageswara Rao (Chairman)  
Mr. N.S. Venkatesh  
Dr. Bala Krishnamoorthy

### IT Strategy Committee

Dr. Santanu Paul (Chairman)  
Mr. G.V. Nageswara Rao  
Mr. L. Ravi Sankar  
Mr. N.S. Venkatesh

### COMPANY SECRETARY

Mr. Balan Santosh Parthasarathy

## AUDITORS

### Statutory Auditors

Khimji Kunverji & Co LLP  
LLPIN AAP-2267 Level 19,  
Sunshine Tower, Senapati Bapat Marg,  
Elphinstone Road, Mumbai – 400 013,  
India.

D: +91 22 6143 7327

B: +91 22 6143 7333

W: www.kkc.in

## SECRETARIAL AUDITOR

### MMJB & Associates LLP

Company Secretaries Ecstasy,  
803/804, 8th Floor, City of Joy,  
J.S.D Road, Mulund (West),  
Mumbai - 400080

### 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

## BANKERS

HDFC Bank  
IDBI Bank  
Bank of America  
Bank of India  
Yes Bank

## REGISTERED OFFICE

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



## NOTICE OF FIFTH ANNUAL GENERAL MEETING

Notice is hereby given that the Fifth Annual General Meeting of the Members of NSDL Payments Bank Limited will be held on Monday, September 27th, 2021 at 11:30 a.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"). The venue shall be deemed to be Registered Office of the Company i.e. Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai- 400 013

### ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at March 31, 2021 and statement of Profit or loss, Cash flow statement for the year ended on that date and the reports of the Board of Directors and Auditors thereon.**
- To appoint M/s V Sankar Aiyar & Co. LLP. Chartered Accountants as Statutory Auditors of the Bank.**

**"RESOLVED THAT** pursuant to the provisions of sections 139, 141, 142 and other applicable provisions of the Companies Act, 2013, if any, read with relevant Rules and pursuant to Section 30 of the Banking Regulation Act, 1949 and the Guidelines issued by the Reserve Bank of India (RBI) including any amendments, variations, statutory modification or re-enactment thereof and as approved by RBI M/s V Sankar Aiyar & Co., Chartered Accountants, (Firm Reg. No. 109208W) be and is hereby appointed as the Statutory Auditors of the Bank to hold office from the conclusion of this Fifth Annual General Meeting (for FY 2021-22) till the conclusion of the Eight Annual General Meeting (FY 2023-24) of the Bank, and for such remuneration and expenses thereafter as may be mutually agreed between the Bank and the said Statutory Auditors and as may be further approved by the Board from time to time, with power to the Board, including relevant Committee(s) thereof, to alter and vary the terms and conditions of appointment, etc., including by reason of necessity on account of conditions as may be stipulated by the RBI and / or any other authority, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.

**RESOLVED FURTHER THAT** any Director or Company Secretary of the Bank be and are hereby severally authorised to do all such acts, deeds, and things as may be required to give effect of this resolutions, including filling of necessary e-forms with the Registrar of Companies and such other regulatory authorities."

### SPECIAL BUSINESS:

- To consider and approve the appointment of Mr. Abhijit Madhukar Kamalapurkar as the MD & CEO of the Bank and in this connection to consider and if thought fit, to pass, with or without modification (s), the following as a Special Resolution.**

**"RESOLVED THAT** pursuant to the provisions of Section 196 and other applicable provisions, if any, of the Companies Act, 2013 (the 'Act') read with the applicable rules made thereunder, Section 10B(1A)(ii), 35B and other applicable provisions of the Banking Regulation Act, 1949 (the 'BR Act'), Guidelines for payments Bank and any other applicable laws (including any statutory modifications or re-enactment thereof for the time being in force), the rules, circulars and guidelines issued by the Reserve Bank of India ('RBI') in this regard, from time to time, the provisions of the Articles of Association of NSDL Payments Bank Limited (the 'Bank') and pursuant to approval of RBI vide its letter dated December 1, 2020 and based on recommendation of the Nomination and Remuneration Committee with the approval of the Board of Directors of the Bank, consent of the members of the Bank, be and is hereby accorded for the re-appointment of Mr. Abhijit Madhukar Kamalapurkar (DIN: 08849177), Managing Director & CEO of the Bank, not liable to retire by rotation, for a period of three years, effective March 9th, 2021 up to March 08, 2024;

**RESOLVED FURTHER THAT** any Director or Company Secretary of the Bank be and are hereby severally authorised to do all such acts, deeds, and things including the power to settle all questions, difficulties or doubts that may arise with regard to the said appointment or terms of appointment, as they may in their absolute discretion deem fit, and to execute all such agreements, documents, instruments, writings, etc., as may be required, file requisite forms or applications with statutory/regulatory authorities and/or to delegate all or any of its powers as may be required to give effect of this resolution"

- To consider and approve the remuneration to Mr. Abhijit Madhukar Kamalapurkar and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and all other applicable provisions, if any, of the Companies Act, 2013 (the 'Act'), Section 35B and





## NOTICE OF FIFTH ANNUAL GENERAL MEETING (contd.)

all other applicable provisions of the Banking Regulation Act, 1949 (the 'BR Act'), Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff dated November 04, 2019 ('RBI Guidelines') and other applicable circulars issued by the Reserve Bank of India ('RBI') in this regard, from time to time and any other applicable laws (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), provisions of the Articles of Association of NSDL Payments Bank Limited (the 'Bank') and subject to approval of the RBI from time to time, and pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, consent of the Members of the Bank, be and is hereby accorded for the remuneration payable to Mr. Abhijit Madhukar Kamalapurkar (DIN: 08849177), Managing Director & CEO of the Bank w.e.f. March 9, 2021 and FY 20-21, on the following terms and conditions:

### Terms and conditions of appointment:

- The salary and allowances will be as per Annexure I & II.
- The company will be entitled to deduct from the payment due to the incumbent, applicable taxes and statutory levies and any dues payable by you to the Company.
- Staff Rules and Regulations and Code of Ethics framed by the Company from time to time would be applicable.
- The incumbent is required to undergo a medical examination. The appointment would be subject to the incumbent being found medically fit for service in the Company.
- The incumbent shall make available the original and attested photocopies of certificates regarding his age, educational qualifications and experience for our records and verification.
- If any statement, declaration or information given by the incumbent is at any time found to be false or untrue or if any material particular is suppressed, his services are liable to be terminated forthwith without any notice or compensation in lieu thereof.
- The notice period will be three months' from either side.
- The services are liable to be terminated forthwith without any notice or compensation or in the alternative, the incumbent shall be liable to disciplinary action and imposition of penalty in accordance with the Company Staff Rules if after he reports for duty the Company receives information that the incumbent had, prior to joining the company's services, committed any act of misconduct which, in the opinion of the Company renders you unfit to serve in the Company.
- The Compensation shall be as per the Remuneration and Compensation Policy of the Bank, read with the applicable provisions of the Banking Regulation Act, RBI Circular no. DOR.Appt.BC.No.23/29.67.001/2019-20 dated November 4, 2019 and such other any amendments therein or any circulars/ guidelines as may be notified by RBI from time to time.
- Target variable pay as Performance Linked Incentive (PLI), as may be determined by the Nomination and Remuneration Committee/Board, not below 50% and not exceeding 150% of the fixed pay. Currently the target variable pay is proposed at 50% of fixed CTC.
- Fifty percent of the PLI shall be paid on deferred basis after three years, subject to malus and clawback arrangements.

### Annexure I

The MD & CEO shall be entitled to a Fixed CTC of ₹1,31,25,000 per annum. The detailed break-up of salary components is as follows:

- Basic Pay: The MD & CEO shall be entitled to a Basic pay of ₹ 3,28,125/- per month.
- House Rent Allowance: 50% of the Basic Pay per month. No housing accommodation will be provided by the Company.
- Supplementary allowance: This allowance of ₹ 4,78,594/- will be paid per month and will be fully taxable.
- A Company car with driver salary or re-imbursement of expenses subject to a ceiling of ₹ 6,60,000/- per annum.
- Annual Performance Linked Incentive (PLI) as may be determined by the Nomination & Remuneration Committee/Board.
- Annual increments to be decided by the Nomination & Remuneration Committee/Board.
- Medical benefits of ₹ 15,000/- every year covering self, spouse and dependent children.
- Leave Travel Allowance of one month's basic pay on reimbursement basis for each year of service.
- Group Mediclaim, Group Personal Accident and Term Life Insurance cover will be as per the company's Insurance policy.
- Company's contributions to Provident Fund would be made at the rate of 12% of basic pay.
- Gratuity is payable as per the Payment of Gratuity Act and as per rules of the company.
- Leave Encashment will be reimbursed as per Staff Rules of the Company.
- Telephone and internet facility at the residence.
- The MD & CEO shall also be entitled to such other benefits as are made available by the Company to members of the staff from time to time.

## Annexure II

CTC Offered:

| Salary Components       | Yearly (in ₹)      |
|-------------------------|--------------------|
| Basic                   | 39,37,500          |
| HRA (50 % of Basic)     | 19,68,750          |
| Medical                 | 15,000             |
| LTA (1 month Basic)     | 3,28,125           |
| Supplementary allowance | 57,43,125          |
| Car lease (optional)    | 6,60,000           |
| Employer PF             | 4,72,500           |
| Total Fixed CTC         | 1,31,25,000        |
| Gratuity                | 1,89,300           |
| <b>Total CTC</b>        | <b>1,33,14,300</b> |

\* Car lease facility and driver salary of ₹55,000 per month (optional). If car lease is not opted, the same would be included in the Supplementary allowance.

### Target Variable Pay (at 50% of fixed CTC):

| Salary Components         | Yearly (in ₹) |
|---------------------------|---------------|
| Cash Component            | 66,57,150     |
| Total target variable pay | 66,57,150     |

**"RESOLVED FURTHER THAT** any of the Directors or Company Secretary be and are hereby authorized to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and sign and execute all forms, applications, documents and other writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

**"RESOLVED FURTHER THAT** any of the Directors or Company Secretary of the Bank be and is hereby authorised to sign any copy of this resolution as a certified true copy thereof and furnish the same to whomsoever concerned."

**RESOLVED FURTHER THAT** any Director or Company Secretary of the Bank be and are hereby severally authorised to do all such acts, deeds, and things as may be required to give effect of this resolutions, including filling of necessary e-forms with the Registrar of Companies, RBI and such other regulatory authorities."

## 5. Re-appointment of Mr. N. S. Venkatesh as a Director of the Bank

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, and 152 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, other applicable rules, if any and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification (s) or re-enactment(s) thereof for the time being in force) and the rules, circulars and guidelines issued by the Reserve Bank of India and basis the recommendation of Nomination & Remuneration Committee and approval of the Board of Directors of the Bank, Mr. N S Venkatesh (01893686) in respect of whom the Bank has received a notice in writing u/s 160(1) from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Bank, not liable to retire by rotation, with effect from November 12, 2021 for a period of three years.

**"RESOLVED FURTHER THAT** any Director or Company Secretary of the Bank be and is hereby authorised to do all such acts, deeds, and things as may be required to give effect of this resolutions, including filling of necessary e-forms with the Registrar of Companies, RBI and such other regulatory authorities."

## 6. Re-appointment of Dr. (Mrs) Bala Krishnamoorthy as a Director of the Bank

**To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, and 152 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, other applicable rules, if any and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification (s) or re-enactment(s) thereof for the time being in force) and the rules, circulars and guidelines issued by the Reserve Bank of India and basis the recommendation of Nomination & Remuneration Committee and approval of the Board of Directors of the Bank, Dr. (Mrs.) Bala Krishnamoorthy (08247118) in respect of whom the Bank has received a notice in writing u/s 160 (1) from a member proposing his candidature for the office of



Director, be and is hereby appointed as an Independent Director of the Bank, not liable to retire by rotation, with effect from November 12, 2021 for a period of three years.

**RESOLVED FURTHER THAT** any Director or Company Secretary of the Bank be and is hereby authorised to do all such acts, deeds, and things as may be required to give effect of this resolutions, including filling of necessary e-forms with the Registrar of Companies, RBI and such other regulatory authorities."

**7. Appointment of Mr. Patric Barla as the Independent Director of the Bank**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (the 'Act') read with rules made thereunder Section 10A and other applicable provisions, if any, of the Banking Regulation Act, 1949 (including any statutory

modification(s) or re-enactment(s) thereof for the time being in force) the rules, circulars and guidelines issued by the Reserve Bank of India ('RBI') in this regard, from time to time, the provisions of the Articles of Association of NSDL Bank Limited (the 'Bank') and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Bank, Mr. Patric Barla who was appointed as an Additional Director (Independent), effective August 7, 2021, pursuant to the provisions of Section 161 of the Act to hold office up to the date of this Annual General Meeting and in respect of whom the Bank has received a notice in writing under Section 160 of the Act from a Member proposing his candidature for the office of Director, being eligible, be and is hereby appointed as an Independent Director of the Bank, not liable to retire by rotation, for a period of three years effective August 7, 2021 up to August 6, 2024.

**"RESOLVED FURTHER THAT** any Director or Company Secretary of the Bank be and is hereby authorised to do all such acts, deeds, and things as may be required to give effect of this resolutions, including filling of necessary e-forms with the Registrar of Companies, RBI and such other regulatory authorities."

**Registered Office:**

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

**By Order of the Board of Directors  
For NSDL Payments Bank Limited**

Sd/-  
**Balan Santosh Parthasarathy**  
Company Secretary  
Membership No. ACS49602

Date: 07/08/2021  
Place: Mumbai

## NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, ('the Act') relating to item No. 2 ordinary business and item no. 3 to 7 as Special Business to be transacted at the Annual General Meeting ('AGM') is annexed hereto.
2. In view of the continuing restrictions on the movement of people at several places in the country, due to outbreak of COVID-19, the Ministry of Corporate Affairs (MCA), vide its General Circular No. 20/2021 dated 13th January 2021 read with General Circular No. 20/2020 dated 5th May, 2020, General Circular No. 14/2020 dated 8th April, 2020, and General Circular No. 17/2020 dated 13th April, 2020 has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM). In accordance with, the said circulars of MCA and applicable provisions of the Act, the 5th AGM of the Company shall be conducted through VC / OAVM.
3. As the AGM shall be conducted through VC / OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice. The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company located at 4th Floor, "A" Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400 013, which shall be deemed venue of the AGM.
4. Members are requested (Institutional/Corporate Shareholders) to send a scanned copy (PDF / JPEG format) of the Board Resolution authorising its representatives to attend and vote at the AGM, pursuant to Section 113 of the Act, at [balanp@nsdlbank.co.in](mailto:balanp@nsdlbank.co.in)

## ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT:

5. In accordance with, the General Circular No. 20/2020 dated 5th May, 2020 issued by MCA, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
6. Members holding shares in dematerialised mode are requested to register / update their email addresses

with the relevant Depository Participants. In case of any queries / difficulties in registering the e-mail address, Members may write to [balanp@nsdlbank.co.in](mailto:balanp@nsdlbank.co.in)

7. The Notice of AGM along with Annual Report for the financial year 2020-21, is available on the website of the Company at [www.nsdlbank.com](http://www.nsdlbank.com).

## PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:

8. Members will be able to attend the 5th AGM through VC/OAVM Facility download BlueJeans app from Google Play Store/iOS App store or from this link (<https://www.bluejeans.com/downloads>). Post installation of BlueJeans app on your device, please use this link <https://bluejeans.com/7863494611/4588> to join the said meeting.
9. For convenience of the Members and proper conduct of AGM, Members can login and join at least 30 (thirty) minutes before the time scheduled for the AGM and shall be kept open throughout the proceedings of AGM.
10. Members who need assistance with the use of technology for joining the AGM through VC/OAVM can contact the Company Secretary at the below mentioned details:  
  
Mr. Balan Santosh Parthasarathy  
Company Secretary  
Mobile no - +91 9870031277  
Email id: [balanp@nsdlbank.co.in](mailto:balanp@nsdlbank.co.in)
11. Please note that participants connecting from Mobile devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
12. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

## PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS WITH RESPECT TO ANNUAL REPORT:

13. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views/ send their queries in advance mentioning their name, email id, mobile number at [balanP@nsdlbank.co.in](mailto:balanP@nsdlbank.co.in) Questions/ queries received by the Company till 5.00 p.m. on (September 26, 2021) shall only be considered and responded during the AGM.



14. Members who would like to express their views or ask questions during the AGM may raise their hands however the Company reserves the right to restrict the number of questions and number speakers, as appropriate for smooth conduct of the AGM

#### GENERAL INFORMATION:

15. The voting rights shall be as per the number of equity shares held by the Member(s) as on AGM date, being the cut-off date.
16. During the AGM, the Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act shall be available for inspection upon request.
17. 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.

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

##### Item No. 2

The RBI vide its circular no. RBI/2021-22/25 Ref. No. DoS. CO. ARG / SEC.01 /08.91.001/2021-22, dated 27th April 2021, has brought about certain significant modifications to "Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)"

These guidelines are applicable to the Commercial Banks (excluding RRBs), UCBs and NBFCs including HFCs (hereinafter referred to as the Entities) for Financial Year 2021-22 and onwards in respect of appointment/reappointment of statutory auditors of the Entities.

In accordance with the aforesaid direction the present statutory auditors of NSDL Payments Bank Limited, M/s. Khimji Kunverji and Co. LLP would be completing their 3 years of continuous statutory audit assignment in the ensuing Annual General Meeting. In this context, the Bank has to appoint a new incumbent statutory audit firm, for a 3 year term from ensuing Annual General Meeting as the existing auditors are not eligible for re-appointment.

Subsequently, the Bank in order to comply with the aforesaid RBI guidelines had invited a commercial proposal from M/s. V Sankar Aiyar & Co., Chartered Accountants and M/s. CNK and Associates LLP to act as the Statutory Auditors of the Company from the conclusion of the 5th Annual General Meeting till the conclusion of the 8th Annual General Meeting of the Company. The Audit firms have also submitted a written declaration to the effect that their appointment, if made, would be subject to the provisions of sections 139, 141 and other applicable provisions of the Companies Act, 2013 and rules made thereunder and the extant directions issued by the RBI. Further, the Bank has also received an eligibility certificate from V Sankar Aiyar & Co. and CNK and Associates LLP in Form-B as prescribed under the aforesaid RBI Guidelines on Appointment as Statutory Auditors. They have also been subject to peer review by ICAI.

Further, on the basis of recommendation of the Audit Committee and considering the profile, experience and specialisation in the audit of banking and financial service sector, the Board of Directors has recommended the appointment of M/s. V Sankar Aiyar & Co., Chartered Accountants, (Firm Reg. No. 109208W) for a period of 3 years from the conclusion of this fifth Annual General Meeting (for FY 2021-22) till the conclusion of the Eighth Annual General Meeting (FY 2023-24) of the Bank for the approval of the shareholders at the ensuing AGM, subject to approval of RBI on an annual basis.

M/s. V Sankar Aiyar & Co., Chartered Accountants, (Firm Reg. No. 109208W) shall act as auditors of the Bank until the conclusion of the 8th AGM at for such remuneration and expenses thereafter as may be mutually agreed between the Bank and the said Statutory Auditors and as may be further approved by the Board from time to time, with power to the Board, including relevant Committee(s) thereof, to alter and vary the terms and conditions of appointment, etc., including by reason of necessity on account of conditions as may be stipulated by the RBI and / or any other authority, in such manner and to such extent as may be mutually agreed with the Statutory Auditors and additionally out of pocket expenses, outlays and taxes as applicable. The remuneration paid to the Statutory Auditors will be disclosed in the Annual financial statements of the Bank.

Your Board of Directors, therefore, recommends the passing of the ordinary resolution as set out in Item no. 2 of the accompanying Notice.

None of the Directors, Key Managerial Personnel of the Bank and their relatives are, in any way, concerned or interested financially or otherwise, in the resolution set out in Item no. 2 of this notice.



### Item No. 3

In terms of the RBI Circular dated March 31, 2020 on 'Appointment of Managing Director and Chief Executive Officer (MD & CEO) / CEO / part-time Chairperson (PTC) in Banks 'Declaration and Undertaking' and allied matters,' the Bank was required to submit an application for re-appointment of the MD&CEO to RBI at least six months before the expiry of the current term of the interim CEO. Accordingly, the Nomination and Remuneration Committee (NRC) at its meeting held on August 5, 2020 had assessed and determined that Mr. Abhijit Madhukar Kamalapurkar [DIN: 08849177] is a fit and proper person to be appointed as MD&CEO of the Bank as per the norms prescribed by the RBI, and that he fulfils the conditions specified in the Act and the relevant Rules made thereunder and circulars issued by the RBI, in this regard, from time to time. Accordingly, on the basis of recommendation of the NRC and considering the experience of Mr. Abhijit Madhukar Kamalapurkar [DIN: 08849177], the Board at its meeting held on August 5, 2020 approved and recommended his appointment of Mr Abhijit Madhukar Kamalapurkar [DIN: 08849177] as the MD&CEO of the Bank to RBI for a period of three years effective March 9, 2021. RBI vide its letter dated December 1, 2020 had approved the appointment of Mr. Abhijit Madhukar Kamalapurkar [DIN: 08849177], MD&CEO of the Bank, for a period of three years effective March 9, 2021 being the date of taking charge of the MD & CEO.

In view of the above and on the basis of recommendation of the NRC, the Board at its meeting held on February 10, 2021 had approved the appointment of Mr. Abhijit Madhukar Kamalapurkar, as the MD&CEO and the Key Managerial Personnel of the Bank for a period of three years effective March 9, 2021. In the opinion of the Board, Mr. Kamalapurkar fulfils the conditions for the said appointment as prescribed under the relevant provisions of the Act and the relevant Rules made thereunder, BR act and other guidelines issued by the RBI, from time to time.

Mr. Kamalapurkar has provided his consent/declarations for appointment as required under the Act and the Rules made thereunder including the declaration that he is not disqualified from being appointed as the MD & CEO. He has affirmed that he is not de-barred from holding office of Director by virtue of any order by any authority.

Your Board of Directors, therefore, recommends the appointment of Mr. Abhishek Madhukar Kamalapurkar, as the Managing Director & CEO of the Bank, not liable to retire by rotation, for a period of three years effective March 9, 2021.

Save and except Mr. Kamalapurkar and his relatives, none of the other Directors, Key Managerial Personnel of the Bank

and their relatives are, in any way, concerned or interested financially or otherwise, in the resolution set out at Item No.3 of this Notice.

### Item No. 4

The resolution seeks to obtain the Members' approval for the remuneration of Mr. Kamalapurkar effective March 9, 2021, on the following terms and conditions, subject to approval of the RBI.

#### Terms and conditions of appointment:

- The salary and allowances will be as per Annexure I & II.
- The company will be entitled to deduct from the payment due to the incumbent, applicable taxes and statutory levies and any dues payable by you to the Company.
- Staff Rules and Regulations and Code of Ethics framed by the Company from time to time would be applicable.
- The incumbent is required to undergo a medical examination. The appointment would be subject to the incumbent being found medically fit for service in the Company.
- The incumbent shall make available the original and attested photocopies of certificates regarding his age, educational qualifications and experience for our records and verification.
- If any statement, declaration or information given by the incumbent is at any time found to be false or untrue or if any material particular is suppressed, his services are liable to be terminated forthwith without any notice or compensation in lieu thereof.
- The notice period will be three months' from either side.
- The services are liable to be terminated forthwith without any notice or compensation or in the alternative, the incumbent shall be liable to disciplinary action and imposition of penalty in accordance with the Company Staff Rules if after he reports for duty the Company receives information that the incumbent had, prior to joining the company's services, committed any act of misconduct which, in the opinion of the Company renders you unfit to serve in the Company.
- The Compensation shall be as per the Remuneration and Compensation Policy of the Bank, read with the applicable provisions of the Banking Regulation Act, RBI Circular no. DOR.Appt. BC.No.23/29.67.001/2019-20 dated November 4, 2019 and such other any amendments therein or any circulars/ guidelines as may be notified by RBI from time to time.





- Target variable pay as Performance Linked Incentive (PLI), as may be determined by the Nomination and Remuneration Committee/Board, not below 50% and not exceeding 150% of the fixed pay. Currently the target variable pay is proposed at 50% of fixed CTC.
- Fifty percent of the PLI shall be paid on deferred basis after three years, subject to malus and clawback arrangements.

#### Annexure I

The MD & CEO shall be entitled to a Fixed CTC of ₹1,31,25,000 per annum. The detailed break-up of salary components is as follows:

- Basic Pay: The MD & CEO shall be entitled to a Basic pay of ₹ 3,28,125/- per month.
- House Rent Allowance: 50% of the Basic Pay per month. No housing accommodation will be provided by the Company.
- Supplementary allowance: This allowance of ₹4,78,594/- will be paid per month and will be fully taxable.
- A Company car with driver salary or re-imbursement of expenses subject to a ceiling of ₹ 6,60,000/- per annum.
- Annual Performance Linked Incentive (PLI) as may be determined by the Nomination & Remuneration Committee/Board.
- Annual increments to be decided by the Nomination & Remuneration Committee/Board.
- Medical benefits of ₹ 15,000/- every year covering self, spouse and dependent children.
- Leave Travel Allowance of one month's basic pay on reimbursement basis for each year of service.
- Group Mediciam, Group Personal Accident and Term Life Insurance cover will be as per the company's Insurance policy.
- Company's contributions to Provident Fund would be made at the rate of 12% of basic pay.
- Gratuity is payable as per the Payment of Gratuity Act and as per rules of the company.
- Leave Encashment will be reimbursed as per Staff Rules of the Company.
- Telephone and internet facility at the residence.
- The MD & CEO shall also be entitled to such other benefits as are made available by the Company to members of the staff from time to time.

#### Annexure II

CTC Offered:

| Salary Components       | Yearly (in ₹)      |
|-------------------------|--------------------|
| Basic                   | 39,37,500          |
| HRA (50 % of Basic)     | 19,68,750          |
| Medical                 | 15,000             |
| LTA (1 month Basic)     | 3,28,125           |
| Supplementary allowance | 57,43,125          |
| Car lease (optional)    | 6,60,000           |
| Employer PF             | 4,72,500           |
| Total Fixed CTC         | 1,31,25,000        |
| Gratuity                | 1,89,300           |
| <b>Total CTC</b>        | <b>1,33,14,300</b> |

\* Car lease facility and driver salary of ₹55,000 per month (optional). If car lease is not opted, the same would be included in the Supplementary allowance.

Target Variable Pay (at 50% of fixed CTC):

| Salary Components         | Yearly (in ₹) |
|---------------------------|---------------|
| Cash Component            | 66,57,150     |
| Total target variable pay | 66,57,150     |

#### Item No. 5:

The Board had appointed Mr N.S. Venkatesh as a Director of the Bank w.e.f. November 12, 2018 for a period of three years. Mr. N S Venkatesh has contributed immensely during the deliberations at the meetings of the Board and the Committees held during his current tenure. He brings to the Board his rich experience and insights in the matters of banking, treasury and risk management. The Bank continues to benefit immensely from his leadership and guidance. Mr. N S Venkatesh (DIN: 01893686), who was appointed as an Independent Director and who holds office as an Independent Director up to November 11, 2021 The Bank has received an application of the nomination of in terms of section 160 (1) for re-appointment of Mr. N. S. Venkatesh as an Independent Director on the Board of the Bank. Hence, it is proposed to re-appoint him as a Director on the Board of the Bank for a period of 3 years with effect from November 12, 2021.

In the opinion of the Board, he fulfils the conditions specified in the Companies Act, 2013 and Banking Regulations Act, 1949 for such an appointment. The Board of the Bank is of the opinion that Mr. N. S. Venkatesh is a person of integrity and has relevant experience and expertise to be re-appointed as an Independent Director of the Bank. Accordingly, based on the skills, experience, knowledge and performance evaluation of Mr. N. S. Venkatesh, the Board recommends the resolution in relation to the re-appointment of as an Independent Director, for the approval by the shareholders of the Bank.

The appointment of Mr. N. S. Venkatesh is in compliance with the provisions of Section 10A of the Banking Regulation Act, 1949 ('BR Act'), in particular, on account of his having the requisite experience/expertise in the area of Banking, Treasury Management, Accountancy and Finance as required under Section 10A(2) of the BR Act. The Bank would benefit immensely from his rich experience.

