

THINK DIGITAL SERVE DIGITAL



Corporate Information

Board of Directors

- **Mr. B. A. Prabhakar**
Public Interest Director & Chairman
- **Mr. G. V. Nageswara Rao**
Managing Director & CEO
- **Mr. B. Sambamurthy**
Public Interest Director
- **Prof. G. Sivakumar**
Public Interest Director
- **Dr. Rajani Gupte**
Public Interest Director
- **Mr. Rajeev Kumar**
Shareholder Director

Auditors

Statutory Auditors

M/s Deloitte Haskins & Sells,
Chartered Accountants
Indiabulls Finance Centre,
Tower 3, 27-32 Floor, Senapati Bapat Marg,
Elphinstone Road (W), Mumbai - 400 013

Internal Auditors

M/s 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. Ananthasubramanian & Co.
Company Secretaries
10/25-26, 2nd Floor, Brindaban,
Thane (W) - 400 601

Bankers

- HDFC Bank Limited
- ICICI Bank Limited
- IDBI Bank Limited
- Kotak Mahindra Bank Limited
- NSDL Payments 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
CIN: U74120MH2012PLC230380

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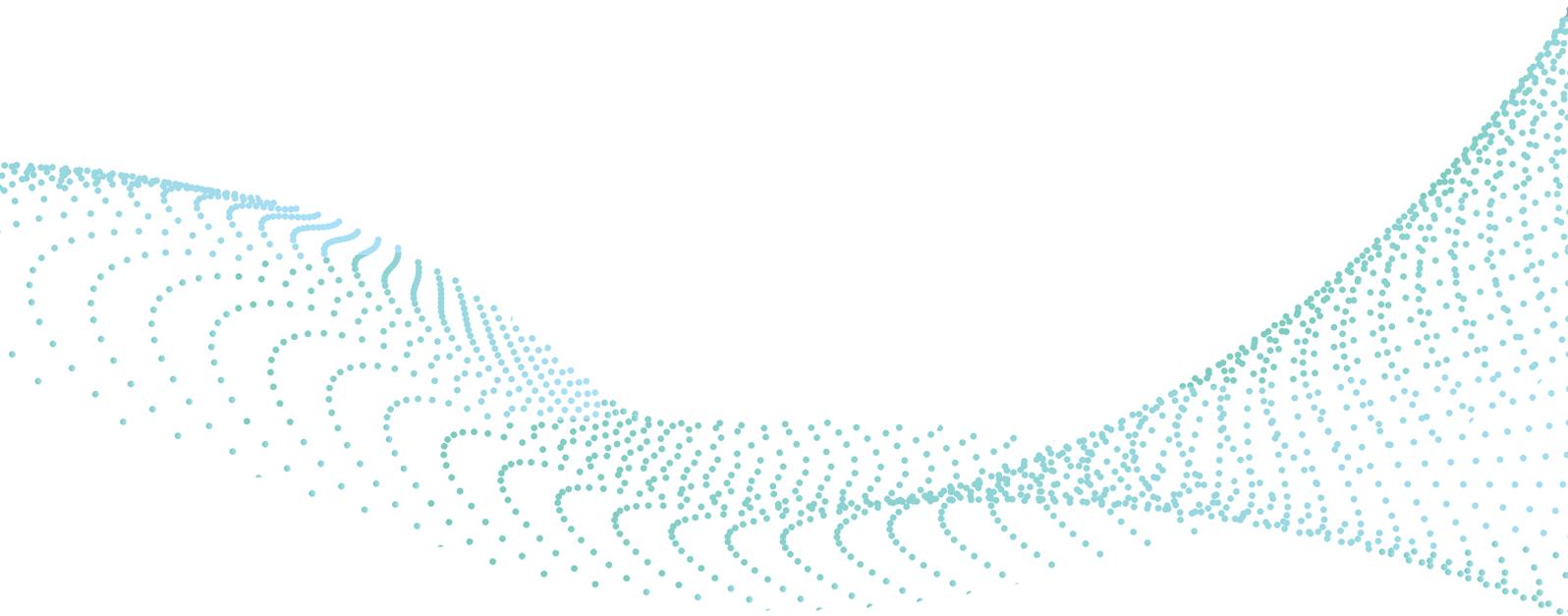
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Since its inception in 1996, NSDL has launched a whole range of digital services across a wide spectrum covering both financial and non-financial services and can proudly claim to have played a key role in India's digital transformation. NSDL established and operated digital infrastructure enabling the market to offer digital services to consumers and citizens in a secure, efficient and convenient manner. Systems, processes and risk management implemented by NSDL instilled customer confidence in use of technology.

The current global pandemic highlighted more than ever the need for and importance of digital services. Every service of NSDL continued to serve its users with no disruption whatsoever. Financial markets, including stock and bond markets, functioned with no interruption. In fact, the use of NSDL services increased unlike the impact witnessed in many other sectors. Many new digital services were launched by NSDL during this period and several more are planned.

Considering the overall scenario, our theme for this year's annual report is

“Think Digital Serve Digital”



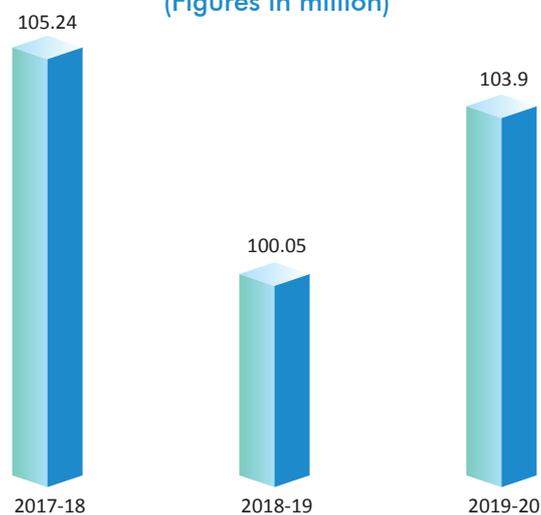
SPEED-e

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.

As on March 31, 2020, 205 DPs have subscribed to SPEED-e facility. During the year 2019-20, total 10.39 crore instructions were processed through SPEED-e facility. Approximately 80.32% instructions were processed through SPEED-e Direct out of total instructions processed on SPEED-e facility.

Number of instructions processed through SPEED-e Platform

(Figures in million)

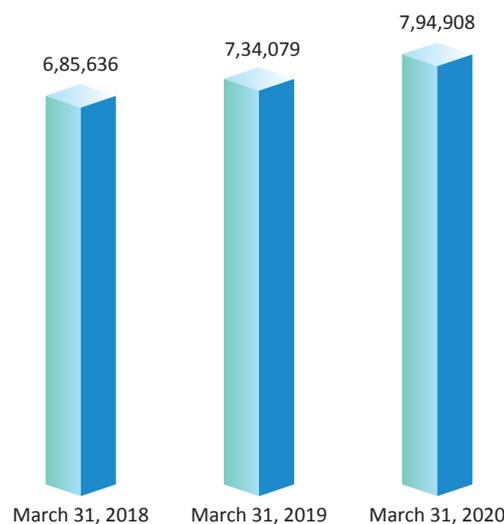




IDeAS

Internet based Demat Account Statement or IDeAS is an Internet-based facility which empowers investors to view their holdings and its valuation online, anytime, anywhere. This is very useful facility which facilitates investors to opt for e-CAS, download e-CAS of last 12 months, updation of email ID in demat account to receive e-CAS, participate in e-Voting, confirm e-DIS and view Form 26 AS. Number of investors using this facility has been increasing consistently.

Number of Investors Registered for IDeAS





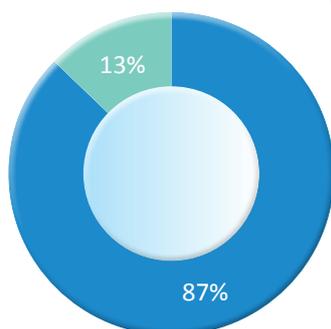
Consolidated Account Statement (CAS)

CAS has been a very popular initiative of NSDL. With CAS in hand, investors can view details of all their investments in different types of securities such as equity shares, preference shares, mutual fund units, bonds, debentures, sovereign gold bonds, government securities, commercial paper, certificate of deposit etc. in one statement. 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.

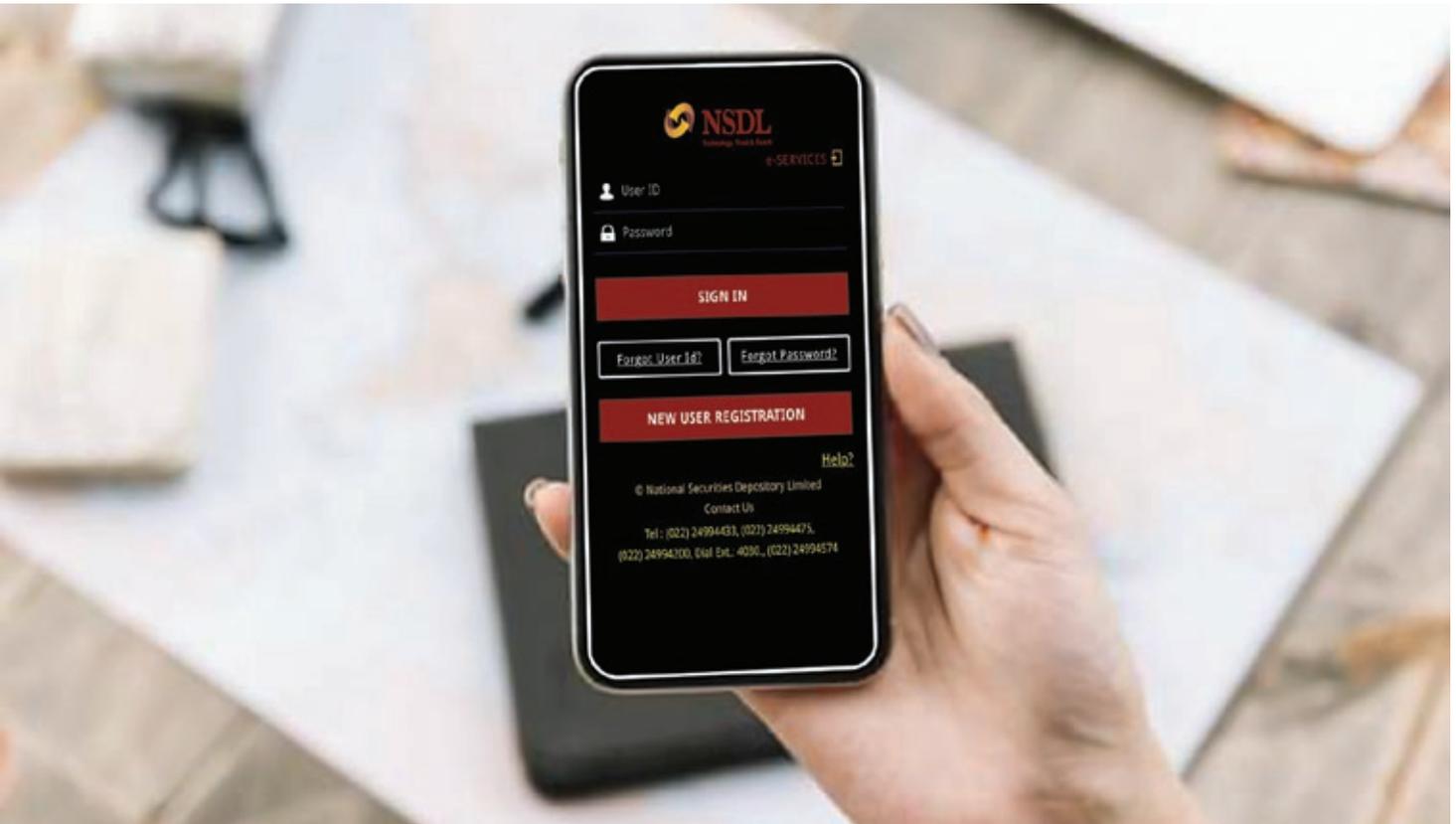
NSDL has incorporated the following features in CAS

- Information related to changes made in demographic details such as Name, Email ID, Mobile No. and Client Address across all holders of NSDL demat accounts during the period of CAS are included.
- Addition of Promoter/Promoter Group/Insider details under ISIN/Company in respect of clients, who are the Promoter/Promoter Group/Insider holdings in respective companies.

Total number of CAS Sent in FY 2019-20 (in crore)



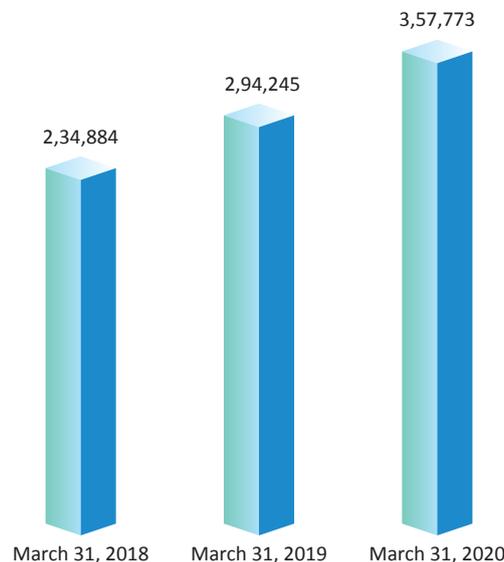
Physical CAS sent **0.60**
Email CAS sent **4.13**



Mobile App

Mobile Application is a technology initiative of NSDL for investors to enable them to access their demat account online, from the comfort of their home or office, on anytime, anywhere basis. Investors can view account balance and valuation information, confirm e-DIS and participate in e-Voting using NSDL Mobile App. It is a secured way of tracking the portfolio.

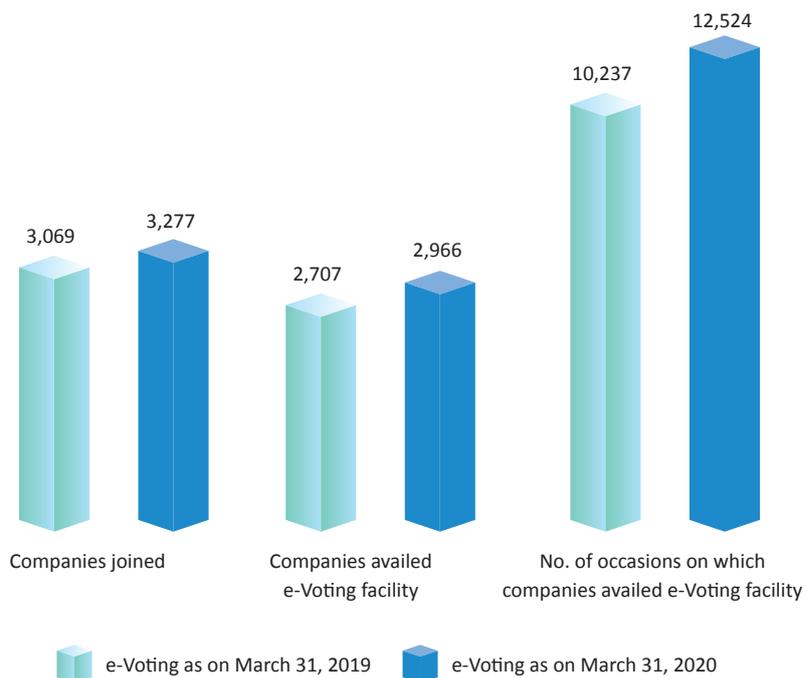
Total Number of Users Who Accessed Mobile Application





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 enables the Companies in live-streaming/ web casting of meeting proceedings, at venue e-voting option to shareholders and holding virtual meeting.





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. During FY 2019-20, NSDL has sent around 6.68 crore messages.





Electronic Contract Notes - STeADY

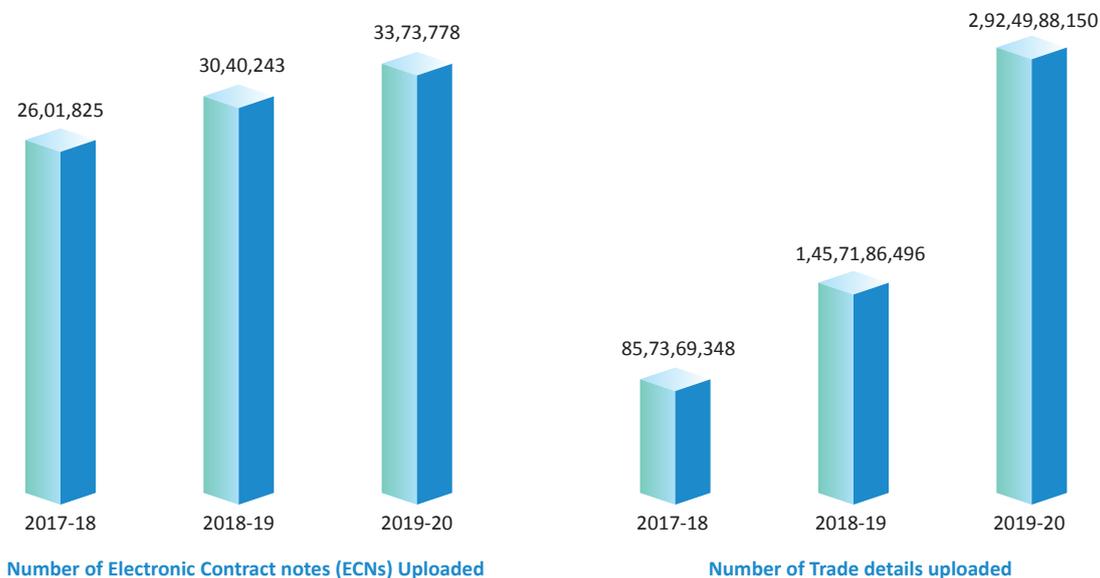
Securities Trading-information Easy Access and Delivery (STeADY) is a facility that enables Straight through Processing (STP) of trade information. It is an Internet based facility that helps to transmit digitally signed trade information with encryption to the market participants.

The electronic contract notes are made available to institutional investors and their custodians for matching and to complete the settlement. During FY 2019-20, NSDL

has enhanced STeADY facility for Securities Lending and Borrowing trades.

During the FY 2019-20, 292.42 crore trade details in respect of 33.73 lakh contract notes were submitted through STeADY as compared to 145.71 crore trade details in respect of 30.40 lakh contract notes during the FY 2018-19, indicating a growth over 101% in respect of trade details and about 11% in respect to contract notes.

Electronic Contract Note Data





Investor Accounts

The number of active depository accounts increased from 1.85 crore at the end of FY 2018-19 to 1.96 crore as on March 31, 2020 resulting in net increase of 11.63 lakh accounts.

SPICE

With Submission of Power of Attorney (POA) based Instructions for Clients Electronically (SPICE) facility, clearing members can submit instructions to the respective DPs to debit clients' demat account based on POA. SPICE also includes SPICE – Direct wherein auto pay in instructions can be directly transmitted to NSDL.

- Number of unique clients registered for SPICE facility as on March 31, 2020 was **1,21,13,146**.

Message from MD & CEO



Dear Shareholder,

I am very happy to inform you that your Company has turned in yet another successful year in FY 2019-20 with productive expansion in offerings and improvement in performance. We crossed an important milestone of 2 crore demat accounts, just after close of the year.

Towards the end of the year, the global pandemic posed new challenges. NSDL worked with speed and focus to ensure that NSDL continued to offer all services to its users with no disruption whatsoever. Stock and bond markets functioned without any interruption serving every investor. In fact, investor activity increased despite lockdown and restrictions, thereby demonstrating the resilience of NSDL infrastructure and the manner in which it supported continued economic activity.

Several new services were launched to enable end to end digital journeys and enablement. Due to pandemic, the Government allowed companies to conduct virtual shareholder meetings using video conferencing. NSDL was the first to launch its eAGM service, which was used by who's who of corporate India to smoothly conduct their annual general meetings. NSDL enabled a complete digital onboarding platform to facilitate unlisted companies to be admitted in the depository. Issuer portals were launched to provide digital enablement of services to issuer companies including system driven disclosures, foreign investment limit monitoring and corporate actions.

We launched Online Commercial Paper System, which allows electronic issuance of commercial paper using end-to-end digital workflows. We have also received SEBI approval for launch of Electronic Book Provider platform

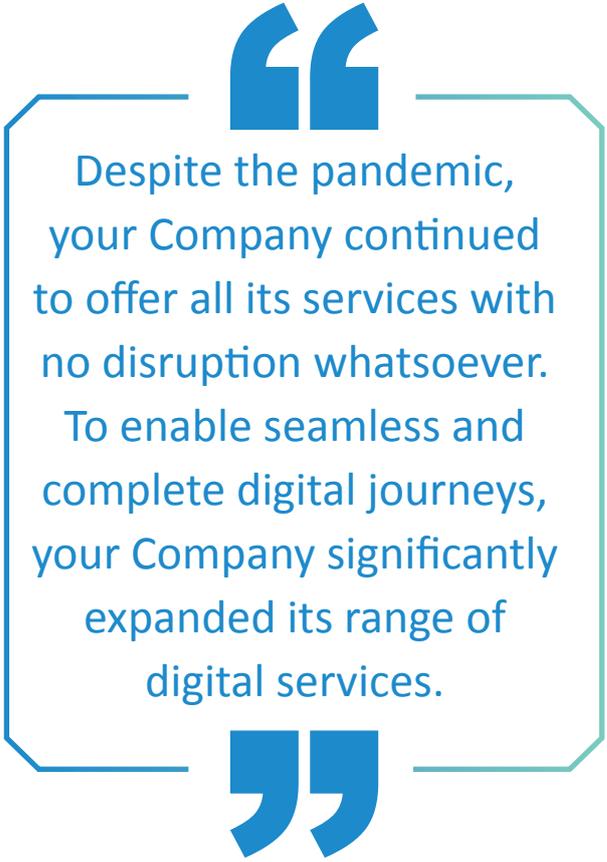
that will facilitate issuance of corporate bonds, commercial paper and certificates of deposit on private placement basis. The platform is expected to be launched shortly.

During the year, NSDL expanded its API-based Instant Demat Account Opening Service to more banks, allowing their customers to open demat accounts instantly using a complete digital journey. Likewise, Digital Loan Against Securities service was expanded allowing demat account holders to avail loan against their holdings instantly. SEBI has allowed market intermediaries to use Aadhaar eKYC through notified MIIs. NDML has already become a KUA with UIDAI to offer this service to market intermediaries to use online eKYC. NDML also plans to launch Instigo, a digital account opening service, covering multiple methods of KYC and including several API integrations so that market intermediaries can use a plug-and-play solution to offer end-to-end digital onboarding to their customers.

Over 30.81 Lakh new demat accounts were opened during FY 2019-20 with a net growth of 11.63 lakh accounts after closures. As on March 31, 2020, NSDL's market share in terms of custody value stood at 90.55% as against 89.98% in the previous year. NSDL continued to maintain its leadership position in terms of admission of issuer companies driven largely by unlisted companies. Issuers admitted in NSDL stood at 34,614 as of March 31, 2020 as against 25,233 registered in the previous financial year, registering a YOY growth of over 37%.

Emerging risks is also an area of concern, particularly at the level of the participants. SEBI has initiated a number of measures to mitigate such risks. Margin Pledge was an important such initiative and NSDL has launched the margin pledge and repledge system in accordance with the guidelines.

NSDL Payments Bank has gone live and launched its NSDL Jiffy app which allows completely digital account opening and user-friendly digital banking. Its good rating on the Google Play Store is a testimony to its user experience. The Bank has also launched a range of services including DMT services, merchant services and prepaid cards. In the



Despite the pandemic, your Company continued to offer all its services with no disruption whatsoever. To enable seamless and complete digital journeys, your Company significantly expanded its range of digital services.

coming years, the Bank expects to scale up its operations and make a significant impact on digital enablement of banking services.

I assure you that with the vast experience and diverse product range, we will continue to enrich the digital experience of our investors and will continue to contribute to the development of India's financial markets and the Indian economy in general, by providing world-class market infrastructure.

I extend sincere appreciation to all the stakeholders including the Members of the Board, Central and State Governments, SEBI, RBI and Employees for their valuable support and contribution. Thank you for being a part of our journey! We look forward to your continued support.

With best wishes,

G. V. Nageswara Rao

MD & CEO

Board of Directors



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



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



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



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



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



Mr. Rajeev Kumar
Executive Director of
IDBI Bank

- * Mr. Ajay Sharma ceased to be a Shareholder Director of NSDL w.e.f. June 06, 2019
- * Mr. J. Ravichandran ceased to be a Shareholder Director of NSDL w.e.f. September 30, 2019
- * Mr. Suresh Khatanhar ceased to be a Shareholder Director of NSDL w.e.f. February 3, 2020

Our Team



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



Mr. Krishna Srinivas*
 Executive Director



Mr. Samar Banwat
 Executive Director



Mr. Dnyanesh Nerurkar
 Executive Vice President



Mr. Nityanand Phatarphod
 Executive Vice President



Mr. Ganesh Subbaram
 Senior Vice President &
 Compliance Officer



Mr. Jagdish Pandya
 Senior Vice President



Mr. Manoj Sarangi
 Senior Vice President



Mr. Prashant Vagal
 Senior Vice President



Mr. Sunil Batra
 Senior Vice President



Mr. Chandresh Shah
 Vice President & Chief
 Financial Officer



Mr. Amit Jindal
 Vice President



Mr. Deepak Chandna
 Vice President



Mr. Rahul Singh
 Vice President



Mr. Vishal Gupta
 Vice President

* Mr. Krishna Srinivas left for heavenly abode on August 08, 2020. Your Directors express their sincere condolences on his demise and place on record their appreciation for the great contribution made by him to the progress of the Company.

NOTICE

Notice is hereby given that the Eighth Annual General Meeting of the Members of National Securities Depository Limited will be held on Tuesday, September 29, 2020 at 12.00 p.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following business:

ORDINARY BUSINESS:

- 1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2020, 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, 2020**

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 ₹ 4 per share on the equity capital of the company for the year ended March 31, 2020 be paid to those shareholders whose names appear on the register of members, as on record date."

SPECIAL BUSINESS:

- 3. To consider and approve re-classification of 'Promoters' into 'Public' category shareholders**

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

"RESOLVED THAT pursuant to the provisions of the applicable laws including any statutory modification(s) or re-enactment thereof, as may be, *mutatis mutandis*, is applicable to the Company, consent of the Members of the Company be and is hereby accorded to re-classify IDBI Bank Limited, National Stock Exchange of India Limited and Administrator of the Specified Undertaking of the

Unit Trust of India (SUUTI), being 'Promoter' category shareholders of the Company into 'Public' category shareholders.

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

- 4. To appoint Ms. Priya Subbaraman (DIN:01620890) as Shareholder Director of the Company**

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

"RESOLVED THAT pursuant to Regulation 25 read with Part C of the Second Schedule of the SEBI (Depositories and 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, approval of the Members be and is hereby accorded for the appointment of Ms. Priya Subbaraman (DIN:01620890), as a Shareholder Director on the Board of NSDL.

RESOLVED FURTHER THAT Managing Director and CEO or Compliance Officer or the Chief Financial Officer or the Company Secretary 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 resolution."

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 National Securities Depository Limited**

Sd/-

Prasad Poojary

Company Secretary

Membership No. ACS26056

Date: August 14, 2020

Place: Mumbai

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, ('the Act') relating to Item Nos. 3 and 4 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. 20/2020 dated May 05, 2020 read with General Circular No. 14/2020 dated April 08, 2020 and General Circular No. 17/2020 dated April 13, 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 2020. 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 8th 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 applicable 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.
4. 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).
5. 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 PrasadP@nsdl.co.in

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

6. In accordance with, the General Circular No. 20/2020 dated May 05, 2020 issued by MCA and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by SEBI, 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).
7. 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 PrasadP@nsdl.co.in
8. The Notice of AGM along with Annual Report for the financial year 2019-20, is available on the website of the Company at www.nsdl.co.in.

PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:

9. Members will be able to attend the 8th 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/266188909> to join the said meeting.
10. 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.
11. 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. Prasad Poojary
 Company Secretary
 Mobile no. +91 9967892135
 Email ID: prasadp@nsdl.co.in

12. Please note that participants connecting through Mobile devices or Tablets or 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.
13. 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:

14. 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, if any in advance mentioning their name, email ID, mobile number at prasadp@nsdl.co.in. Queries, if any received by the Company till 5.00 p.m. on September 28, 2020 shall only be considered and responded during the AGM.
15. Members who would like to express their views or ask questions during the AGM may raise their hand as per the functionality available on the BlueJeans VC application, 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:

16. 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.
17. 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.
18. The Board of Directors has recommended final dividend of ₹ 4 per Equity Share for the Financial Year ended March 31, 2020 subject to approval of shareholders at the AGM.
19. 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.
20. 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, 2020.
21. 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.
22. 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.
23. Mr. Rajeev Kumar (DIN: 01879049) was appointed as a Shareholder Director by Members through Postal Ballot by way of e-voting on June 18, 2020. Subsequently, an application was made to SEBI for his appointment on the Board of NSDL and SEBI, vide its letter dated July 07, 2020, has approved his appointment on the Board of NSDL. As such, he is not liable to retire by rotation in this Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3: To consider and approve re-classification of 'Promoters' into 'Public' category shareholders

Historically, the Company has been classifying the following shareholders as its 'Sponsors and Promoters' since they were categorised as 'Sponsors' under the erstwhile SEBI (Depositories and Participants) Regulations, 1996. However, with the notification of SEBI (Depositories and Participants) Regulations, 2018, the concept of 'Sponsor' has been done away with. Further, limits on shareholding have been prescribed uniformly for all categories with no exemptions for 'Sponsors'. As such these shareholders are no longer classified as 'Sponsors':

Sr. No.	Names of the Shareholders	Number of Shares held	Percentage (%)
1	IDBI Bank Limited	1,04,40,000	26.10
2	National Stock Exchange of India Limited	96,00,000	24.00
3	Administrator of the Specified Undertaking of the Unit Trust of India- Unit Scheme 1964	27,32,000	6.83

NSDL is a professionally managed entity having an independent Board. It is a Market Infrastructure Institution registered with SEBI and all its Directors are appointed only with the prior approval of SEBI. NSDL does not have an identifiable promoter who can exercise rights or control over the Board and Management of NSDL by way of shareholding, voting rights or any shareholder agreements.

The procedure for re-classification of promoters is not prescribed under any of the regulations to the extent applicable to NSDL. For listed companies, the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 has laid down the procedure for promoters seeking re-classification wherein the said process, *inter alia*, involves obtaining prior approval of the stock exchanges wherein they are listed and the stock exchanges in such cases requires approval of the shareholders to be obtained in a general meeting as a pre-requisite for granting approval. Currently, since NSDL is not listed on any stock exchange, aforementioned provision does not apply in this case, however as a good governance, approval of the shareholders is being sought for this matter.

In view of the above, the Board, at its meeting held on June 18, 2020, decided to re-classify the aforementioned shareholders

from 'Promoter' category into 'Public' category shareholders and recommended the resolution as set out under business item no. 3 in the Notice of this meeting for noting and approval of the shareholders as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested in the resolution.

Item No. 4: To appoint Ms. Priya Subbaraman (DIN:01620890) as a Director of the Company

It is proposed to appoint Ms. Priya Subbaraman (DIN: 01620890), Chief Regulatory Officer, National Stock Exchange of India Limited (NSEIL) as a Shareholder Director on the Board of the Company in terms of the SEBI (Depositories and Participants) Regulations, 2018, subject to approval of the Members and SEBI. The Board of Directors has recommended the appointment of Ms. Priya Subbaraman, as a Shareholder Director to Members for approval at this Eighth Annual General Meeting. On receipt of the approval of the Members, approval of SEBI would be sought.

Ms. Priya Subbaraman has twenty three years of experience in financial services spanning capital markets, banking, global markets and wealth management and two years in a commodity trading firm. She is the Chief Regulatory Officer at NSEIL and runs its regulatory functions including surveillance, investigation, inspection, enforcement, membership compliance, investor services and arbitration, defaulter services and listing compliance. She is a member of the Delisting Committee of NSEIL and a Trustee of the NSE Investor Protection Fund Trust. Before joining NSEIL, she oversaw compliance in Standard Chartered Bank for Corporate, Institutional and Commercial Banking businesses across India and South Asia, including global markets, transaction banking and corporate finance. Previously, she managed the Compliance and Regulatory Program across equities, primary dealer, NBFC, investment banking and research for the Indian operations of Goldman Sachs. Immediately after the GFC and closure of Lehman Brothers, she headed the private banking compliance in HSBC. She headed compliance in Lehman Brothers, where she covered equities, primary dealer, investment banking, NBFC businesses and was also a Board member. She also had compliance oversight for Lehman Brothers KPO center in India and for its FII business. She spent almost nine years with the Kotak Mahindra Group. In Kotak Securities, she ran retail compliance for equities broking, portfolio management and depository operations. She also headed the legal department of Kotak Mahindra Bank (then Kotak Mahindra Finance) where she was involved in designing funding structures, transactions for assignments, capital market funding, future flow financing, rent securitisation and property finance.

Other details required to be disclosed in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of Secretarial Standards on General Meetings are given in the Note attached to the Explanatory Statement.

Registered Office:

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

Except Ms. Priya Subbaraman, being an appointee, none of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the said resolution.

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

Sd/-

Prasad Poojary

Company Secretary
Membership No. ACS26056

Date: August 14, 2020

Place: Mumbai

Other Disclosure relating to Director seeking appointment pursuant to Clause 1.2.5 of Secretarial Standards-2 on General Meetings and Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Name of Director	Ms. Priya Subbaraman
Category	Shareholder Director
Date of Birth	06-10-1969
Qualifications	Associate Member of the Institute of Company Secretaries of India and Bachelor of Law from University of Mumbai
Experience	Twenty three years of experience in financial services spanning capital markets, banking, global markets and wealth management and two years in a commodity trading firm.
Terms and Conditions appointment or reappointment	Appointment is as per the SEBI (Depositories and Participants) Regulations, 2018; Companies Act, 2013 and as may be specified by SEBI.
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 of NSDL
Date of first appointment on the Board	NA
Shareholding in the Company	NIL
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	None
Number of Board meetings attended during the year FY 2019-20	NIL
List of other Directorship held	NIL
Chairman/Member of the Committees of Board of other Companies	NIL
Chairman/Member of the Committees of Board of the Company	NA

DIRECTOR'S REPORT

for the Year ended 31st March, 2020

To the Members,

Your Directors are pleased to present the Eighth Annual Report together with the Audited Statement of the Accounts of the Company for the Financial Year (FY) ended March 31, 2020.

Financial Results

(₹ in Crore)		
Particulars	FY 2019-20	FY 2018-19
Revenue from Operations	249.59	217.28
Other income	40.87	42.98
Total Income	290.46	260.26
Total Expenditure	142.70	120.07
Profit before depreciation	147.76	140.18
Depreciation	4.76	2.93
Contribution to Investor Protection Fund (IPF)	5.19	4.29
Profit before exceptional items	137.81	132.95
Exceptional Items	-	8.08
Profit before tax	137.81	124.87
Provision for Tax	28.92	29.92
Provision for Deferred Tax (Credit)	0.48	(0.98)
Total Tax Expenses	29.40	28.94
Profit after Tax	108.41	95.94
Total Comprehensive Income	109.24	95.41
Appropriation:		
Proposed Dividend (Final)	16.00	12.00
Tax on Dividend	-	2.47
Transfer to General Reserve	-	-
Surplus Carried to the Balance Sheet	93.24	80.94

RESULTS OF OPERATIONS AND STATE OF COMPANY'S AFFAIRS FOR FINANCIAL YEAR 2019-20

Standalone

Revenue from Operations increased to ₹ 249.59 crore in FY 2019-20 as compared to ₹ 217.28 crore in the previous year, a growth of 14.9%. Profit before Tax and Exceptional Items increased to ₹ 137.81 crore in FY 2019-20 as compared to ₹ 132.95 crore in the previous year. Profit after Tax (PAT) increased to ₹ 108.41 crore in 2019-20 as compared to ₹ 95.94 crore in the previous year, a growth of 13%. Earnings Per Share (EPS) of the Company increased to ₹ 27.10 in FY 2019-20 as compared to ₹ 23.98 in the previous year. Further, as required under SEBI (Depositories and Participants) Regulations, 2018, five percent of profits from depository operations, i.e. ₹ 5.19 crore has been

set aside to be contributed to the IPF. The net worth of the Company as on March 31, 2020 increased by 14.3% to ₹ 757 crore as compared to ₹ 662 crore a year ago.

Consolidated

Revenue from Operations increased to ₹ 326.07 crore in FY 2019-20 as compared to ₹ 291.47 crore in the previous year, a growth of 11.9%. Profit before Tax and Exceptional Items increased to ₹ 162.21 crore in FY 2019-20 as compared to ₹ 155.45 crore in the previous year. Profit after Tax (PAT) increased to ₹ 124.76 crore in 2019-20 as compared to ₹ 110.88 crore in the previous year, a growth of 12.5%. Earnings per Share (EPS) of the Company increased to ₹ 31.19 in 2019-20 as compared to ₹ 27.72 in the previous year.

The net worth of the Group as on March 31, 2020 increased by 15.2% to ₹ 847 crore as compared to ₹ 735 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 Group.

Dividend

The Board of Directors of your Company is pleased to recommend a dividend of ₹ 4.00 per equity share of the face value of ₹ 10 each (i.e. 40%) for FY 2019-20 (as compared to ₹ 3.00 per share for FY 2018-19) for consideration at the ensuing Annual General Meeting on Four Crore equity Shares.

The total sum of dividend, if approved, including taxes, if any would result in cash outflow of ₹ 16.00 crore.

DETAILS OF SUBSIDIARY COMPANIES

Your Company has following subsidiary companies as on March 31, 2020:

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

NSDL Database Management Limited recorded a gross income of ₹ 83.89 crore and PBT of ₹ 38.68 crore for the year ended March 31, 2020.

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

NSDL Payments Bank Limited recorded a gross income of ₹ 6.29 crore and a loss of ₹ 14.28 crore for the year ended March 31, 2020.

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, 2020, 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 dematerialisation of securities and electronic settlement of trades in the Indian Stock Market.

Financial Year 2019-20 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 2019-20 in line with the regulatory requirements are as under:

1. Common Application Form (CAF) for FPI

The CAF will help FPI to apply for PAN and register as FPI using single application form. This will help to reduce Turnaround time (TAT) and will simplify the process for FPI Registration.

2. Additional Due Diligence for Physical Transfer of Shares

Transfer of securities held in physical mode is not permitted w.e.f. April 1, 2019 and standardised norms with respect to documentation / procedure for transfer of physical securities were issued by SEBI. To augment the integrity of the system in processing of dematerialisation requests in respect of the remaining physical shares, SEBI vide its Circular dated November 5, 2019 directed the Depositories and the listed companies / RTAs to implement the common due diligence process. In this regard, Depository system has been enhanced by incorporating additional validations and alerts to ensure that due diligence is carried out by participants and RTAs while executing requests for dematerialisation of securities received after February 15, 2020.

3. Aadhaar Vault

As per the guidelines issued by UIDAI, NSDL has developed an Aadhaar vault to maintain Aadhaar in an encrypted form.

4. Inter Depository Transfer of Government Securities

Inter Depository Transfers (between Constituent Subsidiary General Ledger Accounts of depositories) are eligible for Value Free Transfer (VFT), if such transfers are arising out of trades in exchanges between demat account holders of different depositories. In such case, Depositories are required to put in place suitable mechanisms to ensure, the bonafide nature of these transfers before affecting the VFT. NSDL has implemented the system enhancements in respect of Inter Depository Transfer for Government Securities including Treasury Bills and Sovereign Gold Bonds.

5. Enhanced Disclosures by Credit Rating Agencies (CRAs)

Based on the SEBI circular defining the Guidelines for Enhanced Disclosures by CRAs, NSDL has made provision on its corporate bond database portal to publish information pertaining to sharp rating actions taken by CRAs in the investment grade rating category on a half yearly basis.

6. Management of Unique Client Code (UCC) Mapping to Demat Accounts

SEBI had advised depositories and stock exchanges to map client's UCC with their Demat accounts in order to facilitate ease in reconciliation. NSDL has started mapping the UCC allotted by the Trading Member to the client with the Demat account.

BUSINESS INITIATIVES

1. Demat Account Services

NSDL has developed different APIs to facilitate demat account opening, account validation and account maintenance.

a. Insta Demat Account from Net Banking

NSDL Insta Demat facility allows a Net Banking client to Open Demat Account in the Depository System. If the Account Holder opts for this facility, the client's demographic details are seamlessly transferred from Net Banking to the NSDL Insta Demat application and subsequently to the Depository System for creation of Demat account. The Depository System assigns a Demat Account Number (i.e. Client ID) to the Net Banking client.

b. DAN

NSDL has developed an API based service to verify the demat account present in the Depository system. This API can be used to verify PAN and demat account status.

c. eMail ID update campaign

NSDL has developed a facility to enable demat account holders to update email ID in their respective demat accounts. Under this campaign, a link to update email ID is sent to the demat account holders whose email ID is not registered on their registered mobile numbers. Account holders are able to update their email ID through this link after verifying their PAN and authentication through OTP.

2. Collateral Management Services

NSDL is developing a Collateral Management Product to facilitate lending and borrowing transactions, by use of dematerialised financial assets as collateral for Banks, NBFCs, MFs and Custodians.

3. LDPM on Cloud

NSDL has setup a private cloud which can host the local databases on the Depository Participants. This will help the Depository Participants to reduce the initial set up cost and cost of operations.

4. Electronic Book Provider (EBP) platform

NSDL is authorised by SEBI to act as an Electronic Book Provider. NSDL will be providing its EBP services through its Issuer portal which will facilitate Issuer to privately place Debt securities including Non-convertible Redeemable Preference Shares, Commercial Paper and Certificate of Deposits through NSDL EBP platform. The EBP service enables coupon/price discovery in a transparent manner and facilitate process of issuance of securities in a seamless and efficient manner.

5. Commercial Paper System

Commercial Paper platform is an online service available on NSDL's Issuer portal facilitating Issuers, Investors, Issuing and Paying Agents (IPAs) and Registrar and Transfer Agents (RTAs) to undertake the Commercial Paper (CP) issuance process in a secured, efficient and seamless manner.

Issuers can make online application to NSDL for getting CP ISIN through this Issuer portal and subsequently initiate the CP issuance process. Issuers, Investors, IPAs and RTAs can carry out all the activities involved in CP issuance online through this platform.

The CP platform provides secured access to users, eliminates the need for manual activities like movement of physical documents between entities, reduces the CP issuance process time from 1 day to a few hours and provides real time updates and notifications to the users on the status of the issuance.

6. Issuer Portal

NSDL Issuer Portal is a platform provided to the Issuers with an objective to provide one stop solution for all Issuer related Services. NSDL Issuer portal provides various functions to Issuers for the depository eligible securities and facilitate Issuers to comply regulatory reporting requirements and digitisation of many manual processes.

7. Enhancement to Transfer of holding (Account Closure/ Transmission) module

Transfer of holding module was enhanced to facilitate Participants to execute Account Transmission requests in respect of multiple target demat accounts.

8. Online AGMs

NSDL has been providing webcasting services to companies wherein, the shareholders of companies subscribing to this facility are provided online access to the Annual General Meetings (AGMs) using their login credentials of NSDL's e-Voting web site.

Due to the advent of COVID-19 pandemic, MCA has permitted companies to conduct Virtual AGMs/EGMs through Audio Visual means wherein the shareholders should also be provided a facility to participate in the meeting through video conferencing. In light of the same, NSDL has started to offer integrated platform for e-voting and video conferencing services along with webcasting services to enable companies to comply with MCA guidelines while carrying out virtual AGMs/EGMs.

9. Un-Listed Issuer Portal

NSDL has launched an online portal for Un-listed Issuers to complete the registration and on-boarding process related to joining the Depository. The platform also facilitates registration of entities like Registrar and Transfer Agents (RTAs), Professional Firms (like CA and CS Firms) for completing on-boarding process related to joining the Depository on behalf of their clients i.e. Issuers.

The registered users can submit digitally signed documents, create pre-filled Application forms and generate Tri-partite agreements and franking documents using the Un-Listed Issuer portal. The portal facilitates users in validating the

input data from the application form, provides notifications and real-time tracking feature on the workflow status for the users. On completion of registration and on-boarding process, Issuers can obtain Issuer code and ISIN of the security from the Depository.

PROGRESS AT NSDL

NSDL Consolidated Account Statement (CAS)

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

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

Budget 2018, Fair Market Value as at the end of January, 2018 has been also incorporated in CAS.

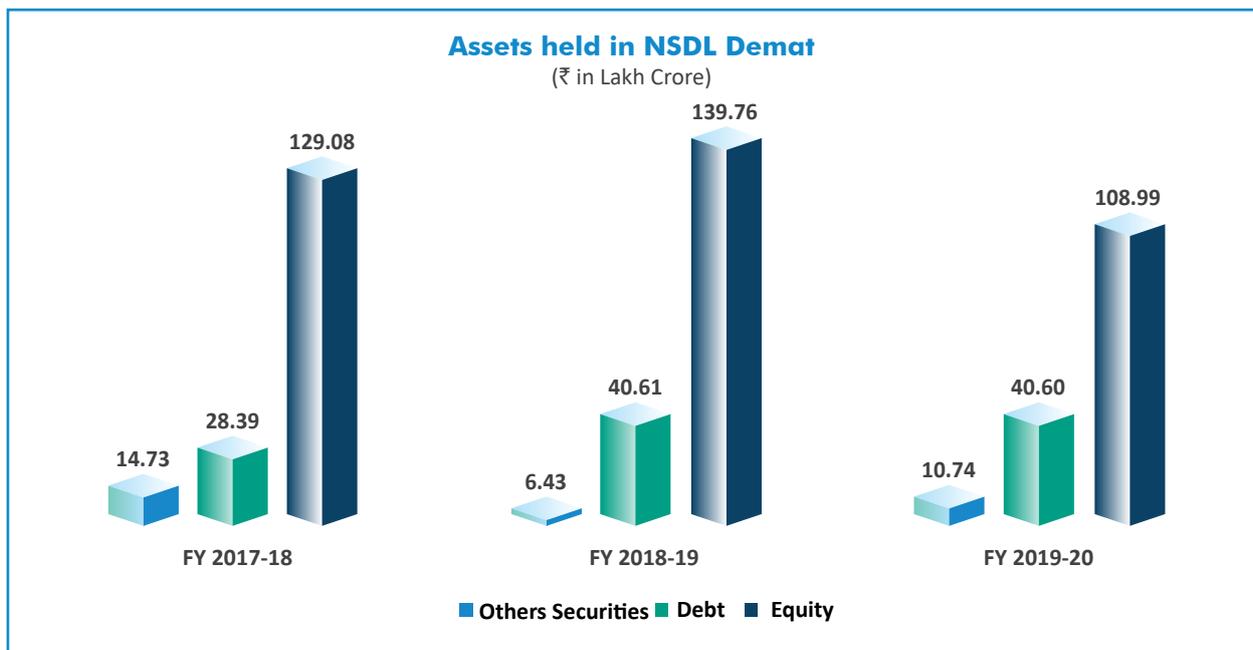
During the year under review, NSDL has dispatched over five crore CAS to investors.

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

- Information related to changes made in Demographic details viz., Client Name, Email ID, Mobile No. and Client Address for across all holders of NSDL demat accounts during the period of CAS are included.
- Inclusion of Promoter/Promoter Group/Insider details under ISIN/Company in NSDL CAS in respect of clients, who are the Promoter/Promoter Group/Insider in respective companies.
- The facility to subscribe for eCAS and View and Download eCAS from NSDL IDeAS platform.

Asset Value under Custody

The value of assets held under custody stood at ₹ 160.33 lakh crore as on March 31, 2020. The market share of NSDL stood at 90.56 % in total custody value as on March 31, 2020. The value of equity securities stood at ₹ 108.99 lakh crore, while the value of debt securities (Debentures, Bonds, CPs, CDs etc.) stood at ₹ 40.60 lakh crore.



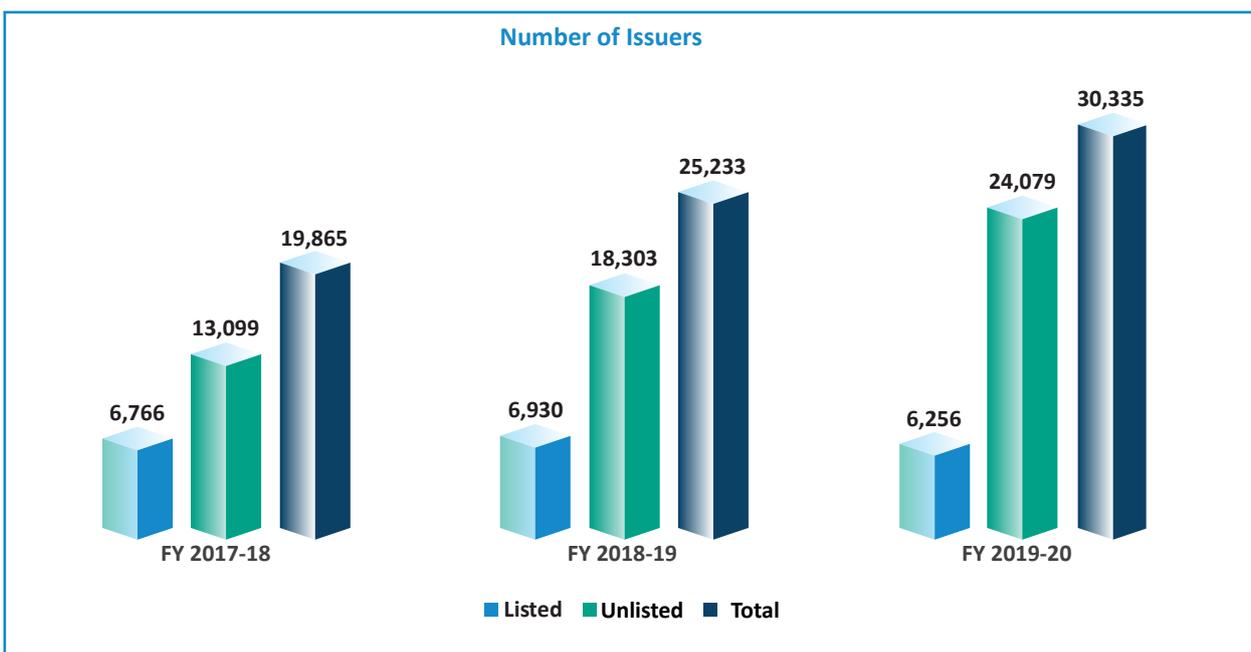
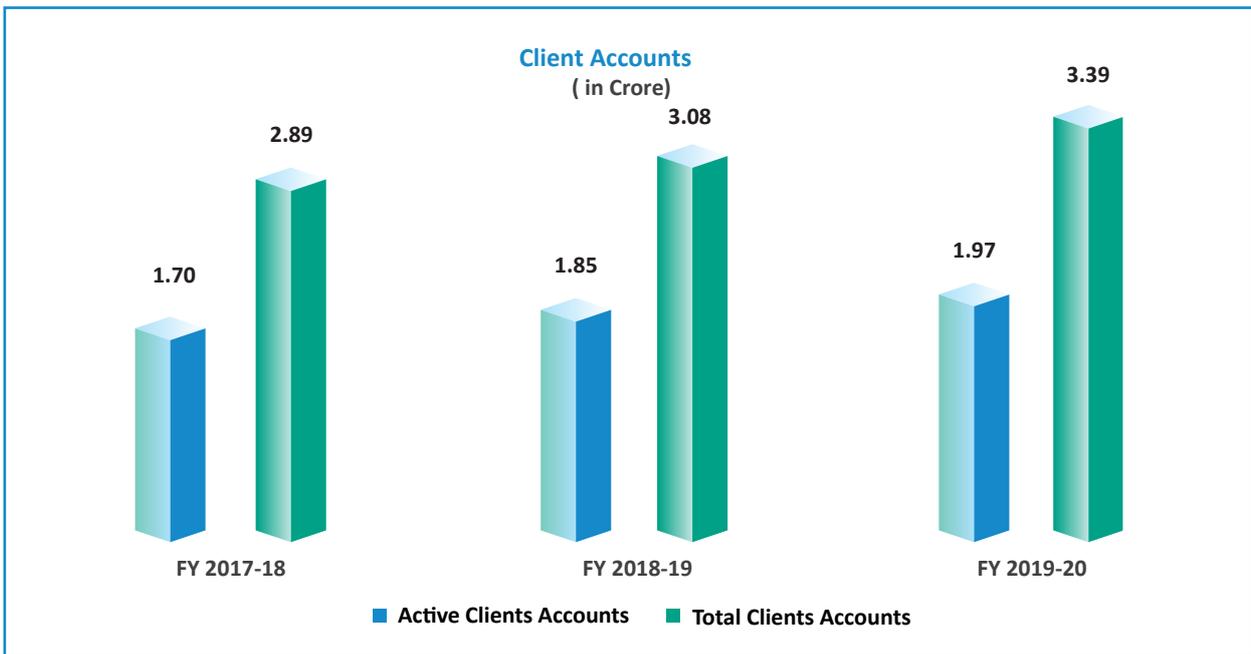
Client Accounts

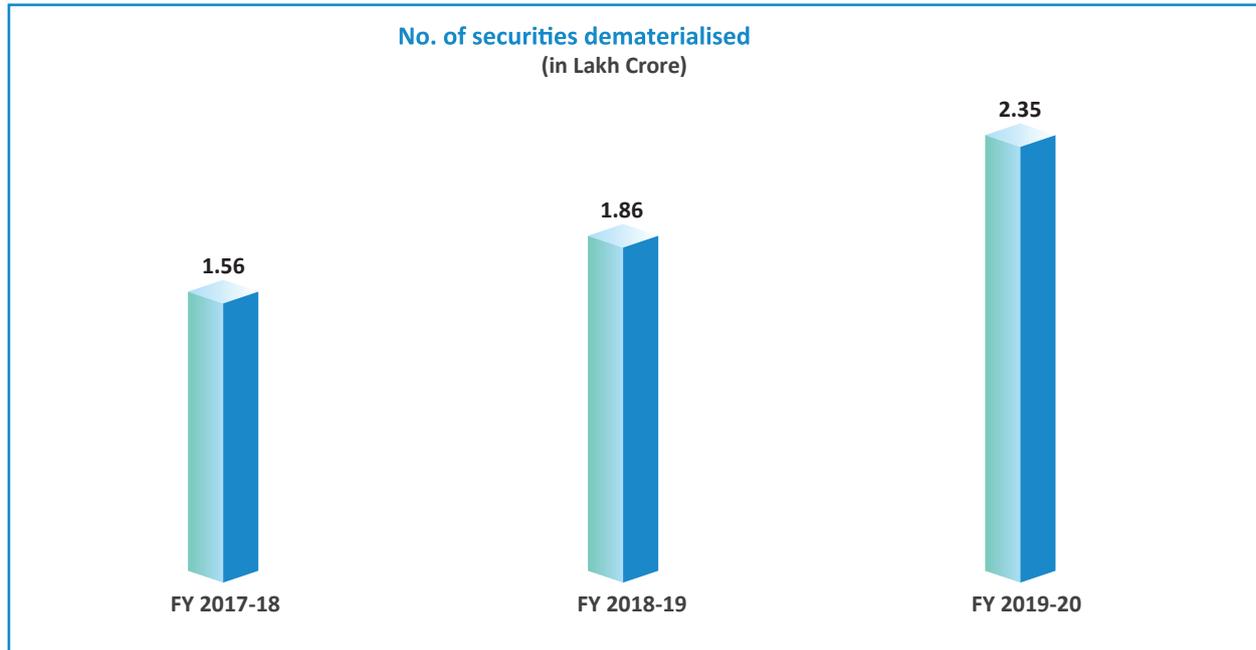
During FY 2019-20, 30.81 lakh new accounts were opened at NSDL, taking total number of demat accounts opened till March 31, 2020 to 3.39 crore.

