

2018

ANNUAL
REPORT



DIGITAL FUTURE

REDEFINED



Digital Future Redefined

NSDL has completed a journey of 20 glorious years. It has now embarked on a mission to redefine the future of Digital Indian Capital Markets. In the last decade, technology has always been an enabler for improving efficiency, security and user experience, thereby increasing productivity. The present wave of digital technology aided by low cost, high speed internet presents game changing opportunities. The digital revolution is transforming every single area in the gamut of the Indian economy.

NSDL has always been at the forefront of leading digital initiatives for Capital Markets in India. Providing seamless, uninterrupted, efficient and cost effective services to investors in India and abroad has been NSDL's forte. NSDL has already taken lead in adopting new digital initiatives and is out there to 'Redefine the Future of Indian Capital Markets'.

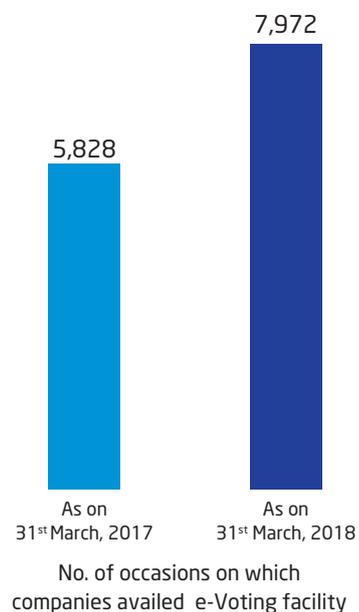
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e-Voting

NSDL's e-Voting service has been used extensively by leading companies for electronic voting by shareholders. NSDL has been continuously enhancing the e-Voting services. Single sign-on facility for NSDL Mobile App and SPEED-e users has been enabled. Live streaming of meeting proceedings and instantaneous results have also been introduced in addition to tab based e-Voting at the meeting venue. All these services are popular amongst companies.



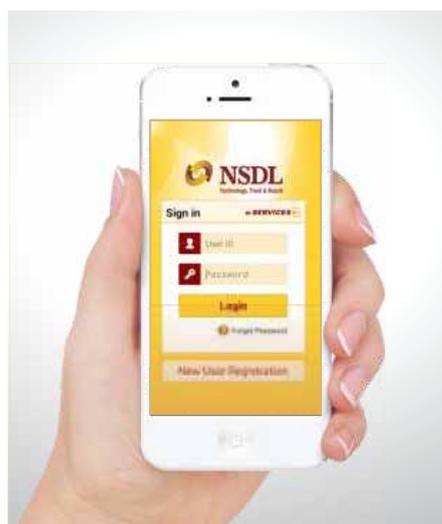


NSDL Mobile App

Mobile Application is a technology initiative of NSDL for the benefit of demat account holders of NSDL for online access to their demat accounts; anytime, anywhere.

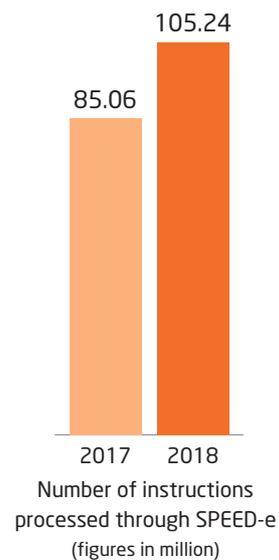
NSDL Mobile App empowers the demat account holder to monitor their holdings

along with the price and values of the securities. NSDL Mobile App is a secured way of tracking the portfolio. Additional feature viz., electronic Delivery Instructions Slips (e-DIS) launched wherein demat account holder can accept or reject e-DIS submitted by Clearing Members.





SPEED-e



The SPEED-e platform of NSDL has been used by its Participants to offer electronic delivery instruction submission facility to their clients. This brings more convenience to investors and reduces the risk for DPs as well as investors. As the word Digital has reached every household, the SPEED-e platform too is very popular amongst demat account holders. Nearly 75% of NSDL DPs use the SPEED-e platform of NSDL.

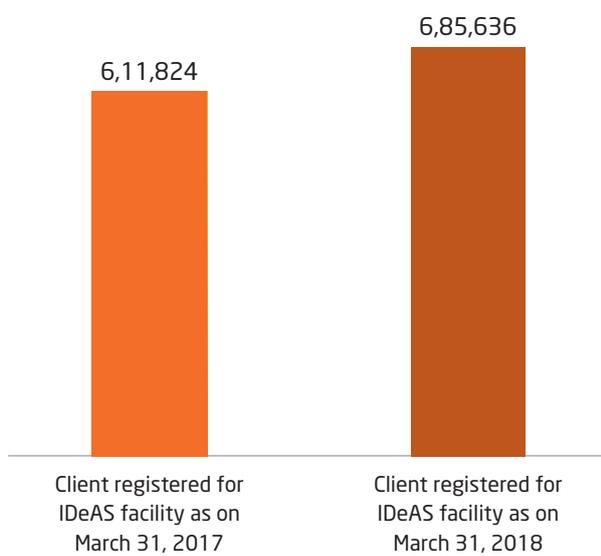
- No. of unique Clients registered for SPICE facility as on March 31, 2018 - **1,12,53,856**.

- Total instructions processed on SPEED-e during FY 2017-18 is **105.24 Million** as compared to **85.06 Million** instructions received in the previous FY 2016-17.
- During the year FY 2017-18, approximately 77.93 % instructions were processed through SPEED-e Direct out of total instructions processed on SPEED-e.



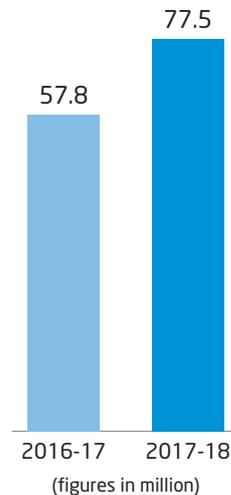
IDeAS

NSDL Demat accountholders can view their demat account holding details online using the IDeAS facility. This simple yet very useful facility for investors enables investors to access their Form 26 AS, e-Voting etc. in addition to view of their holdings with value.



SMS Alerts

NSDL sends real time SMSes to investors for every debit as well as some other important types of transactions. These messages keep the demat account holder updated of different types of transactions happening in its account. About 7.7 crore messages have been sent by NSDL during the FY 2017-18 which nearly equals 3 messages every second.



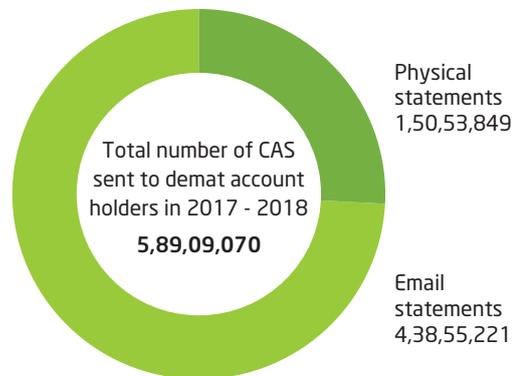
Number of SMSes sent to the registered subscribers



Consolidated Account Statement

CAS has been a very popular initiative of NSDL. As part of NSDL's endeavor to enhance investor experience, it has incorporated following new features in NSDL CAS:

- ▶ Pursuant to amendments in respect of Long Term Capital Gain (LTCG) Tax in Union Budget 2018, Fair market value was incorporated in CAS pertaining to January, 2018 in respect of listed Equity Shares / Equity Oriented Funds and ETF units for ease of investors to compute LTCG.
- ▶ Link has been incorporated in respect of e-Insurance Account (eIA) to open a e-Insurance account online with NSDL National Insurance Repository (NIR) so the policy holders can hold all the Insurance Policies in electronic form in a single account.
- ▶ New link added under "Know more about your account" section in CAS for update of Aadhaar number for all the holders.
- ▶ Details of Multiple Nominations under "Know more about your accounts" section in CAS is incorporated.





Investor Accounts

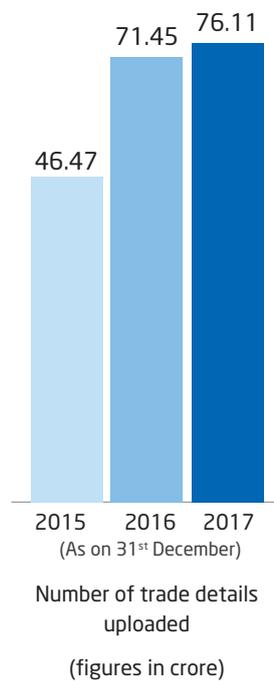
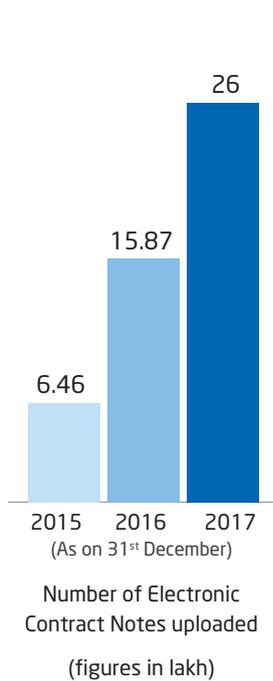
The number of newly opened accounts in NSDL increased from 1.48 million in 2016-17 to 1.96 million in 2017-18. The Client Accounts Active as on March 31, 2018 stood at 1.70 crore accounts.





Electronic Contract Notes

NSDL's STeADY platform is being used by subscribers to carry out electronic transmission of digitally signed and encrypted trade information to market participants. It has witnessed tremendous increase in the number of trades processed compared to previous year. NSDL's STeADY platform caters to a wide range of market participants with impeccable speed and accuracy.



Message from MD & CEO



Dear Shareholder,

After successfully completing 20 years of journey last year, NSDL continues to make steady progress with the aim to redefine the future of Digital Indian Capital Market. Digital is a buzzword today, but it was NSDL which introduced digitisation through a number of projects of national significance across both financial and non-financial sectors over the past 20 years. Truly it is the original digital pioneer with digitisation as its core mission.

After reaching a milestone of ₹ 100 Lakh Crore in assets held in the depository in June 2014, NSDL is already close to ₹ 190 Lakh Crore in total custody value, with ₹ 200 Lakh Crore just in sight. Digital assets is again a buzz word globally today, but what better indication can

there be of a digital future in India when total assets held with NSDL are set to double in value in under 5 years. NSDL demat account holders are present in all states and UTs – covering 99.28% pincodes across the country. NSDL has a market share of 89% in total dematerialised securities, a reflection of investors' trust and confidence in us, which we gratefully acknowledge.

NSDL continues to expand its products and services with digital enablement and I would like to highlight a few notable initiatives. We introduced Digital LAS initiative with HDFC Bank becoming the first bank to launch it. It enables investors to get Loan Against Securities instantly against pledge of securities held in their NSDL demat account, with the entire application, pledge creation and loan sanction process being end-to-end digital and

the loan being sanctioned and funds being available for use in just a few minutes. We introduced Live Streaming of AGM Proceedings in our e-Voting service, using which shareholders after log-in can witness the AGM proceedings of companies where they hold shares and also post questions. e-Voting is now also enabled on NSDL's Mobile App. Working closely with NSCCL, NSDL has introduced online collateral management service for Clearing Members wherein they can easily place and manage their margin collateral with the clearing corporation.

NSDL's Consolidated Account Statement (CAS) has been a much appreciated initiative which provides a single view to the investor of all holdings and transactions in the securities market. Today, NSDL sends out more than 3 million statements every month to transacting clients. When tax on LTCG was introduced, we immediately included the highest price as on January 31, 2018 in CAS to help investors compute their tax liability. Another noteworthy inclusion in CAS is the Extended Internal Rate of Return (XIRR) on mutual fund schemes so that investors can easily track the returns on their mutual fund investments.

NSDL is also embarking on a technology refresh to increase capacity and modernise its technology infrastructure. SPEED-e and STeADY platforms have witnessed multi-fold increase in volumes of transactions needing extra capacity. The services have also been enhanced, for example, by allowing pledge to be created online and place redemption requests for mutual fund

holdings online.

The revolution that we brought about in securities domain is set to extend to other areas like Insurance, Academia and Payments. The National Insurance Repository of our subsidiary NDML is set to transform the world of insurance by introducing e-Insurance Account for holding insurance policies in electronic form. The Demat revolution has reached the academic world wherein NDML has launched National Academic Depository for digitisation of academic certificates. NSDL Payments Bank is set to commence operations soon bringing a new-age digital banking experience.

I am sure that with these and many more initiatives, we will continue to contribute to the development of India's financial markets and the Indian economy by providing world-class market infrastructure.

With best wishes

G. V. Nageswara Rao
Managing Director & CEO

Board of Directors



L to R: Prof. G. Sivakumar
Dr. Rajani Gupte
Mr. G. V. Nageswara Rao
Mr. B. A. Prabhakar
Mr. S. Sridhar
Mr. Ajay Sharma
Mr. J. Ravichandran



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. S. Sridhar
 Former Chairman and
 Managing Director of Central
 Bank of India



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



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



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



Mr. Ajay Sharma
 Chief Financial Officer and
 Chief General Manager
 IDBI Bank Ltd

Board of Directors:

Mr. C. M. Vasudev*	Public Interest Director & Chairman
Mr. B. A. Prabhakar**	Public Interest Director & Chairman
Mr. P. P. Vora#	Public Interest Director
Mr. Sudhir Mankad##	Public Interest Director
Mr. S. Sridhar^	Public Interest Director
Mr. Ravi Narain^^	Shareholder Director
Mrs. Pramila Shrivastav+	Public Interest Director
Prof. G. Sivakumar++	Public Interest Director
Mr. J. Ravichandran~	Shareholder Director
Dr. Rajani Gupte~~	Public Interest Director
Mr. Ajay Sharma@	Shareholder Director
Mr. G. V. Nageswara Rao	Managing Director & CEO

* Mr. C. M. Vasudev ceased to be Public Interest Director w.e.f. October 13, 2017

** Mr. B. A. Prabhakar was appointed as Public Interest Director w.e.f. May 8, 2017 and is currently the Chairman of the Company

#Mr. P. P. Vora ceased to be Public Interest Director w.e.f. May 09, 2017

Mr. Sudhir Mankad ceased to be Public Interest Director w.e.f. August 04, 2017

^Mr. S. Sridhar has been appointed as Public Interest Director w.e.f. August 03, 2017

^^Mr. Ravi Narain ceased to be Shareholder Director w.e.f. September 27, 2017

+Mrs. Pramila Shrivastav ceased to be Public Interest Director w.e.f. March 22, 2018

++ Prof. G. Sivakumar has been appointed as Public Interest Director w.e.f. January 5, 2018

~ Mr. J. Ravichandran has been appointed as Shareholder Director w.e.f. October 12, 2017

~~ Dr. Rajani Gupte has been appointed as Public Interest Director w.e.f. May 23, 2018

@ Mr. Ajay Sharma has been appointed as Shareholder Director w.e.f. May 23, 2018

Our Team



L to R: Mr. Krishna Srinivas, Mr. Nityanand Phatarphod, Mr. Prashant Vagal, Mr. Samar Banwat, Mr. S. Ganesh, Mr. G .V. Nageswara Rao, Mr. Balkrishna Shankwalker, Mr. Dnyanesh Nerurkar, Mr. Sunil Batra, Mr. Manoj Sarangi, Mr. Manoj Sathe

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-400013.

Internal Auditors

M/s Aneja Associates,
Chartered Accountants
301, Peninsula Towers,
Peninsula Corporate Park,
Ganpatrao Kadam Marg,
Lower Parel, Mumbai – 400013.

Bankers

HDFC Bank

ICICI Bank

IDBI Bank

Kotak Mahindra Bank

Registered Office

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

Website: www.nsd1.co.in

CIN: U74120MH2012PLC230380



Mr. G .V. Nageswara Rao



Mr. Krishna Srinivas



Mr. Nityanand Phatarphod



Mr. Dnyanesh Nerurkar



Mr. Samar Banwat



Mr. S. Ganesh



Mr. Prashant Vagal



Mr. Sunil Batra



Mr. Manoj Sarangi



Mr. Nitin Ambure



Mr. Manoj Sathe



Mr. Balkrishna Shankwalker

Management Team:

Mr. G. V. Nageswara Rao	Managing Director & CEO
Mr. Krishna Srinivas	Executive Vice President
Mr. Nityanand Phatarphod	Executive Vice President
Mr. Dnyanesh Nerurkar	Executive Vice President
Mr. Samar Banwat	Executive Vice President
Mr. S. Ganesh	Senior Vice President & Compliance Officer
Mr. Prashant Vagal	Senior Vice President
Mr. Sunil Batra	Senior Vice President
Mr. Manoj Sarangi	Senior Vice President
Mr. Nitin Ambure	Vice President
Mr. Manoj Sathe	Vice President
Mr. Balkrishna N. Shankwalker	Vice President
Ms. Sudha Balakrishnan (Ceased as CFO w.e.f. May 16, 2018)	Vice President & Chief Financial Officer (CFO)

Chief Financial Officer

Ms. Sudha Balakrishnan
(Ceased as CFO w.e.f. May 16, 2018)

Ms. Vaishali Vaidya
(Appointed as CFO w.e.f. May 17, 2018)

Company Secretary:

Mr. Deepak Shenoy
(Ceased as Company Secretary w.e.f. June 16, 2017)

Mr. Prasad T. Poojary
(Appointed as Company Secretary w.e.f. September 27, 2017)

Notice of Sixth Annual General Meeting

Notice is hereby given that the Sixth Annual General Meeting of the Members of National Securities Depository Limited will be held on Wednesday, September 19, 2018 at 11:00 a.m. at the Board Room of National Securities Depository Limited, Trade World, 'A' Wing, 5th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013, to transact the following businesses:

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, 2018, together with the Reports of the Board of Directors and the Auditors thereon.**

2. **To declare dividend on equity shares for the financial year ended March 31, 2018 and in this connection to consider and if thought fit, to pass the following resolution as an Ordinary Resolution.**

"RESOLVED THAT dividend at the rate of ₹ 2.5 per share on the equity capital of the company for the year ended March 31, 2018 be paid to those shareholders whose names appear on the register of members, as on record date."

3. **To consider and approve appointment of director in place of director who retires by rotation and being eligible, offers himself for re-appointment and in this connection to consider and if thought fit, to pass the following resolution as an Ordinary Resolution.**

"RESOLVED THAT pursuant to 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 the re-appointment of Mr. J. Ravichandran (DIN: 00073736) as a Director."

4. **To ratify the appointment of Statutory Auditors of the Company and to fix their remuneration for financial year ended March 31, 2019.**

"RESOLVED THAT pursuant to Sections 139, 142 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, as amended from time to time and pursuant to the resolution passed by the members at the AGM held on September 24, 2014, the appointment of

Deloitte Haskins & Sells, Chartered Accountants (Firm registration number: 117364W) as the auditors of the Company to hold office till the conclusion of the next AGM be and is hereby ratified and remuneration of ₹ 27 lakh p.a. (excluding applicable taxes and levies) to Deloitte Haskins & Sells to conduct the audit for the financial year 2018-19 be and is hereby approved."

SPECIAL BUSINESS:

5. **Appointment of Prof. G. Sivakumar (DIN: 07537575) as Independent Director of the Company.**

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

"RESOLVED THAT Prof. G. Sivakumar (DIN 07537575), who was appointed as a Public Interest Director as per SEBI (Depositories and Participants) Regulations, 1996 with effect from January 05, 2018, for a term of three years, be and is hereby appointed as an Independent Director pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) for such term as approved by SEBI and his term shall not be liable to retire by rotation."

6. **Appointment of Dr. Rajani Gupte (DIN: 03172965) as Independent Director of the Company.**

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

"RESOLVED THAT Dr. Rajani Gupte (DIN 03172965), who was appointed as a Public Interest Director as per SEBI (Depositories and Participants) Regulations, 1996 with effect from May 23, 2018, for a term of three years, be and is hereby appointed as an Independent Director pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) for such term

as approved by SEBI and her term shall not be liable to retire by rotation.”

7. Appointment of Mr. Ajay Sharma (DIN: 06417150) as Shareholder Director of the Company.

To consider and, if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution:

“**RESOLVED THAT** Mr. Ajay Sharma (DIN: 06417150), who was appointed as a Shareholder Director as per SEBI approval in terms of SEBI (Depositories and Participants) Regulations, 1996 with effect from May 23, 2018, be and is hereby appointed as a Director, pursuant to provisions of Section 152 and any 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), of the Company liable to retire by rotation.”

Place: Mumbai

Registered Office:

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

By Order of the Board of Directors
For National Securities Depository Limited
Sd/-

G. V. Nageswara Rao
Managing Director & CEO
DIN: 00799504

Date: August 09, 2018

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY**

- The instrument of proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting. Proxies submitted on behalf of corporate members etc. must be supported by duly certified copy of the Board Resolution or Power of Attorney together with specimen signatures of those representative(s) authorised to attend and vote at the Annual General Meeting. A proxy form for the AGM is enclosed.
- A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
- Corporate Members are requested to send a duly certified copy of the Board Resolution or Power of Attorney together with specimen signatures of those representative(s) authorised to attend and vote at the Annual General Meeting.
- Members / Proxies are requested to bring to the meeting; the attendance slip enclosed herewith, duly filled in and deposit the same at the entrance of the meeting hall.
- The 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, 2018.
- Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of Items No. 5 to 7 is annexed hereto.
- The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act and all documents referred to in the accompanying Notice, Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business

hours (9:00 a.m. to 5:00 p.m.) on all working days (except Saturdays, Sundays and Public Holidays) up to the date of the Annual General Meeting of the Company, provided that not less than three days of notice in writing is given to the Company.

9. Subject to the provisions of the Act, dividend as recommended by the Board, if declared at the ensuing Annual General Meeting, will be paid within a period of thirty days from the date of declaration, to members whose names appear in the Register of Members as on the record date.
10. 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.

11. Electronic copy of the AGM Notice & Annual Report for financial year 2017-18 is being sent to all the members whose email IDs are registered with the Company /Depository Participant(s) for communication purposes and the same will be available on the Company's website i.e. www.nsdl.co.in. Further, physical copy of the Notice and Annual Report are being sent in the permitted mode.
12. Members are requested to update their email address with their Depository Participant(s) to enable the Company to send future communications electronically.
13. The route map showing directions to reach the venue of the Sixth Annual General Meeting is given at the end of this notice.

Explanatory Statement

Pursuant to section 102 of the companies act, 2013

Item No. 3:

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

The Board of Directors had proposed the appointment of Mr. J. Ravichandran, as a Shareholder Director and the same was approved by shareholders, at the Fifth Annual General Meeting held on September 27, 2017 and SEBI vide its letter dated October 10, 2017. In view of the above, he was appointed as a Shareholder Director with effect from October 12, 2017.

Pursuant to Section 152 of Companies Act, Mr. Ravichandran is liable to retire by rotation and being eligible, seeks re-appointment.

Mr. J. Ravichandran is a B.Com, B.L., FCS. He is the Group President of National Stock Exchange of India Ltd (NSE). Mr. Ravichandran has been associated with NSE for long years and has served as the Chief (L&S, Gi&Sr), Director Finance & Legal at NSE and also as its Group President Finance & Legal and Company Secretary. Mr. Ravichandran does not hold any directorship/membership of the committees on the Board of Listed Company.

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

Mr. J. Ravichandran will be paid remuneration in the form of sitting fee within the limit prescribed under the Companies Act, 2013 for attending Board and other Committee meetings.

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

Item No. 4:

Ratification of appointment of Statutory Auditors of the Company and to fix their remuneration for the financial year ended March 31, 2019.

In line with the requirements of the Act, Deloitte Haskins & Sells, Chartered Accountants (Firm registration number: 117364W) ('Deloitte') was appointed as the Statutory Auditors of the Company to hold office for a period of five consecutive years from the conclusion of the 2nd Annual General Meeting of the Company held on September 24, 2014, till the conclusion of the 7th Annual General Meeting to be held in the year 2019, subject to ratification by shareholders at the general meeting or as may be necessitated by the Act from time to time. Accordingly, the appointment of Deloitte is being placed before the shareholders as an Ordinary Resolution for ratification, basis the recommendation and approval of the Audit Committee and Board.

The Board recommends the proposed Ordinary resolution in relation to ratification of appointment of Statutory Auditors be passed by the shareholders.

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

Item No. 5:

Appointment of Prof. G. Sivakumar as Independent Director of the Company.

Prof. G. Sivakumar is a Public Interest Director on the Board of the Company nominated by SEBI in terms of Regulation 9B(2) of SEBI (Depositories and Participants) Regulations, 1996. SEBI has approved nomination of Prof. Sivakumar as Public Interest Director with effect from January 05, 2018 for a term of 3 years. In order to comply with the provisions of Sections 149, 152 of the Companies Act, 2013 his appointment as Independent Director is being proposed for passing by the Members for such term as approved by SEBI.

Prof. Sivakumar, aged 57 years, is an Alumni of the Indian Institute of Technology (Madras). He is also a Ph.D (Computer Science) from University of Illinois, Urbana-Champaign. He has been a faculty in the Department of Computer Science and Engineering, IIT Bombay, since 1991. His core research interests are in the areas of formal specification and verification, theorem proving, network security and management. He has served as a nominee of IIT Bombay's Board of Governors (2006-2007) and on the Governing Council of IDRBT since 2005. He has served on several Technology Advisory

Committees including those of RBI and SEBI. He has extensive knowledge and experience in IT systems of market infrastructure institutions. Prof. Sivakumar does not hold any directorship/membership of the committees on the Board of listed Company.

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

Prof. Sivakumar will be paid remuneration in the form of sitting fee within the limit prescribed under the Companies Act, 2013 for attending Board and other Committee meetings.

The Board recommends the proposed Ordinary resolution in relation to appointment of Prof. Sivakumar as an Independent Director be passed by the shareholders. Except Prof. Sivakumar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution set out at Item No. 5.

Item No. 6:

Appointment of Dr. Rajani Gupte as Independent Director of the Company.

Dr. Rajani Gupte is a Public Interest Director on the Board of the Company nominated by SEBI in terms of Regulation 9B(2) of SEBI (Depositories and Participants) Regulations, 1996. SEBI has approved nomination of Dr. Rajani Gupte as Public Interest Director with effect from May 23, 2018 for a term of 3 years. In order to comply with the provisions of Sections 149, 152 of the Companies Act, 2013 her appointment as Independent Director is being proposed for passing by the Members for such term as approved by SEBI.

Dr. Rajani Gupte, aged 62 years, is a M.A, M. Phil and Ph.D in Economics from the reputed Gokhale Institute of Politics and Economics, Pune. She is the Vice Chancellor of Symbiosis International University, Pune. She completed her doctorate in Economics from the Gokhale Institute of Economics and Politics, Pune. She has more than 30 years of experience in teaching and research at prestigious institutes including Loyala College, Madras, Symbiosis Institute

of Business Management and Symbiosis Institute of International Business, Pune and her alma mater the Gokhale Institute. She also served as Dean - Faculty of Management, Dean - Academics and later Pro - Vice Chancellor at Symbiosis International University. As a visiting faculty at the Oakland University, School of Business Administration, Michigan, USA, she has also addressed business leaders at Bremen University for Applied Sciences, Germany. She has been a part of the leadership team at Symbiosis for over two decades. She joined Symbiosis as a founding member of the Symbiosis Institute of International Business. She was the Director of the Institute between 2004 and 2012. Dr. Gupte is on the Board of the listed company named L&T Finance Holdings Limited as an Independent Director and is also a member of their Audit, Corporate Social Responsibility, Nomination & Remuneration Committee.

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

Dr. Gupte will be paid remuneration in the form of sitting fee within the limit prescribed under the Companies Act, 2013 for attending Board and other Committee meetings.

The Board recommends the proposed Ordinary resolution in relation to appointment of Dr. Gupte as an Independent Director be passed by the shareholders. Except Dr. Gupte, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution set out at Item No. 6.

Item No. 7:

Appointment of Mr. Ajay Sharma as Shareholder Director of the Company.

The Board of Directors appointed Mr. Ajay Sharma as a Shareholder Director with effect from May 23, 2018 in terms of SEBI (Depositories & Participants) Regulations, 1996 with prior approval of SEBI.

Mr. Sharma, aged 56, is the Chief Financial Officer of IDBI Bank Ltd. He was Chief General Manager from August, 2016 as Zonal head, Bhubaneswar covering the state of Orissa, Chattisgarh, Jharkhand. He has

experience in Corporate Banking, Audit, Syndication and Priority Sector Group. He started his career with Punjab National Bank in 1986 and moved to IDBI in 1987 wherein he has worked in various capacities across locations PAN India. He is B.Com (Hon's), M.Com, MBA (Finance) and AICWA (Inter) by qualification. He does not hold any directorship/membership of the committees on the Board of listed Company.

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

Mr. Sharma will be paid remuneration in the form of sitting fee within the limit prescribed under the Companies Act, 2013 for attending Board and other Committee meetings.

The Board recommends the proposed Ordinary resolution in relation to appointment of Mr. Sharma as Shareholder Director be passed by the shareholders. Except Mr. Sharma, being an appointee, none of the Directors and Key Managerial Personnel of the

Company and their relatives is concerned or interested in the resolution set out at Item No. 7.

Place: Mumbai

Registered Office:

Trade World, 'A' Wing, 4th Floor,
Kamala Mills Compound,
Senapati Bapat Marg,
Lower Parel (West),
Mumbai - 400013

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

Sd/-

G. V. Nageswara Rao
Managing Director & CEO

DIN: 00799504

Date: August 09, 2018

Route map to the venue of the Annual General Meeting



National Securities Depository Limited

CIN: U74120MH2012PLC230380

Trade World, 'A' Wing, 4th Floor,

Kamala Mills Compound,

Senapati Bapat Marg,

Lower Parel (West),

Mumbai - 400 013

Email: csdepository@nsdl.co.in, Website: www.nsdl.co.in

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

National Securities Depository Limited

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

PROXY FORM

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

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

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

1.	Name	
	Address	
	E-mail Id	
	Signature	

Or failing him/her

2	Name	
	Address	
	E-mail Id	
	Signature	

Or failing him/her

3	Name	
	Address	
	E-mail Id	
	Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Sixth Annual General Meeting of the company, to be held on the Wednesday, September 19, 2018 At 11:00 a.m. at the Board Room of National Securities Depository Limited, Trade World, 'A' Wing, 5th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai - 400 013 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolutions	Please Tick relevant		
		For	Against	Abstain
	ORDINARY BUSINESS:			
1.	Adoption of Financial Statements and the Reports of the Board of Directors and Auditors for the year ended as on March 31, 2018.			
2.	To declare dividend on equity shares for the financial year ended March 31, 2018.			
3.	To consider and approve appointment of Mr. J. Ravichandran (DIN: 00073736) as director liable to retire by rotation, who retires by rotation and being eligible offers himself for re-appointment.			
4.	To ratify the appointment of Statutory Auditors of the Company and fix their remuneration for financial year ended March 31, 2019.			
	SPECIAL BUSINESS:			
5.	Appointment of Prof. G. Sivakumar (DIN: 07537575) as Independent Director.			
6.	Appointment of Dr. Rajani Gupte (DIN: 03172965) as Independent Director.			
7.	Appointment of Mr. Ajay Sharma (DIN: 06417150) as Shareholder Director.			

Signed this..... day of.....2018.

Signature of Member: _____

Signature of Proxy holder(s): _____

Affix Revenue
Stamp of not
less than ₹ 1/-

Note:

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

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

ATTENDANCE SLIP

National Securities Depository Limited

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

CIN: U74120MH2012PLC230380

Tel: (022) 2499 4200 Website: www.nsdl.co.in

SIXTH ANNUAL GENERAL MEETING, WEDNESDAY, SEPTEMBER 19, 2018

Folio No/ Client Id:																				
DP ID:																				

Number of Shares held:																			
------------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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

I hereby record my presence at the Sixth Annual General Meeting of the Company on Wednesday, 19 day of September, 2018 at the Board Room of National Securities Depository Limited, Trade World, 5th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai- 400 013.

Name of the member / proxy
(in BLOCK letters)

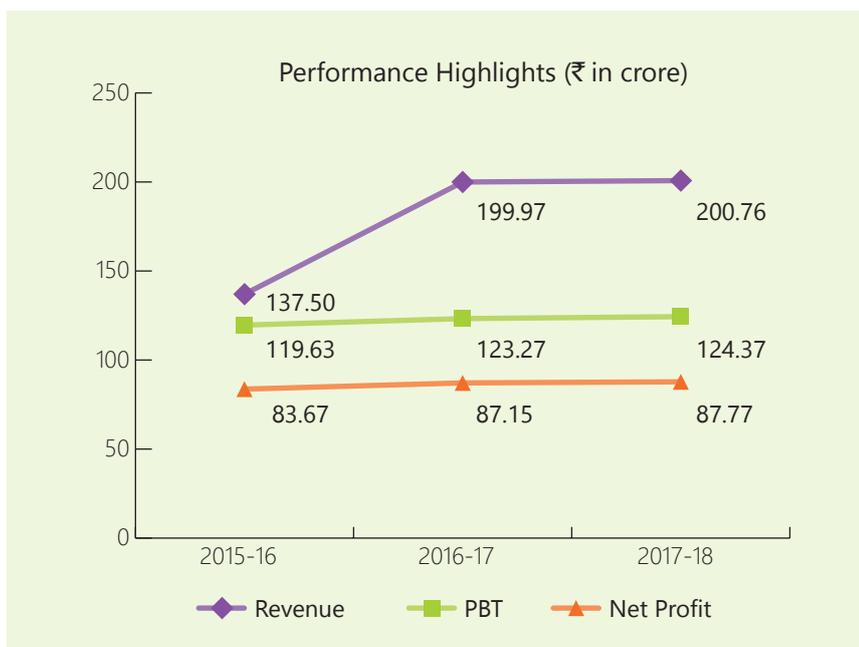
Signature of the member / proxy

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

Board's Report

To the Members,

Your Directors are pleased to present the Sixth Annual Report and the Company's Audited Financial Statements for the financial year ended March 31, 2018.



- Revenue from operations increased to ₹ 200.76 crore in 2017-18 as compared to ₹ 199.97 crore in the previous year.
- Profit Before Tax (PBT) increased to ₹ 124.37 crore in 2017-18 as compared to ₹ 123.27 crore in the previous year.
- Profit After Tax (PAT) increased to ₹ 87.77 crore in 2017-18 as compared to ₹ 87.15 crore in the previous year.
- Net worth of the Company as on March 31, 2018 increased by 13.5% to ₹ 579 crore as compared ₹ 510 crore a year ago.
- Earnings Per Share (EPS) of the Company increased to ₹ 21.94 in 2017-18 as compared to ₹ 21.79 in the previous year.
- Total Comprehensive Income increased to ₹ 87.80 crore in 2017-18 as compared to ₹ 86.18 crore in the previous year.

Financial Review

Financial Results

Particulars	2017-18 (₹ crore)	2016-17 (₹ crore)
Income	236.61	236.52
Expenditure	104.94	103.24
Profit Before Depreciation	131.67	133.28
Depreciation	2.64	2.41
Contribution to Investor Protection Fund (IPF)	4.66	7.60
Profit Before Exceptional Item	124.37	123.27
Exceptional Items	0	0
Profit Before Tax	124.37	123.27
Provision for Deferred Tax (Credit)	0.22	1.62
Provision for Tax	36.38	34.50
Profit After Tax	87.77	87.15
Total Comprehensive Income	87.80	86.18
Appropriation:		
Proposed Dividend	10.00	10.00
Tax on Dividend	2.06	2.04
Transfer to General Reserve	-	50.00
Surplus Carried to the Balance Sheet	75.74	24.14

Results of operations and state of Company's affairs for Financial Year 2017-18

Profit after tax stood at ₹ 87.77 crore after making a provision for tax of ₹ 36.60 crore. Further, as required under SEBI (Depositories and Participants) Regulations, 1996, 5 percent of profits from depository operations, i.e. ₹ 4.66 crore has been set aside to be contributed to the Investor Protection Fund (IPF).

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

Dividend

Your Directors have recommended a dividend of ₹ 2.5 per share (i.e. 25%) for FY 2017-18 (same as that of FY 2016 -17) for consideration of the shareholders. The dividend distribution would result in a cash outflow of ₹ (12.06) crore including tax on dividend of ₹ (2.06) crore.

Details of Subsidiary Companies

Your Company has following subsidiary Companies as on March 31, 2018:

a. NSDL Database Management Limited (CIN: U72400MH2004PLC147094)

NSDL Database Management Limited recorded a gross income of ₹ 69.11 crore and PBT of ₹ 27.30 crore for the year ended March 31, 2018.

b. NSDL Payments Bank Limited (CIN: U65900MH2016PLC284869)

NSDL Payments Bank Limited recorded a gross income of ₹ 5.46 crore and PBT of ₹ 0.78 crore for the year ended March 31, 2018.

Share Capital

There was no change in the Share Capital of the Company during the year under review. As on March 31, 2018, the paid up share capital stood at ₹ 40 crore comprising of 4 crore equity shares of ₹ 10 each. During the year under review the Company has not issued any shares with Differential Voting Rights nor has it granted any Stock Option or Sweat Equity. None of the Directors of the Company hold shares in the Company.

Management Discussion And Analysis

Business Overview

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

Financial Year 2017-18 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

Key implementations were taken up during FY 2017-18 in line with guidelines laid down by regulatory dictates.

1. Reporting obligation of DPs-FATCA/CRS

As per SEBI Circular No. CIR/MIRSD/2/2015 dated August 26, 2015 on implementation of the Multilateral Competent Authority Agreement and Foreign Account Tax Compliance Act (FATCA), certain information such as interest and dividend is required to be reported by reporting financial institutions (DPs) in the case of reportable custodial accounts.

NSDL makes available such information to DPs to enable them to do necessary reporting.

2. Non-Disposal Undertaking (NDU) System

NSDL already has a transparent mechanism for recording pledge transactions entered between lenders and borrowers. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations requires promoters of a company to disclose details of their encumbered shares including NDUs by promoters which are covered under the scope of disclosures of 'Encumbrances'. NDUs are typically an undertaking given by a shareholder not to transfer or otherwise alienate the securities which are in the nature of negative lien given in favour of another party, usually a lender.

In terms of guidelines issued by SEBI, NSDL has introduced system to enable NDU Transactions.

3. Financial Instrument Short Name (FISN)

The Association of National Numbering Agencies (ANNA) has come out with revised guidelines for Classification of Financial Instruments standard (CFI – ISO 10962:2015) and Financial Instrument Short Name standard (FISN -- ISO 18774:2015). This needs to be adopted and allocated to financial instruments.

The updated CFI and FISN codes are to be generated based on the Algorithm provided by ANNA during the allocation of the International Securities Identification Number (ISIN) to new financial instruments.

NSDL has enhanced its system to provide CFI and FISN for ISINs issued by NSDL.

4. New Security Type - Municipal Bonds

To boost the market for municipal bonds, Securities and Exchange Board of India (SEBI) has allowed Municipal Corporations to issue bonds.

NSDL has enhanced its system to activate new ISINs under this new security type.

5. Re-categorization

The system for categorization of Demat Accounts has been revised to enable enhanced reporting as per regulatory requirement.

6. Aadhaar Seeding into Demat Account

NSDL has provided online facility for its Demat account holders to incorporate Aadhaar Number in their respective Demat Accounts after verifying with Aadhaar (UID) website.

7. IEPF System

The Ministry of Corporate Affairs (MCA), Government of India established the Investor Education and Protection Fund (IEPF) under Section 205C of the Companies Act, 1956.

Shares of investors (whose dividend has been unpaid for more than 7 years) are transferred to

IEPF Account and held in the demat account of IEPF.

NSDL has developed the system to support operations of IEPF.

8. IPA Certificate Dissemination

Based on Operational guidelines effective from October 05, 2017 by FIMMDA, NSDL has developed the system to disseminate IPA certificate in respect of Commercial Paper.

Business Initiatives

The following Key Business Initiatives were implemented by your Company in FY 2017-18.

1. Margin Pledge with NSCCL

NSDL has introduced Margin Pledge service to enable Stockbroker to place securities collateral by way of pledge with NSCCL. The system includes several value added services.

2. Functional Enhancements to e-Services Platform

e-Services Platform which provides various services to the Demat Account Holder is enhanced further to:-

a) Initiate and Confirm Pledge Instruction

b) Submit Redemption Request for Mutual Funds held in Demat Account

Pledge Confirmation allows Pledgee to confirm Pledge Requests using e- services Platform using Digital Signature Certificate (DSC).

Mutual Fund Redemption Request can be initiated by Demat Account Holder using e-Services Platform which is made available to the RTA online thus reducing Turn Around Time (TAT) and eliminating the need for paper instruction.

3. e-Voting through Mobile App

NSDL has developed Mobile App which allows Demat Account Holder to view and operate his demat account using Mobile device. Mobile App is now enhanced to enable Demat Account Holder to vote electronically on resolutions of Companies.

4. Customization of TAB based e-Voting

TAB based e-Voting Application is used by Companies to allow casting of vote electronically during Annual General Meetings (AGMs). The application has been enhanced to support entities such as clubs to conduct election of office bearer electronically.

Progress at NSDL

NSDL Consolidated Account Statement (CAS)

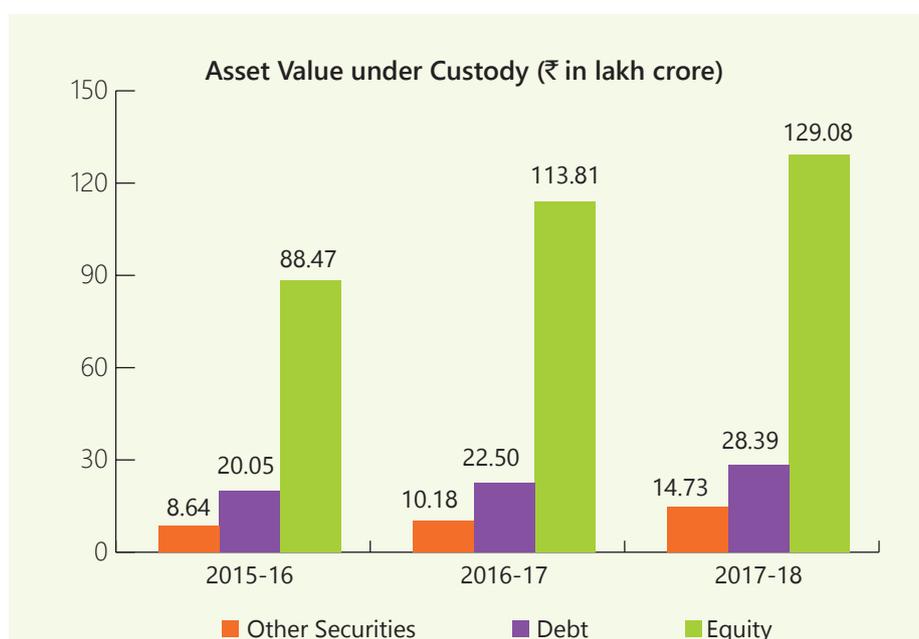
NSDL sends CAS to its clients. NSDL CAS is a single statement of all investments in the securities market and includes investments in equity shares, preference shares, mutual funds, bonds, debentures, securitised instruments, money market instruments and government securities held in demat mode. All investments held in single or joint names are a part of 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 investor's e-Insurance Account (eIA) with NSDL National Insurance Repository (NIR). Additionally, a new feature of "Annualised Return" has been incorporated to provide information on return on investor's 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 incorporated in CAS.

