



NSDL

Technology, Trust & Reach

NATIONAL SECURITIES DEPOSITORY LTD.

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Custody Value
June 30, 2014

Rs. 103
lakh crore

**No. of active
ISINs**
June 30, 2014

54,596

No. of Issuers
June 30, 2014

Listed
Unlisted

6,050
6,604

**No. of
Transactions**
2013-14

235 million



NSDL, the first and the largest depository in India has been instrumental in providing the Indian Investor diaspora a variety of best in class services for capital market operations. This is being done on the back of its strengths in technology, immense trust of investors and wide reach across India. NSDL has been growing every year, adding more and more demat accounts, adding new services on the way, by making use of latest technologies for the past 17 years.

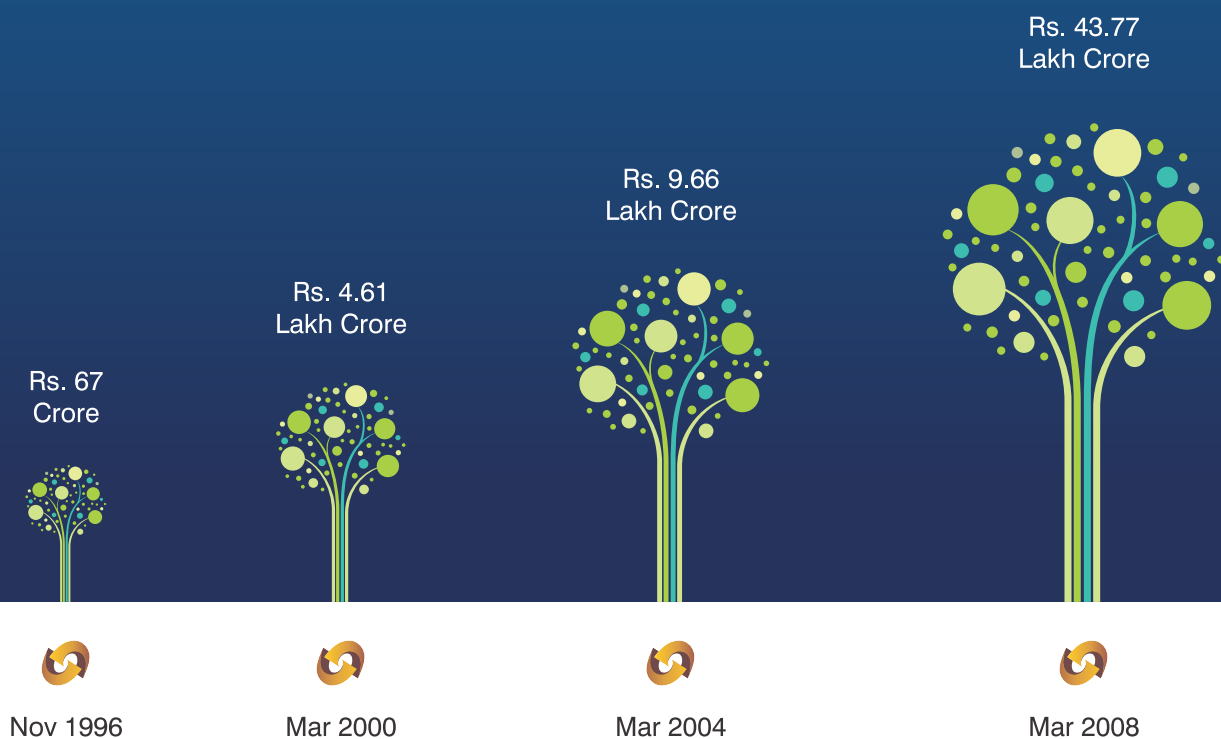
This year also the NSDL client accounts, their asset holdings, their use of NSDL's internet platforms like SPEEDe, IDeAS, e-Voting have showcased growth. The team at NSDL is confident of growing intrinsically in the years to follow, by focusing on adding more business partners, enhancing relationship with its existing business partners, using digital marketing channel for direct engagement with investors and riding on the momentum of overall growth in Indian business scenario. The enthusiasm will multiply as the growth accelerates

Assets held in NSDL cross

Rs. 100 Lakh Crore

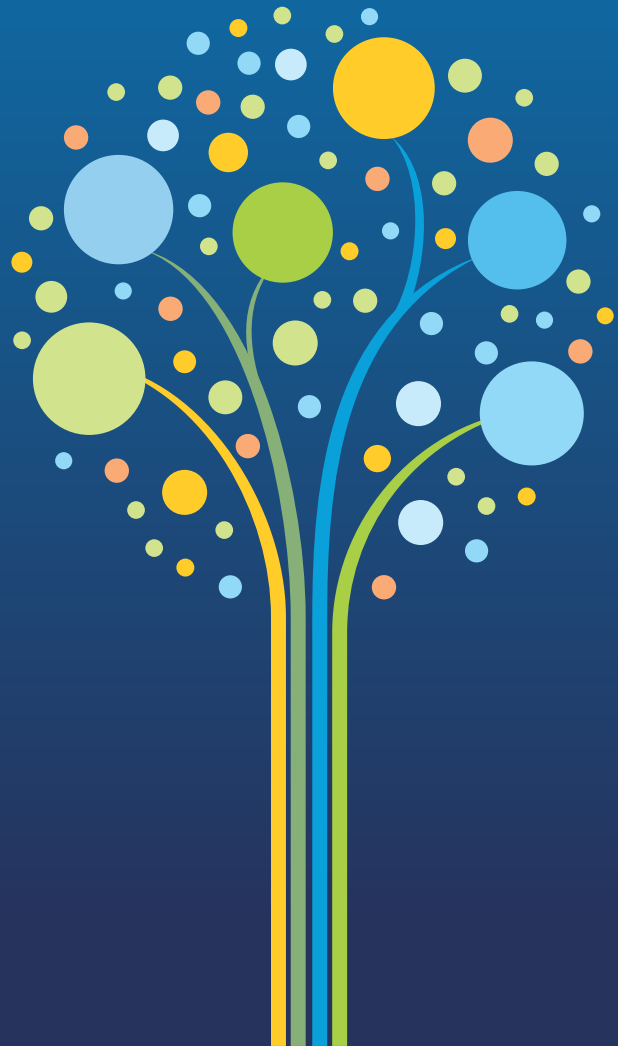
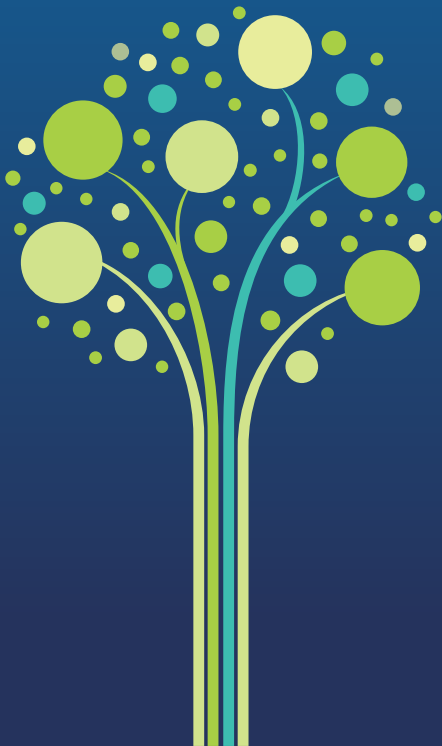
(USD 1.67 trillion) in
1.33 crore client accounts.

Only 11 countries in the
world have GDP higher
than NSDL's Custody Value.



**Rs. 103
Lakh Crore**

Rs. 71.32
Lakh Crore



Mar 2012



June 2014

**NSDL proudly celebrates
this milestone.**

e-Voting

102%
growth

73%
growth

NSDL has been given the mandate by the Ministry of Corporate Affairs for providing and supervising electronic platform for e-Voting for shareholders of companies. Through this platform shareholders can cast their votes electronically in respect of resolutions of companies to be passed by postal ballots or at general meetings. As on March 31, 2014, 285 companies have signed agreement with NSDL for availing e-Voting facility as against 141 companies as on March 31, 2013 **indicating a 102% growth Year on Year**. During the year 74 companies on 109 occasions have availed the e-Voting service as against 55 companies on 63 occasions for FY 2012-13 **recording a growth of 35% and 73% respectively Year on Year**.

88%
market share
of assets under
custody

Investor Accounts

During the year under review, number of Active demat accounts held with Participants of NSDL crossed 1,30,00,000 (One Crore Thirty Lakhs) mark. These accounts hold **more than 88% of the securities held in dematerialised form in India**, indicating preference and trust bestowed by the investors in maintaining their financial assets with NSDL. During FY 2013-14, close to **One million new accounts** were opened at NSDL taking total number of accounts opened till March 31, 2014 to 22.8 million.

16%
growth

Custody Value

As on March 31, 2014, the total value of all types of securities (viz., equity, debt and G-sec) under custody stood at Rs. 89,399 billion as against Rs. 76,790 billion as on March 31, 2013 **showing a growth of 16 %**. The value of debt securities (Debentures, Bonds, CPs, CDs etc.) dematerialised **showed an increase of about 12%** and stood at Rs. 20,857 billion as on March 31, 2014 as against Rs. 18,675 billion as on March 31, 2013. As on March 31, 2014, the number of Government Securities that were available for dematerialisation went upto 805 (720 as on March 31, 2013) and the total value of Government securities that were dematerialised at NSDL stood at Rs 136 billion (Rs. 124 billion as on March 31, 2013) **indicating a growth of over 10%**. During FY 2013-14, T-bills were introduced for demat and so far 6 T-bills are dematerialized. The Foreign Institutional Investors (FIIs - now deemed FPIs) hold more than 99% of their investment in equity shares at NSDL.

TRADeS

TRADeS (Transaction Related Alerts of Demat account received through SMS) 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, 2014, 100 lakh investors, which is 77% of depository accounts held with Participants of NSDL, were registered for using this service.** During the financial year 2013-14 a total of 3.3 million SMS alerts have been sent to clients under this service.

77%
growth

IDeAS

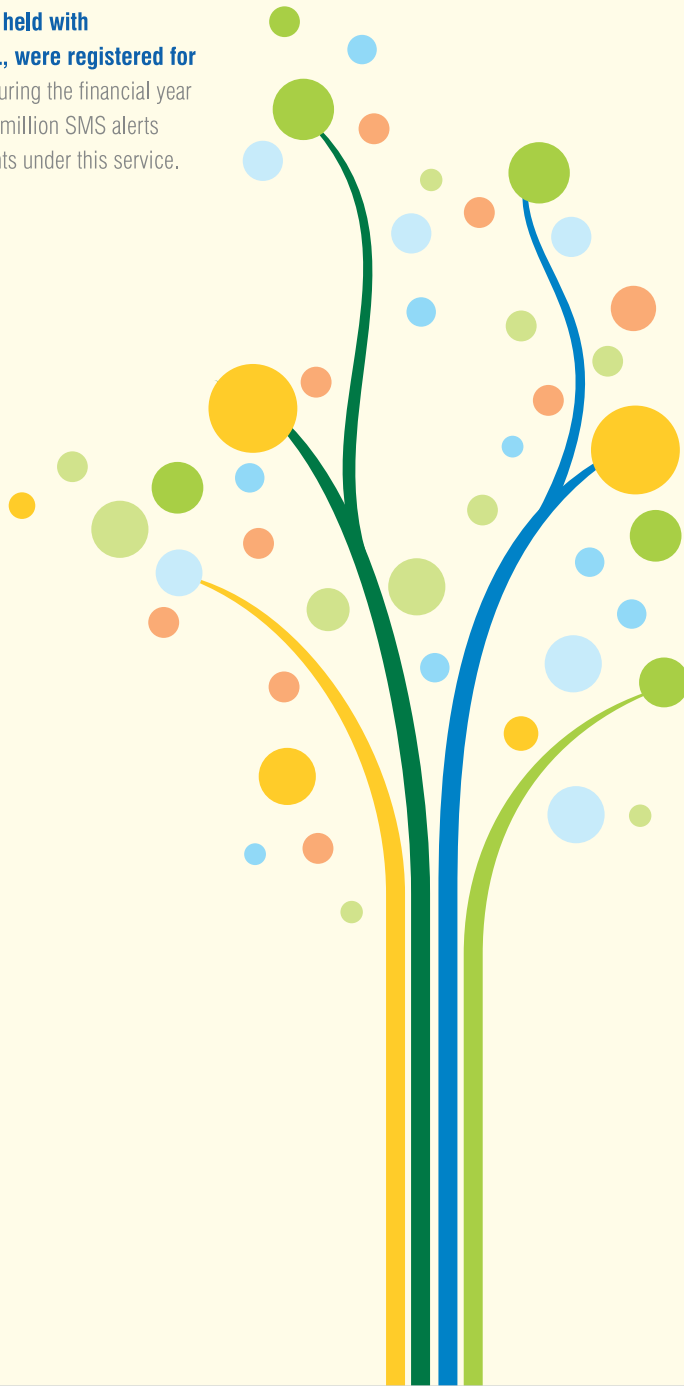
IDeAS (Internet-based Demat Account Statement) is a facility for clients and Clearing Members of Participants to view balances and transactions in their depository accounts. **During the FY 2013-14, number of clients using IDeAS facility increased to 2,86,044 from 2,34,932 indicating a Year on Year growth of 22% as compared with a growth of 5% in the previous year.**

22%
growth

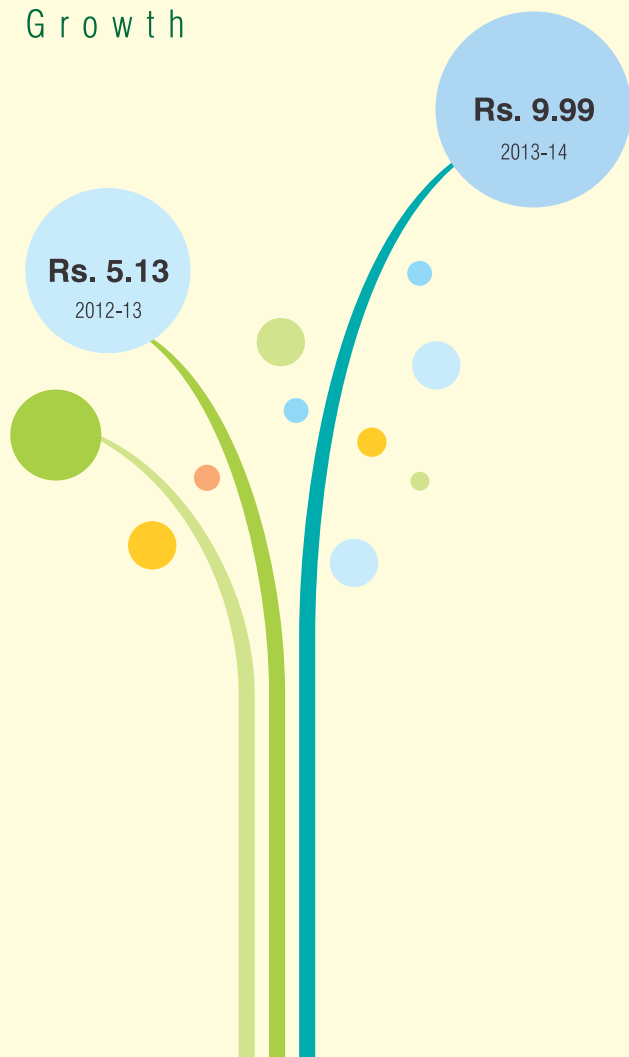
SPEED-e

SPEED-e is an Internet based facility for submission of instructions by clients and Clearing Members (users) to the Participants. SPEED-e also acts as a risk containment measure for Participants. During FY 2013-14, 15 Participants have subscribed for SPEED-e facility which takes total no. of Participants subscribed for SPEED-e to 132. **During FY 2013-14, 33.77 million instructions were received through SPEED-e as compared to 32.72 million instructions in the previous year. About 96% of the instructions received through SPEED-e are digitally signed using E-Token.**