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 Board had appointed Dr. (Mrs.) Bala Krishnamoorthy as a Director of the Bank w.e.f November 12, 2018 for a period of three years . Dr. (Mrs) Bala Krishnamoorthy brings to the Board her rich experience and insights in the matters of banking, customer service, management and strategy. The Bank continues to benefit immensely from his leadership and guidance. Dr. (Mrs.) Bala Krishnamoorthy (DIN: 08247118), who was appointed as an Independent Director and who holds office as an Independent Director up to November 11 , 2021. The Bank has received an application of the nomination in terms of section 160 (1) for re-appointment of Dr. (Mrs.) Bala Krishnamoorthy as an Independent Director on the Board of the Bank. Hence, it is proposed to re-appoint her as a Director on the Board of the Bank for a period of 3 years with effect from November 12, 2021 .

In the opinion of the Board, Dr. (Mrs.) Bala Krishnamoorthy fulfils the conditions specified in the Companies Act, 2013 and Banking Regulations Act, 1949 for such an appointment. The Board of the Bank is of the opinion that Dr. (Mrs) Bala Krishnamoorthy is a person of integrity and has relevant experience and expertise to be re-appointed as an Independent Director of the Bank. Accordingly, based on the skills, experience, knowledge and performance evaluation of Dr. (Mrs.) Bala Krishnamoorthy the Board recommends the resolution in relation to re- appointment of Dr. (Mrs.) Bala Krishnamoorthy as an Independent Director, for the approval by the shareholders of the Bank.

Dr. (Mrs.) Bala Krishnamoorthy is in compliance with the provisions of Section 10A of the Banking Regulation Act, 1949 ('BR Act'), in particular, on account of his having the requisite experience/expertise in the area of Banking, customer service, Management and strategy as required under Section 10A(2) of the BR Act. The Bank would benefit immensely from her rich experience.

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.

#### Item No. 7

The Board of Directors (the 'Board') of the Bank at its meeting held on August 6, 2021, pursuant to the recommendation of the Nomination and Remuneration Committee ('NRC'), approved the appointment of Mr. Patric Barla [DIN: 08849177] as an Additional Director (Independent) of the Bank effective August 7, 2021. Pursuant to the provisions of Section 161 of the Act, he continues to hold office as an Additional Director of the Bank, upto the date of the ensuing AGM of the Bank and is eligible for appointment. In terms of Section 160(1) of the Act, the Bank has received a notice in writing from a Member signifying his intention to propose the candidature of Mr. Patric Barla for the office of Director of the Bank. Mr. Patric Barla has furnished consent/ declarations for appointment as required under the Act and the Rules made thereunder including the declaration that he is not disqualified from being appointed as a Director.

The NRC has assessed and determined that Mr. Patric Barla is a fit and proper person to be appointed as a Director of the Bank, as per the norms prescribed by the RBI and that he fulfils the conditions specified in the Act and the relevant Rules made thereunder, guidelines and circulars issued by the RBI, in this regard, from time to time. Accordingly, NRC recommended his appointment to the Board.

The Bank has received the declaration from Mr. Patric Barla to the effect that he fulfils all criteria of independence stipulated in the Act and inclusion of his name in the independent director's databank. In the opinion of the Board, Mr. Patric Barla is independent of the management of the Bank and fulfils the conditions specified in Section 149(6) of the Act, the rules made thereunder for his appointment as an Independent Director. Further, the Board is also of the opinion that Mr. Patric Barla is a person of integrity and has relevant experience and expertise to be appointed as an Independent Director of the Bank.

Mr. Barla's appointment is in compliance with the provisions of Section 10A of the Banking Regulation Act, 1949 ('BR Act'), in particular, on account of his having the



requisite experience/ expertise in the area of Banking, Risk Management, Accountancy and Finance as required under Section 10A(2) of the BR Act. The Bank would benefit immensely from his rich experience.

Except Mr. Patric Barla, 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. 7.

Place: Mumbai

**Registered Office:**

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

**By Order of the Board of Directors  
For NSDL Payments Bank Limited**

Sd/-  
Balan Santosh Parthasarathy  
Company Secretary  
Membership No. ACS49602  
Date: August 7th, 2021

## Other Disclosure relating to Directors seeking appointment/re-appointments pursuant to Clause 1.2.5 of Secretarial Standards-2 on General Meetings

| Name of Director                                | Mr. N S Venkatesh  | Dr. (Mrs.) Bala Krishnamoorthy   | Mr. Abhijit Madhukar Kamalapurkar  | Mr. Patric Barla  |
|---|--|--|--|---|
| Category  | Independent Director   | Independent Director   | Managing Director & CEO  | Independent Director  |
| Date of Birth                                   | 23-04-1957   | 28-06-1954   | 18-07-1972   | 06-01-1958  |
| Qualifications                                  | BSc, ACA, CAIIB, Diploma in Financial Services   | BSc Chemistry, MA, PG Diploma in planning, PHD Management.   | B.com, CAIIB   | MA in Economics   |
| Experience                                      | Mr. N.S. Venkatesh is currently the CEO of Association of Mutual Funds in India (AMFI), a non-profit trade body of asset management companies (AMCs) of mutual funds in India registered with SEBI. Prior to joining AMFI, he was the Executive Director of Lakshmi Vilas Bank. He has over 3 decades of commercial banking experience at various levels including credit, accounts, audit, taxation, risk management, treasury, international banking, centralised operations, regulatory compliance, asset liability management, budgeting and information technology. | Associate Dean-Accreditation, Professor, SVKM's NMIMS School Business Management, Mumbai 400056.<br><br>In Service since year 2001. Associate professor of NMIMS since 2001.<br><br>She has varied and all-around experience in both Academics and Administration, industry-Institute Partnership, Mentoring and guiding Phd Students, Curriculum Development and Accreditation. | Worked in 4 Pvt sector banks (HDFC Bank/ ICICI Bank/ YES Bank/ IDFC First Bank) and One MNC Bank (J.P Morgan) handling Transaction Banking where payments and collection are a key area of expertise.<br><br>Have experience from Operations to technology to Product development and Sales as a function.<br><br>Have been in startup of YBL and IDFC FIRST Bank, before operationalisation of the Banks and completely aware of the set up, including setting up of the processes, Products, Technology, accounting systems. Recruitment of the teams and managing them. Covering all the risks and Mitigants for the Operational Risk management frame work. Each of the Product process have been taken through the ORMCM and subjected to multiple RBI Audits.<br><br>Under Trade Finance have been instrumental in laying down the processes subject to all the guidelines under FEMA/UCPDC and RBI frame work.<br><br>Have been also presenting the cases related to Trade finance in the committees for Credit risk of the borrowers.<br><br>Very closely associated with most of the Fintechs and hence able to overlay technology to the process automation to ensure right customer delivery. | Professional central banker with working knowledge / experiences for over 31 years in various offices / departments of RBI in different capacities, thereby developing good expertise / skills in the areas of Regulation and Supervision of banks/FIs/NBFCs, Inspection Follow-up & Compliance, Financial Inclusion and development, Consumer Education & Protection, Currency Management, Banking Ombudsman Scheme, Customer Services & Grievance Redressal Mechanism, Government Banking, etc.<br><br>Ex-CGM, RBI. Post retirement, since June 2018, engaged as a member of External Screening committee set up at SBI, CO, Mumbai for resolution of NPAs. Committee provides advisory services in resolution of bad assets. |
| Terms & Conditions appointment or reappointment | Appointment is as per Banking Regulation Act 1949; Companies Act, 2013 and guidelines as may be specified by RBI.  | Appointment is as per Banking Regulation Act 1949; Companies Act, 2013 and guidelines as may be specified by RBI.  | Appointment is as per Banking Regulation Act 1949; Companies Act, 2013 and guidelines as may be specified by RBI.  | Appointment is as per Banking Regulation Act 1949; Companies Act, 2013 and guidelines as may be specified by RBI.   |
| Remuneration Details                            | Remuneration shall be paid in the form of sitting fees within the limits prescribed under the Companies Act, 2013 for attending the Board and Committee meetings.  | Remuneration shall be paid in the form of sitting fees within the limits prescribed under the Companies Act, 2013 for attending the Board and Committee meetings.  | Remuneration shall be as per the compensation guidelines of November 2019 and as approved by RBI.  | Remuneration shall be paid in the form of sitting fees within the limits prescribed under the Companies Act, 2013 for attending the Board and Committee meetings.   |
| Date of first appointment on the Board          | 12-11-2018   | 12-11-2018   | March 9, 2021  | At the ensuing AGM  |



|  |   |                                    |   |      |
|--|---|------------------------------------|---|------|
| Shareholding in the Company  | NIL   | NIL                                | NIL   | NIL  |
| Relationship with other Directors, Manager and other Key Managerial Personnel of the Company | None  | None                               | None  | None |
| Number of Board meetings attended during the year 2020-21                                    | 3   | 4                                  | 0   | 0    |
| List of other Directorship held  | Dharmista Mithran<br>Omkara Assets Reconstruction Private Limited<br>INTEGRO FINSERVE Private Limited<br>Indel Money Private Limited<br>Clearcorp Dealing Systems (India) Limited<br>International Investment Funds Association (IIFA), Canada  | NA                                 | NA  | NA   |
| Chairman/Member of the Committees of Board of other Companies                                | International Investments Funds Association (IIFA), Canada<br>Audit & Finance Committee -Member<br>Governance and Membership Committee – Member<br>Cybersecurity Working Committee- Member<br>Clearcorp Dealing Systems (India) Limited<br>CSR Committee<br>Investment Committee of Directors |                                    |   |      |
| Chairman/Member of the Committees of Board of the Company                                    | Audit Committee – Member<br>IT Strategy Committee- Member<br>Customer Service Committee- Member<br>Committee of Independent Directors - Member  | Customer Service Committee- Member | Risk Committee- Member<br>IT Strategy Committee- Member<br>Customer Service Committee- Member | NA   |

## DIRECTOR'S REPORT FOR THE YEAR ENDED MARCH 31, 2021

### To the Members,

Your Directors have the pleasure of presenting the 5th Annual Report along with the Audited Financial Statements of your Bank for the year ended March 31, 2021.

### BUSINESS OVERVIEW

The pandemic has created unprecedented challenges, affected people's lives and impacted economic activity across the world. At the same time, these events have only accelerated the pace of change and will redefine the way businesses, people and governments engage. Digitisation has gained pace thereby opening more opportunities for your Bank which seeks to create a whole new experience in digital banking in its chosen target segments.

During the year, your Bank has launched its operations in multiple segments and established itself as a user-friendly app-based digital bank. NSDL Jiffy, the bank's app, witnessed good user reviews and gained reputation for a slick interface and intuitive, seamless user journeys. The app allows a fully digital savings account opening process with features like virtual debit card and payments through NEFT, IMPS and UPI. The app offers many biller categories under Recharge and Bill Payments making it a one-stop-shop for its users. The app offers mutual fund investments and simple insurance products using a fully digital process. The app allows seamless technical integration with trading accounts of customers held with partner stockbrokers.

The Bank became an active player in financial inclusion by providing banking access to the underbanked and unbanked segments. The Bank expanded its Domestic Money Transfer services network through the Business Correspondents and launched Micro ATM and AePS services.

The Strategy of the Bank is to concentrate its efforts in Digital Banking, Merchant Acquiring, Financial Inclusion, Capital Markets, Investment products and prepaid cards.

The Bank envisions a future where every Indian is just a click away from a bank.

### Financial Position

The financial results of the Bank are as under:

| (Amt In '000')               |                  |                  |                  |
|------------------------------|------------------|------------------|------------------|
| Particulars                  | 2020-21          | 2019-20          | 2018-19          |
| Total income                 | 623,045          | 63,678           | 59,148           |
| Total expenses               | 747,860          | 202,374          | 1,24,439         |
| Profit / (Loss) for the year | (124,815)        | (138,696)        | (65,291)         |
| Loss brought forward         | (241,741)        | (103,405)        | (37,754)         |
| <b>Total Loss After Tax</b>  | <b>(366,556)</b> | <b>(241,741)</b> | <b>(103,045)</b> |
| Basic & diluted EPS          | (0.77)           | (1.02)           | (0.60)           |

The comparative financial information of the Bank for the year ended March 31, 2019 and March 31, 2020 has been included as per the Banking Regulation Act, 1949.

Total income of the Bank increased to Rs 62.30 crore during the year from Rs 6.37 crore in the previous year, while the loss for the year reduced to Rs 12.48 crore from Rs 13.87 crore in the previous year.

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.

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

### DIVIDEND

Your Directors do not propose any dividend for the financial year 2020-21.

### 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, 2021, the paid-up share capital stood at ₹180 crores comprising of 18,00,00,000 equity shares of ₹10 each. During the year under review, the Bank had issued 3,00,00,000 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

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 auditors of the Bank for the financial year 2020-21 and retire at the 5th Annual General Meeting of the Bank. It is proposed to appoint M/s. V Sankar Aiyar & Co. as Statutory Auditors of the Bank in the Fifth Annual General Meeting, for a period of three years commencing from FY 2021-22 to FY 2023-24 (i.e. from the conclusion of the Fifth Annual General Meeting till the conclusion of Eight Annual General Meeting) subject to approval of RBI on an annual basis. The Bank has received a certificate from M/s V. Sankar Aiyar & Co. to the effect that their 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 MMJB & Associates LLP to undertake the Secretarial Audit. 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 instance 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 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, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at March 31, 2021.

## RISK MANAGEMENT AND INSURANCE

Taking into account various risks involved, an Executive Risk Management Committee has been constituted by the Bank for the identification, assessment, evaluation, monitoring, mitigation and management of risks. The Committee functions as the apex management body to approve policies, processes, products, evaluate/monitor risks and take decisions on mitigation of critical risks and compliance issues.

The Risk Management Policy and Framework approved by the Board of the Directors of the Bank drives the enterprise-wide function of Risk Management, wherein all material risks faced by the Bank are identified and assessed. For each of the risks identified, corresponding controls are assessed and policies and procedures are put in place for monitoring, mitigating and reporting on periodic basis.

## 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

No material related party transactions were entered during the Financial Year under review, by your Company and hence the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, in Form AOC -2, is not applicable to your Company.

## POSITIVE WORK ENVIRONMENT

Your 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 2020-21.

## 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 RBI. As on March 31, 2021, the Bank has Six (6) Directors.

During the year under review, Mr. Abhijit Kamalapurkar took charge as MD & CEO of the Bank on March 9, 2021.

#### B. Details of directors seeking appointment / re-appointment at the forthcoming AGM

In accordance with the provisions of Section 149, 150 and 152 of the Companies Act, 2013 and pursuant to the Banking Regulation Act, 1949 the proposal for reappointment of Mr. N. S. Venkatesh and Dr. Mrs. Bala Krishnamoorthy, Independent Directors is being made in view of cessation of their term of office on November 11, 2021 as in the opinion of the Board they fulfill the requirement under the Companies Act, 2013 and the Banking Regulation Act, 1949.