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

Asset Value under Custody

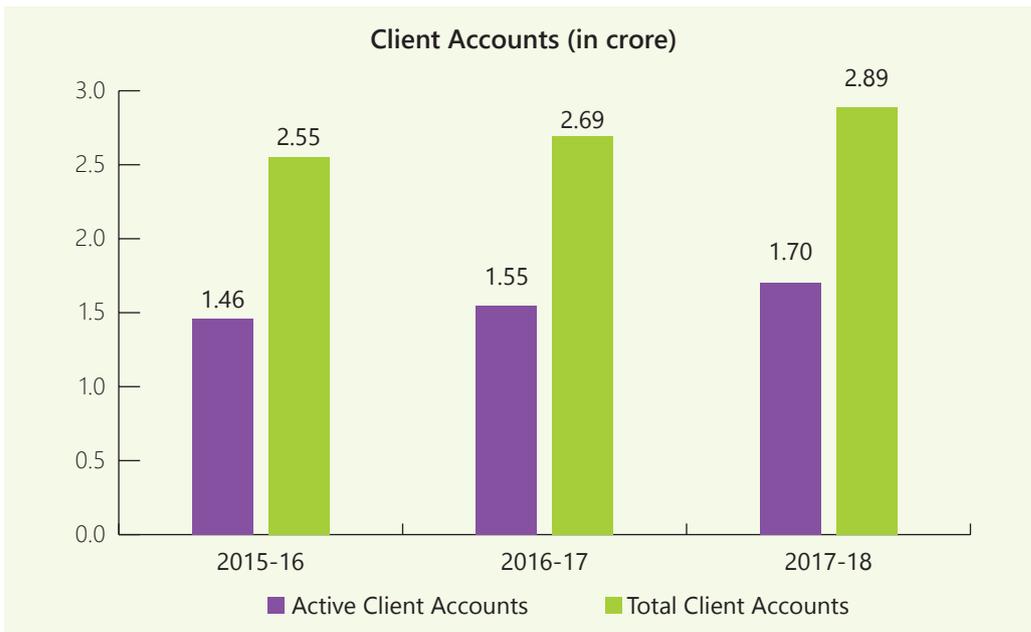
The value of assets held under custody stood at ₹ 172.20 lakh crore as on March 31, 2018. The value of equity securities stood at ₹ 129.08 lakh crore, while the value of debt securities (Debentures, Bonds, CPs, CDs etc.) stood at ₹ 38.53 lakh crore.



Client Accounts

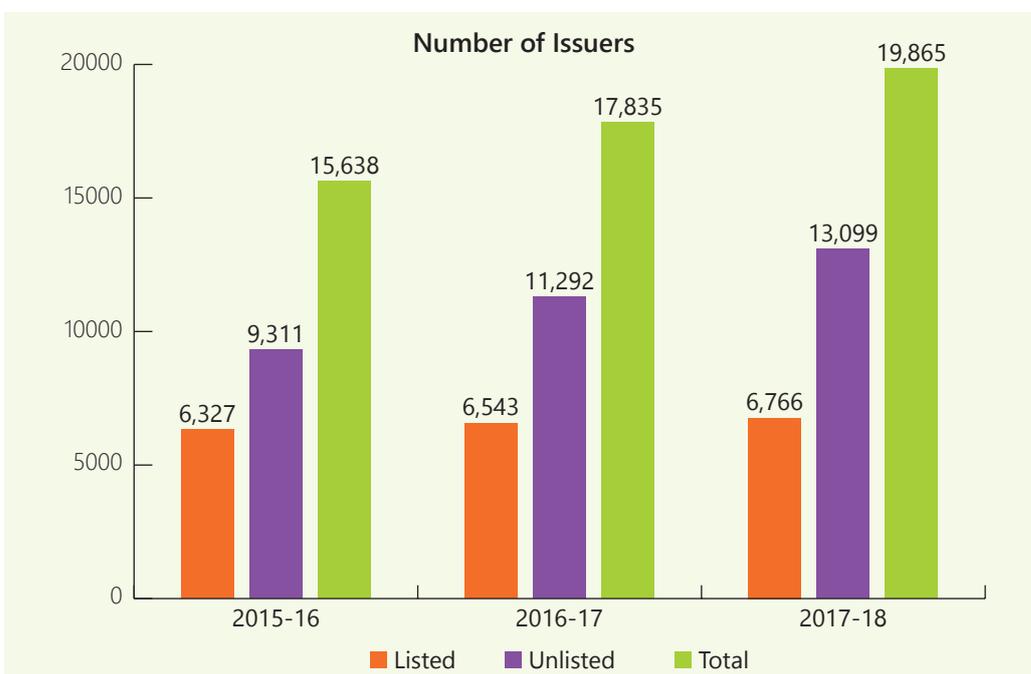
During FY 2017-18, 19.60 lakh new accounts were opened at NSDL taking total number of demat accounts opened to 2.89 crore as on March 31, 2018.

The number of active depository accounts increased from 1.55 crore as at the end of the previous year to 1.70 crore as on March 31, 2018 resulting in a net increase of 15.11 lakh accounts.



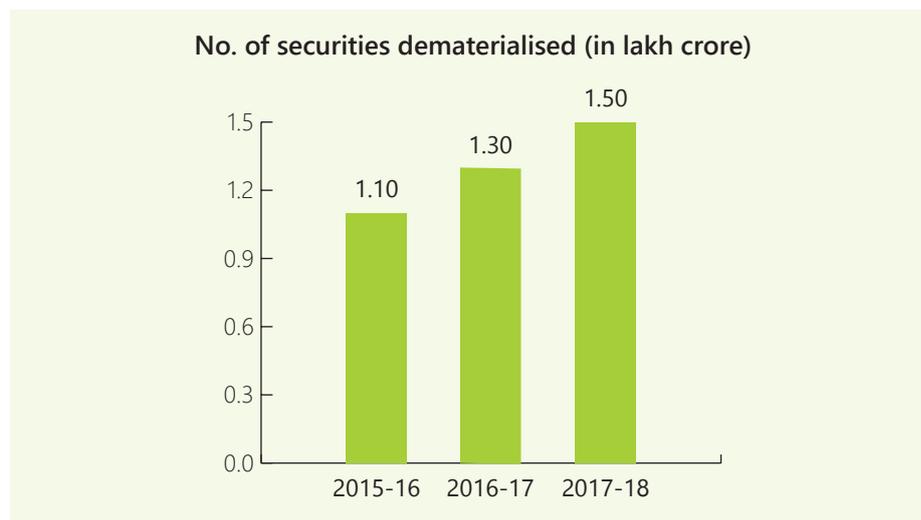
Issuers

During the year, the number of Issuers who signed agreements with NSDL to avail dematerialisation facilities continued to grow and crossed 19,865 by March 31, 2018 as compared to 17,835 as on March 31, 2017.



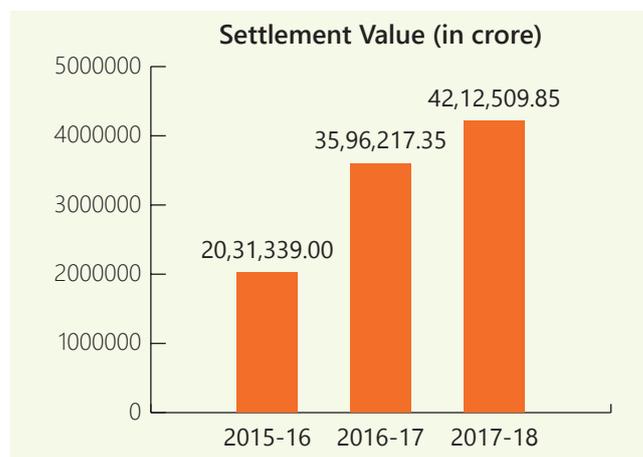
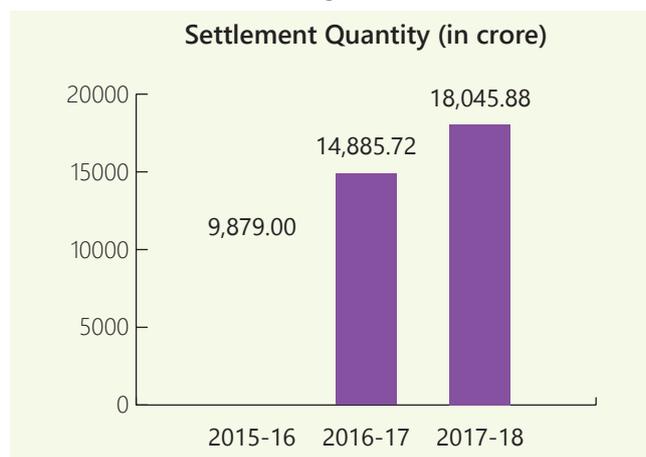
Dematerialisation of Securities

The number of securities dematerialised stood at more than 1.5 lakh crore as on March 31, 2018, against 1.3 lakh crore as on March 31, 2017, indicating a growth of over 15% during the year.



Settlement Volumes

During the year under review, the value of securities that were settled in dematerialised form during FY 2017-18 is ₹ 42,12,509.85 crore as against ₹ 35,96,217.35 crore in FY 2016-17.



FPI Monitor

Foreign Portfolio Investors (FPI) Regime was commenced in India from June 1, 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 its FPI applicants online and obtain FPI registration number along with FPI certificate for the applicant.

NSDL also monitors the investment limits of FPI investor group who have common beneficial ownership and also monitors debt limit utilization in respect of FPIs. Besides, NSDL also disseminates rich statistical information on NSDL FPI portal relating to investment in India by FPIs. All deemed FPIs (erstwhile FIIs) successfully completed their FPI registration by September, 2017. The total number of FPIs registered with NSDL stood at 9,227 as on March 31, 2018.

Depository Participants

During FY 2017-18, the total number of Participants stood at 276 as on March 31, 2018. These Participants offer services from 30,385 locations in 1,940 cities and towns across the country and overseas.

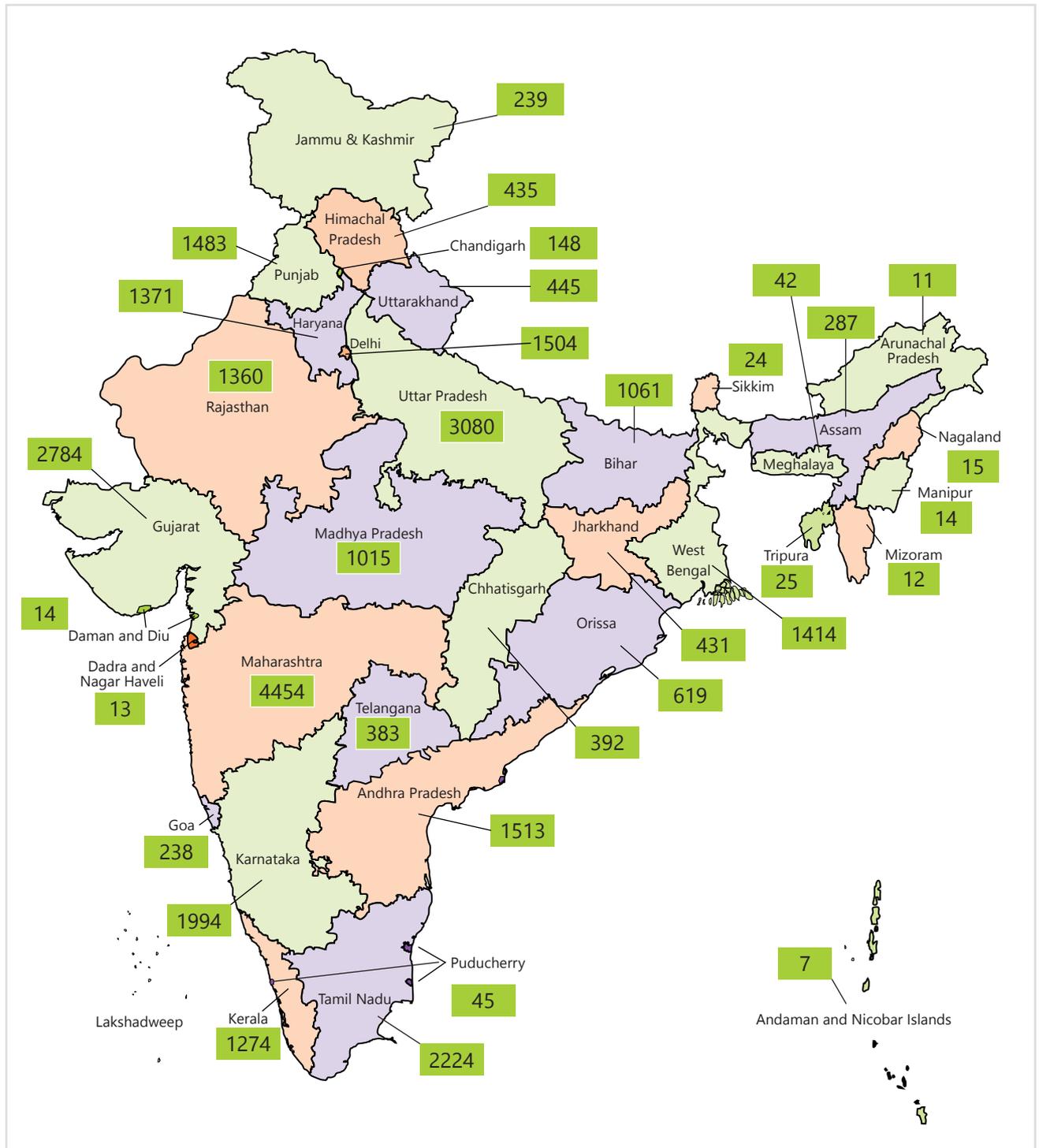
The category wise break-up of Participants was as follows:

Sr. No.	Category	No. of Participants
1	Bank	44
2	Clearing Corporation / Clearing House	3
3	Custodian	6
4	Financial Services Company	4
5	Foreign Bank	7
6	NBFC	1
7	Registrar & Transfer Agent	1
8	Stock Broker	210
	Total	276*

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

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

State wise spread of Service Centres of NSDL Participants



Total - 30,385

Overseas: 15 service centres

Map not to scale.
For illustrative purpose only.

Corporate Bond Database

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

Corporate Actions

The Corporate Action (CA) service of NSDL continued to be used extensively by Issuers in distributing securities arising out of IPOs, Bonus, Rights issue etc., electronically. Total number of corporate actions during FY 2017-18 aggregated 2,53,522 as compared to 1,97,329 in the previous year indicating a growth of around 28%. This was mainly due to increased number of corporate action credits of mutual fund units subscribed through stock exchange platform. Number of securities credited by way of corporate actions stood at 31,879 crore as compared to 28,320 crore in the previous year.

Details of securities issued by way of electronic credits through NSDL for FY 2017-18 are as under:

Description	No. of Corporate Actions	No. of Allottees (in hundred)	No. of securities (in crore)
Equity Shares	8,510	1,98,050.35	16,054.63
Preference Shares	288	1,591.64	1,083.01
Bonds	4,138	593.70	1,355.30
Commercial Papers	11,094	110.94	5.19
Certificate of Deposits	1,153	22.56	5.00
Securitised Instruments	748	11.92	12,249.44
Mutual Fund Units	2,27,386	15,197.07	965.53
Government Securities	124	525.40	0.15
Warrants	72	2.68	71.57
Infrastructure Investment Trust	7	79.44	88.75
Alternative Investment Fund	2	0.02	0.00
Total	2,53,522	2,16,185.72	31,878.58

Technology

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

Using innovative and flexible technology systems, NSDL works to support the investors and brokers 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.

Electronic Instruction Platform

SPEED-e

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

As on March 31, 2018, 200 Participants have subscribed to SPEED-e service as compared to 189 Participants during last Financial Year and more than 9.5 lakh users are using this service. During the FY 2017-18, more than 11 crore instructions were executed through SPEED-e as compared to over 8.50 crore instructions executed in the FY 2016-17.

During the year FY 2017-18, approximately over 8 crore (78%) instructions out of total instructions processed on SPEED-e were processed through SPEED-e Direct facility.



HDFC Bank Limited, DP has integrated with SPEED-e which enables Demat Account Holder to take loan by Pledging Securities on real time basis.

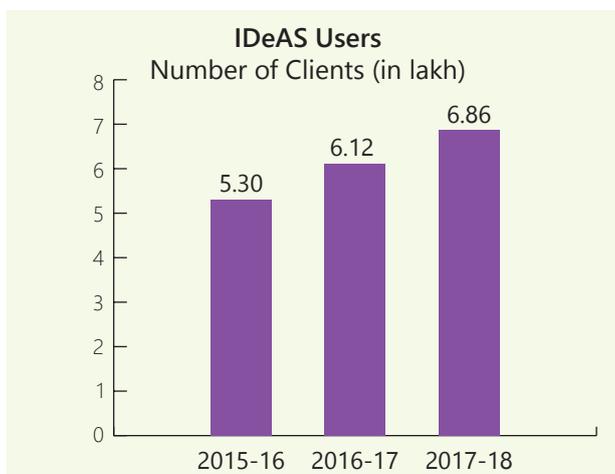
SPICE

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

IDeAS

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

During the FY 2017-18, number of clients using IDeAS increased to 6.86 lakh from 6.12 lakh previous year indicating a growth over of about 12%. As on March 31, 2018, 578 Clearing Members were using IDeAS as compared to 583 Clearing Members as on March 31, 2017. As on March 31, 2018, 256 DPs have subscribed for IDeAS.

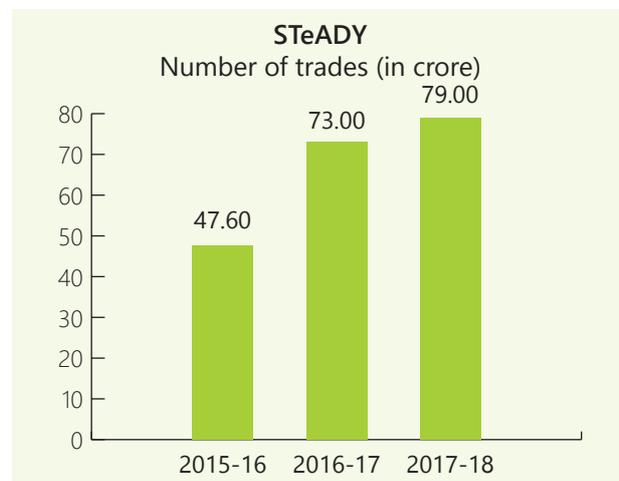


STeADY

Securities Trading-information Easy Access and Delivery (STeADY) is a service that enables Straight Through Processing (STP) of trade information.

STeADY is an Internet based facility that helps to transmit digitally signed trade information with encryption to the market participants electronically. The electronic contract notes are made available to institutional investors and their custodians for matching and to complete the settlement.

During the FY 2017-18, about 79.00 crore trade details have been submitted through STeADY as compared to 73.00 crore trade details during the FY 2016-17 indicating a growth over 8%.



Mobile App

NSDL has developed Mobile App which facilitates Demat Account Holder to view and operate his demat account using Mobile device. Mobile App also enables Demat Account Holder to vote electronically on resolutions of Companies.

TRADeS

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

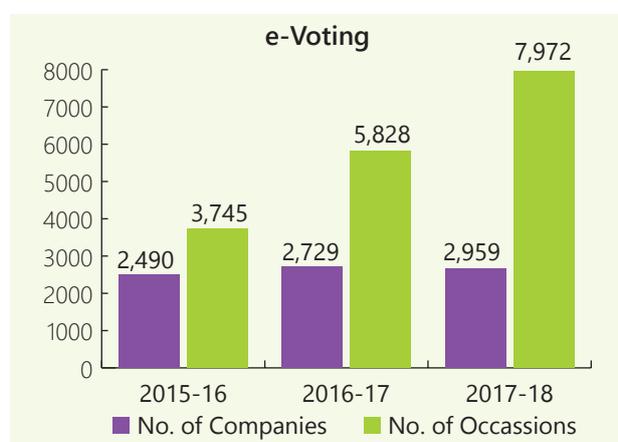
As on March 31, 2018, 190 lakh investors were registered for using this service as compared to 170 lakh investors as on March 31, 2017. During the financial year 2017-18, a total of 8 crore SMS alerts have been sent to clients under this service compared to 5.7 crore SMS alerts during financial year 2016-17.

ACE

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

e-Voting

Your Company provides an e-Voting platform using secure Internet Infrastructure that enables shareholders of companies to vote electronically on resolutions of companies put to vote by shareholders. Since April 2014, e-Voting is mandatory for all listed companies. The e-Voting system of NSDL has been authorized by the Ministry of Corporate Affairs, Government of India. NSDL launched electronic voting (e-Voting) service www.evoting.nsdl.com 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 2,959 as on March 31, 2018 as against 2,729 companies a year ago. Further, companies availed of e-Voting services of NSDL on 7,972 occasions as against 5,828 occasions a year ago.



ISIN Numbering Agency

NSDL issues the International Securities Identification Number (ISIN) for all securities issued in India regardless of the type of security viz., equity, debt,

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

Investor Education and Awareness

Subsequent to formation of NSDL Investor Protection Fund Trust as per SEBI's guidelines, the activities related to promotion of investor education and awareness are undertaken through the Trust. During the FY 2017 - 18, three meetings of the trust were held. The activities in connection with investor education and awareness are conducted as per the approvals / guidelines given by the Trustees.

NSDL connects with investors through a series of Awareness Programmes conducted across the country in association with DPs and other institutions. These programmes are organised to spread awareness amongst the demat account holders and potential clients about the depository services, new facilities introduced by NSDL, precautions to be taken by investors while operating in the depository environment, information on grievance redressal system, procedure for claiming shares and dividend from Investor Education and Protection authority, etc.

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

► Programmes with SEBI:

In order to reach out to investors spread across the country, NSDL conducted 24 programmes in association with SEBI during the FY 2017-18. These programmes were attended by more than 1,400 investors.

➤ **Programmes with Depository Participants (DPs), NSE & Institutions:**

During the FY 2017-18, NSDL conducted 261 programmes with Depository Participants, 15 programmes with Depository Participants & NSE and 6 Joint Awareness Programmes with Institutions across the country. These programmes were attended by more than 24,700 investors. Since inception, NSDL has conducted more than 3,000 Investor Awareness Programmes & Seminars which have been attended by more than 3,02,300 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 2017–18, NSDL participated at 24 such conferences and events organized by reputed industry associations like Indian Chamber of Commerce (ICC), The Federation of Indian Chambers of Commerce and Industry (FICCI), ASSOCHAM, Indira Gandhi Institute of Development Research (IGIDR), Association of Investment Bankers of India (AIBI), Association of National Exchanges Members of India etc. These events were attended by more than 4,700 delegates.

➤ **Capacity building Programmes for staff of Participants:**

As Depository extends its services through network of DPs, it is important to train the staff of DPs adequately to enable them to engage with investors positively. During the FY 2017–18, 22 training programmes were conducted which were attended by around 900 employees of Participants.

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

During the FY 2017–18, NSDL conducted 19 training programmes for different academic and professional institutes which have been attended

by around 1,400 students & professionals. Colleges/Institutes are also encouraged to visit NSDL to understand the nuances of Capital Market.

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

During the FY 2017–18, NSDL conducted 9 programmes exclusively for employees of various companies under the theme 'Corporate Awareness Programmes'. These programmes were attended by more than 500 employees of these Corporates.

➤ **Survey based certification programme:**

NSDL in association with PTVA's Institute of Management, Mumbai organized a unique certification programme titled 'Being a Prudent Investor' during the year. This program was attended by 70 participants, who were invited on the basis of responses collected during a survey conducted by students of the institute among more than 600 persons belonging to different areas across Maharashtra. These participants were handed over a certificate upon completion of the programme.

In all, NSDL conducted 358 various kinds of programmes and participated in 24 events during the FY 2017–18. More than 34,000 investors and other stakeholders were reached through these initiatives.

➤ **Publications**

NSDL publishes two monthly newsletters 'The Financial Kaleidoscope' for investor community and 'NSDL Update' for Depository Participants. Apart from these newsletters, NSDL publishes Investor Guide, brochures/pamphlets/posters etc. to spread knowledge about the demat process and new facilities in the depository system. These publications are distributed during the various events conducted by NSDL.

As on March 31, 2018, the number of subscribers for 'The Financial Kaleidoscope' was 7.81 lakh (as on March 31, 2017, it was approx. 46,000).

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 the FY 2017-18, no new arbitration proceeding was initiated by the Company or against the Company.

Quality of Service

ISO Certification

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

Training Programmes & Certification

Your Company in association with National Stock Exchange (NSE) administers an examination on "Depository Operations" called NCFM (NSE's Certification Programme on Financial Markets). To enable the Participant staff to take up the examination, NSDL has prepared background material on depository operations. During the year under review, 539 persons have qualified the NCFM exam taking total number of qualified persons to 60,034.

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

During the year, your Company has organised 30 NISM oriented training programs. Further, your Company has organised 89 CPE training programs for various modules which were attended by 2,117 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	76	1805
NISM Series-VIII : Equity Derivatives	5	117
NISM-Series- III-A: Securities Intermediaries Compliance (Non-Fund)	3	80
NISM Series VII: Securities Operations and Risk Management	2	40
NISM-Series-II-A: Registrars to an Issue and Share Transfer Agents – Corporate Certification Examination	2	59
NISM-Series-X-A: Investment Adviser (Level 1)	1	16
Total	89	2117

In addition to the above, your Company has also organised 90 KYC Oriented training programmes for facilitating the officials of Participants to keep themselves updated about the recent developments in depository operations. Such trainings have been attended by around 5,300 officials.

Opportunities and Threats

NSDL is the first depository of the country and one of the largest depositories in the world, with an overwhelmingly high market share of 89% in terms of custody value of dematerialized securities in Indian

capital markets. The business of the Company mainly consists of depository operations and allied services. As part of digital initiatives, NSDL has incorporated various facilities through NSDL e-Services platform such as Digital LAS facility and its Integration with Banks for Online Pledging of Securities offering a Delightful Customer experience with an entirely seamless transaction. NSDL has also launched Online Mutual Fund Redemption facility on NSDL e-Services platform which enhances smooth flow for customers in respect of MF Redemption without submitting physical redemption form to RTA.

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:

- (a) Business Risk: This is attributable to the impact of market behaviour on the revenues of the Company and sustainability of business across cycles.
- (b) Business Continuity Risk: This arises out of possible inability to conduct business and provide services on account of damage to physical assets and breakdown of infrastructure due to natural calamities, accidents, breakdowns etc.
- (c) Operational Risk: This arises out of any possible loss from operations due to third party liability, infidelity of employees, electronic & computer crimes, errors & omissions etc.
- (d) Financial Risk: NSDL is a zero-debt Company since its inception. The Company has followed the strategy of funding all its expansions,

diversifications and infrastructure related expenditure through internal accruals.

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

Business Continuity Planning (BCP)

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

Insurance

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

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

Internal Controls and Audit

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

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

and practices followed for the NSDL DPM setup.

Risk Management Framework

The Company has adopted Risk Management Framework. Further, pursuant to the recommendation of the Depository System Review Committee (DSRC) of SEBI, the Company has constituted Risk Management Committee and has appointed senior official as the Chief Risk Officer. Risk Management Committee has met four times during the year.

Other Measures

Your Company has appointed a Compliance Officer and a comprehensive 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. In this regard, the Company has formulated a CSR Policy which has been placed on the website of the Company.

The themes for the CSR activities are in the areas of education, health or employment generating skills. However, the Company may also foray into other areas as permitted under the Act.

CSR Policy of the Company as approved by the Board is placed on the website of the Company at <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.

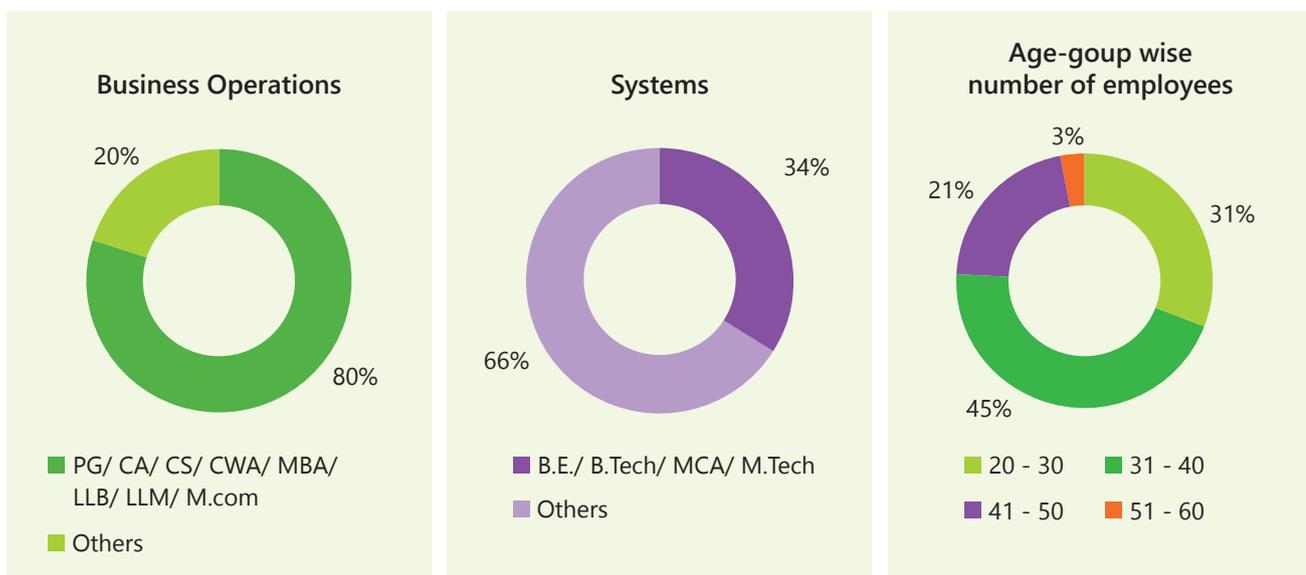
Subsidiaries

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 emphasizes 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 retain and attract high caliber employees. Employee relations at all locations are harmonious and cordial. The Company gives utmost importance to the training and development of its employees. Various training and orientation programmes are conducted, both in-house as well as external programmes. Officials across various levels are exposed to programmes according to training needs. Company also nominates selected employees to participate in various seminars in the capital market and other related areas both in India and abroad. A comprehensive induction programme is conducted for new recruits. Other training programmes on Information Security Policies Awareness, Business Continuity Planning etc. are also conducted in order to keep abreast the employees in these areas. Special team building programmes are conducted for employees to increase their efficiency and performance in a team.

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



Positive Work Environment

The Company has formulated and adopted a policy on prevention of sexual harassment at work place and takes all necessary measures to ensure a harassment free work place and has instituted an Internal Complaints Committee for redressal of complaints and to prevent sexual harassment. The Company believes that all employees, including other individuals who are associated with company have the right to be treated with dignity.

During the Financial Year 2017-18 the Company has received one complaint which is under investigation.

Directors' Responsibility Statement

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

- that in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards have been followed, along with proper explanation relating to the material departures, if any;
- that such accounting policies selected and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- that proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that they have prepared the annual accounts on a going concern basis;
- that they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- that they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Declaration from 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 thereunder for appointment as Independent Directors and confirm that they are independent of the management.

Implementation of Code of Corporate Governance

As per the SEBI (Depositories and Participants) Regulations, 1996, the disclosure requirements and corporate governance norms as specified for the listed companies *mutatis mutandis* are applicable to the depository. The status of implementation of the Code of Corporate Governance is enclosed as "Annexure – C".

Particulars of Loans, Guarantees or Investments Under Section 186 of the Companies Act, 2013

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

Particulars of Contracts or Arrangements with Related Parties

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

Transfer to Reserve

During the year under review, no transfer has been made to general reserve.

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

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

Details of Key Managerial Personnel

As on March 31, 2018, the Company has three (3) Key Managerial Personnel as per the Companies Act, 2013 i.e. Managing Director & CEO, Chief Financial Officer and Company Secretary.

Sr. No.	Name of Key Managerial Personnel	Designation
1	Mr. G. V. Nageswara Rao	Managing Director & CEO
2	Ms. Sudha Balakrishnan	Chief Financial Officer (CFO)
3	Mr. Prasad Poojary	Company Secretary (CS)

Notes:

- Ms. Sudha Balakrishnan ceased as CFO w.e.f. May 16, 2018 and Ms. Vaishali Vaidya has been appointed as the CFO w.e.f. May 17, 2018.
- Mr. Deepak Shenoy ceased as CS w.e.f. June 16, 2017 and Mr. Prasad Poojary has been appointed as CS w.e.f. September 27, 2017.

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.

Auditors and Auditors Report

Deloitte Haskins & Sells, Chartered Accountants (ICAI Registration No. 117364W), were appointed as Statutory Auditors of the Company at the Second Annual General Meeting of the Company held on September 24, 2014 to hold office for five years from the date of AGM.

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

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

Public Deposits

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

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as "Annexure – D".

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

a) Conservation of Energy and Technology absorption:

As the Company does not have any manufacturing activities, particulars required to be disclosed with respect to the conservation of energy and technology absorption in terms of Section 134(3) (m) of the Companies Act, 2013, are not applicable. The Company has, however, used information technology extensively in its operations.

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

Sr. No.	Particulars	FY 2017-18 (₹ in lakh)	FY 2016-17 (₹ in lakh)
1	Foreign Exchange Earnings (Miscellaneous)	Nil	Nil
2	Foreign Exchange Outgo/Expenditure incurred in foreign currency	72.28	57.27

Particulars of Employees

Information required under the provisions of Section 197 of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is set out as "Annexure E" and forms part of this report.

Outlook

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

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

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

Appreciation

Your Directors are grateful for the support and co-operation extended by Government of India, 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, Market Intermediaries, Consultants, Suppliers and Bankers. 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

Sd/

Date : August 09, 2018

Place: Mumbai

(B. A. Prabhakar)

Chairman

Annexure A

Report on CSR Activities

It is the 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 2017-18 as listed out in the CSR policy were in the areas of promoting education, employment generating skills, etc. including education, health and hygiene aspects. Details of CSR policy are available on our website at <https://nsdl.co.in/publications/disclosure.php>. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

The CSR Committee Comprised of Mr. B. A. Prabhakar (Chairman), Prof. G. Sivakumar and Mr. G. V. Nageswara Rao. Average net profit of NSDL for last three financial years is ₹ 10,114.94 lakh and based on the Average net profit our prescribed CSR Expenditure (2% of Average net profit) arrived at ₹ 202.30 lakh. During the FY 2017-18, NSDL has spent a total corpus of ₹ 12.28 lakh towards CSR activities. The manner in which the amount was spent during the financial year is detailed below:

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where Projects or Programs was undertaken	Amount outlay (Budget)	Amount spent on the Projects or Programs sub-heads (1) Direct expenditure on Projects or Programs (2) Overheads	Cumulative Expenditure up to the reporting period	Amount spent Direct or through Implementing agency
1	Maintenance and Beautification of Traffic Islands	Ensuring Environmental Sustainability, Ecological Balance	Local Area, Mumbai (Maharashtra)	2, 04,000	1,87,000	1,87,000*	Direct
2	All Saints Home -Funding support for flooring work of compound premises of an Old Age Home fund	Setting up Old Age Homes, Day Care Centers and such other facilities for Senior Citizens	Local Area, Mumbai (Maharashtra)	5, 00,000	4,97,406	4,97,406	Direct

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where Projects or Programs was undertaken	Amount outlay (Budget)	Amount spent on the Projects or Programs sub-heads (1) Direct expenditure on Projects or Programs (2) Overheads	Cumulative Expenditure up to the reporting period	Amount spent Direct or through Implementing agency
3	Educational support to Swami Vivekananda Adivasi Ashram School managed by Rashtriya Shikshan Sanstha Trust by creating better learning environment in the school	Promoting Education	Karjat (Maharashtra)	10,87,500	5,43,750	5,43,750*	Direct
4	Preventive & Curative Health Support to Thalassaemia Major Patients from Thalassaemia Day Care Centre of Sion Hospital by providing Leukocyte Filters and MRI/Bone Density Tests	Promoting Preventive Healthcare	Local Area, Mumbai (Maharashtra)	14,92,500	0.00	0.00*	Direct
			Total	32,84,000	12,28,156	12, 28,156**	

** Additionally an amount of ₹ 5,43,750/- for educational program, ₹ 17,000/- for beautification of traffic island and ₹ 14,10,000/- for preventive health program totaling to ₹ 19,70,750/- for the FY 2017-18 had been spent after the end of FY 2017-18 of which an amount of ₹ 2.92 lakh was apportioned to NDML as per the joint CSR initiative of both the organizations.*

*** Out of ₹ 2,28,156/- the CSR expenditure of ₹ 1.82 lakh was proportionately allotted to NDML for FY 2017-18 as per the joint CSR initiative of both the organizations.*

NSDL intends to have sustainable CSR programs with greater and long term impact on the community. Therefore, NSDL explored new projects/programs in line with the CSR policy which are listed in the table above. Some of these projects were adopted as a pilot CSR program wherein NSDL could analyze the impact of the said programme and decide to carry out the same at a larger scale. NSDL closely monitors and evaluate the performance and impact of its CSR programme and based on such evaluation, plans to execute impact driven and sustainable CSR programs in coming years. Basis the outcomes of the pilot projects, the Company shall expand the ongoing programs and also venture into new thematic CSR projects as per the CSR policy.

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, 2018

(₹ in lakh)

Particulars	NSDL Database Management Limited	NSDL Payments Bank Limited
Share Capital	6,105.00	10,300.00
Reserves & Surplus	6,161.16	(376.49)
Total Networth	12,266.16	9,923.51
Total Assets	15,821.02	10,114.89
Total Liabilities	3,554.86	191.38
Investments	12,134.75	-
Turnover	6,252.93	-
Profit Before Taxation	2,730.38	78.07
Provisions for taxation	804.44	196.55
Profit After Taxation	1,925.94	(118.48)
Proposed dividend	-	-
% of Shareholding	100%	80.58% (Direct) & 19.42% (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, 2018.

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

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

Annexure C

Corporate Governance

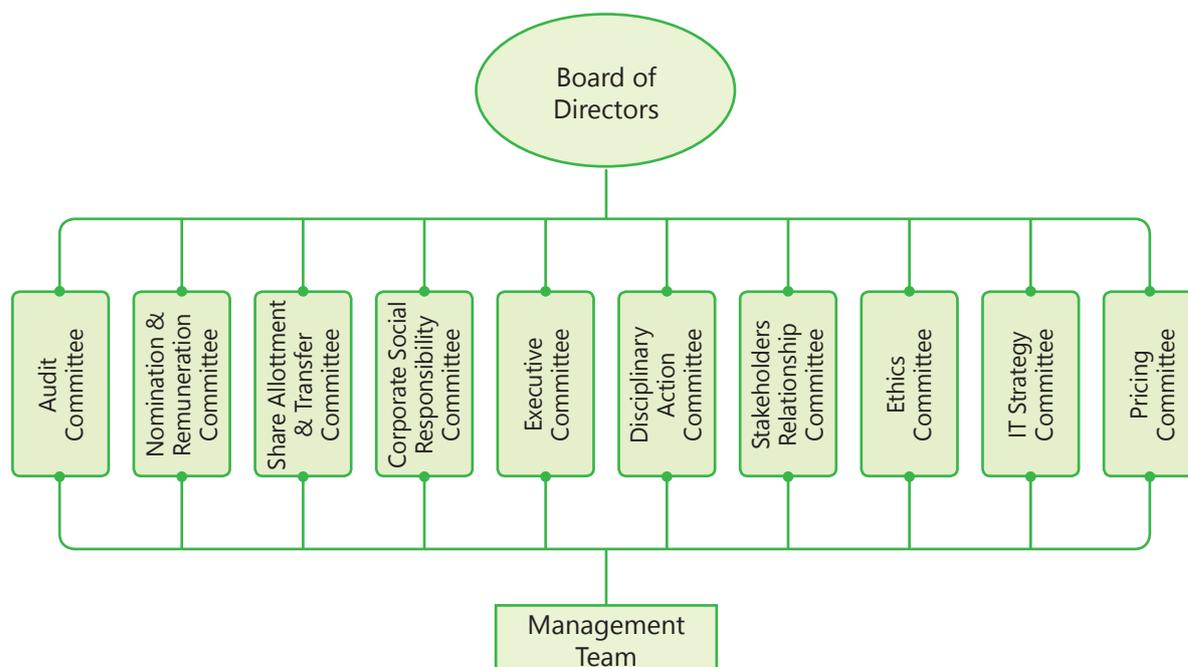
Company's philosophy on code of Corporate Governance

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

NSDL is a Public Limited Company incorporated under the Companies Act, 1956 and a Depository within the meaning of Depositories Act, 1996. Hence NSDL is additionally required to comply with the provisions of SEBI (Depositories and Participants) Regulations, 1996 and the guidelines issued by SEBI from time to time. As per Regulation 9A (7) 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.

Governance Structure



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

1. Board of Directors

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

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

2. Committees of Directors

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

3. Management Structure

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

Your Company has a professional and experienced management team consisting of business/functional heads that look after the day-to-day affairs of the Company under the direction of MD & CEO who functions under the overall supervision and control of the Board.

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

As per regulation 9(A) (1) of SEBI (Depositories & Participants) Regulations, 1996, the Governing Board of every depository shall comprise of following types of Directors:

- a) Public Interest Directors
- b) Shareholder Directors
- c) Managing Director

The appointment of Directors requires prior approval of SEBI. The Public Interest Directors on the Governing Board are nominated by SEBI. The Chairman of the Board is required to be elected from among the Public Interest Directors with prior approval from SEBI. Further, all the Public Interest Directors are also appointed as Independent Directors (not liable to retire by rotation) in order to comply with the provisions of Companies Act, 2013. The Chairman and CEO are separate posts in the Company.