The number of active depository accounts increased from 1.85 crore as at the end of the previous year to 1.97 crore as on March 31, 2020 resulting in net increase of 11.63 lakh accounts.

Issuers

During the year, the number of Issuers who signed agreements with NSDL to avail dematerialisation facilities continued to grow and crossed 30,335 by March 31, 2020 as compared to 25,233 as on March 31, 2019.



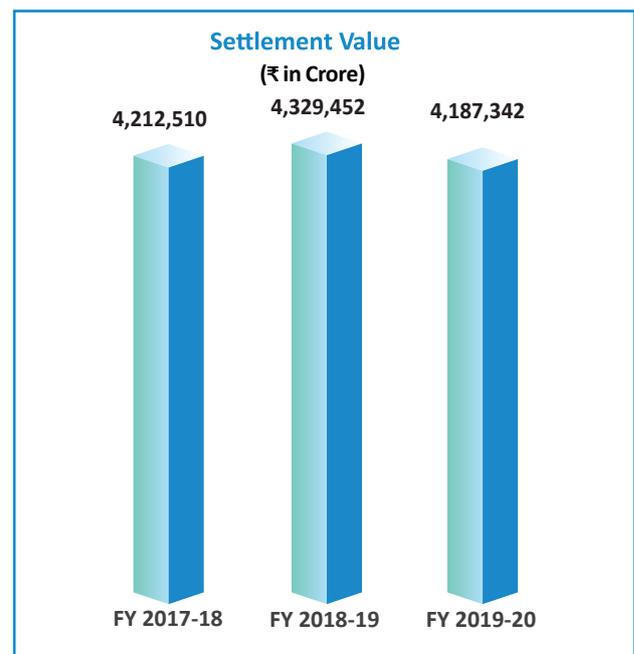
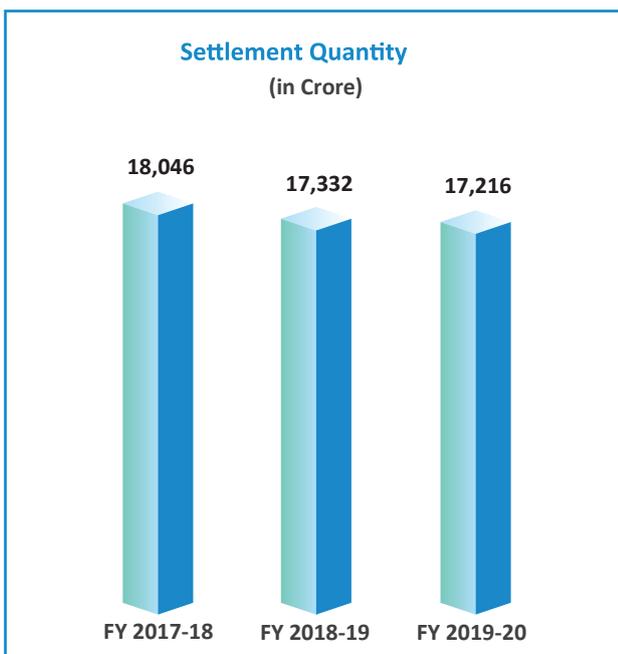


Dematerialisation of Securities

The number of securities dematerialised in NSDL stood at more than 2.35 lakh crore as on March 31, 2020, against 1.86 lakh crore as on March 31, 2019, indicating a growth of over 26% during the year.

Settlement Volumes

During the year under review, the value of securities that were settled in NSDL in dematerialised form during FY 2019-20 was ₹ 41,87,341.68 crore as against ₹ 43,29,451.62 crore in FY 2018-19.



FPI Monitor

Foreign Portfolio Investors (FPI) regime commenced in India from June 01, 2014 onwards. SEBI has assigned the responsibility of centrally generating FPI Registration Number and FPI Certificate to NSDL. Accordingly, NSDL has developed a central system viz., FPI Monitor (www.fpi.nsd.co.in) 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 2019-20, a total of 1122 new FPI applications were registered by DDPs on NSDL FPI registration portal as against 827 in FY 2018-19. DDPs have also renewed the registration validity of 3,092 FPIs during FY 2019-20 on the NSDL FPI portal as against 1835 during FY 2018-19. There were 9,679 FPIs registered on NSDL FPI website as on March 31, 2020.

On account of the SEBI (Foreign Portfolio Investors) Regulations, 2019 (notified in October 2019), more than 9000 FPIs were re-categorised into new categories and sub categories by NSDL and issued Fresh Registration Certificates against such re-categorised FPIs on NSDL FPI portal. NSDL has also incorporated category and address of the applicant on FPI Registration certificate.

NSDL also monitors the investment limits of FPI investor groups who have common beneficial ownership under the equity segment. NSDL monitors debt limit utilisation in respect of FPIs / Deemed FPIs (i.e. erstwhile FIIs and Sub accounts). Besides,

NSDL disseminates rich statistical information on NSDL FPI portal relating to investment by FPIs / Deemed FPIs in India.

Depository Participants

The total number of Depository Participants stood at 279 as on March 31, 2020. These Participants offer services from 30,874 locations in 1,925 cities and towns across the country and overseas.

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

Sr. No.	Category	No. of Participants
1	Banks	44
2	Clearing Corporations	3
3	Custodians	6
4	Financial Services Companies	4
5	Foreign Banks	7
6	NBFC	1
7	Registrar and Transfer Agent	1
8	Stock Brokers	213
Total		279*

**Includes 13 Participants which are under closure/termination process and SEBI registration is not yet cancelled/suspended.*

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

State wise spread of Service Centers of NSDL Depository Participants



- Product Information
- Corporate Overview
- Statutory Reports
- Financial Statements
- Subsidiaries

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 market for corporate debt instruments such as debentures, bonds, zero coupon bonds, step up bonds, etc. in India. NSDL has developed the website for dissemination of authentic and complete information on corporate bonds enabling investors to view the information at a single place in an easy, fast and transparent manner. This is a pioneering initiative which makes available authentic reference data to corporate bond investors. NSDL also publishes sharp 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. Total number of corporate actions during FY 2019-20 aggregated to 3,16,750 as compared to 2,84,811 in the previous year indicating a growth of around 11%. Number of securities credited/debited by way of corporate actions stood at 86,472 crore as compared to 46,929 crore in the previous year.

Details of securities issued by way of electronic credits through NSDL for FY 2019-20 are as under:

Description	No. of Corporate Actions	No. of Allottees (in hundred)	No. of securities (in crore)
Equity Shares	9,075	81,354.04	20,536.90
Preference Shares	617	335.61	39,936.14
Bonds	3,884	3,376.36	1,544.54
Commercial Papers	7,191	71.91	4.21
Certificate Of Deposits	1,118	25.83	4.90
Securitised Instruments	972	18.56	21,416.99
Mutual Fund Units	2,92,763	20,962.17	2,510.74
Government Securities	1,078	520.93	1.40
Warrants	31	0.92	226.32
Infrastructure	14	0.58	284.96
Investment Trust			
Alternative Investment Fund	3	0.08	0.0003
Real Estate	2	0.02	3.42
Investment Trust			
Rights Entitlements	2	651.47	1.90
Total	3,16,750	1,07,318.48	86,472.44

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 plays a quiet but central role in developing products and services that will continue to nurture the growing needs of the financial services industry.

NSDL has endeavored in providing a future proof infrastructure to provide agility and has migrated to an On-premise cloud using Hyper Converged Infrastructure. HCI helped to reduced footprint of Infrastructure and contained diversity. NSDL has setup Local DPM Service on Private Cloud which can be leveraged by Depository Participants. NSDL has also implemented NVMe storage to enhance the overall performance

SECURITY OPERATIONS CENTRE

NSDL has setup an in-house Security Operations Centre (SOC) with 24x7 operations. Objective of the SOC is to detect, mitigate, analyse and respond to any adverse cyber security events using a combination of technology solutions and a strong set of processes built on a standard MITRE ATT&CK™ framework. The SOC is staffed with security analysts/engineers as well as a manager who oversee security operations. As part of in-house SOC, NSDL uses industry standard Security Information and Event Management (SIEM) platform for log analysis and log co-relation of servers and network. This makes use of Big-Data platform for log storage and analytics.

With changing environmental needs, NSDL has been continuously upgrading the platform and the associated infrastructure. Additional upgrades have been done in recent times for faster analytics and report generation. SOC is designed to continuously evolve and mature over time.

CMS

NSDL's Collateral Management System (CMS) provides a platform to various market participants intending to use their

dematerialised securities or cash to suffice their credit needs. Collateral Management comprises of various products with each product providing unique features to various kinds of participants for collateralisation of their demat holdings for on-market as well as 'Over the Counter' transactions.

NSDL's CMS offering is envisaged as a centralised collateral management service that leverages state of art technology to facilitate the allocation of securities across a range of bilateral agreements and counterparties and has been developed as independent product suite which can be offered as a value-added service to the customers over and above the core depository services.

Collateral management platform offers various suite of products viz.

a) LAS (Loan Against Securities)

NSDL has implemented Collateral Management System for 'Loan Against Securities' (LAS) Product. Banks which are Depository Participants of NSDL can avail this facility to provide online loan to their customers against securities held by the customers in their respective Demat accounts.

b) WCAP (Working Capital Floating Charge)

NSDL has implemented Working Capital Floating Charge (WCAP) product to facilitate lending and borrowing transactions by use of dematerialised financial assets as collateral for Banks, NBFCs, MFs and Custodians.

c) Investor Margin Pledge

NSDL has implemented margin pledge/re-pledge product as part of regulatory requirement imposed by SEBI to mitigate the risk of misappropriation or misuse of client's securities available with the respective brokers for their own benefits.

Members participating in margin pledge/re-pledge would be able to use this facility to get margin exposure and value-added services.

API Suite

NSDL continues to make strides in introducing digital initiatives and has implemented direct API integration with its depository system.

Below are the list of API suite which are being offered by NSDL to its customers and business partners:

a) Account Maintenance

NSDL offers direct API for clients and business partners using which they are able to use various suits of products viz.

1. Insta Demat:

API integration with NSDL's business partners has allowed their customers to open a demat account which is instantly activated in the NSDL's system using a seamless digital process.

2. Email Update Facility:

API integration has allowed customers of NSDL to update email ID in the demat Account registered with NSDL on a real time basis thus eliminating physical process of submission of update request to their Depository Participants.

3. Bank update facility

NSDL also intends to extend the Account Maintenance functions with new enhancements such as Bank Account Update Facility. API integration has allowed customers of NSDL to update bank account number details in the demat account registered with NSDL on a real time basis thus eliminating physical process of submission of update request to their Depository Participants.

b) Settlements

NSDL has partnered with brokers by means of offering API integration for customers who have not provided Power of Attorney (POA) to their broker for issuing debit instructions on their demat accounts.

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.

ELECTRONIC INSTRUCTION PLATFORM

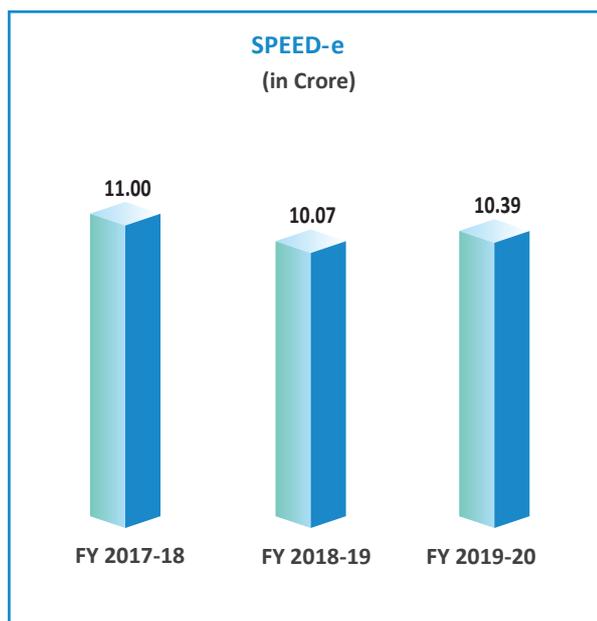
SPEED-e

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 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, 2020, 205 Participants have subscribed to SPEED-e service and more than 11.70 lakh users are registered for e-service facility. During FY2019-20, more than 10.39 crore instructions were executed through SPEED-e.

During the FY 2019-20, approximately 80.32% instructions out of total instructions processed on SPEED-e were processed through SPEED-e Direct facility.



Digital LAS

The Participants viz., HDFC Bank Limited and ICICI Bank Ltd. have integrated with SPEED-e services which enables demat account holder to take loan by pledging securities online on real time basis.

Collateral Management Service

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

operation in respect of collateral pledge facility through SPEED-e and competitive charge structure, more than 100 CMs have subscribed to this facility and value of collateral pledges executed by CMs has crossed the milestone of ₹ 10,000 Crore (₹ 10,796 Crore as on March 31, 2020).

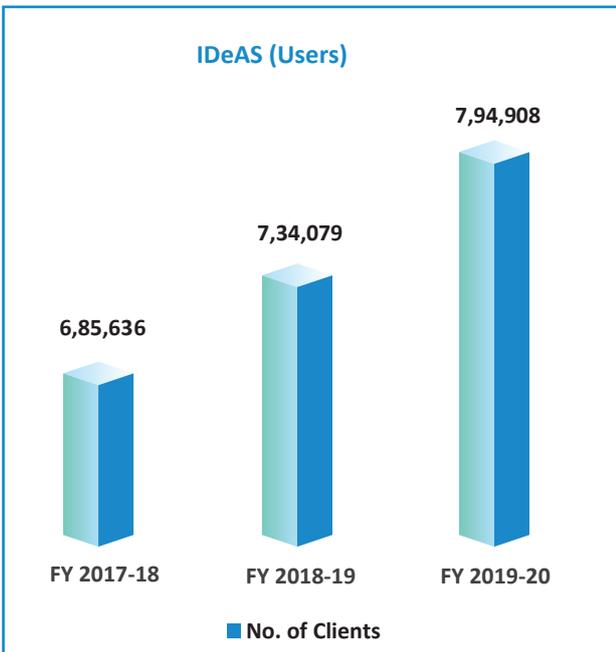
SPICE

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

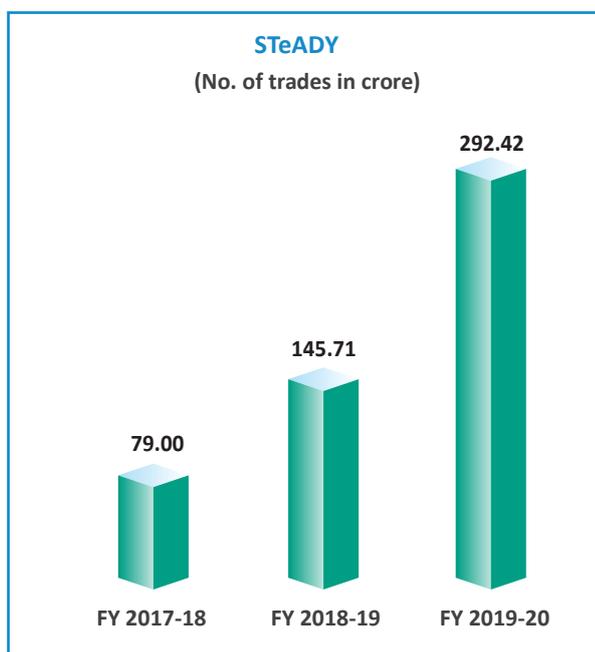
Internet-based Demat Account Statement (IDeAS) is a secure internet service setup by NSDL for demat account holders to view online their latest balances along with the values and transactions in their demat account. This facility is available to all the clients including Clearing Members who have opened 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 of eCAS, view eCAS, download eCAS of last 12 months and updation of email ID in demat account to receive eCAS.

During the FY 2019-20, number of clients using IDeAS increased to 7.95 lakh from 7.34 lakh in previous year indicating a growth of around 8%. As on March 31, 2020, 545 Clearing Members were using IDeAS as compared to 566 Clearing Members as on March 31, 2019. As on March 31, 2019, 265 DPs have subscribed for IDeAS.



STeADY

Securities Trading-information Easy Access and Delivery (STeADY) is a facility that enables Straight Through Processing (STP) of trade information. STeADY is an Internet based facility that helps to transmit digitally signed trade information with encryption to the market participants electronically. The electronic contract notes are made available to institutional investors and their custodians for matching and to complete the settlement. During FY 2019-20, your company has enhanced STeADY facility to exchange the contract notes and delivery instruction in respect of SLB trades.

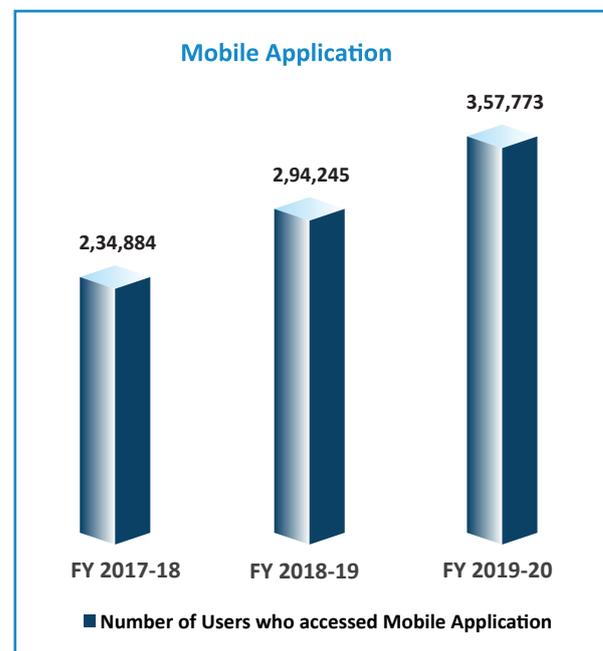


During the FY 2019-20, about 292.42 crore trade details in respect of 33.73 Lakh contract notes have been submitted through STeADY as compared to 145.71 crore trade details in respect of 30.40 Lakh contract notes during the FY 2018-19 indicating a growth over 101% in respect of trade details and about 11% in respect to 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 account holder 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 3,57,773 from 2,94,245 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, 2020, 189.77 lakh contact numbers of investors have been registered for using this service. During the financial

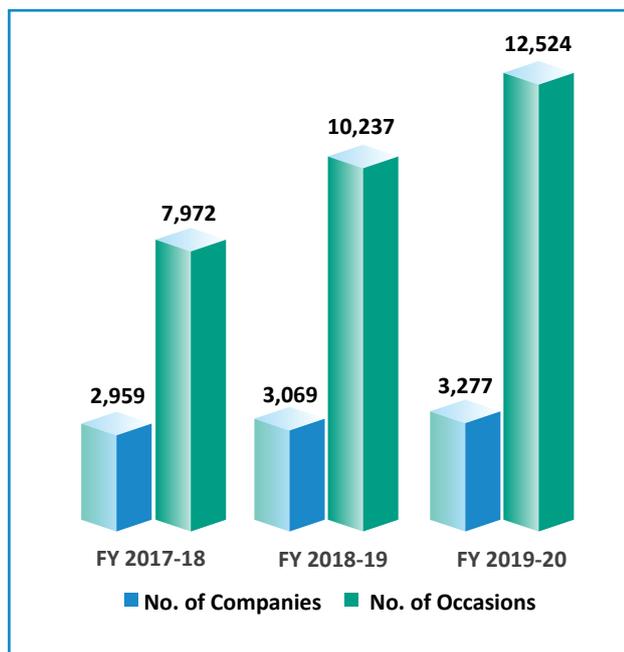
year 2019-20, a total of 7.1 crore SMS alerts have been sent to clients under this service compared to 6.5 crore SMS alerts during financial year 2018-19.

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 mail addresses (captured in the DPM System) of the account holder(s) in case of change of address in their depository accounts. This facility is in addition to SMS alert facility for change of address of account holders.

e-Voting

Your Company provides an e-Voting platform using secure Internet Infrastructure that enables shareholders of companies to vote electronically on resolutions of companies put to vote by shareholders. Since April 2014, e-Voting is mandatory for all listed companies. The e-Voting system of NSDL has been authorised by the Ministry of Corporate Affairs, Government of India. NSDL launched electronic voting (e-Voting) service www.evoting.nsdl.com which is a platform for providing electronic voting facility for shareholders of companies. Through this platform shareholders can cast their votes electronically. Number of Companies which entered into agreement with NSDL for availing e-Voting services is 3,277 as on March 31, 2020 as against 3,069 companies a year ago. Further, companies availed of e-voting services of NSDL on 12,524 occasions as against 10,237 occasions a year ago.



ISIN NUMBERING AGENCY

NSDL issues the International Securities Identification Number (ISIN) for all securities issued in India regardless of the type of security viz., equity, debt, mutual funds, money market instruments etc. ISIN is a globally accepted unique identifier for securities. SEBI is the National Numbering Agency (NNA) for India and a member of Association of National Numbering Agencies (ANNA). SEBI has delegated the responsibility to NSDL for issuance and maintenance of ISIN, 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 AND AWARENESS

After formation of NSDL Investor Protection Fund Trust as per SEBI's guidelines, the activities related to promotion of investor education and awareness is undertaken through the Trust. During the FY 2019 - 20, two meetings of the Trust were held. The activities in connection with investor education and awareness are conducted as per the internal guidelines framed in compliance with SEBI's circulars.

NSDL connects with investors through a series of Awareness Programs conducted across the country in association with SEBI, Exchanges, DPs and other institutions. These Programs are organised to spread awareness amongst the demat account holders and potential clients about the depository services, new facilities introduced for investors, precautions to be taken by investors, information on grievance redressal system, procedure for claiming shares and dividend from Investor Education and Protection authority, etc. Following activities / initiatives for promotion of investor education and awareness were undertaken during the FY 2019 – 20:

- **Programs with SEBI**
NSDL conducted 228 programs in association with SEBI, NSE and MSE during the given period. These Programs were attended by over 20,100 investors.
- **Programs with Depository Participants (DPs)**
NSDL conducted 414 programs with Depository Participants across the country which were attended by around 30,000 investors.
- **Participation in events conducted by Institutions**
NSDL regularly participates in various seminars, lectures, workshops and conferences related to investor education

and awareness by way of putting up stalls and / or sponsorships of such events. During the FY 2019–20, NSDL participated at 32 such conferences and events organised by reputed industry associations like the Federation of Indian Chambers of Commerce and Industry (FICCI), ASSOCHAM, Association of National Exchanges of Members of India (ANMI), CFA Society India, etc. These events were attended by more than 5,800 delegates.

➤ **Participation in ‘Jan Nivesh Abhiyaan’ for financial awareness**

To spread financial awareness amongst masses in a unique way, NSDL participated in ‘Jan Nivesh Abhiyaan’ organised by CFA Society India during November 15 – 29, 2019. During this period, groups of enthusiastic cyclists cycled from Mumbai to Indore and Delhi to Indore via Ahmedabad. NSDL participated in 26 programs organised for investor’s enroute during this period to make them prudent investors. These programs were attended by more than 4,300 investors.

➤ **Awareness Programs conducted for students and other sections of society**

• **NSDL Certification program conducted for students:**

During FY 2019-20, NSDL started certification programs for students. NSDL conducted 6 certification programs for students from different academic institutes. These certification programs were conducted with the objective to give the students a holistic view of capital market, intermediaries involved in capital market, various products and services that NSDL offers, career opportunities available in capital markets and so on. These programs were attended by more than 300 students.

• **Awareness Programs through seminars and workshops for students**

NSDL conducted 12 training programs for students and professionals from different academic and professional institutes which were attended by more than 1,200 students. Colleges / Institutes were also encouraged to visit NSDL to understand the capital market.

• **Awareness Programs for other sections of society**

To reach out to other members of society viz. Police, Doctors, etc., NSDL conducted 13 training Programs for such members on overview of capital market which were attended by more than 1,200 members.

➤ **Corporate Awareness Programs (CAPs)**

NSDL conducted 9 Programs exclusively for employees of various companies under the theme ‘Corporate Awareness Programs’. These Programs were attended by more than 200 employees of these Corporates.

➤ **Empowering Investors through e-Voting**

NSDL and NISM organised 8 programs at different places all over the country to spread awareness about the rights of shareholders and importance of voting for shareholders. These Programs were attended by 654 investors.

NSDL conducted 690 various kinds of Programs and participated in 32 events during the FY 2019–20. More than 59,500 investors and other stakeholders were reached through these initiatives. Since inception, NSDL has conducted more than 4,100 Investor Awareness Programs and seminars which have been attended by more than 3.93 lakh investors.

➤ **Publications and Presentations**

• **NSDL newsletters - The Financial Kaleidoscope and NSDL Update:**

NSDL publishes two monthly newsletters ‘The Financial Kaleidoscope’ for investor community and ‘NSDL Update’ for Depository Participants. In the month of March 2020, the Financial Kaleidoscope was sent to 1.12 crore demat account holders through email (In March 2019, it was sent to approx. 99 lakh demat account holders). This newsletter has been appreciated by the readers.

Further, with the suggestions received from readers, since January 2020, NSDL has also started publishing ‘The Financial Kaleidoscope’ newsletter in the Hindi language.

• **Launch of ‘NSDL Primer on Personal Finance’**

During FY 2019-20, NSDL also 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 creating wealth for investors.

This book provides a comprehensive view of creating wealth just by saving a penny a day, various instruments available to invest through different channels, how you can plan your tax in a better way, plan for your retirement and so on.

- **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 capital market, various useful products and services that NSDL offers and so on. 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 a prudent investor, information on claiming refund of unclaimed shares/dividend 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 Regulator, Stock Exchanges and Depositories with a common objective to guide investors with the ways of investing and take necessary precautions before investing in capital markets.

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

- **Investor Awareness Programme Presentation in regional languages**

To make the Investor Awareness Programs more fruitful and interactive, NSDL has started displaying its presentation in regional languages. This presentation is available in nine languages namely English, Hindi, Marathi, Gujarati, Bengali, Kannada, Malayalam, Tamil and Telugu.

ARBITRATION

NSDL Bye Laws provide for settlement of claims, differences and disputes arising out of dealings in the depository between Participants inter-se or between Participants and its clients by arbitration. For this purpose, a panel of Arbitrators has been formed to hear the disputes and pass awards. The arbitration facilities to the Participants and their clients are made available from NSDL offices located at Mumbai, New Delhi, Kolkata and Chennai. The Arbitration Committee consisting of senior executives of NSDL, who manages and supervises all aspects in the matter of settlement of disputes.

During FY 2019-20, no new arbitration proceeding was initiated by the Company or against the Company.

QUALITY OF SERVICE

ISO Certification

Your Company is ISO 27001:2013 and 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 and Certification

Your Company in association with National Stock Exchange of India Limited (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, 98 persons have qualified the NCFM exam taking total number of qualified persons to 60,224.

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 programme 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 has organised 4 NISM oriented training programs which was attended by 59 Participants staff. Further, your Company has organised 76 CPE training programs for various modules which were attended by 1,411 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	68	1,261
NISM-Series-II-A: Registrars to an Issue and Share Transfer Agents – Corporate	3	47
NISM Series VII: Securities Operations and Risk Management	4	75
NISM Series-VIII : Equity Derivatives	1	28
Total	76	1,411

In addition to the above, your Company has also organised 133 KYC oriented training programmes for facilitating the officials of Participants to keep themselves updated about the recent developments in depository operations. Such trainings have been attended by 7,378 officials.

OPPORTUNITIES AND THREATS

NSDL is the first depository of the country and one of the largest depository in the world with an overwhelmingly high market share of 90% in terms of custody value of dematerialised securities in Indian capital markets. The business of the Company mainly consists of depository operations and allied services. As part of digital initiatives, NSDL has incorporated various facilities through NSDL e-Services platform such as Demat Gateway for Electronic Delivery Instruction Slip (e-DIS) which is a near real-time API interface between the Broker and NSDL for sale of 'Non-POA Holdings', easing of SPEED-e registration for delivery of pay-in related instructions and a near real-time API / Technical Integration interface between the Bank and NSDL for opening 'NSDL Insta Demat Account' which will be initiated by the Client (end-investor) through net banking website or mobile application of any NSDL authorised Bank Participant. Further, NSDL has also hosted the Local DPM System on NSDL Cloud (Private Network). Participants have the ability to access their Local DPM System on Cloud (instead of on premises Local DPM).

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

RISK MANAGEMENT

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

- Business Risk:** This is attributable to the impact of market behaviour on the revenues of the Company and sustainability of business across cycles.
- Business Continuity Risk:** This arises out of possible inability to conduct business and provide services on account of damage to physical assets and breakdown of infrastructure due to natural calamities, accidents, breakdowns etc.
- Operational Risk:** This arises out of any possible loss from operations due to third party liability, infidelity of employees, electronic and computer crimes, errors and omissions etc.
- 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.

- Legal and Statutory Risk:** This is attributable to various legal and statutory compliances of laws and regulations governing the Company.
- Technological Risk:** This risk arises with increased use of technology in the operations of the enterprise.

BUSINESS CONTINUITY PLANNING and 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.

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 equipments.

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

INTERNAL CONTROLS AND AUDIT

Your Company has well established processes and clearly defined roles and responsibilities at various levels. Comprehensive operational manual and standard operating procedures have been put in place in various departments of your Company. An independent audit firm has been appointed for conducting internal and operations audit. The report of the Internal Auditor along with management response is placed before the Audit Committee, which reviews the same and advises on improvements in internal controls.

During the year under review, M/s. Aneja Associates, Chartered Accountants, Internal and Operations Auditors were rotated as good governance measure and in their place M/s. Mahajan and Aibara, Chartered Accountants, were appointed as the new Internal and 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 salary cost of ₹ 803.92 Lakh on 105 resources committed towards regulatory functions in FY 2019-20.

RISK MANAGEMENT FRAMEWORK

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

OTHER MEASURES

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

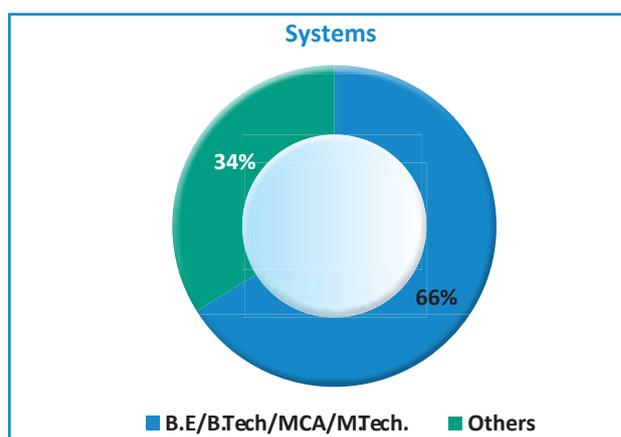
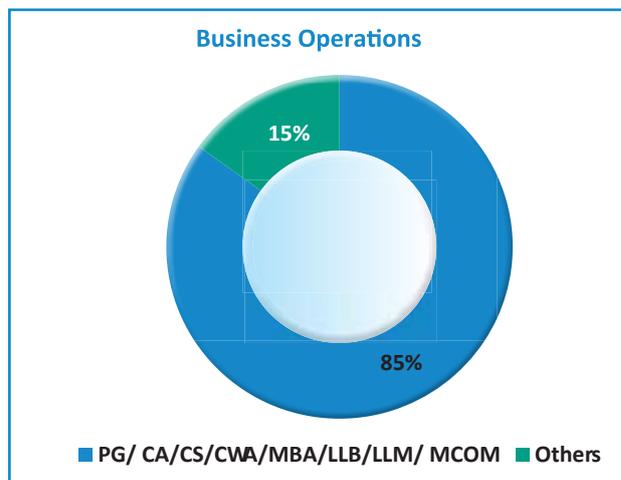
SUBSIDIARIES

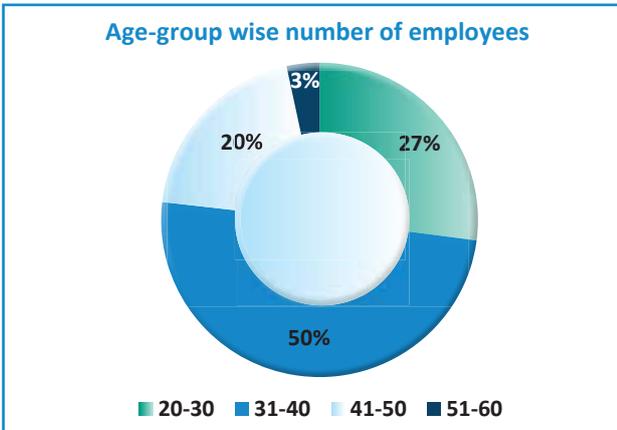
As required under Section 134 of the Companies Act, 2013, the Audited Statement of Accounts, the report of the Directors and Auditors of the Subsidiary Companies are annexed and the statement containing salient features of the financial statements of subsidiaries in form AOC-1 is annexed to this report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

HUMAN RESOURCES

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

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





KEY FINANCIAL RATIOS FOR FY 2019-20

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

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 2019-20.

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, 2020, 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/Independent Directors as per Section 149 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 (PIDs). 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 their 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 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.

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, JOINT VENTURE 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. Sambamurthy (DIN: 00246211) was appointed as Public Interest Director on the Board of NSDL w.e.f. April 20, 2019.
- b. Mr. G. V. Nageswara Rao (DIN: 00799504) was re-appointed as Managing Director and CEO of NSDL for a further term of three years w.e.f. July 01, 2018 vide SEBI Letter dated July 04, 2019.
- c. Mr. Suresh Khatanhar (DIN: 03022106) was appointed as Shareholder Director w.e.f. July 24, 2019.
- d. Mr. B. A. Prabhakar (DIN: 02101808) (Public Interest Director and Chairman of the Board) was re-appointed for a further term of three years w.e.f. May 08, 2020.
- e. Mr. Rajeev Kumar (DIN: 01879049) was appointed as Shareholder Director on the NSDL Board w.e.f. July 08, 2020.

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

Mr. Rajeev Kumar (DIN: 01879049) was appointed as Shareholder Director by members through Postal Ballot by way of e-voting on June 18, 2020. The application was made to SEBI for his appointment on the Board of NSDL and SEBI vide its letter dated July 07, 2020 has approved his appointment on the Board of NSDL. The Board approved the appointment of Mr. Rajeev Kumar on the Board of NSDL effective from July 08, 2020. As such, he is not liable to retire by rotation in the Eight Annual General Meeting and consequently there are no persons liable to retire by rotation in the Eight Annual General Meeting.

2. Resignation / Cessation:

- a. Mr. Ajay Sharma (DIN: 06417150) ceased to be a Shareholder Director of NSDL w.e.f. June 06, 2019
- b. Mr. J. Ravichandran (DIN: 00073736) ceased to be a Shareholder Director of NSDL w.e.f. September 30, 2019

- c. Mr. Suresh Khatanhar (DIN: 03022106) ceased to be a Shareholder Director of NSDL w.e.f. February 03, 2020

3. Key Managerial Personnel of NSDL as on March 31, 2020 as per the provisions of the Companies Act, 2013:

- a. Mr. G. V. Nageswara Rao – Managing Director and CEO
- b. Mr. Chandresh Shah – Chief Financial Officer
- c. Mr. Prasad Poojary – Company Secretary

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

M/s. Deloitte Haskins and Sells, Chartered Accountants (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, M/s. Deloitte Haskins and Sells, Chartered Accountants are the Statutory Auditors of the Company for the financial year 2019-20 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 section 143(12) 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 and Co., Practicing Company Secretaries (Firm Registration No. P1991 MH040400) to undertake the Secretarial Audit of the Company for FY 2019-20.

The Secretarial Audit report for the financial year ended March 31, 2020 as provided by M/s. S. N. Ananthasubramanian and Co., Practicing Company Secretaries is enclosed as "Annexure D".

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

"Pursuant to Regulation 24(9) and 24(10) of SEBI (Depositories and Participants) Regulations, 2018, the Shareholder Director representing National Stock Exchange of India Ltd. (NSEIL), was in our opinion, ineligible to continue as a Director of the Company. In this regard, we also noted that NSEIL vide letters dated December 18, 2018, February 5, 2019 and August 2, 2019 represented matter with the SEBI and at the Annual General Meeting held on 30th September 2019, he was re-appointed as a Shareholder Director, subject to approval of the SEBI. The Company vide application dated October 3, 2019 made an application for seeking SEBI's approval for his reappointment as a Shareholder Director. As no approval for the appointment was received from the SEBI, the Company intimated his cessation as a Director with effect from September 30, 2019 to the Ministry of Corporate Affairs."

Comments by the Board:

The Board of NSDL, at its various meetings, reviewed the status of adherence of SEBI (Depositories and Participants) Regulations, 2018 in respect of Shareholder Director representing NSEIL wherein it noted that NSEIL, vide letters dated December 18, 2018, February 5, 2019 and August 2, 2019, had represented

to SEBI to seek exemption for NSEIL and its representative from regulation 24(9) and 24(10) of the SEBI (Depositories and Participants) Regulations, 2018 and at the Annual General Meeting held on September 30, 2019, the said Shareholder Director was re-appointed, subject to approval of the SEBI. The Company, vide application dated October 03, 2019, had made an application to SEBI for seeking SEBI's approval for his re-appointment as a Shareholder Director however since no approval for the re-appointment was received from the SEBI, your Company intimated his cessation as a Shareholder Director with effect from September 30, 2019 to the Ministry of Corporate Affairs. Further, SEBI, vide its letter dated February 04, 2020, addressed to NSEIL with a copy to NSDL has, *inter alia*, informed that NSEIL may have Directorship on the Board of NSDL subject to adherence of certain prescribed directions/conditions by NSEIL.

EXTRACT OF ANNUAL RETURN

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

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

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 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. Staff 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 optimise its energy usage and efficiency.

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

Sr. No.	Particulars	FY 2019-20 (₹ in lakh)	FY 2018-19 (₹ in lakh)
1	Foreign Exchange Earnings (Miscellaneous)	Nil	Nil
2	Foreign Exchange Outgo/ Expenditure incurred in foreign currency	102.55	59.20

PARTICULARS OF EMPLOYEES

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

OUTLOOK

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, 2020

Place: Mumbai

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

Sd/-
Prof. G. Sivakumar
Public Interest Director

ANNEXURE A

Report on CSR Activities

It is Company's policy to spend the amount allocated for CSR expenditure on activities listed in schedule VII of the Companies Act, 2013 and the rules framed thereunder. Therefore in view of the same, the CSR activities for FY 2019-20 as listed out in the CSR policy were in the areas of promoting education, employment and livelihood generating skills, health and sanitation, environmental sustainability, etc. Details of CSR policy are available on our website at the web link: <https://nsdl.co.in/downloadables/pdf/CSR%20Policy.pdf>. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

1. The composition of CSR Committee: The Committee comprises of Mr. B. A. Prabhakar (Chairman), Prof. G. Sivakumar and Mr. G. V. Nageswara Rao.
2. Average net profit of NSDL for last three financial years: ₹ 12,417.03 Lakh.
3. Prescribed CSR Expenditure (i.e. 2% of Average PBT for the last three preceding financial years as in point no.2 above): ₹ 248.34 Lakh.
4. During the FY 2019-20, NSDL has spent ₹ 301.70 Lakh towards CSR activities. This amount includes the CSR spend of NSDL Database Management Ltd. (NDML) as well. The manner in which the amount was spent during the financial year is detailed below:

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (Budget) (Amount in ₹)	Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Overheads (Amount in ₹)	Cumulative Expenditure up to the reporting period (Amount in ₹)	Amount spent direct or through Implementing agency (Amount in ₹)
1	Project Yogdaan- (Health support to Underprivileged Beneficiaries including Thalassaemia patient)	Promoting health care including preventive healthcare	Local Area, Mumbai (Maharashtra)	33,82,500	31,13,016	89,36,920	31,13,016 (Direct)
2.	Maintenance and Beautification of Traffic islands	Ensuring environmental sustainability, ecological balance	Local Area-Mumbai (Maharashtra)	2,34,000	2,04,000	6,14,250	2,04,000 (Direct)
3.	Project SAHYOG (Disaster Relief, rehabilitation and reconstruction program by NSDL)- The program to support medical and health system as well as on ground task force during pandemic COVID 19. Need based program by NSDL to combat COVID 19. Supply of COVID 19 diagnosis kits (testing kits) to ICMR approved testing centers in Maharashtra which were recommended by DMER, Maharashtra	Promoting healthcare including preventive healthcare and disaster management	Local as well as Other Area For supply of essential medical material and equipment- Mumbai (Maharashtra) For supply of COVID 19 diagnosis testing kits- Mumbai, Pune, Nagpur, Dhule, Miraj and Aurangabad (Maharashtra)	6,00,000	1,59,34,200	1,62,85,606	1,59,34,200 (Direct)

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (Budget) (Amount in ₹)	Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Overheads (Amount in ₹)	Cumulative Expenditure up to the reporting period (Amount in ₹)	Amount spent direct or through Implementing agency (Amount in ₹)
	Provision of essential medical material and equipment such as gloves, PPE kits, sanitizers, disinfectant, etc. to Mumbai Municipal Corporation's Public Health Department, Ward Officers, Community Dispensaries, Public Health Posts, On-ground medical team as well as general physicians and doctors in the city.						
4.	Contribution to PM CARES FUND to combat COVID 19	Contribution to prime minister's national relief fund or any other fund set up central govt. for social economic development and relief during any kind of emergency or distress situation.	Other- PAN India	NA	75,00,000	75,00,000	75,00,000 (Direct)
5.	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:	Promoting education, employability skills and livelihood enhancement	For Mutual Fund Distributor Certification Program: Mumbai (Maharashtra), New Delhi, Kolkata (West Bengal), Lucknow (UP), Bengaluru (Karnataka), Chennai (Tamilnadu), Ahmedabad (Gujarat)	2,10,00,000	23,07,030	2,17,54,290	23,07,030# (Through implementing agency)

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (Budget) (Amount in ₹)	Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Overheads (Amount in ₹)	Cumulative Expenditure up to the reporting period (Amount in ₹)	Amount spent direct or through Implementing agency (Amount in ₹)
	Mutual Fund Distributors Certification Program Business correspondence and Business Facilitator training program (BC-BF)		For BC-BF Program: Mumbai (Maharashtra), New Delhi, Kolkata (West Bengal), Lucknow (UP), Bengaluru (Karnataka), Chennai (Tamilnadu), Ahmedabad (Gujarat)				
6.	Project Monitoring, reporting, capacity building and administration			14,35,000	11,12,236	11,12,236	11,12,236 (Direct)
Total				2,66,51,500	3,01,70,482*	5,62,03,302	3,01,70,482

In the column 'Cumulative Expenditure upto the Reporting Period', NSDL has chosen to take FY 2017-18 as the base year and the amount reported is the total of expenditure incurred on respective CSR programs/projects upto reporting period (i.e. 2019-20).

* During FY 2019-20, NSDL Group has spent the total corpus of ₹ 301.70 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 and rehabilitation campaigns during any sort of national emergency or natural calamity. Out of total CSR spent of ₹ 301.70 Lakh, an amount of ₹ 52.70 Lakh was apportioned to NDML and spent separately out of NDML's CSR obligation for 2019-20 as per the joint CSR initiative of both the organisations.

NSDL's skill development program was renamed as 'Artha SAMARTH' which denotes 'economic empowerment by creating capabilities' which was formerly called as 'Project SAMARTH'. The program encompasses various BFSI sector specific skilling programs for deserving youth and thereby enables livelihood through entrepreneurship/employment whichever is feasible.

The budget outlay for skill development programs (Artha SAMARTH) and educational scholarship program (NSDL Shiksha Sahyog) couldn't be spent as the program execution got hampered due to lockdown and restriction on gathering of people caused due to the COVID 19 pandemic. In lieu of this, NSDL re-allocated the unspent budget on supply of protective gear, COVID 19 diagnosis kits, sanitizers, disinfectant material etc. to frontline medical taskforce and provide support to the State's health system in combating COVID 19. As outlined in the table above, NSDL also contributed in PM CARES FUND to support the government in their fight against the virus at national level.

Names of Program Implementation Agencies:

- American Academy of Financial Management Private Limited
- Sykes and Ray Edupro Private Limited
- Mahendra Educational Private Limited
- Meraki Ink

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 evaluate 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.

Sd/-

G. V. Nageswara Rao

Managing Director & CEO

Sd/-

B. A. Prabhakar

Chairman of CSR Committee

ANNEXURE B

Form AOC-1

[Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]
 Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

Part "A": Subsidiaries

As on/for the year ended March 31, 2020

(₹ in Lakh)

Particulars	NSDL Database Management Limited	NSDL Payments Bank Limited
Share Capital	6,105.00	15,000.00
Reserves and Surplus	11,537.85	(2,432.92)
Total Networth	17,642.85	12,567.08
Total Assets	21,791.71	1,3347.3
Total Liabilities	4,148.86	780.22
Investments	18,385.38	1,632.83
Turnover	7,056.87	603.18
Profit / (Loss) Before Taxation	3,867.65	(1,427.61)
Provisions for taxation	805.11	(0.12)
Profit / (Loss) After Taxation	3,062.54	(1,427.49)
Proposed dividend	610.50	-
% of Shareholding	100%	86.67% (Direct) and 13.33% (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, 2020.

- 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, 2020
 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

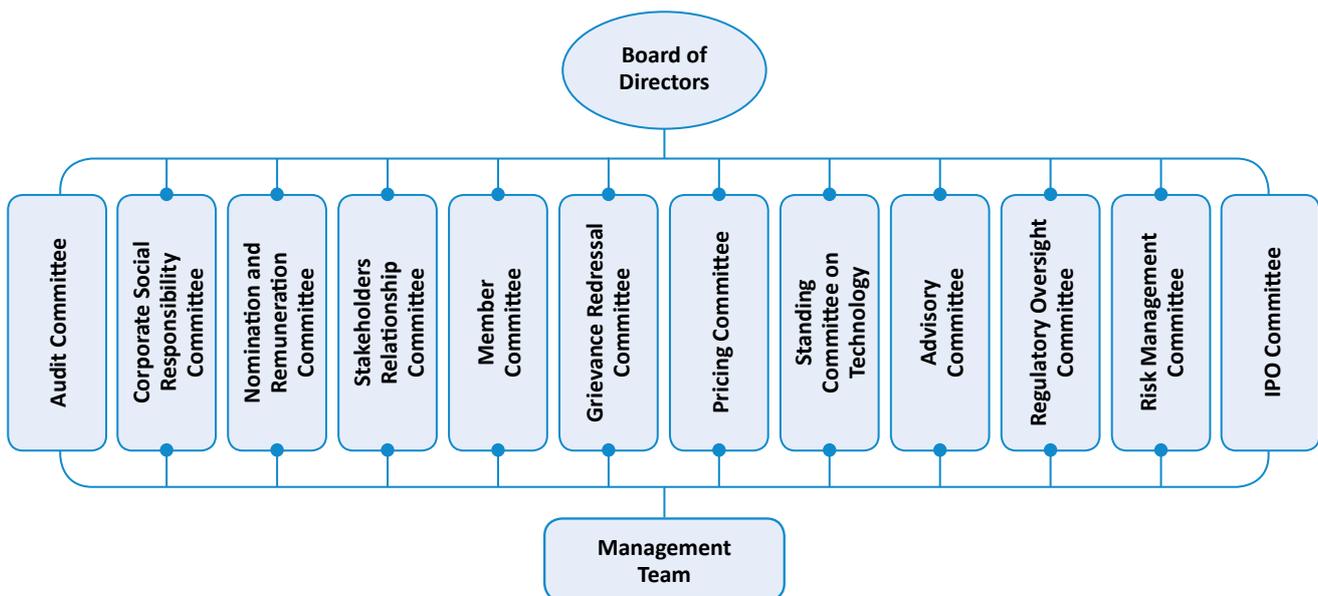
NSDL is committed to high standards of Corporate Governance which is critical to our business integrity and maintaining investor's trust. The Company's philosophy on Corporate Governance is based on the fundamental principle of fair, ethical and transparent governance practices by adopting highest standards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

NSDL is a Public Limited Company incorporated under the Companies Act, 1956 and a Depository within the meaning of Depositories Act, 1996 whose securities are not listed on any of the stock exchanges. NSDL is additionally required to comply with the provisions of the SEBI (Depositories and Participants) Regulations, 2018 and 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, 2020.

Governance Structure

Governance structure broadly comprise of 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 recognises 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 Obligations 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 of 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 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 and 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 of Company's business, analyzing technological trends, innovation, creative ideas for business, research, innovation and digitisation and ability to leverage the same for advancement of capital markets.
- Leadership – Demonstrated leadership skills preferably at Board level, leadership experience with regard to managing a Company including risk management, strategic planning and guiding the Company towards benefits of the shareholders and other stakeholders.

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

Sr. No.	Name of Directors	Category/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.	Mr. B. Sambamurthy	Public Interest Director
5.	Dr. Rajani Gupte	Public Interest Director
6.	Mr. Rajeev Kumar	Shareholder Director

I. Composition and size of the Board and Category of Directors

As per Regulation 24 (1) of SEBI (Depositories and 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, in the opinion of SEBI, is in conflict with their role. The Chairman of the Board is required to be elected from amongst the Public Interest Directors with the prior approval of 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 Director(s)	1
Managing Director & CEO	1

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

Name of Director	Category	Designation
Mr. B. A. Prabhakar ¹	Non-Executive Independent (Public Interest Director)	Chairman
Mr. G. V. Nageswara Rao ²	Executive Director	Managing Director & CEO
Prof. G. Sivakumar	Non-Executive Independent (Public Interest Director)	-
Mr. B. Sambamurthy ³	Non-Executive Independent (Public Interest Director)	-
Dr. Rajani Gupte	Non-Executive Independent (Public Interest Director)	-
Mr. J. Ravichandran ⁴	Non-Executive Non-Independent (Shareholder Director)	-
Mr. Ajay Sharma ⁵	Non-Executive Non-Independent (Shareholder Director)	-
Mr. Suresh Khatanhar ⁶	Non-Executive Non-Independent (Shareholder Director)	-
Mr. Rajeev Kumar ⁷	Non-Executive Non-Independent (Shareholder Director)	-

¹ 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

² Mr. G. V. Nageswara Rao has been re-appointed as Managing Director & CEO for a further term of three years w.e.f. July 01, 2018

³ Mr. B. Sambamurthy had been appointed as Public Interest Director for a term of three year w.e.f. April 20, 2019

⁴ Mr. J. Ravichandran ceased to be Shareholder Director w.e.f. September 30, 2019;

⁵ Mr. Ajay Sharma ceased to be Shareholder Director w.e.f. June 06, 2019

⁶ Mr. Suresh Khatanhar was appointed as Shareholder Director w.e.f. July 24, 2019 and ceased to be Shareholder Director w.e.f. February 03, 2020

⁷ Mr. Rajeev Kumar has been appointed as Shareholder Director w.e.f. July 08, 2020

In the opinion of the Board, the Independent Directors fulfill the conditions specified in aforementioned Regulations and are independent of the management. Further, none of the Directors of the Company are inter-se related with each other and no Director holds any shares and convertible instruments in the Company.