96%
growth

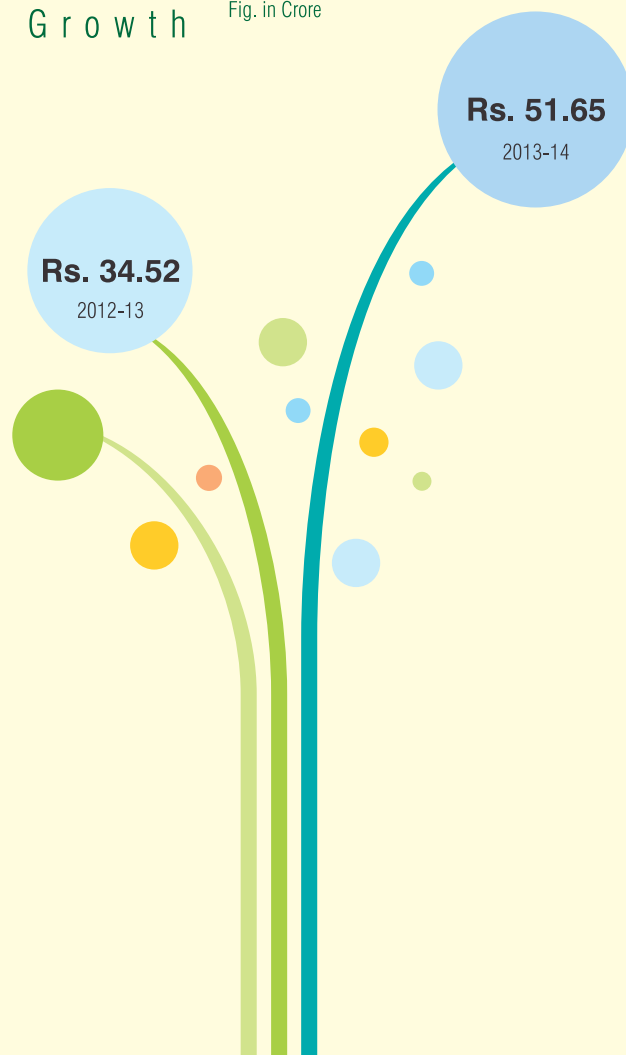


95% Earnings Per Share Growth

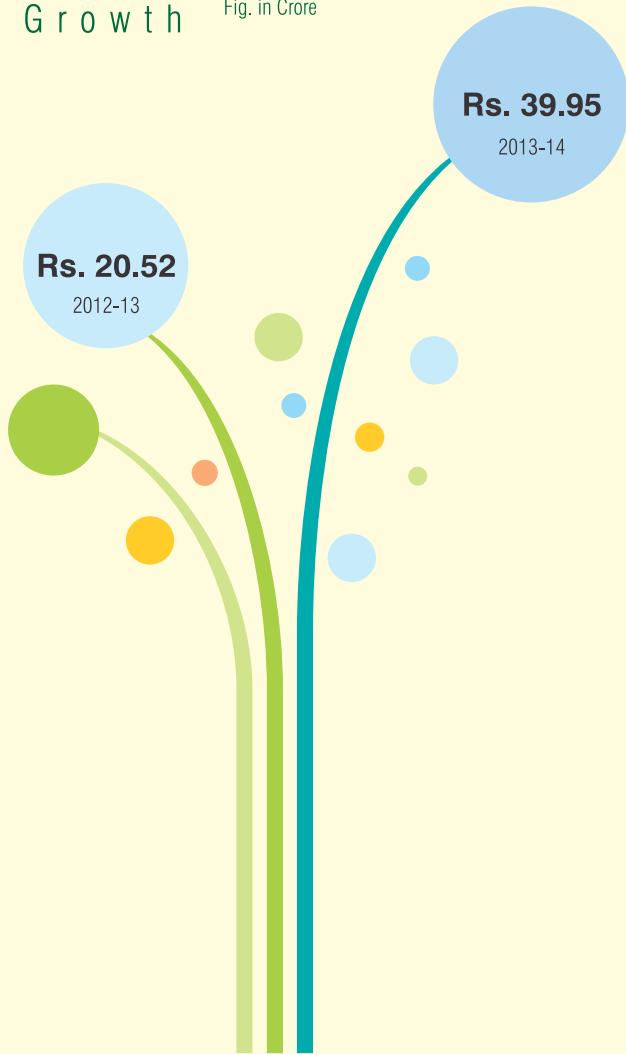


50% Profit Before Tax Growth

Fig. in Crore

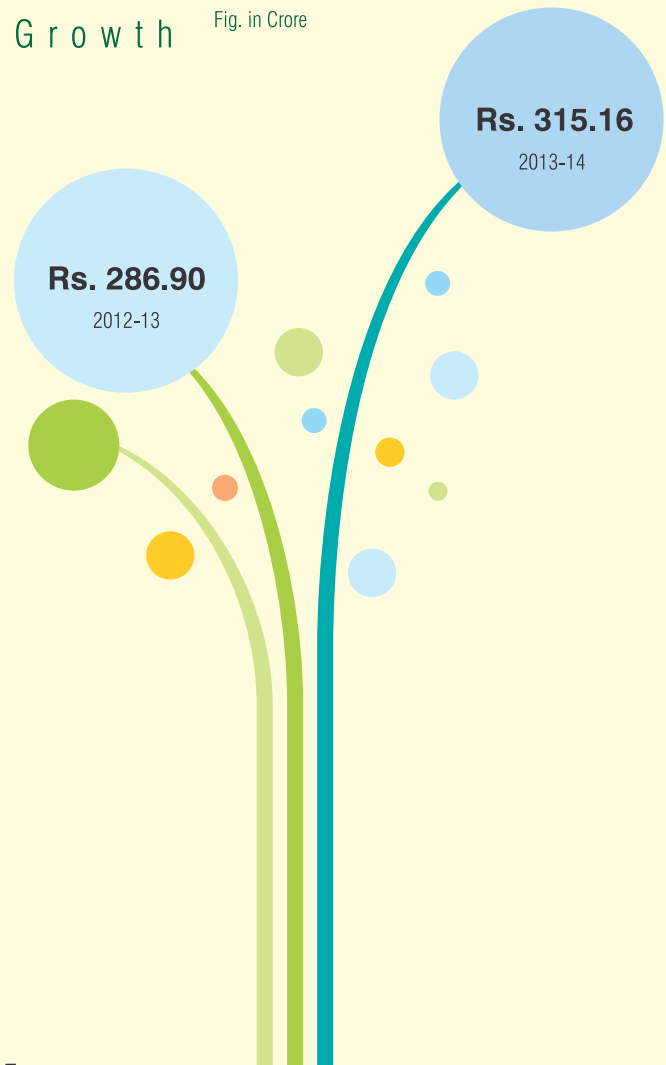


95%
Growth **Profit After Tax**
Fig. in Crore



Financial Highlights

10%
Growth **Networth**
Fig. in Crore



Board of Directors



Mr. C. M. Vasudev
Non-Executive Chairman – NSDL
Former Secretary,
Ministry of Finance



Mr. Viney Kumar
Executive Director
IDBI Bank Limited



Mr. Ravi Narain
Vice Chairman
National Stock Exchange
of India Limited



Mr. B. Babu Rao
President
The Specified Undertaking
of the - Unit Trust of India



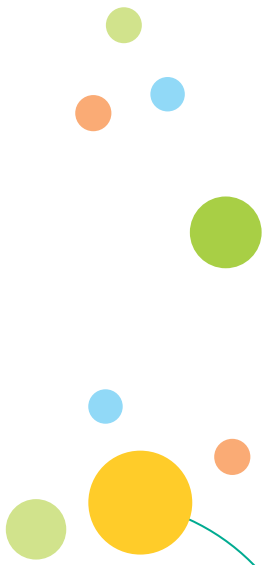
Mr. P. P. Vora
Former Chairman &
Managing Director
Industrial Development Bank
of India Limited
(Now, IDBI Bank Ltd.)



Mr. Sudhir Mankad
Former Chief Secretary
Government of Gujarat



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



Public Interest Directors

Mr. C. M. Vasudev

Mr. P. P. Vora

Mr. Sudhir Mankad

Committees

Executive Committee

Mr. G. V. Nageswara Rao - Chairman
Ms. Chitra Ramkrishna - Vice Chairperson
Mr. S.G. Kale
Dr. Indra Parikh
Ms. D. N. Raval
Mr. S. G. Gulati
Mr. Anup Bagchi
Mr. Anand Rengarajan
Mr. Rahul Bhagat
Mr. Ashok Motwani
Mr. Mani Palvesan
Mr. Nilesh Shah
Mr. Rajesh Doshi

Audit Committee

Mr. P. P. Vora - Chairman
Mr. C. M. Vasudev
Mr. Sudhir Mankad
Mr. Ravi Narain

Nomination Committee

Mr. C. M. Vasudev - Chairman
Mr. P. P. Vora
Mr. Ravi Narain

Ethics Committee

Mr. C. M. Vasudev - Chairman
Mr. P. P. Vora
Mr. Sudhir Mankad

Disciplinary Action Committee

Mr. G. V. Nageswara Rao - Chairman
Mr. N. J. Jhaveri
Mr. Ajit Kumar Day
Ms. D.N. Raval

IT Strategy Committee

Mr. P. P. Vora - Chairman
Mr. Ravi Narain
Mr. G. V. Nageswara Rao

Compensation Committee

Mr. P. P. Vora - Chairman
Mr. Ravi Narain
Mr. Sudhir Mankad

Investment Committee

Mr. P. P. Vora - Chairman
Mr. B. Babu Rao
Mr. Viney Kumar
Mr. G. V. Nageswara Rao

Shareholders' Grievance Committee

Mr. Ravi Narain - Chairman
Mr. B. Babu Rao
Mr. G.V. Nageswara Rao

Share Allotment/ Transfer Committee

Mr. P. P. Vora - Chairman
Mr. G. V. Nageswara Rao

Corporate Social Responsibility Committee

Mr. G. V. Nageswara Rao - Chairman
Mr. Ravi Narain
Mr. Sudhir Mankad



Our Team

Management Team

Mr. G. V. Nageswara Rao	Managing Director & CEO
Mr. Rajesh Doshi	Senior Executive Director
Mr. Nityanand Phatarphod	Executive Vice President
Mr. Dnyanesh Nerurkar	Executive Vice President
Mr. S. Ganesh	Senior Vice President & Compliance Officer
Mr. Samar Banwat	Senior Vice President
Mr. Prashant Vagal	Senior Vice President & Chief Financial Officer
Mr. Nitin Ambure	Vice President
Mr. Manoj Sathe	Vice President

Company Secretary

Mr. Deepak Shenoy

Auditors

Statutory Auditors

M/s Deloitte Haskins & Sells
Chartered Accountants

Internal Auditors

M/s Aneja Associates
Chartered Accountants

Bankers

IDBI Bank
HDFC Bank

Registered Office

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

Website: www.nsdI.co.in

CIN : U74120MH2012PLC230380





To energise Indian capital markets, the Finance Minister in his budget speech for 2014-15, articulated a path-breaking vision to introduce one single operating demat account so that Indian financial sector consumers can access and transact all financial assets through this one account. An investor will be able to hold all his financial investments in one electronic account, making it possible to view and track the entire investment portfolio in one place that offers anytime, anywhere access. Managing investments will then become greatly simplified.



Message from MD & CEO

Dear Stakeholders,

The past twelve months have been momentous for NSDL. In June 2014, we reached the historic milestone of crossing Rs 100 lakh crore (equal to USD 1.67 trillion) in custody value of securities held in NSDL system. It is also an important milestone for India. The value represents the wealth of investors held in the form of securities in NSDL demat accounts. To put the number in perspective, total bank deposits in India aggregate to Rs. 79 lakh crore. It indicates that the wealth of investors - individual, corporate and institutional - held in the form of shares, bonds and other securities is higher. NSDL's custody value is 89% of India's nominal GDP. In fact, only 11 countries in the world have GDP higher than NSDL's custody value. NSDL is proud of reaching this milestone and we owe this success to every one of you who has reposed trust in us.

To energise Indian capital markets, the Finance Minister in his budget speech for 2014-15, articulated a path-breaking vision to introduce one single operating demat account so that Indian financial sector consumers can access and transact all financial assets through this one account. An investor will be able to hold all his financial investments in one electronic account, making it possible to view and track the entire investment portfolio in one place that offers anytime, anywhere access. Managing investments will then become greatly simplified.

Depositories will become institutions of 'title storage' for all financial products, as envisaged by the Financial Sector Legislative Reforms Commission. It is a game-changer development and is sure to metamorphose Indian financial markets. NSDL has played a pioneering role in transforming the Indian capital markets by introducing the concept of demat seventeen years ago and is excited at the opportunity to take demat to the next level to further catapult the Indian markets.

e-Voting is revolutionising corporate governance in India. SEBI as well as the Ministry of Corporate Affairs have introduced provisions that make it mandatory to offer e-Voting for all listed companies from April 2014 and for unlisted companies having not less than 1000 shareholders from January 2015. NSDL's e-Voting platform has become the platform of choice to these companies. To make the system easy and accessible, NSDL has implemented several initiatives, including single sign-on integration with ICICI Direct, India's largest online trading platform and a facility to custodians and mutual funds to vote conveniently.

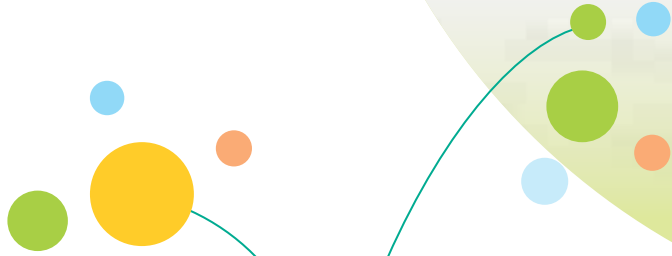
To simplify registration of Foreign Portfolio Investors (FPIs) investing in India, SEBI has empowered Designated Depository Participants to carry out due diligence and approve registration. To facilitate this initiative, NSDL has set up an automated FPI Registration System to register foreign investors and issue registration certificate. Over 90 foreign portfolio investors have already been registered under this new system that became operational in June 2014.

Another significant initiative undertaken by NSDL during the year is to establish Corporate Bond Database to collect and disseminate authentic, complete and up-to-date reference data on all corporate bonds held in NSDL system. It solves a major problem faced by bond investors and will aid development of the corporate bond market.

NSDL's commitment to making the Indian capital marketplace more easy, transparent and safe, we surely believe, will help win confidence of investors and will boost domestic and global investment in Indian Capital Market.

With Best Wishes

G. V. Nageswara Rao
Managing Director & CEO



Directors' Report



To the Members,

Your Directors are pleased to present the second Annual Report and the Audited Accounts of the company for the financial year ended March 31, 2014.

During the financial year 2013-2014, your company crossed the mark of 1.30 crore depository accounts. The total value of all types of securities under custody at NSDL showed a growth of 16% Year on Year. 15 Participants subscribed for SPEED-e facility during the year which is maximum number of SPEED-e subscription in the previous 3 years. During the FY 2013-14, the Year on Year growth of 22% was witnessed in terms of number of clients using IDeAS facility as compared with a growth of 5% in the previous year. As on March 31, 2014, 100 lakh investors, which is 77 % of depository accounts held with Participants of NSDL, were registered for using SMS Alert Facility of NSDL.

Financial Review

Financial Results

(Rs. in Million)

Particulars	March 31, 2014	March 31, 2013
Income	1,298	1,209
Expenditure	586	561
Profit before depreciation	712	648
Depreciation	66	217
Contribution to Investor Protection Fund (IPF)	129	86
Profit before tax	517	345
Provision for Deferred Tax (Credit)	1	(31)
Provision for Tax	116	171
Profit after Tax	400	205
Profit available for appropriation	400	205
Appropriation:		
Proposed Dividend	100	100
Tax on Dividend	17	17
Transfer to General Reserve	150	21
Surplus Carried to the Balance Sheet	133	67

Statement on the Financial Performance of the Company

The Profit Before Tax (PBT) for the Financial Year 2013-14 was Rs. 517 million as against Rs. 345 million for the Financial Year 2012-13. The Company has made provision for Tax of Rs. 116 million after writing back earlier year provision of Rs. 28 million and profit available for appropriation stood at Rs. 400 million. Further, as required under SEBI (Depositories and Participants) (Amendment) Regulations, 2012, 25 percent of the Profits i.e. Rs. 129 million has been set aside to be contributed to the Investor Protection Fund (IPF).