Composition of the Board as on August 09, 2018

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

Changes in the Governing Board during the financial year till August 09, 2018

Names of Directors	Category of Directors
Mr. C. M. Vasudev#	Non-Executive Independent (Public Interest Director)
Mr. P. P. Vora#	Non-Executive Independent (Public Interest Director)
Mr. Sudhir Mankad#	Non-Executive Independent (Public Interest Director)
Mr. Ravi Narain#	Non-Executive (Shareholder Director)
Mr. B. A. Prabhakar*	Chairman, Non-Executive Independent (Public Interest Director)
Mr. S. Sridhar*	Non-Executive Independent (Public Interest Director)
Mrs. Pramila Shrivastav#	Non-Executive Independent (Public Interest Director)
Prof. G. Sivakumar*	Non-Executive Independent (Public Interest Director)
Dr. Rajani Gupte*	Non-Executive Independent (Public Interest Director)
Mr. J. Ravichandran*	Non-Executive (Shareholder Director)
Mr. Ajay Sharma*	Non-Executive (Shareholder Director)
Mr. G. V. Nageswara Rao	Managing Director & CEO

#Mr. C. M. Vasudev ceased to be Public Interest Director w.e.f. October 13, 2017; Mr. P. P. Vora ceased to be Public Interest Director w.e.f. May 09, 2017; Mr. Sudhir Mankad ceased to be Public Interest Director w.e.f. August 04, 2017; Mr. Ravi Narain ceased to be Shareholder Director w.e.f. September 27, 2017; Mrs. Pramila Shrivastav ceased to be Public Interest Director w.e.f. March 22, 2018.

*Mr. B. A. Prabhakar appointed as PID on May 08, 2017; Mr. S. Sridhar appointed as PID on August 03, 2017; Prof. G. Sivakumar appointed as PID on January 05, 2018; Mr. J. Ravichandran appointed as Shareholder Director on October 12, 2017; Dr. Rajani Gupte appointed as PID and Mr. Ajay Sharma appointed as Shareholder Director on May 23, 2018.

The composition of the Board is in conformity with SEBI (Depositories & Participants) Regulations, 1996, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013. None of the Directors of the Company are inter-se related with each other and no Director holds any shares and convertible instruments in the Company. The web link providing the details of the familiarization programme(s) imparted to independent directors is <https://nsdl.co.in/publications/disclosure.php>

B. Board Meetings

The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness. A minimum of four Board meetings are held every year. In addition, the Board also meets as and when necessary to address specific issues relating to the business. However in case of special and urgent business, the Board also approves by Circular Resolution, important items of business which are permitted by Companies Act. During the year under review, the Board met nine (9) times i.e. on May 08, 2017, August 03, 2017, August 08, 2017, September 27, 2017, October 12, 2017, November 07, 2017, January 05, 2018, February 07, 2018 and March 21, 2018. Further, in terms of the provisions of the SEBI (Depositories and Participants) Regulations, 1996 separate meetings of the Public Interest Directors (PIDs) of the Company were held to seek views of PIDs on critical issues. Further, a separate meeting of Independent Directors was held 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 directorship, 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. C. M. Vasudev [#]	5	5	Yes	9	4	Nil
2	Mr. P. P. Vora [#]	1	1	N.A.	10	4	1
3	Mr. Sudhir Mankad [#]	2	2	N.A.	8	4	2
4	Mr. Ravi Narain [#]	4	4	N.A.	5	3	Nil
5	Mrs. Pramila Shrivastav [#]	9	9	Yes	Nil	Nil	Nil
6	Mr. B. A. Prabhakar [*]	9	9	Yes	5	3	3
7	Mr. S. Sridhar [*]	8	7	Yes	12	8	5
8	Prof. G. Sivakumar [*]	3	3	N.A.	3	1	Nil
9	Mr. G. V. Nageswara Rao	9	9	Yes	2	3	Nil
10	Mr. J Ravichandran [*]	4	4	N.A.	8	1	Nil

[#]Mr. C. M. Vasudev ceased w.e.f. October 13, 2017; Mr. P. P. Vora ceased w.e.f. May 9, 2017; Mr. Sudhir Mankad ceased w.e.f. August 04, 2017; Mr. Ravi Narain ceased w.e.f. September 27, 2017; Mrs. Pramila Shrivastav ceased w.e.f. March 22, 2018.

^{*}Mr. B. A. Prabhakar appointed as PID on May 08, 2017; Mr. S. Sridhar appointed as PID on August 03, 2017; Prof. G. Sivakumar appointed as PID on January 05, 2018; Mr. J. Ravichandran appointed as Shareholder Director on October 12, 2017.

Note:

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

N.A. – Not Applicable

C. Board Evaluation

Pursuant to 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.

D. Remuneration of the directors

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

Sr. No.	Name	Designation	Sitting fees paid/ Remuneration (₹)
1.	Mr. C. M. Vasudev	Non-Executive Chairman & Public Interest Director	10,20,000
2.	Mr. P. P. Vora	Non-Executive/ Public Interest Director	2,40,000
3.	Mr. Sudhir Mankad	Non-Executive/ Public Interest Director	5,40,000
4.	Mr. Ravi Narain	Non-Executive/ Shareholder Director	9,40,000
5.	Mrs. Pramila Shrivastav	Non-Executive/ Public Interest Director	15,40,000
6.	Mr. B. A. Prabhakar	Non-Executive Chairman & Public Interest Director	16,00,000
7.	Mr. S. Sridhar	Non-Executive/ Public Interest Director	11,40,000
8.	Mr. J. Ravichandran	Non-Executive/ Shareholder Director	7,20,000
9.	Prof. G. Sivakumar	Non-Executive/ Public Interest Director	4,80,000

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

		(in ₹)
Sr. No.	Particulars of Remuneration	MD & CEO
1.	Gross salary	
	a.) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	2,59,94,824
	b.) Value of perquisites u/s 17(2) Income Tax Act, 1961	55,55,874
	Total	3,15,50,698

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

Directors' appointment and remuneration

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

E. Committees of Board

I. Audit Committee

Board has constituted the Audit Committee in accordance with provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee of NSDL assists the Board in its responsibility of overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and other regulatory requirements. The Committee's purpose is to oversee the accounting and financial process of the Company and review the quarterly and annual financial accounts of the Company. The Committee reviews reports of the Internal Auditors and Statutory Auditors and discusses their findings, suggestions, internal control system, scope of audit, observations of the auditors and also reviews accounting policies followed by the Company. The Committee also reviews the Operations Audit Reports submitted by Operations Auditors along with management response and suggests measures for further improvements in areas of operations. Further, pursuant to the enactment of Companies Act, 2013 and notification of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the functions of the Audit Committee have been aligned with the new requirements.

The Committee met four (4) times on May 08, 2017; August 03, 2017; November 07, 2017 and February 07, 2018 during the year. The details of composition and attendance of members of the Audit Committee are given hereunder:

Sr. No.	Name of Director	Chairperson/Member	No. of Meetings held during tenure	No. of Meetings attended
1.	Mr. P. P. Vora#	Chairperson	1	1
2.	Mr. C. M. Vasudev#	Member	2	2
3.	Mr. Sudhir Mankad#	Member	2	2
4.	Mr. Ravi Narain#	Member	2	2
5.	Mrs. Pramila Shrivastav#	Chairperson	2	2
6.	Mr. B. A. Prabhakar*	Member	2	2
7.	Mr. J. Ravichandran*	Member	2	2
8.	Mr. S. Sridhar*	Member	2	2

#Mr. C. M. Vasudev ceased w.e.f. October 13, 2017; Mr. P. P. Vora ceased w.e.f. May 09, 2017; Mr. Sudhir Mankad ceased w.e.f. August 04, 2017; Mr. Ravi Narain ceased w.e.f. September 27, 2017; Mrs. Pramila Shrivastav was appointed as a member and Chairperson of Audit Committee on August 03, 2017 & January 05, 2018 respectively and ceased to be a director w.e.f. March 22, 2018.

*Mr. B. A. Prabhakar & Mr. J. Ravichandran has been appointed as members of the Committee on October 12, 2017; Mr. S. Sridhar has been appointed as a member of the Committee on August 03, 2017.

II. Nomination and Remuneration Committee

The Nomination and Remuneration Committee discharges such functions as defined in the Companies Act, 2013 and SEBI (Depositories and Participants) Regulations, 1996 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee has three (3) members with Mr. S. Sridhar as its Chairman. The Committee met six (6) times during the year. Details of attendance of each member at the Committee Meetings held during the year are as follows:

Sr. No.	Name of Director	Chairperson/Member	No. of Meetings held during tenure	No. of Meetings attended
1.	Mr. P. P. Vora#	Chairperson	1	1
2.	Mr. C. M. Vasudev#	Member	6	6
3.	Mr. Sudhir Mankad#	Member	3	3
4.	Mr. Ravi Narain#	Member	5	5
5.	Mr. S. Sridhar*	Chairperson	0	0
6.	Mrs. Pramila Shrivastav#	Member	3	3

Sr. No.	Name of Director	Chairperson/Member	No. of Meetings held during tenure	No. of Meetings attended
7.	Mr. B. A. Prabhakar*	Member	3	3
8.	Mr. J. Ravichandran*	Member	0	0

#Mr. C. M. Vasudev ceased w.e.f. October 13, 2017; Mr. P. P. Vora ceased w.e.f. May 09, 2017; Mr. Sudhir Mankad ceased w.e.f. August 04, 2017; Mr. Ravi Narain ceased w.e.f. September 27, 2017; Mrs. Pramila Shrivastav was appointed as a member of the Committee on August 03, 2017 & ceased to be a director w.e.f. March 22, 2018.

* Mr. B. A. Prabhakar has been appointed as member of NRC on August 03, 2018; Mr. J. Ravichandran has been appointed as member of NRC on October 12, 2017; Mr. S. Sridhar has been appointed as member and Chairman of NRC on January 05, 2018.

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

III. Stakeholders Relationship Committee

The Stakeholders Relationship Committee is constituted for the purpose of redressal of grievances received from the stakeholders of the Company from time to time. The Committee presently has two (2) members comprising of Mr. B. A. Prabhakar, Non-Executive Director/Public Interest Director and Mr. G. V. Nageswara Rao, Managing Director & CEO. Mr. S. Ganesh, Senior Vice President is the Compliance Officer of the Company. No meeting of Shareholders' Grievance Committee was held during the year as no grievances from shareholders were received during the year. Composition of Stakeholders Relationship Committee is given below:

Sr. No.	Names of the Members
1.	Mrs. Pramila Shrivastav*
2.	Mr. B. A. Prabhakar*
3.	Mr. G. V. Nageswara Rao

* Mrs. Pramila Shrivastav ceased to be a member of the Committee with effect from March 22, 2018; Mr. B. A. Prabhakar was appointed as member with effect from January 05, 2018.

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

- Executive Committee
- Disciplinary Action Committee
- Corporate Social Responsibility Committee
- Ethics Committee
- Share Allotment & Transfer Committee
- IT Strategy Committee
- IT Steering Committee
- IT Advisory Committee
- Pricing Committee
- Risk Management Committee/Group.

4. General Body Meetings

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

AGM	Date	Venue	Special Resolution (if any)
Third	September 14, 2015	Board Room, National Securities Depository Limited, Trade World, 'A' wing, 5th Floor, Kamala Mills Compound, Lower Parel, Mumbai- 400 013	No
Fourth	September 16, 2016		No
Fifth	September 27, 2017		Yes

Neither any special resolution was passed last year through postal ballot nor is it is proposed to pass any special resolution to be conducted through postal ballot.

5. Means of Communication

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

6. General Shareholder Information

- The Sixth Annual General Meeting of the Company scheduled to be held on Wednesday, September 19, 2018 at 11.00 a.m. at 5th Floor, Trade World, A wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
- **Financial year:** 1st April, 2017 to 31st March, 2018
- **Dividend Payment Date:** On or Before October 18, 2018
- **Record date for dividend payment:** Date of AGM
- **Listing on Stock Exchange, Stock Code, Market Price Data and Performance of Stock:** The equity share of the Company is not listed in any Stock Exchange in India or abroad hence these are not applicable.

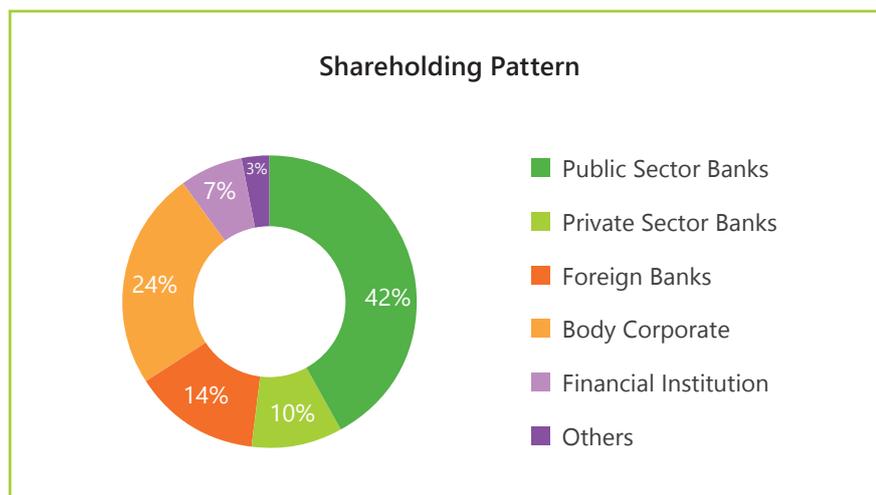
- **Registrar and Transfer Agents:** None
- **Share Transfer System:** The equity shares of NSDL are in dematerialised form. To ensure compliance with the provisions of SEBI (Depositories and Participants) Regulations, 1996, ISIN of equity shares is suspended to prevent transfer of shares without the approval of Board of NSDL and SEBI.

Distribution of shareholding as on March 31, 2018:

Sr. No.	Category	Percentage of Shareholding
1	Public Sector Banks #	41.670
2	Private Sector Banks	10.155
3	Foreign Banks	14.375
4	Body Corporate *	24.000
5	Financial Institution *	6.830
6	Others	2.970
	Total	100.000

* Sponsors/ Promoters

Includes shareholding of IDBI Bank Ltd. (30%) which is also a Sponsor/ Promoter



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

- **Branch offices:**

AHMEDABAD	Unit No. 407, 4 th Floor, 3 rd Eye One Commercial Complex Co-op. Soc. Ltd., C.G. Road, Ahmedabad – 380 006.
BENGALURU	Office No. 106, DBS House, 26 Cunningham Road, Bangalore 560 052.
CHENNAI	6A, 6 th Floor, Kences Tower, # 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.
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.
NEW DELHI	601, 603, 604, Tower A, 6 th Floor, Naurang House, Kasturba Gandhi Marg, Connaught Place, New Delhi – 110 001.

- **Address for correspondence:**

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

Tel.: (022) 2499 4200

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

Website: www.nsdl.co.in

- **Company Registration details:**

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

7. Other Disclosures

i. Related Party Transactions

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

ii. Vigil mechanism /Whistle Blower Policy

The Company has established a vigil mechanism by framing a Whistle Blower Policy with a view to provide a mechanism for employees of the company to raise concerns on any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc. The Policy is hosted on the Company's website at <https://nsdl.co.in/publications/disclosure.php>

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

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

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

F. 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, 1996. Code of Conduct and Code of Ethics as prescribed under Regulation 9D of the aforesaid Regulations have been hosted on website of the Company.

G. CEO and CFO Certification

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

H. Compliance Certificate on Corporate Governance

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

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

I, the undersigned, hereby confirm that, all Directors and the Key Managerial Personnel of the Company have affirmed compliance to the Code of Conduct & Ethics as applicable to them for the Financial Year ended March 31, 2018.

For and on behalf of the Board

Sd/-

G. V. Nageswara Rao

Managing Director & CEO

Place: Mumbai

Date: August 09, 2018

Certificate regarding Compliance of Conditions of Corporate Governance

To the Members,

National Securities Depository Limited

CIN: U74120MH2012PLC230380

4th Floor, 'A' Wing, Trade World, Kamala Mill Compound
Senapati Bapat Marg, Lower Parel, Mumbai- 400013.

1. We have examined all relevant records of National Securities Depository Limited (**the Company**) for the purpose of certifying compliance of the Corporate Governance norms as specified for the Listed Companies for the financial year ended **31st March 2018**. In terms of Regulation 9A (7) of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended, the disclosure requirements and corporate governance norms as specified for listed companies have become *mutatis mutandis* applicable to a depository.
2. We have obtained all the information and explanations to the best of our knowledge and belief, which were necessary for the purpose of this certification regarding compliance of conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Chapter IV and Part C, D, and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year ended 31st March 2018.
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. 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 applicable to listed companies for the financial year ended 31st March 2018.
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, 1996, as amended and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty or care or for any other purpose or to any other part to whom it is shown or into whose hands it may come without our prior written consent in writing. We have no responsibility to update this Certificate for events and circumstances occurring after the date of this Certificate.

For S. N. ANANTHASUBRAMANIAN & CO.

Company Secretaries

FIRM REGISTRATION NO. P1991 MH040400

Sd/-

S. N. Ananthasubramanian

Partner

C.P. No.: 1774

Date: August 09, 2018

Place: Thane

Annexure D

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
 as on the financial year ended on March 31, 2018

[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	The Company has an in-house Share Department at the registered office address

II. Principal Business Activities of the Company

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

III. Particulars of Holding, Subsidiary and Associate Companies –

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
1	NSDL Database Management Limited	U72400MH2004PLC147094	Subsidiary	100	2(87)
2	NSDL Payments Bank Limited	U65900MH2016PLC284869	Subsidiary	80.58	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	1,47,32,000	-	1,47,32,000	36.83	1,47,32,000	-	1,47,32,000	36.83
f) Any Other....	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	2,43,32,000	-	2,43,32,000	60.83	2,43,32,000	-	2,43,32,000	60.83
(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)	2,43,32,000	-	2,43,32,000	60.83	2,43,32,000	-	2,43,32,000	60.83
B. Public Shareholding								
(1) Institutions								
a) Mutual Funds / UTI	-	-	-	-	-	-	-	-
b) Banks / FI	1,56,68,000	-	1,56,68,000	39.17	1,44,80,000	-	1,44,80,000	36.2
c) Central Govt.	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year		
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total	% of Total Shares
f) Insurance Companies	-	-	-	-	11,88,000	-	11,88,000	2.97	2.97
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):	1,56,68,000	-	1,56,68,000	39.17	1,56,68,000	-	1,56,68,000	39.17	-
(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)	1,56,68,000	-	1,56,68,000	39.17	1,56,68,000	-	1,56,68,000	39.17	-
C. Share held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A + B + C)	4,00,00,000	-	4,00,00,000	100	4,00,00,000	-	4,00,00,000	100	-

(ii) Shareholding of Promoters/Sponsors

Shareholders Name	Shareholding at the beginning of the year		Shareholding at the end of the year		% change in shareholding during the year
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	
IDBI Bank Limited	1,20,00,000	30.000	1,20,00,000	30.000	-
National Stock Exchange of India Ltd.	96,00,000	24.000	96,00,000	24.000	-
Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)	27,32,000	6.830	27,32,000	6.830	-
Total	2,43,32,000	60.830	2,43,32,000	60.830	-

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

Date wise Increase/Decrease in Promoters Shareholding during the year specifying there as on for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc):	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	2,43,32,000	60.830	2,43,32,000	60.830
N.A.				
At the end of the year	2,43,32,000	60.830	2,43,32,000	60.830

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

For Each of the Top 10 Shareholders	Share holding at the beginning of the year		Share holding 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. State Bank of India	20,00,000	5.000	20,00,000	5.000
2. HDFC Bank Limited	20,00,000	5.000	20,00,000	5.000
3. Deutsche Bank A.G.	20,00,000	5.000	20,00,000	5.000
4. AXIS Bank Limited	20,00,000	5.000	20,00,000	5.000
5. The Hongkong and Shanghai Banking Corporation Limited	12,50,000	3.125	12,50,000	3.125
6. Citibank N.A.	12,50,000	3.125	12,50,000	3.125
7. Standard Chartered Bank	12,50,000	3.125	12,50,000	3.125
8. Kotak Mahindra Life Insurance Company Limited.	-	-	11,88,000	2.970
9. Union Bank of India	11,25,000	2.812	11,25,000	2.812
10. Canara Bank	9,18,000	2.295	9,18,000	2.295

(v) Shareholding of Directors and Key Managerial Personnel

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	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:

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	2,59,94,824	2,59,94,824
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	55,55,874	55,55,874
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit		
	- others, specify ...		
5.	Others, please specify	-	-
	Telephone Reimbursement		
	Total(A)	3,15,50,698	3,15,50,698
	Ceiling as per the Act		

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors										Total Amount		
		Mr. C. M. Vasudev	Mr. P. P. Vora	Mr. Ravi Narain	Mr. Sudhir Mankad	Mrs. Pramila Shrivastav	Mr. B. A. Prabhakar	Mr. S. Sridhar	Mr. J. Ravichandran	Prof. G. Sivakumar				
1.	Independent Directors													
	• Fee for attending board/committee meetings	10,20,000	2,40,000		5,40,000	15,40,000	16,00,000	11,40,000					4,80,000	65,60,000
	• Commission	-	-		-	-	-	-					-	-
	• Others, please specify	-	-		-	-	-	-					-	-
	Total(1)	10,20,000	2,40,000		5,40,000	15,40,000	16,00,000	11,40,000					4,80,000	65,60,000
2	Other Non-Executive Directors													
	• Fee for attending board / committee meetings			9,40,000								7,20,000		16,60,000
	• Commission			-								-		-
	• Others, please specify			-								-		-
	Total (2)			9,40,000								7,20,000		16,60,000
	Total (B) = (1+2)													82,20,000
	Total Managerial Remuneration													
	Overall Ceiling as per the Act													

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		Company Secretary		CFO	Total
		Mr. Deepak Shenoy*	Mr. Prasad Poojary**	Ms. Sudha Balakrishnan	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1,40,575	12,97,911	21,57,829	35,96,315
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	23,861	16,450	1,50,066	1,90,377
	(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: Leave Encashment/Telephone Reimbursement	42,848	3,567	4,500	50,915
	Total	2,07,284	13,17,928	23,12,395	38,37,607

*Mr. Deepak Shenoy ceased to be Company Secretary w.e.f. June 16, 2017.

** Mr. Prasad Poojary appointed as Company Secretary w.e.f. September 27, 2017.

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)
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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 the Board of Directors

Date: August 09, 2018

Place: Mumbai

Sd/-
 (B. A. Prabhakar)
 Chairman

Independent Auditor's Report

To The Members of National Securities Depository Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **National Securities Depository Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity

Independent Auditor's Report

with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 Cash Flow Statement 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 Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Company and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 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 Ind AS 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/-
Abhijit A. Damle
Partner
(Membership No. 102912)

Mumbai, 8th May, 2018

Annexure "A" to the Independent Auditor's Report

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

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

We have audited the internal financial controls over financial reporting of National Securities Depository Limited ("the Company") as of March 31, 2018 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 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 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") 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)

Annexure "A" to the Independent Auditor's Report

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, 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, 2018, 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/-
Abhijit A. Damle
Partner
(Membership No. 102912)

Mumbai, 8th May, 2018

Annexure "B" to the Independent Auditor's Report

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the conveyance deed and other relevant records provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- (iii) The Company has not granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has 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, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Service Tax which have not been deposited as on March 31, 2018 on account of dispute are given below:

(₹ in lakh)

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the amount relates	Amount involved	Amount unpaid
Finance Act, 1994	Service Tax	Bombay High Court	2004-05 to 2009-10	5,236.21	4,843.49

There are no dues of Income Tax, Sales Tax, Customs Duty, Excise Duty, and Value Added Tax which has not been deposited as on March 31, 2018 on account of disputes.

Annexure "B" to the Independent Auditor's Report

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remunerations in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Sd/-
Abhijit A. Damle
Partner
(Membership No. 102912)

Mumbai, 8th May, 2018

Financial Statements

Balance Sheet as at 31st March, 2018

(₹ in lakh)

Particulars	Notes	As at 31 st March, 2018	As at 31 st March, 2017
Assets			
Non-current assets			
a) Property, plant and equipment	3	1,154.35	1,109.50
b) Other intangible assets	3	144.56	144.71
c) Financial assets			
i) Non-current investments	4	47,985.74	44,385.49
ii) Other financial assets	5	462.07	461.47
d) Deferred tax assets (net)	6	293.62	315.13
e) Income tax assets (net)		562.35	562.35
f) Other non-current assets	7	98.85	104.72
Total non-current assets		50,701.54	47,083.37
Current assets			
a) Financial assets			
i) Current investments	8	9,626.15	8,400.07
ii) Trade receivables	9	3,868.68	2,684.72
iii) Cash and cash equivalents	10	5,051.10	757.89
iv) Bank balances other than (iii) above	11	574.58	392.74
v) Other financial assets	5	192.59	162.52
b) Other current assets	7	453.49	244.08
Total current assets		19,766.59	12,642.02
Total Assets		70,468.13	59,725.39

Balance Sheet as at 31st March, 2018

(₹ in lakh)

Particulars	Notes	As at 31 st March, 2018	As at 31 st March, 2017
Equity And Liabilities			
Equity			
a) Equity share capital	12	4,000.00	4,000.00
b) Other equity	13	53,910.60	47,034.51
Total equity		57,910.60	51,034.51
Liabilities			
Non-current liabilities			
a) Financial liabilities			
i) Other financial liabilities	14	91.80	115.20
Total non-current liabilities		91.80	115.20
Current liabilities			
a) Financial liabilities			
i) Trade payables			
a) Micro enterprises and small enterprises	15	25.01	30.96
b) Other than micro enterprises and small enterprises	15	720.47	553.71
ii) Other financial liabilities	16	5,867.01	4,653.97
b) Provisions	17	1,615.30	1,206.45
c) Current tax liability (net)		1,132.37	633.51
d) Other current liabilities	18	3,105.57	1,497.08
Total current liabilities		12,465.73	8,575.68
Total liabilities		12,557.53	8,690.88
Total Equity and Liabilities		70,468.13	59,725.39
See accompanying notes to the financial statements	1 to 38		

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

For and on behalf of the Board of Directors

Sd/-
Abhijit A. Damle
Partner
Membership No. 102912

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

Place : Mumbai
Date : 8th May, 2018

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

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
Prasad Poojary
Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2018

(₹ in lakh)

Particulars	Notes	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Incomes			
Revenue from operations	19	20,076.25	19,996.54
Other income	20	3,584.94	3,655.80
Total income		23,661.19	23,652.34
Expenses			
Employee benefits expense	21	3,900.24	3,205.19
Depreciation and amortisation expense	3	263.52	241.54
Contribution to investor protection fund	31	466.44	760.47
Other expenses	22	6,594.07	7,118.44
Total expenses		11,224.27	11,325.64
Profit before exceptional items		12,436.92	12,326.70
Exceptional items		-	-
Profit before tax		12,436.92	12,326.70
Tax expense			
Current tax		3,638.65	3,450.47
Deferred tax	6	21.51	161.67
		3,660.16	3,612.14
Profit after tax		8,776.76	8,714.56
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
i) Actuarial gain/(loss) on post retirement benefit plans		4.43	(147.74)
ii) Income tax relating to items that will not be reclassified to profit or loss		(1.53)	51.13
		2.90	(96.61)
Total comprehensive income for the year		8,779.66	8,617.95
Basic and diluted earnings per equity share of ₹ 10 each	30	21.94	21.79
See accompanying notes to the financial statements	1 to 38		

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

For and on behalf of the Board of Directors

Sd/-
Abhijit A. Damle
 Partner
 Membership No. 102912

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

Place : Mumbai
 Date : 8th May, 2018

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

Sd/-
Sudha B.
 Chief Financial Officer

Sd/-
Prasad Poojary
 Company Secretary

Cash Flow Statement for the year ended 31st March, 2018

Particulars	(₹ in lakh)	
	For the year ended 31st March, 2018	For the year ended 31st March, 2017
A. Cash flow from operating activities		
Profit before tax	12,436.92	12,326.70
Adjustments for:		
Depreciation and amortisation expense	263.52	241.54
Provision for compensated absences	67.36	72.55
Provision for investor awareness	438.56	406.30
Provision for doubtful trade receivables	28.44	10.14
Bad debts written off	342.81	319.79
Contribution to investor protection fund	466.44	760.47
Fair value gain on investments in mutual funds	(43.13)	(195.89)
Dividend income from current investments	(322.11)	(293.28)
Profit on sale of property, plant and equipment	(0.38)	(65.92)
Profit on sale of investments	-	(164.06)
Interest income	(2,746.94)	(2,607.97)
Operating profit before working capital changes	10,931.49	10,810.37
Changes in working capital:		
(Increase) / decrease other assets	(208.97)	1,210.14
(Increase) / decrease other financial assets	(30.67)	(492.06)
(Increase) / decrease trade receivables	(1,555.21)	(1,090.46)
Increase / (decrease) trade payables	160.81	151.26
Increase / (decrease) other financial liabilities*	(159.06)	134.23
Increase / (decrease) provisions	(97.07)	(101.12)
Increase / (decrease) other liabilities	1,608.49	(1,232.66)
Cash generated from operations	10,649.81	9,389.70
Net income tax paid	(3,139.79)	(2,989.20)
Net cash generated from operating activities (A)	7,510.02	6,400.50

*Excluding transfer from Investor Protection Reserve to National Securities Depository Limited Investor Protection Fund Trust.

Cash Flow Statement for the year ended 31st March, 2018

(₹ in lakh)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
B. Cash flow from investing activities		
Capital expenditure on property, plant and equipment, intangible assets, capital advance	(299.53)	(321.46)
Proceeds from sale of property, plant and equipment	0.44	88.83
Investment in subsidiary	-	(8,300.00)
Purchase of non-current investments	(7,157.78)	(4,410.13)
Redemption of non-current investments	740.20	4,698.33
Proceeds of current investments	1,634.38	-
Dividend received from current investments	322.11	293.28
Interest received	2,746.94	2,607.97
Net cash used in investing activities (B)	(2,013.24)	(5,343.18)
C. Cash flow from financing activities		
Dividend paid	(1,000.00)	(1,000.00)
Dividend distribution tax paid	(203.57)	(203.57)
Net cash used in financing activities (C)	(1,203.57)	(1,203.57)
Net decrease in cash and cash equivalents (A+B+C)	4,293.21	(146.25)
Cash and cash equivalents at the beginning of the year	757.89	904.14
Cash and cash equivalents at the end of the year (Refer Note 10)	5,051.10	757.89

See accompanying notes to the financial statements

1 to 38

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

 Sd/-
Abhijit A. Damle
 Partner
 Membership No. 102912

For and on behalf of the Board of Directors

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

Sd/-	Sd/-	Sd/-
G. V. Nageswara Rao	Sudha B.	Prasad Poojary
Managing Director and CEO	Chief Financial Officer	Company Secretary
DIN:00799504		

 Place : Mumbai
 Date : 8th May, 2018

Statement of Changes in Shareholder's Equity

for the year ended 31st March, 2018

A. Equity Share Capital

	(₹ in lakh)
As at 1 st April, 2016	4,000.00
Changes in equity share capital during the year (Note 12)	-
As at 31st March, 2017	4,000.00
Changes in equity share capital during the year (Note 12)	-
As at 31st March, 2018	4,000.00

B. Other Equity

Particulars	Reserves and surplus			Other comprehensive income	Total
	Investor protection reserve	General reserve	Retained earnings	Actuarial gains / (losses)	
Balance as at 1 st April, 2016	700.00	26,312.82	12,590.47	16.84	39,620.13
Profit after tax	-	-	8,714.56	(96.61)	8,617.95
Dividends (including dividend distribution tax)	-	-	(1,203.57)	-	(1,203.57)
Transfer to general reserve	-	-	(5,000.00)	-	(5,000.00)
Transfer from retained earnings	-	5,000.00	-	-	5,000.00
Balance as at 31 March, 2017	700.00	31,312.82	15,101.46	(79.77)	47,034.51
Profit after tax	-	-	8,776.76	2.90	8,779.66
Dividends (including dividend distribution tax)	-	-	(1,203.57)	-	(1,203.57)
Transfer to general reserve	-	-	(5,000.00)	-	(5,000.00)
Transfer from retained earnings	-	5,000.00	-	-	5,000.00
Transferred to National Securities Depository Limited Investor Protection Fund Trust (Refer Note 31)	(700.00)	-	-	-	(700.00)
Balance as at 31 March, 2018	-	36,312.82	17,674.65	(76.87)	53,910.60
See accompanying notes to the financial statements	1 to 38				

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

Sd/-
Abhijit A. Damle
Partner
Membership No. 102912

For and on behalf of the Board of Directors

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

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

Sd/- **Sudha B.** Chief Financial Officer

Sd/- **Prasad Poojary** Company Secretary

Place : Mumbai
Date : 8th May, 2018

Notes to Financial Statements

for the year ended 31st March, 2018

1. General information:

1.1. Company overview

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

2. Significant accounting policies:

2.1. Statement of compliance

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

2.2. New accounting standard

Ind AS 115 – Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives

for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

2.3. Basis of preparation:

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

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

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

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

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

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

2.4. Revenue recognition:

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

Notes to Financial Statements

for the year ended 31st March, 2018

future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

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

2.5. Leasing:

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

2.6. Employee benefits:

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

Defined contribution plan:

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

i. Superannuation:

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

ii. Provident fund:

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

Defined benefit plans

i. Gratuity:

The Company accounts for the net present value of its obligations for gratuity benefits based on an independent external actuarial valuation determined on the basis of the projected unit credit method carried out at

the Balance Sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in retained earnings and is not reclassified to profit and loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit cost are categorised as follows:

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

ii. Other employee benefits:

Performance incentive and compensated absences:

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

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

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

Notes to Financial Statements

for the year ended 31st March, 2018

2.7. Tax on income:

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

i. Current tax

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

ii. Deferred tax

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

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

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

iii. Current and deferred tax for the year

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

income or directly in equity respectively.

2.8. Property, plant and equipment:

Property, Plant and 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 attributable interest.

2.9. Intangible assets:

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

2.10. Depreciation and amortisation:

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

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

2.11. Provision and contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Provisions are discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance

Notes to Financial Statements

for the year ended 31st March, 2018

Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised/disclosed in the financial statements.

2.12. Financial instruments:

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

2.13. Financial assets:

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

Financial assets are recognised by the Company as per its business model.

All financial assets are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Income and expense is recognised on an effective interest basis for debt instrument.

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

Impairment of financial assets

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

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

Objective evidence of impairment could include:

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

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

De-recognition of financial assets

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

Notes to Financial Statements

for the year ended 31st March, 2018

2.14. Financial liabilities and equity instruments:

Classification as debt or equity

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

Equity instruments:

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

Financial liabilities:

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

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

Derecognition of financial liabilities

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

2.15. Operating cycle:

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

3. Property, plant and equipment and other intangible assets

(₹ in lakh)

Description of asset	Property, plant and equipment							Other intangible assets
	Buildings	Computers	Data and tele-communication equipment	Electrical installations	Office equipment	Furniture and fixtures	Total	Computer software (acquired)
Gross Block								
As at 31 st March, 2016	3,517.82	4,328.12	1,435.65	199.91	344.88	246.32	10,072.70	9,134.16
Additions during the year	-	107.79	-	-	24.10	4.48	136.37	170.14
Deductions	-	(219.88)	(214.32)	-	(19.57)	-	(453.77)	(16.36)
As at 31 st March, 2017	3,517.82	4,216.03	1,221.33	199.91	349.41	250.80	9,755.30	9,287.94
Additions during the year	-	143.64	1.36	2.24	15.40	1.53	164.17	144.12
Deductions	-	-	-	-	(1.54)	-	(1.54)	-
As at 31 st March, 2018	3,517.82	4,359.67	1,222.69	202.15	363.27	252.33	9,917.93	9,432.06

Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lakh)

Description of asset	Property, plant and equipment							Other intangible assets
	Build-ings	Comput-ers	Data and tele-com-munication equipment	Electrical installa-tions	Office equip-ment	Furni-ture and fixtures	Total	Computer software (acquired)
Accumulated depreciation and amortisation								
As at 31 st March, 2016	3,015.86	3,927.20	1,323.17	184.87	319.03	217.90	8,988.03	9,006.66
Depreciation / amortisation for the year	8.92	60.76	10.01	0.80	5.58	2.83	88.90	152.65
Deductions	-	(208.57)	(203.60)	-	(18.96)	-	(431.13)	(16.08)
As at 31 st March, 2017	3,024.78	3,779.39	1,129.58	185.67	305.65	220.73	8,645.80	9,143.23
Depreciation / amortisation for the year	8.92	85.68	10.21	0.94	10.40	3.10	119.25	144.27
Deductions	-	-	-	-	(1.47)	-	(1.47)	-
As at 31 st March, 2018	3,033.70	3,865.07	1,139.79	186.61	314.58	223.83	8,763.58	9,287.50

(₹ in lakh)

Description of asset	Property, plant and equipment							Other intangible assets
	Build-ings	Com-puters	Data and tele-com-munication equipment	Electrical installa-tions	Office equip-ment	Furni-ture and fixtures	Total	Computer software (acquired)
Net block								
As at 31 st March, 2017	493.04	436.64	91.75	14.24	43.76	30.07	1,109.50	144.71
As at 31 st March, 2018	484.12	494.60	82.90	15.54	48.69	28.50	1,154.35	144.56

Notes to Financial Statements

for the year ended 31st March, 2018

4. Non-current investments

Particulars		Rate of interest	Year of maturity	Nos.	Face value / NAV (₹)	As at 31 st March, 2018	As at 31 st March, 2017
(₹ in lakh)							
(a) Investment in equity instruments of subsidiaries							
1	NSDL Database Management Limited			6,10,50,000	10	6,105.00	6,105.00
2	NSDL Payments Bank Limited			8,30,00,000	10	8,300.00	8,300.00
						14,405.00	14,405.00
(b) Investment in debentures or bonds							
1	India Infrastructure Finance Company Limited	9.41	2037	3	10,00,000	35.28	35.37
2	Power Finance Corporation of India Limited*	7.35	2035	50,000	1,000	528.41	528.81
3	National Housing Bank*	8.76	2034	8,000	5,000	433.45	434.04
4	Housing and Urban Development Corporation Limited*	8.76	2034	5,000	1,000	55.38	55.74
5	India Infrastructure Finance Company Limited*	8.66	2034	20,000	1,000	885.24	244.82
6	NTPC Limited*	8.66	2033	1,91,049	10,02,000	1,708.30	1,262.98
7	NHPC 2033*	8.67	2033	45,000	1,000	564.04	587.13
8	NHPC Ltd*	8.67	2033	4,420	1,000	58.50	55.06
9	National Highway Authority of India Limited*	7.35	2031	63,970	1,000	1,897.92	683.62
10	Indian Renewable Energy Development Agency Limited*	7.49	2031	50,000	1,000	510.82	511.44

Notes to Financial Statements

for the year ended 31st March, 2018

	Particulars	Rate of interest	Year of maturity	Nos.	Face value / NAV (₹)	(₹ in lakh)	
						As at 31 st March, 2018	As at 31 st March, 2017
11	National Bank for Agriculture and Rural Development*	7.35	2031	1,95,020	2,000	4,307.91	2,039.33
12	Indian Railway Finance Corporation Limited*	7.35	2031	79,000	1,000	877.85	775.33
13	Housing and Urban Development Corporation Limited*	7.39	2031	1,00,000	1,000	1,157.65	-
14	Indian Railway Finance Corporation Limited*	7.28	2030	11,074	1,000	127.69	-
15	National Highway Authority of India Limited*	7.35	2030	25,913	1,000	278.07	277.50
16	National Housing Bank*	8.68	2029	50,000	10,000	3,166.27	2,553.91
17	Indian Railway Finance Corporation Limited*	8.40	2029	63,000	1,000	734.41	738.06
18	National Highway Authority of India Limited*	8.30	2027	1,90,000	1,000	2,071.33	2,077.53
19	Power Finance Corporation of India Limited*	8.30	2027	1,00,000	1,000	1,067.36	1,068.32
20	Indian Railway Finance Corporation Limited*	8.10	2027	50,000	1,000	596.79	-
21	NTPC Limited*	7.15	2025	21	10,00,000	219.40	219.46
22	Infrastructure Development Finance Company Limited	9.03	2025	5	10,00,000	54.52	54.25
23	Infrastructure Development Finance Company Limited	8.80	2025	4	20,00,000	42.30	42.76
24	Indian Renewable Energy Development Agency Limited*	7.17	2025	60	10,00,000	624.64	625.28

Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lakh)

Particulars	Rate of interest	Year of maturity	Nos.	Face value / NAV (₹)	As at	
					31 st March, 2018	As at 31 st March, 2017
25 NHPC Ltd*	8.54	2028	71,428	1,000	846.11	850.96
26 Power Finance Corporation of India Limited*	8.46	2028	40	10,00,000	420.29	420.85
27 Rural Electrification Corporation Limited*	8.46	2028	10,057	10,01,000	750.93	753.30
28 Indian Railway Finance Corporation Limited*	8.48	2028	100	10,00,000	1,166.97	1,172.06
29 Indian Railway Finance Corporation Limited*	7.34	2028	10,000	1,000	627.42	620.70
30 India Infrastructure Finance Company Limited*	8.26	2028	80	10,00,000	899.00	903.15
31 National Housing Bank*	8.46	2028	90	10,00,000	1,033.90	1,040.75
32 Housing and Urban Development Corporation Limited*	8.56	2028	20	10,00,000	243.42	245.69
33 HDB Financial Services Limited	10.19	2024	1	10,00,000	10.33	10.47
34 Indian Railway Finance Corporation Limited*	7.18	2023	75,000	1,000	792.50	795.76
35 Rural Electrification Corporation Limited*	7.21	2022	10	10,00,000	103.46	103.31
36 Housing and Urban Development Corporation Limited*	8.10	2022	60,000	1,000	607.98	604.20
37 Power Finance Corporation of India Limited*	8.20	2022	90,000	1,000	958.97	963.30
38 National Highway Authority of India Limited*	8.20	2022	1,00,000	1,000	1,073.60	1,080.41

Notes to Financial Statements

for the year ended 31st March, 2018

	Particulars	Rate of interest	Year of maturity	Nos.	Face value / NAV (₹)	(₹ in lakh)	
						As at 31 st March, 2018	As at 31 st March, 2017
39	Rural Electrification Corporation Limited*	7.93	2022	90,000	1,000	979.97	985.96
40	Power Grid Corporation of India Limited	9.64	2021	32	12,50,000	432.25	432.23
41	Power Finance Corporation of India Limited*	7.51	2021	600	1,00,000	619.84	619.41
42	Tata Capital Financial Services Limited	9.95	2019	2	10,00,000	10.27	10.51
43	Axis Bank Limited	9.95	2019	35	10,00,000	-	350.84
44	Power Finance Corporation of India Limited	11.25	2018	1	10,00,000	-	12.40
45	IDBI Bank Limited	11.30	2018	1	10,00,000	-	11.27
46	Indian Oil Corporation Limited	11.00	2018	130	10,00,000	-	1,377.57
47	Housing Development Finance Corporation Limited	11.25	2018	150	10,00,000	-	1,588.24
48	Housing Development Finance Corporation Limited	11.95	2018	15	10,00,000	-	156.41
	Total					47,985.74	44,385.49
	*Investment in tax free bonds						
	Aggregate amount of quoted investment					33,535.19	26,305.79
	Aggregate market value of quoted investment					37,478.46	27,469.00
	Aggregate amount of unquoted investment					14,450.55	18,079.70

Notes to Financial Statements

for the year ended 31st March, 2018

5. Other Financial Assets

(₹ in lakh)