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

III. Meetings and attendance during the year

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 Companies Act. During the year under review, the Board met eight (8) times i.e. on May 21, 2019, June 08, 2019, June 13, 2019, August 06, 2019, September 06, 2019, November 12, 2019, November 29, 2019 and February 07, 2020. In terms of the provisions of the SEBI (Depositories and Participants) Regulations, 2018, separate meetings of the Public Interest Directors (PIDs) of the Company were held to seek views of PIDs on critical issues. Also, a separate meeting of Independent Directors was held on February 07, 2020 for discussing matters as specified in the Schedule IV of the Companies Act, 2013.

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

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

Note:

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

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

SN	Name of Director	Name of listed entities in which the concerned Director is a Director	Category of Directorships
1	Mr. B. A. Prabhakar	L&T Finance Holdings Limited	Non-Executive Non-Independent Director
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	Mr. G. V. Nageswara Rao	Nil	Nil

IV. Sitting fees paid to Non-Executive 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 of Non-Executive Director	Category	Sitting fees paid/ Remuneration (in ₹)
1.	Mr. B. A. Prabhakar	Non-Executive Chairman & Public Interest Director	35,40,000
2.	Prof. G. Sivakumar	Non-Executive/ Public Interest Director	30,80,000
3.	Mr. B. Sambamurthy	Non-Executive/ Shareholder Director	24,20,000
4.	Dr. Rajani Gupte	Non-Executive/ Public Interest Director	27,00,000
5.	Mr. J. Ravichandran	Non-Executive Non-Independent/ Shareholder Director	6,80,000
6.	Mr. Ajay Sharma	Non-Executive Non-Independent / Shareholder Director	-
7.	Mr. Suresh Khatanhar	Non-Executive Non-Independent / Shareholder Director	2,60,000

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	
	a.) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	2,91,45,820
	b.) Value of perquisites u/s 17(2) Income Tax Act, 1961	52,26,550
Total		3,43,72,370

Terms and Conditions of appointment of MD & CEO are as approved by the Board, 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 and 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 a more focused attention on various facets of business and for better accountability. The Board has constituted various Committees and 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

Board has constituted the Audit Committee in accordance with provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The 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 Director	Designation	Category
1.	Mr. B. Sambamurthy	Chairman	PID
2.	Mr. B. A. Prabhakar	Member	PID
3.	Mr. Ajay Sharma*	Member	Shareholder Director
4.	Prof. G. Sivakumar	Member	PID
5.	Dr. Rajani Gupte	Member	PID
6.	Mr. Suresh Khatanhar**	Member	Shareholder Director

*Mr. Ajay Sharma ceased to be Shareholder Director w.e.f. June 06, 2019

** Mr. Suresh Khatanhar ceased to be Shareholder Director w.e.f. February 03, 2020

ii. Meetings and attendance during the year:

The Committee met four times during the year on May 21, 2019, August 06, 2019, November 12, 2019 and February 07, 2020:

Sr. No.	Name of Director	No. of Meetings held during tenure	No. of Meetings attended
1.	Mr. B. Sambamurthy	3	3
2.	Mr. B. A. Prabhakar	4	4
3.	Mr. Ajay Sharma	1	-
4.	Prof. G. Sivakumar	4	4
5.	Dr. Rajani Gupte	4	4
6.	Mr. Suresh Khatanhar	1	-

II. Nomination and Remuneration Committee

The Nomination and Remuneration Committee discharges such functions as defined under Section 177 of Companies Act, 2013, SEBI Circular dated January 10, 2019 on Committees of MIs under the SEBI (Depositories and Participants) Regulations, 2018 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.	Names of Members	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 eight times during the year on April 11, 2019, May 10, 2019, May 20, 2019, June 08, 2019, June 13, 2019, November 11, 2019, December 16, 2019 and February 07, 2020. Details of attendance of each member at the Committee Meetings held during the year are as follows:

Sr. No.	Names of Members	No. of meetings held during tenure	No. of meetings attended
1.	Prof. G. Sivakumar	8	8
2.	Mr. B. A. Prabhakar	8	8
3.	Dr. Rajani Gupte	8	7
4.	Mr. B. Sambamurthy	5	5

III. Corporate Social Responsibility

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

The terms of reference of 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.	Names of Members	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 May 20, 2019. The details of attendance of each member at the Committee Meeting held during the year are as follows:

Sr. No.	Names of Members	No. of Meetings held during 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 Corporate Social Responsibility Committee is constituted pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 Director	Designation	Category
1.	Dr. Rajani Gupte	Chairman	PID
2.	Mr. B. A. Prabhakar	Member	PID
3.	Mr. G. V. Nageswara Rao	Member	MD & CEO

ii. Meetings and attendance during the year:

Sr. No.	Name of Director	No. of Meetings held during 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

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

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

General Body Meetings

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

AGM	Date	Time	Venue	Special Resolution (if any)
Fifth	September 27, 2017	11.30 a.m.	Board Room, National Securities Depository Limited, Trade World, 'A' wing, 5th Floor, Kamala Mills Compound, Lower Parel, Mumbai- 400 013	Yes
Sixth	September 19, 2018	11.00 a.m.		No
Seventh	September 30, 2019	11.30 a.m.		No

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

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

General Shareholder Information

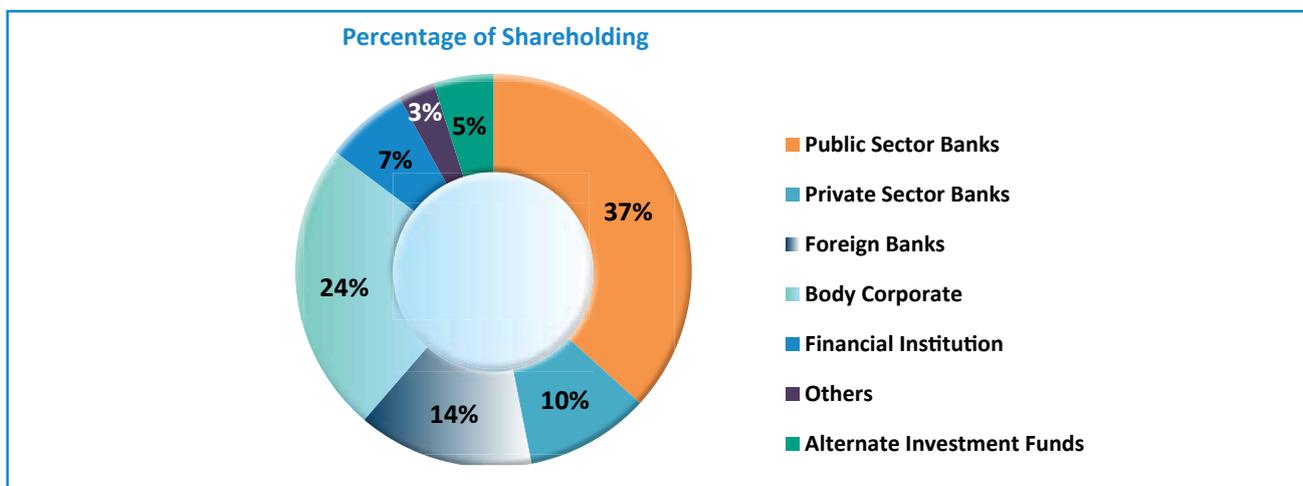
- The Eighth Annual General Meeting of the Company scheduled to be held on Tuesday, September 29, 2020 at 12.00 p.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").
- Financial year:** April 01, 2019 to March 31, 2020
- Dividend Payment Date:** On or before thirty days from the date of approval from 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 transfer of shares, except with the prior approval of the Board and SEBI.
- Distribution of shareholding as on March 31, 2020:**

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

*Promoters

Includes shareholding of IDBI Bank Ltd. (26.100%) which is also a Promoter

The Board, at its meeting held on June 18, 2020, decided to re-classify the 'Promoters' shareholders into 'Public' shareholders category and recommended the same to the shareholders at the ensuing Eight Annual General Meeting.



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

- **Branch offices:**

AHMEDABAD	Unit No. 402, 4th Floor, Heritage Horizon, 40, Sardar Patel Nagar, off. C.G. Road, Ellisbridge, Ahmedabad-380 006.
BENGALURU	Office No. 106, DBS House, 26 Cunningham Road, Bangaluru-560 052.
CHENNAI	6A, 6 th Floor, KencesTower, #1 Ramkrishna Street, North Usman Road, T. Nagar, Chennai-600 017.
HYDERABAD	Office No.123, Hyderabad Mid-Town, 1 st Floor Mid Town Plaza, Road No 1, Banjara Hills, Hyderabad-500 033.
JAIPUR	207, 2nd Floor, Arcade Tower,K-12, Malviya Marg, C-scheme, Jaipur-302001. Tel : (0141) 2366347
KOCHI	S- 105, Monlassh Business Center, Crescens Tower, NH-47, Changampuzha Nagar Post, Kochi-680 233.
KOLKATA	2 nd Floor, "The Millenium", Flat No. 2E,235/2A, Acharya Jagdish Chandra Bose Road, Kolkata-700 020.
LUCKNOW	Unit No. 438, 4th Floor, Regus Business Center, Halwasia Court, Hazratganj, Lucknow, 226001, Tel : (0522) 6672325
NEW DELHI	Unit No. 601, 603, 604, TowerA, 6 th Floor, Naurang House, Kasturba Gandhi Marg, Connaught Place, New Delhi -110001.

- **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: prasadp@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**

Company has complied with all the mandatory corporate governance requirements under the Listing Regulations, *mutatis mutandis*, applicable to the Company. 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 as per 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 as per 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 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 A** to Corporate Governance Report.

C. Compliance Certificate on Corporate Governance

The requisite certificate from M/s. 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 B** 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 forms part of this Corporate Governance Report appended as **Annexure C** and does not contain any adverse remarks except for the below comment:

"Pursuant to Regulation 24(9) and 24(10) of SEBI (Depositories and Participants) Regulations, 2018, the Shareholder Director representing National Stock Exchange of India Ltd. (NSEIL), was in our opinion, ineligible to continue as a Director of the Company. In this regard, we also noted that NSEIL vide letters dated December 18, 2018, February 5, 2019 and August 2, 2019 represented matter with the SEBI and at the Annual General Meeting held on September 30, 2019, he was re-appointed as a Shareholder Director, subject to approval of the SEBI. The Company vide application dated October 3, 2019 made an application for seeking SEBI's approval for his reappointment as a Shareholder Director. As no approval for the appointment was received from the SEBI, the Company intimated his cessation as a Director with effect from September 30, 2019 to the Ministry of Corporate Affairs."

Comments by the Board:

The Board of NSDL, at its various meetings, reviewed the status of adherence of SEBI (Depositories and Participants) Regulations, 2018 in respect of Shareholder Director representing NSEIL wherein it noted that NSEIL, vide letters dated December 18, 2018, February 5, 2019 and August 2, 2019, had represented to SEBI to seek exemption for NSEIL and its representative from regulation 24(9) and 24(10) of the SEBI (Depositories and Participants) Regulations, 2018 and at the Annual General Meeting held on September 30, 2019, the said Shareholder Director was reappointed, subject to approval of the SEBI. The Company, vide application dated October 03, 2019, had made an application to SEBI for seeking SEBI's approval for his reappointment as a Shareholder Director however since no approval for the reappointment was received from the SEBI, your Company intimated his cessation as a

Shareholder Director with effect from September 30, 2019 to the Ministry of Corporate Affairs. Further, SEBI, vide its letter dated February 04, 2020, addressed to NSEIL with a copy to NSDL has, *inter alia*, informed that NSEIL may have Directorship on the Board of NSDL subject to adherence of certain prescribed directions/conditions by NSEIL.

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 auditors and all the entities in the network firm/network entity of which the statutory auditor is apart, are as follows:

(₹ in lakh)	
Types of Services	March 31, 2020
Audit Fees	17.65
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	: NA
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 and 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 and Ethics as applicable to them for the Financial Year ended March 31, 2020.

Place: Mumbai

Date: August 14, 2020

For and on behalf of the Board

Sd/-

G. V. Nageswara Rao

Managing Director & CEO

COMPLIANCE CERTIFICATE

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

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2020 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 we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the entity's internal control system over financial reporting.

Date: August 14, 2020

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

Sd/-
Chandresh Shah
Chief Financial Officer

CORPORATE GOVERNANCE - COMPLIANCE CERTIFICATE

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

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 **March 31, 2020**. 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 March 31, 2020.
3. The compliance of the conditions of Corporate Governance as well as preparation of the Corporate Governance Report is the responsibility of the Management.
4. Our responsibility is to provide a reasonable assurance that Company has complied with the applicable conditions of Corporate Governance and our examination was limited to the procedures adopted and implementation thereof by the Company for complying with the conditions of Corporate Governance.
5. Subject to our below note, on the basis of our examination of the records produced, explanations and information furnished to us, we are of the opinion that the Company has complied with the Conditions of Corporate Governance as *mutatis mutandis* applicable to Depositories for the financial year ended March 31, 2020.

Pursuant to Regulation 24(9) and 24(10) of SEBI (Depositories and Participants) Regulations, 2018, the Shareholder Director representing National Stock Exchange of India Ltd. (NSEIL), was in our opinion, ineligible to continue as a Director of the Company. In this regard, we also noted that NSEIL vide letters dated December 18, 2018, February 5, 2019 and August 2, 2019 represented matter with the SEBI and at the Annual General Meeting held on September 30, 2019, he was re-appointed as a Shareholder Director, subject to approval of the SEBI. The Company vide application dated October 3, 2019 made an application for seeking SEBI's approval for his re-appointment as a Shareholder Director. As no approval for the appointment was received from the SEBI, the Company intimated his cessation as a Director with effect from September 30, 2019 to the Ministry of Corporate Affairs.

6. This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.
7. This Certificate is addressed to the Members of the Company solely for the purpose of enabling it to comply with its obligation under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, as amended and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty or care or for any other purpose or to any other part to whom it is shown or into whose hands it may come without our prior written consent in writing. We have no responsibility to update this Certificate for events and circumstances occurring after the date of this Certificate.

For S. N. ANANTHASUBRAMANIAN & CO.

Company Secretaries
ICSI Unique Code : P1991MH040400
Peer Review Cert. No.: 606/2019

S. N. Ananthasubramanian

Partner
FCS : 4206 | COP No.: 1774
ICSI UDIN: F004206B000334888
June 11, 2020 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,

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 and Proper person as per Regulation 23(2) of the SEBI (Depositories and 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 2019-20 and Financial Year 2020-21 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 the 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.

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 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), 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, during the Financial Year ended March 31, 2020, none of the Directors on the Board of the Company, as listed hereunder 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
1	Mr. G. V. Nageswara Rao(MD)	00799504	28/05/2013	NA
2	Mr. B. A. Prabhakar (PID)	02101808	08/05/2017	NA
3	Mr. J. Ravichandran (SD representing National Stock Exchange of India Limited)	00073736	12/10/2017	30/09/2019
4	Mr. G. Sivakumar (PID)	07537575	05/01/2018	NA
5	Dr. Rajani Gupte (PID)	03172965	23/05/2018	NA
6	Mr. Ajay Sharma (SD representing IDBI Bank Ltd.)	06417150	23/05/2018	06/06/2019
7	Mr. Sambamurthy Boggarapu (PID)	00246211	20/04/2019	NA
8.	Mr. Suresh K. Khatanhar (SD representing IDBI Bank Ltd.)	03022106	24/07/2019	03/02/2020

MD - Managing Director, SD - Shareholder Director

PID - Public Interest Director

Pursuant to Regulation 24(9) and 24(10) of SEBI (Depositories and Participants) Regulations, 2018, the Shareholder Director representing National Stock Exchange of India Ltd. (NSEIL), was in our opinion, ineligible to continue as a Director of the Company. In this regard, we also noted that NSEIL vide letters dated December 18, 2018, February 5, 2019 and August 2, 2019 represented matter with the SEBI and at the Annual General Meeting held on September 30, 2019, he was re-appointed as a Shareholder Director, subject to approval of the SEBI. The Company vide application dated October 3, 2019 made an application for seeking SEBI's approval for his re-appointment as a Shareholder Director. As no approval for the appointment was received from the SEBI, the Company intimated his cessation as a Director with effect from September 30, 2019 to the Ministry of Corporate Affairs.

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 March 31, 2020.

For S. N. ANANTHASUBRAMANIAN & CO.

Company Secretaries

ICSI Unique Code : P1991MH040400

Peer Review Cert. No.: 606/2019

S. N. Ananthasubramanian

Partner

FCS : 4206 | COP No.: 1774

ICSI UDIN: F004206B000334888

June 11, 2020 Thane

ANNEXURE D

Form No. MR-3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2020

[Pursuant to section 204 (1) of the Companies Act, 2013 and Regulation 31 of 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 March 31, 2020**, 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 herein after:

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 **March 31, 2020** 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 there under - **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 there under 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 an 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.
Pursuant to Regulation 24(9) and 24(10) of SEBI (Depositories and Participants) Regulations, 2018, the Shareholder Director representing National Stock Exchange of India Ltd. (NSEIL), was in our opinion, ineligible to continue as a Director of the Company. In this regard, we also noted that NSEIL vide letters dated 18th December 2018, 5th February 2019 and 2nd August 2019 represented matter with the SEBI and at the Annual General Meeting held on 30th September 2019 he was re-appointed as a Shareholder Director, subject to approval of the SEBI. The Company vide application dated 3rd October 2019 made an application for seeking SEBI's approval for his re-appointment as a Shareholder Director. As no approval for the appointment was received from the SEBI, the Company intimated his cessation as a Director with effect from September 30, 2019 to the Ministry of Corporate Affairs.
- 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 at least 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 through with requisite majority.

We further report that based on the review of the compliance mechanism established by the Company and on the basis of Compliance Certificate(s) issued by the Company Secretary 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

S. N. Ananthasubramanian

Partner

FCS : 4206 | COP No.: 1774

ICSI UDIN: F004206B000334888

June 11, 2020 Thane

Annexure A

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

Our Secretarial Audit Report for the Financial Year ended March 31, 2020 of even date is to be read along with this letter.

Management's Responsibility

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

Auditor's Responsibility

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

Disclaimer

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

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

Company Secretaries
ICSI Unique Code : P1991MH040400
Peer Review Cert. No.: 606/2019

S. N. Ananthasubramanian

Partner
FCS : 4206 | COP No.: 1774
ICSI UDIN: F004206B000334888

June 11, 2020 Thane

ANNEXURE E

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2020

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

I. Registration and other details

CIN	U74120MH2012PLC230380
Registration Date	April 27, 2012
Name of the Company	National Securities Depository Limited
Category / Sub-Category of the Company	Limited by Shares / Indian Non-Govt. Company
Address of the Registered Office and contact details	Trade World, 'A' Wing, 4 th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West) Mumbai – 400013. Contact No.: 022 24994400/4422
Whether listed Company	No
Name, address and contact details of Registrar and Transfer Agent, if any	Not Applicable

II. Principal Business Activities of the Company

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

III. Particulars of Holding, Subsidiary and Associate Companies –

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	NSDL Database Management Limited	U72400MH2004PLC147094	Subsidiary	100	2(87)
2	NSDL Payments Bank Limited	U65900MH2016PLC284869	Subsidiary	86.67	2(87)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
A. Promoters#								
(1) Indian								
a) Individual / HUF	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-
d) Bodies Corporate	96,00,000	-	96,00,000	24.00	96,00,000	-	96,00,000	24.00
e) Banks / FI	1,31,72,000	-	1,31,72,000	32.93	1,31,72,000	-	1,31,72,000	32.93
f) Any Other....	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	2,27,72,000	-	2,27,72,000	56.93	2,27,72,000	-	2,27,72,000	56.93
(2) Foreign								
a) NRIs - Individuals	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-
Sub-Total (A)(2):	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	2,27,72,000	-	2,27,72,000	56.93	2,27,72,000	-	2,27,72,000	56.93
B. Public Shareholding								
(1) Institutions								
a) Mutual Funds / UTI	-	-	-	-	-	-	-	-
b) Banks / FI	1,40,80,000	-	1,40,80,000	35.20	1,40,80,000	-	1,40,80,000	35.20
c) Central Govt.	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-
f) Insurance Companies	11,88,000	-	11,88,000	2.97	11,88,000	-	11,88,000	2.97
g) FIs	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-
i) Others (specify) AIF	19,60,000	-	19,60,000	4.90	19,60,000	-	19,60,000	4.90
Sub-Total(B)(1):	1,72,28,000	-	1,72,28,000	43.07	1,72,28,000	-	1,72,28,000	43.07
(2) Non-Institutions								
a) Bodies Corp.	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Physical		% of Total Shares		Physical		% of Total Shares		
	Demat	Total	Demat	Total	Demat	Total	Demat	Total	
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual Shareholders holding nominal share capital upto ₹ 1.lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2)	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	1,72,28,000	1,72,28,000	43.07	1,72,28,000	1,72,28,000	43.07	1,72,28,000	43.07	-
C. Share held by Custodian for GDRs and ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A + B + C)	4,00,00,000	4,00,00,000	100	4,00,00,000	4,00,00,000	100	4,00,00,000	100	-

(ii) Shareholding of Promoters#

Shareholders Name	Shareholding at the beginning of the year				Shareholding at the end of the year				% change in shareholding during the year
	Physical		% of Shares Pledged / encumbered to total shares		Physical		% of Shares Pledged / encumbered to total shares		
	No. of Shares	% of total shares of the Company	No. of Shares	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	No. of Shares Pledged / encumbered to total shares	% of Shares Pledged / encumbered to total shares	
IDBI Bank Limited	1,04,40,000	26.10	-	-	1,04,40,000	26.10	-	-	-
National Stock Exchange of India Ltd.	96,00,000	24.00	-	-	96,00,000	24.00	-	-	-
Administrator of the Specified Undertaking of the Unit Trust of India- Unit Scheme 1964	27,32,000	6.83	-	-	27,32,000	6.83	-	-	-
Total	2,27,72,000	56.93	-	-	2,27,72,000	56.93	-	-	-

The Board, at its meeting held on June 18, 2020, decided to re-classify the aforementioned 'Promoters' shareholders into 'Public' shareholders category and recommended the same to the shareholders at the ensuing Eight Annual General Meeting.

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

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

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

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

(v) Shareholding of Directors and Key Managerial Personnel

For Each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	None of the Directors/KMP hold shares in the Company			
Date wise Increase/ Decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer/ bonus/ sweat equity etc)	None of the Directors/KMP hold shares in the Company			
At the end of the year	None of the Directors/KMP hold shares in the Company			

V. INDEBTEDNESS

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Mr. G. V. Nageswara Rao Managing Director & CEO	Total Amount
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	2,91,45,820	2,91,45,820
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	52,26,550	52,26,550
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit		
	- others, specify ...		
5.	Others, please specify*	-	-
	Total (A)	3,43,72,370	3,43,72,370
	Ceiling as per the Act-5%		6,39,79,450
	Ceiling as per the Act-10%		12,79,58,900

*Provident Fund, Gratuity, Food Coupon and Telephone Reimbursement are not included in the above calculation.

B. Remuneration to other directors

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. B. A. Prabhakar	Prof. G. Sivakumar	Dr. Rajani Gupte	Mr. B. Sambamurthy	Mr. Suresh Khatanhar	Mr. J. Ravichandran	
1.	Independent Directors							
	• Fee for attending Board / Committee meetings	35,40,000	30,80,000	27,00,000	24,20,000	-	-	1,17,40,000
	• Commission	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-
	Total (1)	35,40,000	30,80,000	27,00,000	24,20,000			1,17,40,000
2.	Other Non-Executive Directors							
	• Fee for attending Board / Committee meetings	-	-	-	-	2,60,000	6,80,000	9,40,000
	• Commission	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-
	Total (2)					2,60,000	6,80,000	9,40,000
	Total (B)=(1+2)	35,40,000	30,80,000	27,00,000	24,20,000	2,60,000	6,80,000	1,26,80,000
	Overall Ceiling as per the Companies Act, 2013: Sitting Fees	₹ 1 lakh per Director for Board and Audit Committee meetings and ₹ 0.60 lakh per Director for other Committee meetings.						

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	Chief Financial Officer	Total
		Mr. Prasad Poojary	Mr. Chandresh Shah	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	31,08,722	46,20,597	77,29,319
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	25,561	2,01,483	2,27,044
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5.	Others, please specify*	-	-	-
	Total	31,34,283	48,22,080	79,56,363

*Provident Fund, Food Coupon, Gratuity, Leave Encashment and Telephone Reimbursement are not included in the above calculation.

VII Penalties / Punishment / Compounding of Offences:

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

Date : August 14, 2020
Place : Mumbai

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

Sd/-
Prof. G. Sivakumar
Public Interest Director

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 31st March 2020, 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 2020, 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 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 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 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.
 - e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the

Independent Auditor's Report (Contd.)

- directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Sd/-
Pallavi A. Gorakshakar
 Partner
 (Membership No. 105035)
 (UDIN: 20105035AAAADS4102)
 Mumbai, June 18, 2020

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, 2020 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

Annexure "A" to the Independent Auditor's Report (Contd.)

acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sd/-
Pallavi A. Gorakshakar
Partner
(Membership No. 105035)
(UDIN: 20105035AAAADS4102)
Mumbai, June 18, 2020

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 regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the conveyance deed and other relevant records provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) The Company does not have any inventory and hence reporting under clause of the Order is not applicable.
- (iii) The Company has not granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted loans 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 / activities, reporting under clause (vi) is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employee State Insurance Corporation (ESIC), Income Tax, Goods and Service tax (GST), Service Tax, Custom Duty, Excise Duty, Value added tax (VAT), cess and other material statutory dues applicable to it to the appropriate authorities. As explained to us the Company did not have any dues on account of Sales tax, Custom Duty and Excise Duty.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employee State Insurance Corporation (ESIC), Income-tax, Sales tax, Goods and Service tax (GST), Service Tax, Custom Duty, Excise Duty, Value added tax, cess, and other material statutory dues in arrears as at March 31, 2020 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, 2020 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	CESTAT	2004-05 to 2009-10	5,236.21	4,843.49
Income- tax Act, 1961	Demand arising out of Regular Assessment / Reassessment	CIT (Appeals)	2017-18	1,806.25	1,556.25

There are no dues of Sales Tax, Customs Duty, Excise Duty, and Value Added Tax which has not been deposited as on March 31, 2020 on account of disputes.

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

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 remunerations in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or the 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
 (Firm's Registration No. 117364W)

Sd/-
Pallavi A. Gorakshakar
 Partner
 (Membership No. 105035)
 (UDIN: 20105035AAAADS4102)
 Mumbai, June 18, 2020

Balance Sheet

as at 31st March, 2020

(₹ in Lakh)

Particulars	Notes	As at 31 st March, 2020	As at 31 st March, 2019
ASSETS			
Non-Current Assets			
a) Property, plant and equipment	3	2,046.53	1,604.41
b) Other intangible assets	3	62.01	84.62
c) Right of use of assets	3	129.17	-
d) Financial assets			
i) Non-current investments	4	68,244.35	57,987.90
ii) Other financial assets	5	580.12	484.81
e) Deferred tax assets (net)	6	343.61	392.01
f) Income tax assets (net)		549.37	562.35
g) Other non-current assets	7	1,435.52	541.30
Total Non-Current Assets		73,390.68	61,657.40
Current Assets			
a) Financial assets			
i) Current investments	8	9,406.51	7,951.09
ii) Trade receivables	9	7,450.04	6,480.30
iii) Cash and cash equivalents	10	1,071.23	3,803.20
iv) Bank balances other than (iii) above	11	522.02	1,046.15
v) Other financial assets	5	231.68	241.80
b) Other current assets	7	888.27	667.75
Total Current Assets		19,569.75	20,190.29
Total Assets		92,960.43	81,847.69
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	12	4,000.00	4,000.00
b) Other equity	13	71,723.18	62,245.72
Total Equity		75,723.18	66,245.72
Liabilities			
Non-Current Liabilities			
a) Financial liabilities			
i) Lease liability	27	74.60	-
ii) Other financial liabilities	14	273.19	105.19
Total Non-Current Liabilities		347.79	105.19
Current Liabilities			
a) Financial liabilities			
i) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	15	99.62	80.20
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	15	1,737.87	1,051.56
ii) Lease liability	27	56.41	-
iii) Other financial liabilities	16	7,288.80	6,904.53
b) Provisions	17	2,729.63	2,117.50
c) Current tax liability (net)		939.01	1,564.23
d) Other current liabilities	18	4,038.12	3,778.76
Total Current Liabilities		16,889.46	15,496.78
Total Liabilities		17,237.25	15,601.97
Total Equity and Liabilities		92,960.43	81,847.69
See accompanying notes to the Financial Statements	1 to 40		

In terms of our report attached.

For DELOITTE HASKINS & SELLS
Chartered Accountants

Sd/-
Pallavi A. Gorakshakar
Partner

Place : Mumbai
Date : 18th June, 2020

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/-
Prasad Poojary
Company Secretary
A26056

Statement of Profit and Loss

for the Year ended 31st March, 2020

(₹ in Lakh)

Particulars	Notes	Year ended 31 st March, 2020	Year ended 31 st March, 2019
INCOMES			
Revenue from operations	19	24,958.55	21,727.56
Other income	20	4,087.44	4,297.73
Total Income		29,045.99	26,025.29
EXPENSES			
Employee benefits expense	21	5,739.38	4,749.42
Depreciation and amortisation expense	3	476.35	293.38
Finance cost	27	14.12	-
Contribution to investor protection fund	31	518.53	429.11
Other expenses	22	8,516.29	7,258.02
Total Expenses		15,264.67	12,729.93
Profit before Exceptional Items		13,781.32	13,295.36
Exceptional items	33	-	807.88
Profit before Tax		13,781.32	12,487.48
Tax Expense			
Current tax		2,891.76	2,992.23
Deferred tax	6	48.40	(98.39)
Total Tax Expenses		2,940.16	2,893.84
Profit after Tax		10,841.16	9,593.64
Other Comprehensive Income			
Items that will not be reclassified to profit or loss :			
i) Actuarial gain/(loss) on post retirement benefit plans		110.87	(74.74)
ii) Income tax relating to items that will not be reclassified to profit or loss		(27.91)	21.77
Total Other Comprehensive Income		82.96	(52.97)
Total Comprehensive Income for the year		10,924.12	9,540.67
Basic and Diluted earnings per equity share of ₹ 10 each	30	27.10	23.98
See accompanying notes to the Financial Statements	1 to 40		

In terms of our report attached.

For DELOITTE HASKINS & SELLS
 Chartered Accountants

 Sd/-
Pallavi A. Gorakshakar
 Partner

 Place : Mumbai
 Date : 18th June, 2020

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/-
Prasad Poojary
 Company Secretary
 A26056

Statement of Cash Flows

for the Year ended 31st March, 2020

(₹ in Lakh)

Particulars	For the Year ended 31 st March, 2020	For the Year ended 31 st March, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	13,781.32	12,487.48
Adjustments for :		
Depreciation and amortisation expense	476.35	293.38
Interest expense	14.12	-
Provision for compensated absences	159.13	92.36
Provision for investor awareness	453.00	409.84
Provision for doubtful trade receivables	274.91	362.48
Bad debts written off	-	74.78
Contribution to investor protection fund	518.53	429.11
Rent paid	(97.61)	-
Fair value gain on investments in mutual funds	(985.43)	(306.78)
Dividend income from current investments	(163.79)	(316.38)
Loss / (Profit) on sale of property, plant and equipment	0.05	-
Profit on sale of investments	-	(389.96)
Interest income	(2,583.20)	(2,817.41)
Operating Profit before Working Capital Changes	11,847.38	10,318.90
Changes in Working Capital :		
(Increase) / decrease other assets	(222.93)	(263.86)
(Increase) / decrease other financial assets	(87.15)	(75.56)
(Increase) / decrease trade receivables	(1,244.65)	(3,048.88)
Increase / (decrease) trade payables	705.73	386.28
Increase / (decrease) other financial liabilities	558.93	100.22
Increase / (decrease) provisions	82.96	-
Increase / (decrease) other liabilities	259.36	673.19
Cash generated from Operations	11,899.63	8,090.29
Net income tax paid	(3,504.00)	(2,560.37)
Net Cash generated from Operating Activities (A)	8,395.63	5,529.92
B. Cash Flow from Investing Activities		
Capital expenditure on property, plant and equipment, intangible assets, capital advance	(1,703.45)	(1,079.31)
Investment in subsidiary	(3,500.00)	(1,200.00)
Purchase of non-current investments	(6,766.72)	(11,620.87)
Sale / Redemption of non-current investments	10.27	3,515.45
Proceeds / (Purchase) of current investments (Net)	(469.99)	1,675.06
Dividend received from current investments	163.79	316.38
Interest received	2,585.16	2,821.02
Net Cash used in Investing Activities (B)	(9,680.94)	(5,572.27)

Statement of Cash Flows (contd.)

for the Year ended 31st March, 2020

(₹ in Lakh)

Particulars	For the Year ended 31 st March, 2020	For the Year ended 31 st March, 2019
C. Cash Flow from Financing Activities		
Dividend paid	(1,200.00)	(1,000.00)
Dividend distribution tax paid	(246.66)	(205.55)
Net Cash used in Financing Activities (C)	(1,446.66)	(1,205.55)
Net decrease in Cash and Cash Equivalents (A+B+C)	(2,731.97)	(1,247.90)
Cash and Cash Equivalents at the beginning of the year	3,803.20	5,051.10
Cash and Cash Equivalents at the end of the year (Refer Note 10)	1,071.23	3,803.20
See accompanying notes to the Financial Statements 1 to 40		

In terms of our report attached.
For DELOITTE HASKINS & SELLS
 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 : 18th June, 2020

Sd/-
Chandresh Shah
 Chief Financial Officer

Sd/-
Prasad Poojary
 Company Secretary
 A26056

Statement of changes in Shareholder's Equity

for the Year ended 31st March, 2020

A. Equity Share Capital	(₹ in Lakh)
As at 1 st April, 2018	4,000.00
Changes in equity share capital during the year (Note 12)	-
As at 31 st March, 2019	4,000.00
Changes in equity share capital during the year (Note 12)	-
As at 31 st March, 2020	4,000.00

Particulars	Reserves and Surplus			Other Comprehensive Income	Total
	General Reserve	Retained Earnings	Actuarial Gains / (Losses)		
Balance as at 1st April, 2018	36,312.82	17,674.65	(76.87)		53,910.60
Profit after tax	-	9,593.64	-		9,593.64
Dividends (including dividend distribution tax)	-	(1,205.55)	-		(1,205.55)
Other Comprehensive Income	-	-	(52.97)		(52.97)
As at 31st March, 2019	36,312.82	26,062.74	(129.84)		62,245.72
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
As at 31st March, 2020	36,312.82	35,457.24	(46.88)		71,723.18
See accompanying notes to the Financial Statements	1 to 40				

In terms of our report attached.

For DELOITTE HASKINS & SELLS
Chartered Accountants

Sd/-
Pallavi A. Gorakshakar
Partner

Place : Mumbai
Date : 18th June, 2020

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/-
Prasad Poojary
Company Secretary
A26056

Notes to the Financial Statements

for the Year ended 31st March, 2020

NOTE 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.

NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of Compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as “Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015, with effect from 01st April, 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

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.

2.4. Leasing

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

As a Lessee -

Effective from 1st April, 2019, the Company has adopted Ind AS 116. At the date of commencement of the lease, the Company recognises 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 recognises 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 recognised 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 amortised 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

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

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.

2.5. Employee Benefits

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

Defined Contribution Plan

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

i. Superannuation

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

ii. Provident Fund

Employees are entitled to receive benefits in respect of provident fund, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' basic salary).

Defined Benefit Plans

i. Gratuity

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

Defined benefit cost are categorised as follows:

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

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

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 and Equipment

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

i. Capital Work-in-Progress

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

2.8. Intangible Assets

Intangible assets purchased are measured at cost as of the date of acquisition less accumulated amortisation 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 amortised 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 are disclosed in the Notes. Contingent assets are not recognised/disclosed in the financial statements.

2.11. Financial Instruments

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

2.12. 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 reorganisation.

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

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

De-recognition of Financial Assets

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

2.13. Financial Liabilities and Equity Instruments

Classification as Debt or Equity

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

Equity Instruments

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

Financial Liabilities

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

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

Derecognition of Financial Liabilities

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

2.14. 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.

2.15. Operating cycle

Based on the activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

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 (Refer Note 27)
	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, 2018	3,517.82	4,359.67	1,222.69	202.15	363.27	252.33	-	-	9,917.93	9,432.06	-		
Additions during the year	-	484.93	56.04	-	10.57	1.50	-	46.30	599.34	84.16	-		
Deductions	-	-	-	-	-	-	-	-	-	-	-		
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)	-	-		
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		

(₹ in Lakh)

Accumulated Depreciation and Amortisation	Property, Plant and Equipment										Other Intangible Assets		Right of Use (Refer Note 27)
	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, 2018	3,033.70	3,865.07	1,139.79	186.61	314.58	223.83	-	-	8,763.58	9,287.50	-		
Depreciation / amortisation for the year	8.92	108.25	10.38	1.01	11.69	3.27	-	5.76	149.28	144.10	-		
Deductions	-	-	-	-	-	-	-	-	-	-	-		
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)	-	-		
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		

(₹ in Lakh)

Net Block	Property, Plant and Equipment										Other Intangible Assets		Right of Use (Refer Note 27)
	Buildings	Computers	Data and Tele- Communication Equipment	Electrical Installations	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Vehicle	Total Tangible Assets	Computer Software (acquired)			
As at 31st March, 2019	475.20	871.28	128.56	14.53	47.57	26.73	-	40.54	1,604.41	84.62	-		
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		

(₹ in Lakh)

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

NOTE 4 : NON-CURRENT INVESTMENTS

(₹ in Lakh)

Particulars		Rate of Interest	Year of Maturity	Nos.	Face Value / NAV (₹)	As at 31 st March, 2020	As at 31 st March, 2019
(a) Investment in Equity Instruments of Subsidiaries (at cost)							
1	NSDL Database Management Limited			61,050,000	10	6,105.00	6,105.00
2	NSDL Payments Bank Limited			130,000,000	10	13,000.00	9,500.00
	Sub-total					19,105.00	15,605.00
(b) Investment in Debentures or Bonds (at amortised cost)							
1	India Infrastructure Finance Company Limited	9.41	2037	3	1,000,000	35.12	35.20
2	Power Finance Corporation of India Limited *	7.35	2035	50,000	1,000	527.72	527.90
3	National Housing Bank *	8.76	2034	8,000	5,000	431.80	432.66
4	Housing and Urban Development Corporation Limited*	8.76	2034	5,000	1,000	55.09	55.24
5	India Infrastructure Finance Company Limited*	8.66	2034	70,000	1,000	871.00	878.15
6	NTPC Limited*	8.66	2033	92,899	1,000	1,150.03	1,158.39
7	NHPC Ltd*	8.67	2033	49,420	1,000	615.44	618.99
8	India Infrastructure Finance Company Limited*	7.40	2033	50,000	1,000	558.86	561.38
9	National Highway Authority of India Limited *	7.35	2031	189,883	1,000	2,161.24	2,168.56
10	Indian Renewable Energy Development Agency Limited*	7.49	2031	50,000	1,000	510.46	510.55
11	National Bank for Agriculture and Rural Development*	7.35	2031	440,010	1,000	4,809.00	4,834.65
12	Indian Railway Finance Corporation Limited *	7.35	2031	99,000	1,000	1,096.30	1,100.39
13	Housing and Urban Development Corporation Limited*	7.39	2031	100,000	1,000	1,142.62	1,150.14
14	Indian Railway Finance Corporation Limited *	7.28	2030	11,074	1,000	126.24	126.97
15	National Housing Bank *	8.68	2029	30,000	5,000	1,626.92	1,636.89
16	Indian Railway Finance Corporation Limited *	8.40	2029	63,000	1,000	727.80	730.94
17	NHPC Ltd*	8.54	2028	81,428	1,000	961.62	967.11
18	Power Finance Corporation of India Limited *	8.46	2028	40	1,000,000	420.33	420.17
19	Rural Electrification Corporation Limited * (Addition of 50,000 bond during the year)	8.46	2028	60,000	1,000	709.37	102.90
20	Rural Electrification Corporation Limited * (Addition of 100 bond during the year)	8.46	2028	157	1,000,000	1,876.22	644.46
21	Indian Railway Finance Corporation Limited *	8.48	2028	100	1,000,000	1,156.10	1,162.28
22	Indian Railway Finance Corporation Limited *	7.34	2028	60,000	1,000	626.38	626.70
23	India Infrastructure Finance Company Limited*	8.26	2028	80	1,000,000	891.00	894.95
24	National Housing Bank *	8.46	2028	90	1,000,000	1,021.42	1,027.52

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

NOTE 4 : NON-CURRENT INVESTMENTS

(₹ in Lakh)

Particulars		Rate of Interest	Year of Maturity	Nos.	Face Value / NAV (₹)	As at 31 st March, 2020	As at 31 st March, 2019
25	Housing and Urban Development Corporation Limited*	8.56	2028	20	1,000,000	238.57	241.00
26	National Highway Authority of India Limited *	8.30	2027	140,000	1,000	1,521.26	1,527.80
27	Power Finance Corporation of India Limited *	8.30	2027	50,000	1,000	531.37	532.33
28	Indian Railway Finance Corporation Limited *	7.38	2027	100	1,000,000	1,139.93	-
29	Indian Railway Finance Corporation Limited *	8.10	2027	50,000	1,000	582.57	589.72
30	Rural Electrification Corporation Limited * (Addition of 50,000 bond during the year)	8.12	2027	100,000	1,000	1,182.55	589.48
31	NTPC Limited*	7.15	2025	21	1,000,000	219.44	219.40
32	IDFC Limited*	9.03	2025	5	1,000,000	55.62	55.57
33	IDFC Limited*	8.80	2025	4	1,000,000	42.35	42.32
34	Indian Renewable Energy Development Agency Limited*	7.17	2025	60	1,000,000	622.13	624.13
35	HDB Financial Services Limited	10.19	2024	1	1,000,000	10.25	10.29
36	Housing and Urban Development Corporation Limited*	8.51	2024	50,000	1,000	546.78	555.06
37	Indian Railway Finance Corporation Limited *	7.18	2023	75,000	1,000	786.03	789.12
38	NTPC Limited*	8.41	2023	150,000	1,000	1,639.44	1,667.66
39	Power Finance Corporation of India Limited *	7.19	2023	100,000	1,000	1,054.93	-
40	Rural Electrification Corporation Limited *	7.21	2022	10	1,000,000	103.14	103.26
41	Housing and Urban Development Corporation Limited*	8.10	2022	60,000	1,000	605.77	606.85
42	Power Finance Corporation of India Limited *	7.21	2022	50	1,000,000	531.06	-
43	Power Finance Corporation of India Limited *	8.20	2022	90,000	1,000	946.94	952.86
44	National Highway Authority of India Limited *	8.20	2022	100,000	1,000	1,057.66	1,065.63
45	Rural Electrification Corporation Limited *	7.93	2022	90,000	1,000	967.63	973.82
46	Power Grid Corporation of India Limited	9.64	2021	32	1,250,000	439.47	438.84
47	Power Finance Corporation of India Limited *	7.51	2021	600	100,000	620.39	620.02
	Sub-total					39,553.33	34,578.23
(c)	Investment in Mutual Funds (at FVTPL)						
1	Reliance Fixed Horizon Fund XXXVIII – Series 5			5,000,000	11.50	574.99	533.56
2	Sundaram Fixed Term Plan-IK 1098 DAYS			5,000,000	11.72	586.13	536.45
3	Kotak FMP Series 235 - 1140 Days			5,000,000	11.75	587.72	536.72
4	Franklin India FMP SR 4 PL F (1286 Days)			10,000,000	11.65	1,165.25	1,062.40
5	Reliance Fixed Horizon Fund XXXIX – Series 9			10,000,000	11.70	1,169.84	1,063.48
6	Kotak FMP Series 248			10,000,000	11.72	1,172.21	1,065.46
7	Sundaram Fixed Term Plan - IS 1120 Days			5,000,000	11.05	552.57	502.50
8	SBI Debt fund series C 49			10,000,000	10.82	1,103.06	1,004.10

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

NOTE 4 : NON-CURRENT INVESTMENTS

(₹ in Lakh)

Particulars	Rate of Interest	Year of Maturity	Nos.	Face Value / NAV (₹)	As at 31 st March, 2020	As at 31 st March, 2019
9 SBI Debt fund series C 50			10,000,000	10.77	1,099.46	1,000.00
10 Kotak FMP Series 267			5,000,000	11.03	551.27	500.00
Sub-total					8,562.49	7,804.67
(d) Investment in ETF Bonds (at FVTPL)						
1 Edelweiss Bharat Bond ETF		2023	100,000	1,000	1,023.53	-
Total					68,244.35	57,987.90
* Investment in tax free bonds						
Aggregate amount of quoted investment					49,139.35	42,382.90
Aggregate market value of quoted investment					50,340.95	44,305.35
Aggregate amount of unquoted investments					19,105.00	15,605.00

NOTE 5 : OTHER FINANCIAL ASSETS

(₹ in Lakh)

Particulars	As at 31 st March, 2020		As at 31 st March, 2019	
	Non-Current	Current	Non-Current	Current
Security deposits	580.00	-	484.60	-
Interest accrued on fixed deposits	-	0.66	-	2.62
Others*	0.12	231.02	0.21	239.18
Total	580.12	231.68	484.81	241.80

* Includes balances with related parties - Refer Note 26

NOTE 6 : DEFERRED TAX ASSET (NET)

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Deferred Tax Asset :		
Property, plant and equipment	-	23.03
Lease Liability (Refer Note 27)	0.46	-
Employee benefits	228.44	214.54
Provision for doubtful debts / advances	170.14	116.79
Other	-	37.65
	399.04	392.01
Less: Deferred Tax Liability :		
Property, plant and equipment	55.43	-
	55.43	-
Net Deferred Tax Asset	343.61	392.01

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

The movement in Deferred Tax Asset and Liabilities:

(₹ in Lakh)

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

*The Taxation Laws (Amendment) Ordinance 2019, has inserted section 115BAA in the Income Tax Act, 1961, providing existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. The reduced tax rates come with consequential surrender of specified deductions/ incentives. The option needs to be exercised within the prescribed time for filing the return of income under section 139(1) of the Income Tax Act, 1961, for assessment year (AY) 2020-21 or subsequent AYs. Once exercised, such option cannot be withdrawn for the same or subsequent AYs.

These financial statement are prepared on the basis that the Company would avail the option to pay income tax at the lower rate. Consequently, the opening deferred tax asset has been measured at the lower rate and the tax expenses include a total tax debit of ₹53.17 Lakh.

The movement in Deferred Tax Asset and Liabilities:

(₹ in Lakh)

Particulars	As at 1 st April, 2018	Credited / (Charge) to Statement of Profit and Loss	As at 1 st April, 2019
Deferred Tax Asset :			
Property plant and equipment	57.98	(34.95)	23.03
Employee Benefit	186.76	27.78	214.54
Provision for doubtful debts / advances	11.23	105.56	116.79
Other	37.65	-	37.65
	293.62	98.39	392.01
Less: Deferred Tax Liability :			
	-	-	-
	-	-	-
Net Deferred Tax Asset	293.62	98.39	392.01

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

NOTE 7 : OTHER ASSETS

(₹ in Lakh)

Particulars	As at 31 st March, 2020		As at 31 st March, 2019	
	Non-Current	Current	Non-Current	Current
Capital advances	1,345.08	-	453.27	-
Prepaid expenses	90.44	192.48	88.03	184.07
Expenses recoverable	-	60.68	-	28.72
GST credit receivable	-	635.11	-	454.96
Total	1,435.52	888.27	541.30	667.75

NOTE 8 : CURRENT INVESTMENTS

(₹ in Lakh)

Particulars	Nos.	Face Value / NAV (₹)	As at 31 st March, 2020	As at 31 st March, 2019
Current portion of Long-Term Investments :				
Investment in Debentures or Bonds (at amortised cost)				
1	Tata Capital Financial Services Limited	2	1,000,000	-
	Sub-total			10.27
Other Current Investments :				
Investment in Mutual Funds (at FVTPL)				
1	Units of Axis Treasury Advantage Fund - Institutional Daily Dividend Reinvestment	-	-	707.31
2	Units of Axis Liquid Fund - Direct Growth	34,034	2,204.34	750.21
3	Units of IDFC Ultra Short Term Fund - Daily Dividend Reinvestment	-	-	700.37
4	Units of IDFC Liquid Fund	30,807	2,401.83	739.94
5	Units of Birla Sun Life Ultra Short Term Fund - Daily Dividend Reinvestment	-	-	725.54
6	Units of Birla Sunlife Liquid Fund - Direct Growth	276,601	319.56	883.91
7	Units of UTI Treasury Advantage Fund - Daily Dividend Reinvestment	70,122	948.56	665.15
8	Units of Axis Liquid Fund -Direct Plan- Daily Dividend	140	1,000.96	1.40
9	Units of IDFC Liquid Fund - Direct Plan - Daily Dividend	86	1,001.67	0.86
10	Units of HDFC Liquid Fund- Daily Dividend Reinvestment	65,106	1,019.82	663.97
11	Units of HDFC Liquid Fund- Direct Growth	7912.38	3,906.61	309.11
12	Units of ICICI Prudential Liquid Plan- Daily Dividend Reinvestment	-	-	641.72
13	Units of ICICI Prudential Liquid Fund Dir Growth	230,867	293.78	678.24
14	Units of IDBI Ultra Short Term Fund- Daily Dividend Reinvestment	83.846	1,031.19	0.86
15	Units of L & T Ultra Short Term fund- Daily Dividend Reinvestment	-	-	394.94
16	Units of L&T Liquid Fund - Direct Growth	28,696	2,721.63	780.99
17	Units of Peerless Liquid Fund - Daily Dividend Reinvestment	-	-	640.89

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

NOTE 8 : CURRENT INVESTMENTS (CONTD.)

(₹ in Lakh)

Particulars		Nos.	Face Value / NAV (₹)	As at 31 st March, 2020	As at 31 st March, 2019
18	Units of Principal Debt Opportunity Conservative Fund-Daily Dividend Reinvestment	64,707	898.44	581.36	651.00
19	Units of UTI Liquid Fund - Daily Dividend Reinvestment	65,053	1,019.45	663.18	637.42
20	Units of L&T Banking & PSU debt fund	2,988,465	18.57	554.84	502.12
21	Units of Sundaram Corporate bond fund	3,767,812	29.39	1,107.45	1,000.00
22	Units of KOTAK Liquid Fund - Direct Growth	25,531	11.03	1,025.05	-
Sub-total				9,406.51	7,940.82
Total				9,406.51	7,951.09
Note - The Repurchase Price / NAV has been considered as the Quoted Market Price					
Aggregate amount of quoted investment				9,406.51	7,951.09
Aggregate market value of quoted investment				9,406.51	7,961.42
Aggregate amount of unquoted investments				-	-

NOTE 9 : TRADE RECEIVABLES

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Trade receivables considered good - Secured,	180.72	478.06
Trade receivables considered good - Unsecured,	7,269.32	6,002.24
Unsecured, considered doubtful	675.97	401.06
	8,126.01	6,881.36
Less: Expected credit loss (Refer Note 2.14)	675.97	401.06
Total	7,450.04	6,480.30

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 31 st March, 2020	As at 31 st March, 2019
Balance at the beginning of the year	401.06	38.58
Provision during the year	274.91	362.48
Reversal during the year	-	-
Balance at the end of the year	675.97	401.06

NOTE 10: CASH AND CASH EQUIVALENTS

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Cash on hand	0.55	0.53
Cheques on hand	21.46	-
Balances with banks:		
i) in current accounts	202.47	311.14
ii) in sweep fixed deposit	846.75	3,491.53
Total	1,071.23	3,803.20

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

NOTE 11 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Other bank balances:		
In current accounts*	522.02	1,046.15
Total	522.02	1,046.15

* These balances have restriction on repatriation.

NOTE 12 : EQUITY SHARE CAPITAL

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Authorised		
100,000,000 equity shares of ₹ 10 each with voting rights	10,000.00	10,000.00
Issued, Subscribed and Fully Paid - up :		
40,000,000 equity shares of ₹ 10 each fully paid up with voting rights	4,000.00	4,000.00
Total	4,000.00	4,000.00

12 (a) Details of Shares held by each Shareholder holding more than 5% :

Name of the Shareholder	As at 31 st March, 2020		As at 31 st March, 2019	
	Number of Shares held	% Holding	Number of 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- 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 :

(₹ in Lakh)

Particulars	No of shares	(₹ in Lakh)
Balance as at 1st April, 2019	40,000,000	4,000
Add: Issue of Shares	-	-
Balance as at 31st March, 2020	40,000,000	4,000

12 (d) On 18th June, 2020, the Board of Directors of the Company have recommended a final dividend of ₹ 4.00 per share (PY ₹ 3 per share) in respect of the year ended 31st March, 2020, subject to approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 1,600.00 Lakh (PY ₹ 1446.66 Lakh, including dividend distribution tax of ₹ 246.66 Lakh).