Dividend

Your Directors have recommended a dividend of 25 % i.e. Rs. 2.5 per share for FY 2013-14 for consideration of the shareholders. The dividend distribution would result in a cash outflow of Rs. 117 million including tax on dividend of Rs. 17 million (Payout ratio of 29 %).



Management Discussion and Analysis

Economic Environment

India's GDP growth during 2013-14 improved to 4.7 per cent as compared to 4.5 per cent in 2012-13. After achieving unprecedented growth of over 9 per cent for three successive years between 2005-06 and 2007-08 and recovering swiftly from the global financial crisis of 2008-09, the Indian economy has been going through challenging times that culminated in lower than 5 per cent growth in real GDP for two consecutive years, i.e. 2012-13 and 2013-14. Persistent uncertainty in the global outlook, caused by the crisis in the Euro area and general slowdown in the global economy, compounded by domestic structural constraints and inflationary pressures, resulted in a protracted slowdown. India's growth declined from an average of 8.3 per cent per annum during 2004-05 to 2011-12 to an average of 4.6 per cent in 2012-13 and 2013-14. In addition to the growth slowdown, inflation continued to pose a significant challenge.

The external sector witnessed a remarkable turnaround after the first quarter of 2013-14, and the year ended with a CAD of 1.7 per cent of GDP as against 4.7 per cent in 2012-13. After plummeting to Rs. 68.36 to a US dollar on 28 August 2013, triggered by the expected taper of quantitative easing in the United States, the rupee gradually strengthened and the year ended with the exchange rate averaging Rs. 61 per US dollar in March 2014, owing to measures taken by the government and the Reserve Bank of India (RBI). Foreign exchange reserves increased by nearly US\$ 40 billion from US\$ 275 billion in early September 2013 to US\$ 314.9 billion on 20 June 2014. These developments on external account have generated some optimism that the Indian economy is better prepared to confront the challenges of global policy reversals, including tapering of quantitative easing in the US.

To overcome slowing growth, Government's policy response included structural reforms aimed at reducing entry-barriers, boosting competition and productivity in various sectors; fiscal consolidation and reforms in administered prices; further strengthening of financial and banking sectors; introduction of instruments to encourage financial savings of households; measures to restart the investment cycle through support to infrastructure financing and encouragement to micro, small and medium enterprises; steps to revive growth in manufacturing and reforms in energy pricing. These policies have gone hand-in-hand with macroeconomic stabilisation that had to balance the concerns of inflation and growth recovery.

The Indian capital market, in line with global trends, was affected by the expectation of market participants regarding the tapering of the monthly bond purchase program of the US Federal Reserve. However, the investor-friendly measures taken by the Government and

the RBI gave a positive boost to investors' sentiment in the Indian market. As a result, the Indian capital market has emerged as one of the better performing markets in the world in the year 2013, in comparison to the other emerging markets.

Several reform measures have been undertaken including clearance of several large projects by the Cabinet Committee on Investment (CII). These steps could help in revival of investment and growth in the economy. In addition, resurgence of exports, prospects of revival in the global economy and moderation in inflation observed recently point towards a better outlook for the Indian economy in 2014-15. India's capacity for more rapid growth over the long term is high. However containing fiscal deficit, taming inflation and maintaining trade deficit at a level that can be financed by capital inflows remain challenges.

Securities Market

Indian benchmark indices BSE Sensex and NSE Nifty gained 18.8 and 18 per cent respectively in fiscal year 2013-14. During 2013-14, resource mobilisation through the primary market witnessed a downward movement over the previous year. The cumulative amount mobilised through equity issues in the primary market declined by 14.2 per cent to Rs. 13,269 crore. During 2013-14, 38 initial public offerings (IPO) listed at the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). Public issue of corporate debt increased in 2013-14 by 149 per cent to Rs. 42,735 crore whereas private placement fell by 23.5 per cent to Rs. 2,76,054 crore.

During 2013-14, mutual funds (MF) mobilized Rs. 53,783 crore from the market as compared to Rs. 76,539 crore in 2012-13, a drop of 23.1 per cent. The market value of Assets Under Management (AUM) stood at Rs. 8,25,240 crore as on 31 March 2014 compared to Rs. 7,01,443 crore as on 31 March 2013, an increase of 17.6 per cent.

At the end of March 2014, 1710 foreign institutional investors (FIIs) were registered with the Securities and Exchange Board of India (SEBI), with the number of registered sub-accounts increasing to 6344. The total net foreign institutional investment (FII) flows during 2013-14 stood at US \$ 8.9 billion (Figure 5.4). Market turnover in the cash segment of the equity market at the BSE and NSE stood at Rs. 5,21,664 crore and Rs. 28,08,489 crore respectively in 2013-14 as compared to Rs. 5,48,774 crore and Rs. 27,08,279 crore respectively in 2012-13. In the equities derivatives segment, all three stock exchanges, NSE, BSE, and Multi-commodity Exchange Stock Exchange (MCX-SX), registered a marked increase in turnover. In the currency derivatives space, the number of contracts and turnover fell at NSE and MCX-SX in 2013-14. The fall in currency derivatives trading was due to forex volatility and the liquidity tightening measures taken by the RBI.



Regulatory Measures

Financial reforms are critical to the emergence of India as a strong market economy. A well-functioning financial system will support growth, financial inclusion and stability. With a view to revamping financial-sector laws to bring them in tune with current requirements, the Govt set up the Financial Sector Legislative Reforms Commission (FSLRC) on 24 March 2011. The Commission submitted its Report on 22 March 2013. The FSLRC has given wide-ranging recommendations on the institutional, legal, and regulatory framework, and operational changes in the Indian financial sector. Broadly, the recommendations of the Commission can be divided into two parts, legislative and non-legislative aspects. The legislative aspects of the recommendations relate to revamping the legislative framework of the financial-sector regulatory architecture through a non-sectoral, principle-based approach and by restructuring existing regulatory agencies and creating new agencies wherever needed. The non-legislative aspects of the FSLRC recommendations are broadly in the nature of governance-enhancing principles for enhanced consumer protection, greater transparency in the functioning of financial-sector regulators in terms of their reporting system, greater clarity on their interface with the regulated entities, and greater transparency in the regulation making process by means of mandatory public consultations, incorporation of cost-benefit analysis, etc. The recommendations of the FSLRC were also discussed in fair detail in the Financial Stability and Development Council (FSDC) meetings.

In the 8th meeting of the Financial Stability and Development Council (FSDC), held on 24 October 2013, the Council decided that Regulators would voluntarily adopt governance enhancing recommendations that do not require legislative changes. This initiative has translated into a handbook on voluntary adoption of non-legislative governance-enhancing aspects of the draft Indian Financial Code, and a MIS statement which tracks compliance.

Other important regulatory measures taken during the year are as follows:

1. Companies Act, 2013 & Rules: The Companies Act, 2013 was assented by the President of India on 29 August 2013 and published in the Official Gazette on 30 August 2013. The Ministry of Corporate Affairs (MCA) notified 98 Sections of the Companies Act, 2013 on 12th September 2013 followed by Notification of 183 new sections on 26th March 2014. Further, MCA has notified Rules under the Companies Act, 2013 divided under different chapters and also few circulars for removal of doubts. The Companies Act, 2013, which replaces more than half a century old law, is a reform oriented, governance focused and forward looking legislation. The Companies Act, 2013 and Rules notified under the same overhauls
2. SEBI introduced the following methods for achieving the minimum public shareholding (MPS) requirement in terms of Rules 19(2) (b) and 19A of the SCRR.
 - Issuance of shares to public through prospectus.
 - Offer for sale (OFS) of shares held by promoters to public through prospectus and sale of shares held by promoters through the secondary market by OFS through the stock exchange. This is coupled with a new Institutional Placement Programme (IPP).
 - Rights issues to public shareholders, with promoters/promoter group shareholders foregoing their rights entitlement. The same norms apply to bonus issues.
3. Following the K. M. Chandrasekhar Committee recommendations, SEBI has notified the new concept of Foreign Portfolio Investor (FPI) to harmonise various modes of foreign investments into Indian markets. The new FPI regime is in replacement of two-decade old foreign institutional investors (FIIs) framework and the qualified foreign investors (QFI) mode of investing in Indian Markets. Pursuant to the implementation of Foreign Portfolio Investor ("FPI") regime, SEBI approved Designated Depository Participants ("DDPs") would grant registration to FPIs on behalf of SEBI and also carry out other allied activities in compliance with Regulations and other guidelines, circulars, issued thereunder and operational guidelines for Designated Depository Participants issued by SEBI. The implementation of FPI regime commenced on June 1, 2014.
4. SEBI issued guidelines for Simplification of Demat Account Opening Process wherein the existing Beneficial Owner-Depository Participant Agreements are replaced with a common document "Rights and Obligations of the Beneficial Owner and Depository Participant". The document shall be mandatory and binding on all the existing and new clients and depository participants. This measure harmonizes the account opening process for trading as well as demat account.
5. During the year, the Securities Laws (Amendment) Ordinance was promulgated by the President of India to grant additional powers of enforcement on various matters and to expand SEBI's regime to regulate Ponzi schemes.



Management Discussion and Analysis

The amendments have been made to following three Acts:

- (a) Securities and Exchange Board of India, 1992 (SEBI)
 - (b) Securities Contracts (Regulation) Act, 1956 (SCRA)
 - (c) Depositories Act, 1996 (Act, 1996)
6. Based on the recommendation of the Depository System Review Committee (DSRC), in order to safeguard the interest of the investors, and strengthen the supervisory and monitoring role of the depositories and their participants with respect to issuance and processing of Delivery Instruction Slips (DIS), SEBI advised depositories and participants to put in place certain measures with regard to standardization of DIS, issuance of DIS, monitoring of DIS, scanning of DIS etc.
 7. Based on the recommendation of the Depository System Review Committee (DSRC), SEBI has issued guidelines to strengthen the Information Technology (IT) governance framework of depositories. The circular mandates the constitution of IT Strategy Committee at board level and constitution of executive level IT Steering Committee and formulating IT Strategy document and Information security policy.
 8. SEBI advised depositories and clearing corporations to comply with the Principles of Financial Market Infrastructures specified by CPSS-IOSCO as applicable. The Principles of Financial Market Infrastructures (PFMIs) comprise of 24 principles for Financial Market Infrastructure to provide for effective regulation, supervision and oversight of FMIs. They are designed to ensure that the infrastructure supporting global financial markets is robust and well placed to withstand financial shocks.
 9. SEBI advised depositories to create a centralized database regarding corporate bonds which are available in demat form for public dissemination.
 10. SEBI revised threshold limit from Rs.1 Lakh to Rs.5 lakh for following simplified procedure for transmission of securities which were held in single name without nomination.
 11. SEBI in consultation with the Unique Identification Authority of India (UIDAI) and the market participants, issued circular wherein it has been decided to accept e-KYC service launched by UIDAI also, as a valid process for KYC verification. The information containing relevant client details and photograph made available from UIDAI as a result of e-KYC process shall be treated as sufficient proof of Identity and Address of the client.
 12. SEBI directed depositories to monitor gross long positions in Interest Rate Futures (IRF) under the Government Securities category for monitoring and dissemination of information regarding the total FII investment values in Government and Corporate Bonds. Further, SEBI has altered the limits and laid down mechanism for monitoring the same
 13. SEBI issued detailed guidelines for inspection of Depository Participants by Depositories.
 14. A framework to permit small and medium enterprises, including start-up companies, to list on the SME exchange without being required to make an IPO, was announced in the Union Budget 2013-14. The issue however will be restricted to informed investors. This will be in addition to the existing SME platform on which listing can be done through an IPO and with wider investor participation. This move was made to increase SME access to capital markets
 15. SEBI notified SEBI (Depositories and Participants) (Amendment) Regulations, 2013. Amendment regulations have amended provisions related to 'Consolidated account statement' and 'Liability for action in case of default by issuer or its agent'.
 16. SEBI issued general guidelines for dealing with Conflicts of Interest of Intermediaries, Recognised Stock Exchanges, Recognised Clearing Corporations, Depositories and their Associated Persons in Securities Market.

Progress at NSDL



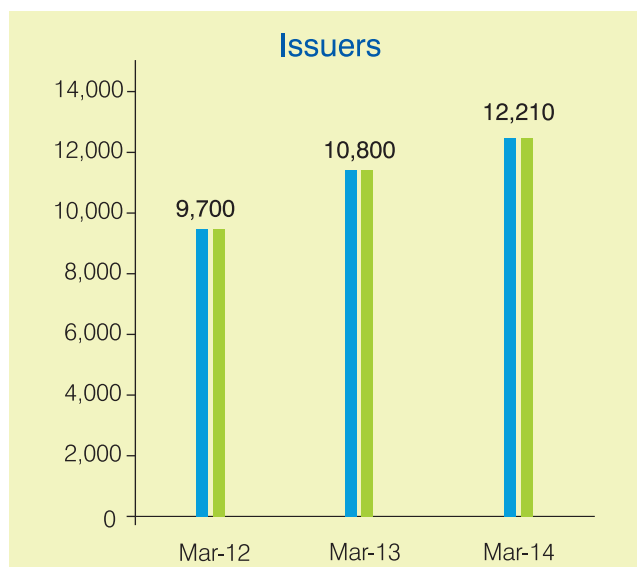
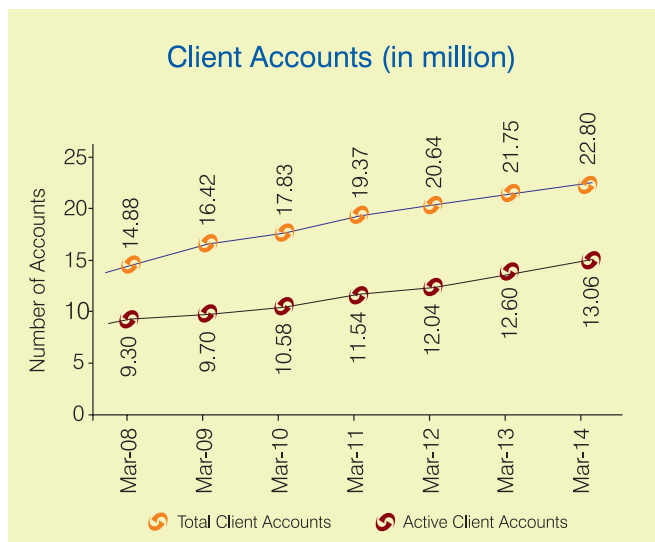
Client Accounts

During the year under review, your Company crossed 1,30,00,000 [One Crore Thirty Lakhs] active demat accounts. These accounts hold more than 89% of the value of securities held in dematerialised form in India, indicating preference and trust bestowed by the investors in maintaining their financial assets with NSDL.

Upon issuance of notification by the Government of India regarding announcement of the Rajiv Gandhi Equity Savings Scheme, 2012 (RGESS), Participants of your company have started activity of opening of RGESS enabled demat accounts, so as to enable 'New Retail Investors' to invest in securities market. As on March 31, 2014, total number of RGESS accounts stood at around 15,629 and the total value of investments made by these RGESS account holders stood at around Rs. 41 crore.

During FY 2013-14, One million new accounts were opened at NSDL taking total number of accounts opened till March 31, 2014 to 22.8 million.

The number of active depository accounts increased from 12.60 million to 13.06 million by March 31, 2014 resulting in a net increase of 0.46 million accounts.