Description of asset	As at 31 st March, 2018		As at 31 st March, 2017	
	Non-current	Current	Non-current	Current
Security deposits	460.60	-	458.62	-
Interest accrued on fixed deposits	-	6.23	-	1.78
Others*	1.47	186.36	2.85	160.74
Total	462.07	192.59	461.47	162.52

*Includes balance recoverable from related party - Refer Note 26

6. Deferred tax asset (net)

(₹ in lakh)

Description of asset	As at 31 st March, 2018		As at 31 st March, 2017	
	Deferred tax asset:			
Property, plant and equipment		57.98		126.70
Employee benefits		186.76		197.92
Disallowances under Section 40(a)(i) and 43B of the Income Tax Act, 1961		-		6.80
Provision for doubtful debts / advances		11.23		3.51
Other		37.65		37.65
		293.62		372.58
Less: Deferred tax liability:				
Fair value gain on investments		-		57.45
		-		57.45
Net deferred tax asset		293.62		315.13

The movement in deferred tax asset and liabilities:

(₹ in lakh)

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

Notes to Financial Statements

for the year ended 31st March, 2018

The movement in deferred tax asset and liabilities:

(₹ in lakh)

Description of asset	As at 1 st April, 2016	Credited / (charge) to statement of profit and loss	As at 31 st March, 2017
Deferred tax asset:			
Property plant and equipment	223.87	(97.17)	126.70
Employee Benefit	162.37	35.55	197.92
Disallowances under Section 40(a)(i) and 43B of the Income Tax Act, 1961	32.26	(25.46)	6.80
Provision for doubtful debts / advances	72.00	(68.49)	3.51
Other	21.76	15.89	37.65
	512.26	(139.68)	372.58
Less: Deferred tax liability:			
Fair value gain on investments	35.46	21.99	57.45
	35.46	21.99	57.45
Net deferred tax assets	476.80	(161.67)	315.13

7. Other assets

(₹ in lakh)

Description of asset	As at 31 st March, 2018		As at 31 st March, 2017	
	Non-current	Current	Non-current	Current
Capital advances	60.42	-	65.85	-
Prepaid expenses	38.43	180.60	38.87	85.36
Expenses recoverable	-	17.58	-	25.41
GST credit receivable	-	255.31	-	133.31
Total	98.85	453.49	104.72	244.08

8. Current investments

(₹ in lakh)

Particulars	Nos.	Face value / NAV (₹)	As at 31 st March, 2018	As at 31 st March, 2017
Current portion of long-term investments:				
Investment in debentures or bonds				
1 LIC Housing Finance Limited	1	1,000,000	-	10.38
2 Power Finance Corporation of India Limited	2	1,000,000	-	20.01
3 10 year Zero Coupon Bhavishya Nirman Bond from National Bank for Agriculture and Rural Development	3,551	20,000	-	656.10
4 Indian Oil Corporation Limited	130	1,000,000	1,377.18	-

Notes to Financial Statements

for the year ended 31st March, 2018

					(₹ in lakh)
Particulars		Nos.	Face value / NAV (₹)	As at 31 st March, 2018	As at 31 st March, 2017
5	Housing Development Finance Corporation Limited	150	1,000,000	1,596.63	-
6	Housing Development Finance Corporation Limited	15	1,000,000	156.19	-
7	Power Finance Corporation of India Limited	1	1,000,000	11.78	-
8	IDBI Bank Limited	1	1,000,000	11.66	-
9	Axis Bank Limited	35	1,000,000	350.38	-
				3,503.82	686.49
Other current investments:					
Investment in mutual funds (unquoted)					
1	Units of Axis Treasury Advantage Fund - Institutional Daily Dividend Reinvestment	65,690	1,021	670.50	636.39
2	Units of IDFC Ultra Short Term Fund - Daily Dividend Reinvestment	6,501,315	10	666.01	630.45
3	Units of Birla Sun Life Ultra Short Term Fund - Daily Dividend Reinvestment	638,081	108	690.73	619.70
4	Units of UTI Treasury Advantage Fund - Daily Dividend Reinvestment	65,513	1,014	664.51	635.04
5	Units of Axis Liquid Fund -Direct Plan - Daily Dividend	126	1,013	1.28	1.22
6	Units of IDFC Liquid Fund - Direct Plan - Daily Dividend	78	1,013	0.79	0.75
7	Units of HDFC Liquid Fund - Daily Dividend Reinvestment	58,947	1,032	608.03	582.21
8	Units of ICICI Prudential Liquid Plan - Daily Dividend Reinvestment	600,728	101	608.47	582.27
9	Units of IDBI Ultra Short Term Fund - Daily Dividend Reinvestment	76	1,041	0.79	0.75
10	Units of L & T Ultra Short Term fund - Daily Dividend Reinvestment	3,542,725	11	374.70	354.40
11	Units of Peerless Liquid Fund - Daily Dividend Reinvestment	60,247	1,013	610.01	583.49
12	Units of Principal Debt Opportunity Conservative Fund - Daily Dividend Reinvestment	61,047	1,016	620.42	593.22
13	Units of UTI Liquid Fund - Daily Dividend Reinvestment	58,823	1,030	606.09	580.32

Notes to Financial Statements

for the year ended 31st March, 2018

				(₹ in lakh)	
Particulars	Nos.	Face value / NAV (₹)	As at 31 st March, 2018	As at 31 st March, 2017	
14 Axis Fixed Term Plan - Series 42 Direct Plan - Growth	5,000,000	10	-	662.87	
15 HDFC Mutual Fund FMP series 29 - Direct Plan - Growth	3,000,000	10	-	391.20	
16 HDFC Fixed Maturity Plans - Series 31 - Growth	2,000,000	10	-	251.80	
17 ICICI Prudential FMP series 76 - Direct Plan - Growth	5,000,000	10	-	607.50	
			6,122.33	7,713.58	
Total			9,626.15	8,400.07	
Aggregate amount of quoted investment			-	7,713.58	
Aggregate market value of quoted investment			-	7,713.58	
Aggregate amount of unquoted investment			9,626.15	686.49	

9 Trade receivables

			(₹ in lakh)	
Particulars	As at 31 st March, 2018	As at 31 st March, 2017		
Secured, considered good	570.41	571.71		
Unsecured, considered good	3,298.27	2,113.01		
Unsecured, considered doubtful	38.58	10.14		
	3,907.26	2,694.86		
Less: Provision for doubtful debts	38.58	10.14		
Total	3,868.68	2,684.72		

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

10. Cash and cash equivalents

			(₹ in lakh)	
Particulars	As at 31 st March, 2018	As at 31 st March, 2017		
Cash on hand	0.46	0.46		
Balances with banks:				
i) in current accounts	59.03	103.74		
ii) in sweep fixed deposit	4,991.61	653.69		
Total	5,051.10	757.89		

Notes to Financial Statements

for the year ended 31st March, 2018

11. Bank balances other than cash and cash equivalents

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Other bank balances:		
In current accounts*	574.58	392.74
Total	574.58	392.74

* These balances have restriction on repatriation.

12. Equity share capital

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
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% shares:

Particulars	As at 31 st March, 2018		As at 31 st March, 2017	
	Number of shares held	% Holding	Number of shares held	% Holding
IDBI Bank Ltd.	1,20,00,000	30.00	1,20,00,000	30.00
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 (SUUTI)	27,32,000	6.83	27,32,000	6.83

12 (b) The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, (except in case of interim dividend), is subject to the approval of the 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.

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

Particulars	No of shares	(₹ in lakh)
Balance as at 1 st April, 2017	4,00,00,000	4,000
Add: Issue of Shares	-	-
Balance as at 31st March, 2018	4,00,00,000	4,000

12 (d) On 8th May, 2018, the Board of Directors of the Company have recommended a final dividend of ₹ 2.50 per share in respect of the year ended 31st March, 2018, subject to approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 1,205.55 lakh inclusive of dividend distribution tax of ₹ 205.55 lakh.

Notes to Financial Statements

for the year ended 31st March, 2018

13. Other equity

Particulars	(₹ in lakh)	
	As at 31 st March, 2018	As at 31 st March, 2017
Investor protection reserve*		
Balance at the beginning of the year	700.00	700.00
Less: Transferred to National Securities Depository Limited Investor Protection Fund Trust (Refer Note 31)	(700.00)	-
Balance as at the end of the year	-	700.00
General reserve		
Balance at the beginning of the year	31,312.82	26,312.82
Add: Transferred from retained earning	5,000.00	5,000.00
Balance as at the end of the year	36,312.82	31,312.82
Retained earnings		
Balance at the beginning of the year	15,101.46	12,590.47
Profit for the year	8,776.76	8,714.56
Less: Dividend	(1,000.00)	(1,000.00)
Dividend distribution tax	(203.57)	(203.57)
Transferred to general reserve	(5,000.00)	(5,000.00)
Balance at the end of the year	17,674.65	15,101.46
Other comprehensive income:		
Balance at the beginning of the year	(79.77)	16.84
Other comprehensive income for the year	2.90	(96.61)
Balance at the end of the year	(76.87)	(79.77)
Total	53,910.60	47,034.51

*Not earmarked for any specific purpose.

14. Other financial liabilities (non-current)

Particulars	(₹ in lakh)	
	As at 31 st March, 2018	As at 31 st March, 2017
Others:		
Incentive payable to key managerial person	91.80	115.20
Total	91.80	115.20

15. Trade payables

Particulars	(₹ in lakh)	
	As at 31 st March, 2018	As at 31 st March, 2017
Amounts due to micro enterprise and small enterprises*	25.01	30.96
Others	720.47	553.71
Total	745.48	584.67

*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 Financial Statements

for the year ended 31st March, 2018

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

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Principal amount remaining unpaid to any supplier as at the end of the accounting period.	25.01	30.96
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	25.01	30.96

Note 16: Other financial liabilities (current)

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Security deposit received from customers / depository participants	3,063.85	3,000.25
Payables on purchase of property, plant and equipment, intangible assets	10.76	7.44
Investor protection fund (Refer Note 31)	1,389.42	480.94
Payable on redemption of NSC/KVP and government securities	574.58	392.74
Payables to staff	638.35	468.36
Gratuity payable to Fund	172.51	292.02
Annual custody charges payable	17.54	12.22
Total	5,867.01	4,653.97

17. Provisions

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Provision for employee benefit:		
Provision for compensated absences	584.63	517.27
Other provision:		
Provision for investor awareness (Refer Note 32)	1,030.67	689.18
Total	1,615.30	1,206.45

Notes to Financial Statements

for the year ended 31st March, 2018

18. Other liabilities

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Advances from customers	2,617.09	1,161.65
Income received in advance	200.46	173.54
Statutory remittances	288.02	161.89
Total	3,105.57	1,497.08

19. Revenue from operations

(₹ in lakh)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Annual fees	697.71	1,476.47
Custody fees	7,710.69	7,208.92
Transaction fees	11,314.14	10,913.40
Software license fees	18.89	18.30
Communication fees	315.74	319.62
Other operating income	19.08	59.83
Total	20,076.25	19,996.54

20. Other income

(₹ in lakh)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Interest income:		
i) On non-current investments	2,510.79	2,303.63
ii) On fixed deposits with banks	236.15	304.34
iii) On overdue trade receivables	159.42	154.21
	2,906.36	2,762.18
Dividend income from current Investments	322.11	293.28
Fair value gain on investments in mutual funds	43.13	195.89
Profit on sale of investments	-	164.06
Profit on sale of property, plant and equipment	0.38	65.92
Bad debts recovered	131.46	12.32
Miscellaneous income	181.50	162.15
Total	3,584.94	3,655.80

Notes to Financial Statements

for the year ended 31st March, 2018

21. Employee benefits expense

(₹ in lakh)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Salaries and wages	3,239.58	2,630.77
Contribution to provident and other funds (Refer Note 29)	406.25	339.31
Staff welfare expenses	218.63	201.94
Deputation Cost	35.78	33.17
Total	3,900.24	3,205.19

22. Other expenses

(₹ in lakh)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Annual fees	197.39	194.17
Repairs and maintenance - system	2,127.82	1,981.55
Repairs and maintenance - premises	201.86	188.58
Repairs and maintenance - others	54.37	52.81
Insurance (Refer Note 28)	75.08	40.87
Power and fuel	214.77	193.84
Rent (net of recovery)	231.72	258.83
Communication expenses	1,053.07	1,568.36
Travelling and conveyance expenses	246.03	239.00
Legal and professional fees	248.58	92.39
Printing and stationery expenses	600.30	1,115.79
Rates and taxes	52.95	21.45
Corporate social responsibility expense (Refer Note 33)	10.46	31.21
Seminar and business promotion expenses	241.33	214.58
Payment to auditors (net of GST set-off):		
i) Audit fees	22.80	21.69
ii) Tax audit fees	2.20	2.33
iii) Taxation matters	2.83	16.82
iv) Other services	0.22	0.28
v) Reimbursement of expenses (out of pocket expenses)	- 28.05	0.01 41.13
Directors sitting fees	81.00	51.40
Provision for investor awareness (Refer Note 32)	438.56	406.30
Provision for doubtful trade receivables	28.44	10.14
Bad debts written off	342.81	319.79
Miscellaneous expenses	119.48	96.25
Total	6,594.07	7,118.44

Notes to Financial Statements

for the year ended 31st March, 2018

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

Contingent liabilities:

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

Commitments:

- a) Estimated amount of capital contracts not provided for (net of advances) for the year ended 31st March, 2018 is ₹ 12.94 lakh (previous year ₹ 22.06 lakh).

24. Expenditure in foreign currency:

Particulars	(₹ in lakh)	
	As at 31 st March, 2018	As at 31 st March, 2017
Travelling	55.52	55.77
Membership fees	16.76	1.50
Total	72.28	57.27

25. Segment reporting:

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

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

Notes to Financial Statements

for the year ended 31st March, 2018

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

(₹ in lakh)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
(i) Transactions during the year:		
I. Companies having substantial interest		
a) <u>IDBI Bank Limited</u>		
- Transaction fees	47.04	50.89
- Annual fees	37.22	11.55
- Annual custody fees	25.72	25.56
- Reimbursement of expenses	1.59	1.67
- Other operational income	0.60	0.62
- Interest Income on fixed deposit with bank	104.77	263.68
- Interest (waiver)/ income – other	5.90	1.31
- Miscellaneous expenses	0.45	0.49
- Dividend paid	300.00	300.00
b) <u>National Stock Exchange of India Limited</u>		
- Miscellaneous expenses	0.21	0.10
- Transaction fees	129.22	63.52
- Dividend paid	240.00	250.45
II. Subsidiary company		
NSDL Database Management Limited		
- Expense	97.53	74.68
- Reimbursement of expense from NDML	25.26	4.59
- Income	125.12	93.52
III. Key managerial personnel		
- Remuneration	308.61	256.33
(ii) (Payable)/receivable at the end of the year:		
I. Companies having substantial interest		
a) <u>IDBI Bank Limited</u>		
- Security deposit payable	(30.00)	(30.00)
- Balance in current account	4,909.78	584.31
- Trade receivables	45.95	8.35

Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lakh)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
b) <u>National Stock Exchange of India Limited</u>		
- Trade receivable	11.89	22.51
II. Subsidiary company		
a) NSDL Database Management Limited		
Receivable / (payable)	116.17	54.86
b) NSDL Payments Bank Limited - Receivable	59.62	160.65
III. Key managerial personnel		
a) Payable to key managerial person	150.60	145.80

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 charge on account of provision for gratuity which has been determined for the Company as a whole.

27. Operating lease:

The Company holds certain premises under operating leases. Rent includes expenses which are net of recovery. The Rent expense net of recovery for the year ended 31st March, 2018 is ₹ 231.72 lakh (Previous year ₹ 258.83 lakh).

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

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Not later than one year	7.35	32.45

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

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Insurance	49.27	57.16

Notes to Financial Statements

for the year ended 31st March, 2018

29. Employee benefits

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

Particulars	(₹ in lakh)	
	As at 31 st March, 2018	As at 31 st March, 2017
Provident fund	126.51	104.29
Superannuation fund	87.48	74.32
Total	213.99	178.61

- b) **Gratuity:**

(i) **Summary of actuarial assumptions:**

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Discount rate	7.87%	7.57%
Rate of return on plan assets	7.87%	7.57%
Salary escalation	8.00%	8.00%
Attrition rate	2.00%	2.00%
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

(ii) **Reconciliation of defined benefit obligation:**

Particulars	(₹ in lakh)	
	As at 31 st March, 2018	As at 31 st March, 2017
Liability at the beginning of the year	1,561.69	1,323.53
Interest cost	118.22	106.01
Current service cost	154.83	133.15
Benefits paid	(26.85)	(73.84)
Actuarial loss /(gain) on obligations	3.28	72.84
Liability at the end of the year	1,811.17	1,561.69

(iii) **Reconciliation of fair value of plan assets:**

Particulars	(₹ in lakh)	
	As at 31 st March, 2018	As at 31 st March, 2017
Fair value of plan assets at the beginning of the year	1,269.67	1,184.61
Interest income	96.11	94.89
Contributions by the employer	292.02	138.92
Benefits paid	(26.85)	(73.84)
Actuarial (gain)/ loss on plan assets	7.71	(74.91)
Fair value of plan assets at the end of the year	1,638.66	1,269.67

Notes to Financial Statements

for the year ended 31st March, 2018

(iv) Amount recognised in balance sheet:

Particulars	(₹ in lakh)	
	As at 31 st March, 2018	As at 31 st March, 2017
Present value of funded obligation	(1,811.17)	(1561.69)
Fair value of plan assets at the end of the year	1,638.66	1,269.67
Amount recognised in balance sheet	(172.51)	(292.02)

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

Particulars	(₹ in lakh)	
	As at 31 st March, 2018	As at 31 st March, 2017
Current service cost	154.83	133.15
Interest cost	22.11	11.13
Expenses recognised in the statement of profit and loss	176.94	144.28

(vi) Expenses recognised in other comprehensive income:

Particulars	(₹ in lakh)	
	As at 31 st March, 2018	As at 31 st March, 2017
Actuarial (gain)/ loss on obligation	3.28	72.84
Actuarial (gain)/loss on plan assets	(7.71)	74.90
Net (income)/expense for the period recognized in OCI	(4.43)	147.74

(vii) Balance sheet reconciliation:

Particulars	(₹ in lakh)	
	As at 31 st March, 2018	As at 31 st March, 2017
Opening net liability	292.02	138.92
Expenses recognized in statement of profit and loss	176.94	144.28
Expenses recognized in OCI	(4.43)	147.74
Employers contribution	(292.02)	(138.92)
Amount recognised in balance sheet	172.51	292.02

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

Particulars	(₹ in lakh)	
	As at 31 st March, 2018	As at 31 st March, 2017
Central and state government securities		
Bonds/ debentures	Funds deployed by Life Insurance Corporation of India	Funds deployed by Life Insurance Corporation of India
Equity shares		
Others		

(ix) Expected contribution in the next year ₹ 167.53Lakh (previous year ₹ 131.21Lakh).

Notes to Financial Statements

for the year ended 31st March, 2018

(x) Sensitivity analysis:

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

(₹ in lakh)

Particulars	Defined benefit obligation	
	Increase in assumption	Decrease in assumption
Discount rate (1% movement)	(192.47)	227.48
Future salary appreciation (1% movement)	224.92	(193.91)
Attrition rate (1% movement)	(4.93)	5.30

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.

30. Earnings per share:

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Profit for the year attributable to the equity shareholders (₹ in lakh)	8,776.76	8,714.56
Weighted average number of equity shares during the year	40,000,000	40,000,000
Basic and diluted earnings per share(₹)*	21.94	21.79
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.

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, 2018 works out to ₹ 466.44 lakh (previous year ₹ 760.47 lakh; includes penalties of ₹ 305 lakh recovered from DP's), being 5% of the profits from depository operations of the Company before tax for the year available after making such contribution.

31.2. Further, SEBI vide its Circular dated June 7, 2016 issued guidelines for utilization of IPF. The guidelines require administration of IPF by creation of a trust administered by Depository. As required by the Guidelines, the Company created irrevocable Trust 'National Securities Depository Limited Investor Protection Fund Trust' (NSDL IPF Trust). The Company transferred ₹ 465.41 lakh (previous year ₹ 1,133.68 lakh) to NSDL IPF Trust for the year ended March 31, 2018.

Notes to Financial Statements

for the year ended 31st March, 2018

31.3. In accordance with SEBI guidelines, an amount of ₹ 700 lakh was transferred from Investor Protection Reserve to NSDL IPF Trust.

32. Other provisions: provision for investor awareness:

SEBI vide its circular no. CIR/MRD/DP/18/2015 dated December 9, 2015 (the "Circular") has revised the annual custody/issuer charges to be collected by the depositories from the issuers with effect from financial year 2015-16. The Circular has also directed the Depositories to set aside 20% of the incremental revenue received from the issuers. Pursuant to the Circular, the Company has set aside ₹ 438.56 lakh (previous year ₹ 406.30 lakh) being 20% of incremental revenue on issuer income for the period ended March 31, 2018.

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Opening balance	689.18	384.00
Addition	438.56	406.30
Utilisation	(97.07)	(101.12)
Closing balance	1,030.67	689.18

33. Expenses towards corporate social responsibility:

(₹ in lakh)

Sr No.	Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
a)	Gross amount required to be spent by the company during the year.	202.30	153.44
b)	Amount spent during the year on:	10.46	31.21

(₹ in lakh)

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

(₹ in lakh)

Sr No.	Particulars	As at March 31, 2017		
		In cash/cheque/ transfer	Yet to be spent	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	31.21	122.23	153.44

Notes to Financial Statements

for the year ended 31st March, 2018

34. Fair value measurement:

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Financial assets		
a) Amortised cost		
Investments in debt instrument	37,084.56	30,666.98
Trade receivables	3,868.68	2,684.72
Cash and cash equivalents	5,051.10	757.89
Other bank balances	574.58	392.74
Other financial assets	654.66	621.14
	47,233.58	35,123.47
b) FVTPL		
Investment in mutual funds	6,122.33	7,713.58
	6,122.33	7,713.58
c) At cost		
Investment in subsidiaries	14,405.00	14,405.00
	14,405.00	14,405.00
Total	67,760.91	57,242.05
Financial liabilities		
a) Amortised cost		
Trade payables	745.48	584.67
Other financial liabilities	5,958.81	4,856.86
Total	6,704.29	5,441.53

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

Notes to Financial Statements

for the year ended 31st March, 2018

35. Financial instruments:

Capital risk management:

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

Financial risk management:

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

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

The Company is exposed to the following market risks:

(a) Credit risk

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

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

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

(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.

Notes to Financial Statements

for the year ended 31st March, 2018

36. Income tax expenses recognised in statement of profit and loss

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

(₹ in lakh)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Profit before tax from continuing operations	12,436.92	12,326.70
Income tax expense calculated at 34.608%	4,304.17	4,266.02
Effect of income that is exempt from taxation	(888.30)	(724.93)
Effect of expenses that are not deductible in determining taxable profit	238.07	145.31
Effect of different tax rates on capital gains	(7.28)	(36.76)
Effect of different tax rates for fair value gain on investments	(5.84)	(45.78)
Others	19.34	8.28
Income tax expense recognised in statement of profit and loss	3,660.16	3,612.14

37. Previous year's figures have been regrouped / reclassified wherever necessary.

38. These financial statements were approved for issue by the board of directors of the company at their meeting held on 8th May, 2018.

For and on behalf of the Board of Directors

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

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

Sd/-
Sudha B.
 Chief Financial Officer

Sd/-
Prasad Poojary
 Company Secretary

Place : Mumbai
 Date : 8th May, 2018

Report on the Consolidated Ind AS Financial Statements

Independent Auditor's Report

TO THE MEMBERS OF NATIONAL SECURITIES DEPOSITORY LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **National Securities Depository Limited** (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, 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; the selection and application of appropriate accounting policies; making judgments

and estimates that are reasonable and prudent; and the 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 consolidated Ind AS 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 Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the

Independent Auditor's Report

accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

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 Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the subsidiaries referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 25,935.91 lakh as at 31st March, 2018, total revenues of ₹ 7,456.36 lakh and net cash outflows amounting to ₹ 7,969.62 lakh for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS 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 sub-section (3) of Section

143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS 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 and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of subsidiaries, 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 Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS 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 Cash Flow Statement and 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 Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Parent and taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies, none of the directors

Independent Auditor's Report

- of the Group companies incorporated in India is disqualified as on 31st March 2018 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 and subsidiary companies. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) 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 Ind AS 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/-

Abhijit A. Damle

(Partner)

(Membership No. 102912)

Mumbai, 8th May, 2018

Annexure "A" to the Independent Auditor's Report

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of National Securities Depository Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary companies, 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 Holding Company and its subsidiary companies, 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 other auditors of the subsidiary companies is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary companies.

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

Annexure "A" to the Independent Auditor's Report

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 Holding Company and its subsidiary companies, 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, 2018, based 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, is based solely on the corresponding reports of the auditors of such companies.

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

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

Sd/-
Abhijit A. Damle
(Partner)
(Membership No. 102912)

Mumbai, 8th May, 2018

Consolidated Financial Statements

Consolidated Balance Sheet as at 31st March, 2018

(₹ in lakh)

Particulars	Notes	As at 31 st March, 2018	As at 31 st March, 2017
ASSETS			
Non-current assets			
a) Property, plant and equipment	3	1,444.85	1,281.79
b) Capital work-in-progress		1,843.01	843.84
c) Other intangible assets	3	203.24	213.41
d) Financial assets			
i) Non-current investments	4	42,338.79	37,549.39
ii) Other financial assets	5	524.56	688.58
e) Deferred tax assets (net)	6(a)	293.62	315.13
f) Income tax assets (net)		636.37	634.92
g) Other non-current assets	7	144.79	339.09
Total non-current assets		47,429.23	41,866.15
Current assets			
a) Financial assets			
i) Current investments	8	11,002.85	9,516.56
ii) Trade receivables	9	5,036.75	3,246.28
iii) Cash and cash equivalents	10	6,856.92	10,524.16
iv) Bank balances other than (iii) above	11	8,403.43	637.09
v) Other financial assets	5	222.31	12.99
b) Other current assets	7	871.36	282.55
Total current assets		32,393.62	24,219.63
Total Assets		79,822.85	66,085.78

Consolidated Balance Sheet as at 31st March, 2018

(₹ in lakh)

Particulars	Notes	As at 31 st March, 2018	As at 31 st March, 2017
EQUITY AND LIABILITIES			
EQUITY			
a) Equity share capital	12	4,000.00	4,000.00
b) Other equity	13	59,695.28	51,017.62
Total equity		63,695.28	55,017.62
Liabilities			
Non-current liabilities			
a) Financial liabilities			
i) Other financial liabilities	14	91.80	115.20
b) Deferred tax liability (Net)	6(b)	25.88	35.64
c) Other non-current liabilities	15	10.78	14.48
d) Provisions	18	25.25	-
Total non-current liabilities		153.71	165.32
Current liabilities			
a) Financial liabilities			
i) Trade payables			
a) Micro enterprises and small enterprises	16	93.51	86.77
b) Other than micro enterprises and small enterprises	16	2,238.45	1,426.89
ii) Other financial liabilities	17	6,165.18	4,920.43
b) Provisions	18	1,735.08	1,312.86
c) Current tax liability (net)		1,304.80	722.07
d) Other current liabilities	19	4,436.84	2,433.82
Total current liabilities		15,973.86	10,902.84
Total liabilities		16,127.57	11,068.16
Total Equity and Liabilities		79,822.85	66,085.78
See accompanying notes to the financial statements	1 to 38		

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

Sd/-
Abhijit A. Damle
Partner
Membership No. 102912

Place : Mumbai
Date : 8th May, 2018

For and on behalf of the Board of Directors

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

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

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
Prasad Poojary
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2018

(₹ in lakh)

Particulars	Notes	Year ended 31 st March, 2018	Year ended 31 st March, 2017
INCOMES			
Revenue from operations	20	26,329.18	25,210.73
Other income	21	4,663.25	4,310.14
Total income		30,992.43	29,520.87
EXPENSES			
Employee benefits expense	22	4,855.65	3,867.94
Finance costs		9.19	-
Depreciation and amortisation expense	3	389.25	347.58
Contribution to investor protection fund	32	466.44	760.47
Other expenses	23	10,026.53	10,302.12
Total expenses		15,747.06	15,278.11
Profit before exceptional items		15,245.37	14,242.76
Exceptional items		-	-
Profit before tax		15,245.37	14,242.76
Tax expense			
Current tax		4,649.40	4,099.57
Deferred tax	6	11.75	145.05
		4,661.15	4,244.62
Profit after tax		10,584.22	9,998.14
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
i) Actuarial gain/(loss) on post retirement benefit plans		(4.57)	(165.46)
ii) Income tax relating to items that will not be reclassified to profit or loss		1.58	57.27
		(2.99)	(108.19)
Total comprehensive income for the year		10,581.23	9,889.95
Basic and diluted earnings per equity share of ₹ 10 each	31	26.46	25.00
See accompanying notes to the financial statements	1 to 38		

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

Sd/-
Abhijit A. Damle
 Partner
 Membership No. 102912

Place : Mumbai
 Date : 8th May, 2018

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

For and on behalf of the Board of Directors

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

Sd/-
Sudha B.
 Chief Financial Officer

Sd/-
Prasad Poojary
 Company Secretary

Consolidated Cash Flow Statement

for the year ended 31st March, 2018

(₹ in lakh)

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
A. Cash flow from operating activities		
Profit before tax	15,245.37	14,242.76
Adjustments for:		
Depreciation and amortisation expense	389.25	347.58
Provision for compensated absences	105.98	82.32
Provision for investor awareness	438.56	406.30
Provision for doubtful trade receivables	31.81	12.54
Bad debts written off	347.07	320.35
Contribution to investor protection fund	466.44	760.47
Fair value gain on investments in mutual funds	(106.97)	(299.69)
Dividend income from current investments	(323.85)	(293.28)
Profit on sale of property, plan and equipment	(0.38)	(65.92)
Profit on sale of investments	-	(164.06)
Interest income	(3,883.09)	(3,254.71)
Operating profit before working capital changes	12,710.19	12,094.66
Changes in working capital:		
(Increase) / decrease other assets	(399.94)	1,101.91
(Increase) / decrease other financial assets	(45.30)	(507.81)
(Increase) / decrease trade receivables	(2,169.35)	(1,291.91)
Increase / (decrease) trade payables	818.30	586.04
Increase / (decrease) other financial liabilities*	377.55	246.92
Increase / (decrease) provisions	(97.07)	(101.12)
Increase / (decrease) other liabilities	1,532.88	(1,233.96)
Cash generated from operations	12,727.26	10,894.73
Net income tax paid	(4,068.12)	(3,770.33)
Net cash generated from operating activities (A)	8,659.14	7,124.40

*Excluding transfer from Investor Protection Reserve to National Securities Depository Limited Investor Protection Fund Trust.

Consolidated Statement of Changes in Shareholder's Equity for the year ended 31st March, 2018

A. Equity Share Capital

	(₹ in lakh)
As at 1 st April, 2016	4,000.00
Changes in equity share capital during the year (Note 12)	-
As at 31st March, 2017	4,000.00
Changes in equity share capital during the year (Note 12)	-
As at 31st March, 2018	4,000.00

B. Other Equity

Particulars	Reserves and surplus			Other comprehensive income	Total
	Investor protection reserve	General reserve	Retained earnings	Actuarial gains / (losses)	
Balance as at 1 st April, 2016	700.00	26,312.82	15,287.87	30.55	42,331.24
Profit after tax	-	-	9,998.14	(108.19)	9,889.95
Dividends (including dividend distribution tax)	-	-	(1,203.57)	-	(1,203.57)
Transfer to general reserve	-	-	(5,000.00)	-	(5,000.00)
Transfer from retained earnings	-	5,000.00	-	-	5,000.00
Balance as at 31 March, 2017	700.00	31,312.82	19,082.44	(77.64)	51,017.62
Profit after tax	-	-	10,584.22	(2.99)	10,581.23
Dividends (including dividend distribution tax)	-	-	(1,203.57)	-	(1,203.57)
Transfer to general reserve	-	-	(5,000.00)	-	(5,000.00)
Transfer from retained earnings	-	5,000.00	-	-	5,000.00
Transferred to National Securities Depository Limited Investor Protection Fund Trust (Refer Note 31)	(700.00)	-	-	-	(700.00)
Balance as at 31 March, 2018	-	36,312.82	23,463.09	(80.63)	59,695.28
See accompanying notes to the financial statements	1 to 38				

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

Sd/-
Abhijit A. Damle
Partner
Membership No. 102912

For and on behalf of the Board of Directors

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

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

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
Prasad Poojary
Company Secretary

Place : Mumbai
Date : 8th May, 2018

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

1. General information:

1.1. Company overview

National Securities Depository Limited ("the Holding Company") was incorporated on 27th April 2012. The Holding Company is a Depository registered with SEBI under the provisions of Depositories Act, 1996, and Rules and Regulations framed thereunder. The Holding Company and its wholly owned subsidiaries constitute the Group. The Group provides electronic infrastructure for dematerialisation of securities, facilitates electronic settlement of trades in Indian Securities Market and offers services as a managed service provider and set-up system infrastructure, connectivity, software application and database management systems.

1.2. Basis of consolidation and significant accounting policies

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. Significant accounting policies:

2.1. Statement of compliance

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

2.2. New accounting standard

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

2.3. Basis of preparation

These Consolidated Financial statements of the Holding Company and its subsidiary (together the 'Group') have been prepared in accordance with Indian Accounting Standards

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015, prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India and transition date is considered as April 1, 2015.

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

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

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

Level 1 — inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that

the entity can access at the measurement date;

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

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

2.4. Principles of consolidation

The Consolidated Financial statements relate to National Securities Depository Limited (the 'Holding Company') and its subsidiaries. The Consolidated Financial statements have been prepared on the following basis:

- The financial statements of the subsidiary companies are drawn upto the same reporting date as that of the Group for each of the reporting period covered by these Consolidated Financial statements.
- The financial statements of the Holding Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

c. Following subsidiary companies have been considered in the preparation of the Consolidated Financial Statements:

(₹ in lakh)

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.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

2.5. Revenue recognition

- a) Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is recognised when there is no significant uncertainty as regards its determination and realisation.
- b) Interest income is accounted on accrual basis. For financial instruments measured at amortised cost interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.
- c) Dividend income is accounted for when the right to receive it is established.

2.6. Leasing

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

2.7. Employee benefits

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

Defined contribution plan:

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

i. Superannuation:

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

ii. Provident fund:

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

Defined benefit plans

i. Gratuity:

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

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

ii. Other employee benefits:

Performance incentive and compensated absences:

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

The Group accounts for the net present value of its obligations for compensated absences based

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

on an independent external actuarial valuation carried out at the Balance Sheet date. The cost of short-term compensated absences is accounted as under:

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

2.8. Tax on income

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

i. Current tax:

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

ii. Deferred tax:

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected

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

iii. Current and deferred tax for the year:

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

2.9. Property, plant and equipment

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

i. Capital work-in-progress:

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

2.10. Intangible assets

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

2.11. Depreciation and amortisation

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

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

Intangible assets are amortized on a straight line basis. Computer software is amortised over 24 months or useful life, whichever is lower. However, In case of its subsidiary NSDL Database Management Limited, Computer software is amortised over 48 months or useful life, whichever is lower.

2.12. Provision and contingencies

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Provisions are discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised/disclosed in the financial statements.

2.13. Financial instruments

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

2.14. Financial assets

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

Financial assets are recognised by the Group as per its business model.

All financial assets are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Income and expense is recognised on an effective interest basis for debt instrument.

All other investments are classified as Fair Value Through Profit or Loss (FVTPL). The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Impairment of financial assets:

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

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

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

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

De-recognition of financial assets:

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

2.15. Financial Liabilities and equity instruments

Classification as debt or equity:

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

Equity instruments:

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

Financial liabilities:

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

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

Derecognition of financial liabilities:

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

2.16. Operating cycle

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

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

3 Property, plant and equipment and other intangible assets

(₹ in lakh)

Description of asset	Property, plant and equipment							Other intangible assets
	Build-ings	Comput-ers	Data and tele-com-munication equipment	Electrical installa-tions	Office equip-ment	Furni-ture and fixtures	Total	Computer software (acquired)
Gross block								
As at 31 st March, 2016	3,517.82	5,168.27	1,571.90	199.91	351.67	246.31	11,055.88	9,586.71
Additions during the year	-	124.54	-	-	24.10	4.48	153.12	175.58
Deductions	-	(219.88)	(214.32)	(0.01)	(19.57)	-	(453.78)	(16.36)
As at 31 st March, 2017	3,517.82	5,072.93	1,357.58	199.90	356.20	250.79	10,755.22	9,745.93
Additions during the year	-	315.12	2.71	2.24	35.91	1.53	357.51	184.70
Deductions	-	-	-	-	(1.54)	-	(1.54)	-
As at 31 st March, 2018	3,517.82	5,388.05	1,360.29	202.14	390.57	252.32	11,111.19	9,930.63

(₹ in lakh)

Description of asset	Property, plant and equipment							Other intangible assets
	Build-ings	Comput-ers	Data and tele-com-munication equipment	Electrical installa-tions	Office equip-ment	Furni-ture and fixtures	Total	Computer software (acquired)
Accumulated depreciation and amortisation								
As at 31 st March, 2016	3,015.86	4,583.59	1,440.41	184.87	323.31	217.89	9,765.93	9,339.66
Depreciation / amortisation for the year	8.92	102.21	17.22	0.80	6.66	2.83	138.64	208.94
Deductions	-	(208.57)	(203.60)	-	(18.97)	-	(431.14)	(16.08)
As at 31 st March, 2017	3,024.78	4,477.23	1,254.03	185.67	311.00	220.72	9,473.43	9,532.52
Depreciation / amortisation for the year	8.92	154.39	13.65	0.94	13.38	3.10	194.38	194.87
Deductions	-	-	-	-	(1.47)	-	(1.47)	-
As at 31 st March, 2018	3,033.70	4,631.62	1,267.68	186.61	322.91	223.82	9,666.34	9,727.39

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in lakh)

Description of asset	Property, plant and equipment							Other intangible assets
	Buildings	Computers	Data and tele-communication equipment	Electrical installations	Office equipment	Furniture and fixtures	Total	Computer software (acquired)
Net block								
As at 31 st March, 2017	493.04	595.70	103.55	14.23	45.20	30.07	1,281.79	213.41
As at 31 st March, 2018	484.12	756.43	92.61	15.53	67.66	28.50	1,444.85	203.24

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

4. Non-current investments

Particulars	Rate of interest	Year of maturity	Nos.	Face value / NAV (₹)	₹ in lakh	
					As at 31 st March, 2018	As at 31 st March, 2017
Investment in debentures or bonds						
1 India Infrastructure Finance Company Limited	9.41	2037	3	1,000,000	35.28	35.37
2 Power Finance Corporation of India Limited*	7.35	2035	51,540	1,000	544.33	544.73
3 NTPC Limited*	7.37	2035	12,491	1,000	129.41	129.41
4 Rural Electrification Corporation Limited*	7.18	2035	11,450	1,000	117.24	117.24
5 National Housing Bank*	8.76	2034	8,000	5,000	433.45	434.04
6 Housing and Urban Development Corporation Limited*	8.76	2034	5,000	1,000	55.38	55.74
7 India Infrastructure Finance Company Limited*	8.66	2034	70,000	1,000	1,231.34	592.30
8 NTPC Limited*	8.66	2033	191,049	1,002,000	1,708.30	1,262.98
9 NHPC 2033*	8.67	2033	45,000	1,000	564.04	587.13
10 NHPC Limited*	8.67	2033	14,420	1,000	179.69	176.67
11 India Infrastructure Finance Company Limited*	7.40	2033	50,000	1,000	563.87	566.18
12 National Highway Authority of India Limited*	7.35	2031	142,283	1,000	2,772.68	1,560.06
13 Indian Renewable Energy Development Agency Limited*	7.49	2031	50,000	1,000	510.82	511.44
14 National Bank for Agriculture and Rural Development*	7.35	2031	315,020	2,000	5,623.63	3,360.64
15 Indian Railway Finance Corporation Limited*	7.35	2031	79,000	1,000	877.85	775.33
16 Housing and Urban Development Corporation Limited*	7.39	2031	100,000	1,000	1,157.65	-
17 Indian Railway Finance Corporation Limited*	7.28	2030	23,154	1,000	252.55	124.86
18 National Highway Authority of India Limited*	7.35	2030	25,913	1,000	278.07	277.50
19 National Highway Authority of India Limited*	7.28	2030	50	1,000,000	543.87	544.24

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

		Rate of interest	Year of maturity	Nos.	Face value / NAV (₹)	As at 31 st March, 2018	As at 31 st March, 2017
							(₹ in lakh)
20	National Housing Bank*	8.68	2029	50,000	10,000	3,166.27	2,553.91
21	Indian Railway Finance Corporation Limited*	8.40	2029	63,000	1,000	734.41	738.06
22	Indian Railway Finance Corporation Limited*	8.63	2029	40,000	1,000	450.29	451.24
23	Housing and Urban Development Corporation Limited*	8.56	2028	100	1,000,000	1,139.33	1,142.67
24	Housing and Urban Development Corporation Limited*	8.51	2028	50,000	1,000	564.72	566.00
25	National Housing Bank*	8.46	2028	50	1,000,000	605.57	611.04
26	NTPC Limited*	8.48	2028	100,000	1,000	1,213.91	-
27	National Highway Authority of India Limited*	8.30	2027	190,000	1,000	2,071.33	2,077.53
28	Power Finance Corporation of India Limited*	8.30	2027	100,000	1,000	1,067.36	1,068.32
29	Indian Railway Finance Corporation Limited*	8.10	2027	50,000	1,000	596.79	-
30	NTPC Limited*	7.15	2025	21	1,000,000	219.40	219.46
31	Infrastructure Development Finance Company Limited	9.03	2025	5	1,000,000	54.52	54.25
32	Infrastructure Development Finance Company Limited	8.80	2025	4	2,000,000	42.30	42.76
33	Indian Renewable Energy Development Agency Limited*	7.17	2025	60	1,000,000	624.64	625.28
34	NHPC Ltd*	8.54	2028	71,428	1,000	846.11	850.96
35	Power Finance Corporation of India Limited*	8.46	2028	40	1,000,000	420.29	420.85
36	Rural Electrification Corporation Limited*	8.46	2028	10,057	1,001,000	750.93	753.30
37	Indian Railway Finance Corporation Limited*	8.48	2028	100	1,000,000	1,166.97	1,172.06
38	Indian Railway Finance Corporation Limited*	7.34	2028	10,000	1,000	627.42	620.70
39	India Infrastructure Finance Company Limited*	8.26	2028	80	1,000,000	899.00	903.15
40	National Housing Bank*	8.46	2028	90	1,000,000	1,033.90	1,040.75
41	Housing and Urban Development Corporation Limited*	8.56	2028	20	1,000,000	243.42	245.69