#### 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.

During the year under review, four Board meetings were held on June 12, 2020, August 5, 2020, November 3, 2020 and February 10, 2021 respectively. Details of attendance of each director at the Board Meetings held during the financial year 2020-21 are as follows:

| Name of the Member            | Designation | June 12, 2020 | August 5, 2020 | November 3, 2020 | February 10, 2021 |
|-------------------------------|-------------|---------------|----------------|------------------|-------------------|
| Mr. G.V Nageswara Rao         | Chairman    | P             | P              | P                | P                 |
| Mr. L Ravi Sankar             | Member      | P             | P              | P                | P                 |
| Dr. Santanu Paul              | Member      | P             | P              | P                | P                 |
| Mr. N.S.Venkatesh             | Member      | P             | P              | A                | P                 |
| Dr. (Mrs) Bala Krishnamoorthy | Member      | P             | P              | P                | P                 |

#### 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. 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.

#### F. PERFORMANCE EVALUATION OF THE BOARD AND DIRECTORS:

Bank has introduced a evaluation criteria for evaluation of the Board's own performance and the Directors individually and same has been implemented as a prudent governance practice. During the year under review, the annual performance evaluation of the Board's own performance, the Directors individually was carried out by the Bank.

### 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 three 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 Company 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.

During the FY 2020-21 the Committee met four times on June 12, 2020, August 5, 2020, November 2, 2020 and February 9, 2021 respectively. The details of composition and attendance of members of the Audit Committee are given hereunder:-

| Name of the Director   | Designation | June 12, 2020 | August 5, 2020 | November 2, 2020 | February 9, 2021 |
|------------------------|-------------|---------------|----------------|------------------|------------------|
| Mr. L Ravi Sankar      | Chairman    | P             | P              | P                | P                |
| Mr. G.V. Nageswara Rao | Member      | P             | P              | P                | P                |
| Mr. N.S. Venkatesh     | Member      | P             | P              | A                | P                |

## 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 members with Dr. Santanu Paul as its Chairman. The Nomination and Remuneration Committee discharges such functions as defined in the Companies Act, 2013. The Committee met Two times during the year on June 12, 2020, August 4, 2020, November 2, 2020 and February 9, 2021. Details of compositions and attendance of each member at the Committee Meetings held during the year are as follows:

| Name of the Director    | Designation | June 12, 2020 | August 4, 2020 | November 2, 2020 | February 9, 2021 |
|-------------------------|-------------|---------------|----------------|------------------|------------------|
| Dr. Santanu Paul        | Chairman    | P             | P              | P                | P                |
| Mr. L Ravi Sankar       | Member      | P             | P              | P                | P                |
| Mr. G. V. Nageswara Rao | Member      | P             | P              | P                | P                |

In addition to the Committees covered specifically in detail above as per the 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
- Investment Committee
- Audit Committee of Executives

## 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. Abhijit M Kamalapurkar      | Managing Director & CEO |
| Mr. Abhishek Bagchi             | Chief Financial Officer |
| Mr. Balan Santosh Parthasarathy | Company Secretary       |

\* Mr. Abhijit Kamalapurkar was took charge as MD & CEO of the Bank on March 9, 2021.

## CORPORATE SOCIAL RESPONSIBILITY

Your Bank currently does not fall within the purview of Corporate Social Responsibility (CSR) in accordance with the provision of Section 135 of the Companies Act, 2013.

## VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Bank has a Whistleblower Policy for informing any event fearlessly which goes against the Bank's values and ethical standards to a designated authority in the Bank. This Policy is intended to help Directors and employees of the Bank 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, along with proper explanation relating to the material departures, if any;

- 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 internal financial controls to be followed by the Bank are laid down and that such internal financial controls are adequate and were operating effectively.
- 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.

#### COMPLIANCE WITH SECRETARIAL STANDARDS

Your Company is in compliance with Secretarial Standards issued by the Institute of Company Secretaries of India

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

- a) Conservation of Energy, 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. The nature of business is purely service oriented and does not require substantial energy consumption.

- b) Foreign Exchange earnings/outgo during the period under review  
 Earnings -- NIL  
 Outgo -- NIL

#### EXTRACT OF ANNUAL RETURN

Annual Return i.e. Form MGT-7 can be accessed on the Company's website at the web-link [https://nsdlbank.com/regulatory\\_disclosure.php](https://nsdlbank.com/regulatory_disclosure.php)

#### PARTICULARS OF EMPLOYEES

During the year under review, no employee has received remuneration either from the Bank, and/or its holding company in excess of the limits prescribed under Section 197 (12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### APPRECIATION

Your Directors would like to place on record their sincere appreciation of the support provided by Reserve Bank of India, Ministry of Corporate Affairs, its bankers and shareholders.

For and on behalf of the Board of Directors

Sd/-

G. V. Nageswara Rao

Chairman

Place: Mumbai

Date: 07/08/2021



## FORM NO. MR.3

### DRAFT SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2021

[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,  
4th 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 31st March, 2021 (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 31st March, 2021 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 (Depositories and Participants) Regulations, 2018; **(Not Applicable to the Bank during the Audit Period)**

- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not Applicable to the Bank during the Audit Period)**
- (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable to the Bank during the Audit Period)**
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the Audit Period)**
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; **(Not Applicable to the Company during the Audit Period)**
- (h) 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)**
- (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the Company during the Audit Period)** and
- (j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable to the Company 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,
- iii. The IRDA (Registration of Corporate Agents) Regulations, 2015

**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 3,00,00,000 Equity shares of Rs 10/- each at par aggregating to ₹ 30,00,00,000/- on Right Issue basis.

**For MMJB and Associates LLP**  
Practising Company Secretaries

Sd/-

**Saurabh Agarwal**

Designated Partner

FCS No. 9290

CP No. 20907

Peer Review No. L2020MH006700

UDIN No. F009290B000337596

**Place:** Mumbai

**Date:** May 18, 2021

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,  
4th 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 MMJB and Associates LLP**

**Place:** Mumbai  
**Date:** May 18, 2021

Sd/-  
**Saurabh Agarwal**  
Designated Partner  
FCS No. 9290  
CP No. 20907  
Peer Review No. L2020MH006700  
UDIN No. F009290B000337596



# 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").

This Remuneration and Compensation policy has been formulated pursuant to section 178 (3) of the Companies Act, 2013, Banking Regulation Act, 1949 and as amended in line with RBI guidelines on compensation of Whole Time Directors/Chief Executive Officers/Material Risk Takers and Control Function Staff issued as on November 4, 2019 DOR. Appt.BC.No.23/29.67.001/2019-20 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, KMPs, MRT's and other employees 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, KMPs, MRT's and other employees 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, KMPs, MRT's and other employees are compensated adequately for the efforts put in by them for the growth and profitability 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, KMPs, MRT's 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 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.
- 3.2 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)/ MATERIAL RISK TAKERS (MRTs)

- 4.1 The Bank shall ensure that for the MD / WTD/ CEO/ MRT's:
- (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.

The Bank shall evaluate the entire spectrum of risks inherent in the payments bank model while determining the remuneration as mentioned in 4.1. above

The compensation structure for the WTDs/CEOs/MRTs of the bank shall be as under:

- 4.2 The remuneration payable to MD / WTD / CEO/MRT's may include fixed salary, perquisites, variable pay within the overall limit as per Section 197 of the

#### 4.3 Fixed Pay

The Bank shall ensure that the fixed portion of compensation is reasonable, taking into account all relevant factors including adherence to statutory requirements and industry practice. All the fixed items of compensation, including the perquisites, will be treated as part of fixed pay. It may be noted that all perquisites that are reimbursable should also be included in the fixed pay so long as there are monetary ceilings on these reimbursements. Contributions towards superannuation/retiral benefits will be treated as part of fixed pay.

#### 4.4 Variable pay composition and deferral

- 4.4.1 As per Section 62 (iii) (b) in Companies Act, a company other than a listed company which is not required to comply with the SEBI regulations cannot issue further shares under employees stock option scheme for consideration other than cash unless the issue is authorised by a special resolution passed by the company in a general meeting and confirm to other prescribed conditions under the Companies Act 2013.

Due to the statutory restriction above, as the Bank is at present unlisted the variable pay shall not include share linked components at present till the time a special resolution to the effect is passed by the general meeting

Variable pay is defined as pay in the form of performance bonus, guaranteed Bonus (joining/sign-on Bonus), severance package, share linked instruments e.g. Employee Stock Option Plan (ESOPs), pension plan, gratuity 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.

#### Limit on Variable Pay:

The Bank shall ensure that there is a proper balance between fixed pay and variable pay. In accordance with FSB Implementation Standards, read with paragraph 2.1.2 (b) (iv) and bullet (a) of BCBS stipulations furnished in Appendix 2, a substantial proportion of compensation i.e., at least 50%, should be variable and paid on the basis of individual, business-unit and firm-wide measures that adequately measure performance, except in cases mentioned in paragraph 2.1.2 (b) (iii) and paragraph 2.2 of these Guidelines. At higher levels of responsibility, the proportion of variable pay should be higher

The variable pay, in the current statutory context, will be capped at 150% of the fixed pay, but shall not be less than 50% of the fixed pay.

The deterioration in the financial performance of the bank should generally lead to a contraction in the total amount of variable compensation, which can even be reduced to zero.

#### Deferral of Variable Pay:

- (i) For senior executives, including WTDs, and other employees who are MRTs (see paragraph 2.4 below), in adherence to FSB Implementation Standards, deferral arrangements must invariably exist for the variable pay, regardless of the quantum of pay. For such executives of the bank, a minimum of 60% of the total variable pay must invariably be under deferral arrangements. Further, if cash component is part of variable pay, at least 50% of the cash bonus should also be deferred.
- (ii) However, in cases where the cash component of variable pay is under ₹25 lakh, deferral requirements would not be necessary.

#### (d) Period of Deferral Arrangement:

The deferral period should be a minimum of three years. This would be applicable to both the cash and non-cash components of the variable pay.

#### (e) Vesting:

Deferred remuneration should either vest fully at the end of the deferral period or be spread out over the course of the deferral period. The first such vesting should be not before one year from the commencement of the deferral period. The vesting should be no faster than on a pro rata basis<sup>2</sup>. Additionally, vesting should not take place more frequently than on a yearly basis to ensure a proper assessment of risks before the application of ex post adjustments.



#### 4.5 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.

Banks shall put in place appropriate modalities to incorporate malus/ clawback mechanism in respect of variable pay, taking into account Supplementary Guidance issued by FSB in March 2018 on use of compensation tools to address misconduct risk, and all relevant statutory and regulatory stipulations, as applicable. The bank shall identify a representative set of situations in their Compensation Policies, which require them to invoke the malus and clawback clauses that may be applicable on entire variable pay. When setting criteria for the application of malus and clawback, banks should also specify a period during which malus and/or clawback can be applied, covering at least deferral and retention periods.

#### 4.6 Guaranteed bonus

Any joining / sign on bonus 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. Further, joining/ sign-on bonus should be in the form of share-linked instruments only, since upfront payments in cash would create perverse incentives. Such bonus will neither be considered part of fixed pay nor part of variable pay. Further, banks should not grant severance pay other than accrued benefits (gratuity, pension, etc.) except in cases where it is mandatory under any statute.

#### 4.7 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 / MRT's AND OTHER STAFF

- 5.1 Members of staff engaged in finance , risk control, including internal audit 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. Therefore, the requirement of minimum 50% of total compensation to be paid in the form of variable pay will not be applicable for this category of staff. However, a reasonable proportion of compensation has to be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous. Subject to the above, while devising compensation structure for such staff, banks should adopt principles similar to principles enunciated for WTDs/CEOs, as appropriate.

- 5.2 The Bank may adopt all / any of the principles similar to the principles enunciated for MD/WTD/CEO/MRTs as appropriate while designing their remuneration structure.

#### Identification of Material Risk Takers of the bank

**2.4.1** Banks should identify their Material Risk Takers (MRTs) whose actions have a material impact on the risk exposure of the bank, and who satisfy the qualitative and any one of the quantitative criteria given below:

#### Standard Qualitative criteria

- Relate to the role and decision-making power of staff members (e.g., senior manager, member of management body) having jointly or individually, the authority to commit significantly to risk exposures, etc.

#### Standard Quantitative Criteria:

- Their total remuneration exceeds a certain threshold; the determination of which may be done prudently by the bank, or
- They are included among the 0.3% of staff with the highest remuneration in the bank, or
- Their remuneration is equal to or greater than the lowest total remuneration of senior management and other risk-takers.

The Bank should make disclosure on remuneration of WTDs/CEOs/MRTs on an annual basis at the minimum, in their Annual Financial Statements.

- 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

| Remuneration   |    |  |
|--|----|--|
| 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 and types of share linked instruments) 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/ Material Risk Takers) | g. | Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.  |
|  | h. | <ul style="list-style-type: none"> <li>Number of employees having received a variable remuneration award during the financial year.</li> <li>Number and total amount of sign-on/Joining Bonus made during the financial year.</li> <li>Details of severance pay, in addition to accrued benefits, if any</li> </ul>  |
|  | i. | <ul style="list-style-type: none"> <li>Total amount of outstanding deferred remuneration, split into cash, types of sharelinked instruments and other forms.</li> <li>Total amount of outstanding deferred remuneration, split into cash, types of sharelinked instruments and other forms.</li> <li>Total amount of deferred remuneration paid out in the financial year.</li> </ul>            |
|  | j. | <ul style="list-style-type: none"> <li>Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.</li> </ul>   |
|  | k. | <ul style="list-style-type: none"> <li>Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.</li> <li>Total amount of reductions during the financial year due to ex- post explicit adjustments.</li> <li>Total amount of reductions during the financial year due to ex- post implicit adjustments.</li> </ul> |
|  | l. | <ul style="list-style-type: none"> <li>Number of MRTs identified</li> </ul>  |
|  | m. | <ul style="list-style-type: none"> <li>Number of cases where malus has been exercised.</li> <li>Number of cases where clawback has been exercised.</li> <li>Number of cases where both malus and clawback have been exercised</li> </ul>   |
| General Quantitative Disclosure  |    | The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.   |

# 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, 2021 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, 2020;
- 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.