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

NOTE 13 : OTHER EQUITY

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
General Reserve		
Balance at the beginning of the year	36,312.82	36,312.82
Add: Transferred from retained earning	-	-
Balance as at the end of the year	36,312.82	36,312.82
Retained Earnings		
Balance at the beginning of the year	26,062.74	17,674.65
Profit for the year	10,841.16	9,593.64
Less: Dividend (Refer Note 12(d))	(1,200.00)	(1,000.00)
Dividend Distribution Tax (Refer Note 12(d))	(246.66)	(205.55)
Balance as at the end of the year	35,457.24	26,062.74
Other Comprehensive Income		
Balance at the beginning of the year	(129.84)	(76.87)
Other comprehensive income for the year	82.96	(52.97)
Balance as at the end of the year	(46.88)	(129.84)
Total	71,723.18	62,245.72

NOTE 14 : OTHER FINANCIAL LIABILITIES (NON-CURRENT)

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Others:		
Incentive payable to employees	273.19	105.19
Total	273.19	105.19

NOTE 15 : TRADE PAYABLES

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Amounts due to micro enterprise and small enterprises*	99.62	80.20
Others	1,737.87	1,051.56
Total	1,837.49	1,131.76

* 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:

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Amounts due to micro enterprise and small enterprises*	99.62	80.20
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.	-	-
Total	99.62	80.20

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

NOTE 16 : OTHER FINANCIAL LIABILITIES (CURRENT)

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Security deposit received from customers / depository participants	5,140.66	4,174.06
Payables on purchase of property, plant and equipment, intangible assets	6.74	7.80
Payable to Investor Protection Fund Trust (Refer Note 31)	546.37	561.23
Payable on redemption of NSC/KVP and government securities	522.02	1,046.16
Payables to staff	898.86	800.66
Gratuity payable to Fund (Refer Note 29)	154.71	276.78
Annual custody charges payable	19.44	37.84
Total	7,288.80	6,904.53

NOTE 17 : PROVISIONS

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Provision for Employee Benefit		
Provision for compensated absences	836.12	676.99
Other Provision		
Provision for investor awareness (Refer Note 32)	1,893.51	1,440.51
Total	2,729.63	2,117.50

NOTE 18 : OTHER CURRENT LIABILITIES

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Advances from customers	3,415.51	3,100.51
Income received in advance	139.40	221.03
Statutory remittances	483.00	457.22
Others*	0.21	-
Total	4,038.12	3,778.76

* Includes balances with related parties - Refer Note 26

NOTE 19 : REVENUE FROM OPERATIONS

(₹ in Lakh)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Annual fees	1,271.39	1,074.61
Custody fees	12,054.16	9,499.87
Transaction fees	11,242.10	10,781.36
Software license fees	29.99	25.34
Communication fees	333.33	314.30
Other operating income	27.58	32.08
Total	24,958.55	21,727.56

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

NOTE 20 : OTHER INCOME

(₹ in Lakh)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Interest income :		
i) On non-current investments	2,452.02	2,718.89
ii) On fixed deposits with banks	131.18	98.52
iii) On overdue trade receivables	167.78	201.45
Sub-total	2,750.98	3,018.86
Dividend income from current Investments	163.79	316.38
Fair value gain on investments in mutual funds	985.43	306.78
Profit on sale of investments	-	389.96
Bad debts recovered	43.02	113.59
Miscellaneous income	144.22	152.16
Total	4,087.44	4,297.73

NOTE 21 : EMPLOYEE BENEFITS EXPENSES

(₹ in Lakh)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Salaries and wages	4,860.15	4,007.69
Contribution to provident and other funds (Refer Note 29)	621.12	507.97
Staff welfare expenses	212.53	203.18
Deputation Cost	45.58	30.58
Total	5,739.38	4,749.42

NOTE 22 : OTHER EXPENSES

(₹ in Lakh)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Annual fees	266.88	234.07
Repairs and maintenance - system	2,806.91	2,236.23
Repairs and maintenance - premises	240.77	215.04
Repairs and maintenance - others	55.29	68.62
Insurance (Refer Note 28)	95.03	102.60
Power and fuel	223.62	248.51
Rent (net of recovery)	184.87	252.34
Communication expenses	1,176.48	1,144.47
Travelling and conveyance expenses	284.23	288.77
Legal and professional fees	613.69	360.12
Printing and stationery expenses	484.98	425.99
Rates and taxes	518.62	40.59
Corporate social responsibility expense (Refer Note 34)	249.01	255.01
Seminar and business promotion expenses	174.10	224.74
Payment to auditors (net of GST set-off) :		
a) Audit fees	17.65	16.20
b) Tax audit fees	2.55	2.40
c) Other services	9.30	8.40
	29.50	27.00

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

NOTE 22 : OTHER EXPENSES (CONTD.)

(₹ in Lakh)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Directors sitting fees	126.80	78.40
Provision for investor awareness (Refer Note 32)	453.00	409.84
Provision for doubtful trade receivables	274.91	362.48
Bad debts written off	-	74.78
Loss on sale of assets	0.05	
Miscellaneous expenses	257.55	208.42
Total	8,516.29	7,258.02

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. 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, and AY 2019-20 are ₹ 213.61 Lakh (Previous year ₹ 213.61 Lakh), ₹ 338.58Lakh (Previous year ₹ 338.58 Lakh), ₹ 519.60Lakh (Previous year ₹ 519.60 Lakh), ₹ 1,806.25 Lakh (Previous year ₹ 1,610.55 Lakh), and ₹ 805.84 Lakh (Previous year Nil) respectively. The Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary.

Commitments

- Estimated amount of capital contracts not provided for (net of advances) for the year ended 31st March, 2020 is ₹ 441.65 Lakh (Previous year ₹ 81.99 Lakh).

NOTE 24 : EMPLOYEE BENEFITS EXPENSES

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Travelling expenses	64.94	51.86
Membership fees	14.02	7.34
Professional fees	23.59	-
Total	102.55	59.20

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'.

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

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)	Key Managerial Personnel	Mr. G V Nageswara Rao, Managing Director and CEO

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

(₹ in Lakh)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
(i) Transactions during the year :		
I. Companies having Substantial Interest		
a) IDBI Bank Limited		
- Transaction fees	38.55	39.30
- Annual fees	11.33	36.03
- Annual custody fees	23.11	24.66
- Reimbursement of expenses	1.56	1.47
- Other operational income	-	0.04
- Interest Income on fixed deposit with bank	127.68	96.20
- Interest (waiver)/ income – other	2.14	10.55
- Miscellaneous expenses	0.43	0.32
- Dividend paid	313.20	261.00
b) National Stock Exchange of India Limited		
- Transaction fees	58.71	49.30
- Miscellaneous expenses	0.13	0.06
- Dividend paid	288.00	240.00
II. Subsidiary Companies		
a) NSDL Database Management Limited		
- Income	118.21	118.95
- Expense	9.66	169.37
- Reimbursement of expense	37.71	-
- Investment sold to subsidiary	-	1,165.64
b) NSDL Payments Bank		
- Investment In subsidiary	3,500.00	1,200.00
- Income	0.10	-
- Reimbursement of expenses	104.38	-
III. Key Managerial Personnel		
- Remuneration	350.28	319.04
(ii) (Payable)/Receivable at the end of the year :		
Companies having Substantial Interest		
a) IDBI Bank Limited		
- Security deposit payable	(30.00)	(30.00)
- Balance in current account	11.02	3,483.75
- FDs	846.75	-
- Trade receivables	21.94	22.96
b) National Stock Exchange of India Limited		
- Trade receivables	41.88	26.95

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

NOTE 26 : RELATED PARTY DISCLOSURES (CONTD.)

(₹ in Lakh)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Subsidiary Companies		
a) NSDL Database Management Limited -		
- Receivables (net)	46.80	53.45
b) - NSDL Payments Bank Limited -		
- Security deposit payable	1.50	-
- Payables (net)	0.17	97.96
Key Managerial Personnel		
a) Payable to key managerial person	254.48	174.98

Notes

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

NOTE 27 : LEASE LIABILITY

During the year ended 31st March 2020 the Company has adopted Ind AS 116 – “Leases” with effect from April 01, 2019 and applied the standard to its leases retrospectively. In accordance with the requirements of the standard, the lease liability at the present value of remaining lease payments at the date of initial application i.e. April 01, 2019 has been recognised and “Right of use assets” has been recognised at an amount equal to the “Lease liability” as at that date. In the Statement of Profit and Loss for the current period, the nature of expenses in respect of leases has changed from lease rent in previous periods to depreciation cost for “Right of use lease assets” and interest accrued on “Lease liability”. The Company has not restated the comparative information in this respect.

Statement showing movement in Lease Liabilities:

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
April 01, 2019	-	-
Add/(less): Agreements reassessed as lease contracts	163.39	-
As at April 01, 2019	163.39	-
Additions	51.11	-
Deductions/Adjustments	-	-
Finance cost accrued during the period	14.12	-
Payment of lease liabilities	97.61	-
Translation Difference	-	-
As at 31st March, 2020	131.01	-

Statement showing carrying value of Right of Use Assets:

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
As at 01 April, 2019	163.39	-
Additions	51.11	-
Deductions/Adjustments	-	-
Depreciation	85.33	-
As at 31st March, 2020	129.17	-

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

NOTE 27 : LEASE LIABILITY (CONTD.)

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

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Current lease liabilities	56.41	-
Non- Current lease liabilities	74.60	-

Statement showing agreement maturities of Lease Liabilities as at 31st March, 2020 on an undiscounted basis:

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Due for :		
Up to One year	37.00	-
One year to Five years	117.03	-
More than Five years	14.44	-
Total	168.47	-

Statement showing amount recognised in Statement of Profit and Loss:

(₹ in Lakh)

Particulars	FY 2019-20	FY 2018-19
Interest on lease liabilities	14.12	-
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	-	-
Total	14.12	-

Statement showing amount recognised in Statement of Cash Flows:

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Total cash outflow for leases	129.17	-

NOTE 28 : EXPENSES IN NOTE 22 HAS BEEN DISCLOSED NET OF RECOVERIES AS UNDER:

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Insurance	67.24	46.85

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

NOTE 29 : EMPLOYEE BENEFITS

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

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Provident fund	200.50	166.34
ESIC	1.40	1.50
Superannuation fund	142.68	128.60
Total	344.58	296.44

b) Gratuity

(i) Summary of Actuarial Assumptions

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Discount rate	6.82%	7.78%
Rate of return on plan assets	6.82%	7.78%
Salary escalation	7.00%	8.00%
Attrition rate	2.00%	2.00%
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

(ii) Reconciliation of Defined Benefit Obligation

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Liability at the beginning of the year	2,129.04	1,811.17
Interest cost	165.64	142.54
Current service cost	244.05	188.46
Benefits paid	(22.82)	(80.58)
Actuarial loss / (gain) on obligations	28.05	67.44
Liability at the end of the year	2,543.96	2,129.04

(iii) Reconciliation of Fair Value of Plan Assets

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Fair value of plan assets at the beginning of the year	1,852.26	1,638.66
Interest income	144.11	128.96
Contributions by the employer	276.78	172.51
Benefits paid	(22.82)	(80.58)
Actuarial (gain)/ loss on plan assets	138.92	(7.29)
Fair Value of Plan Assets at the end of the year	2,389.25	1,852.26

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

NOTE 29 : EMPLOYEE BENEFITS (CONTD.)

(iv) Amount recognised in Balance Sheet

Particulars	(₹ in Lakh)	
	As at 31 st March, 2020	As at 31 st March, 2019
Present value of funded obligation	(2,543.96)	(2,129.04)
Fair value of plan assets at the end of the year	2,389.25	1,852.26
Amount recognised in balance sheet	(154.71)	(276.78)

(v) Expenses recognised in Statement of Profit and Loss

Particulars	(₹ in Lakh)	
	As at 31 st March, 2020	As at 31 st March, 2019
Current service cost	244.05	188.46
Interest cost	21.53	13.58
Expenses recognised in the Statement of Profit and Loss	265.58	202.04

(vi) Expenses recognised in other Comprehensive Income

Particulars	(₹ in Lakh)	
	As at 31 st March, 2020	As at 31 st March, 2019
Actuarial (gain)/ loss on obligation	28.05	67.45
Actuarial (gain)/loss on plan assets	(138.92)	7.29
Net (Income)/Expense for the period recognised in OCI	(110.87)	74.74

(vii) Balance Sheet Reconciliation

Particulars	(₹ in Lakh)	
	As at 31 st March, 2020	As at 31 st March, 2019
Opening net liability	276.78	172.51
Expenses recognised in statement of profit and loss	265.58	202.04
Expenses recognised in OCI	(110.87)	74.74
Employers contribution	(276.78)	(172.51)
Amount recognised in Balance Sheet	154.71	276.78

(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 ₹ 252.98 Lakh (Previous year ₹ 215.30 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:

Particulars	(₹ in Lakh)	
	Increase in Assumption	Decrease in Assumption
Discount rate (1% movement)	(246.71)	290.68
Future salary appreciation (1% movement)	287.24	(248.47)
Attrition rate (1% movement)	(9.93)	10.56

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

NOTE 29 : EMPLOYEE BENEFITS (CONTD.)

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

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

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

NOTE 30 : EARNINGS PER SHARE

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Profit for the year attributable to the equity shareholders (₹ in Lakh)	10,841.16	9,593.64
Weighted average number of equity shares during the year	40,000,000	40,000,000
Basic and diluted earnings per share (₹)*	27.10	23.98
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, 2020 works out to ₹ 518.53 Lakh (Previous year ₹ 429.11 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 07 June, 2016 issued guidelines for utilisation 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 ₹ 622.68 Lakh (Previous year ₹ 1,168.65 Lakh) to NSDL IPF Trust for the year ended 31st March, 2020. The amount as at 31st March, 2020 includes contribution to IPF for the year ended 31st March, 2020, 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 09 December, 2015 (the "Circular") has revised the annual custody/issuer charges to be collected by the depositories from the issuers with effect from financial year 2015-16. The Circular has also directed the depositories to set aside 20% of the incremental revenue received from the issuers listed with SEBI.

Pursuant to the Circular, the Company has set aside ₹ 453.00 Lakh (Previous year ₹ 409.84 Lakh) being 20% of incremental revenue on issuer income for year ended 31st March, 2020.

Particulars	(₹ in Lakh)	
	As at 31 st March, 2020	As at 31 st March, 2019
Opening Balance	1,440.51	1,030.67
Addition	453.00	409.84
Utilisation	-	-
Closing Balance	1,893.51	1,440.51

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

NOTE 33 : EXCEPTIONAL ITEM

During the financial year 2018-19, SEBI has directed the Company to refund System Driven Disclosure fees of ₹ 807.88 Lakh charged to the issuers of securities during financial year ended 31st March, 2017. Consequently, the Company reversed the income from system driven disclosure fees net of GST.

NOTE 34 : EXPENSES TOWARDS CORPORATE SOCIAL RESPONSIBILITY

(₹ in Lakh)

Sr. No.	Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
a)	Gross amount required to be spent by the company during the year.	248.34	244.85
b)	Amount spent during the period on:	249.01	255.01

(₹ in Lakh)

As at 31st March, 2020

Sr. No.	Particulars	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

As at 31st March, 2019

Sr. No.	Particulars	In Cash/Cheque/ Transfer	Yet to be spent	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	255.01	-	255.01

NOTE 35 : FAIR VALUE MEASUREMENT

(₹ in Lakh)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Financial Assets		
a) Amortised Cost*		
Investments in debt instrument	39,553.33	34,588.50
Trade receivables	7,450.04	6,480.30
Cash and cash equivalents	1,071.23	3,803.20
Other bank balances	522.02	1,046.15
Other financial assets	811.80	726.61
	49,408.42	46,644.76
b) FVTPL		
Investment in mutual funds	18,992.53	15,745.49
	18,992.53	15,745.49
c) At cost		
Investment in subsidiaries	19,105.00	15,605.00
	19,105.00	15,605.00
Total	87,505.95	77,995.25
Financial Liabilities		
a) Amortised Cost*		
Trade payables	1,837.49	1,131.76
Lease liability	131.01	-
Other financial liabilities	7,561.99	7,009.72
Total	9,530.49	8,141.48

*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 Financial Statements (contd.)

for the Year ended 31st March, 2020

NOTE 35 : FAIR VALUE MEASUREMENT (CONTD.)

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

(₹ in Lakh)			
<i>Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at 31st March, 2020</i>	Fair value	Carrying value	Fair value hierarchy
Financial Assets			
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
Total	50,610.02	49,408.42	
Financial Liabilities			
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
Total	9,530.49	9,530.49	

(₹ in Lakh)			
<i>Assets and liabilities which are measured at amortised cost for which fair values are disclosed As at 31st March, 2019</i>	Fair value	Carrying value	Fair value hierarchy
Financial Assets			
Investments in debt instrument	36,511.01	34,588.50	Level 2
Trade receivables	6,480.30	6,480.30	Level 3
Cash and cash equivalents	3,803.20	3,803.20	Level 3
Other bank balances	1,046.15	1,046.15	Level 3
Other financial assets	726.61	726.61	Level 3
Total	48,567.27	46,644.76	
Financial Liabilities			
Trade payables	1,131.76	1,131.76	Level 3
Lease liability	-	-	Level 3
Other financial liabilities	7,009.72	7,009.72	Level 3
Total	8,141.48	8,141.48	

NOTE 36 : FINANCIAL INSTRUMENTS

Capital Risk Management

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

Financial Risk Management

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

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

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

NOTE 36 : FINANCIAL INSTRUMENTS (CONTD.)

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.

(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 31 st March, 2020	As at 31 st March, 2019
Mutual Fund	17,969.00	15,745.49
Exchange traded Fund	1,023.53	-
Total	18,992.53	15,745.49

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 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Increase by 5%	949.63	787.27	-	-
Decrease by 5%	(949.63)	(787.27)	-	-

Notes to the Financial Statements (contd.)

for the Year ended 31st March, 2020

NOTE 37 : INCOME TAX EXPENSES RECOGNISED IN STATEMENT OF PROFIT AND LOSS

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

Particulars	(₹ in Lakh)	
	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Profit Before Tax from Continuing Operations	13,781.32	12,487.48
Corporate tax expense rate	25.17%	29.12%
Tax on accounting profit	3,468.76	3,636.35
Effect of tax on income exempt from taxation	(673.60)	(867.95)
Effect of expenses not deductible in determining taxable income	267.44	284.48
Effect of different tax rates for capital gain on investments	(175.61)	(159.13)
Effect on deferred tax due to change in Income tax rate	53.17	-
Income Tax Expense recognised in Statement of Profit and Loss	2,940.16	2,893.84

NOTE 38 : The outbreak of COVID-19 pandemic across the globe and India has contributed to a significant volatility in the global and Indian financial markets and slowdown in the economic activities. The Government of India have introduced a variety of measures to contain the spread of the virus including countrywide 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 18th June, 2020.

In terms of our report attached.
For DELOITTE HASKINS & SELLS
 Chartered Accountants

Sd/-
Pallavi A. Gorakshakar
 Partner

Place : Mumbai
 Date : 18th June, 2020

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/-
Prasad Poojary
 Company Secretary
 A26056

Independent Auditor's Report

To The Members Of

National Securities Depository Limited

Report On The Audit Of The Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **National Securities Depository Limited** ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") , which comprise the Consolidated Balance Sheet as at March 31, 2020, 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 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

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

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, but does not include the consolidated financial statements 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 the 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting

Independent Auditor's Report (Contd.)

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.

Other Matters

- (a) We did not audit the financial statements / financial information of two subsidiaries, whose financial statements / financial information reflect total assets of ₹ 35,139.01 lakh as at 31 March, 2020, total revenues of ₹ 7,660.05 lakh and net cash inflows amounting to ₹ 1,044.31 lakh for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Independent Auditor's Report (Contd.)

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements/ financial information of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Parent as on 31 March, 2020 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, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary companies. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies.

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

Sd/-
Pallavi A. Gorakshakar
 Partner
 (Membership No. 105035)
 (UDIN: 20105035AAAADT4904)
 Mumbai, June 18, 2020

Annexure “A” to the Independent Auditor’s Report

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31st March, 2020, we have audited the internal financial controls over financial reporting of National Securities Depository Limited (hereinafter referred to as “the Parent”) and its subsidiary companies, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating

effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary companies, have,

Annexure “A” to the Independent Auditor’s Report (Contd.)

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, 2020, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two

subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

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

Sd/-
Pallavi A. Gorakshakar
 Partner
 (Membership No. 105035)
 (UDIN: 20105035AAAADT4904)
 Mumbai, June 18, 2020

Consolidated Balance Sheet

as at 31st March, 2020

(₹ in Lakh)

Particulars	Notes	As at 31 st March, 2020	As at 31 st March, 2019
ASSETS			
Non-Current Assets			
a) Property, plant and equipment	3	2,446.41	2,003.46
b) Capital work-in-progress		27.25	16.26
c) Other intangible assets	3	1,807.27	1,605.22
d) Intangible asset under development		1,039.35	905.88
e) Right of use of assets	3	1,173.05	-
f) Financial assets			
i) Non-current investments	4	61,934.23	53,735.62
ii) Other financial assets	5	663.13	547.74
g) Deferred tax assets (net)	6(a)	343.61	392.01
h) Income tax assets (net)		668.11	636.27
i) Other non-current assets	7	1,488.96	605.87
Total Non-Current Assets		71,591.37	60,448.33
Current Assets			
a) Financial assets			
i) Current investments	8	14,475.97	9,839.11
ii) Trade receivables	9	8,128.02	7,175.28
iii) Cash and cash equivalents	10	2,913.82	4,601.48
iv) Bank balances other than (iii) above	11	7,646.50	8,413.88
v) Other financial assets	5	536.56	422.23
b) Other current assets	7	1,491.69	1,300.60
Total Current Assets		35,192.56	31,752.58
Total Assets		106,783.93	92,200.91
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	12	4,000.00	4,000.00
b) Other equity	13	80,674.24	69,525.16
Total Equity		84,674.24	73,525.16
Liabilities			
Non-Current Liabilities			
a) Financial liabilities			
i) Lease liability	28	960.78	-
ii) Other financial liabilities	14	273.19	105.19
b) Deferred tax liability (Net)	6(b)	121.96	53.85
c) Other non-current liabilities	15	18.03	11.95
d) Provisions	18	44.40	14.71
Total Non-Current Liabilities		1,418.36	185.70
Current Liabilities			
a) Financial liabilities			
i) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	16	233.70	171.24
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	16	2,434.83	1,533.15
ii) Lease liability	28	253.50	-
iii) Other financial liabilities	17	7,823.88	7,318.43
b) Provisions	18	2,904.72	2,262.55
c) Current tax liability (net)		1,105.09	1,718.67
d) Other current liabilities	19	5,935.61	5,486.01
Total Current Liabilities		20,691.33	18,490.05
Total Liabilities		22,109.69	18,675.75
Total Equity and Liabilities		106,783.93	92,200.91
See accompanying notes to the Consolidated Financial Statements	1 to 40		

In terms of our report attached.

For DELOITTE HASKINS & SELLS

Chartered Accountants

Sd/-
Pallavi A. Gorakshakar
Partner

Place : Mumbai
Date : 18th June, 2020

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/-
Prasad Poojary
Company Secretary
A26056

Consolidated Statement of Profit and Loss

for the Year ended 31st March, 2020

(₹ in Lakh)

Particulars	Notes	Year ended 31 st March, 2020	Year ended 31 st March, 2019
INCOMES			
Revenue from operations	20	32,606.96	29,146.58
Other income	21	5,328.47	4,954.65
Total Income		37,935.43	34,101.23
EXPENSES			
Employee benefits expense	22	7,344.16	6,043.95
Depreciation and amortisation expense	3	1,283.00	693.99
Finance cost	28	109.66	-
Contribution to investor protection fund	32	518.53	429.11
Other expenses	23	12,458.72	11,389.11
Total Expenses		21,714.07	18,556.16
Profit before Exceptional Items		16,221.36	15,545.07
Exceptional items	34	-	807.88
Profit before Tax		16,221.36	14,737.19
Tax Expense			
Current tax		3,628.64	3,719.39
Deferred tax	6	116.51	(70.42)
Total Tax Expenses		3,745.15	3,648.97
Profit after Tax		12,476.21	11,088.22
Other Comprehensive Income			
Items that will not be reclassified to profit or loss :			
i) Actuarial gain/(loss) on post retirement benefit plans		155.71	(77.14)
ii) Income tax relating to items that will not be reclassified to profit or loss		(36.18)	24.35
Total Other Comprehensive Income		119.53	(52.79)
Total Comprehensive Income for the year		12,595.74	11,035.43
Basic and Diluted earnings per equity share of ₹ 10 each	31	31.19	27.72
See accompanying notes to the Consolidated Financial Statements	1 to 40		

In terms of our report attached.
For DELOITTE HASKINS & SELLS
 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 : 18th June, 2020

Sd/-
Chandresh Shah
 Chief Financial Officer

Sd/-
Prasad Poojary
 Company Secretary
 A26056

Consolidated Statement of Cash Flows

for the Year ended 31st March, 2020

(₹ in Lakh)

Particulars	For the Year ended 31 st March, 2020	For the Year ended 31 st March, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	16,221.36	14,737.19
Adjustments for :		
Depreciation and amortisation expense	1,283.00	693.99
Interest expense	108.57	-
Provision for compensated absences	218.86	107.09
Provision for investor awareness	453.00	409.84
Provision for doubtful trade receivables	273.58	369.00
Bad debts written off	23.24	82.96
Contribution to investor protection fund	518.53	429.11
Rent paid	(434.69)	-
Fair value gain on investments in mutual funds	(1,325.52)	(493.40)
Dividend income from current investments	(163.79)	(316.38)
Loss / (Profit) on sale of property, plant and equipment	9.80	-
Profit on sale of investments	-	(285.67)
Interest income	(3,339.95)	(4,048.51)
Operating Profit before Working Capital Changes	13,845.99	11,685.22
Changes in Working Capital :		
(Increase) / decrease other assets	(182.37)	(497.47)
(Increase) / decrease other financial assets	(242.03)	(91.64)
(Increase) / decrease trade receivables	(1,249.56)	(2,590.49)
Increase / (decrease) trade payables	964.14	(494.99)
Increase / (decrease) other financial liabilities	586.27	637.91
Increase / (decrease) provisions	119.53	0.01
Increase / (decrease) other liabilities	455.68	488.65
Cash generated from Operations	14,297.65	9,137.20
Net income tax paid	(4,274.06)	(3,305.42)
Net Cash generated from Operating Activities (A)	10,023.59	5,831.78
B. Cash Flow from Investing Activities		
Capital expenditure on property, plant and equipment, intangible assets, capital advance	(2,502.59)	(2,122.19)
Bank balances not considered as cash and cash equivalents		
i) Placed	(7,124.48)	(7,367.73)
ii) Matured	7,367.73	7,828.85
Purchase of non-current investments	(8,208.88)	(12,916.81)
Sale / Redemption of non-current investments	10.27	2,299.05
Proceeds / (Purchase) of current investments (Net)	(3,311.34)	1,163.74
Dividend received from current investments	163.79	316.38
Interest received	3,340.91	3,917.04
Net Cash used in Investing Activities (B)	(10,264.59)	(6,881.67)

Consolidated Statement of Cash Flows (contd.)

for the Year ended 31st March, 2020

(₹ in Lakh)

Particulars	For the Year ended 31 st March, 2020	For the Year ended 31 st March, 2019
C. Cash Flow from Financing Activities		
Dividend paid	(1,200.00)	(1,000.00)
Dividend distribution tax paid	(246.66)	(205.55)
Net Cash used in Financing Activities (C)	(1,446.66)	(1,205.55)
Net decrease in Cash and Cash Equivalents (A+B+C)	(1,687.66)	(2,255.44)
Cash and Cash Equivalents at the beginning of the year	4,601.48	6,856.92
Cash and Cash Equivalents at the end of the year (Refer Note 10)	2,913.82	4,601.48
See accompanying notes to the Consolidated Financial Statements 1 to 40		

In terms of our report attached.
For DELOITTE HASKINS & SELLS
 Chartered Accountants

Sd/-
Pallavi A. Gorakshakar
 Partner

Place : Mumbai
 Date : 18th June, 2020

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/-
Prasad Poojary
 Company Secretary
 A26056

Consolidated Statement of changes in Shareholder's Equity

for the Year ended 31st March, 2020

A. Equity Share Capital	(₹ in Lakh)
As at 1 st April, 2018	4,000.00
Changes in equity share capital during the year (Note 12)	-
As at 31 st March, 2019	4,000.00
Changes in equity share capital during the year (Note 12)	-
As at 31 st March, 2020	4,000.00

B. Other Equity (₹ in Lakh)

Particulars	Reserves and Surplus		Other Comprehensive Income	Total
	General Reserve	Retained Earnings	Actuarial Gains / (Losses)	
Balance as at 1 st April, 2018	36,312.82	23,463.09	(80.63)	59,695.28
Profit after tax	-	11,088.22	-	11,088.22
Dividends (including dividend distribution tax)	-	(1,205.55)	-	(1,205.55)
Other Comprehensive Income	-	-	(52.79)	(52.79)
As at 31 st March, 2019	36,312.82	33,345.76	(133.42)	69,525.16
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
As at 31 st March, 2020	36,312.82	44,375.31	(13.89)	80,674.24
See accompanying notes to the Consolidated Financial Statements	1 to 40			

In terms of our report attached.
For DELOITTE HASKINS & SELLS
 Chartered Accountants

Sd/-
Pallavi A. Gorakshakar
 Partner

Place : Mumbai
 Date : 18th June, 2020

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/-
Prasad Poojary
 Company Secretary
 A26056

Notes to Consolidated financial statements

for the Year ended 31st March, 2020

NOTE 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.

NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES:

2.1. Statement of Compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has adopted Indian Accounting Standards (referred to as “Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015, with effect from 1st April, 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 1st April, 2015.

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

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

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

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

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

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

2.3. 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:

- 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:

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

Name of the Entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power either directly or indirectly at each reporting period covered under these Consolidated Financial Statements.
NSDL Database Management Limited	Subsidiary	India	National Securities Depository Limited	100%
NSDL Payments Bank Ltd.	Subsidiary	India	National Securities Depository Limited	100%

- 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. All other leases are classified as operating leases.

As a Lessee -

Effective from 1st April, 2019, the company has adopted Ind AS 116. At the date of commencement of the lease, the Company recognises 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 recognises 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 recognised 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 amortised 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 classified as financing cash flows.

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.

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

ii. Provident Fund:

Employees are entitled to receive benefits in respect of provident fund, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' basic salary).

Defined Benefit Plans

i. Gratuity:

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

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

ii. Other Employee Benefits:

Performance Incentive and Compensated Absences:

The amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the services. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

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

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

2.7. 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

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

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 amortisation 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 amortised 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.

2.12. Financial Instruments

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

2.13. Financial Assets

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

Financial assets are recognised by the 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 reorganisation.

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

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

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 of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments:

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

Financial Liabilities:

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

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

Derecognition of Financial Liabilities

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

2.15. 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. 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, 2020

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 (Refer Note 28)
	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, 2018	3,517.82	5,388.05	1,360.29	202.14	390.57	252.32	-	-	11,111.19	9,930.63	-	
Additions during the year	-	677.79	56.04	-	12.85	1.50	-	46.30	794.48	1,860.13	-	
Deductions	-	-	-	-	(0.36)	-	-	-	(0.36)	-	-	
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	

Accumulated Depreciation and Amortisation	Property, Plant and Equipment										Other Intangible Assets	Right of Use (Refer Note 28)
	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, 2018	3,033.70	4,631.62	1,267.68	186.61	322.91	223.82	-	-	9,666.34	9,727.39	-	
Depreciation / amortisation for the year	8.92	188.02	11.76	1.01	17.10	3.27	-	5.76	235.84	458.15	-	
Deductions	-	-	-	-	(0.33)	-	-	-	(0.33)	-	-	
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	

Net Block	Property, Plant and Equipment										Other Intangible Assets	Right of Use (Refer Note 28)
	Buildings	Computers	Data and Tele-Communication Equipment	Electrical Installations	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Vehicle	Total Tangible Assets	Computer Software (acquired)		
As at 31st March, 2019	475.20	1,246.20	136.89	14.52	63.38	26.73	-	40.54	2,003.46	1,605.22	-	
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	

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

NOTE 4 : NON-CURRENT INVESTMENTS

(₹ in Lakh)

Particulars	Rate of Interest (%)	Year of Maturity	Nos.	Face Value / NAV (₹)	As at 31 st March, 2020	As at 31 st March, 2019
(a) Investment in Debentures or Bonds (at amortised cost)						
1 India Infrastructure Finance Company Limited	9.41	2037	3	1,000,000	35.12	35.20
2 Power Finance Corporation of India Limited *	7.35	2035	50,000	1,000	527.72	527.90
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	431.80	432.66
7 Housing and Urban Development Corporation Limited*	8.76	2034	5,000	1,000	55.09	55.24
8 India Infrastructure Finance Company Limited*	8.66	2034	70,000	1,000	871.00	878.15
9 India Infrastructure Finance Company Limited *	8.66	2034	30,000	1,000	343.01	344.61
10 NTPC Limited*	8.66	2033	92,899	1,000	1,150.03	1,158.39
11 NHPC Ltd*	8.67	2033	49,420	1,000	615.44	618.99
12 India Infrastructure Finance Company Limited*	7.40	2033	50,000	1,000	558.86	561.38
13 NHPC Limited *	8.67	2033	10,000	1,000	120.24	120.73
14 India Infrastructure Finance Company Limited *	7.40	2033	50,000	1,000	558.81	561.42
15 National Highway Authority of India Limited *	7.35	2031	189,883	1,000	2,161.24	2,168.56
16 Indian Renewable Energy Development Agency Limited*	7.49	2031	50,000	1,000	510.46	510.55
17 National Bank for Agriculture and Rural Development*	7.35	2031	440,010	1,000	4,809.00	4,834.65
18 Indian Railway Finance Corporation Limited *	7.35	2031	99,000	1,000	1,096.30	1,100.39
19 Housing and Urban Development Corporation Limited*	7.39	2031	100,000	1,000	1,142.62	1,150.14
20 National Highway Authority of India *	7.35	2031	28,313	1,000	303.94	303.88
21 National Highway Authority of India *	7.35	2031	50,000	1,000	567.28	569.09
22 National Bank For Agriculture And Rural Development *	7.35	2031	120,000	1,000	1,303.97	1,309.79
23 Indian Railway Finance Corporation Limited *	7.28	2030	11,074	1,000	126.24	126.97
24 National Highway Authority of India *	7.28	2030	50	1,000,000	543.16	543.48
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	1,626.92	1,636.89
27 Indian Railway Finance Corporation Limited *	8.40	2029	63,000	1,000	727.80	730.94
28 Indian Railway Finance Corporation Limited *	8.63	2029	40,000	1,000	448.25	449.26
29 National Housing Bank *	8.68	2029	20,000	5,000	1,000.68	1,012.55
30 NHPC Ltd*	8.54	2028	81,428	1,000	961.62	967.11
31 Power Finance Corporation of India Limited *	8.46	2028	40	1,000,000	420.33	420.17
32 Rural Electrification Corporation Limited * (Addition of 50,000 bond during the year)	8.46	2028	60,000	1,000	709.37	102.90
33 Rural Electrification Corporation Limited * (Addition of 100 bond during the year)	8.46	2028	157	1,000,000	1,876.22	644.46
34 Indian Railway Finance Corporation Limited *	8.48	2028	100	1,000,000	1,156.10	1,162.28
35 Indian Railway Finance Corporation Limited *	7.34	2028	60,000	1,000	626.38	626.70

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

NOTE 4 : NON-CURRENT INVESTMENTS (CONTD.)

(₹ in Lakh)

Particulars	Rate of Interest (%)	Year of Maturity	Nos.	Face Value / NAV (₹)	As at 31 st March, 2020	As at 31 st March, 2019
36 India Infrastructure Finance Company Limited*	8.26	2028	80	1,000,000	891.00	894.95
37 National Housing Bank *	8.46	2028	90	1,000,000	1,021.42	1,027.52
38 Housing and Urban Development Corporation Limited*	8.56	2028	20	1,000,000	238.57	241.00
39 Housing and Urban Development Corporation Limited *	8.56	2028	100	1,000,000	1,126.77	1,133.27
40 Housing and Urban Development Corporation Limited *	8.51	2028	50,000	1,000	558.34	561.65
41 National Housing Bank *	8.46	2028	50	1,000,000	593.75	599.85
42 NTPC Limited*	8.48	2028	100,000	1,000	1,188.31	1,202.10
43 National Highway Authority of India Limited *	8.30	2027	140,000	1,000	1,521.26	1,527.80
44 Power Finance Corporation of India Limited *	8.30	2027	50,000	1,000	531.37	532.33
45 Indian Railway Finance Corporation Limited *	7.38	2027	100	1,000,000	1,139.93	-
46 Indian Railway Finance Corporation Limited *	8.10	2027	50,000	1,000	582.57	589.72
47 Rural Electrification Corporation Limited * (Addition of 50,000 bond during the year)	8.12	2027	100,000	1,000	1,182.55	589.48
48 NTPC Limited*	7.15	2025	21	1,000,000	219.44	219.40
49 IDFC Limited*	9.03	2025	5	1,000,000	55.62	55.57
50 IDFC Limited*	8.80	2025	4	1,000,000	42.35	42.32
51 Indian Renewable Energy Development Agency Limited*	7.17	2025	60	1,000,000	622.13	624.13
52 Rural Electrification Corporation Limited *	7.17	2025	50	1,000,000	546.06	-
53 HDB Financial Services Limited	10.19	2024	1	1,000,000	10.25	10.29
54 Housing and Urban Development Corporation Limited*	8.51	2024	50,000	1,000	546.78	555.06
55 Indian Railway Finance Corporation Limited *	7.18	2023	75,000	1,000	786.03	789.12
56 NTPC Limited*	8.41	2023	150,000	1,000	1,639.44	1,667.66
57 Power Finance Corporation of India Limited *	7.19	2023	100,000	1,000	1,054.93	-
58 NTPC Limited*	8.41	2023	50,000	1,000	547.70	555.90
59 Rural Electrification Corporation Limited *	7.21	2022	10	1,000,000	103.14	103.26
60 Housing and Urban Development Corporation Limited*	8.10	2022	60,000	1,000	605.77	606.85
61 Power Finance Corporation of India Limited *	7.21	2022	50	1,000,000	531.06	-
62 Power Finance Corporation of India Limited *	8.20	2022	90,000	1,000	946.94	952.86
63 National Highway Authority of India Limited *	8.20	2022	100,000	1,000	1,057.66	1,065.63
64 Rural Electrification Corporation Limited *	7.93	2022	90,000	1,000	967.63	973.82
65 Indian Railway Finance Corporation Limited *	8.00	2022	60,000	1,000	626.88	629.17
66 Power Grid Corporation of India Limited	9.64	2021	32	1,250,000	439.47	438.84
67 Power Finance Corporation of India Limited *	7.51	2021	600	100,000	620.39	620.02
Sub-total					50,317.92	44,862.41
(b) Investment in Mutual Funds (at FVTPL)						
1 Reliance Fixed Horizon Fund XXXVIII – Series 5			5,000,000	11.50	574.99	533.56
2 Sundaram Fixed Term Plan-IK 1098 DAYS			5,000,000	11.72	586.13	536.45
3 Kotak FMP Series 235 - 1140 Days			5,000,000	11.75	587.72	536.72
4 Franklin India FMP SR 4 PL F (1286 Days)			10,000,000	11.65	1,165.25	1,062.40
5 Reliance Fixed Horizon Fund XXXIX – Series 9			10,000,000	11.70	1,169.84	1,063.48
6 Kotak FMP Series 248			10,000,000	11.72	1,172.21	1,065.46
7 Sundaram Fixed Term Plan - IS 1120 Days			5,000,000	11.05	552.57	502.50

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

NOTE 4 : NON-CURRENT INVESTMENTS (CONTD.)

(₹ in Lakh)

Particulars	Rate of Interest (%)	Year of Maturity	Nos.	Face Value / NAV (₹)	As at 31 st March, 2020	As at 31 st March, 2019
8 SBI Debt fund series C 49			10,000,000	10.82	1,103.06	1,004.10
9 SBI Debt fund series C 50			10,000,000	10.77	1,099.46	1,000.00
10 Kotak FMP Series 267			5,000,000	11.03	551.27	500.00
11 Franklin India Fixed Maturity Plans-Series 4 Plan B 1098 days			5,000,000	11.64	581.78	531.83
12 Kotak Mahindra MF FMP Series 235 -1140D Dir Growth 26Ag21			5,000,000	11.75	587.72	536.71
13 SBI Mutual Fund Series 8 (1178 Days)			5,000,000	10.83	541.43	-
14 SBI Mutual Fund Series 14 (1102 Days)			3,000,000	10.65	319.37	-
Sub-total					10,592.79	8,873.21
(c) Investment in ETF Bonds (at FVTPL)						
1 Edelweiss Bharat Bond ETF		2023	100,000	1,000	1,023.53	-
Total					61,934.23	53,735.62
* Investment in tax free bonds						
Aggregate amount of quoted investment					61,934.23	53,735.62
Aggregate market value of quoted investment					65,806.65	56,772.28
Aggregate amount of unquoted investments					-	-

NOTE 5 : OTHER FINANCIAL ASSETS

(₹ in Lakh)

Particulars	As at 31 st March, 2020		As at 31 st March, 2019	
	Non-Current	Current	Non-Current	Current
Security deposits	632.85	217.72	514.32	202.72
Interest accrued on investments	-	-	-	0.24
Interest accrued on fixed deposits	5.16	137.21	3.21	139.88
Deposits with maturity of more than twelve months	25.00	-	30.00	-
Others	0.12	181.63	0.21	79.39
Total	663.13	536.56	547.74	422.23

NOTE 6(a) : DEFERRED TAX ASSET (NET)

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Deferred Tax Asset :		
Property, plant and equipment	-	23.03
Lease Liability (Refer Note 28)	0.46	-
Employee benefits	228.44	214.54
Provision for doubtful debts / advances	170.14	116.79
Other	-	37.65
	399.04	392.01
Less: Deferred Tax Liability :		
Property, plant and equipment	55.43	-
	55.43	-
Net Deferred Tax Asset	343.61	392.01

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

The movement in Deferred Tax Asset and Liabilities:

(₹ in Lakh)

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

*The Taxation Laws (Amendment) Ordinance 2019, has inserted section 115BAA in the Income Tax Act, 1961, providing existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. The reduced tax rates come with consequential surrender of specified deductions/ incentives. The option needs to be exercised within the prescribed time for filing the return of income under section 139(1) of the Income Tax Act, 1961, for assessment year (AY) 2020-21 or subsequent AYs. Once exercised, such option cannot be withdrawn for the same or subsequent AYs.

These financial statements are prepared on the basis that the Company would avail the option to pay income tax at the lower rate. Consequently, the opening deferred tax asset has been measured at the lower rate and the consolidated tax expenses include a total tax debit of ₹45.87 lakh.

The movement in Deferred Tax Asset and Liabilities:

(₹ in Lakh)

Particulars	As at 1 st April, 2018	Credited / (Charged) to Statement of Profit and Loss	As at 1 st April, 2019
Deferred Tax Asset :			
Property plant and equipment	57.98	(34.95)	23.03
Employee Benefit	186.76	27.78	214.54
Provision for doubtful debts / advances	11.23	105.56	116.79
Other	37.65	-	37.65
	293.62	98.39	392.01
Less: Deferred Tax Liability :	-	-	-
	-	-	-
Net Deferred Tax Asset	293.62	98.39	392.01

NOTE 6(b) : DEFERRED TAX LIABILITY

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Deferred Tax Liability :		
Property, plant and equipment	25.22	24.15
Fair value gain on investments	142.45	72.63
	167.67	96.78
Less: Deferred Tax Asset :		
Employee benefits	35.33	41.03
Provision for doubtful debts	2.76	1.90
Lease Liability (Refer Note 28)	7.62	-
	45.71	42.93
Net Deferred Tax Liability	121.96	53.85

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

The movement in Deferred Tax Liabilities and Asset:

(₹ in Lakh)

Particulars	As at 1 st April, 2019	Credited / (Charged) to Statement of Profit and Loss*	As at 31 st March, 2020
Deferred Tax Liability :			
Property, plant and equipment	24.15	1.07	25.22
Fair value gain on investments	72.63	69.82	142.45
	96.78	70.89	167.67
Less: Deferred Tax Asset :			
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
	42.93	2.78	45.71
Net Deferred Tax Liability	53.85	68.11	121.96

The movement in Deferred Tax Liabilities and Asset:

(₹ in Lakh)

Particulars	As at 1 st April, 2018	Credited / (Charged) to Statement of Profit and Loss	As at 1 st April, 2019
Deferred Tax Liability :			
Property, plant and equipment	42.99	(18.84)	24.15
Fair value gain on investments	17.49	55.14	72.63
	60.48	36.30	96.78
Less: Deferred Tax Asset :			
Employee benefits	34.60	6.43	41.03
Provision for doubtful debts	-	1.90	1.90
	34.60	8.33	42.93
Net Deferred Tax Liability	25.88	27.97	53.85

NOTE 7 : OTHER ASSETS

(₹ in Lakh)

Particulars	As at 31 st March, 2020		As at 31 st March, 2019	
	Non-Current	Current	Non-Current	Current
Capital advances	1,345.08	-	453.27	-
Prepaid expenses	131.66	303.20	144.18	281.49
Expenses recoverable	-	61.21	-	31.48
GST credit receivable	-	1,116.64	-	985.80
Security deposits	3.25	-	2.90	-
Others	8.97	10.64	5.52	1.83
Total	1,488.96	1,491.69	605.87	1,300.60

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

NOTE 8 : CURRENT INVESTMENTS

(₹ in Lakh)

Particulars	Nos.	Face Value / NAV (₹)	As at 31 st March, 2020	As at 31 st March, 2019	
Investment in Debentures or Bonds (at amortised cost)					
1	Tata Capital Financial Services Limited	2	1,000,000	-	10.27
	Sub-total			-	10.27
Other Current Investments :					
Investment in Mutual Funds (at FVTPL)					
1	Units of Axis Treasury Advantage Fund - Institutional Daily Dividend Reinvestment	-	-	-	707.31
2	Units of Axis Liquid Fund - Direct Growth	34,034	2,204.34	750.21	-
3	Units of IDFC Ultra Short Term Fund - Daily Dividend Reinvestment	-	-	-	700.37
4	Units of IDFC Liquid Fund	30,807	2,401.83	739.94	-
5	Units of Birla Sun Life Ultra Short Term Fund - Daily Dividend Reinvestment	-	-	-	725.54
6	Units of Birla Sunlife Liquid Fund - Direct Growth	276,601	319.56	883.91	-
7	Units of UTI Treasury Advantage Fund - Daily Dividend Reinvestment	70,122	948.56	665.15	698.70
8	Units of Axis Liquid Fund -Direct Plan- Daily Dividend	140	1,000.96	1.40	1.34
9	Units of IDFC Liquid Fund - Direct Plan - Daily Dividend	86	1,001.67	0.86	0.83
10	Units of HDFC Liquid Fund- Daily Dividend Reinvestment	65,106	1,019.82	663.97	637.81
11	Units of HDFC Liquid Fund- Direct Growth	7912.38	3,906.61	309.11	-
12	Units of ICICI Prudential Liquid Plan- Daily Dividend Reinvestment	-	-	-	641.72
13	Units of ICICI Prudential Liquid Fund Dir Growth	230,867	293.78	678.24	-
14	Units of IDBI Ultra Short Term Fund- Daily Dividend Reinvestment	83.846	1,031.19	0.86	0.83
15	Units of L & T Ultra Short Term fund- Daily Dividend Reinvestment	-	-	-	394.94
16	Units of L&T Liquid Fund - Direct Growth	28,696	2,721.63	780.99	-
17	Units of Peerless Liquid Fund - Daily Dividend Reinvestment	-	-	-	640.89
18	Units of Principal Debt Opportunity Conservative Fund-Daily Dividend Reinvestment	64,707	898.44	581.36	651.00
19	Units of UTI Liquid Fund - Daily Dividend Reinvestment	65,053	1,019.45	663.18	637.42
20	Units of L&T Banking & PSU debt fund	2,988,465	18.57	554.84	502.12
21	Units of Sundaram Corporate bond fund	3,767,812	29.39	1,107.45	1,000.00
22	Units of KOTAK Liquid Fund - Direct Growth	25,531	11.03	1,025.05	-
23	Units of HDFC Low Duration Fund *	922,772	44.21	407.94	377.08
24	Units of HDFC Medium Term Opportunities Fund-Direct Growth option	2,641,031	23.08	609.65	552.92
25	Units of IDFC Corporate Bond Fund - Direct Growth option	4,290,188	13.96	599.02	551.74
26	Units of ICICI Prudential Banking & PSU Debt fund-Direct Plan - Growth	1,297,752	23.64	306.84	-
27	Units of ICICI Prudential Banking & PSU Debt fund-Direct Plan - Growth	431,405	23.64	102.00	-
28	Units of Kotak Banking and PSU Debt Fund - Dir - Growth	862,482	47.65	410.94	-
29	Units of Nippon Liquid Fund	8,250	4,850.69	400.17	-

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

NOTE 8 : CURRENT INVESTMENTS (CONTD.)

(₹ in Lakh)

Particulars	Nos.	Face Value / NAV (₹)	As at 31 st March, 2020	As at 31 st March, 2019
30 Units of SBI Liquid Fund	6,435	3,109.02	200.07	-
31 Units of NIPPON BPSU - Dir - Growth	2,651,518	15.09	400.00	-
32 SBI Liquid Fund-Direct Growth	14,064	3,253.56	457.58	-
33 ICICI Prudential Overnight Fund-DP-Growth	407,267	107.75	438.82	-
Sub-total			13,739.54	9,422.56
Investments in Treasury Bills			736.43	406.28
Total			14,475.97	9,839.11

Note - The Repurchase Price / NAV has been considered as the Quoted Market Price

Aggregate amount of quoted investment			14,475.97	9,839.11
Aggregate market value of quoted investment			14,475.97	9,839.11
Aggregate amount of unquoted investments			-	-

*After scheme re-categorisation mandate of SEBI in 2018, schemes got merged and now there is no wholesale plan and retail plan, Pursuant to the scheme merger the group 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 31 st March, 2020	As at 31 st March, 2019
Trade receivables considered good - Secured,	187.93	480.65
Trade receivables considered good - Unsecured,	7,940.09	6,694.63
Unsecured, considered doubtful	686.92	413.35
	8,814.94	7,588.63
Less: Expected credit loss (Refer Note 2.15)	686.92	413.35
Total	8,128.02	7,175.28

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 31 st March, 2020	As at 31 st March, 2019
Balance at the beginning of the year	413.35	44.35
Provision during the year	281.80	369.17
Reversal during the year	8.23	0.17
Balance at the end of the year	686.92	413.35

NOTE 10 : CASH AND CASH EQUIVALENTS

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Cash on hand	0.55	0.53
Cheques on hand	21.46	-
Balances with banks:		
i) in current accounts	786.02	567.42
ii) in sweep fixed deposit	2,105.79	4,033.53
Total	2,913.82	4,601.48

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

NOTE 11 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Other bank balances:		
i) In current accounts*	522.02	1,046.15
ii) In other deposit accounts with original maturity more than 3 months	6,925.36	7,192.73
iii) Margin money deposits with a bank (earmarked as security for performance guarantee and other commitments)	199.12	175.00
Total	7,646.50	8,413.88

* These balances have restriction on repatriation.

NOTE 12 : EQUITY SHARE CAPITAL

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Authorised :		
100,000,000 equity shares of ₹ 10 each with voting rights	10,000.00	10,000.00
Issued, Subscribed and Fully Paid - up :		
40,000,000 equity shares of ₹ 10 each fully paid up with voting rights	4,000.00	4,000.00
Total	4,000.00	4,000.00

12 (a) Details of Shares held by each Shareholder holding more than 5% :

Name of the Shareholder	As at 31 st March, 2020		As at 31 st March, 2019	
	Number of Shares held	% Holding	Number of 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- 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:

(₹ in Lakh)

Particulars	No of shares	(₹ in Lakh)
Balance as at 1st April, 2019	40,000,000	4,000
Add: Issue of Shares	-	-
Balance as at 31st March, 2020	40,000,000	4,000

12 (d) On 18th June, 2020, the Board of Directors of the Company have recommended a final dividend of ₹ 4.00 per share (PY ₹ 3 per share) in respect of the year ended 31st March, 2020, subject to approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 1,600.00 lakh (PY ₹ 1446.66 lakh, including dividend distribution tax of ₹246.66 lakh).

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

NOTE 13 : OTHER EQUITY

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
General Reserve		
Balance at the beginning of the year	36,312.82	36,312.82
Add: Transferred from retained earning	-	-
Balance as at the end of the year	36,312.82	36,312.82
Retained Earnings		
Balance at the beginning of the year	33,345.76	23,463.09
Profit for the year	12,476.21	11,088.22
Less: Dividend (Refer Note 12(d))	(1,200.00)	(1,000.00)
Dividend distribution tax (Refer Note 12(d))	(246.66)	(205.55)
Balance as at the end of the year	44,375.31	33,345.76
Other Comprehensive Income		
Balance at the beginning of the year	(133.42)	(80.63)
Other comprehensive income for the year	119.53	(52.79)
Balance as at the end of the year	(13.89)	(133.42)
Total	80,674.24	69,525.16

NOTE 14 : OTHER FINANCIAL LIABILITIES (NON-CURRENT)

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Others:		
Incentive payable to employees	273.19	105.19
Total	273.19	105.19

NOTE 15 : OTHER NON-CURRENT LIABILITIES

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Others:		
Income received in advance	18.03	11.95
Total	18.03	11.95

NOTE 16 : TRADE PAYABLES

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Amounts due to micro enterprise and small enterprises*	233.70	171.24
Others	2,434.83	1,533.15
Total	2,668.53	1,704.39

* 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 Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

NOTE 16 : TRADE PAYABLES (CONTD.)