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

		(₹ in lakh)					
		As at 31 st March, 2018	As at 31 st March, 2017				
Particulars	Rate of interest	Year of maturity	Nos.	Face value / NAV (₹)	As at 31 st March, 2018	As at 31 st March, 2017	
42 HDB Financial Services Limited	10.19	2024	1	1,000,000	10.33	10.47	
43 Indian Railway Finance Corporation Limited*	7.18	2023	75,000	1,000	792.50	795.76	
44 Rural Electrification Corporation Limited*	7.21	2022	10	1,000,000	103.46	103.31	
45 Housing and Urban Development Corporation Limited*	8.10	2022	60,000	1,000	607.98	604.20	
46 Power Finance Corporation of India Limited*	8.20	2022	90,000	1,000	958.97	963.30	
47 National Highway Authority of India Limited*	8.20	2022	100,000	1,000	1,073.60	1,080.41	
48 Rural Electrification Corporation Limited*	7.93	2022	90,000	1,000	979.97	985.96	
49 Indian Railway Finance Corporation Limited*	8.00	2022	60,000	1,000	631.29	633.26	
50 Power Grid Corporation of India Limited	9.64	2021	32	1,250,000	432.25	432.23	
51 Power Finance Corporation of India Limited*	7.51	2021	600	100,000	619.84	619.41	
52 Tata Capital Financial Services Limited	9.95	2019	2	1,000,000	10.27	10.51	
53 Axis Bank Limited	9.95	2019	35	1,000,000	-	350.84	
54 Power Finance Corporation of India Limited	11.25	2018	1	1,000,000	-	12.40	
55 IDBI Bank Limited	11.30	2018	1	1,000,000	-	11.27	
56 Indian Oil Corporation Limited	11.00	2018	130	1,000,000	-	1,377.57	
57 Housing Development Finance Corporation Limited	11.25	2018	150	1,000,000	-	1,588.24	
58 Housing Development Finance Corporation Limited	11.95	2018	15	1,000,000	-	156.41	
Total					42,338.79	37,549.39	
*Investment in tax free bonds							
Aggregate amount of quoted investment					42,293.24	33,874.69	
Aggregate market value of quoted investment					46,340.62	35,132.79	
Aggregate amount of unquoted investment					45.55	3,674.70	

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

5. Other Financial Assets

(₹ in lakh)

Particulars	As at 31 st March, 2018		As at 31 st March, 2017	
	Non-current	Current	Non-current	Current
Security deposits	496.83	202.72	688.58	-
Interest accrued on investments	-	1.39	-	-
Interest accrued on fixed deposits	1.26	7.27	-	12.15
Deposits with maturity of more than twelve months	25.00	-	-	-
Others	1.47	10.93	-	0.84
Total	524.56	222.31	688.58	12.99

6. (a) Deferred tax asset (net)

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Deferred tax asset:		
Property, plant and equipment	57.98	126.70
Employee benefits	186.76	197.92
Disallowances under Section 40(a)(i) and 43B of the Income Tax Act, 1961	-	6.80
Provision for doubtful debts / advances	11.23	3.51
Other	37.65	37.65
	293.62	372.58
Less: Deferred tax liability:		
Fair value gain on investments	-	57.45
	-	57.45
Net deferred tax asset	293.62	315.13

The movement in deferred tax asset:

(₹ in lakh)

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

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

The movement in deferred tax asset:

(₹ in lakh)

Particulars	As at 1 st April, 2016	Credited / (charge) to statement of profit and loss	As at 31 st March, 2017
Deferred tax asset:			
Property, plant and equipment	223.87	(97.17)	126.70
Employee benefits	162.37	35.55	197.92
Disallowances under Section 40(a)(i) and 43B of the Income Tax Act, 1961	32.26	(25.46)	6.80
Provision for doubtful debts / advances	72.00	(68.49)	3.51
Other	21.76	15.89	37.65
	512.26	(139.68)	372.58
Less: Deferred tax liability:			
Fair value gain on investments	35.46	21.99	57.45
	35.46	21.99	57.45
Net deferred tax assets	476.80	(161.67)	315.13

6(b): Deferred tax liability

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Deferred tax liability:		
Property, plant and equipment	42.99	48.98
Fair value gain on investments	17.49	31.86
	60.48	80.84
Less: Deferred tax asset:		
Employee benefits	34.60	36.83
Others	-	8.37
	34.60	45.20
Net deferred tax liability	25.88	35.64

The movement in deferred tax liabilities:

(₹ in lakh)

Particulars	As at 1 st April, 2017	Credited / (charge) to statement of profit and loss	As at 31 st March, 2018
Deferred tax liability:			
Property, plant and equipment	48.98	(5.99)	42.99
Fair value gain on investments	31.86	(14.37)	17.49
	80.84	(20.36)	60.48
Less: Deferred tax asset:			
Employee benefits	36.83	(2.23)	34.60
Others	8.37	(8.37)	-
	45.20	(10.60)	34.60
Net deferred tax liability	35.64	(9.76)	25.88

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

The movement in deferred tax liabilities:

(₹ in lakh)

Particulars	As at 1 st April, 2016	Credited / (charge) to statement of profit and loss	As at 31 st March, 2017
Deferred tax liability:			
Property, plant and equipment	62.19	(13.21)	48.98
Fair value gain on investments	26.75	5.11	31.86
	88.94	(8.10)	80.84
Less: Deferred tax asset:			
Employee benefits	33.45	3.38	36.83
Others	3.23	5.14	8.37
	36.68	8.52	45.20
Net deferred tax liability	52.26	(16.62)	35.64

7. Other assets

(₹ in lakh)

Particulars	As at 31 st March, 2018		As at 31 st March, 2017	
	Non-current	Current	Non-current	Current
Capital advances	60.42	-	65.85	-
Prepaid expenses	82.27	249.27	39.80	119.64
Expenses recoverable	-	20.58	2.85	29.24
GST credit receivable	-	601.36	227.85	133.31
Security deposits	2.10	-	2.74	-
Others	-	0.15	-	0.36
Total	144.79	871.36	339.09	282.55

8. Current investments

(₹ in lakh)

Particulars	Nos.	Face value / NAV (₹)	As at 31 st March, 2018	As at 31 st March, 2017
Current portion of long-term investments:				
Investment in debentures or bonds				
1 LIC Housing Finance Limited	1	1,000,000	-	10.38
2 Power Finance Corporation of India Limited	2	1,000,000	-	20.01
3 10 year Zero Coupon Bhavishya Nirman Bond from National Bank for Agriculture and Rural Development	3,551	20,000	-	656.10
4 Indian Oil Corporation Limited	130	1,000,000	1,377.18	-
5 Housing Development Finance Corporation Limited	150	1,000,000	1,596.63	-

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in lakh)				
Particulars	Nos.	Face value / NAV (₹)	As at 31 st March, 2018	As at 31 st March, 2017
6 Housing Development Finance Corporation Limited	15	1,000,000	156.19	-
7 Power Finance Corporation of India Limited	1	1,000,000	11.78	-
8 IDBI Bank Limited	1	1,000,000	11.66	-
9 Axis Bank Limited	35	1,000,000	350.38	-
			3,503.82	686.49
Other current investments:				
Investment in mutual funds (unquoted)				
1 Units of Axis Treasury Advantage Fund - Institutional Daily Dividend Reinvestment	65,690	1,021	670.50	636.39
2 Units of IDFC Ultra Short Term Fund - Daily Dividend Reinvestment	6,501,315	10	666.01	630.45
3 Units of Birla Sun Life Ultra Short Term Fund - Daily Dividend Reinvestment	638,081	108	690.73	619.70
4 Units of UTI Treasury Advantage Fund - Daily Dividend Reinvestment	65,513	1,014	664.51	635.04
5 Units of Axis Liquid Fund -Direct Plan- Daily Dividend	126	1,013	1.28	1.22
6 Units of IDFC Liquid Fund - Direct Plan - Daily Dividend	78	1,013	0.79	0.75
7 Units of HDFC Liquid Fund- Daily Dividend Reinvestment	58,947	1,032	608.03	582.21
8 Units of ICICI Prudential Liquid Plan- Daily Dividend Reinvestment	600,728	101	608.47	582.27
9 Units of IDBI Ultra Short Term Fund- Daily Dividend Reinvestment	76	1,041	0.79	0.75
10 Units of L & T Ultra Short Term fund- Daily Dividend Reinvestment	3,542,725	11	374.70	354.40
11 Units of Peerless Liquid Fund - Daily Dividend Reinvestment	60,247	1,013	610.01	583.49
12 Units of Principal Debt Opportunity Conservative Fund- Daily Dividend Reinvestment	61,047	1,016	620.42	593.22
13 Units of UTI Liquid Fund - Daily Dividend Reinvestment	58,823	1,030	606.09	580.32
14 Axis Fixed Term Plan - Series 42 Direct Plan - Growth	5,000,000	10	-	662.87
15 HDFC Mutual Fund FMP series 29 -Direct Plan - Growth*	3,000,000	10	-	391.20
16 HDFC Fixed Maturity Plans - Series 31 - Growth*	2,000,000	10	-	251.80

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in lakh)				
Particulars	Nos.	Face value / NAV (₹)	As at 31 st March, 2018	As at 31 st March, 2017
17 ICICI Prudential FMP series 76 -Direct Plan - Growth*	5,000,000	10	-	607.50
18 HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Growth option	9,07,496	10	350.59	327.25
19 HDFC Fixed Maturity Plan growth option April 2014 Series - Direct - Growth	1,250,000	10	-	159.57
20 HDFC Fixed Maturity Plan growth option Jun 2014 Series - Direct - Growth	5,000,000	10	-	629.67
21 HDFC Medium Term Opportunities Fund-Direct Growth option	2,641,031	10	512.56	-
22 IDFC Corporate Bond Fund - Direct Growth option	4,290,188	10	513.55	-
			7,499.03	8,830.07
Total			11,002.85	9,516.56
*Investment in tax free bonds				
Aggregate amount of quoted investment			1,376.70	8,830.07
Aggregate market value of quoted investment			1,376.70	8,830.07
Aggregate amount of unquoted investments			9,626.15	686.49

9: Trade receivables

(₹ in lakh)		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Secured, considered good	572.94	579.96
Unsecured, considered good	4,463.81	2,666.32
Unsecured, considered doubtful	44.35	12.54
	5,081.10	3,258.82
Less: Provision for doubtful debts	44.35	12.54
Total	5,036.75	3,246.28

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

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

10: Cash and cash equivalents

(₹ in lakh)

Particulars	As at	
	31 st March, 2018	31 st March, 2017
Cash on hand	0.46	0.46
Balances with banks:		
i) in current accounts	266.25	9,870.01
ii) in sweep fixed deposit	6,590.21	653.69
Total	6,856.92	10,524.16

11: Bank balances other than cash and cash equivalents

(₹ in lakh)

Particulars	As at	
	31 st March, 2018	31 st March, 2017
Other bank balances:		
i) in current accounts*	574.58	437.09
ii) in other deposit accounts with original maturity more than 3 months	7,828.85	200.00
Total	8,403.43	637.09

*These balances have restriction on repatriation.

12: Equity share capital

(₹ in lakh)

Particulars	As at	
	31 st March, 2018	31 st March, 2017
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% shares:

Name of the shareholder	As at		As at	
	31 st March, 2018		31 st March, 2017	
	Number of shares held	% Holding	Number of shares held	% Holding
IDBI Bank Ltd.	12,000,000	30.00	12,000,000	30.00
National Stock Exchange of India Ltd	9,600,000	24.00	9,600,000	24.00
Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)	2,732,000	6.83	2,732,000	6.83

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

12 (b) The Company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, (except in case of interim dividend), is subject to the approval of the share holders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all dues, propotionate to their shareholding.

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

Particulars	No of shares	(₹ in lakh)
Balance as at 1 st April, 2017	40,000,000	4,000
Add: Issue of Shares	-	-
Balance as at 31st March, 2018	40,000,000	4,000

12 (d) On 8th May, 2018, the Board of Directors of the Company have recommended a final dividend of ₹ 2.50 per share in respect of the year ended 31st March, 2018, subject to approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 1,205.55 lakh inclusive of dividend distribution tax of ₹ 205.55 lakh.

13: Other equity

Particulars	(₹ in lakh)	
	As at 31 st March, 2018	As at 31 st March, 2017
Investor protection reserve*		
Balance at the beginning of the year	700.00	700.00
Less: Transferred to National Securities Depository Limited Investor Protection Fund Trust (Refer Note 32)	(700.00)	-
Balance as at the end of the year	-	700.00
General reserve		
Balance at the beginning of the year	31,312.82	26,312.82
Add: Transferred from retained earning	5,000.00	5,000.00
Balance as at the end of the year	36,312.82	31,312.82
Retained earnings		
Balance at the beginning of the year	19,082.44	15,287.87
Profit for the year	10,584.22	9,998.14
Less: Dividend	(1,000.00)	(1,000.00)
Dividend distribution tax	(203.57)	(203.57)
Transferred to general reserve	(5,000.00)	(5,000.00)
Balance at the end of the year	23,463.09	19,082.44
Other comprehensive income:		
Balance at the beginning of the year	(77.64)	30.55
Other comprehensive income for the year	(2.99)	(108.19)
Balance at the end of the year	(80.63)	(77.64)
Total	59,695.28	51,017.62

* Not earmarked for any specific purpose.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

14. Other financial liabilities (non-current)

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Others:		
Incentive payable to key managerial person	91.80	115.20
Total	91.80	115.20

15. Other non-current liabilities

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Others:		
Income received in advance	10.78	14.48
Total	10.78	14.48

16. Trade payables

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Amounts due to micro enterprise and small enterprises*	93.51	86.77
Others	2,238.45	1,426.89
Total	2,331.96	1,513.66

*Dues to micro enterprise and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

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

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Principal amount remaining unpaid to any supplier as at the end of the accounting period.	93.51	86.77
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	93.51	86.77

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

17. Other financial liabilities (current)

(₹ in lakh)

Particulars	As at	
	31 st March, 2018	31 st March, 2017
Security deposit received from customers / depository participants	3,159.85	3,099.25
Payables on purchase of Property, plant and equipment, intangible assets	14.51	11.19
Investor protection fund (Refer Note 32)	1,389.42	480.94
Payable on redemption of NSC/KVP and government securities	574.58	392.74
Payables to staff	793.84	586.58
Gratuity payable to fund	215.44	337.51
Annual custody charges payable	17.54	12.22
Total	6,165.18	4,920.43

18. Provisions

(₹ in lakh)

Particulars	As at		As at	
	31 st March, 2018		31 st March, 2017	
	Non-current	Current	Non-current	Current
Provision for employee benefit				
Provision for compensated absences	25.25	704.41	-	623.68
Other provision:				
Provision for investor awareness (Refer Note 33)	-	1,030.67	-	689.18
Total	25.25	1,735.08	-	1,312.86

19. Other liabilities

(₹ in lakh)

Particulars	As at	
	31 st March, 2018	31 st March, 2017
Advances from customers	3,353.46	1,570.08
Income received in advance	736.69	659.37
Statutory remittances	346.69	204.37
Total	4,436.84	2,433.82

20. Revenue from operations

(₹ in lakh)

Particulars	Year ended 31 st March	
	2018	2017
Annual fees	1,477.37	2,181.33
Custody fees	7,710.69	7,208.92
Registration fees	480.67	644.28
Transaction fees	16,306.74	14,778.45
Software license fees	18.89	18.30
Communication fees	315.74	319.62
Other operating income	19.08	59.83
Total	26,329.18	25,210.73

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

21. Other income

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Interest income:		
i) On non-current investments	3,040.08	2,679.53
ii) On fixed deposits with banks	843.01	575.18
iii) On overdue trade receivables	159.42	154.21
	4,042.51	3,408.92
Dividend income from current Investments	323.85	293.28
Fair value gain on investments in mutual funds	106.97	299.69
Profit on sale of investments	-	164.06
Profit on sale of property, plant and equipment	0.38	65.92
Bad debts recovered	131.51	12.32
Miscellaneous income	58.03	65.95
Total	4,663.25	4,310.14

Note 22: Employee benefits expense

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Salaries and wages	4,079.62	3,190.34
Contribution to provident and other funds (Refer Note 30)	475.94	400.22
Staff welfare expenses	258.21	242.04
Deputation Cost	41.88	35.34
Total	4,855.65	3,867.94

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

23. Other expenses

(₹ in lakh)

Particulars	As at	
	31 st March, 2018	31 st March, 2017
Annual fees	197.39	194.17
Repairs and maintenance - system	2,173.35	1,981.55
Repairs and maintenance - premises	203.80	188.58
Repairs and maintenance - others	117.06	95.54
System support charges	1,602.83	1,439.56
Insurance (Refer Note 29)	96.53	51.40
Processing charges	1,138.02	994.83
Power and fuel	214.77	193.84
Rent (net of recovery)	500.91	484.37
Communication expenses	1,091.65	1,599.74
Travelling and conveyance expenses	330.98	328.56
Legal and professional fees	282.03	167.87
Printing and stationery expenses	608.54	1,126.17
Rates and taxes	68.35	241.21
Corporate social responsibility expense (Refer Note 34)	12.28	35.80
Seminar and business promotion expenses	241.38	214.71
Payment to auditors (net of GST set-off):		
(a) Audit fees	33.55	31.33
(b) Tax audit fees	3.95	3.69
(c) Taxation matters	2.83	23.72
(d) Other services	1.37	0.93
(e) Reimbursement of expenses (out of pocket expenses)	-	0.01
Directors sitting fees	106.20	58.60
Provision for investor awareness (Refer Note 33)	438.56	406.30
Provision for doubtful trade receivables	31.81	12.54
Bad debts written-off	347.07	320.35
Marketing expenses	7.72	2.75
Miscellaneous expenses	173.60	104.00
Total	10,026.53	10,302.12

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

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 Company is hopeful of succeeding in appeals and does not expect any significant liability to materialise.
- Demand from income tax authorities for AY 2013-14, AY 2014-15 and AY 2015-16 for ₹ 229.53 lakh (Previous year ₹ 213.61 lakh), ₹ 347.13 lakh (Previous year ₹ 338.58 lakh) and ₹ 519.60 lakh respectively. The Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary.

Commitments:

- Estimated amount of capital contracts not provided (net of advances) for the year ended 31st March, 2018 is ₹ 87.99 lakh (previous year ₹ 97.11 lakh).
- Other Commitments: Contractual guarantee: ₹ 193.85 lakh (previous year: ₹ 44.34 lakh)

25. Expenditure in foreign currency:

(₹ in lakh)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Travelling	57.60	55.77
Membership fees	16.76	1.50
Registration fees	1.72	-
Total	76.08	57.27

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.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

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

(₹ in lakh)

Particulars	For the year ended 31 st March, 2018			For the year ended 31 st March, 2017		
	Depository	Database	Total	Depository	Database	Total
Segment revenue						
Revenue	20,076.25	6,252.93	26,329.18	19,996.54	5,214.19	25,210.73
Less: Inter segment revenue	-	-	-	-	-	-
Total	20,076.25	6,252.93	26,329.18	19,996.54	5,214.19	25,210.73
Segment results	8,851.98	2,072.68	10,924.66	8,670.90	1,468.67	10,139.57
Add: Other unallocable income (net of unallocable expense)			(278.20)			(694.27)
Less: Interest expense			-			-
Add: Interest income			4,042.51			3,408.92
Add: Exceptional item			-			-
Profit before tax			15,245.37			14,242.76
Less: Tax expense			(4,661.15)			(4,244.62)
Profit for the year			10,584.22			9,998.14

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in lakh)

Particulars	For the year ended 31 st March, 2018				For the year ended 31 st March, 2017			
	Depository	Database management	Un-allocable	Total	Depository	Database management	Un-allocable	Total
Segment assets	6,192.17	1,883.27	71,747.41	79,822.85	5,142.03	1,330.50	59,613.25	66,085.78
Segment liabilities	11,425.16	3,256.89	1,445.52	16,127.57	8,057.37	2,248.09	762.70	11,068.16
Capital expenditure	299.53	28.89	1,204.21	1,532.63	321.46	25.22	791.43	1,138.11
Depreciation/ Amortisation	263.52	98.72	27.03	389.27	241.54	106.04	-	347.58
Material non-cash items other than depreciation/ amortisation	1,276.25	7.63	-	1,283.88	1,496.70	2.96	-	1,499.66

27. Related party disclosures:

a) Names of related parties and relationship:

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

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

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

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
(i) Transactions during the year:		
I. Companies having substantial interest		
a) IDBI Bank Limited		
- Transaction fees	47.04	50.89
- Annual fees	37.22	11.55
- Annual custody fees	25.72	25.56
- Reimbursement of expenses	1.59	1.67
- Other operational income	0.60	0.62
- Interest income on fixed deposit with bank	104.77	263.68
- Interest (waiver)/ income – other	5.90	1.31
- Miscellaneous expenses	0.45	0.49
- Dividend paid	300.00	300.00
b) National Stock Exchange of India Limited		
- Miscellaneous expenses	0.21	0.10
- Transaction fees	129.22	63.52
- Dividend paid	240.00	250.45
II. Key managerial personnel		
- Remuneration	308.61	256.33
III. Sitting fees	13.20	-
(ii) (Payable)/receivable at the end of the year:		
I. Companies having substantial interest		
a) IDBI Bank Limited		
- Security deposit payable	(30.00)	(30.00)
- Balance in current account	4,909.78	584.31
- Trade receivables	45.95	8.35
b) National Stock Exchange of India Limited		
Trade receivable	11.89	22.51
II. Key managerial personnel		
a) Payable to key managerial person	150.60	145.80

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 charge on account of provision for gratuity which has been determined for the Company as a whole.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

28. Operating lease:

The Group holds certain premises under operating leases. Rent includes expenses of ₹ 500.91 lakh net of recovery of ₹ 48.84Lakh (previous year ₹ 470.17 net of recovery ₹ 54.70 lakh).

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

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Not later than one year	37.35	32.45
Later than one year and not later than five years	22.50	-

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

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Insurance	49.27	57.16

30. Employee benefits:

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

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Provident fund	149.04	125.58
Superannuation fund	99.45	84.67
Total	248.49	210.25

b) Gratuity:

(i) Summary of actuarial assumptions:

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Discount rate	7.87%	7.57%/7.71%
Rate of return on plan assets	7.87%	7.57%/7.71%
Salary escalation	8.00%	8.00%
Attrition rate	2.00%	2.00%
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(ii) Reconciliation of defined benefit obligation:

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Liability at the beginning of the year	1,817.14	1,534.84
Interest cost	137.90	122.81
Current service cost	192.88	159.56
Benefits paid	(38.47)	(82.24)
Actuarial loss /(gain) on obligations	10.79	77.39
Closing defined benefit obligation	2,120.24	1,812.36

(iii) Reconciliation of fair value of plan assets:

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Fair value of plan assets at the beginning of the year	1,474.85	1,378.67
Interest income	113.13	110.32
Contributions by the employer	337.50	156.18
(Assets transferred out/disinvestments)	-	-
Benefits paid	(38.47)	(82.24)
Actuarial (gain)/loss on plan assets	7.71	(88.08)
Closing fair value of plan assets	1,894.72	1,474.85

(iv) Amount to be recognized in balance sheet:

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Present value of funded obligation	(2,120.24)	(1,812.36)
Fair value of plan assets at the end of the year	1,894.72	1,474.85
Amount recognized in balance sheet	(225.52)	(337.51)

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(v) Expenses to be recognized in statement of profit and loss:

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Current service cost	192.88	159.56
Interest cost	25.98	12.50
Expenses recognized in the statement of profit & loss	218.86	172.06

(vi) Expenses to be recognized in other comprehensive income:

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Actuarial (gain)/ loss on obligation	10.79	88.07
Actuarial (Gain) or Loss on	(8.91)	77.39
Net (income)/expense for the period recognized in OCI	1.88	165.46

(vii) Balance sheet reconciliation:

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Opening net liability	342.29	156.17
Expenses recognized in statement of profit or loss	218.86	172.06
Expenses recognized in OCI	1.88	165.46
Employers contribution	(337.51)	(156.18)
Amount recognized in balance sheet	225.52	337.51

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

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Central and state government securities		
Bonds/ debentures	Funds deployed by Life Insurance Corporation of India	Funds deployed by Life Insurance Corporation of India
Equity shares		
Others		

(ix) Expected contribution in the next year ₹ 196.27 lakh (previous year ₹ 157.20 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:

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Discount rate (1% movement)	(233.86)	277.51
Future salary appreciation (1% movement)	274.38	(235.61)
Attrition rate (1% movement)	(6.27)	6.74

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.

31. Earnings per share:

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Profit for the year attributable to the equity shareholders (₹ in lakh)	10,584.22	9,998.14
Weighted average Number of equity shares during the year	40,000,000	40,000,000
Basic and Diluted Earnings per Share(₹)*	26.46	25.00
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.

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 year ended 31st March, 2018 works out to ₹ 466.44 lakh (previous year ₹ 760.47 lakh; includes penalties of ₹ 305 lakh recovered from DP's), being 5% of the profits from depository operations of the Company before tax for the year available after making such contribution.

32.2 Further, SEBI vide its Circular dated June 7, 2016 issued guidelines for utilization of IPF. The guidelines require administration of IPF by creation of a trust administered by Depository. As required by the Guidelines, the Company created irrevocable Trust 'National Securities Depository Limited Investor Protection Fund Trust' (NSDL IPF Trust). The Company transferred ₹ 465.41 lakh (previous year ₹ 1,133.68 lakh) to NSDL IPF Trust for the year ended March 31, 2018.

32.3 In accordance with SEBI guidelines, an amount of ₹ 700 lakh was transferred from Investor Protection Reserve to NSDL IPF Trust.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

33 Other provisions: provision for investor awareness:

SEBI vide its circular no. CIR/MRD/DP/18/2015 dated December 9, 2015 (the "Circular") has revised the annual custody/issuer charges to be collected by the depositories from the issuers with effect from financial year 2015-16. The Circular has also directed the Depositories to set aside 20% of the incremental revenue received from the issuers. Pursuant to the Circular, the Company has set aside ₹ 438.56 lakh (previous year ₹ 406.30 lakh) being 20% of incremental revenue on issuer income for the period ended March 31, 2018.

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Opening provision	689.18	384.00
Addition	438.56	406.30
Payment/repayment	(97.07)	(101.12)
Closing balance	1,030.67	689.18

34 Expenses towards corporate social responsibility:

(₹ in lakh)

Sr. No.	Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
a)	Gross amount required to be spent by the company during the year.	237.43	175.98
b)	Amount spent during the year on:	12.28	35.80

(₹ in lakh)

Sr. No.	Particulars	As at March 31, 2018		
		In cash/ cheque/transfer	Yet to be spent	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	12.28	225.15	237.43

(₹ in lakh)

Sr. No.	Particulars	As at March 31, 2017		
		In cash/ cheque/transfer	Yet to be spent	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	35.80	140.18	175.98

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

35 Fair value measurement:

(₹ in lakh)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Financial assets		
a) Amortised cost		
Investments in debt instrument	45,842.61	38,235.88
Trade receivables	5,036.75	3,246.24
Cash and cash equivalents	6,856.92	10,524.16
Other bank balances	8,403.43	592.74
Other financial assets	746.85	749.01
	66,886.58	53,348.03
b) FVTPL		
Investment in mutual funds	7,499.03	8,830.07
	7,499.03	8,830.07
Total	74,385.61	62,178.10
Financial liabilities		
a) Amortised cost		
Trade payables	2,331.96	1,513.66
Other financial liabilities	6,256.98	5,123.32
Total	8,588.94	6,636.98

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

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

36 Financial instruments:

Capital risk management:

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

Financial risk management:

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

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

The Group is exposed to the following market risks:

(a) Credit risk

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

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

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

(b) Liquidity risk

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

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

37 Income tax recognised in statement of profit and loss:

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

(₹ in lakh)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Profit before tax from continuing operations	15,245.37	14,242.76
Income tax expense calculated at 34.608%	5,274.91	4,929.13
Effect of income that is exempt from taxation	(1,075.51)	(860.93)
Effect of expenses that are not deductible in determining taxable profit	420.02	269.66
Effect of different tax rates on capital gains	14.71	(43.76)
Effect of different tax rates for fair value gain on investments	(27.93)	(50.78)
Others	54.95	1.3
Income tax expense recognised in statement of profit and loss	4,661.15	4,244.62

38 Previous year's figures have been regrouped and reclassified wherever necessary.

For and on behalf of the Board of Directors

Sd/-

B. A. Prabhakar
Chairman
DIN: 02101808

Sd/-

G. V. Nageswara Rao
Managing Director and CEO
DIN:00799504

Sd/-

Sudha B.
Chief Financial Officer

Sd/-

Prasad Poojary
Company Secretary

Place : Mumbai

Date : 8th May, 2018



NSDL Database Management Limited



SEZ

Year wise transaction count has increased 22.71 lakh for FY 2017-18 compared to 19.04 lakh transactions for FY 2016-17 (19.31% increase)

No of entities : 5,373 as on 31st March, 2018

5,373
No of entities
as on 31st March, 18

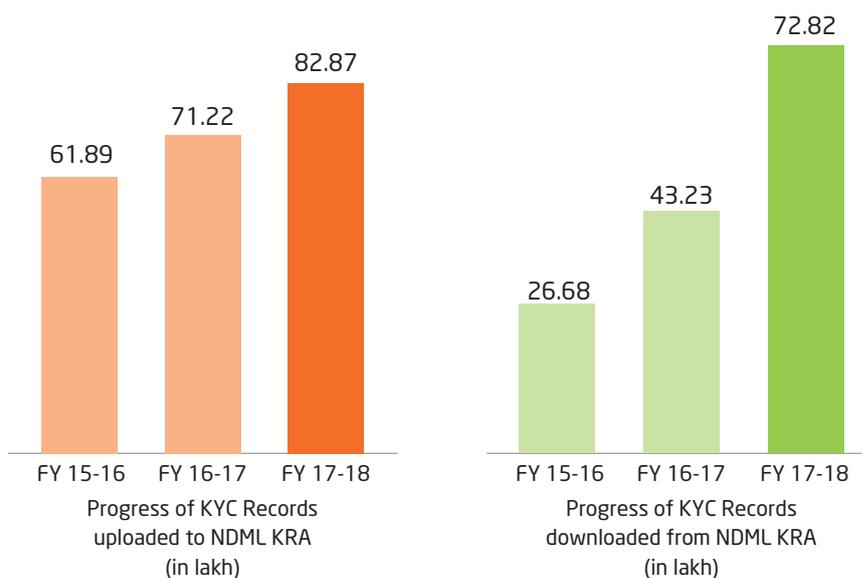
KRA

KYC Registration Agency (KRA)

NDML has established connectivity with other KRAs thereby facilitating intermediaries registered with NDML KRA to download KYC information available with other KRAs. NDML KRA is facilitating inquiry of KYC status and download of KYC information to intermediaries through Application Programming Interface (API). This facility allows intermediary users to check status of KYC and download KYC information through their website and back-office systems.

FY 2017-18 witnessed significant growth in KRA volumes. Upload of new KYC records grew by 25% and download of KYC records grew by 79%.

As on March 31, 2018, 1,195 SEBI registered market intermediaries have registered with NDML KRA and KYC records of 82.87 lakh investors are held in the KRA system.

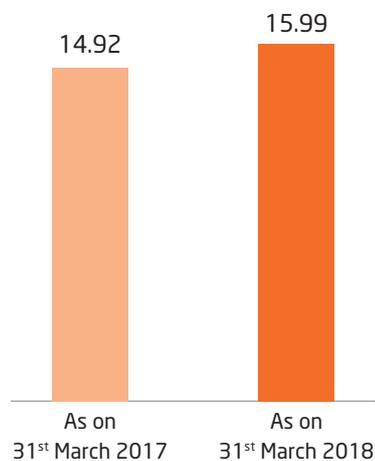


NSR

NSR PROJECT

NSR system 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. Many large sized companies have implemented NSR and made NSR registration a part of the joining / HR process. The 228 companies subscribed with NSR comprise of about 60 percent of the total employee strength in the Indian IT / ITeS industry

So far 15.99 lakh Knowledge Professionals have registered on NSR and have been allotted ITPIN. 1,06,701 Knowledge Professionals completed their biometric registration in financial year 2017 - 18.



NSR registrations
(figures in lakh)



P2F

NDML is managing 'Paper To Follow (P2F)' process of Cheque Truncation System (CTS) on behalf of National Payments Corporation of India (NPCI).

NDML has established and is managing P2F process at 101 centers as on March 31, 2018.



101
P2F centers

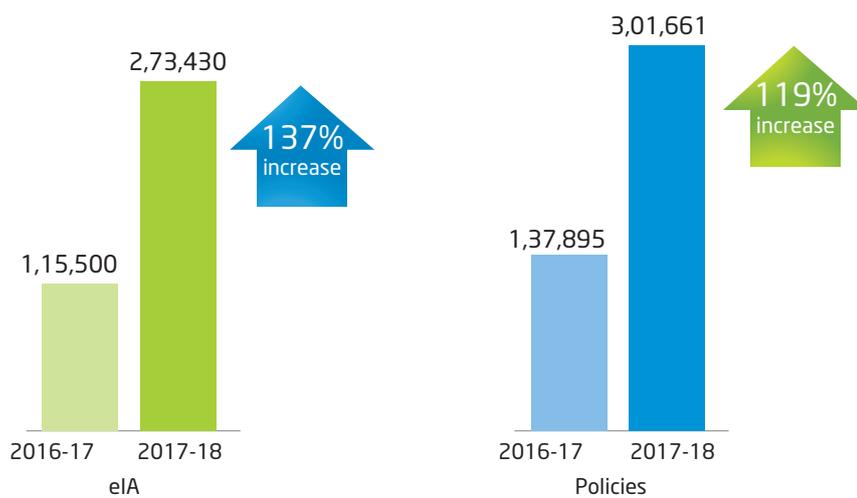


NIR

NSDL National Insurance Repository (NIR)

NSDL National Insurance Repository (NIR) facilitates holding of Life Insurance Policies issued by 20 Life Insurance Companies and 17 General Insurance Companies in electronic form. In order to facilitate the customer to open an e-Insurance Account (eIA), NIR has empaneled 78 Approved Persons (APs) which include 16 Banks and has presence in 10,415 branches across 931 cities.

As on March 31, 2018 NIR has opened 5,56,633 eIAs and 6,01,811 policies are held in these eIAs.

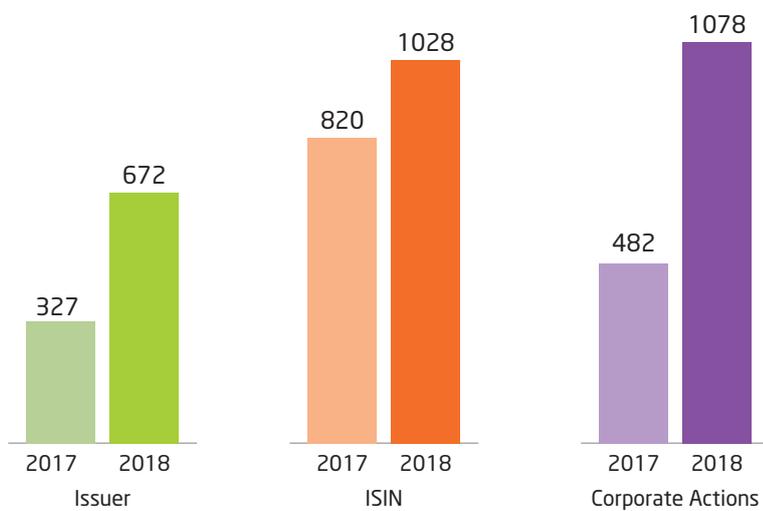




RTA

Registrar and Transfer Agents (RTA)

NDML is offering RTA services to Issuers of various types of securities such as unlisted equities, Commercial Paper, Certificate of Deposit, Debentures, Securitized instruments etc. As on March 31, 2018, 672 Issuers are availing services from NDML RTA.



Progress of NDML RTA



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. NAD is an active online place for students, academic institutions and verifiers.

182 Academic Institutions had signed the Service Level Agreement with the Company for lodgement of academic awards in digital format in "National Academic Depository System". 34 Academic Institutions were able to successfully lodge 72.85 lakh awards in the system. More than 26000 students registered with NDML NAD to access and use their digital awards available in NAD.

26000+*
student registrations

72.85*
lakh awards

* Figures as on 31st March 2018

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Board of Directors



L to R: Mr. G. V. Nageswara Rao
Mr. C. M. Vasudev
Mr. P. P. Vora
Mr. Krishna Srinivas



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
NSDL



Mr. Krishna Srinivas

Director-in-charge

Board of Directors:

Mr. P. P. Vora	Chairman
Mr. C. M. Vasudev	Former Secretary, Ministry of Finance
Mr. G. V. Nageswara Rao	Managing Director & CEO of NSDL
Mr. Krishna Srinivas	Director-in-charge

Our Team



L to R: Mr. Sameer Gupte, Mr. Krishna Srinivas, Ms. Harshada Chavan, Mr. Vijay Gupta

Auditors

Statutory Auditors

Khandelwal Jain & Co.
Chartered Accountants
12-B, 5th Floor, Baldota Bhavan,
M. Karve Road, Churchgate,
Mumbai - 400020

Internal Auditors

M/s. Aneja Associates
Chartered Accountants
301, Peninsula Towers,
Peninsula Corporate Park,
Ganpatrao Kadam Marg,
Lower Parel, Mumbai - 400013

Secretarial Auditors

M/s. Ashish Garg
Practising Company Secretary
107, Gold Arcade, 3/1,
New Palasia,
Opp. Curewell Hospital,
Indore (MP) – 452003

Bankers

Citibank N.A.
Corporation Bank
HDFC Bank
ICICI Bank
IDBI Bank



Mr. Krishna Srinivas



Mr. Sameer Gupte

Mr. Vijay Gupta

Ms. Harshada Chavan

Management Team:

Mr. Krishna Srinivas	Director-in-charge
Mr. Sameer Gupte	Senior Vice President
Mr. Vijay Gupta	Senior Vice President
Ms. Sudha B.#	Vice President & CFO
Ms. Harshada Chavan	Vice President

#Ms. Sudha B. resigned w.e.f. May 16, 2018

Chief Financial Officer:

Ms. Sudha B.#
Ms. Vaishali Vaidya**

#Ms. Sudha B. resigned w.e.f. May 16, 2018

**Ms. Vaishali Vaidya appointed as Chief Financial Officer w.e.f. May 16, 2018

Company Secretary

Ms. Neha Parekh@
Mr. Deepak Shenoy*

*Mr. Deepak Shenoy resigned as Company Secretary w.e.f. June 16, 2017

@Ms. Neha Parekh has been appointed as Company Secretary w.e.f. August 03, 2017

Registered Office

4th floor, Trade World, 'A' Wing,
Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai - 400 013.

CIN: U72400MH2004PLC147094

Tel No.: 91-22-49142700

Fax No.: 91-22-24976351

e-mail: info_ndml@nsdl.co.in

Website: www.nsdl.co.in
www.ndml.in

Board's Report

To The Members,

Your Directors have the pleasure in presenting the fourteenth Annual Report along with the Audited Financial Statements of your Company for the financial year ended March 31, 2018.

FINANCIAL HIGHLIGHTS

The financial performance for F.Y. 2017-18 is summarized in the following table:

Financial Results

Particulars	(₹ in lakh)	
	March 31, 2018	March 31, 2017
Income	6910.63	5899.62
Expenditure	4081.53	3639.48
Profit (Loss) before depreciation & prior-period adjustment	2829.10	2260.14
Depreciation	98.72	106.04
Profit (Loss) before Tax	2730.38	2154.10
Provision for Deferred Tax (Credit)	(26.67)	(16.62)
Provision for Tax	831.11	629.13
Profit after Tax	1925.94	1541.59
Total Comprehensive Income	1920.05	1530.00
Balance brought forward from previous year	4241.11	2711.11
Profit (Loss) carried to the Balance Sheet	6161.16	4241.11

STATE OF THE COMPANY AFFAIRS

During 2017-18, 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, the Company has entered into various areas requiring database management, automation and end to end integration of services. Currently, the Company has eight operational projects viz. National Skills Registry (NSR) on behalf of NASSCOM (started in January 2006), SEZ Online (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).

During the year, the Company achieved a top line of ₹ 6910.63 lakh resulting in a total comprehensive income of ₹ 1920.05 lakh. The Company has achieved an operating profit of ₹ 2072.68 lakh. The revenue expenditure for the year was ₹ 4180.25 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.

Dividend

Your Directors do not propose any dividend for the current financial year.

Transfer to Reserves

The Company does not propose to transfer any amount to the General Reserve out of amount available for appropriations.

Names of the Companies which have Become/ Ceased to be a Subsidiary, Joint Venture (JV) and Associate Company during the Year

Your Company does not have any Subsidiary, JV or Associate Company.

Share Capital

There was no change in the Share Capital of the Company during the year under review. As on March 31, 2018, 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 not issued any shares with differential voting rights nor has it 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.

MANAGEMENT DISCUSSION AND ANALYSIS

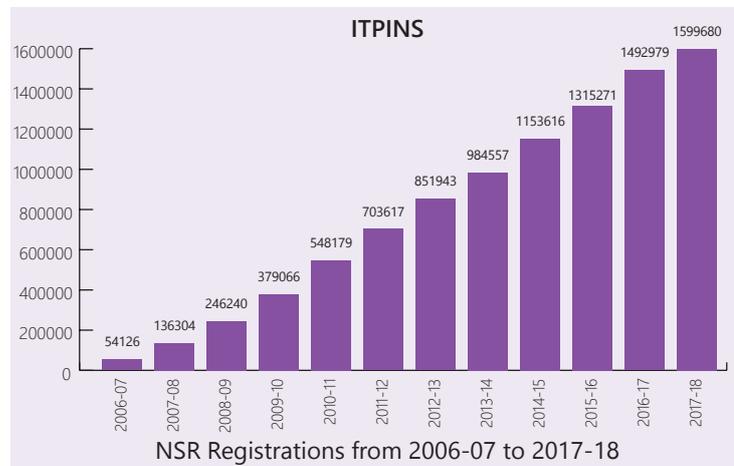
Progress of Various Projects

National Skill Registry (NSR) Project

NSR system established by your Company is playing a key role in the IT / ITeS industry in the area of employee recruitment, background checks, engagement and relieving. Most of the large IT & ITeS companies have adopted NSR registration as a requirement for all their new employees and in many cases the Companies have encouraged their existing employees also to register. This collaborative effort by the industry and its employees will result in a better industry environment such that each employee is registered on a central system, defined and useful information is available, identity and biometric checks are done and pre-verified information relating to education and experience is available. This will boost confidence of the companies in hiring employees coming from within the industry and also reduce the cost and time involved in background check process. As the industry sources its business from off-shore clients, having authenticated information of ITeS personnel 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, 2018, 20 entities have been empaneled on NSR system for providing background checking services to NSR subscriber companies and registered professionals. Three agencies have been providing services as Points of Service (POS) for facilitation of NSR registration to Knowledge Professionals (KPs) from 26 cities. 228 companies have joined NSR. Many large sized companies have implemented NSR and made NSR registration a part of the joining / HR process. The 228 companies subscribed with NSR comprise of about 60 percent of the total employee strength in the Indian IT / ITeS industry. A comparison of the hiring during the previous year suggests that the registration with NSR is in line with the hiring trend of the industry.