#### Emphasis of Matter

3. We draw attention to note no. 18.3.(3.22) of the financial statements, which describes that the extent to which the COVID-19 pandemic will impact on the operations of the Bank and the carrying value of its assets and

liabilities is not likely to be material. Our opinion is not modified in respect of this matter.

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

4. 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

5. 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. This responsibility also includes maintenance of adequate accounting records in accordance 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**

6. 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 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 with reference to financial statements 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.

### **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:
- 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;
  - 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;
  - 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;
  - 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;
  - there are no material observations or comments on the financial transactions or matters which have any adverse effect on the functioning of the Bank;
  - on the basis of the written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of section 164 (2) of the Act.
  - With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
  - 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
- i. 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:
- The Bank does not have any pending Litigation, as at the year end which would impact its financial position;
  - the Bank has made adequate provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 18.3.6 of Schedule 18 to the financial statements;
  - the Bank is currently not liable to transfer any amount to the Investor Education and Protection Fund.

**For Khimji Kunverji & Co LLP**  
 Chartered Accountants  
 FRN: 105146W/W100621

Sd/-  
**Vinit K Jain**  
 Partner

Membership No.: 145911  
 UDIN: 21145911AAAABJ4077

Mumbai  
 May 18, 2021

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.



## Annexure A to the Independent Auditors' Report

[referred to in paragraph 9(g) 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 with reference to financial statements of **NSDL Payments Bank Limited ("the Bank")** as at March 31, 2021 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 with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 with reference to financial statements.

#### MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A Bank's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to financial statements 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.

#### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override

of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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, the Bank has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating

effectively as at March 31, 2020, based on internal control with reference to financial statements 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 ICAI

For **Khimji Kunverji & Co LLP**  
Chartered Accountants  
FRN: 105146W/W100621

Sd/-  
**Vinit K Jain**  
Partner  
Membership No.: 145911  
UDIN: 21145911AAAABJ4077

Mumbai  
May 18, 2021





# BALANCE SHEET

## AS AT 31ST MARCH, 2021

(₹ in Lakh)

|  | Schedule No. | As at March 31, 2021 | As at March 31, 2020 |
|--|--------------|----------------------|----------------------|
| <b>CAPITAL &amp; LIABILITIES</b>                       |              |                      |                      |
| Capital  | 1            | 18,00,000            | 15,00,000            |
| Reserves and Surplus                                   | 2            | (3,66,556)           | (2,41,741)           |
| Deposits   | 3            | 65,295               | 1,788                |
| Borrowings   | 4            | -                    | -                    |
| Other Liabilities and Provisions                       | 5            | 9,56,438             | 43,232               |
| <b>TOTAL</b>   |              | <b>24,55,177</b>     | <b>13,03,279</b>     |
| <b>ASSETS</b>  |              |                      |                      |
| Cash and Balances with Reserve Bank of India           | 6            | 6,12,629             | 7,043                |
| Balances with banks and money at call and short notice | 7            | 10,96,605            | 8,04,938             |
| Investments  | 8            | 3,13,906             | 1,62,994             |
| Advances   | 9            | -                    | -                    |
| Fixed Assets   | 10           | 2,75,571             | 2,64,744             |
| Other Assets   | 11           | 1,56,466             | 63,560               |
| <b>TOTAL</b>   |              | <b>24,55,177</b>     | <b>13,03,279</b>     |
| Contingent Liabilities                                 | 12           | 4,500                | 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**

Chartered Accountants

Firm Registration No.: 105146W/W100621

For and on behalf of the Board of Directors of

NSDL Payments Bank Limited

CIN: U65900MH2016PLC284869

Sd/-

**Vinit K Jain**

Partner

Membership No. 145911

Sd/-

**L Ravi Sankar**

Director

DIN: 00185931

Sd/-

**G V Nageswara Rao**

Director

DIN: 00799504

Sd/-

**N S Venkatesh**

Director

DIN: 01893686

Place : Mumbai

Date : 18th May, 2021

Sd/-

**Abhijit Kamalapurkar**

MD &amp; CEO

DIN:08849177

Sd/-

**Abhishek Bagchi**

Chief financial officer

Sd/-

**Balan Santosh Parthasarthy**

Company Secretary

# STATEMENT OF PROFIT & LOSS

## FOR THE YEAR ENDED MARCH 31, 2021

(₹ in '000s)

| Particulars                           | Schedule No. | "For the year ended<br>March 31, 2021" | "For the year ended<br>March 31, 2020" |
|---------------------------------------|--------------|--|--|
| <b>I INCOME</b>                       |              |  |  |
| Interest Earned                       | 13           | 55,280                                 | 59,492                                 |
| Other Income                          | 14           | 5,67,765                               | 4,186                                  |
| <b>TOTAL</b>                          |              | <b>6,23,045</b>                        | <b>63,678</b>                          |
| <b>II EXPENDITURE</b>                 |              |  |  |
| Interest Expended                     | 15           | 1,338                                  | 126                                    |
| Operating Expenses                    | 16           | 7,45,888                               | 2,02,248                               |
| Provisions and Contingencies          | 18(3) (3.1)  | 634                                    | -                                      |
| <b>TOTAL</b>                          |              | <b>7,47,860</b>                        | <b>2,02,374</b>                        |
| <b>III PROFIT/LOSS</b>                |              |  |  |
| Net Profit /( Loss) for the year      |              | (1,24,815)                             | (1,38,696)                             |
| Profit brought forward                |              | (2,41,741)                             | (1,03,045)                             |
| <b>TOTAL</b>                          |              | <b>(3,66,556)</b>                      | <b>(2,41,741)</b>                      |
| <b>IV APPROPRIATIONS</b>              |              |  |  |
| Transfer to Statutory Reserve         |              | -                                      | -                                      |
| Transfer to Investment Reserve        |              | -                                      | -                                      |
| Balance carried over to Balance Sheet |              | (3,66,556)                             | (2,41,741)                             |
| <b>TOTAL</b>                          |              | <b>(3,66,556)</b>                      | <b>(2,41,741)</b>                      |
| EPS Basic (₹)                         | 18(2.7)      | (0.77)                                 | (1.02)                                 |
| EPS Diluted (₹)                       |              | (0.77)                                 | (1.02)                                 |
| Face Value of shares (₹)              |              | 10/-                                   | 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

As per our report of even date  
**For Khimji Kunverji & Co LLP**  
 Chartered Accountants  
 Firm Registration No.: 105146W/W100621

For and on behalf of the Board of Directors of  
**NSDL Payments Bank Limited**  
 CIN: U65900MH2016PLC284869

Sd/-  
**Vinit K Jain**  
 Partner  
 Membership No. 145911

Sd/-  
**L Ravi Sankar**  
 Director  
 DIN: 00185931

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

Sd/-  
**N S Venkatesh**  
 Director  
 DIN: 01893686

**Place :** Mumbai  
**Date :** 18th May, 2021

Sd/-  
**Abhijit Kamalapurkar**  
 MD & CEO  
 DIN:08849177

Sd/-  
**Abhishek Bagchi**  
 Chief financial officer

Sd/-  
**Balan Santosh Parthasarthy**  
 Company Secretary



# CASH FLOW STATEMENT

## FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Lakh)

| Sr.        | Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|------------|---|-------------------------|-------------------------|
| <b>I</b>   | <b>Cash Flow from Operating Activities</b>  |                         |                         |
|            | Net Profit for the Year (before taxes)  | (1,24,815)              | (1,38,697)              |
|            | Adjustments for:-   |                         |                         |
|            | Add : Non-Cash Expenditure  |                         |                         |
|            | Depreciation  | 53,831                  | 42,125                  |
|            | Provision for doubtful income   | 634                     | -                       |
|            | <b>Cash Flow before Changes in Working Capital</b>                                | <b>(70,350)</b>         | <b>(96,572)</b>         |
|            | Adjustments for working capital changes   |                         |                         |
|            | Increase /(Decrease) in deposits  | 63,507                  | 1,633                   |
|            | Increase /(Decrease) in other liabilities & provisions                            | 9,13,207                | 5,601                   |
|            | (Increase) /Decrease in other assets  | (92,260)                | (7,212)                 |
|            | (Increase) /Decrease in Investments classified as AFS                             | (1,50,913)              | (1,23,670)              |
|            | Direct Taxes paid   | (1,279)                 | (629)                   |
|            | <b>Cash generated from Operating Activities</b>                                   | <b>6,61,912</b>         | <b>(2,20,849)</b>       |
| <b>II</b>  | <b>Cash Flow from Investing Activities</b>  |                         |                         |
|            | Addition to Fixed Assets  | (48,608)                | (64,984)                |
|            | Sale/Deletions in Fixed Assets  | 1,920                   | 95                      |
|            | (Additions)/ Deletions - Intangibles under Development (Capital Work in Progress) | (17,970)                | 8,213                   |
|            | <b>Cash generated from Investing Activities</b>                                   | <b>(64,658)</b>         | <b>(56,676)</b>         |
| <b>III</b> | <b>Cash Flow from Financing Activities</b>  |                         |                         |
|            | Proceeds of share issue   | 3,00,000                | 3,50,000                |
|            | <b>Cash generated from financing Activities</b>                                   | <b>3,00,000</b>         | <b>3,50,000</b>         |
| <b>IV</b>  | <b>Increase/Decrease during the Year</b>  | <b>8,97,254</b>         | <b>72,475</b>           |
| <b>V</b>   | <b>Opening Cash and Cash Equivalents</b>  | <b>8,09,480</b>         | <b>7,37,005</b>         |
| <b>VI</b>  | <b>Closing Cash and Cash Equivalents</b>  | <b>17,06,734</b>        | <b>8,09,480</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)               | 6,12,629                | 7,043                   |
|            | (ii) Balances with Banks in Current Accounts (Refer Schedule 7)                   | 10,96,605               | 8,04,938                |
|            | (iii) Less: Lien Fixed Deposit  | 2,500                   | 2,500                   |
|            | <b>Cash and cash equivalents at the end of the year</b>                           | <b>17,06,734</b>        | <b>8,09,480</b>         |

As per our report of even date

As per our report of even date

For Khimji Kunverji &amp; Co LLP

Chartered Accountants

Firm Registration No.: 105146W/W100621

Sd/-

Vinit K Jain

Partner

Membership No. 145911

Sd/-

L Ravi Sankar

Director

DIN: 00185931

Sd/-

G V Nageswara Rao

Director

DIN: 00799504

Sd/-

N S Venkatesh

Director

DIN: 01893686

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Abhijit Kamalapurkar

MD &amp; CEO

DIN:08849177

Sd/-

Abhishek Bagchi

Chief financial officer

Sd/-

Balan Santosh Parthasarthy

Company Secretary

Place : Mumbai

Date : 18th May, 2021

For and on behalf of the Board of Directors of

NSDL Payments Bank Limited

CIN: U65900MH2016PLC284869

# SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2021

### 1 - CAPITAL

(₹ in '000s)

| Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| <b>Authorised Capital</b>                                     |                           |                           |
| 20,00,00,000 Ordinary Shares of ₹ 10/- each                   | 20,00,000                 | 20,00,000                 |
| Issued, Subscribed & Paid-up                                  |                           |                           |
| 18,00,00,000 (PY 15,00,00,000) Ordinary Shares of ₹ 10/- each | 18,00,000                 | 15,00,000                 |
| <b>TOTAL</b>  | <b>18,00,000</b>          | <b>15,00,000</b>          |

### 2 - RESERVES & SURPLUS

(₹ in '000s)

| Particulars                                    | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| <b>1. Statutory Reserve</b>                    |                           |                           |
| (i) Opening Balance                            | -                         | -                         |
| (ii) Addition during the year                  | -                         | -                         |
| (iii) Deduction during the year                | -                         | -                         |
| <b>Total</b>                                   | <b>-</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>-</b>                  |
| <b>3. Balance in Profit &amp; Loss Account</b> |                           |                           |
| (i) Opening Balance                            | (2,41,741)                | (1,03,045)                |
| (ii) Addition during the year                  | (1,24,815)                | (1,38,696)                |
| (iii) Deduction during the year                |                           |                           |
| <b>Total</b>                                   | <b>(3,66,556)</b>         | <b>(2,41,741)</b>         |
|  | <b>(3,66,556)</b>         | <b>(2,41,741)</b>         |

### 3 - DEPOSITS

(₹ in '000s)

| Particulars                     | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---------------------------------|---------------------------|---------------------------|
| <b>A. 1. Demand Deposits</b>    |                           |                           |
| i) From Banks (note-1)          | 2,110                     | -                         |
| ii) From Others                 | 1,403                     | 233                       |
| <b>Total</b>                    | <b>3,513</b>              | <b>233</b>                |
| <b>2. Savings Bank Deposits</b> | <b>61,782</b>             | <b>1,555</b>              |



# SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in '000s)

| Particulars                                | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| <b>3. Term Deposits</b>                    |                           |                           |
| i) From Banks                              | -                         | -                         |
| ii) From Others                            | -                         | -                         |
| <b>Total</b>                               | -                         | -                         |
| <b>TOTAL</b>                               | <b>65,295</b>             | <b>1,788</b>              |
| <b>B.</b> i. Deposits of Branches in India | 65,295                    | 1,788                     |
| ii. Deposits of Branches outside India     | -                         | -                         |
| <b>TOTAL</b>                               | <b>65,295</b>             | <b>1,788</b>              |

Note-1: Represents balance maintained in other bank to enable sweep out facility above regulatory threshold limit

## 4 - BORROWINGS

(₹ in '000s)

| Particulars                           | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---------------------------------------|---------------------------|---------------------------|
| <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>                          | -                         | -                         |

## 5 - OTHER LIABILITIES AND PROVISIONS

(₹ in '000s)

| Particulars                       | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|-----------------------------------|---------------------------|---------------------------|
| 1. Bills Payable                  | -                         | -                         |
| 2. Inter Office Adjustments (Net) | -                         | -                         |
| 3. Interest Accrued               | -                         | -                         |
| 4. Others (Including Provisions)  | 9,56,438                  | 43,232                    |
| <b>TOTAL</b>                      | <b>9,56,438</b>           | <b>43,232</b>             |

# SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2021

### 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in '000s)

| Particulars                            | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| 1. Cash in hand                        | -                         | -                         |
| 2. Balances with Reserve Bank of India |                           |                           |
| (i) In Current Account                 | 6,12,629                  | 7,043                     |
| (ii) In Other Accounts                 | -                         | -                         |
| <b>TOTAL</b>                           | <b>6,12,629</b>           | <b>7,043</b>              |