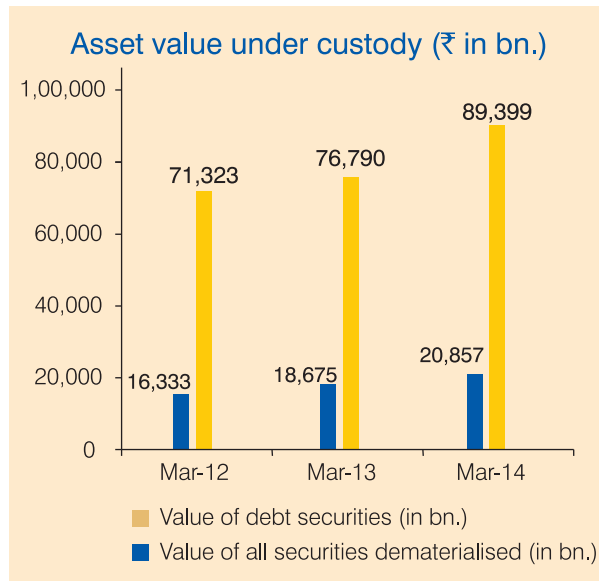
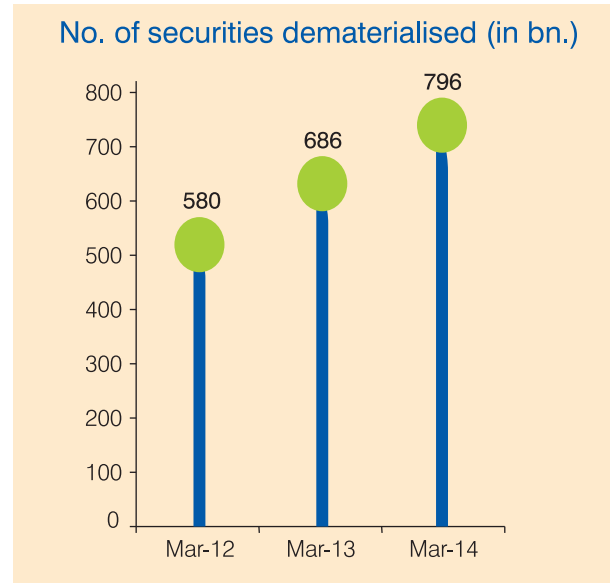
Issuers

During the year, the number of Issuers that signed agreements with NSDL to provide dematerialisation facilities continued to grow and crossed 12,210 by March 31, 2014 as compared to 10,800 as on March 31, 2013.

All securities forming part of various indices viz., CNX Nifty, CNX Nifty Junior, CNX 100, CNX 500, CNX MIDCAP, NIFTY MIDCAP 50, BSE Sensex, BSE 100, BSE 200 and SX-40 are available for dematerialisation at NSDL.

Dematerialisation of Securities

The number of securities dematerialised increased and stood at around 796 billion as on March 31 2014, against 684 billion as on March 31 2013, indicating a growth of over 16% during the year.



Asset Value under Custody

As on March 31, 2014, the total value of all types of securities (viz., equity, debt and G-sec) under custody stood at Rs. 89,399 billion as against Rs. 76,790 billion as on March 31, 2013 showing a growth of 16 per cent.

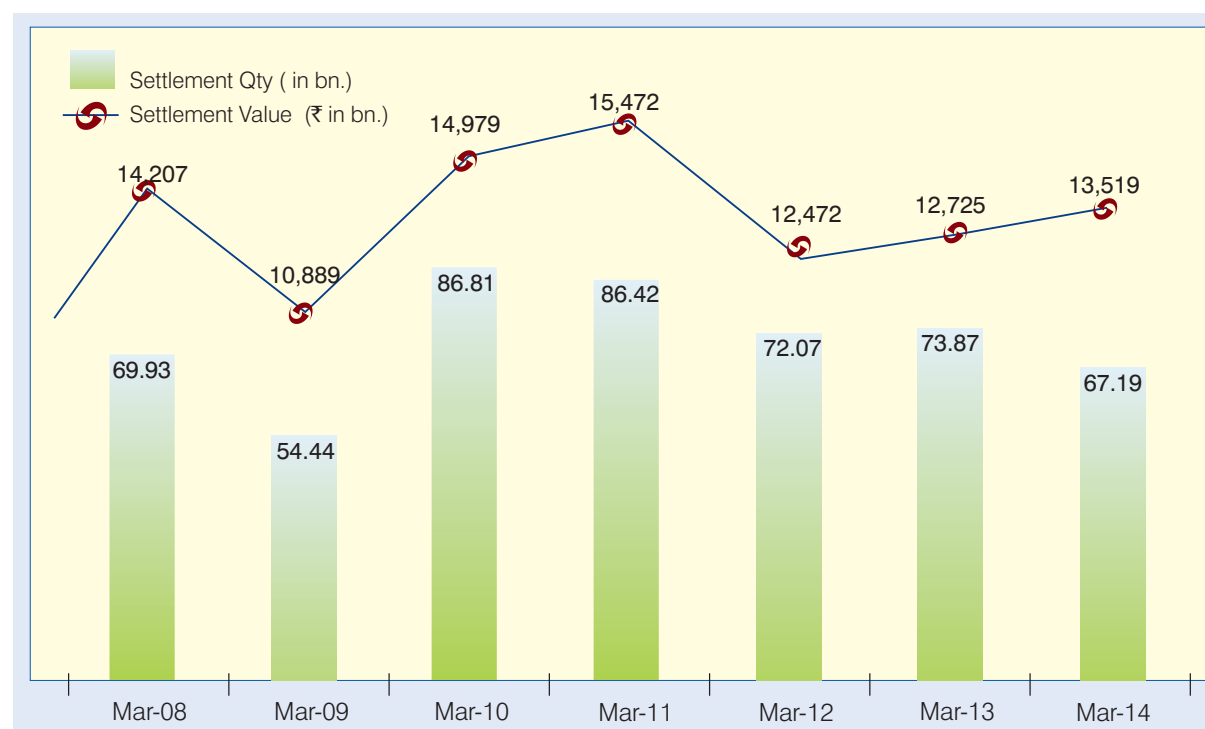


The value of debt securities (Debentures, Bonds, CPs, CDs etc.) dematerialised showed an increase of about 12% and stood at Rs. 20,857 billion as on March 31, 2014 as against Rs. 18,675 billion as on March 31, 2013.

As on March 31, 2014, the number of Government Securities that were available for dematerialisation went upto 805 (720 as on March 31, 2013) and the total value of Government securities that were dematerialised at NSDL stood at Rs 136 billion (Rs. 124 billion as on March 31, 2013) indicating a growth of over 10%.

Settlement Volumes

Hundred percent of the trades carried out on the stock exchanges continued to be settled in dematerialised form. During the year under review, the number of securities settled in dematerialised form at the stock exchanges through NSDL was 67.19 billion (73.78 billion in FY 2012-13). The value of securities that were settled in dematerialised form during FY 2012-13 was Rs. 13,519 billion as against Rs. 12,725 billion in FY 2012-13.



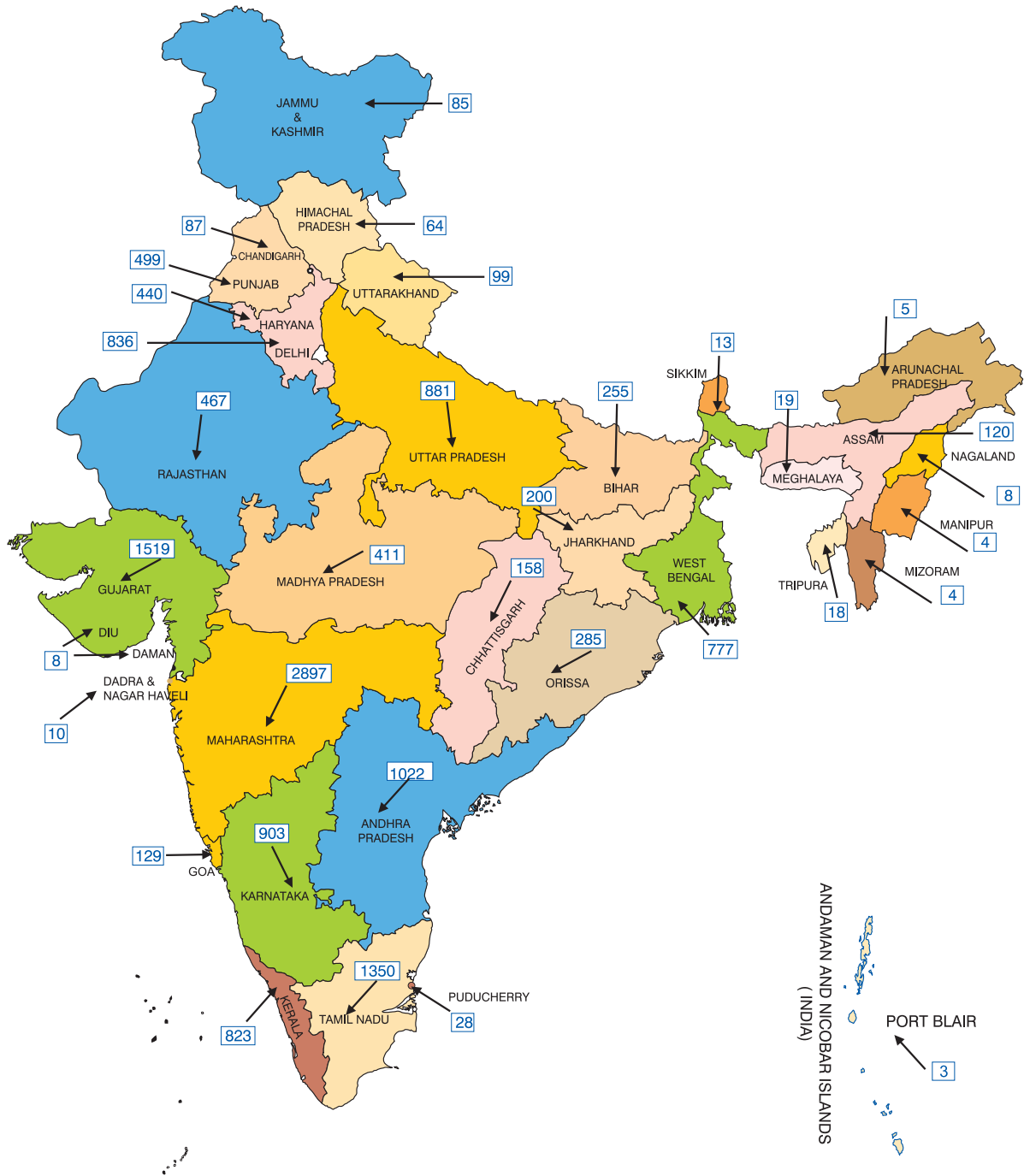
Depository Participants

During FY 2013-14, two more Participants commenced their depository operations. The total number of Participants stood at 278 as on March 31, 2014. These Participants offer services from 14,444 locations in more than 1,550 cities and towns across the country

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

Sr. No.	Category	No. of Participants
1	Bank	45
2	CC / Clg. House	7
3	Custodian	6
4	Financial Services Company	3
5	Foreign Bank	7
6	NBFC	1
7	Registrar & Transfer Agent	1
8	Stock Broker	208
	Total	278

Statewise Spread of Service Centres of NSDL Participants





Corporate Actions

The Corporate Action (CA) facility of NSDL continued to be used extensively by Issuers in distributing securities arising out of IPOs, Bonus, Rights etc., electronically. The CA facility of NSDL has been widely accepted because of the inherent benefits it offers in terms of elimination of printing of security certificates, substantial cost saving, quick delivery of securities to the shareholders and negligible investor grievances regarding non-receipt of certificates. Total number of corporate actions in the FY 2013-14 aggregated to 82,432 as compared to 67,963 in the previous year indicating a growth of around 21%. 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 148,231 million as compared to 66,822 million in the previous year.

Details of securities issued by way of electronic entries through NSDL for FY 2013-14 are as under:

Description	No. of Corporate Actions	No. of Allotees (in hundreds)	No. of securities (in million)
Equity Shares	4,986	59,030.48	88,967.84
Preference Shares	155	4,086.82	44,982.34
Bonds & Debentures	5,055	3,957.55	1,310.46
Commercial Papers	6,244	62.45	14.62
Certificate of Deposits	4,465	74.55	83.21
Securitized Instruments	429	7.30	5586.64
Mutual Fund Units	61,087	4,637.71	6,945.31
Warrants	11	0.42	340.70
Indian Depository Receipts	0	0.00	0.00
Total	82,432	71,857.28	1,48,231.13

Technology Upgrade

Straight Through Processing

At present Participants are required to Log In to Depository System to upload Instruction File. Your Company has now developed a facility of Straight Through Processing for upload of Instruction Files generated by Participant Back office. This facility would enable submission of Instructions Files from Participant Back Office to the Depository System in a hands-free manner.

NSDL Mobile App

Your Company has launched a beta version of Mobile App for Android. Password based users of SPEEDe/IDeAS would be able to view Statement of Holdings on mobile phone using this app. This app will allow new users to register for IDeAS (Internet Based Demat Account Statement) facility from anywhere by indicating mobile number recorded in the demat account without approaching Participant. Investor will be registered for IDeAS after verification of the mobile number. Further, SPEEDe password based users who have opted for eDIS facility will be able to confirm the pay-in instructions through Mobile app.

eDIS facility

Your Company has developed a facility to confirm the DIS electronically through the eServices website. With this facility, Investors would be able to confirm the Instruction uploaded by the Clearing Member through eServices website resulting in elimination of submitting physical DIS to Participants. Instruction will be Processed by the Depository System only after confirmation by the Investor.

Portal for Corporate Bond database

Your Company has developed a website for dissemination of information related to Corporate Bonds/ Debentures, enabling investors to view the information at a single place in an easy, fast and transparent manner.



Progress at NSDL

Enhancements to eVoting facility

Your Company has further enhanced the eVoting facility. Custodians would now be able to cast Vote for their clients through NSDL eVoting System based on the authority given by the clients.

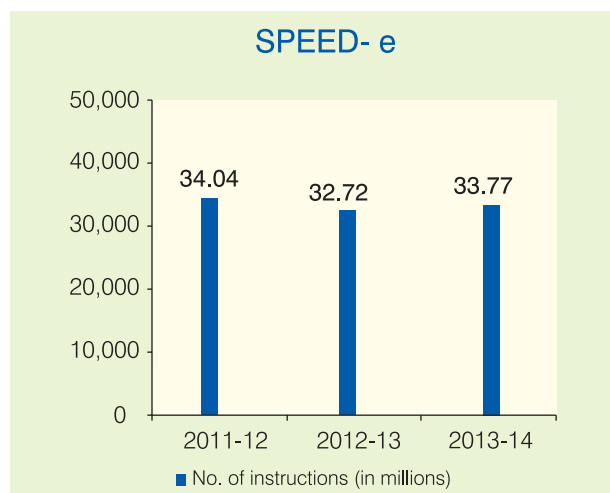
Your company has also integrated its e-voting service with ICICI Direct. Client once authenticated by ICICI Direct can access eVoting directly.

E-Services

Your Company has introduced several products and services which provide to clients a secure and convenient access to their account and enable them to execute instructions. These services are available over internet as well as on mobile devices.

SPEED-e

Securities Position Easy Electronic Dissemination (SPEED-e) is an Internet based facility for submission of instructions by clients and Clearing Members (users) to the Participants. SPEED-e also acts as a risk containment measure for Participants. Over the years, a number of new features viz., account freezing, ISIN/ Quantity level freezing, multiple authorisation by certain users, upload facility through the back-office of the Participants, CM Pool to CM Pool transfer and SPEED-e Direct were added to SPEED-e service. As on March 31, 2014, 132 Participants have subscribed to SPEED-e facility and more than 43,000 users are using this facility. During FY 2013-14, 33.77 million instructions were received through SPEED-e as compared to 32.72 million instructions in the previous year. About 96% of the instructions received are digitally signed using Smart Card on E-Token.



With the release of SPEED-e Direct feature, facilitation of instructions through Straight Through processing (STP) as submitted by clients has been achieved. The facility has been well received and in FY 2013-14, out of total instructions processed through SPEED-e, 74% are processed through SPEED-e Direct.