So far 15.99 lakh Knowledge Professionals have registered on NSR and have been allotted ITPIN. 1,06,701 Knowledge Professionals completed their biometric registration in financial year 2017 – 18. Details of NSR registrations at the end of each financial year are indicated below:



SEZ Online Project

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

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

Export Performance of SEZs:

F.Y. 2017-18 has seen 13% growth in merchandised exports standing at ₹ 2.6 lakh crore as compared to same period for F.Y. 2016-17 which was at ₹ 2.3 lakh crore.

Software exports have seen a substantial growth of 17% in F.Y. 2017-18 standing at ₹ 2.77 lakh crore compared to same period for previous Financial Year which was at ₹ 2.37 lakh crore

Registration of Units / Developers: As on March 31, 2018, 5000 SEZ Units and 373 SEZ Developers / Co-Developers were registered on SEZ Online system. During F.Y. 2017-18, 515 Units / Developers / Co- Developers got registered.

Important Developments

Implementation of GST in SEZs: Goods and Service Tax (GST) is a revolutionary change in the indirect tax regime. Your Company developed and implemented system level changes to support introduction of GST.

Data Exchange with GSTN: As GSTN is the central agency for GST implementation, it is important to exchange the data of transactions with GSTN so that the same can be used to validate and process GST returns, claims for deposit / credit / refund, etc. In this regard, DG System has been appointed as the Nodal agency for sharing of GST information of all customs transactions (including SEZ transactions) with GSTN. SEZs primarily need to share data of procurements and supplies from / to DTA Units where IGST is becoming applicable. The format and protocols of data exchange were agreed with DG System and necessary system development is completed. GST data is regularly being submitted to DG System for onward submission to GSTN.

e-Commerce Exports from SEZs: Some of the Units in SEZs are undertaking B2C retail transactions through the e-Commerce route. These units are developing a business model of supplying merchandise directly to overseas retail clients and are thereby saving the costs of intermediation. Such consignments are of very small value and foreign exchange proceeds are collected against the same in advance. It was requested to make changes in the exports module to facilitate e-Commerce shipments, which has been done. Transactions in this category are charged at lower rate as per the agreement with MOCI.

Extension of SEZ-EDI Data exchange to include ICD Shipments: SEZ-EDI Data exchange scope has been expanded to include transactions involving ICD Shipments. ICDs are extended ports in landlocked cities; imported goods arrive originally at Airport / Seaport and are further transported to ICDs via rail. Separate IGM filing is required by importers for getting clearance of shipments from ICD. This has been successfully implemented.

Review of SEZ Online Charges: MOCI had set-up a Committee to review the user charges for SEZ Online system and suggest measures for rationalization. The Committee held discussions in the matter with stakeholders and suggested spread of charges over larger variety of transactions so that charges per

transaction can be reduced. The revised system has been put in place from October 2017.

Data Exchange with EDI System: SEZ Online System is successfully exchanging important data of import and export consignments with EDI System of Central Board of Excise & Customs. This data exchange is facilitating paperless clearance of cargo from the ports and is also ensuring better trade controls.

System Upgradation and new features: The system has continuously been developed and upgraded to meet user needs, expectations and improve the experience. During the year various new features were introduced towards this end. Technology upgrades were also introduced to improve the system efficiency and stability.

Review of SEZ sector: SEZs have contributed quite significantly to the international trade for the country and have generated significant employment in various sectors such as Gems & Jewellery, Petro-Chemicals, Pharma, Information Technology, etc. Free Trade Warehouses which have been recently set-up in the country have also boosted the trading and services aspects from SEZs. It is believed that SEZs would continue to grow in terms of new SEZs, new Units and therefore the volume of trade and the business. SEZ Online system would continue to play its due role in facilitating this growth.

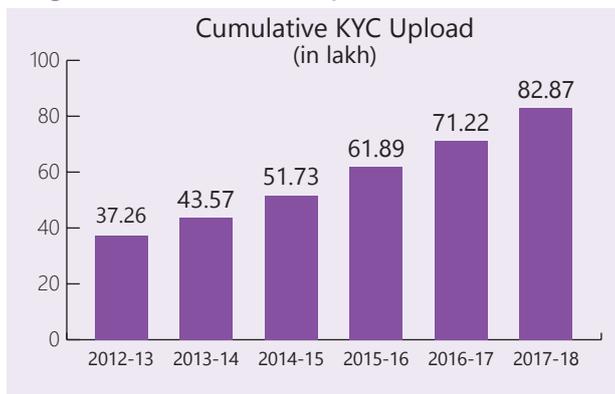
KYC Registration Agency (KRA)

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.

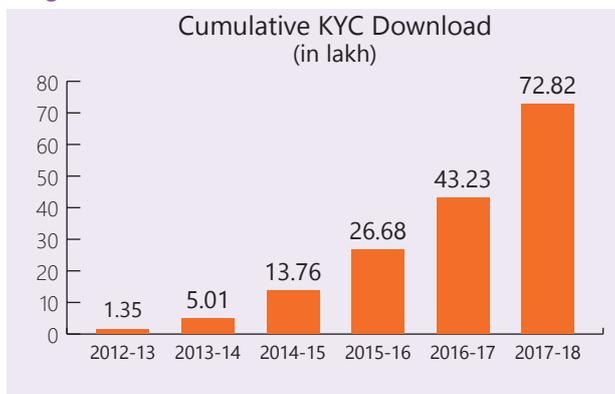
Your Company has established connectivity with other KRAs thereby facilitating intermediaries registered with NDML KRA to download KYC information available with other KRAs. NDML KRA facilitates enquiry of KYC status and download of KYC information to intermediaries through Application Programming Interface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

F.Y. 2017-18 witnessed significant growth in KRA volumes. Upload of new KYC records grew by 25% and download of KYC records grew by 79%. As on March 31, 2018, 1,195 SEBI registered market intermediaries have registered with NDML KRA and KYC records of 82.87 lakh investors are held in the KRA system.

Progress of KYC Records uploaded to NDML KRA



Progress of KYC Records downloaded from NDML KRA



'NDML Payment Services Platform (PayGov)' established under National e-Governance Plan (NeGP)

Ministry of Electronics & Information Technology (MeitY), Government of India (GoI) under its National e-Governance Plan (NeGP) has engaged your Company to assist Government Departments in collecting online payments from Citizens for various Government services. Your Company is providing the payment services using "Payment Aggregator" model so that citizens can be provided with all modes of payment such as Net banking, Credit cards, Debit cards, IMPS, Wallets, etc. Technical and processing

infrastructure for providing these services is sourced from service providers.

MeitY has issued advisory to all states and government departments to consider using PayGov platform for online payment services. PayGov is currently connected with 110 different Government departments / Urban Local Bodies / PSUs across various States and is facilitating settlement of treasury as well as non-treasury payments. During the F.Y. 2017-18 PayGov has processed 108 lakh (approx) online payment transactions. During the last financial year PayGov has implemented "Unified Payment Interface (UPI)" also as a payment method on the platform.

NSDL National Insurance Repository (NIR)

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

IRDAI has been in the process of creating conducive environment for promoting holding of policies in electronic form. The revised guidelines on Insurance Repositories and 'Insurance Regulatory and Development Authority of India (Issuance of e-Insurance Policies) Regulations, 2016' issued by IRDAI had created a framework for issuance of policies in electronic form. This coupled with 'Guidelines on Insurance e-Commerce' issued by IRDAI on March 9, 2017 and subsequent clarification issued on September 7, 2017 mandated policies sourced through online platform to be credited in the e-Insurance Account (eIA) of the customer.

During the year 2017 – 18, NIR has opened 2,73,430 eIAs as compared to 1,15,500 eIAs opened during the previous financial year, an increase of 137%. Similarly, during the financial year 2017–18, 3,01,661 policies were credited as compared to 1,37,895 policies credited during the previous financial year, an increase of 119%. As on March 31, 2018, NIR has opened 5,56,633 e-Insurance Accounts (eIAs) and 6,01,811 policies are held in these eIAs.



NIR now facilitates holding of life insurance policies issued by 20 Life Insurance Companies and 17 General Insurance Companies in electronic form.

In order to facilitate the customer to open an eIA, NIR has empaneled 78 Approved Persons (APs) which include 16 Banks and has presence in 10,415 branches across 931 cities.

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

Your Company manages 'Paper To Follow (P2F)' process of Cheque Truncation System (CTS) on behalf of National Payments Corporation of India (NPCI). NDML is required to manage P2F process at each of the 87 Grid CTS centers with suitable human resources and infrastructure. During the year, your Company added 14 more centers. NDML has established and managing P2F process at 101 centers as on March 31, 2018.

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 the Union Finance Budget 2016, Government had announced that an electronic Academic Depository on the lines of securities' depository would be set-up. Accordingly, MHRD has appointed your Company as a depository of NAD. MHRD has also appointed University Grants Commission (UGC) as the nodal administrative body for overseeing and ensuring the implementation of NAD in all Academic Institutions across the country and providing relevant policy and administrative support. UGC has signed agreement with NDML in November, 2016 and authorised it to

set-up NAD and provide NAD services. UGC has also issued letters to all Universities to join and support the NAD initiative. An outreach program is being carried out with Universities and Institutions of National importance for joining NDML NAD system at the earliest. In order to propagate NAD adoption, MHRD / UGC have decided that for two years no charges may be levied on Students and Academic Institutions for using the system; however verification of Academic Awards may be charged.

NAD was launched on July 9, 2017 by the then Hon. President of India Shri Pranab Mukherji who urged the academic institutions to come forward and participate in NAD. Your Company is now approaching academic institutions across the country to facilitate them in implementing NAD. Academic Institutions are responding positively to the initiative and have set-up NAD Cells as the nodal points for implementation of NAD.

NDML has signed agreements with 182 Academic Institutions to facilitate them to join NAD system. These include large state universities, institutions of national importance, school boards, etc. More than 72 lakh academic awards have been successfully lodged by these institutions in NAD through NDML. Now an outreach program is also being conducted for informing students about NAD and its benefits and to facilitate them to join the same. 26,000 students have registered on NDML NAD as on March, 2018.

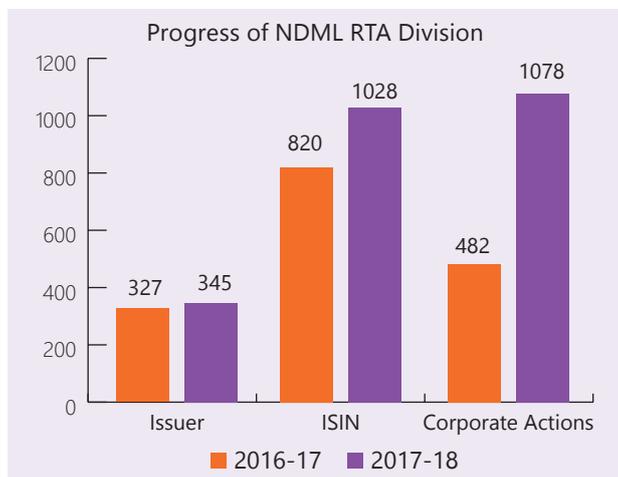
NAD program is a very unique and innovative initiative in the area of digitisation and e-Governance for academic awards. This would unfold and present its capabilities to serve the nation over the next few years. Meanwhile, Government of India and NDML are taking steps to expand the implementation and market adoption of the same.

Registrar and Transfer Agent (RTA)

Your Company received Certificate of Registration from SEBI to carry on activities as a Category I – Registrar to an Issue and Share Transfer Agent. NDML RTA division commenced its operations w.e.f. June 1, 2016.

NDML is offering its RTA services to Issuers of various types of securities such as unlisted equities

and debt instruments which include Commercial Paper, Certificate of Deposit, Debentures, Securitized



instruments, etc. As on March 31, 2018, 672 Issuers are availing services from NDML RTA division.

OTHER PROJECTS

Your Directors are confident that in the next few years, the Company would be able to take the current projects to new heights and establish new projects of national and social importance which would result in further improved operating and financial performance for the Company.

ISO 27001 CERTIFICATION

In view of the continued quest of highest quality norms for information security, the Company had obtained internationally recognized ISO 27001:2013 certification for implementation of information security management system (ISMS) for NSR project and for NIR Project. In 2015-16, process for implementation of ISO in NIR Project was undertaken and the Company has received recertification of ISO 27001:2013 for the NSR project and NIR Project in March, 2016 by the accredited auditors Det Norske Veritas-Germanischer Lloyd (DNV-GL). The 2nd Surveillance Audit of NSR and NIR Project was carried out by DNV-GL in April, 2018 and the auditors have satisfied themselves with adequate and appropriate implementation of applicable information security controls in NSR and in NIR.

Change in the Nature of Business

Your Company has not undergone any changes in

the nature of the business during the financial year.

INTERNAL CONTROLS AND AUDIT

The Company's accounts are audited by Statutory Auditors. With respect to Internal Audit, an external firm acting as independent Internal Auditor reviews the internal controls and operating systems and procedures. The report of the Internal Auditor along with management response is placed before the Audit Committee which reviews the same and advises on improvements in the internal controls.

With respect to legal compliances, the Company conducts its business with high standards of legal, statutory and regulatory compliances. The Company has instituted a legal compliance process in conformity with the best international standards, supported by a robust online system that covers all its activities. The gamut of this system includes statutes such as labour laws, taxation laws, corporate and securities laws, information technology laws and safety regulations.

Your Company has well established processes and clearly defined roles and responsibilities at various levels. Comprehensive operational manual and standard operating procedures have been put in place in various departments including operations and finance.

RISK MANAGEMENT AND INSURANCE

Taking into account various risks involved, your Company has taken adequate insurance cover for employees and assets. Your Company has also obtained a professional indemnity insurance policy for Insurance Repository activity as per the IRDAI requirement.

Also, Directors and Officers Liability Insurance policy has been taken by NSDL (holding company) to cover the liability of the Directors and officers of both NSDL and NDML.

Other Measures

Your Company has appointed a Compliance Officer to ensure compliance with various laws. The Compliance Officer reports on the compliance relating to the relevant applicable laws quarterly at Board meetings. The Company also seeks outside legal advice, wherever needed.

DISCLOSURE RELATED TO FINANCIAL TRANSACTIONS

Deposits

The Company has not accepted any deposit under Section 73 of the Companies Act, 2013 from the public.

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

During the period under review, the Company had

not entered into any material transaction with any of its related parties. Attention of members is drawn to the disclosure of transactions with related parties set out in Note No. 28 of Financial Statements, forming part of the Annual Report.

The details of Significant and Material Orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operation in future

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operation in future.

CORPORATE GOVERNANCE

As a NSDL Group Company, the Company's philosophy on Corporate Governance is based on the fundamental principle of fair, ethical and transparent governance practices by adopting highest standards of professionalism, integrity, honesty, equity, transparency, accountability and ethical behavior in all facets of operations and dealing with all its stakeholders. It is also based on an effective independent Board, the separation of the Board's supervisory role from the executive management and the constitution of the Board Committees. These values and principles set the context to manage affairs of your Company in a fair and transparent manner. Your Company aims at maintaining highest standards in complying with all applicable laws and regulations, conducting its business in an ethical manner and protecting the interests of investors and other stakeholders. The governance practices of your Company are under continuous review and continuously benchmarked to the best practices to become an integral part of the way business is done.

I. Board of Directors

Your Company believes in a diverse Board for its success and that an active, well informed independent Board is necessary to ensure the highest standards of corporate governance. The Board reviews long term as well as short term strategies of your Company from time to time and ensures statutory and ethical conduct with high quality financial reporting. The Board's actions and decisions are aligned with the Company's best interests. Your Company is provided with direction and guidance by a professional Board comprising eminent persons with considerable professional expertise and experience in finance, legal, banking and other related fields.

Your Company has a professional and experienced management team consisting of business / functional heads who look after the day-to-day affairs of the Company under the direction of Director-in-charge who functions under the overall supervision and control of the Board.

A. Composition and size of the Board

The Board comprises of four (4) Directors out of which two of them are Independent Directors. Chairman of the Board is an Independent Director. Details of attendance of each director at the Board Meetings held during the year under review are as follows:

Sr. No.	Name of the Director	Category	Attendance Particulars		No. of other Directorships	No. of Committee Positions held	
			No. of Board Meetings held during tenure	No. of Board meetings attended		Member	Chairman
1.	Mr. P. P. Vora (DIN: 00003192)	Non- Executive Chairman/ Independent	5	5	4	6	2
2.	Mr. C. M. Vasudev (DIN: 00143885)	Non- Executive/ Independent	5	5	5	5	0
3.	Mr. G. V. Nageswara Rao (DIN: 00799504)	Non- Executive/ Promoter Representative	5	5	2	3	0
4.	Mr. Krishna Srinivas (DIN: 07636143)	Manager/ Director-in-charge	5	5	-	-	-

Note:

1. The Directorships held by Directors as mentioned above, do not include Directorships in Foreign Companies, Section 8 Companies and Private Limited Companies which are not the holding or subsidiary Company of a Public Company.
2. While considering Memberships/Chairmanships of Committees, only the Audit Committee and Stakeholder's Relationship Committees in all Public Limited Companies have been considered.

B. Board Procedures and Meetings

The Board of Directors is responsible for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness. A minimum of four Board meetings are held every year. Apart from the above, additional Board meetings are convened by giving appropriate notice in advance to all the Directors to address the specific needs of the Company. However, in case of business exigencies or urgency the Board also approves by Circular Resolution, important items of business (other than items as specified under Section 179 of the Companies Act, 2013) which cannot be deferred till the next Board Meeting. The Board reviews compliance reports of applicable laws to the Company every quarter. The dates of the subsequent Board meetings are decided with the mutual consent of all the Directors present at the ongoing Board meeting. The Board meetings are usually held at the registered office of the Company.

The agenda for the Board Meeting is prepared in consultation with the Director-in-charge. The agenda for the Board, inter-alia, includes a review of annual operating plans, capital allocations and budgets. All material information is incorporated in the agenda and the same with appropriate supporting documents, is circulated well in advance for facilitating meaningful and focused discussions at the meeting. All significant developments and material events are brought to the notice of the Board as a part of the agenda paper in advance of the meeting or by way of presentation and discussion material during the meeting. The Company Secretary, while preparing the agenda, notes on agenda and minutes of the meeting(s), is responsible for and is required to ensure adherence to all applicable laws and regulations, including the Companies Act, 2013 read with rules issued thereunder, as applicable and Secretarial Standards issued by The Institute of Company Secretaries of India.

During the year under review, Five (5) Board Meetings were held viz. May 08, 2017, August 03, 2017, September 27, 2017, November 06, 2017 and February 06, 2018. Details of attendance of each director at the Board Meetings held during the financial year are as follows:

Sr. No.	Name of Directors	Total No. of Meetings during the tenure	Total No. of Meeting Attended
1	Mr. P. P. Vora	5	5
2	Mr. C. M. Vasudev	5	5
3	Mr. G. V. Nageswara Rao	5	5
4	Mr. Krishna Srinivas	5	5

C. Board Level Changes:

There have been no Board level changes during F.Y. 2017-18.

D. Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting:

In accordance with the provisions of Section 152 (6) of the Companies Act, 2013, Mr. G. V. Nageswara Rao is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. P. P. Vora and Mr. C. M. Vasudev were appointed as Independent Directors of the Company for a period of five years beginning from April 01, 2014 pursuant to the provisions of Section 149 of the Companies Act, 2013. The current tenure of Mr. Vora and Mr. Vasudev continues till March 31, 2019.

It is proposed to re-appoint Mr. P. P. Vora and Mr. C. M. Vasudev as Independent Directors of the Company for a second term of five years i.e. from April 01, 2019 to March 31, 2024.

E. Independent Director(s):

The Board of NDML consists of 2 Independent Directors.

During the year under review, the Independent Directors met separately to transact the business as mentioned in the Schedule IV of the Companies Act, 2013. All the Independent Directors were present at the meeting.

Declaration from Independent Directors

The Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

Policy on Directors' appointment and remuneration:

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

Performance Evaluation of the Board and Directors:

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees as per the evaluation criteria approved by the Nomination and Remuneration Committee and Board. A summarized report on performance evaluation of the Individual Directors as well as the evaluation of the working of Board Committees was reviewed by the Chairman of the Board.

II. Board Committees

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Company. An Independent Director is nominated as the Chairperson of each of the Board Committees. These Committees monitor the activities falling within their terms of reference. The Board Committees play a crucial role in the governance structure of the Company and are being set out to deal with specific areas/ activities which concern the Company and require a closer review. The Board Committees are set up with the approval of the Board, to carry out the clearly defined role which is considered to be performed by members of the Board as a part of good governance practice. The minutes of the meetings of the Committees are placed before the Board for review. Currently, the Board has four Committees, viz:

- Audit Committee
- Nomination and Remuneration Committee
- Share Allotment and Transfer Committee
- Corporate Social Responsibility (CSR) Committee

Board and Committee Composition as on March 31, 2018					
Name	Board	Audit Committee	Nomination and Remuneration Committee	Share Allotment and Transfer Committee	CSR Committee
Mr. P. P. Vora	Chairman	Chairman	Member	Chairman	Chairman
Mr. C. M. Vasudev	Member	Member	Chairman	-	Member
Mr. G. V. Nageswara Rao	Member	Member	Member	Member	Member
Mr. Krishna Srinivas	Member	-	-	-	-

A. Audit Committee

Board has constituted the Audit Committee in accordance with provisions of Section 177 of the Companies Act, 2013. The Audit Committee of NDML assists the Board in its responsibility of overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and other regulatory requirements. The Committee's purpose is to oversee the accounting and financial process of the Company and review the quarterly and annual financial accounts of the Company. The Committee reviews reports of the Internal Auditors and Statutory Auditors and discusses their findings, suggestions, internal control system, scope of audit, observations of the auditors and also reviews accounting policies followed by the Company. The Committee also reviews the Operations Audit Reports submitted by Operations Auditors along with management response and suggests measures for further improvements in areas of operations. Further, pursuant to the enactment of Companies Act, 2013 the functions of the Audit Committee have been aligned with the new requirements.

The Committee consists of three directors out of which two are Independent Directors in accordance with the provisions of Section 177 of the Companies Act, 2013.

During the year under review, Four (4) meetings of the Audit Committee were held. Details of attendance of each director at the Audit Committee Meetings held during the financial year are as follows:

Sr. No.	Name of Directors	Total No. of Meetings during the tenure	Total No. of Meetings Attended
1	Mr. P. P. Vora	4	4
2	Mr. C. M. Vasudev	4	4
3	Mr. G. V. Nageswara Rao	4	4

Whistle Blower Policy

The Company has formulated a Whistle Blower Policy. The policy complies with the requirements of vigil mechanism as stipulated under Section 177 of the Companies Act, 2013. The policy has been published on the Company's website on the following weblink: <https://www.ndml.in/disclosure.php>

B. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee discharges such functions as defined in the Companies Act, 2013. The Committee has three (3) members with Mr. C. M. Vasudev as its Chairman. The Committee met three (3) times during the year. Details of attendance of each member at the Committee Meetings held during the year are as follows:

Sr. No.	Name of Directors	Total No. of Meetings during the tenure	Total No. of Meeting Attended
1.	Mr. C. M. Vasudev	3	3
2.	Mr. P. P. Vora	3	3
3.	Mr. G. V. Nageswara Rao	3	3

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

C. Share Allotment and Transfer Committee:

The Share Allotment and Transfer Committee is formed for the purpose of allotment of shares and approve the share transfers lodged with the Company after all necessary approvals. The Committee consists of two members with Mr. P. P. Vora as Chairman of the Committee. The composition of the Committee is as follows:

Sr. No.	Name of Directors
1.	Mr. P. P. Vora
2.	Mr. G. V. Nageswara Rao

As there were no changes in the Authorised or Issued capital of the Company during the financial year and no transfer case lodged, the Committee did not meet.

D. Corporate Social Responsibility (CSR) Committee:

NSDL Database Management Limited (NDML) is covered under the purview of Section 135 of the Companies Act, 2013. In this regard, it has been decided by the Board of the Company that Corporate Social Responsibility (CSR) activities be undertaken jointly with NSDL, parent 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 F.Y. 2017-18, NSDL has spent towards various CSR projects/programs in pursuance of its CSR Policy and out of the total corpus spent, it has allocated an amount as NDML's contribution towards the CSR expenditure carried out during the F.Y. 2017-18. The Report on CSR is set out as Annexure and forms part of this Annual Report.

III. Details of Key Managerial Personnel (KMPs):

As on March 31, 2018, the Company has three (3) Key Managerial Personnel as per the Companies Act, 2013 i.e. Director-in-charge/Manager, Chief Financial Officer and Company Secretary.

Sr. No.	Name of Key Managerial Personnel	Designation
1	Mr. Krishna Srinivas	Director-in- charge/Manager
2	*Ms. Sudha Balkrishnan	Chief Financial Officer
3	^Ms. Vaishali Vaidya	
4	Ms. Neha Parekh	Company Secretary

During the year under review Mr. Deepak Shenoy resigned from the post of Company Secretary w.e.f. June 16, 2017 and Board of Directors appointed Ms. Neha Parekh as Company Secretary w.e.f. August 03, 2017.

*Ms. Sudha B. has ceased as CFO w.e.f. May 16, 2018.

^Ms. Vaishali Vaidya has been appointed CFO w.e.f. May 17, 2018.

IV. Code of Ethics:

The Company has a Code of Ethics which prescribes policies on confidentiality, conflict of interest and securities investment procedure and restrictions thereon. The Code is applicable to all Directors and Employees of the Company. Implementation of Code of Ethics is based on acceptance by the concerned Director/employee and submission of required declarations, disclosures or occurrence of any events.

V. General Body Meetings:

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

AGM	Date	Venue
Eleventh	September 14, 2015	Board Room of National Securities Depository Limited, Trade World, 'A' Wing, 5th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
Twelfth	September 16, 2016	
Thirteenth	September 27, 2017	

The Fourteenth AGM is scheduled to be held on Friday, September 28, 2018, at 11:00 a.m. at the Board Room of National Securities Depository Limited, Trade World, 'A' Wing, 5th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400013.

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 Company at the end of the financial year and of the profit or loss of the Company for that period;

- that they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing & detecting fraud and other irregularities;
- that internal financial controls to be followed by the company 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.

Human Resources

Your Company believes that employees are critical assets of the organisation and the quality of its employees is the key to its success in the long run. It, therefore, accords high importance to human resource development to create an environment where employees can thrive and are enabled to deliver sustainable organizational performance.

Your Company has nurtured an enabling performance culture which drives individuals to strive for excellence. The Company has created favorable work environment and provides fair and transparent policies to its employees. The organization firmly upholds the views of confidentiality, accountability and trust in all areas of work.

To foster skills of the employees, various training programs are imparted. New entrants are made aware of the culture, policy and various businesses of the Company through Induction programme. Other training programmes on Information Security Policies Awareness, Business Continuity Planning, etc. are also conducted to keep abreast the employees in these areas. Company also nominates employees to participate in various seminars specific to business and other related areas and also for specific technical training.

Your Company maintains cordial relations with its employees. The Company organizes employee engagement activities in order to build and uphold cohesive work environment. Your Company seeks to develop its existing employees and continue to attract people with the requisite skills to help shape a better Organization.



POSITIVE WORK ENVIRONMENT

Positive Work Environment (PWE) Policy was in place at NDML in accordance with the Vishakha Guidelines since the year 2012. Pursuant to the enactment of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the PWE policy viz.; NDML Policy for Positive Work Environment has been put in place in accordance with the aforesaid Act. Further, the Internal Complaints Committee (ICC) was formulated as per the requirements. In order to create awareness among employees of the Company, training program was conducted for the employees, including the management of the Company. It may be noted that during the year 2017-18, no grievance was reported to the Committee.

AUDITORS

A. Statutory Auditors

Khandelwal Jain & Co., Chartered Accountants, Statutory Auditors of the Company, were appointed as Auditors to hold office from the conclusion of the Thirteenth Annual General Meeting for a period of 5 years from F.Y. 2017-18 to F.Y. 2021-22 at a remuneration as may be decided by the Board of Directors. They have confirmed that they fulfill the conditions as prescribed under Rule 4 of Chapter X read with Section 139 of the Companies Act, 2013.

B. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Ashish Garg, Practising Company Secretary to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "Annexure". 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.

EXTRACT OF ANNUAL RETURN

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

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

a) Conservation of Energy and Technology absorption

As the Company does not have any manufacturing activities, particulars required to be disclosed with respect to the conservation of energy and technology absorption in terms of Section 134(3)(m) of the Companies Act, 2013, are not applicable. The Company has, however, used information technology extensively in its operations.

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

(₹ in lakh)

Sr. No.	Particulars	F.Y. 2017-18	F.Y. 2016-17
1	Foreign Exchange Earnings - Actual inflow in foreign currency	Nil	Nil
2	Foreign Exchange Outgo/ Expenditure incurred - Actual outflow in foreign currency	3.80	Nil

PARTICULARS OF EMPLOYEES :

During the year, remuneration of no employee falls within the purview of the limits prescribed under the provisions of Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

APPRECIATION

Your Directors place on record their sincere appreciation of the support provided by NASSCOM, Government of India - Ministry of Commerce & Industry, Government of India - Ministry of Communications & Information Technology, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, Department of Electronics and Information Technology, National Payment Corporation of India, Ministry of Human Resource Development, various insurance Companies availing NIR services, various State/Central Government Departments availing services of PayGov platform, Point of Service entities, Empanelled Background Checkers and Subscribers of the NSR, Developers, Co-Developers, Unit Holders, Export Oriented Units, Investors, Market Intermediaries, Registrars, Policy holders, Approved persons, Consultants, Service providers and suppliers and Bankers. Your Directors also express deep sense of appreciation to all the employees for their professionalism, commitment and dedicated efforts which have made the organization's growth and success possible.

For and on behalf of the Board of Directors

Place: Mumbai

Date : August 06, 2018

Sd/-

Mr. P. P. Vora

CHAIRMAN

ANNEXURE

REPORT ON CSR ACTIVITIES

It is the 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. It has been decided by the Board of the Company that Corporate Social Responsibility (CSR) efforts be undertaken commonly for NSDL, parent company and NDML, subsidiary and the actual spend be allocated to the respective Companies in proportion of their Legal obligations. The CSR activities for F.Y. 2017-18 as listed out in the CSR policy were in the areas of promoting education, employment generating skills, etc. including education, health and hygiene. Details of CSR policy are available on our website at <https://www.ndml.in/disclosure.php>. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

The CSR Committee comprised of Mr. P. P. Vora (Chairman), Mr. C. M. Vasudev and Mr. G.V. Nageswara Rao. Average net profit of NDML for last three financial years is ₹ 1,756 lakh and based on the average net profit our prescribed CSR Expenditure (2% of Average net profit) was arrived at ₹ 35.13 lakh. During the F.Y. 2017-18, NSDL has spent a total corpus of ₹ 12,28,156 towards CSR activities. Out of ₹ 12,28,156 the CSR expenditure of ₹ 1.82 lakh was proportionately allotted to NDML for F.Y. 2017-18 as per the joint CSR initiative of both the organizations.

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where Projects or Programs was undertaken	Amount outlay (Budget)	Amount spent on the projects or programs sub-heads (1) Direct expenditure on Projects or Programs (2) Overheads	Cumulative Expenditure up to the reporting period	Amount spent Direct or through Implementing agency
1	Maintenance and Beautification of Traffic Islands	Ensuring environmental Sustainability, Ecological Balance	Local Area, Mumbai (Maharashtra)	2,04,000	1,87,000	1,87,000*	Direct
2	All Saints Home - Funding support for flooring work of compound premises of an Old Age Home fund	Setting up Old Age Homes, Day Care Centers and such other facilities for Senior Citizens	Local Area, Mumbai (Maharashtra)	5,00,000	4,97,406	4,97,406	Direct

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where Projects or Programs was undertaken	Amount outlay (Budget)	Amount spent on the projects or programs sub- heads (1) Direct expenditure on Projects or Programs (2) Overheads	Cumulative Expenditure up to the reporting period	Amount spent Direct or through Implementing agency
3	Educational support to Swami Vivekananda Adivasi Ashram School managed by Rashtriya Shikshan Sanstha Trust by creating better learning environment in the school	Promoting Education	Karjat (Maharashtra)	10,87,500	5,43,750	5,43,750*	Direct
4	Preventive & Curative Health Support to Thalassaemia Major Patients from Thalassaemia Day Care Centre of Sion Hospital by providing Leukocyte Filters and MRI/Bone Density Tests	Promoting Preventive Healthcare	Local Area, Mumbai (Maharashtra)	14,92,500	0.00	0.00*	Direct
			Total	32,84,000	12,28,156	12, 28,156**	

*Additionally an amount of ₹ 5,43,750/- for educational program, ₹ 17,000/- for beautification of traffic island and ₹ 14,10,000/- for preventive health program totaling to ₹ 19,70,750/- for the F.Y. 2017-18 had been spent after the end of F.Y. 2017-18 of which an amount of ₹ 2.92 lakh was apportioned to NDML as per the joint CSR initiative of

both the organizations.

**Out of ₹ 12,28,156 the CSR expenditure of ₹ 1.82 lakh was proportionately allotted to NDML for F.Y. 2017-18 as per the joint CSR initiative of both the organizations.

NDML and NSDL intend to have sustainable CSR programs with greater and long term impact on the community. Therefore, new projects/programs in line with the CSR policy which are listed in the table above were explored. Some of these projects were adopted as a pilot CSR program wherein NSDL could analyze the impact of the said programme and decide to carry out the same at a larger scale. NSDL closely monitors and evaluates the performance and impact of its CSR programme and based on such evaluation, plans to execute impact driven and sustainable CSR programs in coming years. Basis the outcomes of the pilot projects, the Company shall expand the ongoing programs and also venture into new thematic CSR projects as per the CSR policy.

Sd/-

P. P. Vora

(Chairman of CSR Committee)

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

*[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, A Wing, Kamala Mills Compound, Senapati Bapat Marg
Lower Parel, 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 me 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, 2018 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, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; which is not applicable to the Company;
- (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;
- (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;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; which is not applicable to the Company;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; which is not applicable to the Company;

- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; which is not applicable to the Company;
 - 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;
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; which is not applicable to the Company;
 - i) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015; which is not applicable to the Company;
- (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, 2018 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 IRDAI

We have also examined compliance with the applicable clauses of the following:

- (i) 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 the Board Meeting called at a shorter notice was duly conducted in the presence of Independent Director, 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.

Majority decision is carried through and recorded in the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Indore

Date : August 06, 2018

Sd/-
Ashish Garg
FCS No: 5181
C P No: 4423

Annexure

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2018

[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	4th Floor, Trade World, 'A' Wing, Kamala Mills Compound, Lower Parel (West). Mumbai- 400013 Tel. No. 022-24994141
vi) Whether listed company	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	National Securities Depository Limited (NSDL), Trade World, 'A' Wing, Kamala Mills Compound, Lower Parel, Mumbai- 400013 Tel. No. 022-24994200

II. Principal Business Activities of the Company

NDML has emerged as a "Total Solution Provider" offering Integrated Services, covering IT, Process Design, Operations and Administrative Infrastructure. The Company offers services as a managed service provider and sets-up system infrastructure, connectivity, software application and database systems so that users can access and use the same to complete their business processes in optimum manner.

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Database Management Services	72400	100%

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and Address of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	National Securities Depository Limited (NSDL) 4th Floor, Trade World, 'A' Wing, Kamala Mills Compound, Lower Parel, Mumbai- 400013	U74120MH2012PLC230380	Holding	100%	2(46)

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.	-	-	-	-	-	-	-	-
d. Body Corporate	61,049,900	100	61,050,000	100%	61,049,900	100	61,050,000	100%
e. Bank/ FI	-	-	-	-	-	-	-	-
f. Any other	-	-	-	-	-	-	-	-
Sub-Total - A (1)	61,049,900	100	61,050,000	100%	61,049,900	100	61,050,000	100%
2. Foreign								
a. NRI- Ind/HUF	-	-	-	-	-	-	-	-
b. Other Ind.	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-
d. Bank/ FI	-	-	-	-	-	-	-	-
e. Any other	-	-	-	-	-	-	-	-
Sub Total - A (2)	-	-	-	-	-	-	-	-
Total Shareholding of Promoter [A(1) +A(2)]	61,049,900	100	61,050,000	100%	61,049,900	100	61,050,000	100%
								NIL

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding	N.A.								
1. Institution	N.A.								
a. Mutual Funds	N.A.								
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)	-	-	-	-	-	-	-	-	-

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	
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(1) + B(2)]	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	61,049,900	100	61,050,000	100%	61,049,900	100	61,050,000	100%	NIL

(II) Shareholding of Promoters/Sponsors

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
National Securities Depository Limited (NSDL)	6,10,49,900	99.99%	-	61,049,900	99.99%	-	-
Mr. Krishna Srinivas (Nominee of NSDL) jointly with NSDL	10	0.0000163%	-	10	0.0000163%	-	-
Mr. Dnyanesh Nerurkar (Nominee of NSDL) jointly with NSDL	10	0.0000163%	-	10	0.0000163%	-	-
Mr. Nityanand Phatarphod (Nominee of NSDL) jointly with NSDL	10	0.0000163%	-	10	0.0000163%	-	-
Mr. S. Ganesh (Nominee of NSDL) jointly with NSDL	10	0.0000163%	-	10	0.0000163%	-	-

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
Mr. Prashant Vagal (Nominee of NSDL) jointly with NSDL	10	0.0000163%	-	10	0.0000163%	-	-
Mr. Samar Banwat (Nominee of NSDL) jointly with NSDL	10	0.0000163%	-	10	0.0000163%	-	-
Mr. Manoj Sathe (Nominee of NSDL) jointly with NSDL	10	0.0000163%	-	10	0.0000163%	-	-
Mr. Nitin Ambure (Nominee of NSDL) jointly with NSDL	10	0.0000163%	-	10	0.0000163%	-	-
Mr. Sameer Gupte (Nominee of NSDL) jointly with NSDL	10	0.0000163%	-	10	0.0000163%	-	-
Mr. Vijay Gupta (Nominee of NSDL) jointly with NSDL	10	0.0000163%	-	10	0.0000163%	-	-
Total	61,050,000	100%	-	61,050,000	100%	-	-

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

Shareholding at the beginning of the year	Shareholding during the year		Cumulative Shareholding during the year % of total shares of the Company
	No. of Shares	% of total shares of the Company	
At the beginning of the year	No change during the year		
Date wise Increase/Decrease in Promoters Shareholding during the year specifying there as on for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No change during the year		
At the end of the year	No change during the year		

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

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	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	None			

(v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	For Each of the Directors and KMP	Share holding at the beginning of the year		Share holding 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.	Mr. Krishna Srinivas, Director / Manager				
	At the beginning of the year	10	0.0000163%	10	0.0000163%
	Date wise Increase / Decrease in Share holding 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	0.0000163%	10	0.0000163%

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	-	-	-	-
2. Interest due but not paid				
3. Interest accrued but not due				
Total (1+2+3)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction				
Net Change	NIL	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	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
		MD	WTD	Mr. Krishna Srinivas (Manager)*	
1.	Gross salary				
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	N.A.	N.A.	N.A.	-
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit	-	-	-	-
	- Others, specify...	-	-	-	-
5.	Others, please specify - Ex-Gratia	-	-	-	-
	Total (A)	-	-	-	-
	Ceiling as per the Act	-	-	-	-

*Mr. Krishna Srinivas does not draw any remuneration from NDML.

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. C. M. Vasudev	Mr. P. P. Vora	
1.	Independent Directors			
	a. Fee for attending board / committee meetings	6,60,000	6,60,000	13,20,000
	b. Commission	-	-	-
	c. Others, please specify	-	-	-
	Total (1)	6,60,000	6,60,000	13,20,000
2.	Other Non-Executive Directors	Mr. G. V. Nageswara Rao*	Mr. Krishna Srinivas#	
	a. Fee for attending board / committee meetings	-	-	-
	b. Commission	-	-	-
	c. Others, please specify - Ex-Gratia	-	-	-
	Total(2)	-	-	NIL
	Total (B) [1+2]			13,20,000
	Total Managerial Remuneration			13,20,000
	Overall Ceiling as per the Act			N.A.

*Mr. G. V. Nageswara Rao being Managing Director of Holding Company does not receive sitting fees

#Mr. Krishna Srinivas does not draw any remuneration from NDML.

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

Sr. No.	Particulars of Remuneration	Name of Manager/CFO/CS			Total
		Ms. Sudha Balakrishnan (CFO)#	Ms. Neha Parekh*	Mr. Deepak Shenoy (CS)**#	
1.	Gross salary				
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	21,90,433	3,84,122	17,109	25,91,664
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	80,192	0	0	80,192
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission - as % of profit	0	0	0	0
	- Others, specify...	0	0	0	0
5.	Others: 1) Provident Fund	64,152	14,170	646	78,968
	2) Gratuity	0	0	0	0
	3) Leave Encashment	0	0	4,778	4778
	4) Food/Sodexo Coupons	7,800	10,316	390	18,506
	5) Telephone Reimbursement	4,500	0	150	4,650
	6) Gifts / Vouchers	0	0	0	0
	Total	23,47,077	4,08,608	23,073	27,78,758

* Ms. Neha Parekh was appointed as Company Secretary w.e.f. August 03, 2017.

** Mr. Deepak Shenoy resigned from the post of Company Secretary w.e.f. June 16, 2017.

The remuneration details provided are on the basis of deputation cost charged by NSDL to NDML.

VII Penalties / Punishment / Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give details)
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a) Company

Penalty					
Punishment			None		
Compounding					

b) Directors

Penalty					
Punishment			None		
Compounding					

c) Other Officers in Default

Penalty					
Punishment			None		
Compounding					

For and on behalf of the Board of Directors

Place: Mumbai

Date : August 06, 2018

Sd/-
Mr. P. P. Vora
 Chairman

Independent Auditor's Report

TO THE MEMBERS OF NSDL DATABASE MANAGEMENT LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **NSDL DATABASE MANAGEMENT LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (together hereinafter referred to as "Ind AS Financial Statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

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

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Independent Auditor's Report

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
 - (e) on the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements;
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Khandelwal Jain & Co

Chartered Accountants

Firm's Registration No. 105049W

Sd/-

(Narendra Jain)

Partner

Membership No. 048725

Place : Mumbai

Date : May 7, 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF NSDL DATABASE MANAGEMENT LIMITED

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statement for the year ended March 31, 2018. We report that:

- i) a) The Company has maintained 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) The Company does not have any immovable property and accordingly the 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 Companies (Auditor's Report) Order, 2016 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 Companies (Auditor's Report) Order, 2016 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 Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi) We are informed that no cost records are required to be maintained by the Company under Section 148(1) of the Companies Act, 2013.
- vii) a) According to the information and explanations given to us and on the basis of records examined

by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other statutory dues, wherever 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, Service 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, 2018 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, the dues of Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Custom, Duty of Excise and Value Added Tax which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

Name of Statute	Nature of the Dues	Period to which the amount relates (Financial Year)	Amount (in lakhs)	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	2012-2013	15.92	Commissioner of Income Tax (Appeals)
		2013-2014	8.55	Commissioner of Income Tax (Appeals)

- viii) The Company has not taken any loan from banks, financial institutions or government and the Company has not issued any debentures. Therefore, the provisions of clause 3(viii) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- ix) The Company has not taken any term loans and has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause 3(ix) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- x) During the course of our examination of the books and records of the Company, carried

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF NSDL DATABASE MANAGEMENT LIMITED

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 Companies (Auditor's Report) Order, 2016 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 Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and Section 188 of the Act, where applicable and details of such transactions have been disclosed in the Ind AS Financial Statements as required by the applicable Indian Accounting Standards.