### 7 - BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in '000s)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| 1. In India  |                           |                           |
| (i) Balances with Banks                                | -                         | -                         |
| a) In Current Accounts                                 | 47,705                    | 6,752                     |
| b) In other Deposit Accounts (Refer Note 18(3) (3.19)) | 10,48,900                 | 7,98,186                  |
| (ii) Money at Call and Short Notice                    |                           |                           |
| a) With Banks  | -                         | -                         |
| b) With Other Institutions                             | -                         | -                         |
| <b>Total</b>   | <b>10,96,605</b>          | <b>8,04,938</b>           |
| 2. Outside India                                       |                           |                           |
| (i) In Current Accounts                                | -                         | -                         |
| (ii) In Other Deposits Accounts                        | -                         | -                         |
| (iii) Money at Call and Short Notice                   | -                         | -                         |
| <b>Total</b>   | <b>-</b>                  | <b>-</b>                  |
| <b>TOTAL</b>   | <b>10,96,605</b>          | <b>8,04,938</b>           |

### 8 - INVESTMENTS

(₹ in '000s)

| Particulars                       | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|-----------------------------------|---------------------------|---------------------------|
| 1. Investments in India (Gross)   | 3,13,906                  | 1,62,994                  |
| Less – Provision for depreciation | -                         | -                         |
| <b>Total</b>                      | <b>3,13,906</b>           | <b>1,62,994</b>           |
| Investments in India in -         |                           |                           |
| (i) Government Securities         | 2,47,873                  | 73,464                    |
| (ii) Other Approved Securities    | -                         | -                         |





# SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2021

| Particulars                             | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| (iii) Shares                            | -                         | -                         |
| (iv) Debentures & Bonds                 | -                         | -                         |
| (v) Subsidiaries and / or Joint Venture | -                         | -                         |
| (vi) Others                             | 66,033                    | 89,530                    |
| <b>Total</b>                            | <b>313,906</b>            | <b>1,62,994</b>           |
| <b>2. Investments Outside India</b>     | -                         | -                         |
| <b>Total</b>                            | -                         | -                         |
| <b>TOTAL</b>                            | <b>3,13,906</b>           | <b>1,62,994</b>           |

## 9 - ADVANCES

(₹ in '000s)

| Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| <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>  | -                         | -                         |

# SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2021

### 10 - FIXED ASSETS

(₹ in '000s)

| Particulars                                     | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| <b>1. Premises</b>                              |                           |                           |
| (i) At cost at 31st 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 31st March of the preceding year | 2,59,146                  | 1,94,258                  |
| (ii) Additions During the year                  | 48,608                    | 64,983                    |
| (iii) Deductions During the year                | 1,920                     | 95                        |
| (iv) Accumulated Depreciation to date           | 1,30,608                  | 76,777                    |
| <b>Total</b>                                    | <b>1,75,226</b>           | <b>1,82,369</b>           |
| <b>3. Capital Work in Progress</b>              | <b>1,00,345</b>           | <b>82,375</b>             |
| <b>TOTAL (1+2+3)</b>                            | <b>2,75,571</b>           | <b>2,64,744</b>           |

### 11 - OTHER ASSETS

(₹ in '000s)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| 1. Inter-Office Adjustment (Net)                                 | -                         | -                         |
| 2. Interest Accrued  | 19,566                    | 13,686                    |
| 3. Tax Paid in Advance/Tax Deducted at Source (Net of Provision) | 2,042                     | 763                       |
| 4. Stationery and Stamps   | -                         | -                         |
| 5. Deferred Tax Assets (Net)                                     | -                         | -                         |
| 6. Others  | 1,34,858                  | 49,111                    |
| <b>TOTAL</b>   | <b>1,56,466</b>           | <b>63,560</b>             |

### 12 - CONTINGENT LIABILITIES

(₹ in '000s)

| Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| 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  | -                         | -                         |



# SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in '000s)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| 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  |                           |                           |
| (a) Capital commitment                                   | 2,000                     | -                         |
| (b) Bank Guarantee issued by other Bank on our behalf    | 2,500                     | 2,500                     |
| <b>TOTAL</b>   | <b>4,500</b>              | <b>2,500</b>              |

### 13 - INTEREST EARNED

(₹ in '000s)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| 1. Interest / Discount on Advances / bills                 | -                         | -                         |
| 2. Income on Investments                                   | 4,007                     | 1,522                     |
| 3. Interest on balance with RBI and Other Inter bank funds | 51,200                    | 57,970                    |
| 4. Others  | 73                        | -                         |
| <b>TOTAL</b>   | <b>55,280</b>             | <b>59,492</b>             |

### 14 - OTHER INCOME

(₹ in '000s)

| Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| 1. Commission, Exchange and Brokerage                               | 5,64,818                  | 827                       |
| 2. Profit on sale of Investments (Net)                              | 1,834                     | 3,295                     |
| 3. Profit / (Loss) on sale of land, building and other assets (Net) | -                         | -                         |
| 4. Profit on exchange transactions (Net)                            | (198)                     | 64                        |
| 5. Miscellaneous Income   | 1,311                     | 0                         |
| <b>TOTAL</b>  | <b>5,67,765</b>           | <b>4,186</b>              |

### 15 - INTEREST EXPENDED

(₹ in '000s)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| 1. Interest on Deposits                                      | 1,195                     | 16                        |
| 2. Interest on Reserve Bank of India / Inter-Bank Borrowings | -                         | -                         |
| 3. Others  | 143                       | 110                       |
| <b>TOTAL</b>   | <b>1,338</b>              | <b>126</b>                |

# SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2021

### 16 - OPERATING EXPENSES

(₹ in '000s)

| Particulars                                 | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| 1. Payments to and provisions for employees | 1,10,722                  | 69,493                    |
| 2. Rent, taxes and lighting                 | 13,278                    | 17,995                    |
| 3. Printing and stationery                  | 57                        | 230                       |
| 4. Advertisement and publicity              | 1,231                     | 13                        |
| 5. Depreciation on banks property           | 53,831                    | 42,125                    |
| 6. Director's fees Allowances and expenses  | 4,578                     | 6,278                     |
| 7. Auditors' fees and expenses              | 2,803                     | 2,580                     |
| 8. Law Charges                              | -                         | 630                       |
| 9. Postage, Telegrams, Telephones, etc.     | 384                       | 105                       |
| 10. Repairs and maintenance                 | 36,763                    | 30,248                    |
| 11. Insurance                               | 2,211                     | 1,306                     |
| 12. Other Expenditure (Refer 18(3)(3.20))   | 5,20,030                  | 31,245                    |
| <b>TOTAL</b>                                | <b>7,45,888</b>           | <b>2,02,248</b>           |



# SIGNIFICANT ACCOUNTING POLICIES

## 1. Background

NSDL Payments Bank Limited ('the Bank') was incorporated on 17th 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,
- Accepting demand deposits in the form of current account deposits,
- Offering domestic money transfer through Business Correspondents
- Offering mutual fund investment services through mobile app,
- Offering Bank verification services for corporate brokers,
- Offering insurance investment services through mobile app,

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 March 2017. Thus, the Bank commenced banking business on 29th 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 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.

#### **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.

#### **Other Revenues**

Service revenue is recognised on completion of provision of services. Revenue is recognised on transfer of all significant risks and rewards, reasonable right of recovery is established and when no significant uncertainty exists regarding realisation of consideration.

Minimum balance charges recovery on deposit accounts are recognised on realisation basis. All other fees/commission is accounted for as and when they become due.

#### **Provision for doubtful debts**

The Bank provides for the amounts where the management is of the view that the amounts are not recoverable.

#### **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.

Fixed Asset having value of ₹5,000/- & less has been fully depreciated in the year of purchase.

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<br>- Servers and networks<br>- End user devices, such as, desktops, laptops, etc. | 6 years<br>3 years    |
| Electrical Installations and Equipment  | 10 years              |
| Furniture and Fittings  | 10 years              |
| Leasehold Improvements  | 5 years               |

## 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. Transactions involving foreign exchange

Foreign currency income and expenditure items of domestic operations are translated at the exchange

rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities of domestic operations are translated at closing exchange rates notified by FEDAI relevant to the balance sheet date. The resulting gain or loss on revaluation are included in the Profit and Loss Account

## 8. 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.

### **9. 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 capitalized 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.

#### **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.

### **10. 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 reflect 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.

### **11. 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.

### **12. 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.

### 13. 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.

### 14. 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 31ST MARCH, 2021

### 18. NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

#### 1. Statutory disclosures as per RBI

##### 1.1 Capital Adequacy

Capital Adequacy Ratio as per RBI guidelines on Basel I Capital Regulations is detailed below.

| Particulars   | As at March<br>31, 2021 | As at March<br>31, 2020 |
|---|-------------------------|-------------------------|
| i) Common Equity Tier-1 capital ratio (%)   | 229.67%                 | 265.87%                 |
| ii) Tier-1 capital ratio (%)  | 229.67%                 | 265.87%                 |
| iii) Tier-2 capital ratio (%)   | -                       | -                       |
| iv) <b>Total capital ratio (CRAR) (%)</b>   | 229.67%                 | 265.87%                 |
| v) Percentage of the shareholding of the Government of India in public sector banks   | -                       | -                       |
| vi) Amount of equity capital raised   | 3,00,000                | 350,000                 |
| 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) | -                       | -                       |

Bank has raised capital of ₹ 3,00,000('000s) (as on March 31, 2020 ₹ 3,50,000 ('000s)).

As per RBI requirement, the Bank shall maintain a minimum net worth of Rs 10,00,000 ('000s) at all times. The net worth of the Bank as at March 31, 2021 is ₹11,71,521('000s) (as on March 31,2020 ₹10,08,676('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).

##### 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.

| No.      | Particulars  | As at March<br>31, 2021 | As at March<br>31, 2020 |
|----------|--|-------------------------|-------------------------|
| <b>1</b> | <b>Value of investments</b>  |                         |                         |
| (i)      | Gross value of investments   |                         |                         |
| (a)      | In India   | 3,13,906                | 1,62,994                |
| (b)      | Outside India  | -                       | -                       |
| (ii)     | Provision for depreciation   |                         |                         |
| (a)      | In India   | -                       | -                       |
| (b)      | Outside India  | -                       | -                       |
| (iii)    | Net value of investments   |                         |                         |
| (a)      | In India   | 3,13,906                | 1,62,994                |
| (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 31ST MARCH, 2021

- ii) The following table sets forth, for the period indicated, the details of investments categorization in accordance with RBI guidelines.

| Security                  | As at 31st March, 2021 |     |          |          | As at 31st March, 2020 |     |        |        |
|---------------------------|------------------------|-----|----------|----------|------------------------|-----|--------|--------|
|                           | HTM                    | HFT | AFS      | Total    | HTM                    | HFT | AFS    | Total  |
| Government securities     | -                      | -   | 2,47,873 | 2,47,873 | -                      | -   | 73,464 | 73,464 |
| Other Approved Securities | -                      | -   | -        | -        | -                      | -   | -      | -      |
| Shares                    | -                      | -   | -        | -        | -                      | -   | -      | -      |
| Debentures/Bonds          | -                      | -   | -        | -        | -                      | -   | -      | -      |
| Others- Mutual Fund       | -                      | -   | 66,033   | 66,033   | -                      | -   | 89,530 | 89,530 |
| Others- Joint Venture     | -                      | -   | -        | -        | -                      | -   | -      | -      |

HTM – Held for Trading

HFT – Held for Trade

AFS – Available for Sale

### 1.3 Repo/Reverse Repo Transactions (in Face Value terms)

|  | Minimum Outstanding during the year | Maximum Outstanding during the year | Daily Average outstanding during the year * | Outstanding as on March 31, 2021 |
|--|-------------------------------------|-------------------------------------|---|----------------------------------|
| Securities Sold under repo             |                                     |                                     |   |                                  |
| i. Government Securities               | -                                   | -                                   | -   | -                                |
| ii. Corporate debt securities          | -                                   | -                                   | -   | -                                |
| Securities purchase under reverse repo |                                     |                                     |   |                                  |
| i. Government Securities               | 25,000                              | 1,00,000                            | 58,929                                      | -                                |
| ii. Corporate debt Securities          |                                     |                                     |   |                                  |

\* Daily Average outstanding during the year is calculated basis number of days the transaction was done during the year.

### 1.4 Non SLR Investment Portfolio

- i) Issuer composition of Non SLR investments as at March 31, 2021

| 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                                    | 66,033 | -                           | -   | -                              | -                               |
| (vii)               | Total (i to vi)                           | 66,033 | -                           | -   | -                              | -                               |
| (viii)              | Less: Provision held towards depreciation | -      | -                           | -   | -                              | -                               |
| Total (viii – viii) |   | 66,033 | -                           | -   | -                              | -                               |

Issuer composition of Non SLR investments as at March 31, 2020

| 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                                    | 89,530 | -                           | -   | -                              | -                               |
| (vii)                      | Total (i to vi)                           | 89,530 | -                           | -   | -                              | -                               |
| (viii)                     | Less: Provision held towards depreciation | -      | -                           | -   | -                              | -                               |
| <b>Total (viii – viii)</b> |   | 89,530 | -                           | -   | -                              | -                               |

### 1.5 Non-Performing Non-SLR investments

The Bank does not have any nonperforming investments during the year 2020-21 ("Nil" during the year 2019-20).

### 1.6 Provision for Depreciation on Investments

Provision for depreciation on investments under 'Available for Sale' category as on March 31, 2021 is Nil ("Nil" as on March 31, 2020).