SPICE

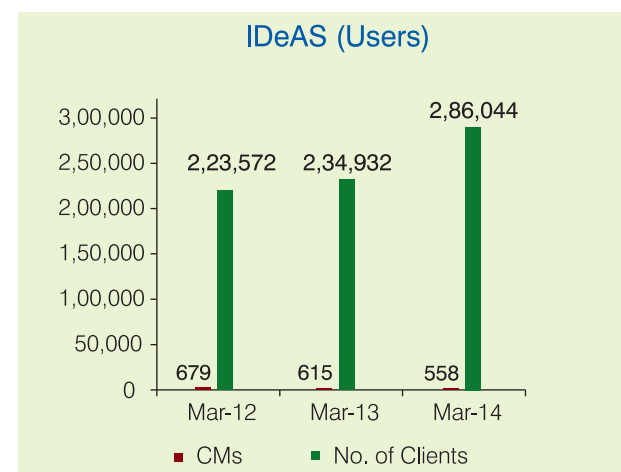
SPICE (Submission of Power of attorney based Instructions for Clients Electronically) enables Clearing Members (CMs) to submit digitally signed instructions to their Participants through SPEED-e facility to debit the demat accounts of the Clients and credit their CM Pool accounts. This eliminates the need to give paper based delivery instructions to the Participants.

During FY 2011-12, SPICE was enhanced to include the feature of SPICE Direct wherein auto pay-in instructions (submitted by CMs using the feature of SPICE) can be directly transmitted to NSDL. In FY 2013-14, out of total instructions processed through SPICE, 52% are processed through SPICE Direct. Further, during FY 2013-14, SPICE was enhanced to facilitate debit of Clients Beneficiary accounts (who have given POA in favour of CM) and credit the margin account of CM.

IDeAS

IDeAS (Internet-based Demat Account Statement) is a facility for clients and Clearing Members of Participants to view balances and transactions in their depository accounts. IDeAS was launched in January 2004 and subsequently, the features of download of digitally signed monthly Transaction Statement, displaying value of holding etc. were introduced.

During the year, number of clients using IDeAS increased to 2,86,044 from 2,34,932 previous year indicating a growth of 22%. As on March 31, 2014, 558 Clearing Members were using IDeAS. Further, as on March 31, 2014, 145 Participants have subscribed for IDeAS.



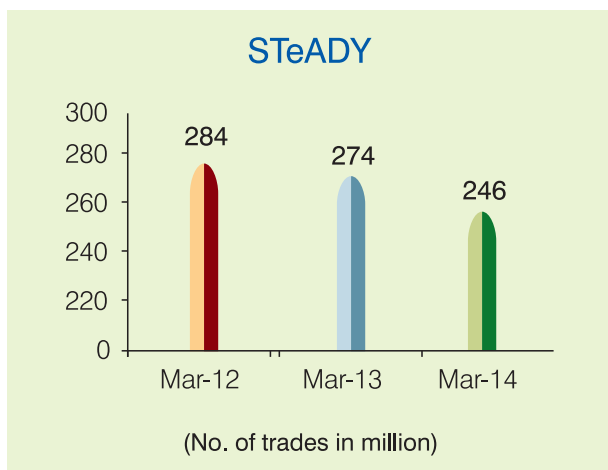
STeADY

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



notes are made available to the institutional investors and their custodians for matching and to complete the settlement.

During FY 2013-14, about 246 million trades have been processed through STeADY as compared to 274 million trades during FY 2012-13.



SIMPLE

SIMPLE (Submission of Instruction through Mobile Phone Login Easily) facilitates password based users of SPEED-e facility to submit instructions on SPEED-e website through their mobile phones. This facility is available for password based users of SPEED-e facility who can submit Client to Clearing Member Pool Account transfer instructions on SPEED-e website through their internet facility enabled mobile phones.

TRADeS

TRADeS (Transaction Related Alerts of Demat account received through SMS) 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.

- (1) All Debits to account
- (2) Credits for IPO, bonus & sub-division
- (3) Failed instructions
- (4) Overdue instructions
- (5) Change of mobile number
- (6) Change of address
- (7) Credit / debit of Mutual Fund Units
- (8) Alerts upon invocation of pledged securities to Pledgor Clients
- (9) Registration / de-registration of Power of Attorney

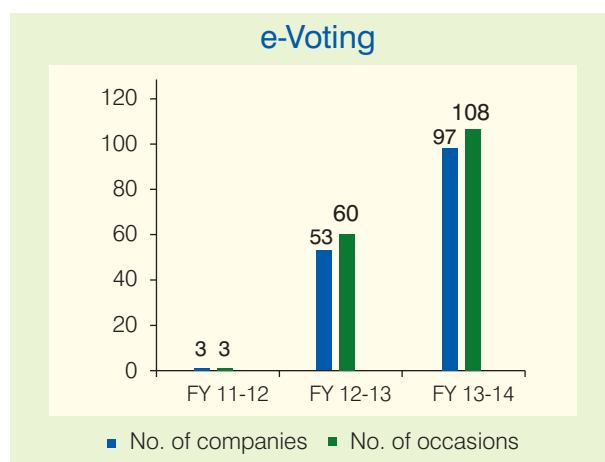
As on March 31, 2014, 100 lakh investors were registered for using this service. During the financial year 2013-14 a total of 3.3 million SMS alerts have been sent to clients under this service.

ACE

As a measure to further strengthen the risk containment mechanism, your Company provides ACE (Alerts to Clients through Email) 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 is an approved e-Voting service provider. NSDL acts as an agency for providing and supervising electronic platform for e-Voting for shareholders of companies. NSDL launched electronic voting (e-Voting) service www.evoting.nsd.com which is a platform for providing electronic voting facility for shareholders of companies. Through this platform shareholders can cast their votes electronically. As on March 31, 2014, 285 companies have signed agreement with NSDL for availing e-Voting facility and 129 companies on 172 occasions have availed the said facility. In a far reaching e-governance initiative, with effect from March 27, 2014 Government of India (Ministry of Corporate Affairs) has made e-Voting mandatory to all listed Companies and unlisted companies with more than 1000 shareholders. This reform will allow every shareholder to exercise voting rights electronically, without the need to be physically present at the meeting location. This initiative will give great fillip to NSDL's e-Voting service.



Investor Education and Awareness

Your Company has taken following initiatives to enhance investor education and awareness:

- **Investor Depository Meets (IDMs)** – NSDL interacts with investors throughout the country through a series of 'Investor Depository Meets'. These programs are organised to spread awareness amongst the account holders and potential clients about the new facilities introduced by NSDL, the safety features and precautions to be taken while operating in the depository environment. During the year 2013-14, 114 such IDMs were held across the country which



Progress at NSDL

were attended by more than 5,300 persons. Since inception, more than 1,500 IDMs have been held and more than 1,56,000 persons have attended.

- **Launch of NSDL Brand Ambassadorship initiative:** NSDL has launched an initiative called “NSDL Brand Ambassador (NSDL BA)” for student community to popularize demat products and related concepts amongst college students. NSDL has selected 20 brand ambassadors from 9 colleges in Mumbai who would be the face of NSDL in promoting NSDL & creating awareness about its products.
- **Corporate Awareness Programmes (CAPs):** NSDL conducted Corporate Awareness Programmes with several corporates to educate their employees & spread awareness regarding benefits of dematerialisation.
- **Investor Awareness Programmes with NGO's:** NSDL conducted nine Investor Awareness Programmes with Vivek Vyaspeeth, an NGO, to spread awareness about Depository related services amongst investors. More than 1,400 persons attended these programmes, most of which were new investors.
- **College events:** To spread awareness about demat amongst college students, NSDL conducted events in top colleges like Indian Institute of Management Ahmedabad, Shri Ram College of Commerce Delhi (SRCC), Indian Institute of Technology Bombay, Institute of Technology Roorkee and Birla Institute of Technology and Science, Pilani, Goa. These events attracted more than 4,200 students.
- **Training Programme conducted for college students & Government Officials:** NSDL conducted various training programmes for college students from different Institutes such as Joshi Bedekar College of Management Studies and M.L. Dahanukar College, Mumbai, Centre for Management Studies, Dibrugarh University, Assam and Shivaji University, Kolhapur, etc. NSDL also conducted training programmes for officials of SEBI, Indian Revenue Service (IRS) and Indian Economic Service (IES). Various aspects on Depository related services were addressed to these students & officers attending these programmes. More than 1,600 students & faculties attended these programmes.
- **Joint Awareness Programmes:** In order to reach out to masses spread across the country and to apprise them about the facilities available in NSDL depository system, NSDL conducted various Joint Awareness Programmes with its Business Partners. More than 600 investors attended these programmes.
- **Market Ka Eklavya:** Market ka Eklavya contest is a real time capital market knowledge gaining contest designed for students to educate them about capital market, demat and its features with real time market experience. This initiative has been launched in

form of a contest which is optional and open to all students from different colleges. The student can participate by buying shares of any companies under Nifty fifty with an upper cap on investment of Rs.2500. The winner students are selected on the basis of efforts put in by students to study the stock selected and the subsequent presentation carried out to explain the same. They are awarded with prizes and certificates as per their ranking. This has been launched in M.L. Dahanukar College of Commerce (MLDC). 35 students participated in this contest. This has been clubbed with NSDL's Brand Ambassador initiative and this is being conducted for NSDL's selected brand ambassadors for this year. Brand Ambassadors will have to conduct this contest in their respective colleges in next 2 quarters.

Arbitration

NSDL Bye Laws provide for settlement of claims, differences and disputes arising out of dealings in the depository between Participants inter-se or between Participants and its clients by arbitration. For this purpose, a panel of Arbitrators has been formed to hear the disputes and pass awards. The arbitration facilities to the Participants and their clients are made available from NSDL offices located at Mumbai, New Delhi, Kolkata and Chennai. The Arbitration Committee consisting of senior executives of NSDL manages and supervises all aspects in the matter of settlement of disputes. In F.Y. 2013-14, 55 arbitration requests have been received, out of which, awards have been received in 52 cases. The Claimant (Participant) withdrew in two cases on the grounds of settlement of the issues. One case was closed for the reason of non-payment of the arbitration fees.

Training Programmes

Training the staff of the Participants, Issuers and Share Registrars for depository operations is as important as spreading awareness among the investors. NSDL has been conducting such training programmes for the staff including Compliance Officers and Internal Auditors of Participants as well as Share Registrars (referred to as “Business Partners”) to make them familiar with the operational as well as the technical aspects of functioning of the depository system. During the year, NSDL trained more than 4600 persons from various Business Partners (BPs) which is inclusive of 2088 persons who have attended CPE training programmes for Depository Operations. 80 CPE programmes were conducted by NSDL during the year. Apart from this, during the year NSDL also trained 272 persons who have attended training programs for Internal/Concurrent Auditors appointed by the Depository Participants.

Quality of Service

ISO 27001 Certification

Your Company holds the ISO 27001 certification for Depository systems. The certification is 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, 1019 persons have qualified the NCFM exam taking total number of qualified persons to 53674. In order to provide quality service to clients, NSDL has made it compulsory that atleast 90% of the number of branch office/ service centre of a Participant should have NCFM/NISM/NCDO qualified employee.

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 67 NISM oriented training programmes for its Participants. As per information received from NISM, 10852 persons have qualified the (NISM) - Series VI-Depository Operations Certification Examination (DOCE) test.

Opportunities and Threats

NSDL is the first and largest Depository in Indian Capital Market with an overwhelmingly high market share of more than 89% in terms of custody value of dematerialised securities. Business of the Company is mainly consisting of depository operations and allied services.

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

To manage the aforesaid risks, your Company has taken the following measures:

Business Continuity Planning (BCP)

Your Company has been shifting the depository operations to its Disaster Recovery Site (DRS) so as to check the readiness and to demonstrate to the market NSDL’s capability to conduct the operations from DRS. This practice was continued in FY 2013-14. During the year, your Company shifted its depository operations intra-day five times to DRS. NSDL carried out pre-identified critical business processes from alternate site located in different building for one day as a part of BCP on four occasions. This has boosted the confidence of the market and the regulator in the systems and processes of your Company.

Insurance

Your Company has renewed its Insurance policy to cover the risk of depository business, with an overall limit of Rs.1 billion. 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.

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. There is an independent audit firm appointed for conducting internal and operations audit. The report of the Internal Auditor alongwith management response is placed before the Audit Committee, which reviews the same and advises on improvements in the 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.



Progress at NSDL

Further, your company is in the process of developing a Risk Management framework. The said framework would help in redefining the existing policies and adopting new set of procedures for assessing the overall risk to the organisation and risk mitigation.

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 reports on the compliance on matters

relating to the relevant laws of various jurisdictions 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 IT experts for advising the Management on various matters pertaining to IT usage.

Corporate Governance



Corporate Governance primarily concerns transparency, full disclosure of material facts, independence of Board and fair play with all stakeholders. Your Company endeavours to constantly comply with and to continuously improve on these aspects with an overall view to earn the trust and respect of the Members and other stakeholders. Corporate Governance at NSDL involves integrity, fairness, equity, transparency, accountability and commitment to values in all facets of its operations and dealing with all its stakeholders. Responsible corporate conduct is integral to the way your Company does business. The Company strongly believes in adhering to high standards of corporate governance & practices and implements it by constituting a Board with a balanced mix of experts of eminence and integrity which provide proper vision and direction to the Company. The Company aims at maintaining highest standard of transparency, complying with all applicable laws and regulations, conducting its business in an ethical manner and protecting the interests of investors and other stakeholders. Your Company believes in adopting and adhering to the best recognised corporate governance practices and continuously benchmarking itself against each such practice.

As a Company with a strong sense of values and commitment, NSDL believes that profitability must go hand in hand with a sense of responsibility towards all stakeholders. This is an integral part of NSDL's business philosophy. NSDL complies with all mandatory Corporate Governance norms and is in the process of reviewing the non-mandatory requirements.

NSDL is a Public Limited Company, incorporated under the Companies Act, 1956, whose securities are not listed on any recognised Stock Exchanges. NSDL is also a Depository within the meaning of Depositories Act, 1996. Therefore NSDL is additionally required to comply with the provisions of SEBI (Depositories and Participants) Regulations, 1996 and the Rules laid down thereunder and the directives issued by Securities and Exchange Board of India (SEBI) from time to time for the purpose of its governance. As per Regulation 9A (7) of the Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2012 the disclosure requirements and Corporate Governance norms as applicable to the listed company has now become *mutatis-mutandis* applicable to depositories too. The relevant disclosure and Corporate Governance norms prescribed by SEBI have been complied by your Company.

1. Board of Directors

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.

Your Company has highly 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 Managing Director & Chief Executive Officer who functions under the overall supervision and control of the Board.

A. Composition and size of the Board

The Company's policy is to maintain optimum combination of Independent Directors and Shareholder Representative Directors. Your Company is managed and guided by professional Board comprising eminent persons with considerable professional expertise and experience in finance, banking, administration and other related fields. In terms of SEBI (Depositories & Participants) (Amendment) Regulations, 2012, the Board of Directors of the Company comprises following types of Directors:

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

The appointment of Shareholder Directors and Managing Director requires SEBI approval and the Public Interest Directors are nominated by SEBI. The Chairman of the Board is required to be elected from the Public Interest Directors subject to approval of SEBI.

The Board of your Company comprises Seven (7) Directors, out of which three (3) are Public Interest Directors; three (3) are Shareholder Directors and the Managing Director & CEO.

B. Board Procedures and 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. 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 a special and urgent business need, the Board also approves by Circular Resolution, important items of business which are permitted by the Companies Act and which cannot be deferred till the next 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 Managing Director & CEO. All departments of the Company are advised to communicate their work plans or business proposals to the Company Secretary well in advance so that the same can be included in the Agenda for the Board/ Committee meetings for deliberations and approval. All material information is incorporated in agenda and the same with the 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.

During the year under review, Seven (7) Board Meetings were held on April 12, May 15, July 26, August 9, August 28, November 13, 2013 and February 11, 2014.

Further, in terms of the provisions of the SEBI (Depositories and Participants) (Amendment) Regulations, 2012 separate meetings of the Public Interest Directors (PIDs) of the Company were held on September 26, 2013 and March 14, 2014 to exchange views of PIDs on critical issues. In the said meeting Mr. C.M. Vasudev was unanimously appointed as a Lead PID, to Chair the meetings of the PIDs.