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

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Principal amount remaining unpaid to any supplier as at the end of the accounting period.	233.70	171.24
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.	-	-
Total	233.70	171.24

NOTE 17 : OTHER FINANCIAL LIABILITIES (CURRENT)

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Security deposit received from customers / depository participants	5,262.67	4,286.97
Payables on purchase of Property, plant and equipment, intangible assets	111.66	18.88
Payable to Investor Protection Fund Trust (Refer Note 32)	546.37	561.23
Payable on redemption of NSC/KVP and government securities	522.02	1,046.16
Payables to staff	1,144.78	1,046.53
Gratuity payable to Fund (Refer Note 30)	167.76	320.82
Annual custody charges payable	19.44	37.84
Others	49.18	-
Total	7,823.88	7,318.43

NOTE 18 : PROVISIONS

(₹ in Lakh)

Particulars	As at 31 st March, 2020		As at 31 st March, 2019	
	Non-current	Current	Non-current	Current
Provision for Employee Benefit				
Provision for compensated absences	44.40	1,011.21	14.71	822.04
Other Provision				
Provision for investor awareness (Refer Note 33)	-	1,893.51	-	1,440.51
Total	44.40	2,904.72	14.71	2,262.55

NOTE 19 : OTHER CURRENT LIABILITIES

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Advances from customers	4,370.84	3,913.58
Income received in advance	755.13	874.82
Statutory remittances	598.53	632.14
Other Payables	211.11	65.47
Total	5,935.61	5,486.01

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

NOTE 20 : REVENUE FROM OPERATIONS

(₹ in Lakh)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Annual fees	2,311.92	1,958.00
Custody fees	12,052.18	9,499.87
Registration fees	676.25	608.31
Transaction fees	16,572.53	16,166.78
Software license fees	29.99	25.34
Communication fees	333.33	314.30
Income from treasury activities	603.18	541.90
Other operating income	27.58	32.08
Total	32,606.96	29,146.58

NOTE 21 : OTHER INCOME

(₹ in Lakh)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Interest income :		
i) On non-current investments	3,149.13	3,327.80
ii) On fixed deposits with banks	190.82	178.82
iii) On overdue trade receivables	167.78	202.38
Sub-total	3,507.73	3,709.00
Dividend income from current Investments	163.79	316.38
Fair value gain on investments in mutual funds	1,325.52	493.40
Profit on sale of investments	-	285.67
Bad debts recovered	44.68	116.26
Rent recovery (Ind AS 116 - Leases)	49.66	-
Amounts written back*	208.36	-
Miscellaneous income	28.73	33.94
Total	5,328.47	4,954.65

*During the year one of the subsidiary has written back trade payable amounting to ₹ 208.36 lakh.

NOTE 22 : EMPLOYEE BENEFITS EXPENSES

(₹ in Lakh)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Salaries and wages	6,302.27	5,164.36
Contribution to provident and other funds (Refer Note 30)	741.96	592.20
Staff welfare expenses	257.73	245.70
Deputation Cost	42.20	41.69
Total	7,344.16	6,043.95

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

NOTE 23 : OTHER EXPENSES

(₹ in Lakh)

Particulars	Year ended		Year ended	
	31 st March, 2020		31 st March, 2019	
Annual fees		266.88		234.07
Repairs and maintenance - system		2,806.91		2,236.23
Repairs and maintenance - premises		252.38		221.66
Repairs and maintenance - others		443.86		321.00
System support charges		1,703.75		1,960.13
Insurance (Refer Note 29)		131.23		124.47
Processing charges		1,051.25		1,111.52
Power and fuel		223.62		248.51
Rent (net of recovery)		271.36		531.03
Communication expenses		1,223.74		1,187.27
Travelling and conveyance expenses		360.58		377.20
Legal and professional fees		740.21		417.20
Printing and stationery expenses		493.62		436.20
Rates and taxes		545.60		57.43
Corporate social responsibility expense (Refer Note 35)		301.71		301.64
Seminar and business promotion expenses		174.23		224.74
Payment to auditors (net of GST set-off) :				
(a) Audit fees	43.70		36.60	
(b) Tax audit fees	3.55		5.40	
(c) Taxation matters	1.50		-	
(d) Other services	15.60		5.85	
(e) Reimbursement of expenses (out of pocket expenses)	-	64.35	0.41	48.26
Directors sitting fees		216.78		141.05
Provision for investor awarness (Refer Note 33)		453.00		409.84
Provision for doubtful trade receivables		273.58		369.00
Bad debts written-off		23.24		82.96
Loss on sale of Assets / written off		0.25		-
Capital WIP written off		9.55		-
Marketing expenses		0.84		1.52
Miscellaneous expenses		426.20		346.18
Total		12,458.72		11,389.11

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. 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 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 ₹ 1,850.26), ₹ 295.94 lakh (Previous year Nil), and ₹ 805.84 lakh (Previous year Nil) 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 Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

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, 2020 is ₹ 568.08 lakh (Previous year ₹ 161.30 lakh).
- b) Other Commitments: Contractual guarantee: ₹ 199.12 lakh (Previous year ₹ 175 lakh)

NOTE 25 : EXPENDITURE IN FOREIGN CURRENCY:

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Travelling	71.75	54.86
Membership fees	15.16	7.34
Registration fees	-	2.74
Annual Fees	-	2.04
Professional fees	23.59	-
Network Connectivity charges	144.81	-
Total	255.31	66.98

NOTE 26 : SEGMENT REPORTING:

The Group's operating segments are established on the basis of those components of the group that are evaluated regularly by the Chief Operating Decision Maker (CODM), in deciding how to allocate resources and in assessing performance. The managing Director has been identified as the CODM.

The Operating segments have been identified taking into account nature of products and services, the differing risk and returns and the internal business reporting systems. The Group has two operating and reporting segments; viz. Depository and Database Management Services. Since the operations of the segments are in India, no geographical segments have been identified.

Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable"

Depository Segment (DP) includes providing various services to the investors like, dematerialisation, rematerialisation, holding, transfer and pledge of securities in electronic form, providing facility to market intermediaries for "Straight through Processing" and providing e-voting services to companies.

Database Management Services (DMS) includes data management services like National Skills Registry to IT / ITeS industry and transactions services like SEZ Online system on behalf of Ministry of Commerce & Industry, KYC registration agency (KRA) for centralisation of the KYC records in the securities market, operations pertaining to the Repository of Insurance Policies.

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

NOTE 26 : SEGMENT REPORTING: (CONTD.)

(₹ in lakh)

Particulars	For the year ended 31 st March, 2020				For the year ended 31 st March, 2019			
	Depository	Database Management	Banking Services	Total	Depository	Database Management	Banking Services	Total
Segment Revenue								
Revenue	24,956.57	7,047.21	603.18	32,606.96	21,727.56	6,877.12	541.90	29,146.58
Less: Inter segment revenue	-	-	-	-	-	-	-	-
Total	24,956.57	7,047.21	603.18	32,606.96	21,727.56	6,877.12	541.90	29,146.58
Segment Results	9,715.68	2,715.64	(1,430.10)	11,001.22	8,997.63	2,200.28	(726.44)	10,471.47
Add: Other unallocable income (net of unallocable expense)				1,822.07				1,364.60
Add: Interest income				3,507.73				3,709.00
Less: Finance cost				109.66				-
Less: Exceptional item				-				807.88
Profit Before Tax				16,221.36				14,737.19
Less: Tax expense				(3,745.15)				(3,648.97)
Profit for the year				12,476.21				11,088.22

(₹ in lakh)

Particulars	For the year ended 31 st March, 2020					For the year ended 31 st March, 2019				
	Depository	Database Management	Banking Services	Un-allocable	Total	Depository	Database Management	Banking Services	Un-allocable	Total
Segment Assets	13,844.52	2,860.30	4,714.45	85,364.66	106,783.93	13,734.79	1,912.30	3,239.97	73,313.85	92,200.91
Segment Liabilities	15,773.46	3,806.94	780.22	1,749.07	22,109.69	12,980.83	2,596.00	280.25	2,818.67	18,675.75
Capital Expenditure	1,703.45	232.39	566.75	-	2,502.59	1,079.31	190.08	852.83	-	2,122.22
Depreciation/Amortisation	476.35	303.20	503.45	-	1,283.00	293.38	81.12	319.49	-	693.99
Material non-cash items other than Depreciation/Amortisation	1,246.45	23.24	-	-	1,269.69	1,276.21	14.70	-	-	1,290.91

NOTE 27 : RELATED PARTY DISCLOSURES:

a) Names of Related Parties and Relationship:

(i)	IDBI Bank Limited	Company having substantial Interest
(ii)	National Stock Exchange of India Limited	Company having substantial Interest
(iii)	NSDL Database Management Limited	Wholly-owned subsidiary (control exists)
(iv)	NSDL Payments Bank Limited	Wholly-owned subsidiary (control exists)
(v)	Key Managerial Personnel	Mr. G V Nageswara Rao, Managing Director and CEO

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

(₹ in Lakh)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
(i) Transactions during the year :		
I. Companies having Substantial Interest		
a) IDBI Bank Limited		
- Transaction fees	38.55	39.30
- Annual fees	11.33	36.03
- Annual custody fees	23.11	24.66
- Reimbursement of expenses	1.56	1.47
- Other operational income	-	0.04
- Interest income on fixed deposit with bank	127.68	96.20

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

NOTE 27 : RELATED PARTY DISCLOSURES: (CONTD.)

(₹ in Lakh)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
- Interest (waiver)/ income – other	2.14	10.55
- Miscellaneous expenses	0.43	0.32
- Dividend paid	313.20	261.00
b) National Stock Exchange of India Limited		
- Transaction fees	58.71	49.30
- Miscellaneous expenses	0.13	0.06
- Dividend paid	288.00	240.00
III. Key Managerial Personnel		
- Remuneration	350.28	319.04
(ii) (Payable)/Receivable at the end of the year :		
Companies having Substantial Interest		
a) IDBI Bank Limited		
- Security deposit payable	(30.00)	(30.00)
- Balance in current account	11.02	3,483.75
- FDs	846.75	-
- Trade receivables	21.94	22.96
b) National Stock Exchange of India Limited		
- Trade receivables	41.88	26.95
Key Managerial Personnel		
a) Payable to key managerial person	254.48	174.98

Notes:

(i) There are no provisions for doubtful debts or amounts written off/written back in respect of dues from/to related parties.

(ii) Managerial Remuneration does not include provision made for compensated absence, leave travel allowance, gratuity since the same is determined at aggregate basis for the component based on independent actuarial valuation except to the extent of amount paid.

NOTE 28 : LEASE LIABILITY:

During the year ended 31st March, 2020 the Group has adopted Ind AS 116 – “Leases” with effect from 1st April, 2019 and applied the standard to its leases retrospectively. In accordance with the requirements of the standard, the lease liability at the present value of remaining lease payments at the date of initial application i.e. 1st April, 2019 has been recognised and “Right of use assets” has been recognised at an amount equal to the “Lease liability” as at that date. In the Statement of Profit and Loss for the current period, the nature of expenses in respect of leases has changed from lease rent in previous periods to depreciation cost for “Right of use lease assets” and interest accrued on “Lease liability”. The Group has not restated the comparative information in this respect.

Statement showing movement in Lease Liabilities:

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
1st April, 2019		-
Add/(less): Agreements reassessed as lease contracts	1,489.29	-
As at 1st April, 2019	1,489.29	-
Additions	51.11	-
Deductions/Adjustments	-	-
Finance cost accrued during the period	108.57	-
Payment of lease liabilities	434.69	-
Translation Difference	-	-
As at 31st March, 2020	1,214.28	-

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

NOTE 28 : LEASE LIABILITY: (CONTD.)

Statement showing carrying value of Right of Use Assets:

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
As at 1st April, 2019	1,500.64	-
Additions	51.11	-
Deductions/Adjustments	-	-
Depreciation	378.70	-
As at 31st March, 2020	1,173.05	-

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

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Current lease liabilities	253.50	-
Non- Current lease liabilities	960.78	-

Statement showing agreement maturities of Lease Liabilities as at 31st March, 2020 on an undiscounted basis:

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Due for :		
Up to One year	378.29	-
One year to Five years	1,015.52	-
More than Five years	14.44	-
Total	1,408.25	-

Statement showing amount recognised in Statement of Profit and Loss:

(₹ in Lakh)

Particulars	FY 2019-20	FY 2018-19
Interest on lease liabilities	108.57	-
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	-	-
Total	108.57	-

Statement showing amount recognised in Statement of Cash Flows:

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Total cash outflow for leases	936.43	-

NOTE 29 : EXPENSES IN NOTE 24 HAS BEEN DISCLOSED NET OF RECOVERIES AS UNDER:

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Insurance	67.24	46.85

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

NOTE 30 : EMPLOYEE BENEFITS:

- a) The Group has recognised 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 31 st March, 2020	As at 31 st March, 2019
Provident fund	291.76	221.38
ESIC	1.40	1.50
Superannuation fund	161.13	147.19
Total	454.29	370.07

b) Gratuity

(i) Summary of Actuarial Assumptions:

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Discount rate	6.82%	7.78%
Rate of return on plan assets	6.82%	7.78%
Salary escalation	7.00%	8.00%
Attrition rate	2.00%	2.00%
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Reconciliation of Defined Benefit Obligation:

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Liability at the beginning of the year	2,501.83	2,120.24
Interest cost	194.64	166.87
Current service cost	295.49	229.41
Benefits paid	(93.62)	(83.30)
Actuarial loss /(gain) on obligations	5.68	68.61
Closing defined benefit obligation	2,904.02	2,501.83

(ii) Reconciliation of Fair Value of Plan Assets:

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Fair value of plan assets at the beginning of the year	2,186.53	1,894.72
Interest income	170.11	149.11
Contributions by the employer	320.82	234.29
Benefits paid	(93.62)	(83.30)
Actuarial (gain)/loss on plan assets	161.39	(8.29)
Closing Fair Value of Plan Assets	2,745.23	2,186.53

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

NOTE 30 : EMPLOYEE BENEFITS: (CONTD.)

(iii) Amount to be recognised in Balance Sheet:

Particulars	(₹ in Lakh)	
	As at 31 st March, 2020	As at 31 st March, 2019
Present value of funded obligation	(2,904.02)	(2,501.83)
Fair value of plan assets at the end of the year	2,745.23	2,186.53
Amount recognised in Balance Sheet	(158.79)	(315.30)

(iv) Expenses to be recognised in Statement of Profit and Loss:

Particulars	(₹ in Lakh)	
	As at 31 st March, 2020	As at 31 st March, 2019
Current service cost	295.49	229.41
Interest cost	24.53	17.75
Expenses recognised in the Statement of Profit & Loss	320.02	247.16

(v) Expenses to be recognised in other Comprehensive Income:

Particulars	(₹ in Lakh)	
	As at 31 st March, 2020	As at 31 st March, 2019
Actuarial (gain)/ loss on obligation	5.68	68.61
Actuarial (Gain) or Loss on	(161.39)	8.30
Net (Income)/Expense for the period recognised in OCI	(155.71)	76.91

(vi) Balance Sheet Reconciliation:

Particulars	(₹ in Lakh)	
	As at 31 st March, 2020	As at 31 st March, 2019
Opening net liability	315.30	225.52
Expenses recognised in statement of profit or loss	320.02	247.16
Expenses recognised in OCI	(155.71)	76.91
Employers contribution	(320.82)	(234.29)
Amount recognised in Balance Sheet	158.79	315.30

(vii) 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".

(viii) Expected contribution in the next year ₹ 293.92 lakh (Previous year ₹ 252.34 lakh)

(ix) 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:

Particulars	(₹ in Lakh)	
	Increase in Assumption	Decrease in Assumption
Discount rate (1% movement)	(282.40)	332.68
Future salary appreciation (1% movement)	328.73	(284.40)
Attrition rate (1% movement)	(11.40)	12.12

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

NOTE 30 : EMPLOYEE BENEFITS: (CONTD.)

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 31 st March, 2020	Year ended 31 st March, 2019
Profit for the year attributable to the equity shareholders (₹ in lakh)	12,476.21	11,088.22
Weighted average Number of equity shares during the year	40,000,000	40,000,000
Basic and Diluted Earnings per Share(₹)*	31.19	27.72
Face value of each share (₹)	10.00	10.00

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

NOTE 32 : INVESTOR PROTECTION FUND (IPF):

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, 2020 works out to ₹ 518.53 lakh (Previous year ₹ 429.11 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 7th June, 2016 issued guidelines for utilisation 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 ₹ 622.68 lakh (Previous year ₹ 1,168.65 lakh) to NSDL IPF Trust for the period ended 31st March, 2020. The amount as at 31st March, 2020 includes contribution to IPF for the year ended 31st March, 2020, 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 9th December, 2015 (the “Circular”) has revised the annual custody/issuer charges to be collected by the depositories from the issuers with effect from financial year 2015-16. The Circular has also directed the Depositories to set aside 20% of the incremental revenue received from the issuers.

Pursuant to the Circular, the Holding Company has set aside ₹ 453.00 lakh (Previous year ₹ 409.84 lakh) being 20% of incremental revenue on issuer income for the year ended 31st March, 2020.

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Opening Balance	1,440.51	1,030.67
Addition	453.00	409.84
Payment/repayment	-	-
Closing Balance	1,893.51	1,440.51

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

NOTE 34 : EXCEPTIONAL ITEM:

During the financial year 2018-19, SEBI has directed the Holding Company to refund System Driven Disclosure fees of ₹ 807.88 lakh charged to the issuers of securities during financial year ended 31st March 2017. Consequently, the Holding Company reversed the income from system driven disclosure fees net of GST.

NOTE 35 : EXPENSES TOWARDS CORPORATE SOCIAL RESPONSIBILITY:

(₹ in Lakh)

Sr. No.	Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
a)	Gross amount required to be spent by the Group entities during the year.	301.35	290.44
b)	Amount spent during the period on:	301.71	301.64

(₹ in Lakh)

As at 31st March, 2020

Sr. No.	Particulars	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

As at 31st March, 2019

Sr. No.	Particulars	In Cash/Cheque/ Transfer	Yet to be spent	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	255.01	46.63	301.64

NOTE 36 : FAIR VALUE MEASUREMENT:

(₹ in Lakh)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Financial Assets		
a) Amortised Cost*		
Investments in debt instrument	50,317.92	44,872.68
Trade receivables	8,128.02	7,175.28
Cash and cash equivalents	2,913.82	4,601.48
Other bank balances	7,646.50	8,413.88
Other financial assets	1,199.69	969.97
	70,205.95	66,033.29
b) FVTPL		
Investment in mutual funds	25,355.86	18,295.77
	25,355.86	18,295.77
Total	95,561.80	84,329.06
Financial Liabilities		
a) Amortised Cost*		
Trade payables	2,668.53	1,704.39
Lease liability	1,214.28	-
Other financial liabilities	8,097.07	7,423.62
Total	11,979.88	9,128.01

*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 Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

NOTE 36 : FAIR VALUE MEASUREMENT (CONTD.)

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

(₹ in Lakh)

<i>Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at 31st March, 2020</i>	Fair value	Carrying value	Fair value hierarchy
Financial Assets			
Investments in debt instrument	54,190.33	50,317.92	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	7,646.50	7,646.50	Level 3
Other financial assets	1,199.69	1,199.69	Level 3
Total	74,078.36	70,205.95	
Financial Liabilities			
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
Total	11,979.88	11,979.88	

(₹ in Lakh)

<i>Assets and liabilities which are measured at amortised cost for which fair values are disclosed As at 31st March, 2019</i>	Fair value	Carrying value	Fair value hierarchy
Financial Assets			
Investments in debt instrument	47,899.07	44,872.68	Level 2
Trade receivables	7,175.28	7,175.28	Level 3
Cash and cash equivalents	4,601.48	4,601.48	Level 3
Other bank balances	8,413.88	8,413.88	Level 3
Other financial assets	969.97	969.97	Level 3
Total	69,059.68	66,033.29	
Financial Liabilities			
Trade payables	1,704.39	1,704.39	Level 3
Lease liability	-	-	Level 3
Other financial liabilities	7,423.62	7,423.62	Level 3
Total	9,128.01	9,128.01	

NOTE 37 : FINANCIAL INSTRUMENTS:

Capital Risk Management:

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

Financial Risk Management:

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

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

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

NOTE 37 : FINANCIAL INSTRUMENTS (CONTD.)

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	As at
	31 st March, 2020	31 st March, 2019
Mutual Fund	24,332.32	18,295.77
Exchange traded Fund	1,023.53	-
Total	25,355.86	18,295.77

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 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Increase by 5%	1,267.79	914.79	-	-
Decrease by 5%	(1,267.79)	(914.79)	-	-

Notes to Consolidated financial statements (contd.)

for the Year ended 31st March, 2020

NOTE 38 : INCOME TAX RECOGNISED IN STATEMENT OF PROFIT AND LOSS:

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

Particulars	(₹ in Lakh)	
	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Profit Before Tax from Continuing Operations	16,221.36	14,737.19
Corporate tax expense rate	25.17%	29.12%
Tax on accounting profit	4,442.17	4,530.14
Effect of income that is exempt from taxation	(849.05)	(1,045.18)
Effect of expenses that are not deductible in determining taxable profit	283.26	310.09
Effect of different tax rates for capital gain on investments	(175.61)	(159.13)
Effect on deferred tax due to change in Income tax rate	53.17	-
Others	(8.79)	13.05
Income Tax Expense recognised in Statement of Profit and Loss	3,745.15	3,648.97

NOTE 39 : The outbreak of COVID-19 pandemic across the globe and India has contributed to a significant volatility in the global and Indian financial markets and slowdown in the economic activities. The Government of India have introduced a variety of measures to contain the spread of the virus including countrywide 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 36 : Previous year's figures have been regrouped and reclassified wherever necessary.

In terms of our report attached.

For DELOITTE HASKINS & SELLS

Chartered Accountants

Sd/-

Pallavi A. Gorakshakar

Partner

Place : Mumbai

Date : 18th June, 2020

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/-

Prasad Poojary

Company Secretary
A26056

NSDL DATABASE MANAGEMENT LIMITED



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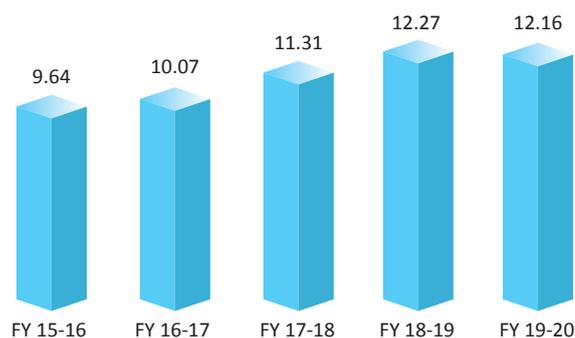
SEZ

NSDL Database Management Limited has developed SEZ Online service as per the directive of Department of Commerce; Ministry of Commerce & Industry (MOCCI). 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, Electronic filing & processing, Transparency in Government transactions

and Internet based Access and Use from Anywhere for Convenience. SEZ Online has completed its first decade of successfully operations.

- ▶ As on March 31, 2020, 6,325 SEZ Units and 440 SEZ Developers / Co-Developers are registered on SEZ Online system.
- ▶ During FY 2019-20, 851 Units / Developers / Co-Developers got registered

SEZ Online Transaction Volumes for Five Years
(Figures in Lakh)





KYC Registration Agency (KRA)

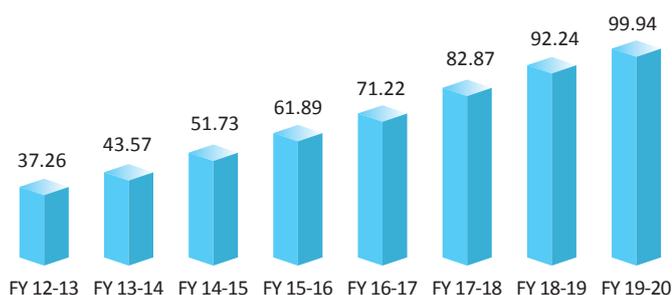
Your company is registered with Securities & Exchange Board of India (SEBI) as KYC Registration Agency. With a view to bring uniformity in the KYC requirements in the securities markets, SEBI has stipulated uniform KYC requirements to be effected by all SEBI registered market intermediaries for their 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, 2020, total 1,339 SEBI registered market intermediaries have registered with NDML KRA. Intermediaries have uploaded 99.94 Lakh KYC records to NDML KRA and have downloaded 131.69 Lakh KYC records from NDML KRA.

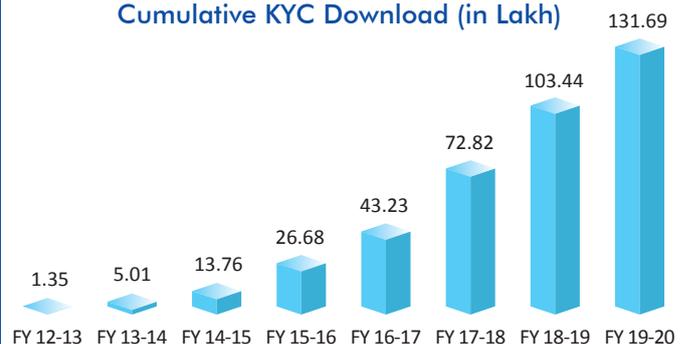
Progress of KYC Records Uploaded to NDML KRA

Cumulative KYC Upload (in Lakh)



Progress of KYC Records Downloaded from NDML KRA

Cumulative KYC Download (in Lakh)



KRA system now provides additional services such as consent based KYC access for FPI KYC records.



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

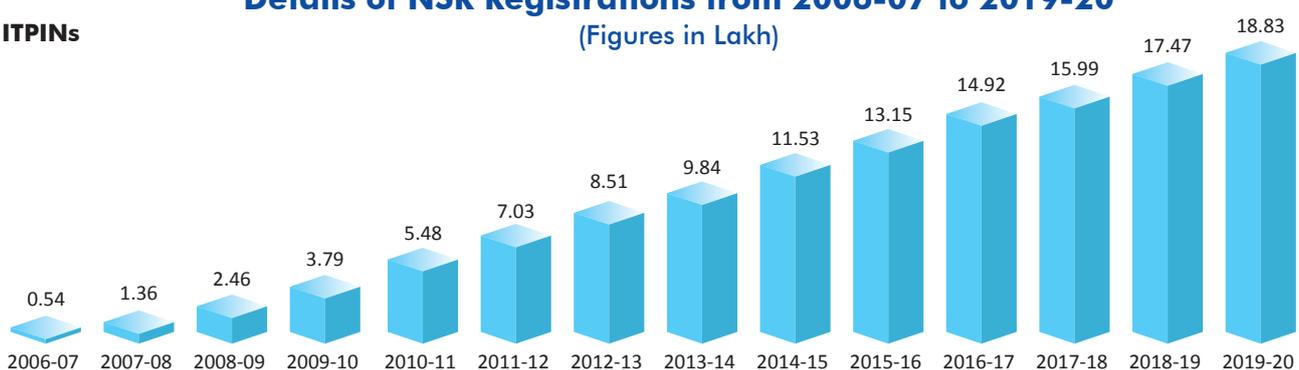
its clients in a higher league where not only quality and cost but also security is of paramount importance.

As on March 31, 2020, 255 companies have joined NSR as subscribers for using its services. 21 entities have been empanelled on NSR system for providing background checking services to NSR subscriber companies and registered professionals. Three agencies are providing services as Points of Service (POS) for facilitation of NSR registration to Knowledge Professionals (KPs) from 26 cities. Many large sized companies have implemented NSR and made NSR registration a part of the joining / HR process.

18.83 Lakh Knowledge Professionals have registered on NSR and have been allotted ITPIN. 1.36 Lakh Knowledge Professionals completed their biometric registration in the financial year 2019-20

Details of NSR Registrations from 2006-07 to 2019-20
(Figures in Lakh)

ITPINs





Product Information

Corporate Overview

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Subsidiaries

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).

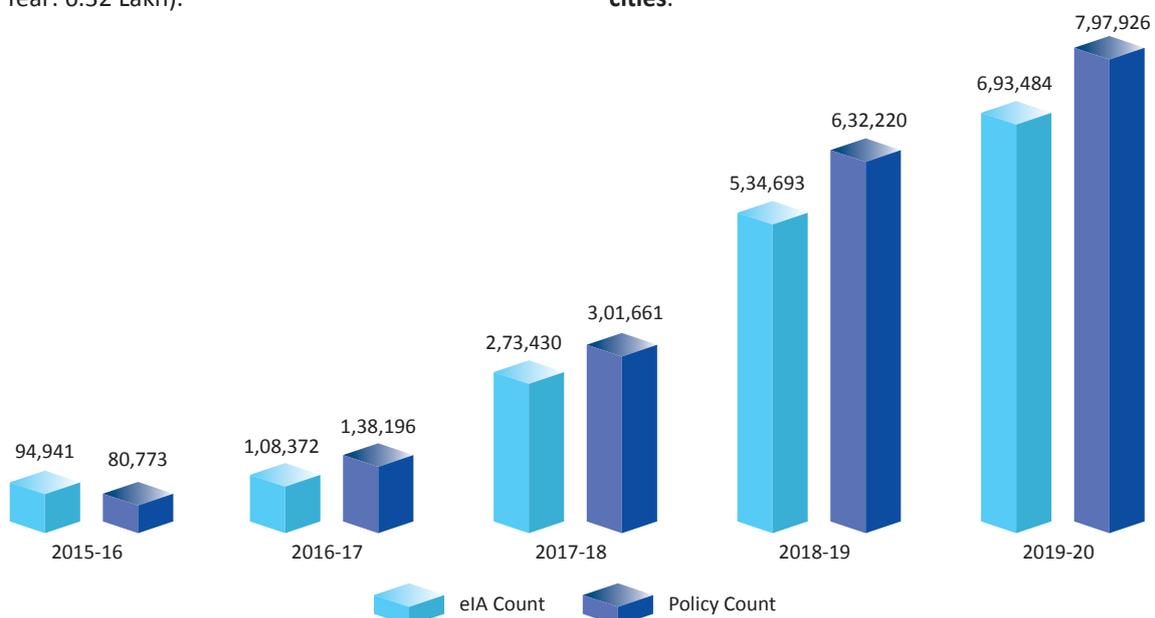
During the year 2019 – 20, NIR has opened **6.93 Lakh eIAs** (Previous Year: 5.35 Lakh).

Similarly, during the financial year 2019-20 **7.98 Lakh policies** were credited to e-Insurance accounts (Previous Year: 6.32 Lakh).

NIR has now opened **17.88 Lakh e-Insurance Accounts (eIAs)** and **20.3 Lakh policies** are held in these eIAs.

NIR has signed agreements with **20 Life Insurance Companies** and **21 General Insurance Companies** to facilitate issuance of policies in electronic form.

In order to facilitate the customer to open an eIA, NIR has empaneled **84 Approved Persons (APs)** which include 16 Banks and has presence in **9,819 branches across 1,116 cities**.





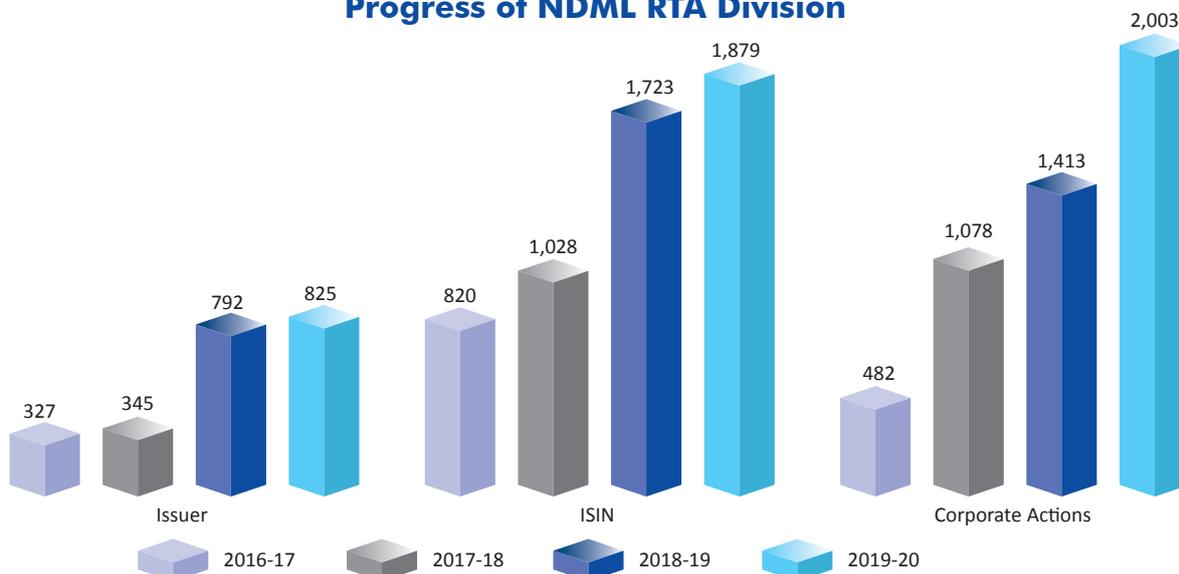
Registrar and Transfer Agent (RTA)

Your company has received Certificate of Registration from 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 in June 2016.

NDML is offering its RTA services to Issuers of various types of securities such as unlisted equities and debt instruments such as Commercial Paper, Certificate of Deposit, Debentures, Securitized instruments etc.

As on March 31, 2020, 2,289 Issuers have signed up with NDML. NDML has executed more than 4,900 corporate actions and is servicing 5400+ ISINs.

Progress of NDML RTA Division

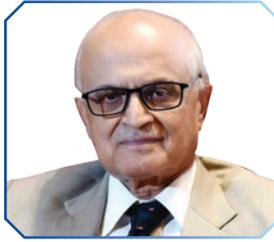


Board of Directors



Mr. P. P. Vora

Former Chairman and
 Managing Director of
 Industrial Development Bank
 of India Limited



Mr. C. M. Vasudev

Former Secretary,
 Ministry of Finance



Mr. G. V. Nageswara Rao

Managing Director & CEO
 of National Securities
 Depository Limited



Mr. Krishna Srinivas*

Director-in-charge



Mr. Madhusudhan ML

Managing Director & CEO



Mr. Samar Banwat

Director

* Mr. Krishna Srinivas left for heavenly abode on August 08, 2020. Your Directors express their sincere condolences on his demise and place on record their appreciation for the great contribution made by him to the progress of the Company.

Our Team



Mr. Madhusudhan ML

Managing Director & CEO



Mr. Vijay Gupta

Senior Vice President



Ms. Harshada Chavan

Vice President

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 - 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 NA
- > Corporation Bank Limited
- > HDFC Bank Limited
- > ICICI Bank Limited
- > IDBI Bank Limited
- > Axis Bank Limited
- > NSDL Payment Bank Limited

Chief Financial Officer

Ms. Vaishali Vaidya

Company Secretary

Mr. Prasad Poojary

Registered Office

Trade World, 'A' Wing, 4th Floor,
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 Sixteenth Annual General Meeting of the Members of NSDL Database Management Limited will be held on Thursday, September 24, 2020 at 4.45 p.m. through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”), to transact the following business :

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at March 31, 2020, Profit and Loss Account and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon**
- To declare final dividend on equity shares for the financial year ended March 31, 2020**

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 per share on the equity capital of the company for the year ended March 31, 2020 be paid to those shareholders whose names appear on the register of members, as on record date.”

- To appoint a Director in place of Mr. G. V. Nageswara Rao (DIN:00799504), 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. G. V. Nageswara Rao (DIN:00799504) as a Director.”

SPECIAL BUSINESS:

- Appointment of Mr. Madhusudhan ML as Managing Director & CEO**

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

“RESOLVED THAT pursuant to Section 196, 197 and 203 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force) and Schedule V of Companies Act, 2013 (“the Act”) and other applicable provisions if any, as amended from time to time and Article 165 of Articles of Association of the Company, subject to such modifications, variations as may be approved and acceptable, approval of the Members be and is hereby accorded for appointment of Mr. Madhusudhan ML (DIN:08739281), as Managing

Director & CEO of the Company for a period of three years with effect from May 12, 2020, and payment of remuneration as detailed in the explanatory statement annexed hereto.

RESOLVED FURTHER THAT any Director or Chief Financial Officer or Company Secretary be and are hereby severally 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 applications, documents and 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.”

- Appointment of Mr. Samar Banwat as Director**

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

“RESOLVED THAT Mr. Samar Banwat (DIN: 07521003), who was appointed by the Board of Directors as an Additional Director of the Company effective August 07, 2020, and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and Article 127 of the Articles of Association of the Company and who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

- Amendment in the Main Object Clause of the Memorandum of Association of the Company**

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

“RESOLVED THAT pursuant to the provisions of Section 13(1) and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof) and rules made thereunder and subject to such other requisite approvals, if any, in this regard from appropriate authorities and terms(s), condition(s), amendment(s), modification(s), as may be required or suggested by any such appropriate authorities, and approved by the Board of Directors of the Company, the consent of the members of the Company be and is hereby accorded for alteration of Object Clause III A (Main

Objects) of the Memorandum and Articles of the Company by inserting a New Object Clause 11 as detailed below and renumber the remaining clauses of the Object Clause III accordingly:

Object Clause to be inserted as clause III-A (11) in Memorandum of Association of Company

'11. To facilitate, initiate, promote, set-up, operate, regulate and manage the business of providing services as a Payment Aggregator, Payment Gateway and/or Payment Facilitator, Technology Service Provider, Payment Service Provider for collection and disbursal of money to various entities and to provide technology infrastructure to route and facilitate processing of online/offline (Point of Sale) transactions including all necessary incidental services as may be required to be provided, and to enter into agreement with such entities. To apply for and obtain registration/ license/ certificate / approval from RBI and any other regulator/ agency as may be required to provide these services and comply with the requirements of such approval. To enter into agreement / arrangement / registration with acquiring banks, issuing banks, card scheme operators, network operators, wallet providers, banks, POS operators, business

correspondences, nodal bank, Bharat Bill Payment System for acquiring new merchants, performing their KYC and due diligence and processing transactions through various available payment modes. To operate transactions by engaging the services of a bank for maintaining nodal bank account for pooling and settling funds as per regulatory and contractual obligations. To develop necessary systems, products, services, obtain certifications to facilitate submission, maintenance of data, returns, information, to provide record keeping services and to acquire, collect, preserve, retrieve, disseminate or otherwise provide to any person, for consideration or otherwise, payment processing services, accounting, statutory, legal, statistical, tax related, geographic or other information including but not limited to undertaking all such activities, functions and responsibilities voluntarily or as may be imposed by any statutory authority or regulatory body.'

RESOLVED FURTHER THAT any Director or Chief Financial Officer or Company Secretary be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed necessary and incidental to give effect to the aforesaid resolution."

**By Order of the Board of Directors
For NSDL Database Management Limited**

Sd/-

Prasad Poojary

Company Secretary

Membership No. ACS26056

Date: September 21, 2020

Place: Mumbai

Registered Office:

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

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, ('the Act') relating to Item no. 4 to 6 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. 20/2020 dated May 5, 2020 read with General Circular No. 14/2020 dated April 8, 2020 and General Circular No. 17/2020 dated April 13, 2020, has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2020. In accordance with the said circulars of MCA and applicable provisions of the Act, the 16th 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 applicable 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.
4. 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 prasadp@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 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).
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 the Company Secretary at prasadp@nsdl.co.in

7. The Notice of AGM along with Annual Report for the financial year 2019-20, is available on the website of the Company at www.ndml.in

PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:

8. Members will be able to attend the 16th 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/266188909> 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. Prasad Poojary
Company Secretary
Mobile no. +91 9967892135
Email ID: prasadp@nsdl.co.in
11. Please note that the participants connecting through Mobile devices or Tablets or 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 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 prasadp@nsdl.co.in. Queries, if any received by the Company till 5.00 p.m. on September 23, 2020 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 as per the functionality available on the BlueJeans VC application, 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 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. The Board of Directors has recommended final dividend of ₹ 1 per Equity Share for the Financial Year ended March 31, 2020 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, 2020.
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 Dividend Distribution Tax.
21. 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.
22. To support 'Green Initiative', Members who are holding shares in physical forms are requested to register their email address with the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4: Appointment of Mr. Madhusudhan ML as Managing Director & CEO

The Nomination and Remuneration Committee (NRC), at its meeting held on February 05, 2020, had approved the offer to be made to Mr. Madhusudhan ML for post of MD & CEO of the Company. Mr. Madhusudhan ML joined the Company on April 27, 2020 and as such it was proposed to appoint him as MD & CEO

of the Company, in terms of the provisions of the Companies Act, 2013. The NRC, at its meeting held on May 12, 2020, proposed and recommended his appointment to the Board. The Board, at its meeting held on May 12, 2020, approved the appointment and remuneration of Mr. Madhusudhan ML, Managing Director & CEO of the Company, without being liable to retire by rotation for a period of three years w.e.f. May 12, 2020 as recommended by the NRC in the meeting held on May 12, 2020 in terms of Section 197, 198, Schedule V and any other applicable provisions of the Companies Act, 2013.

The terms and conditions of appointment of Mr. Madhusudhan ML in the Company are as follows:

1. Salary and allowances will be as per Annexure.
2. The Company will be entitled to deduct from the payment due, applicable taxes and statutory levies and any dues payable to the Company.
3. Staff Rules and Regulations and Code of Ethics framed by the Company from time to time will be applicable.
4. If any statement, declaration or information provided to the Company is at any time found to be false or untrue or if any material particular is suppressed, the services are liable to be terminated forthwith without any notice or compensation in lieu thereof.
5. The notice period will be three months' from either side.
6. The services are liable to be terminated forthwith without any notice or compensation or in the alternative, and shall be liable to disciplinary action and imposition of penalty in accordance with the Company Staff Rules if the Company receives information that the Candidate had, prior to joining the company's services, committed any act of misconduct which, in the opinion of the Company renders unfit to serve in the Company.

Annexure

The MD & CEO shall be entitled to salary and allowance as under:

1. Basic Pay: The MD & CEO shall be entitled to a Basic Pay of ₹ 2,28,800/- per month.
2. Special Allowance: 85% of the Basic Pay per month.
3. House Rent Allowance: 50% of the Basic Pay per month. No housing accommodation will be provided by the Company.
4. A Company car with driver or re-imbursment of expenses subject to a ceiling of ₹ 8,40,000/- per annum.
5. Annual Performance Linked Incentive (PLI) as may be determined by the NRC /Board. While deciding the PLI, the

NRC /Board may also provide for suitable malus and claw back arrangements.

6. Annual increments to be decided by the NRC/Board.
7. Medical benefits equal to one month's basic per annum for self, spouse and dependent children.
8. Leave Travel Allowance of one month's Basic Pay on reimbursement basis for each year of service.
9. Group Mediclaim, Group Personal Accident and Term Life Insurance cover will be as per the Company's Insurance policy.
10. Company's contribution to Provident Fund would be made at the rate of 12% of basic pay. Gratuity is payable as per rules of the Company.
11. Superannuation benefit of 15% of basic salary will be contributed by NDML to your Superannuation account.
12. Leave Encashment will be reimbursed as per Staff Rules of the Company.
13. Telephone and internet facility at the residence.
14. 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.

In addition to the above, the MD & CEO shall also be entitled to the following:

- Minimum Assured Bonus of ₹ 30,00,000/- after the completion of one year of service.
- The minimum assured bonus would be paid on completion of one year with the Organisation, subject to not serving the notice period on the date of disbursement.
- This minimum assured bonus is applicable only for 1st Year and from next year onwards Variable payout would be as determined by the NRC / Board.

Further, pursuant to the provisions of Sections 117(3), 197, Schedule V as applicable and other applicable provisions, if any, of the Companies Act, 2013, the said terms and conditions of remuneration is placed for the approval of the Shareholders.

The Company has received from Mr. Madhusudhan ML: (i) Consent in writing to act as Managing Director & CEO in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and (ii) Intimation in Form

DIR-8 in terms of the Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act.

Therefore, the Board of Directors of your Company recommends the passing of Ordinary Resolution as set out at Item No. 4 of the Notice.

Except Mr. Madhusudhan ML, none of the Directors, Key Managerial Personnel of the Company and their relatives are in any way concerned or interested in passing of resolution as set out in Item No. 4 of the notice.

Item No. 5: Appointment of Mr. Samar Banwat as Director

The Board of Directors, at its meeting held on August 07, 2020, upon recommendation of the NRC, appointed Mr. Samar Banwat as an Additional (Non-Executive and Non-Independent) Director of the Company effective August 7, 2020. In terms of the provisions of Section 161 of the Act and Article 127 of the Articles of Association of the Company, Mr. Samar Banwat will hold office up to the date of the ensuing Annual General Meeting and is eligible to be appointed a Director of the Company. The Company has, in terms of Section 160 of the Act, received, in writing, a notice proposing the candidature of Mr. Samar Banwat for the office of Director. Mr. Samar Banwat, once appointed, will be liable to retire by rotation.

Therefore, the Board of Directors of your Company recommends the passing of Ordinary Resolution as set out at Item No. 5 of the Notice.

Except Mr. Samar Banwat, none of the Directors, Key Managerial Personnel of the Company and their relatives are in any way concerned or interested in passing of resolution as set out in Item No. 5 of the notice.

Item No. 6: Amendment in the Main Object Clause of the Memorandum of Association of the Company

RBI, vide its notification dated March 17, 2020, has introduced guidelines on regulation of payments aggregator and payments gateways business which requires all Payment Aggregators to apply to RBI under the Payment and Settlement Systems Act for a license to run and operate as a Payment Aggregator. Accordingly, your Company will also have to fulfill the requirements as mentioned in the said RBI guidelines and submit the application to RBI. Clause 3.3 of the said RBI guidelines requires that Memorandum of Association (MoA) of the applicant entity must cover the proposed activity of operating as a payment aggregator. While currently the MOA of the Company covers

this line of business in a broad manner however in view of the aforementioned requirement, it is proposed to make a specific mention of the same in the object clause of the MOA by making an addition thereto.

As per Section 13(1) of the Companies Act, 2013, a Company by Special Resolution, can alter the provisions of its Memorandum with respect to the objects of the Company so far as may be required to enable it to carry on some business which under existing circumstances may conveniently or advantageously be combined with the business of the Company. The Board of

the Company has evaluated the proposal and considers the same favorable to the Company and recommends the same to Shareholders.

Therefore, the Board of Directors of your Company recommends the passing of Special Resolution as set out at Item No. 6 of the Notice.

None of the Directors, Key Managerial Personnel of the Company and their relatives are in any way concerned or interested in passing of resolution as set out in Item No. 6 of the notice.

**By Order of the Board of Directors
For NSDL Database Management Limited**

Sd/-

Prasad Poojary

Company Secretary

Membership No. ACS26056

Date: September 21, 2020

Place: Mumbai

Registered Office:

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

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. G. V. Nageswara Rao	Mr. Madhusudhan ML	Mr. Samar Banwat
Category	Director	MD & CEO	Director
Date of Birth/Age	August 05, 1961/ 59 Years	November 10, 1978/ 41 Years	February 25, 1972/ 48 Years
Qualifications	Chartered Accountant, Cost Accountant and Management Graduate from Indian Institute of Management	Graduate in Bio-technology from Andhra University and PGDBA from ICFAI Business School	Chartered Accountant and Cost Accountant
Experience	Has nearly 32 years of experience covering whole gamut of financial services including capital markets, banking and insurance in MD & CEO roles. He has been in MD & CEO role for nearly 22 years. Currently, he serves as the MD & CEO of National Securities Depository Limited (NSDL) since July 2013. Prior to this role, he was the MD & CEO of IDBI Federal Life Insurance Company Limited (2007-13), a joint venture between IDBI Bank, Federal Bank and Ageas of Belgium. He was the MD & CEO of IDBI Bank (2003-07), a new generation private sector bank set up by the Industrial Development Bank of India (IDBI), which later merged with its parent. He was the MD & CEO of IDBI Capital Market Services Limited (1997-2003) which was a primary dealer, stockbroker and depository participant. His early career in IDBI from 1987 to 1997 included stints in several functions.	Has nearly 19 years of experience. He is a seasoned professional with experience of running digital business in the financial services industry, Capital markets, Banking and Lending products. He has excelled in building products and solutions, championing customer experience, acquiring customers at a scale, building partnerships, revenue generation with proven credentials of starting and scaling businesses. He was the head of the digital business at Motilal Oswal AMC. Prior to Motilal Oswal, he was associated with Aditya Birla Money, Aditya Birla Customer Services, Birla Sunlife Distribution and ICICI Bank in various business leadership capacities.	Has nearly 23 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 and Conditions of appointment or reappointment	Non-Executive and Non-Independent Director, liable to retire by rotation.	Appointment will be for a period of three years w.e.f. May 12, 2020 on the terms and conditions as outlined in the above resolution and Item no. 4 of the Explanatory Statement annexed to the Notice.	Non-Executive and Non-Independent Director, liable to retire by rotation.
Remuneration Details	NIL	Provided in detail in Item no. 4 of the Explanatory Statement annexed to the Notice.	NIL
Date of first appointment on the Board	July 01, 2013	May 12, 2020	August 07, 2020

Name of Director	Mr. G. V. Nageswara Rao	Mr. Madhusudhan ML	Mr. Samar Banwat
Shareholding in the Company	NIL	NIL	10 Shares (Nominee of NSDL) jointly with NSDL
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	None	None	None
Number of Board Meeting attended during the year 2019-20	Five	N.A.	N.A.
List of other Directorship held	1. NSDL Payments Bank Limited 2. National Securities Depository Limited	NIL	NIL
Chairman/Member of the Committees of Board of other Companies	National Securities Depository Ltd: a. CSR Committee b. Pricing Committee c. Member Committee d. Stakeholders Relationship Committee e. IPO Committee NSDL Payments Bank Limited: a. Customer Service Committee (Chairman) b. Audit Committee c. Risk Management Committee d. NRC e. Strategic Advisory Committee f. IT Strategy Committee	N.A.	N.A.
Chairman/Member of the Committees of Board of the Company	a. Audit Committee b. NRC c. CSR Committee	CSR Committee	N.A.

DIRECTOR'S REPORT

To the Members,

Your Directors are pleased to present the Sixteenth Annual Report along with the Audited Financial Statements of your Company for the Financial Year ended March 31, 2020.

FINANCIAL HIGHLIGHTS

The financial performance of the Company for FY 2019-20 is summarised in the following table:

Particulars	(₹ in Lakh)	
	March 31, 2020	March 31, 2019
Income from Operations	7,056.87	6,877.12
Other Income	1,332.47	866.19
Total Income	8,389.34	7,743.31
Expenditure	4,218.49	4,595.72
Profit (Loss) before depreciation and prior period adjustment	4,170.85	3,147.59
Depreciation	303.20	81.12
Profit (Loss) before Tax	3,867.65	3,066.47
Provision for Deferred Tax	68.11	44.88
Provision for Tax	737.00	726.33
Profit after Tax	3,062.54	2,295.26
Total Comprehensive Income	3,087.09	2,289.60
Balance brought forward from previous year	8,450.76	6,161.16
Profit / (Loss) carried to the Balance Sheet	11,537.85	8,450.76

OVERVIEW OF COMPANY AFFAIRS

During the year, your Company achieved a top line of ₹ 8,389.34 Lakh resulting in a total comprehensive income of ₹ 3,087.09 Lakh. The Company has achieved an operating profit of ₹ 2,535.18 Lakh. The revenue expenditure for the year was ₹ 4,521.69 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 2019-20, your Company has worked towards achieving higher operational and technical scale combined with excellence in the existing projects as well as engaging in such new projects that offer opportunity for delivering benefits of automation and process simplification to large user groups. Over the years, your Company has entered into various areas requiring database management, automation and end to end integration of services. Currently, the Company has eight 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 National Academic Depository (NAD) (started in July 2017).

In all the projects being handled, the Company has expanded product capabilities and features so as to better serve the users and expand the engagement. This is reflected in improved operational metrics. Company has also received ISO 27001 certification for implementation of Information Security norms across various projects.

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 ₹ 1.00 per equity share of the face value of ₹ 10/- each (i.e.10%) for FY 2019-20 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 ₹ 610.50 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, 2020, your Company does not have any Subsidiary, JV or Associate Company.

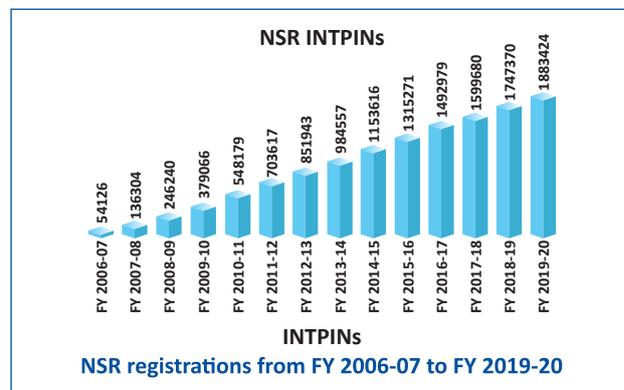
BUSINESS UPDATE

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 and 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, 2020, 21 entities have been empaneled on NSR system for providing background checking services to NSR subscriber companies and registered professionals. Three agencies have been providing services as Points of Service (POS) for facilitation of NSR registration to Knowledge Professionals (KPs) from 26 cities. 255 companies have joined NSR. Many large sized companies have implemented NSR and made NSR registration a part of the joining / HR process. The 255 companies subscribed with NSR comprise of significant proportion of the total employee strength in the Indian IT / ITeS industry.