### 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 2020-21 ("Nil" as on March 31, 2020).

### 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 2020-21. ("Nil" during the year 2019-20) 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 March 31, 2021 | For the year ended March 31, 2020 |
|------|--|-----------------------------------|-----------------------------------|
| i.   | Interest income as a percentage to working funds <sup>1</sup>          | 3.37%                             | 4.82%                             |
| ii.  | Non-interest Income as percentage to working funds <sup>1</sup>        | 34.65%                            | 0.34%                             |
| iii. | Operating profit as a percentage to working funds <sup>2</sup>         | (7.62%)                           | (11.23%)                          |
| iv.  | Return on assets <sup>3</sup>  | (7.62%)                           | (11.23%)                          |
| v.   | Business (Deposit) <sup>5</sup> per employee <sup>4</sup> (₹ in 000's) | 748                               | 35                                |
| vi.  | Profit/(Loss) per employee <sup>4</sup> (₹ in 000's)                   | (1,477)                           | (2,693)                           |





1. Working funds represent average of total assets excluding accumulated losses (i.e gross total assets) as reported in Form X returns submitted to RBI under section 27 of the Banking Regulation Act, 1949 during the year.
2. Operating Profit means Net Interest Income plus Other Income less Operating Expenses
3. Net Profit as a percentage to average working funds
4. For the purpose of per employee average number of employees have been considered
5. Business means total of deposits (excluding interbank deposit ) as at March 31

### 1.11 Asset Liability Management

#### Maturity pattern of certain items of assets and liabilities as on March 31, 2021:

| Maturity Bucket        | Deposits      | Advances | Investments    | Borrowings | Foreign currency assets | Foreign currency liabilities |
|------------------------|---------------|----------|----------------|------------|-------------------------|------------------------------|
| Day 1                  | 4,239         | -        | 66,033         | -          | -                       | -                            |
| 2 to 7 days            | 2,130         | -        | -              | -          | -                       | -                            |
| 8 to 14 days           | 2,130         | -        | -              | -          | -                       | -                            |
| 15 to 28 days          | -             | -        | 14,963         | -          | -                       | -                            |
| Days 29 to 3 months    | -             | -        | 109,654        | -          | -                       | -                            |
| Over 3 to 6 months     | -             | -        | 98,676         | -          | -                       | -                            |
| Over 6 month to 1 year | -             | -        | 24,580         | -          | -                       | -                            |
| Over 1 to 3 years      | 56,796        | -        | -              | -          | -                       | -                            |
| Over 3 to 5 years      | -             | -        | -              | -          | -                       | -                            |
| Over 5 years           | -             | -        | -              | -          | -                       | -                            |
| <b>Total</b>           | <b>65,295</b> | <b>-</b> | <b>313,906</b> | <b>-</b>   | <b>-</b>                | <b>-</b>                     |

#### Maturity pattern of certain items of assets and liabilities as on March 31, 2020:

| Maturity Bucket        | Deposits     | Advances | Investments     | Borrowings | Foreign currency assets | Foreign currency liabilities |
|------------------------|--------------|----------|-----------------|------------|-------------------------|------------------------------|
| Day 1                  | 63           | -        | 89,530          | -          | -                       | -                            |
| 2 to 7 days            | 63           | -        | -               | -          | -                       | -                            |
| 8 to 14 days           | 64           | -        | -               | -          | -                       | -                            |
| 15 to 28 days          | -            | -        | -               | -          | -                       | -                            |
| Days 29 to 3 months    | -            | -        | -               | -          | -                       | -                            |
| Over 3 to 6 months     | -            | -        | 73,464          | -          | -                       | -                            |
| Over 6 month to 1 year | -            | -        | -               | -          | -                       | -                            |
| Over 1 to 3 years      | 1,598        | -        | -               | -          | -                       | -                            |
| Over 3 to 5 years      | -            | -        | -               | -          | -                       | -                            |
| Over 5 years           | -            | -        | -               | -          | -                       | -                            |
| <b>Total</b>           | <b>1,788</b> | <b>-</b> | <b>1,62,994</b> | <b>-</b>   | <b>-</b>                | <b>-</b>                     |

Classification of assets and liabilities under the different maturity buckets are compiled by management (on gross basis) based are based on the assumptions as used by the Bank and which have been relied upon by the auditors.

### 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 2020-21 and 2019-20.

- ii) 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 in respect to exposure to real estate sector, capital market, category wise country risk, single and group borrower limits and uncured 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 2020-21 ("Nil" during FY 2019-20)

## 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          | As at March<br>31, 2021 | As at March<br>31, 2020 |
|-----|----------------------|-------------------------|-------------------------|
| 1   | Provision as at date | 13,864                  | 7,590                   |

#### Provident Fund

The contribution to the Employee Provident Fund amounted to ₹ 8,702 thousand for the year 2020-21 (₹ 6,083 thousand for the year 2019-2020).

#### 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

(₹ in Lakh)

| Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| Defined Benefit Obligation at the beginning of the period | 1,137                     | 1,355                     |
| Service cost  | 515                       | 902                       |
| Interest cost   | 59                        | 105                       |
| Actuarial losses/(gains)                                  | 424                       | (1,225)                   |
| Benefit payments  | -                         | -                         |
| Defined Benefit obligation at the end of the period       | 2,135                     | 1,137                     |

##### Amount recognised in Balance Sheet:

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Present value of defined benefit obligation at the end of the period | 2,135                     | 1,137                     |
| Fair value of plan assets at the end of the period                   | (2,173)                   | (2,034)                   |
| Funded status ((surplus)/ deficit)                                   | (37)                      | (897)                     |
| Unrecognised past service costs                                      | -                         | -                         |
| Net asset / (liability) recognised in the Balance Sheet              | 37                        | 897                       |

##### Change in the fair value of Plan Assets during the year

(₹ in Lakh)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| Fair value of plan assets at the beginning of the year | 2,034                     | 1,907                     |
| Expected Return on Plan Assets                         | 106                       | 148                       |
| Contributions by the Bank                              | -                         | -                         |
| Actuarial Gain/ (Loss) recognised during the year      | 33                        | (22)                      |
| Benefit paid   | -                         | -                         |
| Fair value of plan assets at the end of the year       | 2,173                     | 2,033                     |



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2021

### 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<br>31st March, 2021 | For the year ended<br>31st March, 2020 |
|--|---|--|--|
| i  | Current service cost                                | 514                                    | 902                                    |
| ii   | Interest on Defined Benefit Obligation              | (46)                                   | (43)                                   |
| iii  | Expected Return on Plan Assets                      | -                                      | -                                      |
| iv   | Net Actuarial Losses/(Gains) recognised in the year | 391                                    | (1,204)                                |
| v  | Past Service Cost                                   | -                                      | -                                      |
| vi   | Actuarial losses / (Gains)                          | -                                      | -                                      |
| <b>Total included in "Employee Benefit Expense" [Schedule 16(I)]</b> |   | <b>859</b>                             | <b>(345)</b>                           |

Experience adjustment is as follows:

(₹ in 000's)

| No. | Particulars   | For the year ended<br>31st March, 2021 | For the year ended<br>31st March, 2020 |
|-----|---|--|--|
|     | Gratuity  |  |  |
| 1   | Actuarial (Gains)/Losses on Obligations – Due to Experience | (61)                                   | (348)                                  |
| 2   | Actuarial (Gains)/Losses on Plan Assets – Due to Experience | 33                                     | (21)                                   |

The principal actuarial assumptions used as at the Balance Sheet date are as follows:

| No. | Particulars        | For the year ended<br>31st March, 2021        | For the year ended<br>31st March, 2020         |
|-----|--------------------|---|--|
| 1   | Salary escalations | 8%  | 8.00%  |
| 2   | Discount rate      | 5.58%   | 5.21%  |
| 3   | Attrition rate     | 20%   | 30%  |
| 4   | Mortality rate     | "Indian assured Lives<br>Mortality (2006-08)" | "Indian assured Lives<br>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

1. The Bank has classified its business into the following segments, namely:
  - a. Treasury – primarily comprising investments in Treasury Bills , Mutual Funds, Deposit with Banks.
  - b. Banking Operations - comprising business activities like accepting deposits, offering domestic money transfer and other services.”

As at March 31, 2021

(₹ in '000s)

| Business segments           | Treasury  | Other Banking Operation | Total            |
|-----------------------------|-----------|-------------------------|------------------|
| Revenue                     | 57,114    | 5,65,931                | 6,23,045         |
| Unallocated Revenue         | -         | -                       | -                |
| Expenses                    | 812       | 7,46,905                | 7,47,717         |
| Unallocated Expenses        | -         | -                       | 143              |
| Operating Profit/(Loss)     | -         | -                       | (1,24,815)       |
| Income Tax                  | -         | -                       | -                |
| Extraordinary Profit/(Loss) | -         | -                       | -                |
| Net Profit/(Loss)           | -         | -                       | (1,24,815)       |
| Other Information           |           |                         |                  |
| Segment Assets              | 20,43,318 | 4,09,817                | 24,53,135        |
| Unallocated Assets          | -         | -                       | 2,042            |
| <b>Total Assets</b>         | -         | -                       | <b>24,55,177</b> |
| Segment Liabilities         | 7         | 10,21,709               | 10,21,716        |
| Unallocated Liabilities     | -         | -                       | 17               |
| <b>Total Liabilities</b>    | -         | -                       | <b>10,21,733</b> |

As at March 31, 2021

(₹ in '000s)

| Business segments           | Treasury | Other Banking Operation | Total            |
|-----------------------------|----------|-------------------------|------------------|
| Revenue                     | 62,788   | 890                     | 63,678           |
| Unallocated Revenue         | -        | -                       | -*               |
| Expenses                    | 43       | 202,228                 | 202,271          |
| Unallocated Expenses        | -        | -                       | 103              |
| Operating Profit/(Loss)     | -        | -                       | (138,696)        |
| Income Tax                  | -        | -                       | -                |
| Extraordinary Profit/(Loss) | -        | -                       | -                |
| Net Profit/(Loss)           | -        | -                       | (138,696)        |
| Other Information           |          |                         |                  |
| Segment Assets              | 988,673  | 313,843                 | 1302,516         |
| Unallocated Assets          | -        | -                       | 763              |
| <b>Total Assets</b>         | -        | -                       | <b>1,303,279</b> |
| Segment Liabilities         | -        | 44,992                  | 44,992           |
| Unallocated Liabilities     | -        | -                       | 28               |
| <b>Total Liabilities</b>    | -        | -                       | <b>45,020</b>    |

\* Amount less than Rs 1000.

Unallocated segments, income, expense, assets and liabilities includes items which are not allocable to other segments. In allocation of some items of expenses/ income and asset/liabilities, certain estimates and assumptions have been made by the management, which has been relied upon by the auditors.

## 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.

The related parties of the Bank are broadly classified as:



**As at March 31, 2021**

| Relationship                   | Name of the related Party   |
|--------------------------------|---|
| Promoters                      | National Securities Depository Limited  |
| Fellow Subsidiary              | NSDL Database Management Limited  |
| Key Management Personnel (KMP) | "Mr. SP. Narayanan (MD & CEO) –Upto May 2, 2020<br>Mr. Ashutosh Singh (Interim CEO)-w.e. f. May 3,2020 till March 8, 2021<br>Mr. Abhijit Kamalapurkar (MD & CEO)-w.e.f. March 9, 2021<br>Mr. Abhishek S. Bagchi (CFO)<br>Mr. Balan Parthasarthy (CS)" |

In line with the Reserve Bank of India Circular No. DBR.BC.No.23//21.04.2018/2015-16 dated 1 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 Promoters and Fellow subsidiary category at any given point of time, therefore, those details are not disclosed. Related parties are identified by the Management and relied upon by the auditors.

**As at March 31, 2021**

(₹ in '000s)

| Items / Related Party                         | Parent<br>(as per ownership<br>or control) | Key<br>Management<br>Personnel | Relatives of Key<br>Management<br>Personnel | Fellow<br>Subsidiary | Total  |
|---|--|--------------------------------|---|----------------------|--------|
| Borrowings                                    | -  | -                              | -   | -                    | -      |
| Deposit                                       | -  | -                              | -   | -                    | -      |
| Placement of deposits                         | -  | -                              | -   | -                    | -      |
| Investments                                   | -  | -                              | -   | -                    | -      |
| Non funded commitments                        | -  | -                              | -   | -                    | -      |
| Leasing / HP arrangements<br>Availed/provided | -  | -                              | -   | -                    | -      |
| Sale/Purchase of fixed assets                 | -  | -                              | -   | -                    | -      |
| Interest paid                                 | -  | -                              | -   | -                    | -      |
| Interest Received                             | -  | -                              | -   | -                    | -      |
| Rendering of services                         | -  | -                              | -   | -                    | -      |
| Remuneration*                                 | -  | 17,155                         | -   | -                    | 17,155 |
| Management Services                           | -  | -                              | -   | -                    | -      |

**As at March 31, 2020**

(₹ in '000s)

| Items / Related Party                         | Parent<br>(as per<br>ownership or<br>control) | Key Management<br>Personnel | Relatives of Key<br>Management<br>Personnel | Fellow Subsidiary | Total  |
|---|---|-----------------------------|---|-------------------|--------|
| Borrowings                                    | -   | -                           | -   | -                 | -      |
| Deposit                                       | -   | -                           | -   | -                 | -      |
| Placement of deposits                         | -   | -                           | -   | -                 | -      |
| Investments                                   | -   | -                           | -   | -                 | -      |
| Non funded commitments                        | -   | -                           | -   | -                 | -      |
| Leasing / HP arrangements<br>Availed/provided | -   | -                           | -   | -                 | -      |
| Sale/Purchase of fixed assets                 | -   | -                           | -   | -                 | -      |
| Interest paid                                 | -   | -                           | -   | -                 | -      |
| Interest Received                             | -   | -                           | -   | -                 | -      |
| Rendering of services                         | -   | -                           | -   | -                 | -      |
| Remuneration*                                 | -   | 12,358                      | -   | -                 | 12,358 |
| Management Services                           | -   | -                           | -   | -                 | -      |

\* Liability for Gratuity & Compensated Absences are provided on an actuarial basis and calculated for the Bank as a whole and not individual employees, the said liabilities for the KMPs are not known hence not disclosed in above table.

## 2.4 Accounting Standard 19 – Lease Disclosures

The total amount paid by the Bank under operating lease for FY 2020-21 is ₹ 12,192 thousands. ("₹14,722 thousands during FY 2019-20). The Bank has not entered into any non-cancellable operating lease and financial lease arrangement in the current year.