Your company pays a sitting fee of Rs. 20,000 (Rupees Twenty Thousand only) to its non-executive directors as permitted under the Companies Act, 1956, for attending each Board meeting and meetings of the committees constituted by Board.

C. Attendance of Directors at Board Meetings and number of other Directorships and Chairmanships/ Memberships of Committee of each Director in various companies:

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. C.M. Vasudev	Non-Executive Chairman / Public Interest Director	7	5	8	5	2
2.	Mr. P.P. Vora	Non-Executive / Public Interest Director	7	5	9	5	4
3.	Mr. Ravi Narain	Non-Executive / Shareholder Director	7	7	13	8	1
4.	Mr. R.K. Bansal \$	Non-Executive / Shareholder Director	4	-	7	2	None
5.	Mr. Sudhir Mankad	Non-Executive/ Public Interest Director	7	6	10	4	1
6.	Mr. B. Babu Rao	Non-Executive / Shareholder Director	7	5	None	None	None
7.	Mr. Gagan Rai*	Managing Director & CEO	2	2	2	None	None
8.	Mr. Viney Kumar %	Non-Executive / Shareholder Director	1	-	3	3	None
9.	Mr. G.V. Nageswara Rao #	Managing Director & CEO	5	5	1	None	None



\$ Mr. R.K. Bansal has resigned w.e.f. August 13, 2013

* Mr. Gagan Rai resigned as MD & CEO of NSDL w.e.f. July 1, 2013 upon completion of his term as MD & CEO of NSDL as approved by SEBI.

% Mr. Viney Kumar was appointed as a Director in casual vacancy arising out of resignation of Mr. R.K. Bansal w.e.f. December 3, 2013

Mr. G.V. Nageswara Rao was appointed as an additional Director w.e.f. May 28, 2013 and appointed as Managing Director w.e.f. July 1, 2013. The appointment was approved by members at the First Annual General Meeting of the Company held on July 25, 2013

Note

1. The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships in Foreign Companies, Section 25 Companies and Private Limited 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.

D. Remuneration of the directors:

Sr. No.	Name	Designation	Sitting fees paid / Remuneration (₹)
1.	Mr. C. M. Vasudev	Non-Executive Chairman & Public Interest Director	2,40,000
2.	Mr. P.P. Vora	Non-Executive/ Public Interest Director	2,40,000
3.	Mr. Sudhir Mankad	Non-Executive/ Public Interest Director	2,80,000
4.	Mr. Ravi Narain	Non-Executive/ Shareholder Director	2,60,000
5.	Mr. R.K. Bansal #	Non-Executive/ Shareholder Director	20,000
6.	Mr. B. Babu Rao %	Non-Executive/ Shareholder Director	1,00,000
7.	Mr. G.V. Nageswara Rao \$	Managing Director & CEO	1,58,68,114
8.	Mr. Gagan Rai *	Managing Director & CEO	31,84,673

Payment made in favour of "IDBI Bank Ltd.".

% Payment made in favour of "Administrator of specified undertaking of the UTI".

\$ Mr. G.V. Nageswara Rao was appointed as an additional Director w.e.f. May 28, 2013 and appointed as Managing Director w.e.f. July 1, 2013. The appointment was approved by members at the First Annual General Meeting of the Company held on July 25, 2013. The remuneration includes basic salary Rs. 72 Lakh, bonus Rs. 36 Lakh, superannuation benefits Rs. 10.8 Lakh, Provident Fund Rs. 8.64 Lakh and other benefits and perquisites Rs. 31.24 Lakh.

* Upon implementation of the Scheme of Arrangement, Mr. Gagan Rai has been appointed as Managing Director & CEO of NSDL (Transferee Co.) w.e.f. January 4, 2013 for a period of six months and according to the terms of appointment as approved by the Board of NSDL e-Governance Infrastructure Ltd. (Transferor Co.) and accepted by the Board and Shareholders of NSDL, he does not draw remuneration in any form from NSDL, whereas, he had continued to draw the remuneration from NSDL e-Governance Infrastructure Ltd. (50% of the said remuneration has been reimbursed by NSDL to NSDL e-Governance Infrastructure Ltd.).

E. Board level changes:

Your Company was incorporated on April 27, 2012. As per Article 120 of the Articles of Association of the Company, Mr. Ravi Narain, Mr. R.K. Bansal and Mr. Gagan Rai were named as first directors of the Company. Further, during financial year 2012-13, to enhance the Board various persons of eminence were co-opted as Additional Directors in the different categories on the Board of the Company viz; Mr. C.M. Vasudev as Non-executive Independent, Mr. P.P. Vora as Non-executive Independent, Mr. Sudhir Mankad as Non-executive Independent and Mr. B. Babu Rao as Non-executive Shareholder Representative.

Further, Mr. C.M. Vasudev was elected as Chairman of the Board. Consequent upon acquisition of depository undertaking, considering the significance of the projects undertaken by both the companies and in order to ensure smooth transition, SEBI accorded its approval for continuation of Mr. Gagan Rai as Managing Director of both the companies viz., National Securities Depository Limited and NSDL e-Governance Infrastructure Limited for a period

of six months from the effective date of the Scheme of Arrangement i.e. January 4, 2013. Accordingly, Mr. Gagan Rai was appointed as Managing Director and CEO of the Company. Pursuant to completion of his term of six months transition period, Mr. Gagan Rai vacated the office as MD & CEO of the Company w.e.f July 1, 2013. Mr. G.V. Nageswara Rao was appointed as an Additional Director of the Company w.e.f. May 28, 2013 and subsequently appointed as Managing Director and CEO of the Company w.e.f. July 1, 2013 at the Annual General Meeting of the Company.

Pursuant to SEBI (Depositories & Participants) (Amendments) Regulations, 2012, the approval of SEBI is required for appointment of Managing Director and Shareholder Directors. Further, nomination of Independent Directors as the Public Interest Directors is made by SEBI. Accordingly, all the Directors appointment was approved by SEBI during the year and the appointment of Mr. C. M. Vasudev as Chairman of the Board was also approved by SEBI.

In terms of Article 120 of the Articles of Association of the Company, the first Directors named in Articles of Association of the Company shall hold office until the close of the first Annual General Meeting of the Company. Accordingly, Company at its Annual General Meeting held on July 25, 2013 re-appointed the first Directors viz. Mr. Ravi Narain and Mr. R.K. Bansal, as the Directors of the Company liable to retire by rotation.

Further, in terms of Article 134, 135 and 136 of the Articles of Association of the company, one third of such directors liable to retire by rotation shall retire at the Annual General Meeting of the Company. The Articles provide that those who have been in office for the longest shall retire and they shall be eligible for re-election. Company received notice in writing under Section 257 of the Companies Act, 1956 alongwith the requisite deposit from member of the Company proposing the candidature of four of the non-executive Directors viz., Mr. C. M. Vasudev, Mr. P. P. Vora, Mr. Sudhir Mankad and Mr. B. Babu Rao for their appointment as directors liable to retire by rotation. The members of the Company approved the appointment of aforementioned four directors during the First Annual General Meeting of the Company as Directors liable to retire by rotation.

Further, during the year Mr. R.K. Bansal resigned as a Director of the Company w.e.f. August 13, 2013. Mr. Viney Kumar, the nominee of IDBI Bank was appointed in his place w.e.f. December 3, 2013.

F. Details of the Directors seeking appointment/Re-appointment at the forthcoming Annual General Meeting:

(i) Mr. Ravi Narain

Mr. Ravi Narain aged 58 years, has a degree in economics from Cambridge University, UK and a degree in business administration (Finance) from Wharton School, University of Pennsylvania, USA.

Mr. Ravi Narain represents National Stock Exchange of India Limited on the Board.

Mr. Narain is currently the Vice Chairman of National Stock Exchange of India Limited (NSEIL). He is the Chairman of NSE.IT Ltd., Power Exchange India Ltd., NSE Strategic Investment Corporation Ltd., India Index Services & Products Ltd. and NSDL e-Governance Infrastructure Limited.

He is a Director on the Board of NSDL Database Management Ltd., National Commodity & Derivatives Exchange Ltd., HDFC Standard Life Insurance Company Ltd., Small Industries Development Bank of India. He has also been associated with various committees of the Securities & Exchange Board of India (SEBI) and the Reserve Bank of India (RBI). He is on the Board of the World Federation of Exchanges and several other companies.

(ii) Mr. Viney Kumar

Mr. Viney Kumar, 56 years, working as Executive Director with IDBI Bank Ltd., is a graduate in Chemical Engg., from Punjab University, with Masters Degree in Financial Management from Jamnalal Bajaj Institute of Management and is CAIIB.

He is a Director on the Board of IDBI Trusteeship Services Ltd., Jaiprakash Associates Ltd. and Quadrant Televentures Ltd.

Mr. Viney Kumar represents IDBI Bank Ltd. on the Board.

(iii) Mr. C.M. Vasudev

Mr. C.M. Vasudev, aged 70 years, holds a Master's Degree in Economics and Physics. He has retired from the Indian Administrative Services (IAS). He has extensive experience working at policy-making levels in the financial sector. He has worked as an Executive Director of the World Bank and also chaired World Bank's committee on Development Effectiveness with responsibility for ensuring effectiveness of the World Bank's operations. Mr. Vasudev also worked for the Ministry of Finance for more than 8 years. He has worked as a government nominee Director on the Boards of many companies in the financial sector such as State Bank of India, IDBI, ICICI, IDFC, NABARD, and the National



Housing Bank and was also a member of the Central Board of the RBI. He was the member secretary of the Narasimham Committee on financial sector reforms.

He is the Chairman of the Board of HDFC Bank Limited, National Securities Clearing Corporation Limited and is a director on the Board of various companies including NSDL e-Governance Infrastructure Ltd. and NSDL Database Management Limited, wholly owned subsidiary of NSDL.

Mr. C.M. Vasudev is a Public Interest Director on the Board.

(iv) Mr. P.P. Vora

Mr. P.P. Vora, aged 70 years, is an eminent Chartered Accountant and has industry experience of more than 40 years. He retired as Chairman and Managing Director of Industrial Development Bank of India.

He is Non-executive Chairman on the Board of NSDL Database Management Ltd. and Halonix Ltd. He is an Independent Director on the Board of NSDL e-Governance Infrastructure Ltd. and various other Companies including J. Kumar Infraprojects Limited, Omaxe Limited, Reliance Capital Trustee Co. Ltd., Reliance Home Finance Limited etc. He is also the Chairman of the Audit Committee of NSDL.

Mr. P.P. Vora is a Public Interest Director on the Board.

(v) Mr. Sudhir Mankad

Mr. Sudhir Mankad, aged 66 years, an IAS (Retd) holds a Masters in History from the University of Delhi. He has served in senior positions, both in Government of India and in the State of Gujarat. His last assignment was Chief Secretary, Government of Gujarat. He has served as a Director/Chairman on the Board of several cement, power, fertilizer and finance companies.

He is the Chairman of the Board of Bhavnagar Energy Co. Ltd. and Gujarat International Finance Tec-City Ltd. and Director on the Board of IL&FS Education & Technology Services Ltd., Deepak Nitrite Ltd., Swaraj Engines Ltd., Mahindra Intrade Ltd., GRUH Finance Ltd. etc.

Mr. Sudhir Mankad is a Public Interest Director on the Board.

Note: None of the Directors in their personal capacity holds equity shares of the Company as on March 31, 2014.

2. Board Constituted Committees

The Board has constituted various committees of Directors and other operational committees to take informed decisions in the best interests of the Company. These Committees monitor the activities falling within their terms of reference. The Board constituted committees play a crucial role in the governance structure of the Company and are mandated to deal with specific areas/activities, which concern the Company and require a closer review. The minutes of the meetings of the Committees are placed before the Board for review. Currently, the Board has eleven committees, viz;

- Executive Committee
- Audit Committee
- Disciplinary Action Committee
- Nomination Committee
- Compensation Committee
- Investment Committee
- Shareholders' Grievance Committee
- Corporate Social Responsibility Committee
- Ethics Committee
- Share Allotment & Transfer Committee
- IT Strategy Committee

The composition, objectives and other details of these Committees are given below:

A Executive Committee

In terms of the Bye Law 4 of Bye Laws of NSDL an Executive Committee (EC) has to be appointed by the Board of Directors for the purpose of managing the day to day affairs of the Depository. The composition of the Executive Committee prescribed in the Bye Laws is as follows:-

- i. Managing Director of the depository;
- ii. not more than five persons nominated in that behalf by the Board of Directors from the Users to be known as "User Representatives";
- iii. not more than five individual "Persons of eminence" in the field of finance, accounting, law or any other discipline or amongst the investors as may be nominated by the Board of Directors;
- iv. four persons nominated in that behalf by the Board of Directors as 'Other Nominees'.

The EC may exercise such powers that may be delegated by the Board of Directors in accordance with the provisions of Bye Laws of NSDL. However, subject to the provisions of the applicable laws, rules and regulations the Executive Committee may modify, amend, add or repeal any of the provisions of the Business Rules framed by it.

The EC advises the depository on various policy matters and also for the purpose of managing the day to day affairs of the Depository. The Committee also makes recommendations for improvement of the overall efficiency and operations of the depository system. In terms of the provisions specified under Bye Laws of NSDL, Executive Committee meets at least once in every two months.

The present Executive Committee has 13 members that function under the Chairmanship of the Managing Director & CEO of NSDL and consists of representatives from among the users of the depository system to be known as User Representatives and persons of eminence in the financial services or legal sector and 'Other Nominees' nominated by the Board of Directors. The Committee met six 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 the Member	Total No. of meetings	Total No. of meetings attended
1.	Mr. Gagan Rai #	2	2
2.	Ms. D. N. Raval	6	6
3.	Mr. S. G. Kale	6	4
4.	Prof. Dr. Indira Parikh	6	4
5.	Ms. Chitra Ramkrishna	6	5
6.	Mr. S. G. Gulati	6	6
7.	Mr. C. J. George *	3	2
8.	Mr. A. K. Sharma ~	3	3
9.	Mr. Ashok Motwani	6	6
10.	Mr. Rajesh Doshi	6	4
11.	Mr. Anup Bagchi	6	5
12.	Mr. Sudeep Yadav \$	2	2
13.	Mr. Nilesh Shah	6	5
14.	Mr. Anand Rengarajan @	2	2
15.	Mr. Rahul Bhagat %	2	1
16.	Mr. Mani Palvesan **	2	1
17.	Mr. G.V. Nageswara Rao ^	4	4

Pursuant to vacation of office of MD & CEO, Mr. Gagan Rai ceased to be the member of the Committee w.e.f. July 1, 2013.

* Mr. C. J. George completed his tenure in the category of "User Representative" on August 19, 2013.



- ~ Mr. A. K. Sharma completed his tenure in the category of "Persons of eminence" on August 19, 2013.
- \$ Mr. Sudeep Yadav has resigned w.e.f. July 9, 2013.
- @ Mr. Anand Rengarajan was appointed as Executive Committee Member in the category of "User Representative" w.e.f. November 13, 2013.
- % Mr. Rahul Bhagat was appointed as Executive Committee Member in the category of "User Representative" w.e.f. November 13, 2013.
- ** Mr. Mani Palvesan was appointed as Executive Committee Member in the category of "User Representative" w.e.f. November 13, 2013.
- ^ Mr. G.V. Nageswara Rao was appointed as the Chairman w.e.f. July 1, 2013.

B. Audit Committee

Board has constituted the Audit Committee in accordance with provisions of Section 292A of the Companies Act, 1956. The Audit Committee of NSDL assists the Board in its responsibility for 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 alongwith management response and suggests measures for further improvements in areas of operations. The Audit Committee is chaired by Mr. P.P. Vora with Mr. C. M. Vasudev, Mr. Sudhir Mankad and Mr. Ravi Narain as its members. The Managing Director, Senior Executive Director and the Head of Finance (CFO) are the permanent invitees to the meetings of Audit Committee. The Company Secretary of the Company acts as the secretary to the Committee.