So far 18.83 Lakh Knowledge Professionals have registered on NSR and have been allotted ITPIN. 1,36,054 Knowledge Professionals completed their biometric registration in FY 2019 – 20. Details of NSR registrations at the end of each financial year are indicated below:



SEZ Online Project

Your Company is operating SEZ Online System on behalf of Ministry of Commerce and Industry (MOCI). SEZ Online is a nationwide integrated e-governance solution for facilitating processing of various transactions of SEZ developers, Co-developers, Units, Export Oriented Units (EOUs) and Deemed Exporters with the SEZ Administration. This project improves the speed and efficiency of transactions, brings about transparency in processing and enables better controls.

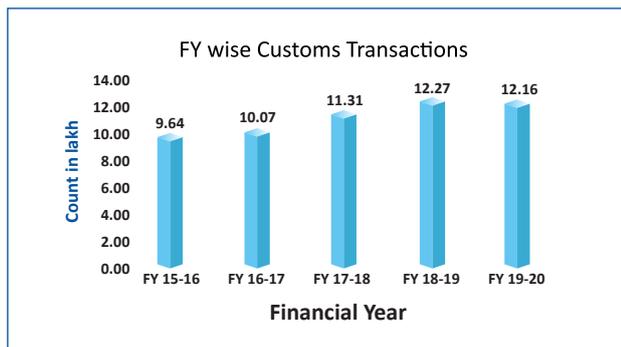
SEZ Online system is being used in all operational SEZs by all operational units for processing of import, export and various other important transactions. The system continues to evidence good traction with administrative jurisdiction and trade and continues to identify areas of expanding system usage and implementation so as to further facilitate the users. SEZ online has completed its first decade of successful operations.

Registration of Units / Developers: As on March 31, 2020, 6,325 SEZ Units and 440 SEZ Developers / Co-Developers are registered on SEZ Online system. During FY 2019-20, 851 Units / Developers / Co- Developers got registered.

System Developments: Various system developments resulting in new modules, new features, controls, external integrations and system improvements are taken-up and implemented on a regular basis to meet the user's need and aspirations as are in sync with regulatory developments. SEZ Online system now exchanges data with all relevant eco-system partners i.e. ICEGATE System of DG System, CBIC, GST Network (through DG System), Reserve Bank of India, Director General of Foreign Trade and also with Director General of Commercial Intelligence and Statistics to facilitate trade flows and improve business controls.

Review of SEZ sector: SEZs have contributed quite significantly to the international trade for the country and have generated significant employment in various sectors such as Gems and Jewellery, Petro-Chemicals, Pharma, Information Technology etc. Free Trade Warehouses which have been recently set-up in the country have also boosted the trading and services aspects from SEZs. SEZs are also adopting newer business models such as e-Commerce, services export. SEZs continue to grow in terms of new SEZs, new units and therefore the volume of trade and the business. SEZ Online system would continue to play its due role in facilitating this growth. Recently, in order to expand scope of functioning and utilisation of unused space in SEZs, government has relaxed criteria for setting up unit in a specific SEZ depending on its sector. Now a company can setup a unit in any of the SEZ irrespective of its sector.

SEZ Online Transaction volumes for Five Years:



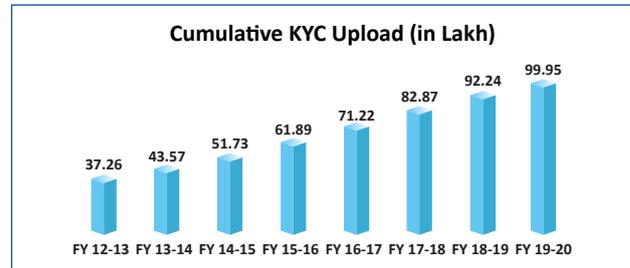
KYC Registration Agency (KRA)

Your Company is registered with Securities and 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.

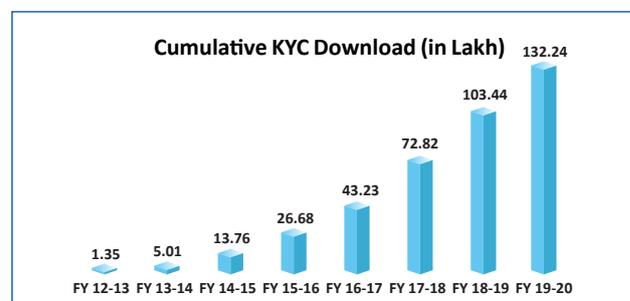
Your Company has established connectivity with other KRAs thereby facilitating intermediaries registered with NDML KRA to download KYC information available with other KRAs. NDML KRA is facilitating inquiry of KYC status and download of KYC information to intermediaries through Application Programming Interface (API).

As on March 31, 2020, 1,339 SEBI registered market intermediaries have registered with NDML KRA. Intermediaries have uploaded 99.95 Lakh KYC records to NDML KRA and have downloaded 132.24 Lakh KYC records from NDML KRA.

Progress of KYC Records uploaded to NDML KRA



Progress of KYC Records downloaded from NDML KRA



National Payment Services Platform (PAYGOV) Established Under National E-Governance Plan (NEGP)

Ministry of Electronics and Information Technology (MeitY), Government of India (GoI) under its National e-Governance Plan (NeGP) has engaged your Company to assist Government Departments in collecting online payments from Citizens for various Government services. Your company is providing the payment services using "Payment Aggregator" model so that Citizens can be provided with various modes of payment such as Net banking, Credit cards, Debit cards, UPI, IMPS, 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 and also issued an advisory in this regards. PayGov is currently connected with 211 different Government departments / Urban Local Bodies / PSUs across various States and is facilitating settlement of treasury as well as non-treasury payments.

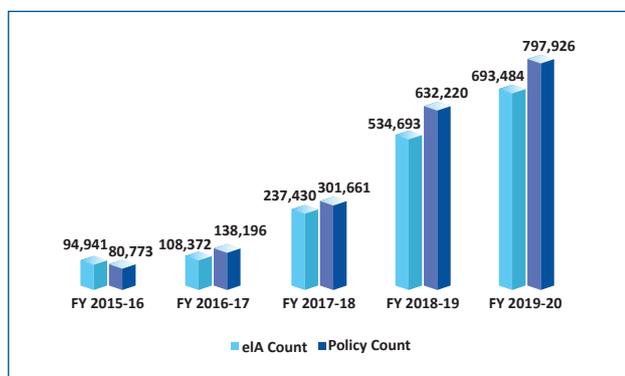
During FY 2019-20, PayGov has processed 125 Lakh (approx.) online payment transactions. PayGov looks forward to expanding the coverage of its services to various citizen service initiatives. NDML has also established SurePay as a comprehensive payment platform. This is being further strengthened by developing innovative solutions and direct interface with merchants and banks.

NSDL National Insurance Repository (NIR)

NIR commenced its operations from August, 2013 upon receipt of its Certificate of Registration to act as an Insurance Repository from Insurance Regulatory and Development Authority of India (IRDAI).

IRDAI has issued guidelines on Insurance Repositories and 'Insurance Regulatory and Development Authority of India (Issuance of e-Insurance Policies) Regulations, 2016' to provide a framework for issuance of policies in electronic form. This coupled with 'Guidelines on Insurance e-Commerce' issued by IRDAI on March 9, 2017 and subsequent clarification issued on September 7, 2017 suggests policies sourced through online platforms to be credited in the e-Insurance Account (eIA) of the customer.

During FY 2019 – 20, NIR has opened 6.93 Lakh eIAs as compared to 5.35 Lakh eIAs opened during the previous financial year. Similarly, during the FY 2019-20, 7.98 Lakh policies were credited to e-Insurance accounts as compared to 6.32 Lakh policies credited during the previous financial year. NIR has now opened 17.88 Lakh e-Insurance Accounts (eIAs) and 20.3 Lakh policies are held in these eIAs.



NIR has signed agreements with 20 Life Insurance Companies and 21 General Insurance Companies to facilitate issuance of policies in electronic form.

In order to facilitate the customer to open an eIA, NIR has empaneled 84 Approved Persons (APs) which include 16 Banks and has presence in 9,819 branches across 1116 cities.

Paper to Follow (P2F) Process of Cheque Truncation System (CTS)

Your Company is managing 'Paper to Follow (P2F)' process of Cheque Truncation System (CTS) on behalf of National Payments Corporation of India (NPCI). This process supplements the initiative to digitally process cheques. NDML is supporting NPCI

to manage P2F process in 154 cities across the country with suitable human resources and infrastructure.

National Academic Depository (NAD)

National Academic Depository (NAD) is an initiative of Ministry of Human Resources Development, Govt. of India (MHRD) to facilitate digital issuance, storage, access and verification of Academic Awards issued by Academic Institutions.

In July 2017, Government of India has set forth on the transformational path to set-up a National Depository (NAD) of Academic Awards issued by all Academic Institutions. NSDL Database Management Limited (NDML) was assigned with the task of implementation of NAD as a Depository. MHRD has appointed University Grants Commission (UGC) as the nodal administrative body for overseeing and ensuring the implementation of NAD. UGC signed agreement with NDML in November 2016 and authorised it to set-up NAD. At the request of MHRD / UGC, your Company had decided not to levy any charges on Students and Academic Institutions for using the NAD system, for two years.

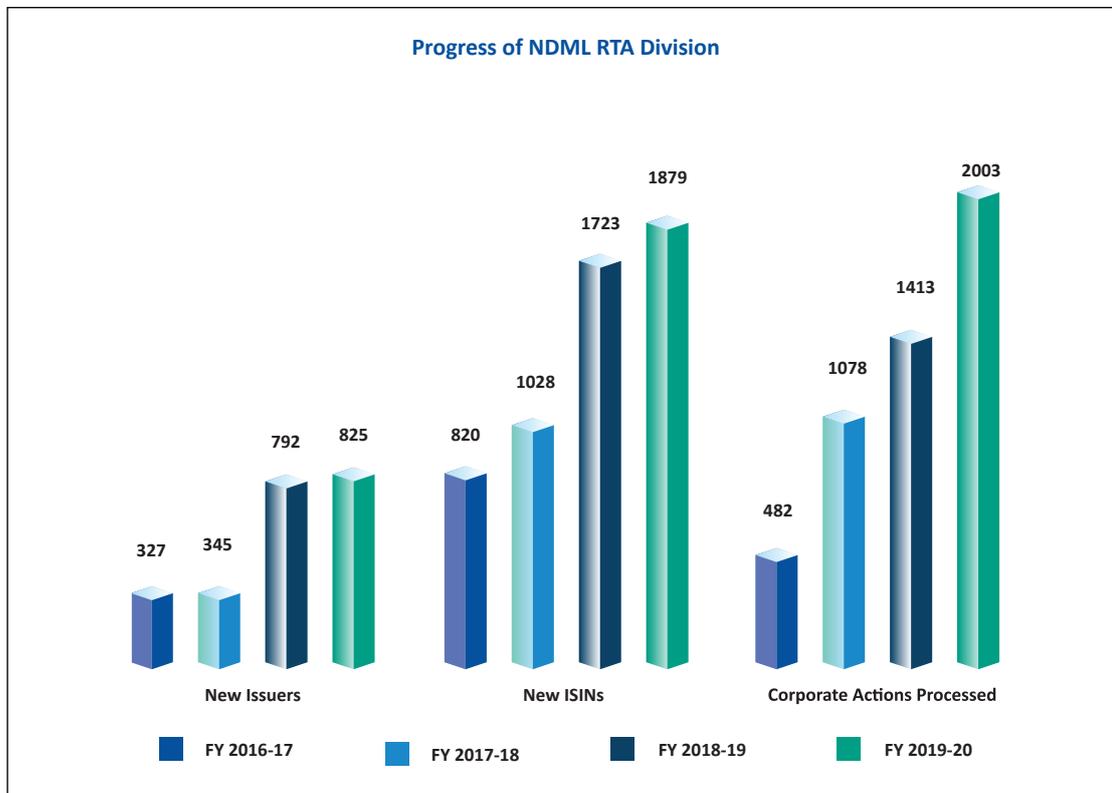
Your Company extensively engaged with academic institutions across the country to assist them in implementing NAD. NDML signed agreements with more than 700 Academic Institutions to join NAD system. These included large state universities, institutions of national importance, school boards etc. More than 3.74 Crore academic awards have been successfully lodged by these institutions in NDML NAD.

Upon completion in September 2019 of 2 years of operations of NAD during which services were provided free of charge, your Company sought approval to charge reasonable fees from users of NAD system. In May 2020, your Company received a communication from UGC enclosing a communication from MHRD that NAD will not be implemented through the depositories and that it will be implemented by DigiLocker through the Ministry of Electronics and Information Technology (MeitY) without levy of any user charges.

Registrar and Transfer Agent (RTA)

Your Company has received Certificate of Registration from 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 in June 2016.

Your Company is offering its RTA services to Issuers of various types of securities such as unlisted equities and debt instruments such as Commercial Paper, Certificate of Deposit, Debentures, Securitised instruments etc. Some of the important operational statistics are presented in graph below:



Your Company is also implementing ISO 27001 Certification for Information Security for RTA function.

New Projects

In FY 2020-21, considering the need for completely online customer on-boarding by various capital market and other financial services intermediaries, your Company is setting-up an online e-KYC and Account Opening platform named “Instigo”. This will enable market intermediaries to onboard clients in an online, secure manner, perform KYC through various available sources, collect data and documents needed and will connect with various systems to facilitate “Go-Live” for the new client. This would reduce the time, effort and cost incurred to acquire new clients and would significantly expand the access capabilities of the partnering intermediaries beyond traditional channels.

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 has applied to Unique Identification Authority of India

(UIDAI) for KUA license and has submitted required documents and policies in this regard. This project will go live in FY 2020-21 and will assist the capital market intermediaries in completing client KYC using Aadhaar based details of the clients using NDML services as a KUA.

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, 2020, 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 2019-20, 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 2019-20.

BOARD OF DIRECTORS

A. Changes in Board during the year

There have been no Board level changes during the FY 2019-20.

Based on the recommendation of the NRC, the Board, at its meeting held on May 12, 2020, appointed Mr. Madhusudhan ML (DIN: 08739281) as Managing Director & CEO of the Company for a period of three years, subject to approval at the forthcoming Annual General Meeting.

Based on the recommendation of the NRC, the Board, at its meeting held on the August 07, 2020, have appointed Mr. Samar Banwat (DIN: 07521003) as an Additional (Non-Executive and Non-Independent) Director of the Company effective from August 07, 2020, subject to the confirmation at the forthcoming Annual General Meeting.

Mr. Krishna Srinivas (DIN: 07636143) ceased to be a Manager w.e.f. May 08, 2020 and subsequently ceased to be a Director w.e.f. 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. G. V. Nageswara Rao (DIN: 00799504) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Appointment of Mr. Madhusudhan ML (DIN: 08739281) as Managing Director & CEO of the Company for a term of three years effective from May 12, 2020 and appointment of Mr. Samar Banwat (DIN: 07521003) as an Additional (Non-Executive and Non-Independent) Director of the Company effective from August 07, 2020, is subject to the approval at the forthcoming Annual General Meeting.

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 advanced 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 20, 2019	June 04, 2019	Aug 01, 2019	Nov 06, 2019	Feb 05, 2020
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	Present	Present	Present

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, 2020.

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 summarised 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.

During the year under review, five 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				
		May 20, 2019	June 04, 2019	Aug 01, 2019	Nov 06, 2019	Feb 05, 2020
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

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

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

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

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

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		
		Aug 01, 2019	Nov 06, 2019	Feb 05, 2020
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 consists 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 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 FY 2019-20, NSDL (Holding Company) spent ₹ 301.70 Lakh towards various CSR projects/programs in pursuance of its CSR Policy and out of the total corpus spent; it has allocated an amount of ₹ 52.70 Lakh as NDML's contribution towards the CSR expenditure carried out during the FY 2019-20. The Report on CSR is set out as "Annexure I" and forms part of this Annual Report.

The Committee met two 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	
		June 04, 2019	February 05, 2020
1.	Mr. C. M. Vasudev	Present	Present
2.	Mr. P. P. Vora	Present	Present
3.	Mr. G. V. Nageswara Rao	Present	Present

Note : 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 2019-20, your Company had three Key Managerial Personnel as per the Companies Act, 2013 i.e. Director-in-charge/Manager, Chief Financial Officer and Company Secretary.

Sr. No.	Name of Key Managerial Personnel	Designation
1.	Mr. Krishna Srinivas#	Director-in-charge/Manager
2.	Ms. Vaishali Vaidya	Chief Financial officer
3.	Mr. Raj Manek*	Company Secretary
4.	Mr. Prasad Poojary**	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. Raj Manek ceased to be Company Secretary of the Company w.e.f. July 15, 2019.

**Mr. Prasad Poojary has been appointed as Company Secretary w.e.f. August 01, 2019.

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 future.

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, 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 and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- 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, Practising 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 optimise its energy usage and efficiency.

b) Foreign Exchange earnings/outgo during the period under review

(₹ in Lakh)			
Sr. No.	Particulars	FY 2019-20	FY 2018-19
1	Foreign Exchange Earnings- Actual inflow in foreign currency	Nil	Nil
2	Foreign Exchange Outgo / Expenditure incurred- Actual outflow in foreign currency	6.81	7.78

PARTICULARS OF EMPLOYEES

None of the employees who have worked throughout the year or a part of the financial year are covered as per the limits prescribed under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration) Rules, 2014.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed as “Annexure III” and forms part of this report.

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

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 Institute of Company Secretaries of India, during the Financial Year under review.

ISO CERTIFICATIONS

In view of the continued quest of highest quality norms for information security, the Company had obtained internationally recognised ISO 27001:2013 certification for implementation of Information Security Management System (ISMS) framework for NSR Project and for NIR Project. In 2015-16, 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 by the accredited auditors Det Norske Veritas-Germanischer Lloyd (DNV-GL). Also, NAD, RTA, KRA and SEZ projects are now included under ISMS scope and

implementation is currently under progress. Further, to ensure continuity of operations with minimal disruption in case of any disaster, the Company has obtained internationally recognised ISO 22301:2012 certification for implementation of Business Continuity Management System (BCMS) framework for NIR project.

APPRECIATION

Your Directors place on record their sincere appreciation of the support provided by NASSCOM, Government of India - Ministry of Commerce and Industry, Government of India - Ministry of Communications and Information Technology, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, Department of Electronics and Information Technology, National Payment Corporation of India, Ministry of Human Resource Development , various Insurer Companies availing NIR services, various State/Central Government Departments availing services of PayGov platform,

Ministry of Finance, UIDAI, Point of Service entities, Empanelled Background Checkers and Subscribers of the NSR, Developers, Co-Developers, Unit Holders, Export Oriented Units, Investors, Market Intermediaries, Registrars, Policy holders, Approved persons, Consultants, Service providers and Suppliers and Bankers. Your Directors also express deep sense of appreciation to all the employees for their professionalism, commitment and dedicated efforts which have made the organisation's growth and success possible.

For and on behalf of the Board of Directors

Sd/-
P. P. Vora
Chairman

Date: August 07, 2020
Place: Mumbai

Annexure - I

REPORT ON CSR ACTIVITIES

It is Company's policy to spend the amount allocated for CSR expenditure on activities listed in schedule VII of the Companies Act, 2013 and the rules framed thereunder. Therefore in view of the same, the CSR activities for FY 2019-20 as listed out in the CSR policy were in the areas of promoting education, skill development, livelihood generating skills, health and sanitation, environmental sustainability, disaster relief and rehabilitation, etc. Details of CSR policy are available on our website at the web link: <https://ndml.in/pdf/CSR%20Policy.pdf>. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

1. The composition of CSR Committee: The Committee comprises of Mr. P. P. Vora (Chairman), Mr. C. M. Vasudev, Mr. G. V. Nageswara Rao and Mr. Madhusudhan ML (*Inducted w.e.f. May 12, 2020*).
2. Average net profit of NDML for last three financial years: ₹ 2,650.32 Lakh.
3. Prescribed CSR Expenditure (i.e. 2% of Average PBT for the last three preceding financial years as in point no.2 above): ₹ 53.01 Lakh.
4. During the FY 2019-20, NSDL has spent of ₹ 301.70 Lakh towards CSR activities. This amount includes the CSR spend of NSDL Database Management Ltd. (NDML) as well wherein the CSR expenditure of ₹ 52.70 Lakh was apportioned to NDML for FY 2019-20 as per the joint CSR initiative of both the organisations.

The manner in which the amount was spent during the financial year is detailed below:

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (Budget) (Amount in ₹)	Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Overheads (Amount in ₹)	Cumulative Expenditure up to the reporting period (Amount in ₹)	Amount spent direct or through Implementing agency (Amount in ₹)
1	Project Yogdaan- (Health support to Underprivileged Beneficiaries including Thalassaemia patient)	Promoting health care including preventive healthcare	Local Area, Mumbai (Maharashtra)	33,82,500	31,13,016	89,36,920	31,13,016 (Direct)
2	Maintenance and Beautification of Traffic islands	Ensuring environmental sustainability, ecological balance	Local Area-Mumbai (Maharashtra)	2,34,000	2,04,000	6,14,250	2,04,000 (Direct)

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (Budget) (Amount in ₹)	Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Overheads (Amount in ₹)	Cumulative Expenditure up to the reporting period (Amount in ₹)	Amount spent direct or through Implementing agency (Amount in ₹)
3	<p>Project SAHYOG (Disaster Relief, rehabilitation and reconstruction program by NSDL)- The program to support medical and health system as well as on ground task force during pandemic COVID 19. Need based program by NSDL to combat COVID 19.</p> <p>Supply of COVID 19 diagnosis kits (testing kits) to ICMR approved testing centers in Maharashtra which were recommended by DMER, Maharashtra</p> <p>Provision of essential medical material and equipment such as gloves, PPE kits, sanitizers, disinfectant, etc. to Mumbai Municipal Corporation's Public Health Department, Ward Officers, Community Dispensaries, Public Health Posts, On-ground medical team as well as general physicians and doctors in the city</p>	Promoting healthcare including preventive healthcare and disaster management	<p>Local as well as Other Area</p> <p>For supply of essential medical material and equipment- Mumbai (Maharashtra)</p> <p>For supply of COVID 19 diagnosis testing kits- Mumbai, Pune, Nagpur, Dhule, Miraj and Aurangabad (Maharashtra)</p>	6,00,000	1,59,34,200	1,62, 85,606	1,59,34,200 (Direct)
4	Contribution to PM CARES FUND to combat COVID 19	Contribution to prime minister's national relief fund or any other fund set up central govt. for social economic development and relief during any kind of emergency or distress situation	Other- PAN India	N.A.	75,00,000	75,00,000	75,00,000 (Direct)

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (Budget) (Amount in ₹)	Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Overheads (Amount in ₹)	Cumulative Expenditure up to the reporting period (Amount in ₹)	Amount spent direct or through Implementing agency (Amount in ₹)
5	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 Business correspondence and Business Facilitator training program (BC-BF)	Promoting education, employability skills and livelihood enhancement	For Mutual Fund Distributor Certification Program: Mumbai (Maharashtra), New Delhi, Kolkata (West Bengal), Lucknow (UP), Bengaluru (Karnataka), Chennai (Tamilnadu), Ahmedabad (Gujarat) For BC-BF Program: Mumbai (Maharashtra), New Delhi, Kolkata (West Bengal), Lucknow (UP), Bengaluru (Karnataka), Chennai (Tamilnadu), Ahmedabad (Gujarat)	2,10,00,000	23,07,030	2,17,54,290	23,07,030 #(Through implementing agency)
6	Project Monitoring, reporting and administration			14,35,000	11,12,236	11,12,236	11,12,236 (Direct)
			Total	2,66,51,500	3,01,70,482*	5,62,03,302	3,01,70,482

In the column 'Cumulative Expenditure upto the Reporting Period', NSDL has chosen to take 2017-18 as the base year and the amount reported is the total of expenditure incurred on respective CSR programs/projects upto reporting period (i.e. 2019-20).

* During FY 2019-20, NSDL Group has spent the total corpus of ₹ 301.70 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 and rehabilitation campaigns during any sort of national emergency or natural calamity. Out of total CSR spent of ₹ 301.70 Lakh an amount of ₹ 52.70 Lakh was apportioned to NDML and spent separately out of NDML's CSR obligation for 2019-20 as per the joint CSR initiative of both the organisations.

NSDL's skill development program was renamed as 'Artha SAMARTH' which denotes 'economic empowerment by creating capabilities' which was formerly called as 'Project SAMARTH'. The program encompasses various BFSI sector specific skilling programs for deserving youth and thereby enables livelihood through entrepreneurship/employment whichever is feasible.

The budget outlay for skill development programs (Artha SAMARTH) and educational scholarship program (NSDL Shiksha Sahyog) couldn't be spent as the program execution got hampered due to lockdown and restriction on gathering of people caused due to the COVID 19 pandemic. In lieu of this, NSDL re-allocated the unspent budget on supply of protective gear, COVID 19 diagnosis kits, sanitizers, disinfectant material etc. to frontline medical taskforce and provide support to the State's health system in combating COVID 19. As outlined in the table above, NSDL also contributed in PM CARES FUND to support the government in their fight against the virus at national level.

#Names of Program Implementation Agencies:

- American Academy of Financial Management Pvt. Ltd.
- Sykes & Ray Edupro Pvt. Ltd.
- Mahendra Educational Pvt. Ltd.
- Meraki Ink

Some of the training batches under the Project Artha SAMARTH got cancelled in March 2020 due to COVID 19 outbreak which led to a small amount being unspent out of the CSR obligation for 2019-20. NSDL group follows a strategic approach to implement outcome based CSR programs/projects that create shared value in the most deserving communities. NSDL Group intends to have sustainable CSR programs with greater and long term impact on the community. 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.

Sd/-

Madhusudhan ML
MD & CEO

Sd/-

P. P. Vora
Chairman of CSR Committee

Annexure - II

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[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 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, 2020 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, 2020 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, 2020 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: F005181B000560967

Date: 07/08/2020

Place: Indore

Annexure - III

Form No.MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS

i) Corporate Identity Number (CIN)	U72400MH2004PLC147094
ii) Registration Date	22/06/2004
iii) Name of the Company	NSDL Database Management Limited (NDML)
iv) Category/Sub-Category of the Company	Company Limited by Shares/ Indian Non-Govt. Company
v) Address of the Registered office and contact details	4 th Floor, Trade World, 'A' Wing, Kamala Mills Compound, Lower Parel (West), Mumbai- 400013 Tel. No. 022-24994141
vi) Whether listed company	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	National Securities Depository Limited (NSDL) 4 th Floor, Trade World, 'A' Wing, Kamala Mills Compound, Lower Parel (West), Mumbai- 400013 Tel. No. 022-24994200 Not applicable w.e.f. April 25, 2020 on account of in-house RTA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Database Management Services	72400	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	National Securities Depository Limited (NSDL) 4 th Floor, Trade World, 'A' Wing, Kamala Mills Compound, Lower Parel, Mumbai-400013	U74120MH2012PLC230380	Holding	100%	2(46)

IV. SHARE HOLDING PATTERN
(Equity Share Capital Breakup as percentage of Total Equity)
(I) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
(1) Indian									
(a) Individual/ HUF	-	-	-	-	-	-	-	-	-
(b) Central Govt.	-	-	-	-	-	-	-	-	-
(c) State Govt.	-	-	-	-	-	-	-	-	-
(d) Body Corporate	61,049,980	20	61,050,000	100%	61,049,980	20	61,050,000	100%	NIL
(e) Bank/ FI	-	-	-	-	-	-	-	-	-
(f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total - (A) (1)	61,049,980	20	61,050,000	100%	61,049,980	20	61,050,000	100%	NIL
(2) Foreign									
(a) NRI-Ind/HUF	-	-	-	-	-	-	-	-	-
(b) Other Ind.	-	-	-	-	-	-	-	-	-
(c) Body Corporate	-	-	-	-	-	-	-	-	-
(d) Bank/ FI	-	-	-	-	-	-	-	-	-
(e) Any other	-	-	-	-	-	-	-	-	-
Sub Total-(A) (2)	-	-	-	-	-	-	-	-	-
Total SH of Promoter [A(1)+A(2)]	61,049,980	20	61,050,000	100%	61,049,980	20	61,050,000	100%	NIL
B. Public Shareholding	N.A.								
(1) Institution									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Bank/ FI	-	-	-	-	-	-	-	-	-
(c) Central Govt.	-	-	-	-	-	-	-	-	-
(d) State Govt.	-	-	-	-	-	-	-	-	-
(e) Venture Capital	-	-	-	-	-	-	-	-	-
(f) Insurance Co.	-	-	-	-	-	-	-	-	-
(g) FIs	-	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
(i) Any other	-	-	-	-	-	-	-	-	-
Sub-Total – B (1)	-	-	-	-	-	-	-	-	-
(2) Non - Institution									
(a) Body Corporate									
India	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-
(b) Individual									
i. Individual shareholders holding nominal share capital upto ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
c) Other	-	-	-	-	-	-	-	-	-
Sub-Total – B (2)	-	-	-	-	-	-	-	-	-
Total Public Shareholding[(B) = B(1) + B(2)]	-	-	-	-	-	-	-	-	-
C Shares held by Custodian for GDRs & ADRs									
	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	61,049,980	20	61,050,000	100%	61,049,980	20	61,050,000	100%	NIL

(II) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total Shares	
1.	National Securities Depository Limited (NSDL)	6,10,49,900	99.99	-	61,049,900	99.99	-	-
2.	Mr. Krishna Srinivas (Nominee of NSDL) jointly with NSDL	10	Negligible	-	10	Negligible	-	-
3.	Mr. Dnyanesh Nerurkar (Nominee of NSDL) jointly with NSDL	10	Negligible	-	10	Negligible	-	-
4.	Mr. Nityanand Phatarphod (Nominee of NSDL) jointly with NSDL	10	Negligible	-	10	Negligible	-	-
5.	Mr. S. Ganesh (Nominee of NSDL) jointly with NSDL	10	Negligible	-	10	Negligible	-	-
6.	Mr. Prashant Vagal (Nominee of NSDL) jointly with NSDL	10	Negligible	-	10	Negligible	-	-
7.	Mr. Samar Banwat (Nominee of NSDL) jointly with NSDL	10	Negligible	-	10	Negligible	-	-
8.	Mr. Manoj Sathe (Nominee of NSDL) jointly with NSDL	10	Negligible	-	10	Negligible	-	-
9.	Mr. Sameer Gupte (Nominee of NSDL) jointly with NSDL	10	Negligible	-	10	Negligible	-	-
10.	Mr. Vijay Gupta (Nominee of NSDL) jointly with NSDL	10	Negligible	-	10	Negligible	-	-
11.	Mr. Balkrishna Shankwalker (Nominee of NSDL) jointly with NSDL	10	Negligible	-	10	Negligible	-	-
Total		61,050,000	100%	-	61,050,000	100%	-	-

(III) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	61,050,000	100	61,050,000	100
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	NIL	NIL	NIL	NIL
	At the end of the year	61,050,000	100	61,050,000	100

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

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	NONE			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	NONE			
	At the end of the year (or on the date of separation, if separated during the year)	NONE			

(V) Shareholding of Directors and Key Managerial Personnel

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Mr. Krishna Srinivas, Director / Manager*				
	At the beginning of the year	10	Negligible	10	Negligible
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	NIL	NIL	NIL	NIL
	At the end of the year (or on the date of separation, if separated during the year)	10	Negligible	10	Negligible
2.	Mr. Samar Banwat, Director**				
	At the beginning of the year	10	Negligible	10	Negligible
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	NIL	NIL	NIL	NIL
	At the end of the year (or on the date of separation, if separated during the year)	10	Negligible	10	Negligible

*Mr. Krishna Srinivas ceased to be a Director w.e.f. August 07, 2020.

**Mr. Samar Banwat appointed as a Director w.e.f. August 07, 2020.

V. INDEBTEDNESS
Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
1.	Principal Amount	-	-	-
1.	Interest due but not paid	-	-	-
2.	Interest accrued but not due	-	-	-
	Total (1+2+3)	NIL	NIL	NIL
Change in Indebtedness during the financial year				
	Addition	-	-	-
	Reduction	-	-	-
	Net Change	NIL	NIL	NIL
Indebtedness at the end of the financial year				
1.	Principal Amount	-	-	-
2.	Interest due but not paid	-	-	-
3.	Interest accrued but not due	-	-	-
	Total (1+2+3)	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Mr. Madhusudhan ML (MD & CEO)#	WTD	Mr. Krishna Srinivas (Director & Manager)*	
1.	Gross salary				
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	N.A.	N.A.	N.A.	-
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- Others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total (A)	-	-	-	-

#Mr. Madhusudhan ML has been appointed as MD & CEO w.e.f. May 12, 2020.

* Mr. Krishna Srinivas does not draw any remuneration from NDML. He ceased to be a Manager w.e.f. May 08, 2020 and subsequently as a Director w.e.f. August 07, 2020.

B. Remuneration to other Directors:

(₹ in Lakh)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. P. P. Vora	Mr. C. M. Vasudev	
1	Independent Directors			
a.	Fee for attending Board / Committee meetings	13.60	13.60	27.20
a.	Commission	-	-	-
b.	Others, please specify	-	-	-
	Total (1)	13.60	13.60	27.20
2.	Other Non-Executive Directors	Mr. G. V. Nageswara Rao*	Mr. Samar Banwat **	
a.	Fee for attending Board / Committee meetings	-	-	-
b.	Commission	-	-	-
c.	Others, please specify	-	-	-
	Total (2)	-	-	NIL
	Total (B) [1+2]			27.20
	Overall Ceiling as per the Companies Act, 2013: Sitting Fees	₹ 1 Lakh per Director for Board and Audit Committee meetings and ₹ 0.60 Lakh per Director for other Committee meetings.		

* Mr. G. V. Nageswara Rao being Managing Director & CEO of Holding Company, does not receive sitting fees from NDML.

**Mr. Samar Banwat has been appointed as Director w.e.f. August 07, 2020 and being Executive Director of Holding Company, does not receive sitting fees from NDML.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

(₹ in Lakh)

Sr. No.	Particulars of Remuneration	Name of Manager/CFO/CS Key Managerial Personnel				Total Amount
		Ms. Vaishali Vaidya (CFO)^	Mr. Raj Manek (CS)*	Mr. Prasad Poojary (CS)**	MD & CEO#	
1.	Gross salary					
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12.75	1.24	-	-	13.99
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	0.65	-	-	-	0.65
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	- Others, specify...	-	-	-	-	-
5.	Others, please specify @	-	-	-	-	-
	Total (A)	13.40	1.24	-	-	14.64

^The remuneration details provided are on the basis of deputation cost charged by NSDL to NDML.

*Mr. Raj Manek ceased to be Company Secretary w.e.f. July 15, 2019.

**Mr. Prasad Poojary was appointed as Company Secretary w.e.f. August 01, 2019 at nil remuneration.

Mr. Madhusudhan ML has been appointed as Managing Director & CEO w.e.f. May 12, 2020.

@Provident Fund, Food Coupon, Gratuity, Leave Encashment & Telephone Reimbursement are not included in the above calculation.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty Punishment Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			NONE		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NONE		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NONE		
Punishment					
Compounding					

For and on behalf of Board of Directors

 Date : August 07, 2020
 Place : Mumbai

 Sd/-
Mr. P.P. Vora
 Chairman

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, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, 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, 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

Independent Auditor's Report (Contd.)

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 knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

Independent Auditor's Report (Contd.)

(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, 2020, 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: 20048725AAAABW4765
Mumbai, 17 June, 2020

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, 2020 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the dues of Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Custom, Duty of Excise and Value Added Tax which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

Name of Statue	Nature of the Dues	Period to which the amount relates (Financial Year)	Amount (in Lakh)	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	2014-15	3.22	Rectification application pending with Centralised Processing Centre (CPC) - Bangalore
Income Tax Act, 1961	Income Tax	2013-14	8.55	Commissioner of Income Tax (Appeals)
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	As informed, the Company is in the process of filing the rectification application and an appeal against the said Intimation.

- 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.

Annexure 'A' to the Independent Auditor's Report (Contd.)

- ix) The Company has not taken any term loans and has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause 3(ix) of the Order are not applicable to the Company.
- x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi) According to the information and explanations given to us, the Company has not paid or provided managerial remuneration. Therefore, the provisions of clause 3(xi) of the Order are not applicable to the Company.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- xiii) The Company has entered into transactions with the related parties in compliance with the provisions of sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Financial Statements as required under Indian Accounting Standard (Ind AS 24), Related Party Disclosures specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

For Khandelwal Jain & Co.
Chartered Accountants
Firm's Registration No. 105049W

Sd/-
(Narendra Jain)
Partner
Membership No. 048725
UDIN: 20048725AAAAABW4765
Mumbai, 17 June, 2020

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, 2020 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 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, 2020, 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: 20048725AAAABW4765
 Mumbai, 17 June, 2020

Balance Sheet

as at 31st March, 2020

(₹ in Lakh)

Particulars	Notes	As at 31 st March, 2020	As at 31 st March, 2019
ASSETS			
1) Non Current Assets			
a) Property, Plant and Equipments	3	248.25	286.12
b) Capital work-in-progress	3	27.25	2.54
c) Other Intangible assets	3	73.20	37.47
d) Intangible Asset under Development	3	215.59	13.72
e) Right to Use	3	722.91	-
f) Financial Assets			
i) Investments	4	14,948.75	13,506.59
ii) Other Financial Assets	5	1.94	1.94
g) Income Tax Assets (Net)	6	111.11	72.57
h) Other non-current assets	7	39.18	52.46
Total non-current assets		16,388.18	13,973.41
2) Current assets			
a) Financial assets			
i) Investments	8	3,436.63	1,481.74
ii) Trade receivables	9	654.14	705.74
iii) Cash and Cash Equivalents	10	598.65	507.10
iv) Bank balances other than cash and cash equivalents	11	273.62	293.85
v) Other Financial Assets	5	207.56	206.30
b) Other current assets	7	232.93	256.12
Total current assets		5,403.53	3,450.85
Total assets		21,791.71	17,424.26
EQUITY & LIABILITIES			
(A) Equity			
a) Equity share capital	12	6,105.00	6,105.00
b) Other equity	13	11,537.85	8,450.76
Total equity		17,642.85	14,555.76
(B) Liabilities			
1. Non-current liabilities			
a) Deferred tax liabilities (net)	14	121.96	53.85
b) Financial liabilities			
i) Other financial liabilities	15	556.16	-
c) Other non-current liabilities	16	18.03	11.95
Total non-current liabilities		696.15	65.80
2 Current Liabilities			
a) Financial Liabilities			
i) Trade payables			
a) Micro enterprises and small enterprises	17	134.08	91.04
b) Others	17	730.33	556.41
ii) Other financial liabilities	18	622.99	336.35
b) Provisions	19	140.39	140.91
c) Other current liabilities	20	1,658.84	1,523.55
d) Current tax liability (Net)	21	166.08	154.44
Total current liabilities		3,452.71	2,802.70
Total liabilities		4,148.86	2,868.50
Total equity and liabilities		21,791.71	17,424.26

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 : 17 June, 2020

Sd/-

P.P.Vora

Chairman

DIN : 00003192

Place: Mumbai

Sd/-

G.V.Nageswara Rao

Director

DIN : 00799504

Place: Mumbai

Sd/-

Madhusudhan ML

MD & CEO

DIN : 08739281

Place: Mumbai

Sd/-

Vaishali Vaidya

Chief Financial Officer

Place: Mumbai

Sd/-

C.M.Vasudev

Director

DIN : 00143885

Place: Noida

Sd/-

Prasad Poojary

Company Secretary

Place: Mumbai

For and on behalf of the Board of Directors

Statement of Profit and Loss

for the Year ended 31st March, 2020

(₹ in Lakh)

Particulars	Notes	For the Year ended 31 st March, 2020	For the Year ended 31 st March, 2019
INCOME			
Revenue from operations	22	7,056.87	6,877.12
Other income	23	1,332.47	866.19
Total revenue		8,389.34	7,743.31
EXPENSES			
Employee benefits expense	24	992.76	970.47
Depreciation and amortization expense	3	303.20	81.12
Finance cost	25	71.91	-
Other expenses	26	3,153.82	3,625.25
Total expenses		4,521.69	4,676.84
Profit before tax		3,867.65	3,066.47
Tax expense			
Current tax		737.00	726.33
Deferred tax		68.11	44.88
		805.11	771.21
Profit after tax		3,062.54	2,295.26
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on post retirement benefit plans		32.80	(7.99)
Income tax relating to items that will not be reclassified to profit or loss		(8.25)	2.33
Total comprehensive income for the year		3,087.09	2,289.60
Basic and diluted earnings per equity share of ₹ 10 each	33	5.02	3.76

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 : 17 June, 2020

Sd/-

P.P.Vora

Chairman

DIN : 00003192

Place: Mumbai

Sd/-

G.V.Nageswara Rao

Director

DIN : 00799504

Place: Mumbai

Sd/-

Madhusudhan ML

MD & CEO

DIN : 08739281

Place: Mumbai

Sd/-

Vaishali Vaidya

Chief Financial Officer

Place: Mumbai

Sd/-

C.M.Vasudev

Director

DIN : 00143885

Place: Noida

Sd/-

Prasad Poojary

Company Secretary

Place: Mumbai

For and on behalf of the Board of Directors

Statement of Cash Flows

for the Year ended 31st March, 2020

(₹ in Lakh)

Particulars	For the Year ended 31 st March, 2020	For the Year ended 31 st March, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	3,867.65	3,066.47
Adjustments for :		
Depreciation and amortisation expense	303.20	81.12
Interest on Lease Liability as per IND AS 116	71.91	-
Provision for compensated absences	-	22.10
Provision for doubtful trade receivables	(1.33)	6.52
Bad Debts Written off	23.24	8.18
(Gain)/Loss on sale of Assets	-	(0.03)
Assets written off	0.20	-
Capital WIP written off	9.55	-
Trade Payable written back	(208.36)	-
(Gain)/Loss on mutual funds at FVTPL	(316.64)	(173.58)
Interest Income	(753.98)	(689.21)
Operating profit before working capital changes	2,995.44	2,321.57
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets-		
Other non-current assets	13.28	(10.37)
Trade receivables	29.69	447.63
Other current assets	23.19	(24.44)
Other financial assets	-	10.75
Adjustments for increase / (decrease) in operating liabilities-		
Trade payables	425.32	(982.63)
Other financial liabilities	28.51	22.86
Provisions	(0.52)	-
Other liabilities	141.37	209.11
Cash generated from operations	3,656.28	1,994.48
Net income tax paid	(772.15)	(741.99)
Net cash from operating activities (A)	2,884.13	1,252.49
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets, including capital advance	(232.39)	(190.08)
Proceeds from sale of fixed assets	-	0.05
Bank balances not considered as cash and cash equivalent		
-Placed	(273.62)	(293.85)
-Matured	293.85	193.85
Purchase of current investments	(1,638.25)	-
Purchase of non-current investments from holding Company	-	(1,165.40)
Purchase of non-current investments	(1,442.16)	(1,551.20)
Interest received	752.72	724.66
Net cash (used in) investing activities (B)	(2,539.85)	(2,281.97)

Statement of Cash Flows (contd.)

for the Year ended 31st March, 2020

Particulars	For the Year ended 31 st March, 2020	For the Year ended 31 st March, 2019
C. CASH FLOW FROM FINANCING ACTIVITIES		
Payments towards Right to use assets	(252.72)	-
Net cash (used in) financing activities (C)	(252.72)	-
Net increase / (decrease) in cash and cash equivalents (A+B+C)	91.55	(1,029.48)
Cash and cash equivalents at the beginning of the period	507.10	1,536.58
Cash and cash equivalents at the end of the period	598.65	507.10

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: Mumbai

Sd/-
Madhusudhan ML
 MD & CEO
 DIN : 08739281
 Place: Mumbai

Sd/-
C.M.Vasudev
 Director
 DIN : 00143885
 Place: Noida

Place : Mumbai
 Date : 17 June, 2020

Sd/-
G.V.Nageswara Rao
 Director
 DIN : 00799504
 Place: Mumbai

Sd/-
Vaishali Vaidya
 Chief Financial Officer
 Place: Mumbai

Sd/-
Prasad Poojary
 Company Secretary
 Place: Mumbai

Statement of changes in Shareholder's Equity

for the Year ended 31st March, 2020

A. Equity Share Capital	(₹ in Lakh)
As at 1 st April, 2018	6,105.00
Changes in Equity Share Capital during the year (Note 12)	-
As at 31 st March, 2019	6,105.00
As at 1 st April, 2019	6,105.00
Changes in Equity Share Capital during the year (Note 12)	-
As at 31 st March, 2020	6,105.00

Particulars	Reserves and Surplus	Other Comprehensive Income	Total
		Actuarial Gains / (Losses)	
Balance as at 1 st April, 2018	6,164.93	(3.77)	6,161.16
Profit after tax	2,295.26	(5.66)	2,289.60
Balance as at 31 st March, 2019	8,460.19	(9.43)	8,450.76
Balance as at 1 st April, 2019	8,460.19	(9.43)	8,450.76
Profit after tax	3,062.54	24.55	3,087.09
Balance as at 31 st March, 2020	11,522.73	15.12	11,537.85

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: Mumbai

Sd/-
Madhusudhan ML
 MD & CEO
 DIN : 08739281
 Place: Mumbai

Sd/-
C.M.Vasudev
 Director
 DIN : 00143885
 Place: Noida

Place : Mumbai
 Date : 17 June, 2020

Sd/-
G.V.Nageswara Rao
 Director
 DIN : 00799504
 Place: Mumbai

Sd/-
Vaishali Vaidya
 Chief Financial Officer
 Place: Mumbai

Sd/-
Prasad Poojary
 Company Secretary
 Place: Mumbai

Notes to the Financial Statements

for the Year ended 31st March, 2020

1. General information

1.1. Company Overview

The Company is engaged in providing services to its clients relating to automation and re-engineering of business processes so that benefits of niche technology and electronic data can be used to enhance the process working and end-user experience. The Company offers services as a managed service provider and sets-up system infrastructure, connectivity, software application and database systems so that users can access and use the same to complete their business processes in optimum manner. The Company is currently providing “National Skills Registry” services to IT / ITeS industry so that employees of the industry can register for the system and the employer companies can access and use information of the employees. The Company also operates SEZ Online system on behalf of Ministry of Commerce & Industry. This system facilitates SEZ Units and Developers to file their transactions relating to operating in SEZ and processing of such transactions by SEZ authorities. The Company is also working as a “KYC Registration Agency (KRA)” so that KYC details of the clients of such market intermediaries as are regulated by Securities & Exchange Board of India (SEBI) can be maintained in electronic format. The Company is also offering payment gateway services for e-Governance projects. The Company is also registered with SEBI as “Category I – Registrars to an Issue & Share Transfer Agent”.

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) Effective April 1, 2018, the Company has adopted Ind AS 115, Revenue from contracts with customers using the cumulative catch – up approach, wherein the transition is done retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.
- b) Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue are recognised on accrual basis upon rendering of service.
- c) Interest income is accounted on accrual basis. For financial instruments measured at amortised cost interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the

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expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

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

(a) Foreign currency translation and transactions

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian currency (INR), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at 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 recognises 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 recognises 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 recognised 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 amortised 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

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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 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.

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for the Year ended 31st March, 2020 (Contd.)

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 amortisation 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 amortised 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 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.

Notes to the Financial Statements

for the Year ended 31st March, 2020 (Contd.)

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 reorganisation.

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.

2.12 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.

Derecognition of financial liabilities

The Company derecognises 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.

Notes to the Financial Statements for the Year ended 31st March, 2020 (Contd.)

3. PROPERTY PLANT AND EQUIPMENT, INTANGIBLE ASSETS , RIGHT TO USE ASSET , CAPITAL WORK IN PROGRESS & INTANGIBLE ASSET UNDER DEVELOPMENT

Description of Asset	TANGIBLE ASSETS			INTANGIBLE ASSETS		RIGHT TO USE		Capital Work in Progress	Intangible Asset under Development
	Computers	Communication Equipment	Office Equipment	Total Tangible Assets	Computer Software (acquired)	Total Intangible Assets	Right to Use		
Gross Block									
As at 01 st April, 2018	253.63	27.57	15.79	296.99	216.61	216.61	-	-	13.72
Additions during the year ended 31 st March 2019	183.60	-	1.52	185.12	9.75	9.75	-	-	2.54
Deductions / adjustments	-	-	0.36	0.36	-	-	-	-	-
As at 31st March, 2019	437.23	27.57	16.95	481.75	226.36	226.36	-	-	13.72
Additions during the year ended 31 st March 2020	29.72	-	1.07	30.79	59.31	59.31	934.07	934.07	27.25
Deductions / adjustments	3.96	-	-	3.96	-	-	-	-	2.54
As at 31st March, 2020	462.99	27.57	18.02	508.58	285.67	285.67	934.07	934.07	27.25

Description of Asset	TANGIBLE ASSETS			INTANGIBLE ASSETS		RIGHT TO USE		Capital Work in Progress	Intangible Asset under Development
	Computers	Communication Equipment	Office Equipment	Total Tangible Assets	Computer Software (acquired)	Total Intangible Assets	Right to Use		
Accumulated Depreciation and Amortization									
As at 01 st April, 2018	124.63	17.86	3.32	145.81	157.93	157.93	-	-	-
Depreciation and amortisation during the year ended 31 st March 2019	45.31	1.38	3.47	50.16	30.96	30.96	-	-	-
Deductions	-	-	0.34	0.34	-	-	-	-	-
As at 31st March, 2019	169.94	19.24	6.45	195.63	188.89	188.89	-	-	-
Depreciation and amortisation during the year ended 31 st March 2020	65.31	0.62	2.53	68.46	23.58	23.58	211.16	211.16	-
Deductions	3.76	-	-	3.76	-	-	-	-	-
As at 31st March, 2020	231.49	19.86	8.98	260.33	212.47	212.47	211.16	211.16	-

Description of Asset	TANGIBLE ASSETS			INTANGIBLE ASSETS		RIGHT TO USE		Capital Work in Progress	Intangible Asset under Development
	Computers	Communication Equipment	Office Equipment	Total Tangible Assets	Computer Software (acquired)	Total Intangible Assets	Right to Use		
Net Block									
As at 31 st March, 2019	267.29	8.33	10.50	286.12	37.47	37.47	-	-	13.72
As at 31 st March, 2020	231.50	7.71	9.04	248.25	73.20	73.20	722.91	722.91	27.25

Notes to the Financial Statements

for the Year ended 31st March, 2020 (Contd.)

4. NON-CURRENT INVESTMENTS

(₹ in Lakh)

Particulars		Rate of Interest	Year of Maturity	No. of bonds / debentures / shares / units	Face value	As at 31 st March, 2020	As at 31 st March, 2019
(a) Investment in equity Instrument at cost (fully paid up) Unquoted equity instruments at cost							
In fellow Subsidiary company							
	NSDL Payment Bank Limited			20,000,000	10	2,000.00	2,000.00
(b) Investment in Debentures or bonds							
Quoted debentures or bonds - amortised cost							
(i)	Indian Railway Finance Corporation Limited *	8.63	2029	40,000	1,000	448.25	449.26
(ii)	Indian Railway Finance Corporation Limited *	8.00	2022	60,000	1,000	626.89	629.17
(iii)	Housing and Urban Development Corporation Limited *	8.56	2028	100	1,000,000	1,126.77	1,133.27
(iv)	India Infrastructure Finance Company Limited *	8.66	2034	30,000	1,000	343.01	344.61
(v)	Housing and Urban Development Corporation Limited *	8.51	2028	50,000	1,000	558.34	561.65
(vi)	NHPC Limited *	8.67	2033	10,000	1,000	120.24	120.73
(vii)	NTPC Limited*	7.37	2035	12,491	1,000	129.41	129.41
(viii)	Power Finance Corporation of India Limited *	7.35	2035	1,540	1,000	15.92	15.92
(ix)	Rural Electrification Corporation Limited *	7.18	2035	11,450	1,000	117.24	117.24
(x)	National Highway Authority of India *	7.28	2030	50	1,000,000	543.16	543.48
(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	303.94	303.88
(xiii)	National Highway Authority of India *	7.35	2031	50,000	1,000	567.28	569.09
(xiv)	National Bank For Agriculture And Rural Development *	7.35	2031	120,000	1,000	1,303.97	1,309.79
(xv)	India Infrastructure Finance Company Limited *	7.40	2033	50,000	1,000	558.81	561.42
(xvi)	National Housing Bank *	8.46	2028	50	1,000,000	593.75	599.85
(xvii)	NTPC Limited*	8.48	2028	100,000	1,000	1,188.31	1,202.10
(xviii)	NTPC Limited*	8.41	2023	50,000	1,000	547.70	555.90
(xix)	National Housing Bank *	8.68	2029	20,000	5,000	1,154.55	1,166.42
(xx)	Rural Electrification Corporation Limited *	7.17	2025	50	1,000,000	546.06	-

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for the Year ended 31st March, 2020 (Contd.)