As at March 31, 2020

| (₹ in '000's)   |                                     |                                     |
|---|-------------------------------------|-------------------------------------|
| Particulars   | For the period ended March 31, 2021 | For the period ended March 31, 2020 |
| 1. The total of future minimum lease payments under noncancellable operating leases for each of the following periods:" |                                     |                                     |
| a) Not later than one year  | 9,850                               | 9,682                               |
| b) Later than one year but not later than five years  | 19,124                              | 28,424                              |
| c) Later than five years  | -                                   | -                                   |
| 2. Total Expected future lease payment  | 28,974                              | 38,106                              |
| 3. Lease payment recognized in the statement of Profit and Loss for the period  | 12,192                              | 14,722                              |

## 2.5 Accounting Standard 10 and 26 – Fixed Assets and Other application software's Other Fixed

The movement in fixed assets capitalised as hardware and other application software is given below:

As at March 31, 2020

| (₹ in '000s)                     |                                     |                                     |
|----------------------------------|-------------------------------------|-------------------------------------|
| Hardware                         | For the period ended March 31, 2021 | For the period ended March 31, 2020 |
| WDV at the beginning of the year | 15,163                              | 11,293                              |
| Additions during the year        | 5,379                               | 8,560                               |
| Deductions during the year       | 1,920                               | 95                                  |
| Depreciation during the year     | 4,974                               | 4,595                               |
| WDV at the close of the year     | 13,648                              | 15,163                              |

| (₹ in '000s)                     |                                     |                                     |
|----------------------------------|-------------------------------------|-------------------------------------|
| Software                         | For the period ended March 31, 2021 | For the period ended March 31, 2020 |
| WDV at the beginning of the year | 1,67,207                            | 1,48,313                            |
| Additions during the year        | 43,229                              | 56,423                              |
| Deductions during the year       | -                                   | -                                   |
| Depreciation during the year     | 48,856                              | 37,529                              |
| WDV at the close of the year     | 1,61,580                            | 1,67,207                            |

## 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 '000s)                                      |                                     |                                     |
|---|-------------------------------------|-------------------------------------|
| Particulars                                       | For the period ended March 31, 2021 | For the period ended March 31, 2020 |
| Deferred tax asset on account of depreciation     | 1,278                               | -                                   |
| Deferred tax asset on account of other items      | 1,745                               | 1,671                               |
| Deferred tax liability on account of depreciation | -                                   | 688                                 |
| Deferred tax liability on account of other items  | -                                   | -                                   |

\*\* recognised to the extent of reversal of Deferred Tax Liability

Deferred Tax (Net)-Considering the current working results of the bank, deferred tax assets have not been recognized during the year. Currently, Bank is not recognising the Deferred tax assets on accumulated losses of Rs 366,556 (000's). The Bank is confident of having probable future taxable profits to allow it to recognize the deferred tax assets in future."

## 2.7 Accounting Standard 20 – Earnings Per Share ('EPS')

| (₹ in '000s)                              |                                     |                                     |
|---|-------------------------------------|-------------------------------------|
| Particulars                               | For the period ended March 31, 2021 | For the period ended March 31, 2020 |
| Net profit/(loss) after tax (₹ in '000's) | (1,24,814)                          | (1,38,696)                          |
| Basic weighted average no. of shares      | 16,13,15,068                        | 13,53,41,530                        |
| Diluted weighted average no. of shares    | 16,13,15,068                        | 13,53,41,530                        |
| Basic EPS (₹)                             | (0.77)                              | (1.02)                              |
| Diluted EPS (₹)                           | (0.77)                              | (1.02)                              |
| Nominal value of shares (₹)               | 10/-                                | 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.

## 3. Additional Disclosures as per RBI

### 3.1 Provisions and contingencies

Break up provisions and contingencies

(₹in 000's)

| Particulars                               | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Provision for depreciation on investments | -                                    | -                                    |
| Provision towards NPA                     | -                                    | -                                    |
| Provision made towards income tax         |                                      |                                      |
| -Current tax expense                      | -                                    | -                                    |
| -Deferred tax expense                     | -                                    | -                                    |
| -Prior Period                             | -                                    | -                                    |
| -Provision for Doubtful Debts             | 634                                  | -                                    |
| <b>Total</b>                              | <b>634</b>                           | <b>-</b>                             |

### 3.2 Draw down from reserves

The Bank has not drawn any amount from reserves during FY 2020-21 ("Nil" during the year 2019-20).

### 3.3. Summary information on complaints received by bank from customers and from the OBOs

(₹in 000's)

| Sr.No.  | Particulars   | FY 2020-21 | FY 2019-20 |
|---|---|------------|------------|
| <b>Complaints received by the bank from its customers</b> |   |            |            |
| 1.  | Number of complaints pending at the beginning of the year                                   | -          | -          |
| 2.  | Number of complaints received during the year   | 114        | -          |
| 3.  | Number of complaints disposed during the year   | 111        | -          |
| 3.1   | Of which, number of complaints rejected by the bank   | -          | -          |
| 4.  | Number of complaints pending at the end of year   | 3          | -          |
| <b>Maintainable complaints received by Bank from OBOs</b> |   |            |            |
| 5.  | Number of maintainable complaints received by the bank from OBOs                            | 104*       | -          |
| 5.1   | Of 5, number of complaints resolved in favour of the bank by Bos                            | 100        | -          |
| 5.2   | Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Bos | 2          | -          |
| 5.3   | Of 5, number of complaints resolved after passing of Awards by BO against the bank          | 2          | -          |
| 6.  | Number of Awards unimplemented within the stipulated time (Other than those appealed)       | -          | -          |

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in BO Scheme 2006 and covered with in the ambit of the scheme.

\*There are 59 unique account numbers for which the Bank has received complaints from OBOs.\*

### Top five grounds of complaints received by the bank from customers.

(₹ in '000s)

| Grounds of complaints<br>(i.e. complaints relating to )                               | Number of complaints pending at the beginning of the year | Number of complaints received during the year | % increase / decrease in the number of complaints received over the previous year | Number of complaints pending at the end of the year | Of 5, number of complaints pending beyond 30 days |
|---|---|---|---|---|---|
| 1   | 2   | 3   | 4   | 5   | 6   |
| <b>FY 2020-21</b>   |   |   |   |   |   |
| Account opening/<br>difficulty in operation<br>of accounts                            | 0   | 51  | Not Applicable  | 0   | 0   |
| Others  | 0   | 27  |   | 0   | 0   |
| Internet/Mobile/<br>Electronic Banking  | 0   | 23  |   | 1   | 0   |
| ATM/Debit Cards   | 0   | 12  |   | 2   | 0   |
| Levy of charges<br>without prior notice/<br>excessive charges/<br>foreclosure charges | 0   | 1   |   | 0   | 0   |

### 3.4 Concentration of deposits

(₹ in '000s)

| Particulars   | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
| Total deposits* of twenty largest depositors (₹ in 000's)                         | 3,945                     | 714                       |
| Percentage of deposits of twenty largest depositors to total deposits of the Bank | 6.04%                     | 39.91%                    |

\*Includes balance maintained in other bank to enable sweep out facility above regulatory threshold limit

### 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 2020-21 ("Nil" during the year 2019-20).

### 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 March 31, 2021, 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

(₹ in '000s)

| Particulars  | As at<br>31st March, 2021 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
| No. of frauds reported   | 50*                       | 1*                        |
| Amount involved in such frauds (net of recovery) (₹ in 000's)                                      | -                         | -                         |
| Quantum of provision made (₹ in 000's)   | -                         | -                         |
| Quantum of unamortized 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 22nd December, 2017. During the year FY 2020-21, the Bank had forty five reported case of KYC impersonation (as at March 31, 2020 - 1) & five reported cases of fraud. However no financial loss to the bank.

**3.8 Remuneration of Directors (Non-executive)**

(₹ in '000s)

| Particulars                           | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---------------------------------------|-------------------------|-------------------------|
| - Board Meeting                       | 1,500                   | 2,700                   |
| - Audit Committee                     | 420                     | 840                     |
| - Nomination & remuneration Committee | 480                     | 240                     |
| - Risk Management Committee           | 480                     | 660                     |
| - Customer Service Committee          | 420                     | 240                     |
| - IT Strategy Committee               | 660                     | 540                     |
| - Independent Director Committee      | 240                     | 300                     |
| - Strategy Advisory Committee         | -                       | 240                     |
| <b>Total</b>                          | <b>4,200</b>            | <b>5,760</b>            |

**3.9 Fee/Commission earned in respect of Insurance and other Third Party Products**

The Bank has earned ₹121 thousand from distribution of third party. Mutual Fund products during FY: 2020-21 (₹16.00 thousand during FY 2019-20).

**3.10 Bancassurance Business**

The Bank has earned ₹6 thousand from bancassurance business during FY 2020-21 ("Nil" during FY 2019-20).

**3.11 Unamortised Pension and Gratuity Liabilities**

The Bank does not have any unamortised Pension /Gratuity Liabilities as at March 31, 2021 ("Nil" as at March 31, 2020).

**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 o 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. Managing Director and Chief Executive Offi cer is considered as Material Risk taker of the Bank.

**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:**

The performance measurement is based on the KRA mapped. The KRA to each role acts as a parameter based on which the employees are evaluated.

- 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**

The same is governed by the guidelines as per the remuneration and compensation policy approved by the NRC

- 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:**

The bank has Variable remuneration payout in cash which is determined by the end of the performance period. 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- 4 (4 During FY 2019-20)

Remuneration paid to the members during the year 2020-21 - Rs 2,40,000 (2,40,000 during FY 2019-20)

- b. **Number of employees having received a variable remuneration award during the financial year:**  
One (1) (Previous year NIL)

- c. **Number and total amount of sign-on awards made during the financial year:** Nil (Nil during the year 2019-20)

- d. **Details of guaranteed bonus, if any, paid as joining/ sign on bonus:** Nil (Nil during the year 2019-20)

- e. **Details of severance pay, in addition to accrued benefits, if any:** Nil (Nil during the year 2019-20)

- f. **Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms:** Nil (Nil during the year 2019-20)

- g. **Total amount of deferred remuneration paid out in the financial year:** Nil (Nil during the year 2019-20)

- h. **Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred:**

\*\*Fixed Pay: Basic Salary ₹ 3,071 (000's) (PY ₹ 2,708 (000's), Other Allowances\* ₹7,259 ('000's) (PY ₹ 4,835 (000's)

\*HRA, Conveyance, Medical Allowances, leave encashment, etc.

Deferred Variable Pay: NIL

Non-Deferred Variable Pay: ₹ 1671 (000's) (PY NIL)#

# Variable Pay details pertain to payment made to MD & CEO as full and final settlement. Variable pay for the FY 2020-21 are yet to be reviewed and approved by the committee

\*\*Details pertaining to Material Risk Takers of the Bank as identified by the Bank

- i. **Total amount of outstanding deferred remuneration and retained remuneration exposed to explicit and implicit adjustments:** Nil (Nil during the year 2019-20)

- j. **Total amount of reductions during the financial year due to ex- post explicit adjustments:** Nil (Nil during the year 2019-20)

- k. **Total amount of reductions during the financial year due to ex- post implicit adjustments:** Nil (Nil during the year 2019-20)



### 3.13 Credit Default Swaps

The Bank has not issued any Credit Default Swaps (CDS) during the year 2020-21 ("Nil" during the year 2019-20).

### 3.14 Intra-group Exposure

(₹ in '000s)

| Particulars   | As at<br>March, 31, 2021 | As at<br>March, 31, 2020 |
|---|--------------------------|--------------------------|
| 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)

(₹ in '000s)

| Particulars                                      | As at<br>March, 31, 2021 | As at<br>March, 31, 2020 |
|--|--------------------------|--------------------------|
| 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

The dues to the micro and small enterprises as required under 'The Micro, Small and Medium Enterprises Development Act 2006' is disclosed as below.

| Sr No | Particulars  | As at<br>March, 31, 2021 | As at<br>March, 31, 2020 |
|-------|--|--------------------------|--------------------------|
| 1.    | Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end   | 2,377                    | -                        |
| 2     | Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end   | -                        | -                        |
| 3     | Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year                                   | 54.50                    | 450.90                   |
| 4     | Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | -                        | -                        |
| 5     | Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year            | -                        | -                        |
| 6     | Interest due and payable towards suppliers registered under MSMED Act, for payments already made   | -                        | -                        |
| 7     | Further interest remaining due and payable for earlier years   | -                        | -                        |

Interest on delay payment of MSME vendors is not paid as the Bank has obtained the interest waiver certificate.

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 6th October, 2016, a Payments Bank cannot lend to any person except own employees. Accordingly all disclosures in Notes to Accounts pertaining to advances including notes relating to Moratorium, Relief under RBI Package, Restructuring has 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.

### 3.20 Category wise Breakup of Other Expenses (Schedule-16)

| Particulars                 | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|-----------------------------|-----------------------------------|-----------------------------------|
| Membership Fees             | 12,409                            | 4,175                             |
| Professional Fees           | 12,605                            | 9,766                             |
| Office Maintenance          | 794                               | 2,384                             |
| Travelling and Conveyance   | 778                               | 1,546                             |
| Others                      | 4,76,672                          | 2,011                             |
| IT and Call Centre expenses | 14,970                            | 10,186                            |
| Security Charges            | 1,786                             | 1,161                             |
| Registration Charges        | 16                                | 16                                |
| <b>Total</b>                | <b>5,20,030</b>                   | <b>31,245</b>                     |

### 3.21 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

### 3.22 Notes on Covid Impact

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. COVID-19 has taken its toll on not just human life, but business and financial markets too. With substantial increase in Covid-19 cases across different parts of the country, governments have introduced a variety of measures to contain the spread of the virus, including lockdown and restriction on movement of people and goods across different geographies. Certain establishments including Banking could operate and continue to remain exempted from restrictions. The management has assessed the potential impact of the COVID-19 on the Bank. Based on the current assessment, the management is of the view that impact of COVID 19 on the operations of the Bank and the carrying value of its assets and liabilities is not likely to be material.

### 3.23 Previous Year comparative figures

Previous period figures have been regrouped / reclassified where necessary to make them comparable to the current year classifications.

#### For Khimji Kunverji & Co LLP

Chartered Accountants  
Firm Registration No:105146W/W100621

Sd/-

**Vinit K Jain**

Partner

Membership No. 145911

Sd/-

**L Ravi Sankar**

Director

DIN: 00185931

Sd/-

**G V Nageswara Rao**

Director

DIN: 00799504

Sd/-

**N S Venkatesh**

Director

DIN: 01893686

For and on behalf of the Board of Directors of

**NSDL Payments Bank Limited**

**CIN: U65900MH2016PLC284869**

Sd/-

**Abhijit Kamalapurkar**

MD & CEO

DIN:08849177

Sd/-

**Abhishek Bagchi**

Chief financial officer

Sd/-

**Balan Santosh Parthasarthy**

Company Secretary

**Place : Mumbai**

**Date : 18th May, 2021**





## NOTES

## NOTES

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**National Securities Depository Limited**

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

Tel: 022 2499 4200 Fax: 022 2497 6351

Email: [info@nsdl.co.in](mailto:info@nsdl.co.in)

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

CIN: U74120MH2012PLC230380