The Chairman of the Audit Committee attended Annual General Meeting. During FY 2013-14, four meetings of the Audit Committee was held. Details of attendance of each director at the Committee Meeting held during the year are as follows:

Sr. No	Name of the Member	Total No. of meetings	Total No. of meetings attended
1.	Mr. P. P. Vora	4	4
2.	Mr. Sudhir Mankad	4	4
3.	Mr. C. M. Vasudev	4	4
4.	Mr. Ravi Narain#	3	3

Mr. Ravi Narain has been appointed as Member of the Audit Committee w.e.f. May 15, 2013.

All the members of the Audit Committee have good knowledge of financial matters. The Chairman of the Audit Committee, Mr. P.P. Vora is a Chartered Accountant and has extensive accounting and related financial management expertise. The Composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

C. Disciplinary Action Committee

In terms of Bye Law 11 of Bye Laws of NSDL, a Disciplinary Action Committee (DAC) has to be appointed by the Board of Directors to deal with any disciplinary matters relating to the Participants, Clients, Issuer or its Registrar and Transfer Agent and other users. The composition of the Disciplinary Action Committee prescribed under Bye Laws is as follows:-

- i) an officer of the Depository nominated by the Board of Directors who shall be the Chairman of such Committee;
- ii) two persons nominated in that behalf by the Board of Directors from amongst the Participants, Issuers, Registrars & Transfer Agents, Banks or other entities or intermediaries interfacing with the Depository, to be known as 'User Representatives';
- iii) two persons of eminence in the field of finance, accounting, law or any other discipline and amongst Clients as decided by the Board.

The Disciplinary Action Committee shall have such responsibilities and powers as may be delegated to it by the Board, from time to time, which may inter-alia include the following responsibilities and powers to be discharged in accordance with the provisions of the Bye Laws to deal with any disciplinary matters relating to the Business Partners:

- i) suspension of a Participant;
- ii) expulsion of a Participant;
- iii) declaring a security as is 'ineligible' on the Depository;
- iv) freezing the account of the Participant;
- v) powers to conduct inspection;
- vi) power to conduct an investigation/inquiry, call for records, to issue show cause notice to Participants for suspension/expulsion.

The present Committee has four members with Mr. G.V. Nageswara Rao, MD & CEO, as its Chairman. The Committee met two 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 the Member	Total No. of meetings	Total No. of meetings attended
1.	Mr. Gagan Rai #	-	-
2.	Mr. Ajit Kumar Day	2	2
3.	Mr. N. J. Jhaveri	2	1
4.	Ms. D. N. Raval	2	2
5.	Mr. Birendra Sahu @	1	-
6.	Mr. G.V. Nageswara Rao ^	2	2

Pursuant to vacation of office of MD & CEO, Mr. Gagan Rai ceased to be the member of the Committee w.e.f. July 1, 2013.

@ Mr. Birendra Sahu has resigned w.e.f. October 1, 2013.

^ Mr. G.V. Nageswara Rao was appointed as the Chairman w.e.f. July 1, 2013.

D. Nomination Committee

The Nomination Committee was formed for the purpose of considering persons suitable for nomination to fill any vacancy of Independent Directors in the Board. The Committee has four members with Mr. C.M. Vasudev as its Chairman. During the year, the Board assigned additional responsibility to the Nomination Committee to act as Search Committee to identify suitable candidate for appointment as Managing Director in place of Mr. Gagan Rai. The Committee met once during the year. Details of attendance of each member at the Committee Meetings held during the year are as follows:

Sr. No	Name of the Member	Total No. of meetings held	Total No. of meetings attended
1.	Mr. C. M. Vasudev	1	1
2.	Mr. P. P. Vora	1	-
3.	Mr. Ravi Narain	1	1
4.	Mr. R. K. Bansal	1	1

E. Compensation Committee

The Compensation Committee was formed for the purpose of reviewing overall compensation structure and policies of your Company on a periodic intervals with a view to attract, retain and motivate employees and evolving a suitable compensation package for them based on prevailing market trend and industry standards in general. The Committee strives for framing fair and competent compensation policy by considering job role/size, performance, contribution, skill and performance of the employees of the Company. The Committee has three members with Mr. P.P. Vora as its Chairman. The Committee met once during the year. Details of attendance of each member at the Committee Meetings held during the year are as follows:

Sr. No	Name of the Member	Total No. of meetings held	Total No. of meetings attended
1.	Mr. P.P. Vora	1	1
2.	Mr. Ravi Narain	1	1
3.	Mr. Sudhir Mankad	1	1



F. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was formed for the purpose of providing financial assistance to socially useful projects. The Committee has three members with Mr. G.V. Nageswara Rao as its Chairman. The Committee met once during the year. Details of attendance of each member at the Committee Meetings held during the year are as follows:

Sr. No	Name of the Director	Total No. of meetings held	Total No. of meetings attended
1.	Mr. Gagan Rai #	-	-
2.	Mr. Ravi Narain	1	1
3.	Mr. Sudhir Mankad	1	1
4.	Mr. G.V. Nageswara Rao ^	1	1
5.	Mr. S.G. Kale \$	-	-

Pursuant to vacation of office of MD & CEO, Mr. Gagan Rai ceased to be the member of the Committee w.e.f. July 1, 2013.

^ Mr. G.V. Nageswara Rao was appointed as the Chairman w.e.f. July 1, 2013.

\$ Pursuant to Section 135 of the newly enacted Companies Act, 2013, the CSR Committee was re-constituted and pursuant to which the office of Mr. S.G. Kale stand vacated as a member of the Committee w.e.f. February 11, 2014.

G. Share Allotment & Transfer Committee

The Company has constituted the Share Allotment & Transfer Committee for issuance of shares to the shareholders of erstwhile NSDL as a consideration for acquisition of the depository undertaking in terms of the provisions specified under the Scheme of Arrangement. The Committee has two members with Mr. P.P. Vora as its Chairman. The Committee has not met during the year as no request for share transfer was received and no share allotments were made for Financial Year 2013-14. Details of members of the Committee are as follows:

Sr. No	Name of the Member
1.	Mr. P. P. Vora
2.	Mr. Gagan Rai #
3.	Mr. G.V. Nageswara Rao ^

Pursuant to vacation of office of MD & CEO, Mr. Gagan Rai ceased to be the member of the Committee w.e.f. July 1, 2013.

^ Mr. G.V. Nageswara Rao was appointed as a member w.e.f. July 1, 2013.

H. Ethics Committee

In terms of the SEBI (Depositories and Participants) (Amendment) Regulations, 2012, the Ethics Committee was constituted to monitor the compliances required under the Code of Ethics prescribed under these Regulations. The Committee has three members with Mr. C.M Vasudev as its Chairman. No meeting of Ethics Committee was held during the year. Composition of Ethics Committee is given below:

Sr. No	Name of the Director
1.	Mr. C.M Vasudev
2.	Mr. P.P. Vora
3.	Mr. Sudhir Mankad

I. Investment Committee

The Company has an Investment Policy approved by the Board for the purpose of making investments of surplus funds. The Board has formed an Investment Committee consisting of representatives of the Board for taking decisions related to exceptional investment opportunities, which do not fall within the scope of the approved Investment Policy. The Committee has three members with Mr. P.P. Vora as its Chairman. No meeting of Investment Committee was held during the year as no exceptional investments were made outside the policy framework. Composition of Investment Committee is given below:

Sr. No	Name of the Director
1.	Mr. P.P. Vora
2.	Mr. R.K. Bansal *
3.	Mr. B. Babu Rao
4.	Mr. Viney Kumar @
5.	Mr. G.V. Nageswara Rao %

* Mr. R.K. Bansal has resigned w.e.f. August 13, 2013.

@ Mr. Viney Kumar was appointed as a member of the Committee w.e.f. February 11, 2014.

% Mr. G.V. Nageswara Rao was appointed as a member w.e.f. February 11, 2014.

J. Shareholders' Grievance Committee

The Shareholders' Grievance Committee was formed for the purpose of redressal of grievances received from the shareholders of the Company from time to time. The Committee has three members with Mr. G.V. Nageswara Rao as its Chairman. No meeting of Shareholders' Grievance Committee was held during the year as no grievances from shareholders were received during the year. Composition of Shareholders' Grievance Committee is given below:

Sr. No	Name of the Director
1.	Mr. Ravi Narain
2.	Mr. Gagan Rai *
3.	Mr. B. Babu Rao
4.	Mr. G.V. Nageswara Rao ^

Pursuant to vacation of office of MD & CEO, Mr. Gagan Rai ceased to be the member of the Committee w.e.f. July 1, 2013.

^ Mr. G.V. Nageswara Rao was appointed as a member w.e.f. July 1, 2013

K. IT Strategy Committee

The IT Strategy Committee was formed pursuant to the requirement of SEBI. SEBI, pursuant to the recommendation of the Depository System Review Committee, vide its Circular dated January 21, 2014 mandated the requirement to constitute Board level IT strategy Committee. The Committee consists of the following three members.:

Sr. No	Name of the Director	Designation
1.	Mr. P.P. Vora	Chairman
2.	Mr. G.V. Nageswara Rao	Member
3.	Mr. Ravi Narain	Member

3. Code of Conduct

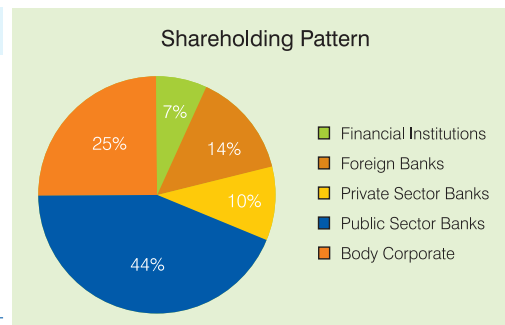
Your Company has adopted Code of Conduct and Ethics for its Directors and Key Management Personnel as prescribed under the SEBI (Depositories and Participants) (Amendment) Regulations, 2012. The Code of Ethics contains inter-alia the policies on confidentiality, conflict of interest, prohibition of insider trading and securities investment procedure and restrictions thereon. In addition Code of Ethics has also been prescribed for Employees. Code of conduct for Directors and Code of Ethics for Directors and Key Management Personnel as prescribed under Regulation 9D of the aforesaid Regulations have been posted on website of the Company



4. Shareholding Pattern

Shareholding Pattern as on March 31, 2014 is as follows:

Sr. No	Category	Percentage of Shareholding
1.	Public Sector Banks #	43.75
2.	Private Sector Banks	10
3.	Foreign Banks	14.37
4.	Body Corporate *	25.05
5.	Financial Institution *	6.83
	Total	100



* Sponsor/ Promoter

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

5. General Body Meetings

As the Company was incorporated on April 27, 2012, the first Annual General Meeting of your Company was held on July 25, 2013. During the year under review, one Extra-Ordinary General Meeting was held on April 22, 2013. One special resolution was passed by the shareholders at the aforesaid meetings, for appointment of Mr. G.V. Nageswara Rao as Managing Director & CEO of NSDL for a period of five years w.e.f. July 1, 2013.

6. General Shareholder Information

- 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.

- Financial year:** 1st April to 31st March

- Record date for dividend payment:** Date of AGM

- Listing on stock exchange :**

The Company is not listed in any of the stock exchanges in India or abroad.

- Statement showing shareholding pattern as on 31st March, 2014:**

Sr. No	Category	Percentage of Shareholding
1.	Sponsors/ Promoters	61.88
2.	Participants	38.12
	Total	100

- Name and designation of the Compliance officer:**

Mr. S. Ganesh, Senior Vice President

- Branch offices**

The Company's branch offices are located at New Delhi, Kolkata, Chennai and Ahmedabad.

New Delhi	Kolkata	Chennai	Ahmedabad
409/410, Ashoka Estate Bldg., 4th Floor, Barakhamba Road, Connaught Place, New Delhi – 110 001	5th Floor, "The Millenium", Flat No. 5W, 235/2A, Acharya Jagdish Chandra Bose Road, Kolkata – 700 020	6A, 6th Floor, Kences Tower, # 1 Ramkrishna Street, North Usman Road, T. Nagar, Chennai – 600 017	Unit No. 407, 4th Floor, 3rd Eye One Commercial Complex Co-op. Soc. Ltd., C.G. Road, Ahmedabad – 380 006

- **Address for correspondence:**

Shareholders' correspondence should be addressed to the Company Secretary at the registered office of the Company, for any assistance:

Tel.: (022) 2499 4200/4422

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

Website: www.nsdl.co.in

7. Compliance Certificate on Corporate Governance

The requisite Certificate from S.N. ANANTHASUBRAMANIAN & CO., Practising Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to the Directors' Report and forms part of the Annual Report.

8. CEO and CFO Certification

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Company are required to give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement. The CEO and the CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41.

Declaration by the CEO regarding adherence to the Code of Conduct & Ethics

I hereby confirm that, all the Directors and the Key Management Personnel of the Company have affirmed compliance to the Code of Conduct & Ethics as applicable to them for the Financial Year ended March 31, 2014.

For and on behalf of the Board

Sd/-

G.V. Nageswara Rao
Managing Director & CEO

Place : Mumbai

Date : May 20, 2014



Certificate regarding Compliance of Conditions of Corporate Governance

To the Members of National Securities Depository Limited

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 2014. In terms of Regulation 9A (7) of the Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2012, the disclosure requirements and corporate governance norms as specified for listed companies have become mutatis mutandis applicable to a depository. 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 Clause 49 of the Listing Agreement.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with Corporate Governance norms as specified for Listed Companies.

For S. N. ANANTHASUBRAMANIAN & CO.

Company Secretaries

Sd/-

S. N. Ananthasubramanian

Proprietor

C.P. No.: 1774

Place : Thane

Date : May 20, 2014



Corporate Social Responsibility

Your company believes in providing efficient and cost effective services to the users of the system and it endeavours to make a positive impact not only on the lives of its employees and immediate stakeholders but also over the society to the extent feasible. In this regard, your Company has re-constituted the Committee under the Chairmanship of Mr. G.V. Nageswara Rao. The role of the Committee is to decide about the contribution (donation) to be made for the socially useful projects (recognized under section 80G of the Income Tax Act, 1961), to take periodic review of the work undertaken against the contribution made by the Company and to recognise and consider different avenues for such assistance ranging from community development to development in education, environment and healthcare etc. Further the re-constituted committee shall also function as per the requirement of the Companies Act, 2013 w.e.f. April 1, 2014.

In view of the implementation of the Scheme of Arrangement, it was decided that the CSR activities initiated by NSDL e-Governance Infrastructure Ltd. will be continued under the aegis of the transferee Company. Therefore, in the year under review, your Company has provided financial assistance to Marathi Vidnyan Parishad (MVP), which publishes a science monthly viz., Patrika containing informative articles on all disciplines of science in vernacular language for sending it to 500 Municipal Schools located in Gadchiroli, Chandrapur and Wardha districts, for a period of one year.

Further, during the year, your Company has provided financial assistance to Dr. Babasaheb Ambedkar Vaidyakiya Pratishthan (BAVP) on the basis of project proposal as well as periodic reports submitted by BAVP on the utilization of the given contribution. BAVP is a registered charitable trust serving poor population of backward region of Marathwada through its variety of health, community health and social developmental programs. Out of the contributions made by NSDL, BAVP has undertaken management of one primary health centre viz., NSDL-Sant Rohidas Arogya Kendra Project (NSDL-SRAK). Through such health centre, till now BAVP has served lakhs of needy people from the backward region of Marathwada, by way of OPDs, free surgeries, preventive health programmes such as school health checkups, health film shows, health exhibitions, etc. and by organizing various medical camps. Further, during the year under review, your company has provided financial assistance to project named 'Basar-E-Tabassum' (BeT), an initiative of Borderless World Foundation (BWF), a non-governmental, not-for-profit, registered organization based in Pune. With its prime focus on geographically remote and disadvantaged border areas, BWF has undertaken its rehabilitation projects in the frontier

districts of Kupwara, Beerwa, Anantnag in Kashmir and in Bernai at Jammu. BeT is a home maintained by BWF for girl child of the displaced families living in Jammu. BWF has utilized the given contribution for its child home located at Beerwa District, consists of around 50 kids. The amount was spent towards food, clothing, bedding, study material, toiletries and medical expenses of children and other administrative expenses for maintenance of the said home.