(₹ in Lakh)

Particulars	Rate of Interest	Year of Maturity	No. of bonds / debentures / shares / units	Face value	As at	As at
					31 st March, 2020	31 st March, 2019
(C) Investment in Mutual Funds (at fair value through Profit & Loss)						
(i) Franklin India Fixed Maturity Plans-Series 4 Plan B 1098 days			5,000,000		581.78	531.83
(ii) Kotak Mahindra MF FMP Series 235 -1140D Dir Growth 26Ag21			5,000,000		587.72	536.71
(iii) SBI Mutual Fund Series 8 (1178 Days)			5,000,000		541.43	-
(iv) SBI Mutual Fund Series 14 (1102 Days)			3,000,000		319.36	-
Total					14,948.75	13,506.59

* 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	12,948.75	11,506.59
Aggregate market value of quoted investment	13,435.40	11,398.39
Aggregate amount of unquoted investments	2,000.00	2,000.00
Aggregate amount of impairment in value of investment	-	-

5. OTHER FINANCIAL ASSETS

(₹ in Lakh)

Particulars	As at 31 st March, 2020			As at 31 st March, 2019		
	Non current	Current	Total	Non current	Current	Total
(Unsecured, considered good unless stated otherwise)						
Security deposits	1.94	202.72	204.66	1.94	202.72	204.66
Interest receivable on Investments	-	-	-	-	0.24	0.24
Interest accrued on Fixed Deposit	-	4.84	4.84	-	3.34	3.34
Total	1.94	207.56	209.50	1.94	206.30	208.24

6. INCOME TAX ASSETS (NET)

(₹ in Lakh)

Particulars	As at 31 st March, 2020			As at 31 st March, 2019		
	Non current	Current	Total	Non current	Current	Total
Advance income tax (net of provision)	111.11	-	111.11	72.57	-	72.57
Total	111.11	-	111.11	72.57	-	72.57

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for the Year ended 31st March, 2020 (Contd.)

7. OTHER ASSETS

(₹ in Lakh)

Particulars	As at 31 st March, 2020			As at 31 st March, 2019		
	Non current	Current	Total	Non current	Current	Total
(Unsecured, considered good unless stated otherwise)						
Prepaid expenses	35.93	76.02	111.95	49.56	63.32	112.88
GST credit receivable	-	147.93	147.93	-	188.07	188.07
Advance to employee	-	0.53	0.53	-	2.90	2.90
Security deposits	3.25	-	3.25	2.90	-	2.90
Others	-	8.45	8.45	-	1.83	1.83
Total	39.18	232.93	272.11	52.46	256.12	308.58

8. CURRENT INVESTMENTS

(₹ in Lakh)

Particulars	No. of bonds / debentures / shares / units	As at 31 st March, 2020	As at 31 st March, 2019
Other Current Investments :			
(a) Investment in Mutual Funds			
Mutual funds at FVTPL			
(i) HDFC Low Duration Fund *	922,772	407.94	377.08
(ii) HDFC Medium Term Opportunities Fund-Direct Growth option	2,641,031	609.65	552.92
(iii) IDFC Corporate Bond Fund - Direct Growth option	4,290,188	599.02	551.74
(iv) ICICI Prudential Banking & PSU Debt fund-Direct Plan - Growth	1,297,752	306.84	-
(v) ICICI Prudential Banking & PSU Debt fund-Direct Plan - Growth	431,405	102.00	-
(vi) Kotak Banking and PSU Debt Fund - Dir - Growth	862,482	410.94	-
(vii) Nippon Liquid Fund	8,250	400.17	-
(viii) SBI Liquid Fund	6,435	200.07	-
(ix) NIPPON BPSU - Dir - Growth	2,651,518	400.00	-
Total		3,436.63	1,481.74
Aggregate amount of quoted investment		3,436.63	1,481.74
Aggregate market value of quoted investment		3,436.63	1,481.74
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)

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9. TRADE RECEIVABLES

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Secured, considered good	9.80	13.35
Unsecured, considered good	644.34	692.39
Unsecured, which have significant increase in Credit Risk	-	-
Unsecured, credit impaired	10.95	12.29
	665.09	718.03
Less : Impairment loss allowance	10.95	12.29
	654.14	705.74
Total	654.14	705.74

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 31 st March, 2020	As at 31 st March, 2019
Balance at the begning of the year	12.29	5.77
Credit impaired pertaining to discounted operations (reclassification)	-	-
Provision during the year	6.89	6.69
Reversal during the year	8.23	0.17
Balance at the end of the year	10.95	12.29

10. CASH AND CASH EQUIVALENTS

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Cash and cash equivalents		
(i) in current accounts	445.61	215.10
(ii) in sweep deposit for meeting short term commitment	153.04	292.00
Total	598.65	507.10

11. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Other bank balances		
(i) In other deposit accounts with original maturity more than 3 months	74.50	118.85
(ii) margin money deposits with a bank (earmarked as security for performance guarantee and other commitments)	199.12	175.00
Total	273.62	293.85

Footnote 1: These balances have restriction on repatriation.

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for the Year ended 31st March, 2020 (Contd.)

12. EQUITY SHARE CAPITAL

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Authorised		
80,000,000 (previous year 80,000,000) Equity Shares of ₹ 10 each	8,000.00	8,000.00
Issued, Subscribed and Fully Paid - up :		
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
Total	6,105.00	6,105.00

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 shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all dues proportionate to their shareholding.

12b. Reconciliation of the shares outstanding at the end of the period

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Number of equity shares at the beginning	61,050,000	61,050,000
Add: Issued during the period	-	-
Number of equity shares at the end of the period	61,050,000	61,050,000

12c. Details of shareholders holding more than 5% shares

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Name of the Shareholder		
National Securities Depository Limited (Holding company) and its nominees		
Number of shares held	61,050,000	61,050,000
% of Holding	100	100

12d. Shares in the company held by its holding company or its ultimate holding company in aggregate

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Name of the Shareholder		
National Securities Depository Limited (Holding company) and its nominees		
Number of shares held	61,050,000	61,050,000
% of Holding	100	100

12e. On 15th June, 2020, the Board of Directors of the Company have recommended a final dividend of ₹ 1.00 per share in respect of the year ended 31st March, 2020, subject to approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 610.50 Lakh

Notes to the Financial Statements

for the Year ended 31st March, 2020 (Contd.)

13. OTHER EQUITY

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Retained earning		
Balance at the beginning of the year	8,450.76	6,161.16
Add : Profit for the year	3,062.54	2,295.26
Other comprehensive income	24.55	(5.66)
Balance at the end of the year	11,537.85	8,450.76
Total	11,537.85	8,450.76

14. DEFERRED TAX

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Deferred tax liability		
On difference between book balance and tax balance of fixed assets	25.22	24.15
Cumulative gain on FMP after indexation	142.45	72.63
Deferred tax asset		
Provision for employee benefits	35.33	41.03
Provision for doubtful debts	2.76	1.90
Interest related to IND AS 116 Lease	7.62	-
Total	121.96	53.85

The movement in deferred tax asset and liabilities:	As at 31st March, 2018	Credited / (charge) to Income statement / OCI	As at 31st March, 2019	Credited / (charge) to Income statement / OCI	As at 31st March, 2020
	(₹ in Lakh)	(₹ in Lakh)	(₹ in Lakh)	(₹ in Lakh)	(₹ in Lakh)
Deferred tax liability					
On difference between book balance and tax balance of fixed assets	26.08	(1.93)	24.15	1.07	25.22
Cumulative gain on FMP after indexation	17.49	55.14	72.63	69.82	142.45
	43.57	53.21	96.78	70.89	167.67
Deferred tax asset					
Provision for employee benefits	34.60	6.43	41.03	(5.70)	35.33
Provision for doubtful debts	-	1.90	1.90	0.86	2.76
Interest related to IND AS 116 Lease	-	-	-	7.62	7.62
	34.60	8.33	42.93	2.78	45.71
Deferred tax	8.97	44.88	53.85	68.11	121.96

15. OTHER FINANCIAL LIABILITIES

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Lease Liability	556.16	-
Total	556.16	-

Notes to the Financial Statements

for the Year ended 31st March, 2020 (Contd.)

16. OTHER NON-CURRENT LIABILITIES

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Income received in advance	18.03	11.95
Total	18.03	11.95

17. TRADE PAYABLES

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Amounts due to micro, small and medium enterprises	134.08	91.04
Others	679.04	502.98
Trade payables to related parties (Refer Note No.30)	51.29	53.43
Total	864.41	647.45

Dues to micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

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

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Principal amount remaining unpaid to any supplier as at the end of the accounting period	134.08	91.04
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	-	-
Total	134.08	91.04

18. OTHER FINANCIAL LIABILITIES

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Current		
Security deposit received from customers	122.01	112.91
Payables on purchase of fixed assets	104.92	11.08
Payables to staff	185.92	168.32
Gratuity payable to fund	13.05	44.04
Lease Liability	197.09	-
Total	622.99	336.35

Notes to the Financial Statements

for the Year ended 31st March, 2020 (Contd.)

19. PROVISIONS

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Provision for compensated absences (refer footnote (i) below)	140.39	140.91
Total	140.39	140.91

Foot note (i): The provision for compensated absences includes ordinary leave and sick leave

20. OTHER CURRENT LIABILITIES

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Current		
Advances from customers	955.33	813.07
Income received in advance	615.73	653.79
Statutory remittances	87.78	56.69
Total	1,658.84	1,523.55

21. CURRENT TAX LIABILITY (NET)

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Provision for income tax (net)	166.08	154.44
Total	166.08	154.44

22. REVENUE FROM OPERATIONS

(₹ in Lakh)

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Annual fees	1,040.53	883.39
Registration fees	676.25	608.31
Transaction fees	5,340.09	5,385.42
Total	7,056.87	6,877.12

23. OTHER INCOME

(₹ in Lakh)

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Interest income :		
- from financial assets at amortised cost	697.11	608.91
- On fixed deposits with banks	56.87	80.30
	753.98	689.21
Net gain on financial assets mandatorily measured at FVTPL	316.64	173.58
Bad debts recovery	1.66	2.67
Reversal of provision for bad and doubtful debts	1.33	-
Rent Recovery	49.66	-
Trade payable written back *	208.36	-
Miscellaneous income	0.84	0.73
Total	1,332.47	866.19

*During the year, the company has written back trade payable amounting to ₹ 208.36 Lakh

Notes to the Financial Statements

for the Year ended 31st March, 2020 (Contd.)

24. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakh)

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
-Salaries and wages	767.37	736.74
-Contribution to provident and other funds (refer note 32)	88.62	84.23
-Staff welfare expenses	45.20	42.52
-Deputation Cost	91.57	106.98
Total	992.76	970.47

25. FINANCE COST

(₹ in Lakh)

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
-Interest on Lease Liability	71.91	-
Total	71.91	-

26. OTHER EXPENSES

(₹ in Lakh)

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
-System support charges	1,724.35	1,982.43
-Repairs and maintenance	62.26	45.60
-Processing charges	1,053.13	1,111.52
-Communication expenses	47.00	43.58
-Rent	12.47	190.61
-Insurance	23.15	21.87
-Travelling and conveyance expenses	60.89	69.70
-Legal and professional fees	25.23	26.44
-Printing and stationery expenses	6.34	10.21
-Payment to Auditors (net off GST set-off) *		
-(a) Audit fees	5.00	5.00
-(b) Tax audit fees	1.00	1.00
-(c) Audit fees Limited review	1.50	-
-(d) Other services	1.55	1.15
-Directors sitting fees	27.20	25.20
-Marketing Expenses	0.84	1.52
- Assets written off	0.20	-
- Capital WIP written off	9.55	-
-Bad debts	23.24	8.18
-Provision for bad and doubtful debts	-	6.52
-Corporate social responsibility expenses	52.70	46.63
-GST on CSR expenses	-	8.39
-Miscellaneous expenses	16.22	19.70
Total	3,153.82	3,625.25

* Net of ₹ 2 Lakh recoverable by the Company from NSDL Selling Shareholder's

Notes to the Financial Statements

for the Year ended 31st March, 2020 (Contd.)

27. CONTINGENT LIABILITIES AND OTHER COMMITMENT (TO THE EXTENT NOT PROVIDED FOR):

- a) **Contingent Liabilities:** Demand from Income Tax authorities as at 31st March, 2020 for AY 2014-15 is ₹ 8.55 Lakh, AY 2015-16 is ₹ 3.22 Lakh, AY 2017-18 is ₹ 234.69 Lakh & AY 2018-19 is ₹ 295.94 Lakh (As at 31st March, 2019 for AY 2014-15 is ₹ 8.55 Lakh, AY 2015-16 is ₹ 3.22 Lakh and AY 2017-18 is ₹ 239.71 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 ₹ 98.87 Lakh as at 31st March, 2020 (₹ 79.31 Lakh as at 31st March, 2019)

- ii) Other Commitments:

Contractual guarantee: ₹ 199.12 Lakh as at 31st March, 2020 (₹ 175.00 Lakh as at 31st March, 2019)

28. EXPENDITURE INCURRED IN FOREIGN EXCHANGE: ₹ 6.81 Lakh (previous period : ₹ 7.78 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 Limited.	Fellow subsidiary
Mr. P.P.Vora	Director
Mr. C.M.Vasudev	Director
Mr. G.V.Nageswara Rao	Director
Mr. Krishna Srinivas (resigned on May 8, 2020)	Key Managerial Personnel
Mr. Madhusudhan ML (w.e.f May 12, 2020)	MD &CEO

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

(₹ in Lakh)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Transactions during the period:		
A) Holding Company - National Securities Depository Limited		
a) Recoverable		
i) Referral Fees	9.66	9.96
ii) Aadhar Authentication Services	-	0.45
ii) Rent	17.09	75.28
iii) Deputation cost	17.50	2.80
iv) Repairs and maintenance	4.33	16.21
v) Others	-	10.09
Total (a)	48.58	114.79
(b) Payable		
(i) System Support Charges (Expenses)	20.60	22.28
(ii) Deputation Cost (Expenses)	94.95	95.89
(iii) CSR (Expenses)	-	46.63
(iv) GST on CSR (iii) above	-	8.39
(v) Annual Custody Fees	1.88	-
(vi) Others (Expenses)	1.99	2.13
Total (b)	119.42	175.32

Notes to the Financial Statements

for the Year ended 31st March, 2020 (Contd.)

(₹ in Lakh)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
(c) Net transaction during the year (a-b)	(68.96)	(60.53)
(d) Net Receivable/(Payable) at the year end	(46.80)	(53.45)
(e) Investment purchased (National Housing Bank – 8.68%)	-	1,165.64
B) Fellow Subsidiary Company – NSDL Payment Bank Limited		
(a) Security Deposit received	-	0.10
(b) Recoverable		
(i) RTA Income	0.06	0.05
(ii) KRA Income	0.10	-
(iii) Rent	32.57	-
(iv) Repairs and maintenance	7.98	-
Total (b)	40.71	-
(c) Payable		
(i) Rent	4.16	-
Total (c)	4.16	-
(d) Net transaction during the year (b-c)	36.55	
(e) Net Receivable/(Payable) at the year end	(4.49)	0.02
C) Directors		
I) Sitting Fees		
i) Mr. P.P.Vora	13.60	12.60
ii) Mr. C.M.Vasudev	13.60	12.60

31. LEASE:

The Company has applied Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases using simplified transition method. Accordingly, the Company is not required to restate comparative information and or make any adjustment to the opening balance of retained earnings as on April 01, 2019. The Company has measured the right-of-use asset at an amount equal to lease liability, adjusted by the amount of prepaid / accrued lease payments relating to that lease recognised in the Balance Sheet immediately before the date of transition to Ind AS. Accordingly Company has recognised equal amount of ₹ 934.06 lakh towards right-of-use asset and lease liability as at April 01, 2019. In the profit and loss account for the current year, the nature of expenses in respect of operating leases has changed from lease rent in previous year to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability. Accordingly during the year, the Company has charged depreciation amounting to ₹ 211.16 lakh, finance cost ₹ 71.91 lakh instead of lease rentals of ₹ 252.72 lakh. As a result of this, Profit for the year and Total Comprehensive Income for the year is lower by ₹ 30.35 lakh (net of deferred tax of ₹ 7.64 lakh).

32. EMPLOYEE BENEFIT PLANS:

- a) The company has recognised following amounts in the Statement of Profit and Loss under the head Company's contribution to Provident Fund and Other funds:

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Provident fund	30.43	27.81
Superannuation fund	18.45	18.59
Total	48.88	46.40

b) Gratuity

Notes to the Financial Statements

for the Year ended 31st March, 2020 (Contd.)

(i) Summary of actuarial assumptions :

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Discount rate	6.84%	7.78%
Rate of Return on Plan Assets	6.84%	7.78%
Salary Escalation	7.00%	8.00%
Attrition Rate	-	2.00%
- Less than 5 years	19.00%	-
- More than 5 years	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 31 st March, 2020	As at 31 st March, 2019
Liability at the beginning of the year	359.24	298.99
Interest cost	27.95	23.53
Current service cost	42.42	32.67
Benefit paid	(70.80)	(2.72)
Actuarial (gain)/loss on obligations – due to demographic assumptions	(16.06)	-
Actuarial (gain)/loss on obligations – due to change in financials assumptions	(2.23)	4.53
Actuarial (gain)/loss on obligations – due to experience	8.17	2.23
Liability at the end of the year	348.69	359.24

(iii) Reconciliation of fair value of plan assets:

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Fair value of plan assets at the beginning of the year	315.2	256.06
Interest income	24.52	20.15
Expected return on plan assets excluding interest income	22.68	(1.23)
Contributions	44.04	42.93
(Assets transferred out/disinvestments)	-	-
Benefits paid from the fund	(70.80)	(2.72)
Fair value of plan assets at the end of the year	335.64	315.20

(iv) Amount recognised in Balance sheet

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Present value of funded obligation	(348.69)	(359.24)
Fair value of plan assets at the end of the year	335.64	315.20
Liability at the end of the year	(13.05)	(44.04)
Net (liability) / asset disclosed in the Balance Sheet	(13.05)	(44.04)

Notes to the Financial Statements

for the Year ended 31st March, 2020 (Contd.)

(v) Net Interest cost for current year

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Interest cost	27.95	23.53
Interest income	(24.52)	(20.15)
Net interest cost for current year	3.43	3.38

(vi) Expenses recognised in Statement of Profit and Loss:

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Current service cost	42.42	32.67
Net Interest cost	3.43	3.38
Expenses recognised in statement of profit and loss	45.85	36.05

(vii) Expense recognised in other comprehensive income

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Expected return on plan assets	(22.68)	1.22
Actuarial (gain)/loss	(10.12)	6.76
Net (Income)/ Expenses for the period recognised in OCI	(32.80)	7.99

(viii) Balance sheet Reconciliation:

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Opening Net Liability	44.04	42.93
Expenses Recognised in Statement of Profit or Loss	45.85	36.05
Expenses Recognised in OCI	(32.80)	7.99
Net (Liability)/Asset Transfer out	-	-
Employers Contribution	(44.04)	(42.93)
Amount recognised in the Balance Sheet	13.05	44.04

(ix) Category of assets

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Insurer managed funds	335.64	315.20
Total	335.64	315.20

(x) Description of plan assets (managed by an Insurance Company)

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Central and State Govt. securities Bonds/ debentures Equity shares Others	Funds deployed by Life Insurance Corporation of India.	Funds deployed by Life Insurance Corporation of India.

Notes to the Financial Statements

for the Year ended 31st March, 2020 (Contd.)

(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 (Current Year)		Defined benefit obligation (Previous Year)	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate (1% movement)	(35.29)	41.57	(46.46)	55.77
Future salary appreciation (1% movement)	41.08	(35.54)	55.09	(46.76)
Attrition rate (1% movement)	(1.16)	1.24	(1.66)	1.82

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 ₹ 40.94 Lakh (Previous Year: ₹ 37.04 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':

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Profit for the period attributable to the equity shareholder (₹ in Lakh)	3,062.54	2,295.26
Weighted average number of equity shares during the period	61,050,000	61,050,000
Basic and Diluted Earnings per Share	5.02	3.76
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.

34. FAIR VALUE MEASUREMENT

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Financial Assets		
a) Amortised cost		
Investments in debt instrument	10,918.46	10,438.05
Trade Receivables	654.14	705.74
Cash and cash equivalents	598.65	507.10
Other Bank balances	273.62	293.85
Other financial assets	209.50	208.24
	12,654.37	12,152.98
b) FVTPL		
Investment in mutual funds	5,466.92	2,550.28
	5,466.92	2,550.28
Total	18,121.29	14,703.26

Notes to the Financial Statements

for the Year ended 31st March, 2020 (Contd.)

(₹ in Lakh)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Financial Liabilities		
a) Amortised cost		
Trade Payables	864.41	647.45
Other financial liabilities	1,179.15	336.35
Total	2,043.56	983.80

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 31 st March, 2020	Year ended 31 st March, 2019
a)	Gross amount required to be spent by the company during the year.	53.01	45.59
b)	Amount provided during the year:	52.70	46.63

(₹ in Lakh)

As at 31 st March, 2020				
Sr. No.	Particulars	In Cash/ Chq/Transfer	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	16.22	36.48	52.70

As at 31 st March, 2019				
Sr. No.	Particulars	In Cash/ Chq/Transfer	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	-	46.63	46.63

36. INCOME TAX EXPENSES RECOGNISED IN STATEMENT OF PROFIT AND LOSS

(₹ in Lakh)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Profit before tax from continuing operations	3,867.65	3,066.47
Income tax expense calculated at 25.17% (PY 29.12%)	973.41	892.96
Effect of income that is exempt from taxation	(175.45)	(177.32)
Effect of expenses that are not deductible in determining taxable profit	15.82	42.52
Effect of different tax rates for fair value gain on investments	-	-
Others (interest, rate change effect, etc)	(8.67)	13.05
Income tax expenses recognised in Statement of Profit and Loss	805.11	771.21

The tax rate used for the financial years 2019-20 and 2018-19 reconciliations above is the corporate entities in India on taxable profits under the Indian Tax Law.

Notes to the Financial Statements

for the Year ended 31st March, 2020 (Contd.)

37. | The recently promulgated Taxation Laws (Amendment) Ordinance 2019, has inserted section 115BAA in the Income Tax Act, 1961, providing existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. The reduced tax rates come with the consequential surrender of specified deductions/ incentives. The option need to be exercised within the prescribed time for filing the return on income under section 139(1) of the Income Tax Act, 1961, for assessment year (AY) 2020-21 of subsequent assessment years. Once exercised, such an option cannot be withdrawn for the same or subsequent assessment years. These financial statements are prepared on the basis that the Company would avail the option to pay income tax at the lower rate. Consequently, the resultant impact is being recognised over the current financial year. The tax expenses for the year ended March 31, 2020 includes credit of ₹ 135.05 lakh.

38. | 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 Organisation. 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 nationwide 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.

39. | The previous year's figures have also been regrouped / reclassified to conform to this year's Classification.

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 : 17 June, 2020

For and on behalf of the Board of Directors

Sd/-

P.P.Vora

Chairman

DIN : 00003192

Place: Mumbai

Sd/-

G.V.Nageswara Rao

Director

DIN : 00799504

Place: Mumbai

Sd/-

Madhusudhan ML

MD & CEO

DIN : 08739281

Place: Mumbai

Sd/-

Vaishali Vaidya

Chief Financial Officer

Place: Mumbai

Sd/-

C.M.Vasudev

Director

DIN : 00143885

Place: Noida

Sd/-

Prasad Poojary

Company Secretary

Place: Mumbai



NSDL PAYMENTS BANK LIMITED



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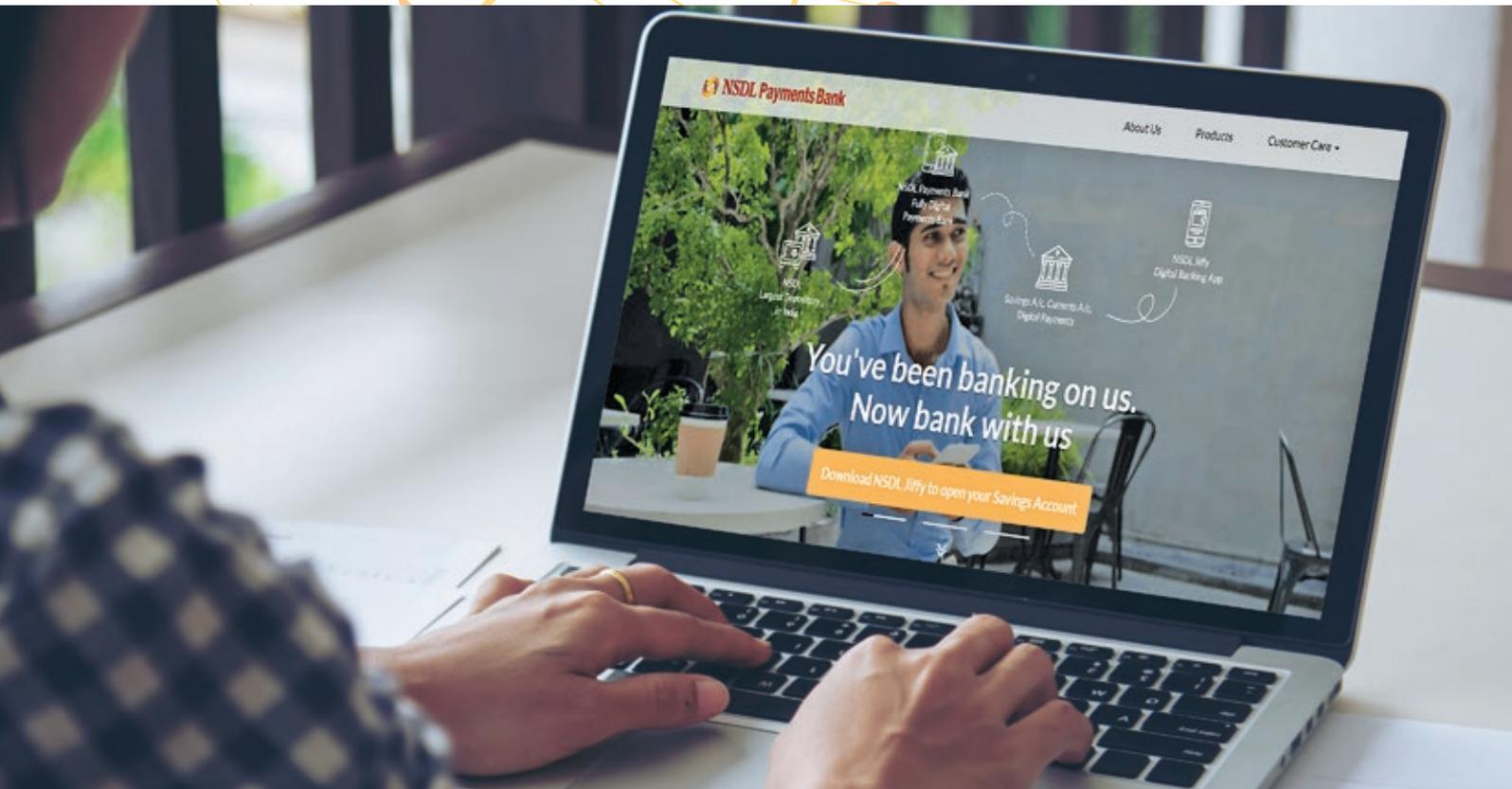
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NSDL Payments Bank went live with its flagship mobile banking app NSDL Jiffy and opened its world of banking for everyone. With this start, the bank envisages promoting end to end digital and seamless banking products through self-service and assisted channels to customers of various segments.

NSDL Payments Bank (“NSDLPB/Bank”) received a license from RBI to carry out the business of Payments Bank in India on March 30, 2017. The bank commenced operations post approval from RBI on October 29, 2018.

This year, the Bank has gone live with its mobile application – NSDL Jiffy and started offering Savings Accounts to the public. NSDL Jiffy allows fully digital account opening process. It provides funds transfer services through various modes including RTGS, NEFT, IMPS and Intra-bank transfer. It also allows Recharge & Bill Payments to a host of billers across categories, virtual debit cards with instant activation and option of requesting a physical debit card. The bank has also been registered as a UPI issuer and it supports UPI transactions on its Savings Account for receiving and sending funds. Its UPI acquirer module is in development and will be available soon.

The bank took the first steps into the business banking segment and went live with Current Account opening and corporate internet banking portal. It has also started partnering with brokers to offer seamless and integrated banking services for their customers by linking their trading accounts with NSDL Payments Banks Savings Accounts. With the launch of stamp duty collection by NSDL, the Bank has become the collecting bank to NSDL with real time payments integration with NSDL, so that transactions can be processed instantly upon payment of stamp duty by issuer companies or demat clients.

NSDL Payments Bank became an active contributor in financial inclusion by providing access to underbanked and unbanked segments. Through Business Correspondents, the bank went live with its Domestic Money Transfer services and is ready to launch MicroATMs. AePS and NACH services will be launched soon.

As part of offering a digital investment market place, the bank initiated partnering with Mutual Funds and Insurance Companies for distribution.

The bank has started acquiring merchants and offering Payment Gateway solutions to them and aims to provide Point of Sale (PoS) solutions soon. With many other products in development, Prepaid Cards and Wallet shall soon join the bank’s product suites.

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. Ananth Narayan G. ceased to be a Director w.e.f March 20, 2020

*Mr. S.P. Narayanan ceased to hold office as Managing Director & CEO w.e.f May 3, 2020

Our Team



Mr. Ashutosh Singh[®]
Chief Executive Officer



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. Sunil Mankotia
Head - DP & Broker Alliances

[®] Appointed as Interim CEO w.e.f May 3, 2020

BOARD OF DIRECTORS

Mr. G. V. Nageswara Rao (Chairman)

MD & CEO, NSDL

Mr. SP. Narayanan[®]

(Managing Director & CEO) -
Former Business Head (m-Commerce)
Idea Cellular Ltd.

Mr. L. Ravi Sankar

Partner, Brahmaya & Co.
Chennai

Dr. Santanu Paul

MD, Talentsprint Pvt. Ltd.

Mr. N.S. Venkatesh

CEO, AMFI

Mr. Ananth Narayan G.[#]

Associate Professor
SPJIMR

Dr. (Mrs.) Bala Krishnamoorthy

Associate Dean & Professor -Strategy,
NMIMS

[#] Mr. Ananth Narayan G. ceased to be a Director w.e.f. March 20, 2020

[®] Mr. S.P. Narayanan ceased to hold office as Managing Director & CEO w.e.f. May 3, 2020

COMMITTEES

Audit Committee

Mr. L. Ravi Sankar (Chairman)

Mr. G.V. Nageswara Rao

Mr. N.S. Venkatesh

Mr. Ananth Narayan G.[#]

Nomination and

Remuneration Committee

Dr. Santanu Paul (Chairman)

Mr. L. Ravi Sankar

Mr. G.V. Nageswara Rao

Risk Management Committee

Mr. Ananth Narayan G.[#] (Chairman)

Mr. G.V. Nageswara Rao

Mr. L. Ravi Sankar

Dr. Santanu Paul

Mr. SP. Narayanan^{*}

Customer Service Committee

Mr. G.V. Nageswara Rao (Chairman)

Mr. N.S. Venkatesh

Dr. Bala Krishnamoorthy

Mr. SP. Narayanan^{*}

IT Strategy Committee

Dr. Santanu Paul (Chairman)

Mr. G.V. Nageswara Rao

Mr. L. Ravi Sankar

Mr. N.S. Venkatesh

Mr. SP. Narayanan^{*}

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 and

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

[#] Ceased to be a Chairman and Member of Committees of the Board on March 20, 2020

^{*} Ceased to be a Member of the Committees of the Board on May 2, 2020

Notice of Fourth Annual General Meeting

Notice is hereby given that the Fourth Annual General Meeting of the Members of NSDL Payments Bank Limited will be held on Tuesday, September 22, 2020 at 11:30 a.m. IST through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”).

ORDINARY BUSINESS:

- 1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2020 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.**
- 2. To appoint M/s Khimji Kunverji & Co. LLP Chartered Accountants as Statutory Auditors of the Bank.**

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

“**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 subject to approval of RBI in this regard M/s Khimji Kunverji & Co. LLP, Chartered Accountants, (Firm Reg. No.105146W) be and is hereby appointed as the Statutory Auditors of the Bank to hold office from the conclusion of this fourth Annual General Meeting (for FY 2020-21) till the conclusion of the fifth Annual General Meeting (FY 2021-22) 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 is hereby authorised to do all such acts, deeds, and things as may be required to give effect of this resolutions, including filing of necessary e-forms with the Registrar of Companies and such other regulatory authorities.”

- 3. To appoint a Director in place of Mr. G.V. Nageswara Rao 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** Mr. G.V. Nageswara Rao (DIN: 00799504), who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Bank.”

SPECIAL BUSINESS

- 4. To consider and approve the appointment of Mr. G.V. Nageswara Rao (DIN: 00799504) as the Part time Non Executive Chairman of the Bank.**

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

“**RESOLVED THAT** pursuant to the provisions of the 10B (1A)(i) of the Banking Regulation Act, 1949, (including any modification(s) or re-enactment(s) thereof), and the approval granted by Reserve Bank of India (RBI) dated June 30, 2020, the approval of the members of the Bank be and is hereby accorded for the appointment of Mr. G. V. Nageswara Rao (DIN: 00799504) as the Part Time Non - Executive Chairman of the Bank with effect from June 30, 2020 for a period of 3 years without any remuneration.”

“**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 to this resolutions, including filing of necessary e-forms with the Registrar of Companies and such other regulatory authorities.”

- 5. To consider and approve the remuneration to Mr. S. P. Narayanan, erstwhile MD & CEO and in this connection to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution: .**

“**RESOLVED THAT** in accordance with the provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with schedule V of the Companies Act, 2013 as approved by the Reserve Bank of India, approval of the members of the Bank be and is hereby accorded for revision of remuneration and payment of variable pay to Mr. S P. Narayanan, erstwhile MD & CEO (DIN:02255917), of the Bank as detailed below:

ANNEXURE I

- (I) Salary:
- The MD & CEO shall be entitled to a salary of ₹ 29,67,261/- per annum, inclusive of all allowances.
 - Annual Performance Linked Incentive (PLI) as may be determined by the Nomination and Remuneration Committee/Board, subject to Reserve Bank of India guidelines
 - Malus and clawback arrangements shall be as stipulated by RBI.
 - Annual increments to be recommended by the Compensation Committee/Board.
- (II) In addition to the above, the MD & CEO shall be entitled to the following:
- (a) House Rent Allowance 50% of the Basic Pay per month. No housing accommodation will be provided by the Company;
 - (b) Supplementary allowance of ₹ 35,98,977/- will be paid per annum and will be fully taxable
 - (c) Medical benefits of ₹ 15,000/- every year covering self, spouse and dependent children;
 - (d) Leave Travel Allowance equal to one month's basic pay every year for travel by the MD & CEO and his family; ('family' for this purpose shall mean spouse, dependent parents and dependent children).
 - (e) Group Mediclaim, Group Personal Accident and Term Life Insurance cover will be as per the Company's Insurance policy;
 - (f) A Company car with driver or re-imbursment of expenses subject to a ceiling of ₹ 10,80,000/- per annum;
 - (g) Telephone and internet facility at the residence;
 - (h) Contribution to Provident Fund, Superannuation & Gratuity funds and Leave Encashment as per Staff Rules of NSDL Payments Bank;
- III) 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.
- IV) Notice period of 3 months from either side.

ANNEXURE II

Remuneration, etc	Proposed (w.e.f. November 1, 2019)	Notes	
Remuneration:			
1 Salary	29,67,261	Annual increment with effect from November 1, 2019. Variable Pay is for the period of 2018-19 i.e from May 3, 2018 (Date of taking charge as MD & CEO to March 31, 2019)	
2 Dearness allowance	-		
3 House rent allowance (50% of basic)	14,83,631		
4 Conveyance allowance	-		
5 Entertainment allowance	-		
6 Other allowances, if any (please specify)			
Supplementary allowance	35,98,977		
Leave Travel Allowance (LTA) (1 month's basic)	2,47,272		
Perquisites:			
1 Free furnished house	-		
2 Free use of bank's car for:			
(i) Official purposes	10,80,000		
(ii) for private purposes on compensating the bank with suitable amount	-		
3 Provident Fund/Gratuity/Pension	4,98,728		
4 Travelling and Halting Allowances	-		
5 Medical benefits	15,000		
6 Other benefits, if any (please specify)	-		
Variable pay	0		
Leaves:			
1 Casual Leave	-		
2 Ordinary Leave	32		
3 Sick Leave	0		
4 Leave Fare Concession	-		
Total CTC	98,90,868		
Variable Pay 2018-19 (20% of Existing CTC) from May 3, 2018 (Date of taking charge as MD & CEO to March 31, 2019)	16,71,060		

"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 filing of necessary e-forms with the Registrar of Companies and such other regulatory authorities."

6. Re-appointment of Mr. L. Ravi Sankar 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 and Remuneration Committee and approval of the Board of Directors of the Bank, Mr. L. Ravi Sankar (DIN: 00185931) in respect of whom the Bank has received a notice in writing 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 October 11, 2020 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.”

Registered Office:

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

7. Re-appointment of Dr. Santanu Paul 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 and Remuneration Committee and approval of the Board of Directors of the Bank, Dr. Santanu Paul (DIN: 02039043) in respect of whom the Bank has received a notice in writing 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 October 11, 2020 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.”

**By Order of the Board of Directors
For NSDL Payments Bank Limited**

Sd/-

Balan Santosh Parthasarathy
Company Secretary
Membership No. ACS49602

Date: September 21, 2020

Place: Mumbai

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, ('the Act') relating to item no. 4 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. 20/2020 dated May 05, 2020 read with General Circular No. 14/2020 dated April 08, 2020 and General Circular No. 17/2020 dated April 13, 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 2020. In accordance with, the said circulars of MCA and applicable provisions of the Act, the 4th 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 applicable 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.
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

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 May 05, 2020 issued by MCA and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 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 balanp@nsdlbank.co.in
7. The Notice of AGM along with Annual Report for the financial year 2019-20, is available on the website of the Company a www.nsdlbank.com.

PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:

8. Members will be able to attend the 4th 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/266188909> 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
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 Questions / queries received by the Company till 5.00 p.m. on Monday, September 21, 2020 shall only be considered and responded during the AGM.

14. Members who would like to express their views or ask questions during the AGM raise their hand as per the functionality available on the BlueJeans VC application, 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 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 login at NSDL e-voting system at <https://www.evoting.nsdl.com>.
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.
18. To support 'Green Initiative', Members who are holding shares in physical forms are requested to register their email address with the Company

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No 4

Pursuant to the provisions of Section 10B(1A)(i) of the Banking regulation Act, 1949 the Bank was required to appoint a Non-Executive (Part-time) Chairman of the Bank. In accordance with the same the Board at its Meeting held on November 7, 2019 had approved and recommended the appointment of Mr. G. V Nageswara Rao as the Non- Executive (Part-time) Chairman of the Bank subject to approval of Members and Reserve Bank of India on nil remuneration. The RBI vide its letter dated June 30, 2020 approved the appointment of Mr G. V. Nageswara Rao as the Non- Executive (Part-time) Chairman of the Bank for a period 3 years w.e.f. June 30, 2020. The Directors recommend the Resolution at Item No. 4 of the accompanying Notice for approval of the Shareholders of the Bank. None of the Directors, Key Managerial Personnel of the Bank and their relatives other than Mr. G. V Nageswara Rao are in any way concerned

or interested, financially or otherwise in the passing of the resolution set out at Item No. 4.

Item No. 5

Mr. SP. Narayanan had taken charge as the MD & CEO of the Bank for a period of 2 years with effect from May 3, 2018. The RBI Vide its letter dated February 21, 2019 had advised that any revision in the remuneration of MD & CEO shall be considered by them only after completion of atleast one year of commencement of banking operations.

The Board at its Meeting held on November 7, 2019 on completion of one year of the commencement of operations as recommended by the Nomination and Remuneration Committee had approved the increment of 8% in the Remuneration and recommended a payment of variable pay at 20% of fixed pay for the period May 3, 2018 till March 31, 2019. The RBI in response to our application dated February 11, 2020 had on April 23, 2020 approved the payment of variable pay as approved by the Board. The details of the variable pay and revision in remuneration are as follows:

- I) Salary:
- The MD & CEO shall be entitled to a salary of ₹ 29,67,261/- per annum, inclusive of all allowances.
 - Annual Performance Linked Incentive (PLI) as may be determined by the Nomination and Remuneration Committee/Board, subject to Reserve Bank of India guidelines.
 - Malus and clawback arrangements shall be as stipulated by RBI.
 - Annual increments to be recommended by the Compensation Committee/Board.
- II) In addition to the above, the MD & CEO shall be entitled to the following:
- (i) House Rent Allowance 50% of the Basic Pay per month. No housing accommodation will be provided by the Company;
 - (ii) Supplementary allowance of ₹ 35,98,977/- will be paid per annum and will be fully taxable.
 - (iii) Medical benefits of ₹ 15,000/- every year covering self, spouse and dependent children;
 - (iv) Leave Travel Allowance equal to one month's basic pay every year for travel by the MD & CEO and his family; ('family' for this purpose shall mean spouse, dependent parents and dependent children).
 - (v) Group Mediclaim, Group Personal Accident and Term Life Insurance cover will be as per the Company's Insurance policy;

- (vi) A Company car with driver or re-imbursement of expenses subject to a ceiling of ₹ 10,80,000/- per annum;
- (vii) Telephone and internet facility at the residence;
- (viii) Contribution to Provident Fund, Superannuation and Gratuity funds and Leave Encashment as per Staff Rules of NSDL Payments Bank;
- III) 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.
- IV) Notice period of 3 months from either side.

Annexure II

Remuneration, etc	Proposed (w.e.f. November 1, 2019)	Notes	
Remuneration:			
1 Salary	29,67,261	Annual increment with effect from November 1, 2019. Variable Pay is for the period of 2018-19 i.e from May 3, 2018 (Date of taking charge as MD & CEO to March 31, 2019)	
2 Dearness allowance	-		
3 House rent allowance (50% of basic)	14,83,631		
4 Conveyance allowance	-		
5 Entertainment allowance	-		
6 Other allowances, if any (please specify)			
Supplementary allowance	35,98,977		
Leave Travel Allowance (LTA) (1 month's basic)	2,47,272		
Perquisites:			
1 Free furnished house	-		
2 Free use of bank's car for:			
(i) Official purposes	10,80,000		
(ii) for private purposes on compensating the bank with suitable amount	-		
3 Provident Fund/Gratuity/Pension	4,98,728		
4 Travelling and Halting Allowances	-		
5 Medical benefits	15,000		
6 Other benefits, if any (please specify)	-		
Variable pay	0		

Remuneration, etc	Proposed (w.e.f. November 1, 2019)	Notes
Leaves:		
1 Casual Leave	-	
2 Ordinary Leave	32	
3 Sick Leave	0	
4 Leave Fare Concession	-	
Total CTC	98,90,868	
Variable Pay 2018-19 (20% of Existing CTC) from May 3, 2018 (Date of taking charge as MD & CEO to March 31, 2019)	16,71,060	

The members are requested to note that the payment of the aforesaid remuneration would be in accordance with the provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with schedule V of the Companies Act, 2013. None of the Directors, Key Managerial Personnel of the Bank and their relatives other than Mr. S P. Narayanan are in any way concerned or interested, financially or otherwise in the resolution set out at item no.5.

Item No. 6

The Board had appointed Mr. L. Ravi Sankar as a Director of the Bank w.e.f. October 11, 2017 for a period of three years Pursuant to the aforesaid appointment the term of office of Mr. L. Ravi Sankar was concluding on October 10, 2020. The Bank has received an application of the nomination of Mr. L. Ravi Sankar for re-appointment 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 October 11, 2020.

In the opinion of the Board, Mr. L. Ravi Sankar fulfils the conditions specified in the Companies Act, 2013 and Banking Regulations Act, 1949 for such an appointment. The Board recommends the resolution in relation to re-appointment of Mr. L. Ravi Sankar as an Independent Director, for the approval by the shareholders of the Bank. Except Mr. L. Ravi Sankar, 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 had appointed Dr. Santanu Paul as a Director of the Bank w.e.f. October 11, 2017 for a period of three years . Pursuant to the aforesaid appointment the term of office of Dr. Santanu Paul was concluding on October 10, 2020. The Bank has received an application of the nomination of Dr. Santanu Paul for re-appointment 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 October 11, 2020.

In the opinion of the Board, Dr. Santanu Paul fulfils the conditions specified in the Companies Act, 2013 and Banking Regulations Act, 1949 for such an appointment. The Board recommends the resolution in relation to re- appointment of Dr. Santanu Paul as an Independent Director, for the approval by the shareholders of the Bank. Except Mr. Dr. Santanu Paul, 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.

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: September 21, 2020
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. L. Ravi Sankar	Dr. Santanu Paul	Mr. G.V. Nageswara Rao
Category	Independent Director	Independent Director	Non Executive Director and (Part Time) Chairman
Date of Birth	31-08-1958	08-05-1968	05-08-1961
Qualifications	Chartered Accountant	Ph.D. in Computer Science and Engineering B.Tech in Computer Science from the Indian Institute of Technology, Madras	IIM-Ahmedabad graduate, Chartered Accountant and Cost Accountant
Experience	Mr. L. Ravi Sankar is a partner of M/s. Brahmaya & Co., Chartered Accountants since 28 years. During his tenure, he was instrumental in planning, supervising and conducting major accounting, audit, due diligence and valuation assignments for several large entities. He has also conducted management consultancy assignments on systems, procedures and accounting policies and has been a consultant on company law matters, RBI formalities and management matters. He has also been the Chairman of the Southern India Regional Council (SIRC) of the Institute of Chartered Accountants of India (ICAI) for the year 2001-02 during which SIRC received the best region award from ICAI for outstanding and exemplary performance in rendering service to members and students. He is a past President of the Institute of Internal Auditors, Madras Chapter and Member, Board of Governors, the Institute of Internal Auditors for the year 2008-09. He has held various posts with the ICAI in the past.	He is the co-founder of TalentSprint, a for-profit, high-impact platform. He has led the gifted TalentSprint team to 15 awards as well as multiple venture capital raises from Nexus Venture Partners and the National Skill Development Corporation (NSDC). Earlier, he served Virtusa Corporation as Senior Vice President for Global Delivery Operations. He also worked as Chief Technology Officer at Openpages and Viveca, both venture-backed technology firms based in Boston. He began his career at the IBM T.J. Watson Research Center in Yorktown Heights, New York. He is the author of twenty academic papers and an inventor on two United States patents. He also teaches entrepreneurship at the Indian Institute of Technology, advises the Indian banking sector on technology trends and talent search, and conducts leadership clinics for corporate leaders.	Unique blend of experience of over 28 years covering the whole gamut of financial services in India including capital markets and securities business, retail banking, corporate and investment banking, project finance and life insurance. Currently the MD & CEO of National Securities Depository Limited (NSDL), holding Company of NSDL Payments Bank

Terms and Conditions of 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.
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.	NIL
Date of first appointment on the Board	11-10-2017	11-10-2017	17-08-2016
Shareholding in the Company	NIL	NIL	NIL
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	None	None	None
Number of Board meetings attended during the year 2019-20	6	5	6
List of other Directorship held	Sree Narasimha Textiles Private Limited Brahmayya Consultants Private Limited NSE Indices Limited NSE Data and Analytics Limited	Talentsprint Private Limited Greenpark Hospitality Services Private Limited National Payments Corporation of India	National Securities Depository Limited and NSDL Database Management Limited
Chairman/Member of the Committees of Board of other Companies	<u>NSE Indices Limited</u> Corporate Social Responsibility Committee, Chairman <u>NSE Data and Analytics Limited</u> , Corporate Social Responsibility Committee, Chairman	<u>Talentsprint Private Limited</u> Nomination and Remuneration Committee, Chairman <u>National Payments Corporation of India</u> Nomination and Remuneration Committee, Chairman Audit Committee, Member HR Committee, Member Committee of Independent Directors, Member Technology and Project Management Committee, Member Business Strategy Committee, Member	<u>NSDL</u> Member Committee - Member Stakeholder's Relationship Committee - Member Pricing Committee - Member IPO Committee - Member CSR Committee – Member <u>NSDL Database Management Limited</u> Nomination and Remuneration Committee- Member Audit Committee – Member CSR Committee - Member

Chairman/Member of the Committees of Board of the Company	Audit Committee, Chairman Nomination and Remuneration Committee- Member Risk Management Committee- Member IT Strategy Committee - Member	IT Strategy Committee – Chairman Risk Management Committee- Member Nomination and Remuneration Committee- Member	Customer Service Committee – Chairman IT Strategy Committee- Member Nomination and Remuneration Committee- Member Risk Management Committee – Member Audit Committee- Member
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Director's Report

For the year ended March 31, 2020

To the Members,

Your Directors have the pleasure in presenting the 4th Annual Report along with the Audited Financial Statements of your Bank for the year ended March 31, 2020.

BUSINESS OVERVIEW

Your Bank received a license from RBI to carry out the business of Payments Bank in India on March 30, 2017. The bank commenced operations post-approval from RBI on October 29, 2018.

This year, the Bank has gone live with its mobile application – NSDL Jiffy and started offering Savings Accounts to the public. NSDL Jiffy allows fully digital account opening process. It provides money transfer services through various modes including RTGS, NEFT, IMPS and Intra-bank transfer. It also allows Recharge and Bill Payments to a host of billers across categories, virtual debit cards with instant activation and option of requesting a physical debit card. The bank has also been registered as a UPI issuer and it supports UPI transactions on its Savings Account for receiving and sending funds. Its UPI acquirer module is under development and will be available soon.

NSDL Payments Bank became an active contributor in financial inclusion by providing access to underbanked and unbanked segments. Through Business Correspondents, the bank went live with its Domestic Money Transfer services and is ready to launch Micro ATMs. AePS and NACH services will be launched soon.

The Bank has launched commercial operations in the month of January 2020 and has received an enthusiastic response from the markets and the Bank has also started acquiring merchants and offering Payment Gateway solutions to them and aims to provide Point of Sale (PoS) solutions soon.

FINANCIAL POSITION

The financial position of the Bank is as under:

(Amt In '000)

Particulars	2019-20	2018-19
Total income	63,678	59,148
Total expenses	202,374	1,24,439
Profit / (Loss) for the year	(138,696)	(65,291)
Loss brought forward	(103,405)	(37,754)
Total Loss After Tax	(241,741)	(103,045)
Basic and diluted EPS	(1.02)	(0.60)

The comparative financial information of the Bank for the year ended March 31, 2019 has been included as per the Banking Regulation Act, 1949.

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

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 2019-20.

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, 2020, the paid-up share capital stood at ₹ 150 crores comprising of 15,00,00,000 equity shares of ₹ 10 each. During the year under review, the Bank had issued 3,50,00,000 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 2019-20 and retire at the forthcoming Annual General Meeting of the Bank and it is proposed to re-appoint them as Statutory Auditors of the Bank. The Bank has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 139 of the Companies Act, 2013. The Auditors Report does not contain any qualification, reservation or adverse remark and the points raised in the Audit report are self-explanatory.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank has appointed MMJC & Associates LLP to undertake the Secretarial Audit. 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, 2020.

RISK MANAGEMENT

Taking into account various risks involved, an Executive Risk Management Committee has been formed 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.

DEPOSITS

Being a banking company, the disclosures required as per Rule 8(5)(v) and (vi) of the Companies (Accounts) Rules, 2014 read with sections 73 and 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 2019-20.

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, 2020, the Bank has Seven (7) Directors.

During the year under review, following Directors have ceased to be Directors from the board of Bank:

Name of the Director	Designation	Date of Cessation
Mr. Ananth Narayan G	Director	March 20, 2020
Mr. S P Narayanan	MD & CEO	May 2, 2020

B. Details of directors seeking appointment / re-appointment at the forthcoming AGM

In accordance with the provisions section 152(6) of the Companies Act, 2013, Mr. G.V. Nageswara Rao is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

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 re-appointment of Mr. L. Ravi Sankar and Dr. Santanu Paul, Independent Directors is being made in view of cessation of their term of office of on October 10, 2020 as in the opinion of the Board they fulfil 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, Six Board meetings were held viz. May 7, 2019; May 19, 2019, July 17, 2019; August 5, 2019, November 7, 2019 and February 3, 2020. Details of attendance of each director at the Board Meetings held during the financial year are as follows:

Name of the Director	May 7, 2019	May 19, 2019	July 17, 2019	August 5, 2019	November 7, 2019	February 3, 2020
Mr. G. V. Nageswara Rao	P	P	P	P	P	P
Mr. S. P. Narayanan	P	P	P	A	P	P
Mr. L. Ravi Sankar	P	P	P	P	P	P
Dr. Santanu Paul	P	A	P	P	P	P
Mr. Ananth Narayan G.	P	P	P	A	P	P
Mr. N. S. Venkatesh	P	P	P	P	P	P
Dr. (Mrs.) Bala Krishnamoorthy	P	A	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 and 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.