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 Companies (Auditor's Report) Order, 2016 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 Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Khandelwal Jain & Co**

Chartered Accountants
Firm's Registration No. 105049W

Sd/-

(Narendra Jain)

Partner

Membership No. 048725

Place : Mumbai

Date : May 7, 2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF NSDL DATABASE MANAGEMENT LIMITED

Report on the Internal Financial Controls 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 **NSDL DATABASE MANAGEMENT LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the 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.

Auditors' Responsibility

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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 Ind AS 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 Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF NSDL DATABASE MANAGEMENT LIMITED

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 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, 2018, based

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

For **Khandelwal Jain & Co**
Chartered Accountants
Firm's Registration No. 105049W

Sd/-
(Narendra Jain)
Partner
Membership No. 048725

Place : Mumbai
Date : May 7, 2018

Balance Sheet as at 31st March, 2018

Particulars	Note No.	(₹ in lakh)	
		As at 31st March, 2018	As at 31st March, 2017
Assets			
1) Non Current Assets			
a) Property, Plant and Equipment	3	151.18	172.30
b) Capital work-in-progress		13.72	52.41
c) Other Intangible assets	3	58.68	68.70
d) Financial Assets			
i) Investments	4	10,758.05	9,568.90
ii) Other Financial Assets	5	11.94	214.96
e) Income Tax Assets (Net)	6	72.57	72.57
f) Other non-current assets	7	42.09	3.67
Total non-current assets		11,108.23	10,153.51
2) Current assets			
a) Financial Assets			
i) Investments	8	1,376.70	1,116.49
ii) Trade receivables	9	1,168.07	561.55
iii) Cash and Cash Equivalents	10	1,536.58	408.77
iv) Bank balances other than cash and cash equivalents	11	193.85	244.35
v) Other Financial Assets	5	205.90	1.95
b) Other current assets	7	231.68	211.81
Total current assets		4,712.78	2,544.92
Total assets		15,821.01	12,698.43
Equity & Liabilities			
(A) Equity			
a) Equity Share capital	12	6,105.00	6,105.00
b) Other Equity	13	6,161.16	4,241.11
Total equity		12,266.16	10,346.11
(B) Liabilities			
1. Non-current liabilities			
a) Deferred tax liabilities (net)	14	8.97	35.64
b) Other non-current liabilities	15	10.78	14.48
Total non-current liabilities		19.75	50.12

Balance Sheet as at 31st March, 2018

Particulars	Note No.	(₹ in lakh)	
		As at 31st March, 2018	As at 31st March, 2017
2. Current liabilities			
a) Financial Liabilities			
i) Trade payables			
a) Micro enterprises and small enterprises	16	68.50	55.81
b) Others	16	1,561.58	868.18
ii) Other financial liabilities	17	298.17	266.46
b) Provisions	18	118.81	106.41
c) Other current liabilities	19	1,315.61	936.74
d) Current tax liability (Net)	20	172.43	68.60
Total current liabilities		3,535.10	2,302.20
Total liabilities		3,554.85	2,352.32
Total equity and liabilities		15,821.01	12,698.43
See accompanying notes to the financial statements	1 to 35		

In terms of our report attached.

For and on behalf of the Board of Directors

For **KHANDELWAL JAIN & CO.**
Chartered Accountants
Firms Registration No.: 105049W

Sd/-
P. P. Vora
Chairman
DIN: 00003192

Sd/-
Narendra Jain
Partner
Membership No.: 048725

Sd/-
C. M. Vasudev
Director
DIN: 00143885

Sd/-
G. V. Nageswara Rao
Director
DIN: 00799504

Place : Mumbai
Date : 7th May, 2018

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
Neha Parekh
Company Secretary

Profit and Loss for the year ended 31st March, 2018

		(₹ in lakh)	
Particulars	Note No.	For the year ended 31st March, 2018	For the year ended 31st March, 2017
INCOME			
Revenue from operations	21	6,252.93	5,214.19
Other income	22	657.70	685.43
Total revenue		6,910.63	5,899.62
EXPENSES			
Employee benefits expense	23	845.57	736.84
Depreciation and amortization expense	3	98.72	106.04
Other expenses	24	3,235.96	2,902.64
Total expenses		4,180.25	3,745.52
Profit before tax		2,730.38	2,154.10
Tax expense			
Current tax		831.11	629.13
Deferred tax		(26.67)	(16.62)
		804.44	612.51
Profit after tax		1,925.94	1,541.59
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on post retirement benefit plans		(9.00)	(17.72)
Income tax relating to items that will not be reclassified to profit or loss		3.11	6.13
Total comprehensive income for the year		1,920.05	1,530.00
Basic and diluted earnings per equity share of ₹ 10 each	31	3.15	2.53
See accompanying notes to the financial statements	1 to 35		

In terms of our report attached.

For **KHANDELWAL JAIN & CO.**
 Chartered Accountants
 Firms Registration No.: 105049W

Sd/-
Narendra Jain
 Partner
 Membership No.: 048725

Place : Mumbai
 Date : 7th May, 2018

For and on behalf of the Board of Directors

Sd/-
P. P. Vora
 Chairman
 DIN: 00003192

Sd/-
C. M. Vasudev
 Director
 DIN: 00143885

Sd/-
Sudha B.
 Chief Financial Officer

Sd/-
G. V. Nageswara Rao
 Director
 DIN: 00799504

Sd/-
Neha Parekh
 Company Secretary

Statement of Cash Flow for the year ended 31st March, 2018

Particulars	(₹ in lakh)	
	For the year ended 31st March, 2018	For the year ended 31st March, 2017
A. Cash flow from operating activities		
Profit before tax	2,730.38	2,154.10
<u>Adjustments for:</u>		
Depreciation and amortisation expense	98.72	106.04
Provision for compensated absences	12.40	9.77
Provision for doubtful trade receivables	3.37	2.40
Bad Debts Written off	4.26	0.56
Gain/(Loss) on mutual funds at FVTPL	(63.84)	(103.80)
Interest Income	(593.20)	(579.72)
Operating profit before working capital changes	2,192.09	1,589.35
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Other non-current assets	(38.42)	1.06
Trade receivables	(614.15)	(201.45)
Other current assets	(19.86)	(54.78)
Other financial assets	0.30	(0.75)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	706.07	269.13
Other financial liabilities	22.71	6.91
Other liabilities	375.18	104.48
Cash generated from operations	2,623.92	1,713.95
Net income tax paid	(724.18)	(781.13)
Net cash from operating activities (A)	1,899.74	932.82
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advance	(28.89)	(25.22)
Bank balances not considered as cash and cash equivalent		
-Placed	(193.85)	-
-Matured	244.35	1,700.84

Particulars	(₹ in lakh)	
	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Purchase of current investments	(1,000.00)	-
Redemption of current investments	803.63	371.77
Investment in fellow subsidiary	-	(2,000.00)
Purchase of non-current investments	(1,194.20)	(3,042.29)
Income from current investments	-	27.09
Interest received	597.03	776.11
Net cash (used in) investing activities (B)	(771.93)	(2,191.70)
C. Cash flow from financing activities		
Net cash (used in) financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents (A+B+C)	1,127.81	(1,258.88)
Cash and cash equivalents at the beginning of the period	408.77	1,667.65
Cash and cash equivalents at the end of the period	1,536.58	408.77
See accompanying notes forming part of the financial statements	(1 to 35)	

In terms of our report attached.

For **KHANDELWAL JAIN & CO.**
 Chartered Accountants
 Firms Registration No.: 105049W

Sd/-
Narendra Jain
 Partner
 Membership No.: 048725

Place : Mumbai
 Date : 7th May, 2018

For and on behalf of the Board of Directors

Sd/-
P. P. Vora
 Chairman
 DIN: 00003192

Sd/-
C. M. Vasudev
 Director
 DIN: 00143885

Sd/-
Sudha B.
 Chief Financial Officer

Sd/-
G. V. Nageswara Rao
 Director
 DIN: 00799504

Sd/-
Neha Parekh
 Company Secretary

Statement of Changes in Shareholder's Equity

for the year ended 31st March, 2018

(₹ in lakh)

Particulars	
A. Equity Share Capital	
As at 1st April, 2016	6,105.00
Changes in Equity Share Capital during the year (Note 12)	-
As at 31st March, 2017	6,105.00
Changes in Equity Share Capital during the year (Note 12)	-
As at 31st March, 2018	6,105.00

(₹ in lakh)

Particulars	Other Comprehensive Income		Total
	Retained Earnings	Actuarial gains / (losses)	
B. Other Equity			
Balance as at 1st April, 2016	2,697.40	13.71	2,711.11
Profit after tax	1,541.59	(11.59)	1,530.00
Balance as at 31 March, 2017	4,238.99	2.12	4,241.11
Profit after tax	1,925.94	(5.89)	1,920.05
Balance as at 31 March, 2018	6,164.93	(3.77)	6,161.16
See accompanying notes to the financial statements			

In terms of our report attached.

For and on behalf of the Board of Directors

For **KHANDELWAL JAIN & CO.**
Chartered Accountants
Firms Registration No.: 105049W

Sd/-
P. P. Vora
Chairman
DIN: 00003192

Sd/-
Narendra Jain
Partner
Membership No.: 048725

Sd/-
C. M. Vasudev
Director
DIN: 00143885

Sd/-
G. V. Nageswara Rao
Director
DIN: 00799504

Place : Mumbai
Date : 7th May, 2018

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
Neha Parekh
Company Secretary

Notes to the Financial Statements

for the year ended 31st March, 2018

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 Indian Accounting standard (Ind AS) Financial statements (Ind AS Financial Statement). These policies have been consistently applied to all the years presented unless otherwise stated.

2.1. Basis of preparation

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. New Accounting Standard:

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers.

The standard permits two possible methods of transition:

a) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

b) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning

on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

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

2.4. Leasing

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

2.5. Employee benefits:

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

Defined Contribution Plan:

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

rendered by the employees.

i. Superannuation:

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

ii. Provident Fund:

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

Defined Benefit Plans

i. Gratuity:

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

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

ii. Compensated benefits:

Compensated absences which accrue to employees and which are expected to be

availed within twelve months immediately following the year end are reported as expenses during the year in which the employee performs the service that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit, and where the avilment or encashment is otherwise not expected to wholly occur within the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

2.6. Tax on Income

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

i. Current tax

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

ii. Deferred tax

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

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

Deferred tax liabilities and assets are

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

iii. Current and deferred tax for the year

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

2.7. Property, Plant & Equipment:

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

i. Capital work-in-progress:

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

2.8. Intangible assets

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

2.9. Depreciation and Amortisation:

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

Intangible assets are amortized on a straight line basis. Computer software and is amortised over 48 months or useful life whichever is lower.

2.10. Provisions and contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Provisions are discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised/disclosed in the financial statements.

2.11. Financial instruments

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

2.12. Investment and Financial assets

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

Financial assets are recognised by the Company as per its business model.

All financial assets are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Income and expense is recognised on an effective interest basis for debt instrument.

All other investments are classified as Fair Value

Through Profit or Loss (FVTPL). The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Equity Investments in fellow subsidiary

Investment in Equity Instrument of fellow subsidiary are carried at cost.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include-

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

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

been recognised.

De-recognition of financial assets

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

2.13. Financial Liabilities and equity instruments

Classification as debt or equity

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

Equity instruments:

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

Financial liabilities:

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

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

Derecognition of financial liabilities

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

2.14. Operating Cycle

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

3 Property, Plant and Equipment and Intangible Assets

(₹ in lakh)

Description of Asset	Tangible Assets				Intangible Assets		Total Gross Block
	Gross Block	Computers	Communication Equipment	Office Equipment	Total Tangible Assets	Computer Software (acquired)	
As at 1st April 2016	223.40	26.22	3.63	253.25	170.58	170.58	423.83
Additions during the year ended 31 Mar 2017	16.75	-	-	16.75	5.44	5.44	22.19
Deductions / adjustments	-	-	-	-	-	-	-
As at 31st March 2017	240.15	26.22	3.63	270.00	176.02	176.02	446.02
Additions during the year ended 31 Mar 2018	13.48	1.35	12.16	26.99	40.59	40.59	67.58
Deductions / adjustments	-	-	-	-	-	-	-
As at 31st March 2018	253.63	27.57	15.79	296.99	216.61	216.61	513.60

(₹ in lakh)

Description of Asset	Tangible Assets				Intangible Assets		Total Accumulated Depreciation and Amortization
	Accumulated Depreciation and Amortization	Computers	Communication Equipment	Office Equipment	Total Tangible Assets	Computer Software (acquired)	
As at 1st April 2016	39.64	7.21	1.11	47.96	51.02	51.02	98.98
Depreciation and amortisation during the year ended 31 Mar 2017	41.45	7.21	1.08	49.74	56.30	56.30	106.04
Deductions	-	-	-	-	-	-	-
As at 31st March 2017	81.09	14.42	2.19	97.70	107.32	107.32	205.02
Depreciation and amortisation during the year ended 31 Mar 2018	43.54	3.44	1.13	48.11	50.61	50.61	98.72
Deductions	-	-	-	-	-	-	-
As at 31st March 2018	124.63	17.86	3.32	145.81	157.93	157.93	303.74

(₹ in lakh)

Description of Asset	TANGIBLE ASSETS				INTANGIBLE ASSETS		Total Net Block
	Net Block	Computers	Communication Equipment	Office Equipment	Total Tangible Assets	Computer Software (acquired)	
As at 31st March 2017	159.06	11.80	1.44	172.30	68.70	68.70	241.00
As at 31st March 2018	129.00	9.71	12.47	151.18	58.68	58.68	209.86

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

4: Non-current investments

Particulars	Rate of interest	Year of maturity	No. of bonds / debentures / shares	Face value	As at 31st March, 2018	As at 31st March, 2017
					(₹ in lakh)	(₹ in lakh)
(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	450.29	451.24
(ii) Indian Railway Finance Corporation Limited*	8.00	2022	60,000	1,000	631.29	633.26
(iii) Housing and Urban Development Corporation Limited*	8.56	2028	100	1,000,000	1,139.33	1,142.67
(iv) India Infrastructure Finance Company Limited*	8.66	2034	30,000	1,000	346.10	347.48
(v) Housing and Urban Development Corporation Limited*	8.51	2028	50,000	1,000	564.72	566.00
(vi) NHPC Limited*	8.67	2033	10,000	1,000	121.19	121.61
(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	543.87	544.24
(xi) Indian Railway Finance Corporation Limited*	7.28	2030	12,080	1,000	124.86	124.86
(xii) National Highway Authority of India*	7.35	2031	28,313	1,000	303.88	303.88
(xiii) National Highway Authority of India*	7.35	2031	50,000	1,000	570.88	572.56

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

Particulars	Rate of interest	Year of maturity	No. of bonds / debentures / shares	Face value	As at 31st March, 2018	As at 31st March, 2017
					(₹ in lakh)	(₹ in lakh)
(xiv) National Bank For Agriculture And Rural Development*	7.35	2031	120,000	1,000	1,315.72	1,321.31
(xv) India Infrastructure Finance Company Limited*	7.40	2033	50,000	1,000	563.87	566.18
(xvi) National Housing Bank*	8.46	2028	50	1,000,000	605.57	611.04
(xvii) NTPC Limited*	8.48	2028	100,000	1,000	1,213.91	-
Total					10,758.05	9,568.90

*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	8,758.05	7,568.90
Aggregate market value of quoted investment	8,862.16	7,663.79
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 31st March, 2018			As at 31st March, 2017		
	Non current	Current	Total	Non current	Current	Total
(Unsecured, considered good unless stated otherwise)						
Security deposits	11.94	202.72	214.66	214.96	-	214.96
Interest receivable on Investments	-	1.39	1.39	-	-	-
Interest accrued on Fixed Deposit	-	1.04	1.04	-	1.20	1.20
Others	-	0.75	0.75	-	0.75	0.75
Total	11.94	205.90	217.84	214.96	1.95	216.91

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31st March, 2018

6: Income tax assets (Net)

(₹ in lakh)

Particulars	As at 31st March, 2018			As at 31st March, 2017		
	Non current	Current	Total	Non current	Current	Total
Advance income tax (net of provision)	72.57	-	72.57	72.57	-	72.57
Total	72.57	-	72.57	72.57	-	72.57

7: Other Assets

(₹ in lakh)

Particulars	As at 31st March, 2018			As at 31st March, 2017		
	Non current	Current	Total	Non current	Current	Total
(Unsecured, considered good unless stated otherwise)						
Prepaid expenses	39.99	57.04	97.03	0.93	34.28	35.21
Service tax credit receivable	-	-	-	-	173.34	173.34
GST credit receivable	-	171.49	171.49	-	-	-
Advance to employee	-	3.00	3.00	-	3.83	3.83
Security deposits	2.10	-	2.10	2.74	-	2.74
Others	-	0.15	0.15	-	0.36	0.36
Total	42.09	231.68	273.77	3.67	211.81	215.48

8: Current investments

Particulars	No. of bonds / debentures / shares / units	As at 31st March, 2018	As at 31st March, 2017
		(₹ in lakh)	(₹ in lakh)
Other Current Investments:			
a) Investment in Mutual Funds			
Mutual funds at FVTPL			
(i) HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Growth option	9,07,496	350.59	327.25
(ii) HDFC Fixed Maturity Plan growth option April 2014 Series - Direct - Growth	1,250,000	-	159.57
(iii) HDFC Fixed Maturity Plan growth option Jun 2014 Series - Direct - Growth	5,000,000	-	629.67
(iv) HDFC Medium Term Opportunities Fund-Direct Growth option	2,641,031	512.56	-
(v) IDFC Corporate Bond Fund - Direct Growth option	4,290,188	513.55	-
Total		1,376.70	1,116.49

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

Aggregate amount of quoted investment	1,376.70	1,116.49
Aggregate market value of quoted investment	1,376.70	1,116.49
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investment	-	-

9: Trade receivables

(₹ in lakh)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured, considered good	2.53	8.25
Unsecured, considered good	1,165.54	553.30
Unsecured, considered doubtful	5.77	2.40
	<u>1,173.84</u>	<u>563.95</u>
Less: Provision for doubtful trade receivables	<u>5.77</u>	<u>2.40</u>
	1,168.07	561.55
Total	1,168.07	561.55

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.

10: Cash and Cash Equivalents

(₹ in lakh)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and cash equivalents		
(i) in current accounts	183.18	172.79
(ii) in sweep deposit for meeting short term commitment	1,353.40	235.98
Total	1,536.58	408.77

11: Bank balances other than cash and cash equivalents

(₹ in lakh)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Other bank balances		
(i) In other deposit accounts with original maturity more than 3 months	-	200.00
(ii) margin money deposits with a bank (earmarked as security for performance guarantee and other commitments)	193.85	44.35
Total	193.85	244.35

Footnote 1: These balances have restriction on repatriation.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

12: Equity Share Capital

(₹ in lakh)

Particulars	As at 31st March, 2018	As at 31st March, 2017
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
	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 share holders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all dues proportionate to their shareholding.

12b. Reconciliation of the shares outstanding at the end of the period

Particulars	As at 31st March, 2018	As at 31st March, 2017
Number of equity shares at the beginning	61,050,000	61,050,000
Add: Issued during the year	-	-
Number of equity shares at the end of the year	61,050,000	61,050,000

12c . Details of shareholders holding more than 5% shares

Particulars	As at 31st March, 2018	As at 31st March, 2017
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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

12d . Shares in the company held by its holding company or its ultimate holding company in aggregate

Particulars	As at 31st March, 2018	As at 31st March, 2017
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

13: Other Equity

(₹ in lakh)

Particulars	As at 31st March, 2018	As at 31st March, 2017
<u>Retained earning</u>		
Balance at the beginning of the year	4,241.11	2,711.11
Add: Profit for the year	1,925.94	1,541.59
Other comprehensive income	(5.89)	(11.59)
Balance at the end of the year	6,161.16	4,241.11
Total	6,161.16	4,241.11

14: Deferred Tax

(₹ in lakh)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Deferred tax liability		
On difference between book balance and tax balance of fixed assets	26.08	48.98
Cumulative gain on FMP after indexation	17.49	31.86
Deferred tax asset		
Provision for employee benefits	34.60	36.83
Premium amortisation	-	8.37
Total	8.97	35.64

(₹ in lakh)

The movement in deferred tax asset and liabilities:	As at 31st March 2017	Credited / (charge) to Income statement / OCI	As at 31st March 2018
Deferred tax liability			
On difference between book balance and tax balance of fixed assets	48.98	(22.90)	26.08
Cumulative gain on FMP after indexation	31.86	(14.37)	17.49
	80.84	(37.27)	43.57

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31st March, 2018

Deferred tax asset			
Provision for employee benefits	36.83	(2.23)	34.60
Premium amortisation	8.37	(8.37)	-
	45.20	(10.60)	34.60
Deferred tax	35.64	(26.67)	8.97

15: Other non-current liabilities

(₹ in lakh)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Income received in advance	10.78	14.48
Total	10.78	14.48

16: Trade payables

(₹ in lakh)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Amounts due to micro, small and medium enterprises	68.50	55.81
Others	1,561.58	868.18
Total	1,630.08	923.99

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 31st March, 2018	As at 31st March, 2017
Principal amount remaining unpaid to any supplier as at the end of the accounting period	68.50	55.81
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	68.50	55.81

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

17: Other financial liabilities

Particulars	(₹ in lakh)	
	As at 31st March, 2018	As at 31st March, 2017
Current		
Security deposit received from customers	96.00	99.00
Payables on purchase of fixed assets	3.75	3.75
Payables to staff	155.49	118.22
Gratuity payable to fund	42.93	45.49
Total	298.17	266.46

18: Provisions

Particulars	(₹ in lakh)	
	As at 31st March, 2018	As at 31st March, 2017
Provision for compensated absences (refer footnote (i) below)	118.81	106.41
Total	118.81	106.41

Foot note (i): The provision for compensated absences includes ordinary leave and sick leave

19: Other current liabilities

Particulars	(₹ in lakh)	
	As at 31st March, 2018	As at 31st March, 2017
Current		
Advances from customers	736.37	408.43
Income received in advance	536.23	485.83
Statutory remittances	43.01	42.48
Total	1,315.61	936.74

20: Other current liabilities

Particulars	(₹ in lakh)	
	As at 31st March, 2018	As at 31st March, 2017
Provision for income tax (net)	172.43	68.60
Total	172.43	68.60

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

21. Revenue from operations

(₹ in lakh)

Particulars	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Annual fees	779.66	704.86
Registration fees	480.67	644.28
Transaction fees	4,992.60	3,865.05
Total	6,252.93	5,214.19

22. Other income

(₹ in lakh)

Particulars	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Interest income:		
- from financials assets at amortised cost	529.29	375.90
- On fixed deposits with banks	63.91	203.82
	593.20	579.72
Net gain on sale of Financial assets measured at FVTPL	14.39	1.72
Net profit on financial assets measured at FVTPL	49.45	102.08
Bad debts recovery	0.05	1.75
Miscellaneous income	0.61	0.16
Total	657.70	685.43

23: Employee benefits expense

(₹ in lakh)

Particulars	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Salaries and wages	629.42	559.57
Contribution to provident and other funds (refer note 30)	69.69	60.91
Staff welfare expenses	39.58	40.10
Deputation Cost	106.88	76.26
Total	845.57	736.84

24: Other expenses

Particulars	(₹ in lakh)	
	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
System support charges	1,626.39	1,462.98
Repairs and maintenance	47.66	41.82
Processing charges	1,138.02	994.83
Communication expenses	38.13	31.13
Rent	220.71	211.34
Insurance	21.45	10.53
Travelling and conveyance expenses	65.58	62.89
Legal and professional fees	18.60	25.45
Rates and Taxes	6.25	12.97
Printing and stationery expenses	7.69	10.34
Payment to Auditors (net off service tax set-off)		
(a) Audit fees	4.00	4.64
(b) Tax audit fees	1.00	1.36
(c) Taxation matters	-	6.90
(d) Other services	1.15	0.65
Directors sitting fees	13.20	7.20
Marketing Expenses	7.72	2.75
Bad debts	4.26	0.56
Provision for bad and doubtful debts	3.37	2.40
Corporate social responsibility expenses	1.82	4.59
Miscellaneous expenses	8.96	7.31
Total	3,235.96	2,902.64

25. Contingent Liabilities and Other Commitment (to the extent not provided for):

- a) Contingent Liabilities: Demand from Income Tax authorities for AY 2013-14 is ₹ 15.92 lakh & for AY 2014-15 is ₹ 8.55 lakh. (previous year for AY 2014-15 is ₹ 8.55 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 ₹ 75.05 lakh (previous year: ₹ 75.05 lakh)

- ii) Other Commitments:

Contractual guarantee: ₹ 193.85 lakh (previous year: ₹ 44.35 lakh)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31st March, 2018

26. Expenditure incurred in foreign exchange: ₹ 3.80 lakh (previous year: ₹ Nil)

27. The Managerial 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'.

28. Related party Disclosures:

a) Name of related parties and relationship

National Securities Depository Limited	Holding Company
NSDL Payments Bank Limited	Fellow subsidiary
Mr. Krishna Srinivas (Manager)	Key Managerial Personnel

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

(₹ in lakh)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Transactions during the year:		
Holding Company - National Securities Depository Limited		
(a) Recoverable		
(i) Rent	48.84	54.70
ii) Deputation cost	6.85	9.56
iii) Repairs and maintenance	9.47	9.84
iv) Others	32.37	0.57
Total (a)	97.53	74.67
(b) Payable		
(i) System Support Charges (Expenses)	23.56	23.42
(ii) Deputation Cost (Expenses)	100.78	74.09
(iii) Others (Expenses)	26.04	0.60
Total (b)	150.38	98.11
(c) Net transaction during the year (a-b)	(52.85)	(23.44)
(d) Receivable/(Payable) at the year end	(116.17)	(54.86)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31st March, 2018

29. Operating Lease

The Company has entered into operating lease arrangements for office premises. Rent includes expenses of ₹ 220.71 lakh net of recovery of ₹ 48.84 lakh (previous year ₹ 211.34 lakh net of recovery of ₹ 54.70 lakh).

30. Employee benefit plans:

- a) The company has recognized following amounts in the Statement of Profit and Loss under the head Company's contribution to Provident Fund and Other funds:

Particulars	(₹ in lakh)	
	As at 31st March, 2018	As at 31st March, 2017
Provident Fund	22.53	21.29
Superannuation Fund	11.97	10.36
Total	34.50	31.65

- b) Gratuity

- (i) Summary of actuarial assumptions:

Particulars	As at	
	31st March, 2018	31st March, 2017
Discount rate	7.87%	7.71%
Rate of Return on Plan Assets	7.87%	7.71%
Salary Escalation	8.00%	8.00%
Attrition Rate	2.00%	2.00%
Mortality Table	Indian assured lives mortality (2006-08)	Indian assured lives mortality (2006-08)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31st March, 2018

(ii) Reconciliation of defined benefit obligation

(₹ in lakh)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Liability at the beginning of the year	250.67	211.31
Interest cost	19.33	16.80
Current service cost	30.42	26.41
Benefit paid	(11.62)	(8.40)
Actuarial (gain)/loss on obligations – due to change in financials assumptions	(7.13)	9.06
Actuarial (gain)/loss on obligations – due to experience	17.33	(4.51)
Liability at the end of the year	298.99	250.67

(iii) Reconciliation of fair value of plan assets:

(₹ in lakh)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Fair value of plan assets at the beginning of the year	205.18	194.06
Interest income	15.82	15.43
Expected return on plan assets excluding interest income	1.20	(13.17)
Contributions	45.48	17.26
(Assets transferred out/disinvestments)	-	-
Benefits paid from the fund	(11.62)	(8.40)
Fair value of plan assets at the end of the year	256.06	205.18

(iv) Amount recognized in Balance sheet

(₹ in lakh)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Present value of funded obligation	(298.99)	(250.67)
Fair value of plan assets at the end of the year	256.06	205.18
Liability at the end of the year	(42.93)	(45.49)
Net (liability) / asset disclosed in the Balance Sheet	(42.93)	(45.49)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31st March, 2018

(v) Net Interest cost for current period

Particulars	(₹ in lakh)	
	As at 31st March, 2018	As at 31st March, 2017
Interest cost	19.33	16.80
Interest income	(15.82)	(15.43)
Net interest cost for current period	3.51	1.37

(vi) Expenses recognized in Statement of Profit and Loss:

Particulars	(₹ in lakh)	
	As at 31st March, 2018	As at 31st March, 2017
Current service cost	30.42	26.41
Net Interest cost	3.51	1.37
Expenses recognised in statement of profit and loss	33.93	27.78

(vii) Expense recognised in other comprehensive income

Particulars	(₹ in lakh)	
	As at 31st March, 2018	As at 31st March, 2017
Expected return on plan assets	(1.20)	13.17
Actuarial (gain)/loss	10.20	4.55
Net (Income)/ Expenses for the period recognised in OCI	9.00	17.72

(viii) Balance sheet Reconciliation:

Particulars	(₹ in lakh)	
	As at 31st March, 2018	As at 31st March, 2017
Opening Net Liability	45.48	17.26
Expenses Recognized in Statement of Profit or Loss	33.93	27.78
Expenses Recognized in OCI	9.00	17.72
Net (Liability)/Asset Transfer out	-	-
Employers Contribution	(45.48)	(17.26)
Amount recognised in the Balance Sheet	42.93	45.49

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31st March, 2018

(ix) Category of assets

Particulars	(₹ in lakh)	
	As at 31st March, 2018	As at 31st March, 2017
Insurer managed funds	256.06	205.18
Total	256.06	205.18

(x) Description of plan assets (managed by an Insurance Company)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Central and State Govt. securities	Funds deployed	Funds deployed
Bonds/ debentures	by Life Insurance	by Life Insurance
Equity shares	Corporation of	Corporation of
Others	India.	India.

(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:

Particulars	(₹ in lakh)	
	Defined benefit obligation	
	Increase in assumption	Decrease in assumption
Discount rate (1% movement)	(39.99)	48.33
Future salary appreciation (1% movement)	47.78	(40.29)
Attrition rate (1% movement)	(0.98)	1.07

The details of the Company's Post- retirement benefit plans for Gratuity for its employees are given above which is certified by the actuary and relied upon by the auditors.

Expected contribution in the next 12 months is ₹ 28.74 lakh (Previous Year: ₹ 25.99 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31st March, 2018

31. Earnings per share

In accordance with the Accounting Standard 33 (Ind-AS 33)-'Earnings per Share':

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Profit for the year attributable to the equity shareholder (₹ in lakh)	1925.94	1,541.59
Weighted average number of equity shares during the year	61,050,000	61,050,000
Basic and Diluted Earnings per Share	3.15	2.53
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.

32. Fair value measurement

Particulars	(₹ in lakh)	
	As at 31st March, 2018	As at 31st March, 2017
Financial Assets		
a) Amortised cost		
Investments in debt instrument	8758.05	7,568.90
Trade Receivables	1168.07	561.55
Cash and cash equivalents	1536.58	408.77
Other Bank balances	193.85	244.35
Other financial assets	217.84	216.91
	11,874.39	9,000.48
b) FVTPL		
Investment in mutual funds	1,376.70	1,116.49
	1,376.70	1,116.49
Total	13,251.09	10,116.97
Financial Liabilities		
a) Amortised cost		
Trade Payables	1630.09	923.99
Other financial liabilities	298.17	266.46
Total	1928.26	1,190.45

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31st March, 2018

33. Expenses towards Corporate Social Responsibility

(₹ in lakh)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
a) Gross amount required to be spent by the company during the year.	35.13	22.54
b) Amount spent during the year on:	1.82	4.59

(₹ in lakh)

As at March 31, 2018			
Particulars	In Cash/ Chq/Transfer	Yet to be spent	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	1.82	33.31	35.13

(₹ in lakh)

As at March 31, 2017			
Particulars	In Cash/ Chq/Transfer	Yet to be spent	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	4.59	17.95	22.54

34. Income tax expenses recognised in Statement of Profit and Loss

(₹ in lakh)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Profit before tax from continuing operations	2,730.39	2,154.10
Income tax expense calculated at 34.608%	944.93	745.49
Effect of income that is exempt from taxation	(186.29)	(136.00)
Effect of expenses that are not deductible in determining taxable profit	27.20	22.00
Effect of different tax rates on capital gains	21.99	(7.00)
Effect of different tax rates for fair value gain on investments	(22.09)	(5.00)
Others	18.71	(6.98)
	804.44	612.51
Income tax expenses recognised in Statement of Profit and Loss	804.44	612.51

The tax rate used for the financial year 2017-18 and 2016-17 reconciliations above is the corporate entities in India on taxable profits under the Indian Tax Law.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31st March, 2018

35. The previous year's figures have also been regrouped / reclassified to conform to this year's Classification.

For and on behalf of the Board of Directors

Sd/-
P. P. Vora
Chairman
DIN: 00003192

Sd/-
C. M. Vasudev
Director
DIN: 00143885

Sd/-
G. V. Nageswara Rao
Director
DIN: 00799504

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
Neha Parekh
Company Secretary

Place : Mumbai
Date : 7th May, 2018



NSDL Payments Bank Limited

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“ NSDL Payments Bank (NSDLPB) received license from RBI to carry out the business of Payments Bank in India on March 30, 2017. As on March 31, 2018, the Bank is yet to commence commercial operations. On commencement of commercial operations, NSDLPB envisages to promote an end to end digital and seamless banking process through self-service and assisted channels to a range of customers. The Bank’s product suites would include all available payment mediums (NEFT, IMPS, RTGS, UPI, Aadhaar pay, etc.), bill payment and recharge, CASA opening and maintenance, card services and remittance services. The Bank would leverage on innovative and up-to date technological solutions to create multi-channel self-service banking applications. The bank envisages to partner with multiple financial sector participants to move towards creation of digital asset and investment marketplaces.

The bank shall also focus on the financial inclusion objective by providing access to underbanked and unbanked segments through a business correspondent network. The bank will provide various services including domestic money transfer, Aadhaar enabled payments services through the business correspondent network. The Bank has completed all steps for operational readiness and is awaiting final regulatory clearance to commence operations. NSDLPB expects to commence operations in Q2 FY 2018-19.

”

Board of Directors



Front L to R: Mr. L. Ravi Sankar, Ms. Naina Krishna Murthy, Mr. G. V. Nageswara Rao
Back L to R: Dr. Santanu Paul, Mr. S. P. Narayanan



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



Mr. L. Ravi Sankar
Partner, Brahmayya & Co.
Chartered Accountants



Dr. Santanu Paul
MD, Talentsprint
Private Limited



Ms. Naina Krishna Murthy
Founder, Krishnamurthy & Co.
(K. Law)



Mr. SP. Narayanan
Managing Director & CEO

Board of Directors:

Mr. G. V. Nageswara Rao (Chairman)
Mr. SP. Narayanan (Managing Director & CEO)[@]
Mr. Samar Banwat*
Ms. Sudha B.*
Ms. Naina Krishna Murthy[#]
Mr. L. Ravi Sankar[#]
Dr. Santanu Paul[#]

*Mr. Samar Banwat and Ms. Sudha B. resigned as Directors w.e.f. October 11, 2017

[#] Mr. L. Ravi Sankar, Dr. Santanu Paul and Ms. Naina Krishna Murthy were appointed as Directors w.e.f. October 11, 2017

[@] Mr. SP. Narayanan was formerly appointed as an Additional Director w.e.f. October 11, 2017 and subsequently appointed as Managing Directors & CEO w.e.f. May 3, 2018

Our Team



Front L to R: Mr. Rajeev Bhatia, Mr. SP. Narayanan, Mr. Abhishek Bagchi
Back L to R: Mr. Venkatesh Rangan, Mr. Aneesh Khanna

Auditors

Statutory Auditors

Walker Chandio & Co. LLP*

Chartered Accountants

16th Floor, Tower II,

Indiabulls Finance Centre, S. B. Marg,
Prabhadevi (West), Mumbai - 400013

*Walker Chandio & Co. LLP have been appointed
during FY 2017-18

Internal Auditors

Ms. Avani Jain*

*Ms. Avani Jain has been appointed as
Internal Auditor w.e.f. March 27, 2018

Secretarial Auditors

MMJC & Associates LLP

Company Secretaries

Ecstasy, 803/804, 9th Floor,

City of Joy, J.S.D Road, Mulund (West),
Mumbai - 400080

Bankers

HDFC Bank

IDBI Bank



Mr. SP. Narayanan



Mr. Aneesh Khanna



Mr. Rajeev Bhatia



Mr. Venkatesh Rangan



Mr. Abhishek Bagchi

Management Team:

Mr. Abhishek Bagchi (Head – Finance & Accounts & CFO)#

Mr. Aneesh Khanna (Head – Sales & Distribution)

Mr. Rajeev Bhatia (Head – Technology)

Mr. Venkatesh Rangan (Head – Enterprise Risk & Compliance)

Mr. Abhishek Bagchi has been appointed as CFO w.e.f October 11, 2017

Company Secretary

Ms. Deepashri Cornelius*

* Ms. Deepashri Cornelius has been appointed as Company Secretary w.e.f October 11, 2017

Registered Office

Trade World, 'A' Wing, 4th Floor,
Kamala Mills Compound,
Senapati Bapat Marg,
Lower Parel (West),
Mumbai – 400 013
CIN: U65900MH2016PLC284869

BOARD'S REPORT

To the Members,

Your Directors have the pleasure in presenting the 2nd Annual Report along with the Audited Financial Statements of your Company for the year ended March 31, 2018.

STATE OF COMPANY AFFAIRS

Your Bank received license from the Reserve Bank of India to carry out the business of Payments Bank in India on March 30, 2017. As on March 31, 2018, your Bank is yet to commence commercial operations.

On commencement of commercial operations, your Bank envisages to promote an end-to-end digital and seamless banking process through self-service and assisted channels to a range of customers. The Bank's product suites would include all available payment mediums (NEFT, IMPS, RTGS, UPI, AEPS, Aadhar pay, etc), bill payment and recharge, CASA opening and maintenance, card services and remittance services. The Bank would leverage on innovative and up-to date technological solutions to create multi-channel self-service banking applications. Your Bank also envisages to partner with multiple financial sector participants to move towards creation of digital asset and investment marketplaces.

Your Bank shall also focus on the financial inclusion objective by providing access to underbanked and unbanked segments through a Business correspondent network. The Bank will provide various services including domestic money transfer, aadhar enabled payments services through the business correspondent network. Your Bank has completed all steps for operational readiness and is awaiting final regulatory clearance to commence operations. Your Bank expects to commence operations in Q2 FY 18-19.

Particulars	2017-18	2016-17
Revenue from Operations	-	-
Other income	545.74	67.02
Total income	545.74	67.02
Total expenses	467.67	305.06
Profit / (Loss) Before Tax	78.07	(238.04)
Tax expense	196.55	19.97
Loss After Tax	(118.48)	(258.01)
Basic & diluted EPS	(0.12)	(0.83)

No material changes and commitments have

occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

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 current year.

UNPAID DIVIDEND AND INVESTOR EDUCATION AND PROTECTION FUND

Your Bank has not transferred any amount to the Investor Education and Protection Fund (IEPF) and no amount is lying in Unpaid Dividend A/c of the Bank.

TRANSFER TO GENERAL RESERVES

Due to absence of profits, no amount has been proposed to transfer to general reserves.

SHARE CAPITAL

There was no change in the Share Capital of the Bank during the year under review. As on March 31, 2018, the paid up share capital stood at ₹ 103 crores comprising of 10,30,00,000 equity shares of ₹ 10 each. During the year under review the Bank 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 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. Walker Chandiook & Co. LLP, Chartered Accountants, (Firm Registration No. 001076N/N500013) had been appointed as the auditors of the Company for the financial year 2017-18 and retire at the forthcoming Annual General Meeting of the Bank and have expressed their unwillingness to be re-appointed due to other commitments and it is proposed to appoint M/s. M.P. Chitale & Co., Chartered Accountants as Statutory Auditors of the Bank. The Bank has received a certificate from them

to the effect that their appointment, if made, would be within the limits prescribed under Section 139 of the Companies Act, 2013. The Auditors Report does not contain any qualification, reservation or adverse remark and the points raised in the Audit report are self-explanatory.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank has appointed MMJC & Associates LLP to undertake the Secretarial Audit of the Company. The Secretarial Audit Report in Form MR-3 is annexed herewith as "Annexure". With reference to the observations made by them in the Secretarial Audit Report, the members may note that the Bank had appointed Mr. Abhishek Bagchi as the CFO of the Bank w.e.f. October 11, 2017 and Ms. Deepashri Cornelius as the Company Secretary of the Bank w.e.f. October 11, 2017.

COST AUDITOR

The provisions relating to maintenance and audit of cost records under section 148 of the Companies Act, 2013 are currently not applicable to the Bank.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and Secretarial Auditor have not reported any instances of frauds committed in the Bank by its officers or employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

INTERNAL CONTROLS AND AUDIT

Your Bank has well established processes and clearly defined roles and responsibilities at various levels. Comprehensive policies and standard operating procedures have been/are in process of being put in place in various departments of your Bank. There is an internal auditor appointed for conducting internal and operations audit of the Bank. The report of the Internal Auditor along with management response shall be placed 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 31 March 2018.

RISK MANAGEMENT AND INSURANCE

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) & (vi) of the Companies (Accounts) Rules, 2014 read with sections 73 & 74 of the Companies Act, 2013 are not applicable to your bank.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under review, the Bank has not entered into any material transaction with any of its related parties. None of the transactions with any of related parties were in conflict with the Bank's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in Note No.27 of Financial Statements, forming part of the Annual Report.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 ("POSH")

Your Bank currently follows Positive Work Environment (PWE) Policy put in place at NSDL, its holding company, in accordance with the Vishakha guidelines. Your Bank is in the process of setting up

its own Internal Complaints Committee (ICC) and any grievance shall be reported to the ICC of NSDL comprising of 5 members (presiding officer being a female and the committee comprising more than 50% females) as per the requirements. During the year under review, no grievance was reported to the ICC.