The Committee met Five times on May 7, 2019; May 19, 2019; August 5, 2019; November 7, 2019 and February 3, 2020 during the year. The details of composition and attendance of members of the Audit Committee are given hereunder:-

Name of Director	May 7, 2019	May 19, 2019	August 5, 2019	November 7, 2019	February 3, 2020
Mr. L. Ravi Sankar	P	P	P	P	P
Mr. G. V. Nageswara Rao	P	P	P	P	P
Mr. Ananth Narayan G.	P	P	A	P	P
Mr. N. S. Venkatesh	P	P	P	P	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 November 7, 2019 and February 3, 2020. Details of attendance of each member at the Committee Meetings held during the year are as follows:

Name of the Director	November 7, 2019	February 3, 2020
Dr. Santanu Paul	P	P
Mr. L. Ravi Sankar	P	P
Mr. G. V. Nageswara Rao	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 and Cyber Security Committee
- Standing Committee on Customer Service

DETAILS OF KEY MANAGERIAL PERSONNEL (KMPs)

In terms of Section 203 of the Companies Act, 2013, the details of the KMPs are as under:

Name	Designation
Mr. S. P. Narayanan*	Managing Director & CEO
Mr. Abhishek Bagchi	Chief Financial Officer
Mr. Balan Santosh Parthasarathy**	Company Secretary

**Mr. Balan Santosh Parthasarathy was appointed as Company Secretary w.e.f. November 7, 2020

Mr. S.P. Narayanan ceased to hold office as MD & CEO w.e.f. May 3, 2020

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 and 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.

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

The extract of the Annual Return of the Bank in Form MGT-9 is annexed to this Report.

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

https://nsdlbank.com/regulatory_disclosure.php

PARTICULARS OF EMPLOYEES

During the year under review, no employee has received remuneration either from the Bank, its holding company or subsidiary 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, bankers and shareholders.

For and on behalf of the Board of Directors

Sd/-

G. V. Nageswara Rao

Chairman

Place: Mumbai

Date: August 05, 2020

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN:- U65900MH2016PLC284869
- ii) Registration Date: August 17, 2016
- iii) Name of the Company: NSDL Payments Bank Limited
- iv) Category / Sub-Category of the Company: Indian Non-Government Company
- v) Address of the Registered office and contact details: Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West) Mumbai – 400013.
- vi) Whether listed company: ~~Yes~~/ No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: NSDL Database Management Limited Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West) Mumbai – 400013. Tel : 22 49142700 Fax: 91- 22- 49142503 Email: info_ndml@nsdl.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Financial service activities, except insurance and pension funding	64	Nil

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	National Securities Depository Limited, Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West) Mumbai - 400013.	U74120MH2012PLC230380	Holding Company	86.67%	2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
A. Promoters								
(1) Indian								
a) Individual/ HUF	80	-	80	0.001%	80	-	80	0.001%
b) Central Govt								
c) State Govt (s)								
d) Bodies Corp.								
e) Banks/FI	11,49,99,920	-	11,49,99,920	99.99%	14,99,99,920	-	14,99,99,920	99.99%
f) Any Other..	-							
Sub-total (A) (1):-	11,50,00,000		11,50,00,000	100.00%	15,00,00,000		15,00,00,000	100.00%
(2) Foreign								
a) NRIs - Individuals								
b) Other - Individuals								
c) Bodies Corp.								
d) Banks / FI								
e) Any Other.....								
Sub-total (A) (2):-								
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	11,50,00,000		11,50,00,000	100.00%	15,00,00,000		15,00,00,000	100.00%
B. Public Shareholding								
(1) Institutions								
a) Mutual Funds								
b) Banks/FI								
c) Central Govt								
d) State Govt(s)								
e) Venture Capital Funds								
f) Insurance Companies								
g) FIs								
h) Foreign Venture Capital Funds								
i) Others (specify)								
Sub-total (B)(1):-								

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	Demat	Physical	Total	Demat	Physical	Total	
(2) Non-Institutions	-	-	-	-	-	-	-
a) Bodies Corp.							
i) Indian							
ii) Overseas							
b) Individuals							
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh							
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh							
c) Others (specify)							
Sub-total (B)(2):-							
Total Public Shareholding (B) = (B)(1) + (B)(2)							
C. Shares held by Custodian for GDRs & ADRs							
Grand Total (A+B+C)	11,50,00,000	-	11,50,00,000	15,00,00,000	-	15,00,00,000	100 %

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	National Securities Depository Limited (NSDL)	9,49,99,920	82.61%	-	12,99,99,920	86.67%	-	+4.06%
2	Krishna Srinivas & NSDL	10	0.00001%	-	10	0.00001%	-	
3	Dnyanesh Nerurkar & NSDL	10	0.00001%	-	10	0.00001%	-	
4	Nityanand Phatarphod & NSDL	10	0.00001%	-	10	0.00001%	-	
5	S. Ganesh & NSDL	10	0.00001%	-	10	0.00001%	-	
6	Samar Banwat & NSDL	10	0.00001%	-	10	0.00001%	-	
7	Prashant Vagal & NSDL	10	0.00001%	-	10	0.00001%	-	
8	Manoj Sathe & NSDL	10	0.00001%	-	10	0.00001%	-	
9	Balkrishna Narayan Shanwalker & NSDL	10	0.00001%	-	10	0.00001%	-	
Total		9,50,00,000	82.61	-	13,00,00,000	86.67	-	4.06%

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	9,50,00,000	82.61%	9,50,00,000	82.61%
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/ sweat equity etc):				
	i) Rights Issue – 19.05.2019	2,50,00,000	3.10%	12,00,00,000	85.71%
	ii) Rights issue – 17.03.2020	1,00,00,000	0.96%	13,00,00,000	86.67%
	At the End of the year	13,00,00,000	82.61%	13,00,00,000	86.67%

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

Sl. No.	NSDL Database Management Limited For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	2,00,00,000	17.39	2,00,00,000	17.39
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	2,00,00,000	13.33	2,00,00,000	13.33

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-

V. INDEBTEDNESS

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (in ₹)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager (Mr. SP. Narayanan)*			Total Amount
1.	Gross salary	75,10,728	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	32,400			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as % of profit				
	- others, specify...				
5.	Others, please specify	-	-	-	-
	Total (A)	75,43,128	-	-	-

Mr. SP. Narayanan ceased to be a MD & CEO of the Bank w.e.f. May 2, 2020

Gross Salary does not include LTA, Car lease, employer contribution to PF, unclaimed gratuity and medical benefits

B. Remuneration to other directors:

(in ₹)

Particulars of Remuneration	Name of Directors						Total Amount
	Mr. G. V. Nageswara Rao	Mr. L. Ravi Sankar	Dr. Santanu Paul	#Mr. Ananth Narayan G.	Mr. N.S. Venkatesh	Dr. (Mrs.) Bala Krishnamoorthy	
1. Independent Directors							
• Fee for attending board / committee meetings	-	15,00,000	11,00,000	9,80,000	12,60,000	6,80,000	55,20,000
• Commission	-	-	-	-	-	-	-
• Others, please specify	-	-	-	-	-	-	-
Total (1)		15,00,000	11,00,000	9,80,000	12,60,000	6,80,000	55,20,000
2. Other Non-Executive Directors							
• Fee for attending board committee meetings		-	-				-
• Commission							
• Others, please specify							
Total (2)		-	-				-
Total (B) = (1 + 2)		-	-				-
Total Managerial Remuneration		15,00,000	11,00,000	9,80,000	12,60,000	6,80,000	55,20,000

Overall ceiling limit as per Companies Act, 2013:

₹1 lakh per Director for Board and Audit Committee Meeting and ₹0.60 lakh per Director for other Committee meetings.

The sitting fees paid to the Non-Executive Directors for attending the meetings of the Board and Committees, are as per limits prescribed under the Act .

Ceased to be a Director w.e.f. March 20, 2020

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(in ₹)

Sl. no.	Particulars of Remuneration	CEO	Key Managerial Personnel			Total
			Company Secretary Deepashri Cornelius	Company Secretary Balan Santosh Parthasarathy	Abhishek Bagchi, CFO	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Already covered above in Clause VI (A)	5,50,363@	5,55,899*	40,47,832	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	Total (C)	-	5,50,363	5,55,899	40,47,832	-

@ Salary from April 01, 2019 to October 14, 2019

* Salary from October 22, 2019 to March 31, 2020

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			Not Applicable		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			Not Applicable		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			Not Applicable		
Punishment					
Compounding					

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2020

[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, 2020 (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, 2020 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,

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 3,50,00,000 Equity shares of Rs 10/- each at par aggregating to ₹ 35,00,00,000/- on Right Issue basis.

For MMJB and Associates LLP
Practising Company Secretaries

Saurabh Agarwal
Designated Partner

FCS No. 9290

CP No. 20907

UDIN: F009290B000337596

Place: Mumbai

Date: June 12, 2020

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

Practising Company Secretaries

Saurabh Agarwal

Designated Partner

FCS No. 9290

CP No. 20907

UDIN: F009290B000337596

Place: Mumbai

Date: June 12, 2020

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 pay¹ within the overall limit as per Section 197 of the Companies Act, 2013 and rules framed thereunder and within the limits as may be approved by RBI subject to the approval of the shareholders of the Bank.

4.3 Fixed Pay

The Bank shall ensure that the fixed portion of 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) of the Companies Act, 2013, 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

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 a substantial proportion of compensation i.e., at least 50%, should be variable and paid on the basis of

¹ 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.

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, 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 basis₂. 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, Bank 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	<p>a. Information relating to the composition and mandate of the Remuneration Committee.</p> <p>b. Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.</p> <p>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</p> <p>d. Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.</p> <p>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.</p> <p>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</p>
Quantitative disclosures (The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer/ Material Risk Takers)	<p>g. Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.</p> <p>h. <ul style="list-style-type: none"> • Number of employees having received a variable remuneration award during the financial year. • Number and total amount of sign-on/Joining Bonus made during the financial year. • Details of severance pay, in addition to accrued benefits, if any. </p> <p>i. <ul style="list-style-type: none"> • Total amount of outstanding deferred remuneration, split into cash, types of sharelinked instruments and other forms. • Total amount of deferred remuneration paid out in the financial year. </p> <p>j. <ul style="list-style-type: none"> • Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred. </p> <p>k. <ul style="list-style-type: none"> • Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments. • Total amount of reductions during the financial year due to ex- post explicit adjustments. • Total amount of reductions during the financial year due to ex- post implicit adjustments. </p> <p>l. <ul style="list-style-type: none"> • Number of MRTs identified </p> <p>m. <ul style="list-style-type: none"> • Number of cases where malus has been exercised. • Number of cases where clawback has been exercised. • Number of cases where both malus and clawback have been exercised </p>
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 31st March, 2020 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 31st March, 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.

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

3. The Bank's Board of Directors is responsible for the preparation of the other information, comprising of the information included in the Management Discussion and Analysis, Directors' Report including Annexures to Directors' Report, and such other disclosures related

Information, excluding the financial statements and auditors report thereon ('Other Information'). The other information is expected to be made available to us after the date of this auditors' report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the other Information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charges with governance as required under SA 720 'The Auditor's responsibilities Relating to other Information'

Responsibility of Management for Financial Statements

4. The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under prescribed Section 133 of the Act. 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.

Independent Auditor's Report (Contd.)

Auditor's Responsibilities for the Audit of the Financial Statements

5. Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Our audit process in accordance with the SAs is narrated in details in Annexure 1 to this report.

Report on Other Legal and Regulatory Requirements

6. 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.
7. As required by Section 30(3) of the Banking Regulation Act, 1949, 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 and have found them to be satisfactory;
 - the transactions of the Bank, which have come to our notice have been within the powers of the Bank; and
 - 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.
8. 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;
- on the basis of the written representations received from the directors as on 31st March, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in Annexure 2.
- 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

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.

- 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 did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - the Bank is currently not liable to transfer any amount to the Investor Education and Protection Fund.

For **Khimji Kunverji & Co LLP**
 (formerly Khimji Kunverji & Co)
 Chartered Accountants
 FRN: 105146W/W100621

Mumbai
 17th June, 2020

Vinit K Jain
 Partner (F-145911)
 UDIN: 20145911AAAAAT9220

Annexure 1 to the Independent Auditors' Report

(referred to in para 5 titled "Auditor's Responsibilities for the Audit of the Financial Statements")

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, to design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Annexure 2 to the Independent Auditors' Report

[referred to in paragraph 10(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report]

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

We have audited the internal financial controls over financial reporting of **NSDL Payments Bank Limited** ("the Bank") as at 31st March, 2020 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial

control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank;
- 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
- 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 OVER FINANCIAL REPORTING

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

OPINION

In our opinion, 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 31st March, 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**
 (formerly **Khimji Kunverji & Co**)
 Chartered Accountants
 FRN: 105146W/W100621

Vinit K Jain

Mumbai
 17th June, 2020

Partner (F-145911)
 UDIN: 20145911AAAAAT9220

Balance Sheet

as at 31st March, 2020

(₹ in '000s)

	Schedule No.	As at 31 st March, 2020	As at 31 st March, 2019
CAPITAL & LIABILITIES			
Capital	1	15,00,000	11,50,000
Reserves and Surplus	2	(2,41,741)	(1,03,045)
Deposits	3	1,788	155
Borrowings	4	-	-
Other Liabilities and Provisions	5	43,232	37,450
Total		13,03,279	10,84,560
ASSETS			
Cash and Balances with Reserve Bank of India	6	7,043	1,931
Balances with banks and money at call and short notice	7	8,04,938	7,37,574
Investments	8	1,62,994	39,324
Advances	9	-	-
Fixed Assets	10	2,64,744	2,50,194
Other Assets	11	63,560	55,537
Total		13,03,279	10,84,560
Contingent Liabilities	12	2,500	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 (F-145911)

Date: 17th June, 2020

Sd/-

G V Nageswara Rao

Director

DIN: 00799504

Sd/-

L Ravi Sankar

Director

DIN: 00185931

(Chennai)

Sd/-

N S Venkatesh

Director

DIN: 01893686

Place : Mumbai

Date : 14th June, 2020

Sd/-

Ashutosh D Singh

Chief Executive Officer

Sd/-

Abhishek Bagchi

Chief Financial Officer

Sd/-

Balan S Parthasarathy

Company Secretary

Statement of Profit & Loss

for the year ended 31st March, 2020

(₹ in '000s)

Particulars	Schedule No.	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
I INCOME			
Interest Earned	13	59,492	54,189
Other Income	14	4,186	4,959
Total		63,678	59,148
II EXPENDITURE			
Interest Expended	15	126	872
Operating Expenses	16	2,02,248	1,25,175
Provisions and Contingencies	18(3)(3.1)	-	(1,608)
Total		2,02,374	1,24,439
III PROFIT/LOSS			
Net Profit /(Loss) for the year		(1,38,696)	(65,291)
Profit brought forward		(1,03,045)	(37,754)
Total		(2,41,741)	(1,03,045)
IV APPROPRIATIONS			
Transfer to Statutory Reserve		-	-
Transfer to Investment Reserve		-	-
Balance carried over to Balance Sheet		(2,41,741)	(1,03,045)
Total		(2,41,741)	(1,03,045)
EPS Basic (₹)	18(2.7)	(1.02)	(0.60)
EPS Diluted (₹)		(1.02)	(0.60)
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
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 (F-145911)
 Date: 17th June, 2020

Sd/-
G V Nageswara Rao
 Director
 DIN: 00799504

Sd/-
L Ravi Sankar
 Director
 DIN: 00185931
 (Chennai)

Sd/-
N S Venkatesh
 Director
 DIN: 01893686

Place : Mumbai
 Date : 14th June, 2020

Sd/-
Ashutosh D Singh
 Chief Executive Officer

Sd/-
Abhishek Bagchi
 Chief Financial Officer

Sd/-
Balan S Parthasarathy
 Company Secretary

Cash Flow Statement

for the year ended 31st March, 2020

(₹ in '000s)

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
I Cash Flow from Operating Activities		
Net Profit for the Year (before taxes)	(1,38,697)	(66,899)
Adjustments for:-		
Add : Non-Cash Expenditure		
Interest income on T Bills and Term Deposits classified as investing cash flows	(59,492)	-
Profit/(loss) on sale of Mutual Funds	(3,296)	-
Depreciation	42,125	31,949
Cash Flow before Changes in Working Capital	(1,59,359)	(34,950)
<i>Adjustments for working capital changes</i>		
Deposits	1,633	155
Financing		
Other Liabilities	5,601	20,004
Other Assets	(7,212)	(33,950)
Direct Taxes paid	(629)	(72)
(Increase)/Decrease in AFS Investments	-	(39,324)
Cash generated from Operating Activities	(1,59,967)	(88,137)
II Cash Flow from Investing Activities		
Investment in deposits with maturity of more than twelve months		
Addition to Other Fixed Assets	(56,676)	(1,77,624)
(Increase)/Decrease in Investments	(1,23,670)	-
Profit/(loss) on sale of Mutual Funds	3,296	-
Interest income on T Bills and Term Deposits	59,492	-
Interest received on bank deposits	-	-
Addition to Capital Work in Progress	-	92,341
Cash generated from Investing Activities	(1,17,558)	(85,283)
III Cash Flow from Financing Activities		
Proceeds of share issue	3,50,000	1,20,000
Cash generated from financing Activities	3,50,000	1,20,000
IV Increase/Decrease during the Year	72,475	(53,420)
V Opening Cash and Cash Equivalents	7,37,005	7,90,425
VI Closing Cash and Cash Equivalents	8,09,480	7,37,005
Notes to the Cash Flow Statement:		
Cash and cash equivalents includes the following:		
(i) Cash and Balances with Reserve Bank of India (Refer Schedule 6)	7,043	1,931
(ii) Balances with Banks in Current Accounts (Refer Schedule 7)	8,04,938	7,37,574
(iii) Less: Lien Fixed Deposit	2,500	2,500
Cash and cash equivalents at the end of the year	8,09,480	7,37,005

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 (F-145911)
Date: 17th June, 2020

Sd/-
G V Nageswara Rao
Director
DIN: 00799504

Sd/-
L Ravi Sankar
Director
DIN: 00185931
(Chennai)

Sd/-
N S Venkatesh
Director
DIN: 01893686

Place : Mumbai
Date : 14th June, 2020

Sd/-
Ashutosh D Singh
Chief Executive Officer

Sd/-
Abhishek Bagchi
Chief Financial Officer

Sd/-
Balan S Parthasarathy
Company Secretary

Schedules forming part of the financial statements for the year ended 31st March, 2020

1. CAPITAL

(₹ in '000s)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Authorised Capital		
20,00,00,000 Ordinary Shares of ₹ 10/- each	20,00,000	20,00,000
Issued, Subscribed and Paid-up		
15,00,00,000 Ordinary Shares of ₹ 10/- each	15,00,000	11,50,000
Total	15,00,000	11,50,000

2. RESERVES AND SURPLUS

(₹ in '000s)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
1. Statutory Reserve		
(i) Opening Balance	-	-
(ii) Addition during the year	-	-
(iii) Deduction during the year	-	-
Total	-	-
2. Investment Reserve		
(i) Opening Balance	-	-
(ii) Addition during the year	-	-
(iii) Deduction during the year	-	-
Total	-	-
3. Balance in Profit and Loss Account		
(i) Opening Balance (Refer note18(3)(3.23))	(1,03,045)	(37,754)
(ii) Addition during the year	(1,38,696)	(65,291)
(iii) Deduction during the year	-	-
Total	(2,41,741)	(1,03,045)
TOTAL	(2,41,741)	(1,03,045)

3. DEPOSITS

(₹ in '000s)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
A. 1. Demand Deposits		
i) From Banks	-	-
ii) From Others	233	-
Total	233	-
2. Savings Bank Deposits	1,555	155
3. Term Deposits		
i) From Banks	-	-
ii) From Others	-	-
Total	-	-
TOTAL	1,788	155
B. i. Deposits of Branches in India	1,788	155
ii. Deposits of Branches outside India	-	-
Total	1,788	155

Schedules forming part of the financial statements for the year ended 31st March, 2020

4. BORROWINGS

(₹ in '000s)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
1. Borrowings in India		
(i) Reserve Bank of India	-	-
(ii) Other Banks	-	-
(iii) Other Institutions and Agencies	-	-
(iv) Subordinated debt	-	-
Total	-	-
2. Borrowings outside India	-	-
TOTAL	-	-

5. OTHER LIABILITIES AND PROVISIONS

(₹ in '000s)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
1. Bills Payable	-	-
2. Inter Office Adjustments (Net)	-	-
3. Interest Accrued	-	-
4. Others (Including Provisions)	43,232	37,450
TOTAL	43,232	37,450

6. CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in '000s)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
1. Cash in hand	-	-
2. Balances with Reserve Bank of India		
(i) In Current Account	7,043	1,931
(ii) In Other Accounts	-	-
TOTAL	7,043	1,931

7. BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in '000s)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
1. In India		
(i) Balances with Banks		
a) In Current Accounts	6,752	2,186
b) In other Deposit Accounts (Refer Note 18(3) (3.19))	7,98,186	7,35,388
(ii) Money at Call and Short Notice		
a) With Banks	-	-
b) With Other Institutions	-	-
Total	8,04,938	7,37,574
2. Outside India		
(i) In Current Accounts	-	-
(ii) In Other Deposits Accounts	-	-
(iii) Money at Call and Short Notice	-	-
Total	-	-
TOTAL	8,04,938	7,37,574

Schedules forming part of the financial statements for the year ended 31st March, 2020

8. INVESTMENTS

(₹ in '000s)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
1. Investments in India (Gross)	1,62,994	39,324
Less – Provision for depreciation	-	-
Total	1,62,994	39,324
Investments in India in -		
(i) Government Securities	73,464	39,324
(ii) Other Approved Securities	-	-
(iii) Shares	-	-
(iv) Debentures and Bonds	-	-
(v) Subsidiaries and / or Joint Venture	-	-
(vi) Others	89,530	-
Total	1,62,994	39,324
2. Investments Outside India	-	-
Total	-	-
TOTAL	1,62,994	39,324

9. ADVANCES

(₹ in '000s)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
A.		
(i) Bills Purchased and Discounted	-	-
(ii) Cash Credits, Overdrafts and Loans Repayable on Demand	-	-
(iii) Term Loans	-	-
Total	-	-
B.		
(i) Secured by Tangible Assets	-	-
(ii) Coverd by Bank/Government Guarantees	-	-
(iii) Unsecured	-	-
Total	-	-
C.1 Advances in India		
(i) Priority Sector	-	-
(ii) Public Sector	-	-
(iii) Banks	-	-
(iv) Others	-	-
Total	-	-
C.2 Advances Outside India		
Total	-	-
TOTAL	-	-

Schedules forming part of the financial statements for the year ended 31st March, 2020

10. FIXED ASSETS

(₹ in '000s)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
1. Premises		
(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	-	-
Total	-	-
2. Other Fixed Assets		
(i) At cost at 31st March of the preceding year	1,94,258	16,634
(ii) Additions During the year	64,983	1,77,624
(iii) Deductions During the year	95	-
(iv) Accumulated Depreciation to date	76,777	34,652
Total	1,82,369	1,59,606
3. Capital Work in Progress	82,375	90,588
TOTAL (1+2+3)	2,64,744	2,50,194

11. OTHER ASSETS

(₹ in '000s)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
1. Inter-Office Adjustment (Net)	-	-
2. Interest Accrued	13,686	13,714
3. Tax Paid in Advance/Tax Deducted at Source (Net of Provision)	763	134
4. Stationery and Stamps	-	-
5. Deferred Tax Assets (Net)	-	-
6. Others	49,111	41,689
Total	63,560	55,537

12. CONTINGENT LIABILITIES

(₹ in '000s)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
1. Claims against the bank not acknowledged as debts	-	-
2. Liability on Account of Outstanding Forward Exchange contracts	-	-
3. Liability on Account of Outstanding Derivative Contracts	-	-
4. Guarantees given on behalf of constituents		
(i) In India	-	-
(ii) Outside India	-	-
6. Acceptances, Endorsements and other Obligations	-	-
7. Other items for which the bank is contingently liable		
(i) Income tax and other matters (under appeal)	-	-
(ii) Others	2,500	2,500
Total	2,500	2,500

Schedules forming part of the financial statements for the year ended 31st March, 2020

13. INTEREST EARNED

(₹ in '000s)

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
1. Interest / Discount on Advances / bills	-	-
2. Income on Investments	1,522	705
3. Interest on balance with RBI and Other Inter bank funds	57,970	53,484
4. Others	-	-
Total	59,492	54,189

14. OTHER INCOME

(₹ in '000s)

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
1. Commission, Exchange and Brokerage	827	1
2. Profit on sale of Investments (Net)	3,295	4,958
3. Profit / (Loss) on sale of land, building and other assets (Net)	-	-
4. Profit on exchange transactions (Net)	64	-
5. Miscellaneous Income	0	-
Total	4,186	4,959

15. INTEREST EXPENDED

(₹ in '000s)

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
1. Interest on Deposits	16	2
2. Interest on Reserve Bank of India / Inter-Bank Borrowings	-	-
3. Others	110	870
Total	126	872

16. OPERATING EXPENSES

(₹ in '000s)

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
1. Payments to and provisions for employees	69,493	41,410
2. Rent, taxes and lighting	17,995	9,362
3. Printing and stationery	230	390
4. Advertisement and publicity	13	125
5. Depreciation on banks property	42,125	31,949
6. Director's fees Allowances and expenses	6,278	3,745
7. Auditors' fees and expenses (Including branch auditor's fees and expenses)	2,580	1,411
8. Law Charges	630	621
9. Postage, Telegrams, Telephones, etc.	105	97
10. Repairs and maintenance	30,248	20,678
11. Insurance	1,306	640
12. Other Expenditure	31,245	14,747
Total	2,02,248	1,25,175

Significant Accounting Policies

17. 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,

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 30th 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.

Significant Accounting Policies

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.

Service revenue is recognised on completion of provision of services. Revenue is recognised on transfer of all significant risks and rewards and when no significant uncertainty exists regarding realisation of consideration. 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.

Investing and other activities

Income on account of interest and other activities are recognised on an accrual basis. Interest income on discounted instruments is recognised over the tenure of

the instruments so as to provide a constant periodic rate of return. Interest income is recognised in accordance with AS-9, Revenue Recognition on time proportion basis.

5. Property, Plant and Equipment (Tangible and Intangible), Depreciation/Amortisation

Property Plant and Equipment (Fixed assets) are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes initial handling and delivery charges, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Capital work-in-progress includes cost of assets under development that are not ready for their intended use and reflects advances paid to acquire those assets, vendor payments made towards the development of the asset and also includes employee salary cost directly attributable towards development of intangible assets.

Intangible assets with finite useful lives are carried at cost and are amortised on a straight-line basis over their estimated useful life and charged to Profit and Loss Account. Salary cost included as a part of capital work in progress is capitalised and charged to Profit and Loss account based on allocation of time towards developmental and non-developmental activities based on Management estimate.

Fixed Asset having value of ₹ 5,000/- and 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	
- Servers and networks	6 years
- End user devices, such as, desktops, laptops, etc.	3 years

Significant Accounting Policies

Asset category	Estimated Useful Life
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. Employee Benefits

The Bank's post-employment benefits include Defined Benefit Plan and Defined Contribution Plans. The Bank also provides other benefits in the form of compensated absences, by way of Privilege Leave and Sick Leave.

Defined Benefit Plans:

Gratuity:

Under the Defined Benefit plan, the Bank provides retirement obligation in the form of Gratuity. In terms of the plan, a lump sum payment is made to eligible employees at retirement or termination of employment based on respective employee salary and years of experience with the Bank. Gratuity liability is defined benefit obligation and is provided on the basis of actuarial valuation based on projected unit credit method made at the end of each financial year. The Bank contributes towards gratuity fund (defined benefit retirement plan) administered by identified insurer for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although insurer administers the scheme and determine the contribution premium required to be paid by the Bank. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Bank.

For defined benefit plans, the difference between the fair value of the plan assets and the present value of the plan liabilities is recognised as an asset or liability in the balance sheet. Scheme liabilities are calculated using the projected unit credit method and applying the principal actuarial assumptions as at the date of balance sheet. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. All expenses in respect of defined benefit plans, including actuarial gains and losses, are recognised as a part of salary cost.

Compensated Absences:

The employees of the Bank are entitled to compensated absences based on the un-availed leave balance as well as other long-term benefits. The Bank records liability based on actuarial valuation computed under projected unit credit method.

Compensated absences by way of Privilege Leave and Sick Leave are provided for based on estimates of encashment/availment of leave. The Bank provides for the compensated absences based on actuarial valuation as per projected unit credit method conducted by an independent actuary. Actuarial gains/losses are considered as a part of salary cost and included in capital work in progress.

Defined Contribution Plan:

The Bank's contributions to defined contribution plans are recognised as a part of salary cost as they fall due. The Bank has no further obligations under these plans beyond its periodic contributions. The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits.

8. Leases

Finance Lease:

Lease contracts where substantially all the risks and rewards incidental ownership has been transferred to the Bank are classified as Finance Lease.

Finance Lease is capitalised at the inception of the lease at fair value of the leased property or present value of minimum lease payments, whichever is lower and corresponding rental obligation with finance costs are included in other Financial Liability. Lease payments are apportioned between finance cost and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are recognised in finance costs in the statement of Profit and Loss account. A leased asset is depreciated over lower of the useful life of the asset or period of lease term.

Significant Accounting Policies

Operating Lease:

Leases where the lessor transfers substantially all the risks and rewards of ownership of the leased asset are classified as finance lease and other leases are classified as operating lease. Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

9. Taxation

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the relevant provisions of Income tax Act, 1961. Deferred income taxes 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.

10. Earnings Per Share

The Bank reports basic and diluted earnings per share in accordance with AS-20, Earnings Per Share. Basic earnings per share is computed by dividing the net profit/ (loss) after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end except where the results are anti-dilutive.

11. Provisions, Contingent Liabilities and Contingent Assets

In accordance with AS-29 relating to Provisions, Contingent Liabilities and Contingent Assets; a provision is recognised when the Bank has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

No provision is recognised and a disclosure of contingent liability is made when there is:

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

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent assets are not recognised in the financial statements.

12. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

13. Cash flow Statements

Cash flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Bank are segregated.

Notes forming part of the financial statements for the year ended 31st March, 2020

18. NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

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 31 st March, 2020	As at 31 st March, 2019
i) Common Equity Tier-1 capital ratio (%)	265.87%	231.06%
ii) Tier-1 capital ratio (%)	265.87%	231.06%
iii) Tier-2 capital ratio (%)	-	-
iv) Total capital ratio (CRAR) (%)	265.87%	231.06%
v) Percentage of the shareholding of the Government of India in public sector banks		-
vi) Amount of equity capital raised	3,50,000	120,000
vii) Amount of Additional Tier 1 capital raised; of which	-	-
- Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
- Perpetual Debt Instruments (PDI)	-	-
viii) Amount of Tier 2 capital raised; of which		
Debt capital instruments:	-	-
Preference Share Capital Instruments:	-	-
Preference Shares (PCPS) / Redeemable Non-Cumulative Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]		

As per RBI requirement, the Bank shall maintain a minimum net worth of Rs 10,00,000 ('000s) at all times. The net worth of the Bank as at 31st March, 2020 is ₹ 10,08,675.81('000s) (as on 31st March, 2019 ₹ 10,46,955 ('000s)). As per the methodology of computing net worth defined in the monthly and quarterly "Return on Asset, Liabilities and Exposures" of the Reserve Bank of India (RBI), Net worth is Total Capital and Reserves minus Revaluation Reserves minus Undisclosed Reserves minus General Provisions minus (Intangible Assets and Deferred Tax Assets). For FY 2018-19, the Bank has not deducted ₹ 1,48,313 thousand while computing net worth relating to Computer software considering same is classified separately under fixed assets in the Return on Asset, Liabilities and Exposures'.

1.2 Investments

- i) The following table sets forth for the period indicated, the details of investments and movement of provision held towards depreciation on investments of the Bank.

(₹ in 000's)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
1 Value of investments		
(i) Gross value of investments		
(a) In India	1,62,994	39,324
(b) Outside India	-	-
(ii) Provision for depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	1,62,994	39,324
(b) Outside India	-	-
2 - Movement of provisions held towards depreciation on investments		
(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, 2020

- ii) The following table sets forth, for the period indicated, the details of investments categorization in accordance with RBI guidelines.

(₹ in 000's)

Security	As at 31 st March, 2020				As at 31 st March, 2019			
	HTM	HFT	AFS	Total	HTM	HFT	AFS	Total
Government securities	-	-	73,464	73,464	-	-	39,324	39,324
Other Approved Securities	-	-	-	-	-	-	-	-
Shares	-	-	-	-	-	-	-	-
Debentures/Bonds	-	-	-	-	-	-	-	-
Others- Mutual Fund	-	-	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 (Face Value)

The Bank did not purchase/sell any securities under repo/reverse repo during the year 2019-20 (“Nil” during the year 2018-19).

1.4 Non SLR Investment Portfolio

- i) Issuer composition of Non SLR investments

(₹ in 000's)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	-	-	-	-	-
(ii)	FIs	-	-	-	-	-
(iii)	Banks	-	-	-	-	-
(iv)	Private Companies	-	-	-	-	-
(v)	Subsidiaries/Joint Ventures	-	-	-	-	-
(vi)	Others	-	-	-	-	-
(vii)	Total (I to vi)	-	-	-	-	-
(viii)	Less: Provision held towards depreciation	-	-	-	-	-
Total (viii – viii)		-	-	-	-	-

1.5 Non-Performing Non-SLR investments

The Bank does not have any nonperforming investments during the year 2019-20 (“Nil” during the year 2018-19).

1.6 Provision for Depreciation on Investments

Provision for depreciation on investments under 'Available for Sale' category as on 31st March, 2020 is Nil (“Nil” as on 31st March, 2019).

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 2019-20 (“Nil” as on 31st March, 2019).

1.8 Derivatives

The bank has not entered into any derivative transactions (Forward Rate Agreement/ Interest Rate Swap/ Exchange Traded Interest Rate Derivatives) during the year 2019-20. (“Nil” during the year 2018-19) Therefore, qualitative and quantitative disclosures under RBI guidelines with respect to derivative transactions are not required.

1.9 Asset Quality

As per the RBI guidelines issued by RBI for licensing of Payments Bank; the payments bank is 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.

Notes forming part of the financial statements for the year ended 31st March, 2020

1.10 Business Ratios

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
i. Interest income as a percentage to working funds ¹	4.82%	2.33%
ii. Non-interest Income as percentage to working funds ¹	0.34%	0.35%
iii. Operating profit as a percentage to working funds ²	(11.23%)	(3.51%)
iv. Return on assets ³	(11.23%)	(2.90%)
v. Business (Deposit) per employee ⁴ (₹ in actuals)	34,721	4,557
vi. Profit/(Loss) per employee ⁴ (₹ in 000's)	(2,693.14)	(856.24)

- 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.
- Operating Profit means Net Interest Income plus Other Income less Operating Expenses
- Net Profit as a percentage to average working funds
- For the purpose of per employee average number of employees have been considered
- In 2018-19, for the purpose of above ratios except no. v the management has considered the numerator on prorata basis from the commencement of operation, while for FY 2019-20 entire year has been considered. Hence the ratios are not comparable.

1.11 Asset Liability Management

Maturity pattern of certain items of assets and liabilities as on 31st March, 2020:

(₹ in 000's)

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 months to 1 year	-	-	-	-	-	-
Over 1 to 3 years	1,598	-	-	-	-	-
Over 3 to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Total	1,788	-	1,62,994	-	-	-

Maturity pattern of certain items of assets and liabilities as on 31st March, 2019:

(₹ in 000's)

Maturity Bucket	Deposits	Advances	Investments	Borrowings	Foreign currency assets	Foreign currency liabilities
Day 1	5	-	35,353	-	-	-
2 to 7 days	5	-	-	-	-	-
8 to 14 days	5	-	-	-	-	-
15 to 28 days	-	-	-	-	-	-
Days 29 to 3 months	-	-	-	-	-	-
Over 3 to 6 months	-	-	3,971	-	-	-
Over 6 months to 1 year	-	-	-	-	-	-
Over 1 to 3 years	140	-	-	-	-	-
Over 3 to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Total	155	-	39,324	-	-	-

Classification of assets and liabilities under the different maturity buckets are compiled by management (on gross basis) based on the assumptions as used by the Bank and which have been relied upon by the auditors.

Notes forming part of the financial statements for the year ended 31st March, 2020

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 2019-20 and 2018-19.

ii) As per the RBI guidelines issued by RBI for licensing of Payments Bank; the payments bank is not allowed to give any advance or lend to any person including their directors. Therefore, the disclosure required in respect to exposure to real estate sector, capital market, category wise country risk, single and group borrower limits and unsecured advances are not applicable to payments bank.

1.13 Disclosure of penalties imposed by RBI

No penalty has been imposed by RBI during the year 2019-20 ("Nil" during FY 2018-19)

2. Disclosure Requirements as per Accounting Standards

2.1 Accounting Standard 15 - Employee Benefits

Leave Encashment

The actuarially determined liability for Compensated Absences (Privilege Leave) of the employees of the Bank is given below:

(₹ in 000's)

No.	Particulars	As at 31 st March, 2020	As at 31 st March, 2019
1	Provision as at date	7,590	1,582

Provident Fund

The contribution to the Employee Provident Fund amounted to ₹ 6,083 thousand for the year 2019-20 (₹ 2,723 thousand for the year 2018-2019).

Gratuity

The following tables give the disclosure regarding the Gratuity Scheme in accordance with the Accounting Standard 15 (Revised):

Balance Sheet

Change in Defined Benefit Obligation during the year

(₹ in 000's)

No.	Particulars	As at 31 st March, 2020	As at 31 st March, 2019
1	Defined Benefit Obligation at the beginning of the period	1,355	1,008
2	Service cost	902	828
3	Interest cost	105	79
4	Actuarial losses/(gains)	(1,225)	(560)
5	Benefit payments	-	-
6	Defined Benefit obligation at the end of the period	1,137	1,355

Amount recognised in Balance Sheet:

(₹ in 000's)

No.	Particulars	As at 31 st March, 2020	As at 31 st March, 2019
1	Present value of defined benefit obligation	1,137	1,355
2	Fair value of plan assets	(2,034)	(1,907)
3	Funded status ((surplus)/ deficit)	(897)	(552)
4	Unrecognised past service costs	-	-
5	Net asset / (liability) recognised in the Balance Sheet	897	552

Notes forming part of the financial statements for the year ended 31st March, 2020

Change in the fair value of Plan Assets during the year

(₹ in 000's)

No.	Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
1	Fair value of plan assets at the beginning of the year	1,907	-
2	Expected Return on Plan Assets	148	-
3	Contributions by the Bank	-	1,885
4	Actuarial Gain/ (Loss) recognised during the year	(22)	22
5	Benefit paid	-	-
6	Fair value of plan assets at the end of the year	2,033	1,907

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

(₹ in 000's)

No.	Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
1	Current service cost	902	828
2	Interest on Defined Benefit Obligation	(43)	79
3	Expected Return on Plan Assets	-	-
4	Net Actuarial Losses/(Gains) recognised in the year	(1,204)	(582)
5	Past Service Cost	-	-
6	Actuarial losses / (Gains)	-	-
	Total included in "Employee Benefit Expense" [Schedule 16(I)]	(345)	324

Experience adjustment is as follows:

(₹ in 000's)

No.	Experience Adjustments	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
	Gratuity		
1	Actuarial (Gains)/Losses on Obligations – Due to Experience	(348)	(577)
2	Actuarial (Gains)/Losses on Plan Assets – Due to Experience	(21)	22

The principal actuarial assumptions used as at the Balance Sheet date are as follows:

(₹ in 000's)

No.	Particulars	As at 31 st March, 2020	As at 31 st March, 2019
1	Salary escalations	8.00%	8.00%
2	Discount rate	5.21%	7.78%
3	Attrition rate	30%	2.00%
4	Mortality rate	Indian assured Lives Mortality (2006-08)	Indian assured Lives Mortality (2006-08)

The above assumptions are considered for determining actuarial liability under Gratuity and Leave Encashment. Liability towards Leave Encashment and Gratuity are non funded.

2.2 Accounting Standard 17 – Segment Reporting

- The bank operates in a single geographical segment i.e. domestic. Hence, segment reporting has not been done for the current year.
- The Bank has classified its business into the following segments, namely:
 - Treasury – primarily comprising investments in Treasury Bills, Mutual Funds, Deposit with Banks.

Notes forming part of the financial statements

for the year ended 31st March, 2020

- b. Banking Operations - comprising business activities like accepting deposits, offering domestic money transfer and other services.

(₹ in 000's)

Business segments	Treasury	Other Banking Operation	Total
Revenue	62,788	890	63,678
Unallocated Revenue			0*
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	280,483	1,269,156
Unallocated Assets			34,123
Total Assets			1,303,279
Segment Liabilities		44,992	44,992
Unallocated Liabilities			28
Total Liabilities			45,020

* 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:

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) –w.e.f. May 3, 2018 Mr. Abhishek S. Bagchi (CFO) Ms. Deepashri Cornelius (CS)-Upto14/10/2019 Mr. Balan Parthasarathy (CS)-w.e.f. 22/10/2019

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 category at any given point of time, and therefore, those details are also not disclosed. Related parties are identified by the Management and relied upon by the auditors.

Notes forming part of the financial statements for the year ended 31st March, 2020

(₹ in 000's)

Items / Related Party	Parent (as per ownership or control)	Key Management Personnel	Relatives of Key Management Personnel	Fellow Subsidiary	Total
Borrowings#	-	-	-	-	-
Deposit#	-	-	-	-	-
Placement of deposits	-	-	-	-	-
Investments#	-	-	-	-	-
Non funded commitments#	-	-	-	-	-
Leasing / HP arrangements Avalied/provided	-	-	-	-	-
Sale/Purchase of fixed assets	-	-	-	-	-
Interest paid	-	-	-	-	-
Interest Received	-	-	-	-	-
Rendering of services	-	-	-	4,017	4,017
Remuneration	-	12,358	-	-	12,358
Management Services	-	-	-	-	-

As on 31st March 2019

(₹ in 000's)

Items / Related Party	Parent (as per ownership or control)	Key Management Personnel	Relatives of Key Management Personnel	Fellow Subsidiary	Total
Borrowings#	-	-	-	-	-
Deposit#	-	-	-	-	-
Placement of deposits	-	-	-	-	-
Investments#	-	-	-	-	-
Non funded commitments#	-	-	-	-	-
Leasing / HP arrangements Avalied/provided	-	-	-	-	-
Sale/Purchase of fixed assets	-	-	-	-	-
Interest paid	-	-	-	-	-
Interest Received	-	-	-	-	-
Rendering of services	-	-	-	5,000	5,000
Remuneration	-	16,440	-	-	16,440
Management Services	-	-	-	-	-

2.4 Accounting Standard 19 - Lease Disclosures

The total amount paid by the Bank under operating lease for the financial year is ₹ 147.22 lakhs. (₹ 83 lakh during the year 2018-19). The Bank has not entered into any non-cancellable operating lease and financial lease arrangement in the current year.

- Rent paid for lease hold property : ₹ 114.65 lakh
- Rent paid to NDML for shared premises : ₹ 32.57 lakh

(₹ in 000's)

Particulars	For the period ended 31 st March, 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	96.82
b) Later than one year but not later than five years	284.24
c) Later than five years	-
2. Total Expected future lease payment	381.06
3. Lease payment recognised in the statement of Profit and Loss for the period	147.22

Notes forming part of the financial statements for the year ended 31st March, 2020

2.5 Accounting Standard 10 and 26 – Fixed Assets and Other application software's

Other Fixed Assets (including furniture and fixtures)

The movement in fixed assets capitalised as hardware and other application software is given below:

(₹ in 000's)

Hardware	For the period ended 31 st March, 2020	For the period ended 31 st March, 2019
At cost at the beginning of the year	11,293	16,634
Additions during the year	8,560	1,002
Deductions during the year	95	-
Accumulated depreciation	4,595	6,343
Closing balance	15,163	11,293

(₹ in 000's)

Software	For the period ended 31 st March, 2020	For the period ended 31 st March, 2019
At cost at the beginning of the year	1,48,313	-
Additions during the year	56,423	1,76,622
Deductions during the year	-	-
Accumulated depreciation	37,529	28,309
Closing balance	1,67,207	1,48,313

2.6 Accounting Standard 22: Accounting for taxes

The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(₹ in 000's)

Particulars	For the period ended 31 st March, 2020	For the period ended 31 st March, 2019**
Deferred tax asset on account of depreciation	-	129
Deferred tax asset on account of other items	1,671	154
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 recognised during the year. The bank is confident of having probable future taxable profits to allow it to recognise the deferred tax assets in future.

2.7 Accounting Standard 20 – Earnings Per Share ('EPS')

(₹ in 000's)

Particulars	For the period ended 31 st March, 2020	For the period ended 31 st March, 2019
Net profit/(loss) after tax (₹ in 000's)	(1,38,696)	(65,291)
Basic weighted average no. of shares	13,53,41,530	1,08,030,137
Diluted weighted average no. of shares	13,53,41,530	1,08,030,137
Basic EPS (₹)	(1.02)	(0.60)
Diluted EPS (₹)	(1.02)	(0.60)
Nominal value of shares (₹)	10/-	10/-

2.8 Accounting Standard 28 – Impairment of Assets

An asset is treated as impaired when it's carrying amount exceeds its recoverable amount. The impairment is recognised by debiting the profit and loss account and is measured as the amount by which the carrying amount of the impaired assets exceeds their recoverable value.

The management has reviewed the carrying value of the assets, as per Accounting Standard 28 - "Impairment of Assets" and assessed that no impairment is required as the value in sale is higher than the carrying value.

Notes forming part of the financial statements for the year ended 31st March, 2020

3. Additional Disclosures as per RBI

3.1 Provisions and contingencies

Break up provisions and contingencies

(₹ in 000's)

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Provision for depreciation on investments	-	-
Provision towards NPA	-	-
Provision made towards income tax		
- Current tax expense	-	-
- Deferred tax expense	-	(1,691)
- Prior Period	-	83
Total		(1,608)

3.2 Draw down from reserves

The Bank has not drawn any amount from reserves during the year 2019-20 ("Nil" during the year 2018-19).

3.3 Disclosure of complaints/unimplemented awards of Banking Ombudsman

(i) Customer complaints

No.	Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
(a)	No. of complaints pending at the beginning of the year	-	-
(b)	No. of complaints received during the year	-	-
(c)	No. of complaints redressed during the year	-	-
(d)	No. of complaints pending at the end of the year	-	-

(ii) Awards passed by the Banking Ombudsman

No.	Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
(a)	No. of unimplemented awards at the beginning of the year	-	-
(b)	No. of Awards passed by the Banking Ombudsmen during the year	-	-
(c)	No. of Awards implemented during the year	-	-
(d)	No. of unimplemented Awards at the end of the year	-	-

Since the Bank is in Close User Group phase, no formal customer complaint register has been maintained and hence the above disclosures are not applicable.

3.4 Concentration of deposits

(₹ in 000's)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Total deposits of twenty largest depositors (₹ in 000's)	714	126
Percentage of deposits of twenty largest depositors to total deposits of the Bank	39.91%	81.35%

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 2019-20 ("Nil" during the year 2018-19).

3.6 Provision for Long Term Contracts

The Bank has a process whereby periodically all long term contracts are assessed for material foreseeable losses. As at 31st March, 2020, 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.

Notes forming part of the financial statements for the year ended 31st March, 2020

3.7 Details of provisioning related to fraud accounts

(₹ in 000's)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
No. of frauds reported	1*	-
Amount involved in such frauds (net of recovery) (₹ in 000's)	-	-
Quantum of provision made (₹ in 000's)	-	-
Quantum of unamortised provision debited from 'other Reserves' at the end of the Year (₹ in 000's)	-	-

*Bank is reporting regulatory returns relevant to Payments Banks as per directions of Department of Banking Supervision (DBS), RBI vide mail communication 22nd December 2017. During the year 2019-20, the Bank had one reported case of KYC impersonation with however no financial loss to the bank.

3.8 Remuneration of Directors (Non-executive)

(₹ in 000's)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
- Board Meeting	2,700	1,400
- Audit Committee	840	480
- Nomination and remuneration Committee	240	360
- Risk Management Committee	660	540
- Customer Service Committee	240	360
- IT Strategy Committee	540	180
- Independent Director Committee	300	240
- Strategy Advisory Committee	240	-
Total	5,760	3,560

3.9 Fee/Commission earned in respect of Insurance and other Third Party Products

The Bank has earned ₹ 16 thousand from distribution of third party Mutual Fund products during FY: 2019-20 (₹ 336.32 during FY 2018-19).

3.10 Bancassurance Business

No fees/remuneration had been received in respect of the bank assurance business during FY 2019-20 ("Nil" during FY 2018-19).

3.11 Unamortised Pension and Gratuity Liabilities

The Bank does not have any unamortised Pension /Gratuity Liabilities as at 31st March, 2020 ("Nil" as at 31st March, 2019).

3.12 Disclosures on Remuneration

(i) Qualitative Disclosure

a. Information relating to the composition and mandate of the Remuneration Committee:

The Nomination and Remuneration committee comprises of minimum 3 non-executive directors out of which at least one half consist of Independent Directors of the Bank. The Chairman of the Nomination and Remuneration Committee is an Independent Director. The Objective of the Committee is to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every Director's performance. The Committee is further required to formulate the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

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.

Notes forming part of the financial statements for the year ended 31st March, 2020

- 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 process is defined for Payments Bank on annual basis.

- 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 Performance measurement process is defined for Payments Bank on annual basis.

- 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 Performance measurement is in the form of performance Bonus

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 (3 During the year 2018-19)

Remuneration paid to the members during the year 2019-20 - ₹ 2,40,000. (₹ 3,60,000 during the year 2018-19)

- b. **Number of employees having received a variable remuneration award during the financial year:**

During the financial year, sixteen (16) employees received variable remuneration award. Total gross fixed component ₹ 3,88,62,567/- and variable pay ₹ 60,46,981/-

During the previous year ten (10) employees received variable remuneration award Total gross fixed component ₹ 4,34,11,371/- and variable pay ₹ 97,01,000/-

- c. **Number and total amount of sign-on awards made during the financial year:** Nil (Nil during the year 2018-19)

- d. **Details of guaranteed bonus, if any, paid as joining/ sign on bonus:** Nil (Nil during the year 2018-19)

- e. **Details of severance pay, in addition to accrued benefits, if any:** Nil (Nil during the year 2018-19)

- f. **Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms:** Nil (Nil during the year 2018-19)

- g. **Total amount of deferred remuneration paid out in the financial year:** Nil (Nil during the year 2018-19)

- h. **Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred:** Nil (Nil during the year 2018-19)

- i. **Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and I or implicit adjustments:** Nil (Nil during the year 2018-19)

- j. **Total amount of reductions during the financial year due to ex- post explicit adjustments:** Nil (Nil during the year 2018-19)

- k. **Total amount of reductions during the financial year due to ex- post implicit adjustments:** Nil (Nil during the year 2018-19)

Notes forming part of the financial statements for the year ended 31st March, 2020

3.13 Credit Default Swaps

The Bank has not issued any Credit Default Swaps (CDS) during the year 2019-20 ("Nil" during the year 2018-19).

3.14 Intra-group Exposure

(₹ in 000's)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
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 000's)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Opening balance of amounts transferred to DEAF	-	-
Add: Amounts transferred to DEAF during the year	-	-
Less: Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF	-	-

3.16 Liquidity Coverage Ratio (LCR)

Disclosure pertaining to Liquidity Coverage Ratio (LCR) is not applicable to the payments bank

3.17 Micro, Small and Medium Enterprises Development Act, 2006

There are two cases of delays in payments to micro and small enterprises as required to be disclosed under 'The Micro, Small and Medium Enterprises Development Act 2006'. The Same is disclosed as below.

(₹ in 000's)

Sr No.	Particulars	As at 31 st March, 2020	As at 31 st March, 2019
1.	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
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	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 have not been made.

3.19 The Bank has availed a Bank Guarantee for an amount of ₹ 2,500 thousand (Prev. period ₹ 2,500 thousand) in favour of UIDAI against a lien on Fixed Deposit.

Notes forming part of the financial statements for the year ended 31st March, 2020

3.20 Category wise Breakup of Other Expenses (Schedule-12)

(₹ in 000's)

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Membership Fees	4,175	2,805
Professional Fees	9,766	2,481
Office Maintenance	2,384	2,475
Travelling and Conveyance	1,546	1,874
Recruitment Charges	(60)	1,843
Others	2,071	1,327
IT and Call Centre expenses	10,186	677
Security Charges	1,161	661
Registration Charges	16	604
Total	31,245	14,747

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. 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 Banking could operate and were exempted from the lock-down. 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.

As per our report of even date

For Khimji Kunverji & Co LLP

Chartered Accountants

Firm Registration No.: 105146W/W100621

Sd/-

Vinit K Jain

Partner (F-145911)

Date: 17th June, 2020

Place : Mumbai

Date : 14th June, 2020

For and on behalf of the Board of Directors of

NSDL Payments Bank Limited

CIN: U65900MH2016PLC284869

Sd/-

G V Nageswara Rao

Director

DIN: 00799504

Sd/-

Ashutosh D Singh

Chief Executive Officer

Sd/-

L Ravi Sankar

Director

DIN: 00185931

(Chennai)

Sd/-

Abhishek Bagchi

Chief Financial Officer

Sd/-

N S Venkatesh

Director

DIN: 01893686

Sd/-

Balan S Parthasarathy

Company Secretary



National Securities Depository Limited

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CIN: U74120MH2012PLC230380