CORPORATE GOVERNANCE

As an NSDL Group Company, the Company's philosophy on Corporate Governance is based on the fundamental principle of fair, ethical and transparent governance practices by adopting highest standards of professionalism, integrity, honesty, equity, transparency, accountability and ethical behavior in all facets of operations and dealing with all its stakeholders.

BOARD OF DIRECTORS

A. Directors' Profile

A brief resume of Directors, nature of their expertise in specific functional areas are provided:

Mr. G. V. Nageswara Rao

Mr. G. V. Nageswara is an IIM-Ahmedabad graduate, Chartered Accountant and Cost Accountant with superior academic record, having been a rank holder all through. He has experience of over 27 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 he is the MD & CEO of National Securities Depository Limited (NSDL), holding Company. He has been MD & CEO for the past 16 years, firstly of an investment bank and securities firm, then a commercial bank, and later a life insurance company.

Mr. SP. Narayanan

Mr. Narayanan is a B.Tech in Chemical Engineering from IIT (BHU) Varanasi and a PGDM from IIM Ahmedabad.

He was Business Head- m-Commerce in Idea Cellular Limited managing Idea Money Prepaid Wallet and business correspondent activities as National Head for VAS in Idea Cellular. He had

created a strong VAS ecosystem in Idea with in-house building blocks and over 200 third party content and application partners for VAS. He had strengthened the VAS organization in Idea by introducing consumer centric organization structure across corporate and circle teams. Prior to Idea Cellular, he has worked with Vodafone India Limited as Country Head VAS and in Reliance Communications in VAS leadership position. Prior to his telecom stint, he has worked with ICICI Ventures for 2 years as Chief - Incubator Fund nurturing and funding early stage start-ups. Mr. Narayanan has also worked with ICICI Limited in various positions (Last position held : Senior Vice President) for 10 years handling a portfolio of Debt and Equity funding to over 200 corporate entities in Tamil Nadu and Pondicherry spread across all sectors / industries.

Ms. Naina Krishna Murthy

Ms. Murthy holds a degree in Law, with a B.A. and LLB (Hons) from National Law School of India.

She is the owner of Krishnamurthy & Company (K.Law) with approximately 15 years of experience in the legal sector. She has been Non-Executive & Independent Director of Aurangabad Electricals Ltd. since September 9, 2011. She serves as a Director of Epicentre Research Technologies Bangalore Private Limited, National Commodity & Derivatives Exchange Ltd. (NCDEX), Performance Direct Software Private Limited, Acciona Agua India Private Limited, MRops Programming India Private Limited, Mobile Feed Back Services India Private Limited and Focus Suites Solutions & Services Private Limited.

Dr. Santanu Paul

Dr. Santanu Paul received his Ph.D. in Computer Science and Engineering from the University of Michigan at Ann Arbor in 1995. He also has a B.Tech in Computer Science from the Indian Institute of Technology, Madras and is a recipient of the Rackham Pre-doctoral Fellowship, the IBM Canada Fellowship, the LaCroute Fellowship for Computing Sciences and a National Talent Scholarship from the Indian Government.

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.

Mr. L. Ravi Sankar

Mr. L. Ravi Sankar is a partner of M/s. Brahmayya & Co., Chartered Accountants since 39 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.

B. Changes in Board

The selection and appointment of Directors of the Bank is done in accordance with the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder, the Banking Regulation Act,

1949 and the Guidelines issued by the Reserve Bank of India. As on March 31, 2018, the Company has Five (5) Directors. Except Mr. SP. Narayanan, all the Directors on the Board are Non-Executive Directors out of which three (3) are Independent Directors.

During the year under review, following Directors were appointed :

Name of the Director	Designation	Date of Appointment
Mr. SP. Narayanan	Director	October 11, 2017
Mr. L. Ravi Sankar	Independent Director	October 11, 2017
Ms. Naina Krishna Murthy	Independent Director	October 11, 2017
Dr. Santanu Paul	Independent Director	October 11, 2017

During the year under review, following Directors ceased to be a Director from the Bank:

Name of the Director	Designation	Date of Cessation
Mr. Samar Banwat	Director	October 11, 2017
Ms. Sudha Balakrishnan	Director	October 11, 2017

C. 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.

D. 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 (6) Board meetings were held viz. April 13, 2017, May 8, 2017, August 14, 2017, October 11, 2017, November 10, 2017

and February 9, 2018. Details of attendance of each director at the Board Meetings held during the financial year are as follows:

Sr. No.	Name of the Member	Total No. of meetings held during the tenure	Total No. of meetings attended
1.	Mr. G. V. Nageswara Rao	6	6
2.	Mr. Samar Banwat	4	4
3.	Ms. Sudha B.	4	4
4.	Mr. SP. Narayanan	2	2
5.	Mr. L. Ravi Sankar	2	2
6.	Ms. Naina Krishna Murthy	2	2
7.	Dr. Santanu Paul	2	2

E. 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.

F. Policy On Directors', Key Managerial Personnel & Other Employees Appointment And Remuneration

The Policy on appointment and remuneration of Directors, Key Managerial personnel and other employees including criteria for determining qualifications, positive attributes, independence and other matters provided under Section 178(3) of the Companies Act, 2013, has been adopted by the Board pursuant to the recommendation of the Nomination and Remuneration Committee.

G. Performance Evaluation Of The Board And Directors:

Pursuant to the provisions of the Companies Act, 2013, the Board shall be carrying out an annual performance evaluation of its own performance,

the directors individually as well as the evaluation of the working of its various Committees based on a defined set of parameters to be recommended by the Nomination and Remuneration Committee.

Board Committees

I. Audit Committee

The Board has constituted the Audit Committee on November 10, 2017 in accordance with provisions of Section 177 of the Companies Act, 2013. The Committee has three (3) 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 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 met once on February 9, 2018 during the year. The details of composition and attendance of members of the Audit Committee are given hereunder:-

Name of Director	Chairman/Member	No. of Meetings held during tenure	No. of Meetings Attended
Mr. L. Ravi Sankar*	Chairman	1	1
Ms. Naina Krishna Murthy [#]	Member	1	1
Mr. G.V. Nageswara Rao [#]	Member	1	1

*Mr. L. Ravi Sankar was appointed as a member and Chairman of Audit Committee on November 10, 2017

[#]Ms. Naina Krishna Murthy & Mr. G.V. Nageswara Rao have been appointed as members of the Committee on November 10, 2017

II. Nomination and Remuneration Committee

The Board has constituted the Nomination and Remuneration Committee on November 10, 2017 in accordance with provisions of Section 178 of the

Sr. No.	Name of the Director	Chairman/Member	No. of Meetings held during tenure	No. of Meetings Attended
1.	Dr. Santanu Paul*	Chairman	1	1
2.	Mr. L. Ravi Sankar [#]	Member	1	1
3.	Mr. G. V. Nageswara Rao [#]	Member	1	1

*Dr. Santanu Paul was appointed as a member and Chairman of Nomination and Remuneration Committee on November 10, 2017

[#]Mr. L. Ravi Sankar & Mr. G.V. Nageswara Rao have been appointed as members of the Committee on November 10, 2017

In addition to the Committees covered specifically in detail above as per Companies Act, 2013, the Bank also has following Committees, namely:

- i) Risk Management Committee
- ii) Executive Risk Management Committee
- iii) Assets-Liability Management Committee
- iv) Information & Cyber Security Committee
- v) Customer Service Committee

DETAILS OF KEY MANAGERIAL PERSONNEL (KMP)

As on March 31, 2018, the Bank has two (2) Key Managerial Personnel as per the Companies Act, 2013 i.e. Mr. Abhishek Bagchi as the Chief Financial Officer and Ms. Deepashri Cornelius as the Company Secretary. Further, Mr. SP. Narayanan has taken charge as the Managing Director & CEO of the Bank w.e.f. May 3, 2018.

Companies Act, 2013 and rules made thereunder. The Committee has three (3) members with Dr. Santanu Paul as its Chairman. The Nomination and Remuneration Committee discharges such functions as defined in the Companies Act, 2013. The Committee met once during the year on November 10, 2017. Details of attendance of each member at the Committee Meetings held during the year are as follows:

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 currently does not fall into the prescribed criteria under Section 177(9) of Companies Act, 2013 & rules made thereunder.

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 Company at the end of the financial year and of the profit or loss of the Company for that period;
- that they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing & detecting fraud and other irregularities;
- that internal financial controls to be followed by the company 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 - As the Company does not have any manufacturing activities, particulars required to be disclosed with respect to the conservation of energy and technology absorption in terms of Section 134(3)(m) of the Companies Act, 2013, are not applicable. The Company has, however, used information technology extensively in setting up

its Bank.

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

Earnings -- NIL

Outgo -- NIL

HUMAN RESOURCES

Your Bank emphasizes on the quality of its human resources as employees are vital for the Bank. The Bank has created a positive work environment which enables it to retain and attract high calibre employees. Employee relations are harmonious and cordial. Your Bank gives utmost importance to the training and development of its employees. Officials across various levels are exposed to programmes according to their training needs. 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.

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 of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) 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" and forms part of this report.

APPRECIATION

Your Directors would like to place on record their sincere appreciation of the support provided by Reserve Bank of India, Ministry of Corporate Affairs, its bankers and shareholders.

For and on behalf of the Board of Directors

G. V. Nageswara Rao

Sd/-

CHAIRMAN

Place: Mumbai

Date: July 31, 2018

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2018

[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:	The company has in-house share department at the registered office address.

II. Principal Business Activities of the Company

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Financial service activities, except insurance and pension funding	64	Nil

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and Address of The Company	CIN/GLN	Holding/Subsidiary/ Associate	% of sharesheld	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	80.58%	2(87)(ii)

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	-	80	80	0.001%	-	80	80	0.001%
b) Central Govt								
c) State Govt (s)								
d) Bodies Corp.	-	10,29,99,920	10,29,99,920	99.99%	-	10,29,99,920	10,29,99,920	99.99%
e) Banks/FI								
f) Any Other..								
Sub-total (A) (1):	-	1,03,00,0000	10,30,00,000	100.00%	-	1,03,00,0000	10,30,00,000	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)	-	-	-	-	-	-	-	-
B. Public Shareholding								
1. Institutions								
a) Mutual Funds								
b) Banks/FI								

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	
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FII's									
h) Foreign Venture Capital Funds									
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-									
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)	-	10,30,00,000	10,30,00,000	100 %	-	10,30,00,000	10,30,00,000	100 %	-

(ii) Shareholding of Promoters/Sponsors

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1	National Securities Depository Limited (NSDL)	8,29,99,920	80.58%	-	8,29,99,920	80.58%	-	-
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	Nitin Ambure & NSDL	10	0.00001%	-	10	0.00001%	-	-
	Total	8,30,00,000	80.58	-	8,30,00,000	80.58	-	-

(iii) Change in Promoters' 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	8,30,00,000	80.58%		
Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc):				N.A.
At the End of the year	8,30,00,000	80.58%		

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

For Each of the Top 10 Shareholders	Share holding at the beginning of the year		Share holding 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	2,00,00,000	19.42	2,00,00,000	19.42
Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):	-	-	-	-
At the End of the year (or on the date of separation, if separated during the year)	2,00,00,000	19.42	2,00,00,000	19.42

(v) Shareholding of Directors and Key Managerial Personnel

For Each of the Directors and KMP	Share holding 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:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
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		
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit		
	- others, specify ...		
5.	Others, please specify	-	-
	Telephone Reimbursement		
	Total(A)	-	-
	Ceiling as per the Act	-	-

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. L. Ravi Sankar	Dr. Santanu Paul	Ms. Naina Krishna Murthy	
1.	Independent Directors				
	• Fee for attending board committee meetings	4,40,000	3,80,000	3,80,000	12,00,000
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
	Total (1)	4,40,000	3,80,000	3,80,000	12,00,000
2	Other Non-Executive Directors Fee for attending board / committee meetings Commission Others, please specify				
	• Fee for attending board committee meetings				
	• Commission				
	• Others, please specify				
	Total (2)	-	-	-	-
	Total (B) = (1+2)	4,40,000	3,80,000	3,80,000	12,00,000
	Total Managerial	4,40,000	3,80,000	3,80,000	12,00,000
	Overall Ceiling as per the Act	-	-	-	-

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

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1.	Grosssalary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	4,82,703	19,71,971	24,54,674
	(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 % ofprofit	-	-	-	-
	- others, specify...				
5.	Others, please specify:				
	Leave Encashment/Telephone Reimbursement	-	-	-	-
	Total	-	4,82,703	19,71,971	24,54,674

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)
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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, 2018
[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 "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on 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 on 31st March, 2018 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 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; (**Not Applicable to the Company during the audit period**)
- (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 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; (**Not Applicable to the Company during the audit period**)
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (**Not Applicable to the Company during the audit period**)
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (**Not Applicable to the Company during the audit period**)
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (**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; (**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; **(Not Applicable to the Company during the audit period)**
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the Company during the audit period)** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable to the Company during the audit period)**
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **(Not Applicable to the Company during the audit period)**
- (j) As identified no specific law is 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) Listing Agreement entered with the stock exchange **(Not Applicable to the Company during the audit period)**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards made thereunder except the following:

1. *There was a delay in the appointment of Chief Financial Officer and Company Secretary as per section 203 of the Act.*
2. *The Financial Statement is not signed by Chief Financial Officer and Company Secretary as per Section 134 of Companies Act, 2013.*

We further report that

The Board of Directors of the Company is duly constituted to the extent approvals received from 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 and agenda items 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 Meetings are carried out either unanimously or majority 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 company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **MMJC & Associates LLP**
Company Secretaries

Sd/-

Arti Ahuja Jewani

Designated Partner

FCS No. 8503

CP No. 9346

Place: Mumbai

Date: 31.07.2018

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 company. 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 company.
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 company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **MMJC & Associates LLP**
Company Secretaries

Sd/-
Arti Ahuja Jewani
Designated Partner
FCS No. 8503
CP No. 9346
Place: Mumbai
Date: 31.07.2018

INDEPENDENT AUDITOR'S REPORT

To the Members of NSDL Payments Bank Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **NSDL Payments Bank Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and

matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT

Other Matter

9. The financial statements of the Company for the year ended 31 March 2017 were audited by predecessor auditor of the Company, whose report dated 8 May 2017, expressed an unmodified opinion on those financial statements. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 financial statements dealt with by this report are in agreement with the books of account;
- d. in our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act;
- e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 6

May 2018 as per Annexure II expressed an unmodified opinion.

- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position;
 - 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; and
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Membership No.: 105117

Place : Mumbai

Date : 06 May 2018

Annexure to the Independent Auditor's Report of even date to the members of NSDL Payments Bank Limited on the financial statements for the year ended 31 March 2018

Annexure I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The Company does not hold any immovable property. Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.

(ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified

maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188

Annexure to the Independent Auditor's Report of even date to the members of NSDL Payments Bank Limited on the financial statements for the year ended 31 March 2018

of Act, where applicable, and the requisite details 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.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date: 06 May 2018

Annexure II Independent Auditor's Report of even date to the members of NSDL Payments Bank Limited on the financial statements for the year ended 31 March 2018

Annexure II

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of **NSDL Payments Bank Limited** ('the Company') as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on 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') ('the Guidance Note'). 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 the Company's business, including adherence to the 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note 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 IFCoFR were 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 IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A Company's IFCoFR 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 IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Annexure II Independent Auditor's Report of even date to the members of NSDL Payments Bank Limited on the financial statements for the year ended 31 March 2018

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR 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, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on 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 ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner

Membership No.: 105117

Place: Mumbai

Date: 06 May 2018

Balance Sheet as at 31st March, 2018

Particulars	Note	As at 31 March 2018 (₹ in lakh)	As at 31 March 2017 (₹ in lakh)
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	139.31	-
(b) Intangible assets under development		1,829.29	791.43
(c) Financial assets			
(i) Other financial assets	4	50.55	15.00
(d) Long Term Loans and Advances	5	1.45	-
(e) Other non current assets	6	3.85	-
Total non current assets		2,024.45	806.43
(2) Current assets			
(a) Financial assets			
(i) Cash and cash equivalents	7	269.25	9,366.67
(ii) Bank balances other than (i) above	7	7,635.00	-
(iii) Other financial assets	8	0.01	-
(b) Other current assets	9	186.18	54.51
(c) Current tax assets			-
Total current assets		8,090.44	9,421.18
Total Assets		10,114.89	10,227.61
EQUITY AND LIABILITIES			
(A) EQUITY			
(a) Equity share capital	10	10,300.00	10,300.00
(b) Other equity	11	(376.49)	(258.01)
Total equity		9,923.51	10,041.99
(B) LIABILITIES			
Non-current liabilities			
Provisions	12	25.25	-

Balance Sheet as at 31st March, 2018

Particulars	Note	As at	As at
		31 March 2018	31 March 2017
		(₹ in lakh)	(₹ in lakh)
Deferred tax liabilities	13	16.91	-
Total non-current liabilities		42.16	-
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	14	132.59	165.65
(b) Other current liabilities	15	15.66	-
(c) Provisions	16	0.97	-
(d) Current tax liabilities	5	-	19.97
Total current liabilities		149.22	185.62
Total equity and liabilities		10,114.89	10,227.61
Significant accounting policies and other explanatory information	1-32		

The notes referred to above form an integral part of these financial statements

As per our report of even date

For **Walker & Chandiook & Co LLP**
 Chartered Accountants
 Firm Registration No.: 001076N/N500013

For and on behalf of the Board of
 Directors of
NSDL Payments Bank Limited
 CIN: U65900MH2016PLC284869

Manish Gujral
 Partner
 Membership No.: 105117

L. Ravi Sankar
 Director
 DIN: 00185931

G. V. Nageswara Rao **SP. Narayanan**
 Director Managing Director
 and CEO
 DIN: 00799504
 DIN: 02255917

Place : Mumbai
 Date : 6th May, 2018

Abhishek Bagchi
 Chief Financial Officer

Deepashri Cornelius
 Company Secretary

Statement of Profit and Loss

for the year ended 31st March, 2018

(₹ in lakh)

Particulars	Note	For the year ended 31 March 2018	For the period 17 August 2016 to 31 March 2017
Income			
Other income	17	545.74	67.02
Total		545.74	67.02
Expenses			
Employee benefits expense	18	210.62	-
Finance costs	19	9.19	-
Depreciation and amortisation expense	3	27.03	-
Other expenses	20	220.83	305.06
Total		467.67	305.06
Profit/(Loss) before tax		78.07	(238.04)
Tax expense			
Current tax		179.64	19.97
Deferred tax charge		16.91	-
Loss after tax		(118.48)	(258.01)
Other comprehensive income		-	-
Total comprehensive loss		(118.48)	(258.01)
Loss per equity share (Nominal value of share ₹ 10 (2017: ₹ 10))			
Basic and diluted (in rupees)	30	(0.12)	(0.83)
Significant accounting policies and other explanatory information	1-32		

As per our report of even date
For **Walker & Chandiook & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors
of **NSDL Payments Bank Limited**
CIN: **U65900MH2016PLC284869**

Manish Gujral
Partner
Membership No.: 105117

L. Ravi Sankar
Director
DIN: 00185931

G. V. Nageswara Rao
Director
DIN: 00799504

SP. Narayanan
Managing Director
and CEO
DIN: 02255917

Place : Mumbai
Date : 6th May, 2018

Abhishek Bagchi
Chief Financial
Officer

Deepashri Cornelius
Company Secretary

Cash Flow Statement

for the year ended 31st March, 2018

(₹ in lakh)

Particulars		For the year ended 31 March 2018	For the period 17 August 2016 to 31 March 2017
A	Cash flow from operating activities:		
	Profit/(Loss) before tax	78.07	(238.04)
	Adjustments for:		
	Interest income classified as investing cash flows	(542.95)	(67.02)
	Dividend income classified as investing cash flows	(1.74)	-
	Unwinding of discount on security deposits	0.06	-
	Depreciation and amortisation expense	27.03	-
	Operating cash flow before working capital changes	(439.53)	(305.06)
	(Increase)/decrease in other assets	(7,771.64)	(54.51)
	(Increase)/decrease in other financial assets	(8.24)	(15.00)
	Increase / (Decrease) in trade payables	(33.06)	165.65
	Increase / (Decrease) in other current liabilities	16.63	-
	Increase / (Decrease) in non current liabilities	25.25	-
		(8,210.59)	(208.91)
	Income taxes paid	(201.05)	-
	Net cash flow used in operating activities	(8,411.64)	(208.91)
B	Cash flow from investing activities:		
	Investment in deposits with maturity of more than twelve months	(26.26)	-
	Payment for property, plant and equipment	(166.35)	
	Payment for intangible assets under development	(1,037.86)	(791.43)
	Dividends received	1.74	-
	Interest received on bank deposits	542.95	67.02
	Net cash used in investing activities	(685.78)	(724.41)
C	Cash flow from financing activities:		
	Net cash from financing activities	-	-
	Proceeds from issue of equity shares	-	10,300.00
	Net cash flow from financing activities	-	10,300.00
	Net increase/(decrease) in cash and cash equivalents	(9,097.42)	9,366.67
	Cash and cash equivalents at the beginning of the year/period	9,366.67	-
	Cash and cash equivalents at the end of the year/period	269.25	9,366.67

Cash Flow Statement

for the year ended 31st March, 2018

(₹ in lakh)

Particulars	For the year ended 31 March 2018	For the period 17 August 2016 to 31 March 2017
Non-cash financing and investing activities		
The company does not have any non-cash financing and investing activities during the current year and previous year		
Notes to cash flow statement:	As at	As at
Note (i)	31 March 2018	31 March 2017
Components of cash and cash equivalents		
Cash on hand	-	-
Balances with banks		
- on current accounts	24.05	57.50
- on deposit accounts (with original maturity of three months or less)	245.20	9,309.17
Cash and cash equivalents as per financial statements	269.25	9,366.67

Note (ii)

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7 - "Cash Flow Statements", whereby profit/(loss) for the period 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 item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

As per our report of even date

For **Walker & Chandiook & Co LLP**

Chartered Accountants

Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors
of **NSDL Payments Bank Limited**CIN: **U65900MH2016PLC284869****Manish Gujral**

Partner

Membership No.: 105117

L. Ravi Sankar

Director

DIN: 00185931

G. V. Nageswara Rao

Director

DIN: 00799504

SP. Narayanan

Managing Director

and CEO

DIN: 02255917

Place : Mumbai

Date : 6th May, 2018

Abhishek Bagchi

Chief Financial

Officer

Deepashri Cornelius

Company Secretary

Statement of Changes in Equity

as at 31st March, 2018

A. Equity share capital

Particulars	Notes	(₹ in lakh)
		Amount
As at 1 April 2016		-
Changes in equity share capital	10	10,300
As at 31 March 2017		10,300
Changes in equity share capital	10	-
As at 31 March 2018		10,300

B. Other equity

Particulars	Notes	Reserves and Surplus	Total other equity
		Retained earnings	
Balance as at 1 April 2016	11	-	-
Profit for the year		(258.01)	(258.01)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(258.01)	(258.01)
Balance as at 31 March 2017	11	(258.01)	(258.01)
Profit for the year		(118.48)	(118.48)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(118.48)	(118.48)
Balance as at 31 March 2018	11	(376.49)	(376.49)

Significant accounting policies and other explanatory information

As per our report of even date
 For **Walker & Chandiook & Co LLP**
 Chartered Accountants
 Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors
 of **NSDL Payments Bank Limited**
 CIN: U65900MH2016PLC284869

Manish Gujral
 Partner
 Membership No.: 105117

L. Ravi Sankar
 Director
 DIN: 00185931

G. V. Nageswara Rao
 Director
 DIN: 00799504

SP. Narayanan
 Managing Director
 and CEO
 DIN: 02255917

Place : Mumbai
 Date : 6th May, 2018

Abhishek Bagchi
 Chief Financial
 Officer

Deepashri Cornelius
 Company Secretary

Significant Accounting Policies and Other Explanatory Information

1. Background of the Company

National Securities Depository Limited ('NSDL') was granted an in principle approval by the Reserve Bank of India (the 'RBI') on 7 September 2015 to set up a new Payments Bank under section 22 of the Banking Regulation Act, 1949. Accordingly, NSDL Payments Bank Limited (the 'Company') was incorporated on 17 August 2016.

The RBI has granted license to the Company to carry on payments bank business in India, under Section 22(1) of Banking Regulation Act, 1949 subject to terms and conditions mentioned vide their letter dated 30 March 2017. The Company is in process of fulfilling conditions of the RBI for setting up payments bank.

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 01 April 2016. The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

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 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.

Management is responsible for making the accounting estimates included in the financial statements. Estimates are based on subjective as well as objective factors and, as a result, judgment is required to estimate an amount at the date of the financial statements. Management's judgment is normally based on its knowledge and experience about past and current events and its assumptions about conditions it expects to exist and courses of action it expects to take.

2.3. Other income

Interest income is accounted on accrual basis and dividend income on liquid/debt mutual funds is accounted on an accrual basis when the right to receive the dividend is established. For this purpose, units of mutual funds are valued at the latest re-purchase price / net asset value declared by the mutual fund.

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.

Significant Accounting Policies and Other Explanatory Information

2.4. 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/(loss) 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 at 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 at the end of the reporting period.

iii. Current and deferred tax for the year

Current and deferred tax are recognised in Statement of 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.

2.5. Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

2.6. Property, plant and equipment

Property, plant and 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 and intangible assets under development:

Projects under which tangible / intangible assets under development that are not yet ready for their intended use are carried at cost. It comprises of direct cost and related incidental expenses

2.7. Depreciation

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

Intangible assets are amortized on a straight line basis.

Asset	Estimated Useful Life
Office equipment	5 years
Computers and laptops	3 years
Servers and networking equipment	6 years

Significant Accounting Policies and Other Explanatory Information

2.8. 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 other explanatory information. Contingent assets are not recognised/disclosed in the financial statements.

2.9. Financial instruments

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

2.10. Financial assets

Recognition and initial measurement

Financial assets (security deposit, fixed deposit) are 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 (FVTPL) 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 FVTPL. The Company uses valuation techniques that are

appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

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

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

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers

Significant Accounting Policies and Other Explanatory Information

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.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

2.11. 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 are classified as at FVTPL where the financial liability is either held for trading or it is designated as FVTPL.

De-recognition of financial liabilities

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

2.12. Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Significant Accounting Policies and Other Explanatory Information

2.13. Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

2.14. Earnings/Loss per share

Basic and diluted earnings per share are computed by dividing the net profit/loss after tax attributable to equity shareholders for the year, with the respective weighted average number of equity shares outstanding during the year.

2.15. Recent accounting pronouncement - Standard issued but not effective yet

The Ministry of Corporate Affairs of the Government of India, on 28 March 2018, issued certain amendments to Ind AS. Impact of applicable amendments is presented below:

i. Ind AS 115: Revenue from Contracts with customers

Applicable from 1 April 2018. The Core principle of the new standard is that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at an amount to which the entity expects to be entitled. To achieve the core principle, the new standard establishes a five step model that entities would need to apply to determine when to recognize revenue, and at what amount.

Applying this core principle involves the 5 steps approach.

- The standard requires to identify contract with customer as a first step.
- Having identified a contract, the entity next identifies the performance obligations within that contract. A performance obligation is a promise in a contract with a customer to transfer either a good or service or bundle of goods or services, that are 'distinct'.
- Third step in the model is to determine the transaction price and then as a fourth step, such transaction price needs to be allocated to the performance obligation identified in step 2.
- In accordance with this Standard, entity is required to recognize revenue when the entity satisfies the performance obligations.

The Standard requires extensive disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The effect on adoption of Ind AS 115 is expected to be insignificant.

Significant Accounting Policies and Other Explanatory Information

ii. Ind AS 21: The effects of changes in foreign exchange rates

Foreign currency transactions and Advance consideration: It clarifies the date of the 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 date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The effective date for adoption of Changes in Ind AS 21 is 1 April 2018. The effect on the financial statements is being evaluated by the Company. The effect on adoption of amendments to Ind AS 21 is expected to be insignificant.

iii. Ind AS 12: Income taxes

Ind AS 12, Income taxes, has been amended to provide guidance on recognition of deferred tax assets for unrealised losses. The existing standard provides that an entity recognises deferred tax assets only when it is probable that taxable profits will be available against which the deductible

temporary differences can be utilised. The amended standard provides that when an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, it considers whether tax law restricts the source of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. If tax law restricts the utilisation of losses to deduction against income of a specific type, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. It further provides that while estimating probable future taxable profit, an entity may include the recovery of some of entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

The amendments are applicable retrospectively for annual periods beginning on or after 1 April 2018. These amended rules also state that an entity is permitted to apply these amendments retrospectively also in accordance with Ind AS 8.

The effect on adoption of amendments to Ind AS 12 is expected to be insignificant.

Notes to Financial Statements

for the year ended 31st March, 2018

3: Property, plant and equipment

(₹ in lakh)

Particulars	Gross block				Accumulated depreciation				Net block	
	As at 1 April 2017	Additions	Deletions	As at 31 March 2018	As at 1 April 2017	For the year	Deletions	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Property, plant and equipment										
Computers and accessories	-	157.99	-	157.99	-	25.18	-	25.18	132.81	-
Office equipment	-	8.35	-	8.35	-	1.85	-	1.85	6.50	-
Total	-	166.34	-	166.34	-	27.03	-	27.03	139.31	-
Previous year	-	-	-	-	-	-	-	-	-	-

(₹ in lakh)

Particulars	As at 31 March 2018	As at 31 March 2017
4: Other financial assets - Non current		
(Unsecured, considered good)		
Deposits with maturity of more than twelve months	26.26	-
Security deposits	24.29	15.00
	50.55	15.00
5: Long Term Loans and Advances		
Opening balance	19.97	-
Add: Current tax payable for the year/period	179.64	19.97
Less: Taxes paid during the year/period	(201.06)	-
Closing Balance (asset)/liabilities	(1.45)	19.97
6: Other non current assets		
Prepaid expenses	3.85	-
	3.85	-

Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lakh)

Particulars	As at 31 March 2018	As at 31 March 2017
7: Cash and bank balances		
(i) Cash and cash equivalents		
Balance with bank:		
- in current accounts	24.05	57.50
- in deposit accounts (with original maturity of three months or less)	245.20	9,309.17
	269.25	9,366.67
(ii) Bank balances other than (i) above		
Bank deposits with maturity of more than three months and up to twelve months	7,635.00	-
	7,635.00	-
8: Other financial assets - Current		
Other receivables	0.01	-
	0.01	-
9: Other current assets		
Service tax / GST receivable	174.55	54.51
Prepaid expenses	11.63	-
	186.18	54.51
10: Equity share capital		
Authorised		
200,000,000 (2017: 200,000,000) equity shares of ₹ 10 each	20,000.00	20,000.00
	20,000.00	20,000.00
Issued, subscribed and paid up		
103,000,000 (2017: 103,000,000) equity shares of ₹ 10 each fully paid	10,300.00	10,300.00
	10,300.00	10,300.00

Notes to Financial Statements

for the year ended 31st March, 2018

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year/period

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number	(₹ in lakh)	Number	(₹ in lakh)
Equity shares				
Shares outstanding at the beginning of the year /period	103,000,000	10,300	-	-
Shares issued during the year/period	-	-	103,000,000	10,300
Shares outstanding at the end of the year/ period	103,000,000	10,300	103,000,000	10,300

b. Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after the distribution of all preferential amounts in proportion to the number of equity shares held.

c. Shares held by holding company\it's subsidiary

Particulars	Relationship	As at 31 March 2018		As at 31 March 2017	
		Number	(₹ in lakh)	Number	(₹ in lakh)
National Securities Depository Limited	Holding company	83,000,000	8,300	83,000,000	8,300
NSDL Database Management Limited	Fellow subsidiary	20,000,000	2,000	20,000,000	2,000

d. Details of shareholders holding more than 5% shares in the Company

Particulars	Relationship	As at 31 March 2018		As at 31 March 2017	
		Number	Percentage	Number	Percentage
National Securities Depository Limited	Holding company	83,000,000	80.58%	83,000,000	80.58%
NSDL Database Management Limited	Fellow subsidiary	20,000,000	19.42%	20,000,000	19.42%

Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lakh)

Particulars	As at 31 March 2018	As at 31 March 2017
11 Other equity		
Reserve and surplus		
Deficit in the statement of profit and loss		
At the beginning of the year/period	(258.01)	-
Loss for the year/period	(118.48)	(258.01)
Deficit at the end of the year/period	<u>(376.49)</u>	<u>(258.01)</u>

(₹ in lakh)

Particulars	As at 31 March 2018	As at 31 March 2017
12 Provisions - Non-current		
Gratuity (Refer note 26)	10.06	-
Leave encashment (Refer note 26)	15.19	-
	<u>25.25</u>	<u>-</u>

(₹ in lakh)

Particulars	As at 31 March 2018	As at 31 March 2017
13 Deferred tax liabilities		
Deferred tax liability arising on account of timing differences between depreciation as per financials and depreciation as per tax	16.91	-
	<u>16.91</u>	<u>-</u>

(₹ in lakh)

Particulars	As at 31 March 2018	As at 31 March 2017
14 Trade payables		
- Total outstanding dues of micro and small enterprises (Refer Note below)	-	-
- Total outstanding dues of creditors other than micro and small enterprises	132.59	165.65
	<u>132.59</u>	<u>165.65</u>

Note: Dues to micro enterprise and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Management. This has been relied upon by the Statutory auditors.

Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lakh)

	Particulars	As at 31 March 2018	As at 31 March 2017
15	Other current liabilities		
	Statutory dues payable	15.66	-
		<u>15.66</u>	<u>-</u>

(₹ in lakh)

	Particulars	As at 31 March 2018	As at 31 March 2017
16	Provisions-Current		
	Gratuity (Refer note 26)	0.02	-
	Leave encashment (Refer note 26)	0.95	-
		<u>0.97</u>	<u>-</u>

(₹ in lakh)

	Particulars	As at 31 March 2018	As at 31 March 2017
17	Other income		
	Interest Income		
	- bank deposits	542.95	67.02
	- others	1.05	-
	Dividend Income	1.74	-
		<u>545.74</u>	<u>67.02</u>

(₹ in lakh)

	Particulars	As at 31 March 2018	As at 31 March 2017
18	Employee benefit expense		
	Salaries, wages and bonus (including contribution to Provident fund, gratuity and leave compensation)	210.62	-
		<u>210.62</u>	<u>-</u>

Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lakh)

	Particulars	As at 31 March 2018	As at 31 March 2017
19	Finance cost		
	Interest expense on:		
	- Late payment of tax deducted at source and advance income tax	9.19	-
		<u>9.19</u>	<u>-</u>

(₹ in lakh)

	Particulars	As at 31 March 2018	As at 31 March 2017
20	Other expenses		
	Rent (refer note 28)	48.48	14.20
	Legal and professional fees	14.85	50.03
	Recruitment expenses	17.16	0.03
	Rates and taxes	9.15	206.79
	Office and miscellaneous expenses	19.14	0.42
	Auditor's remuneration		
	- Statutory audit	6.75	5.00
	- Tax audit	0.75	-
	Printing and stationery	0.55	0.04
	Director sitting fees (refer note 27)	12.00	-
	Security expenses	1.94	-
	Travelling and conveyance	19.38	26.67
	Communication costs	1.23	0.85
	Membership and subscription charges	6.45	-
	Bank charges	2.40	-
	Repairs and maintenance	15.03	0.90
	Software expenses	45.52	-
	Business promotion expenses	0.05	0.13
		<u>220.83</u>	<u>305.06</u>

21. The Company has obtained license from the RBI to carry on the business of a Payments Bank and is expected to commence business. Consequently, no separate reportable segments have been identified in terms of Indian Accounting Standard 108 "Operating Segments".

22. Fair value measurements

Financial instruments by category

There are no financial instrument which are measured at fair value. Financial assets and financial liabilities are disclosed in the Balance Sheet are measured at amortised cost. The carrying amount of the financial assets and liabilities measured at amortised cost is considered to be approximately equal to their fair values.

23. Capital management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders;
- maintain an optimal capital structure to reduce the cost of capital; and
- maintain liquidity to carry on the business operations and meet its liability as and when required

In order to maintain or adjust the capital structure, the Company may issue additional shares.

- The capital composition is as follows:

	(₹ in lakh)	
	As at 31 March 2018	As at 31 March 2017
Debt	-	-
Less: Cash and cash equivalents	(269.25)	(9,366.67)
Net debts	(269.25)	(9,366.67)
Total equity	9,923.52	10,041.99
Total Capital (Net debt plus total equity)	9,654.27	675.32
Net debt equity ratio	Not Applicable*	Not Applicable*

*The Company does not have any debt as at 31 March 2018 (31 March 2017 – Nil). Hence, debt equity ratio is not applicable.

24. Credit risk

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial instruments as well as credit exposures to outstanding receivables. The Company has deposits with banks where the credit risk is negligible. Also the credit risk for security deposit paid is a quality asset for which the risk is low.

25. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company has adequate cash and bank balances to maintain the liquidity. The management frequently forecasts the liquidity position of the Company.

26. Employee benefits:

a) The Company has recognized the following amounts in the statement of profit and loss and Capital Work in Progress under employee benefit expense:

	(₹ in lakh)
Particulars	As at 31 March 2018
Defined benefit plans	
Gratuity	10.08
Leave encashment and sick leave	16.14

b) Gratuity:
(i) Summary of actuarial assumptions:

(₹ in lakh)

Particulars	As at 31 March 2018
Discount rate	7.87%
Rate of return on plan assets	-
Salary escalation	8.00%
Attrition rate	2.00%
Mortality table	Indian Assured Lives Mortality (2006-08)

(ii) Reconciliation of defined benefit obligation

(₹ in lakh)

Particulars	As at 31 March 2018
Liability at the beginning of the year/period	-
Interest cost	0.36
Current service cost	12.41
Benefits paid	-
Actuarial loss /(gain) on obligations	(2.69)
Liability at the end of the year/period	10.08

(iii) Amount recognised in balance sheet:

(₹ in lakh)

Particulars	As at 31 March 2018
Present value of funded obligation	10.08
Fair value of plan assets at the end of the year/period	-
Amount recognised in balance sheet	10.08

(iv) Balance Sheet reconciliation:

(₹ in lakh)

Particulars	As at 31 March 2018
Opening net liability	-
Expenses recognized in balance sheet	10.08
Employers contribution	-
Amount recognised in Balance sheet	10.08

Note: This is the first year in which the Company has done actuarial valuation. Previous year gratuity was not applicable to the Company.

(v) Sensitivity analysis:

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

(₹ in lakh)

Particulars	Defined benefit obligation	
	Increase in assumption	Decrease in assumption
Discount rate (1% movement)	(1.40)	1.70
Future salary appreciation (1% movement)	1.68	(1.41)
Attrition rate (1% movement)	(0.36)	0.37

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.

27. Related party disclosures: (As per Ind AS 24 – Related party disclosures)

(₹ in lakh)

Names of related party	Relationship
National Securities Depository Limited	Holding Company (control exists)
NSDL Database Management Limited	Fellow subsidiary/Significant shareholder
G. V. Nageswara Rao	Director
L Ravi Sankar	Director
Naina Krishna Murthy	Director
Santanu Paul	Director
Key Managerial Personnel	
SP. Narayanan	Director/ Chief Executive Officer (Designate)*

*w.e.f 3rd May 2018 Managing Director & Chief Executive Officer

Nature and volume of transaction during the year/period with above related parties

(₹ in lakh)

Particulars	For the year ended 31 March 2018	For the period 17 August 2016 to 31 March 2017
Transactions during the year/period:		
Holding Company –		
National Securities Depository Limited		
(a) Reimbursement of expenditure	205.39	354.57
(b) Reimbursement of Capital work-in-progress	1,214.21	791.43
(c) Share Capital	-	8,300.00
NSDL Database Management Limited		
(a) Share Capital	-	2,000.00

(₹ in lakh)

Particulars	As at 31 March 2018	As at 31 March 2017
(Payable)/Receivable at the end of the year/period:		
Holding Company – National Securities Depository Limited	59.62	(165.65)

Key Managerial Personnel

(₹ in lakh)

Sr. No.	Nature of transactions	For the year ended 31 March 2018	For the period 23 January 2017 to 31 March 2017
1.	SP. Narayanan	91.58	17.48

During the financial year 2017-18, "Short-term employee benefits" by way of sitting fees of ₹ 12 lakhs as per Ind AS 19 "Employee Benefits", was paid to the non-executive directors, classified under "Other Expenses" in statement of profit and loss.

28. Operating lease

The Company has entered into operating lease arrangements for office premises. Rent includes expenses of ₹ 47.37 lakhs on account of operating lease. The committed operating lease rentals in the future are:

(₹ in lakh)

Particulars	As at 31 March 2018	As at 31 March 2017
Not later than one year	30.00	15.00
Later than one year and not later than five years	22.50	-
Later than five years	-	-

29. Tax reconciliation

The movement in deferred tax balances for the year ended 31 March 2018 is as follows:

(₹ in lakh)

Particulars	Net balance 01 April 2017	Recognized in profit or loss	Recognized in OCI	Net deferred tax (asset)/liability
Deferred tax liability (gross)	-	16.91	-	16.91
Property, plant and equipment	-	16.91	-	16.91
Total deferred tax liabilities	-	16.91	-	16.91
Deferred tax assets (gross)	-	-	-	-
Total deferred tax assets	-	-	-	-
Deferred tax liabilities (net)	-	16.91	-	16.91

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

Particulars	(₹ in lakh)	
	For the year ended 31 March 2018	For the period 17 August 2016 to 31 March 2017
Profit/(Loss) before tax from continuing operations	78.07	(238.04)
Income tax expense calculated at 33.063%	25.81	-
Effect of income that is exempt from taxation	(0.92)	-
Effect of expenses that are not deductible in determining taxable profit	154.75	-
Deferred tax charge	16.91	-
Others	-	19.97
Income tax expense recognised in profit or loss	196.55	19.97

30. Loss per share

Particulars	(₹ in lakh)	
	For the year ended 31 March 2018	For the period 17 August 2016 to 31 March 2017
Loss for the year attributable to owners of the Company (₹ in lakh)	(118.48)	(258.01)
Actual number of equity shares	103,000,000	103,000,000
Weighted average number of equity shares outstanding	103,000,000	31,076,027
Basic and Diluted earnings/(loss) per share of face value ₹ 10 each per share (₹)	(0.12)	(0.83)

31. Subsequent events:

There are no significant subsequent events that would require adjustments or disclosures in the financial statements as on the reporting date.

32. Previous year figures have re-grouped/re-classified wherever necessary to conform to the current year's presentation and classification.

For **Walker & Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors
of **NSDL Payments Bank Limited**
CIN: U65900MH2016PLC284869

Manish Gujral
Partner
Membership No.: 105117

L. Ravi Sankar
Director
DIN: 00185931

G. V. Nageswara Rao
Director
DIN: 00799504

SP. Narayanan
Managing Director
and CEO
DIN: 02255917

Place : Mumbai
Date : 6th May, 2018

Abhishek Bagchi
Chief Financial
Officer

Deepashri Cornelius
Company Secretary

NSDL Branches

Ahmedabad

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