Subsidiary

NSDL Database Management Limited (NDML) is a wholly owned subsidiary of your Company. FY 2013-14 was eighth full year of operations of NDML. NDML has undertaken six main projects viz., National Skills Registry (NSR) on behalf of NASSCOM, SEZ Online (SEZ Online) on behalf of Ministry of Commerce and Industry, KYC Registration Agency (KRA) regulated by SEBI, 'PayGov India' on behalf of Department of Electronics and Information Technology (DeitY), National Insurance Policy Repository (NIR), Paper To Follow (P2F)

NSR is a NASSCOM initiative to have a robust and credible information repository about all persons working in the Industry. This develops trusted and permanent fact sheet of information about each professional alongwith background check reports. This is a security best practice for the industry and assures identity security, industry acceptance to honest professionals.

SEZ Online is a nationwide integrated solution for the administration of SEZs and to facilitate speedy processing of various transactions that SEZ developers, Co-developers, Units, Export Oriented Units (EOUs) and Deemed Exporters have with SEZ administration.

KRA provides for centralization of the KYC records in the securities market under the regulatory supervision of SEBI. KRA offers a unique feature that once the client has done KYC with a SEBI registered Intermediary; client need not undergo the same process again with another Intermediary. KYC information can be accessed by all the SEBI Registered Intermediaries while dealing with the same client.

The Department of Electronics and Information Technology (DeitY), Government of India has appointed NDML as a nodal agency for providing services for facilitating online payments by citizens while availing various citizen services provided online by Central or State Government departments or public utility services. Towards achieving this purpose, NDML has established 'PayGov India' and is implementing it with various Government Departments.

During the year, NDML has received a Certificate of Registration from IRDA to act as an Insurance Repository



known as “National Insurance Policy Repository” (NIR). The initiative was launched by Hon. Finance Minister Mr. P Chidambaram on September 16, 2013. NIR facilitates holding of all types of insurance policies in electronic form in a single e-Insurance Account (eIA). It does away with all the lacunae of holding the insurance policies in physical form. eIA also facilitates common Know Your Client (KYC) for eIA holder. The KYC done while opening an eIA eliminates the need to repeatedly do the KYC every time an insurance policy is purchased. eIA also acts as a single point of contact for the account holder to update demographic details with all the insurance companies with whom insurance policies are held. It also facilitates conversion of the existing paper policies into electronic policies at the request of the policyholders.

During the year NDML has been selected by National Payments Corporation of India (NPCI) for establishing and managing ‘Paper To Follow (P2F)’ process of Cheque Truncation System (CTS) across the country. Cheque Truncation is the process in which the physical movement of a cheque within the bank, between the banks or between the banks and the clearing house is curtailed or eliminated, being replaced in whole or in part, by electronic records of their content (with or without the images) for further processing and transmission. As part of CTS process, certain types of cheques (Government Cheques, Image Quality Failed Cheques and Present with Paper Cheques) needs to be physically exchanged among the clearing house member banks. Such cheques are called P2F cheques in CTS process. P2F cheques need to be physically handed over by the presenting bank representative to the respective Drawee Bank representative.

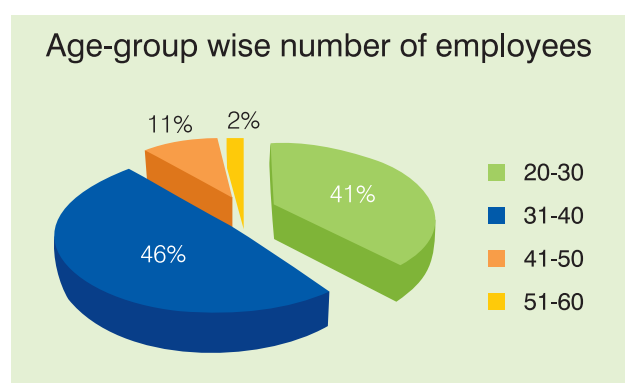
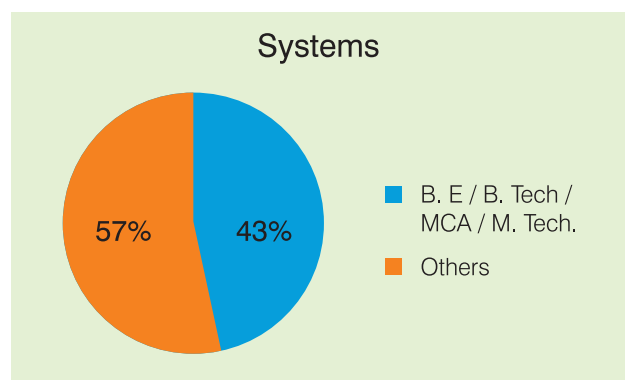
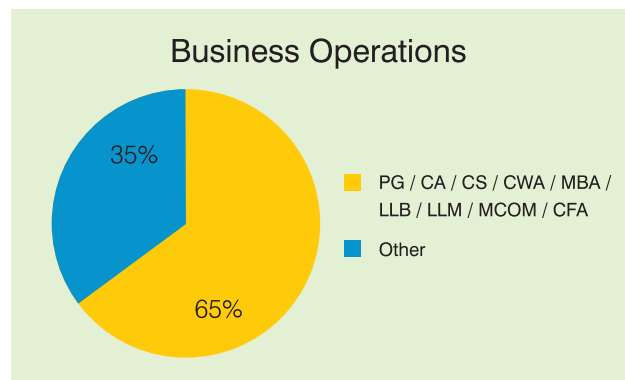
As required under Section 212 of the Companies Act, 1956 the Audited Statement of Accounts, the report of the Directors and Auditors of the Subsidiary Company are annexed. Further, consolidated financial statements are also presented in terms of the requirements under clause 41 of the Listing Agreement which mutatis-mutandis applies to depositories in view of SEBI (Depositories and Participants) (Amendment) Regulations, 2012.

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 calibre employees. Employee relations at all locations are harmonious and cordial. The Company gives utmost importance to the training and development of its employees. Various training and orientation programmes are conducted, both in-house as well as external programmes. Officials across various levels are exposed to programmes

according to training needs. Company also nominates select employees to participate in various seminars in the capital market and other related areas both in India and abroad. A comprehensive induction programme is conducted for new recruits. Other training programmes on Information Security Policies Awareness, Business Continuity Planning etc. are also conducted in order to keep abreast the employees in these areas. Special team building programmes are conducted for employees to increase their efficiency and performance in a team.

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



Positive Work Environment

Positive Work Environment (PWE) Policy was in place at NSDL in accordance with the Vishakha guidelines since the year 2006. Pursuant to the enactment of The



Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the PWE policy viz.; “NSDL Policy for Prevention of Sexual Harassment” has been put in place in accordance with the aforesaid Act. Further, the Internal Complaints Committee (ICC) comprising of 5 members (presiding officer being a female and the committee comprising more than 50% females) was formulated in addition to 3 External Consultants as per the requirements. In order to create awareness among the 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 2013-14, no grievance was reported to the committee.

Directors’ Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that to the best of their knowledge and belief:

- in the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to the material departures;
- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing & detecting fraud and other irregularities; and
- they have prepared the annual accounts on a going concern basis.

Auditors

Deloitte Haskins & Sells, Chartered Accountants, Auditors of the Company, were re-appointed as auditors of the Company and hold office till the forthcoming Annual General Meeting of the Company. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, would be within the limits prescribed under Section 139 (1) of the Companies Act, 2013. You are requested to consider their re-appointment.

Public Deposits

The Company has not accepted any fixed deposit under Section 58A of the Companies Act, 1956 [corresponding Sections 73, 74, 75 & 76 of the Companies Act, 2013] from the public.

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

a) Conservation of Energy and Technology absorption -

Considering the nature of operations of your Company, particulars required to be disclosed with respect to the conservation of energy and technology absorption in terms of Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are not applicable. The Company has, however, used information technology extensively in its operations.

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

		(₹ in Lakh)
Sr. No.	Particulars	FY 2013-14
1	Foreign Exchange Earnings (Miscellaneous)	(2)
2	Foreign Exchange Outgo / Expenditure incurred in foreign currency	16.62

Particulars of Employees

Information required pursuant to Rule (5) (2) of companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, read with Companies (Particulars of Employees) Rules, 1975, as amended, is set out as Annexure and forms part of this report.

Outlook

Growth conditions have declined of late, but in year 2014-15, GDP may still grow at a higher rate than previous year. Improving business optimism, continued thrust on infrastructure development, easy availability of funds from various sources both internal and external, are expected to improve the investment inflow. The medium to long-run 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 financial inclusion 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.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company’s projections and estimates are based on the experience and actual results may vary



depending upon capital market conditions, Government policies and other incidental factors.

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 the Board of Directors

Sd/-

C. M. Vasudev

Chairman

Place : Mumbai

Date : May 20, 2014



Independent Auditors' Report

To The Members of

National Securities Depository Limited
(formerly NSDL Depository Limited)

Report on the Financial Statements

We have audited the accompanying financial statements of **NATIONAL SECURITIES DEPOSITORY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

(Abhijit A. Damle)
(Partner)
(Membership No. 102912)

Place : Mumbai
Date : May 20, 2014

Annexure to the Independent Auditors' Report

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

(i) Having regard to the nature of the Company's business/ activities/result during the year clauses (ii), (vi), (viii), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) The Company has neither granted nor taken loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.

(v) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered in the Register maintained under Section 301 of the Companies Act, 1956.

(vi) In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the Management has been commensurate with the size of the Company and the nature of its business.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months except for Employees State Insurance dues of ₹ 0.13 lakhs from the date they became payable.

(c) Details of dues of Service Tax which have not been deposited as on 31st March, 2014 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in lakhs)
Finance Act, 1994	Service Tax	Commissioner of Service Tax	2004-05 to 2009-10	3,261.69

Other than these, there are no cases of non-deposit of dues in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess consequent to a dispute.

(viii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have *prima facie*, not been used during the year for long- term investment.

(ix) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

(Abhijit A. Damle)
(Partner)
(Membership No. 102912)

Place : Mumbai
Date : May 20, 2014

Balance Sheet

as at March 31st, 2014

(₹ in Lakh)

	Note No.	As at March 31 st , 2014		As at March 31 st , 2013	
EQUITY AND LIABILITIES					
Shareholder's funds					
Share capital	3	4,000.00		4,000.00	
Reserves and surplus	4	27,516.14		24,690.34	
		31,516.14		28,690.34	
Non-current liabilities					
Other long-term liabilities	5	2,888.00		3,000.00	
Current liabilities					
Trade payables	6	745.28		798.79	
Other current liabilities	7	4,328.72		2,027.40	
Short-term provisions	8	1,846.10	6,920.10	1,464.59	4,290.78
Total			41,324.24		35,981.12
ASSETS					
Non Current Assets					
Fixed assets:					
Tangible assets	9	1,125.48		1,360.89	
Intangible assets	9	157.54	1,283.02	220.83	1,581.72
Non-current investments	10	30,994.67		26,635.90	
Deferred tax asset	11	606.61		618.71	
Long-term loans and advances	12	730.16		231.88	
Other non-current assets	16	206.83	32,538.27	164.98	27,651.47
Current assets					
Current investments	13	2,669.31		3,850.26	
Trade receivables	14	1,522.75		773.35	
Cash and Bank Balances	15	2,081.41		685.15	
Short-term loans and advances	12	177.55		485.52	
Other current assets	16	1,051.93	7,502.95	953.65	6,747.93
Total			41,324.24		35,981.12

See accompanying notes forming part of the financial statements (1 to 31)

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

Sd/-
Abhijit A. Damle
Partner

Place : Mumbai
Date : May 20th, 2014

For and on behalf of the Board of Directors

Sd/-
C. M. Vasudev
Chairman

Sd/-
G V Nageswara Rao
Managing Director & CEO

Sd/-
Prashant Vagal
Chief Financial Officer

Sd/-
P. P. Vora
Director

Sd/-
Deepak Shenoy
Company Secretary



Statement of Profit and Loss

for the year ended 31st March 2014.

(₹ in Lakh)

	Note No.	For the year ended March 31 st , 2014	For the year ended March 31 st , 2013
INCOME			
Revenue from operations	17	10,456.03	9,804.75
Other income	18	2,520.60	2,287.91
Total revenue		12,976.63	12,092.66
EXPENSES			
Employee benefits expense	19	2,040.69	1,882.29
Depreciation and amortization expense	9	662.28	2,165.03
Contribution to Investor Protection Fund	29	1,291.21	863.18
Other expenses	20	3,817.60	3,729.45
Total expenses		7,811.78	8,639.95
Profit before exceptional and extraordinary items and tax		5,164.85	3,452.71
Tax expense			
Current tax		1,437.10	1,711.48
Earlier year provision written back		(280.10)	--
Deferred tax (311.51)			12.10
		1,169.10	1,399.97
Profit after Tax		3,995.75	2,052.74
Basic and diluted earnings per equity share of ₹ 10 each	28	9.99	5.13
See accompanying notes forming part of the financial statements (1 to 31)			

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

Sd/-
Abhijit A. Damle
Partner

Place : Mumbai
Date : May 20, 2014

For and on behalf of the Board of Directors

Sd/-
C. M. Vasudev
Chairman

Sd/-
G V Nageswara Rao
Managing Director & CEO

Sd/-
P. P. Vora
Director

Sd/-
Prashant Vagal
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary

Cash Flow Statement

for the period ended March 31, 2014

(₹ in Lakh)

	For the Year Ended March 31 st , 2014	For the Year Ended March 31 st , 2013
A. Cash flow from operating activities		
Net Profit before Tax	5,164.85	3,452.71
Adjustments for :		
Add -		
Loss on fixed assets sold/written off	270.07	89.76
Depreciation and amortization expense	662.28	2,165.03
Provision for compensated absences	11.51	8.74
Provision for diminution in value of non-current investments	79.63	283.28
Provision for doubtful trade receivables	-	45.00
Bad Debts written off	93.60	-
Less-		
Dividend income from current Investments	(157.31)	(87.95)
Interest Income	(2,316.53)	(2,179.77)
Profit on sale of current investments	(0.10)	-
Operating profit before working capital changes	3,808.00	3,776.80
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets-		
Long-term loans and advance	(86.30)	6.43
Trade receivables	(843.00)	(87.44)
Short-term loans and advance	307.97	(161.78)
Other current assets	5.56	13.45
Adjustments for increase / (decrease) in operating liabilities-		
Other long-term liabilities	(112.00)	-
Trade payables	(53.51)	16.78
Other current liabilities	1,772.01	897.89
Cash generated from operation	4,798.73	4,462.13
Net income tax paid	(1,571.78)	(1,811.43)
Net cash from operating activities (A)	3,226.95	2,650.70
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advance	(394.09)	(371.56)
Proceeds from sale of fixed assets	19.93	8.15
Bank balances not considered as cash and cash equivalent		
-Placed	(1,000.00)	-
Purchase of current investments	(3,457.30)	(3,587.95)



Cash Flow Statement

for the period ended March 31, 2014

(₹ in Lakh)

	For the Year Ended March 31 st , 2014	For the Period Ended March 31, 2013
Redemption of current investments	1,828.35	4,106.82
Redemption of non-current investments	3,350.00	-
Purchase of non-current investments	(4,978.40)	(5,083.28)
Dividend received from current investments	157.31	87.95
Interest received	2,170.84	1,931.50
Net cash (used in) investing activities (B)	<u>(2,303.36)</u>	<u>(2,908.37)</u>
C. Cash flow from financing activities		
Dividend paid	(1,000.00)	-
Dividend distribution tax paid	(169.95)	-
Proceeds from issue of equity share capital	-	5.00
Reduction in equity share capital	-	(5.00)
Net cash (used in) financing activities (C)	<u>(1,169.95)</u>	<u>-</u>
Net (decrease) in cash and cash equivalents (A+B+C)	(246.36)	(257.67)
Cash and cash equivalents transferred under the scheme of demerger	-	793.53
Cash and cash equivalents at the beginning of the year	535.86	-
Cash and cash equivalents at the end of the period (also refer note 1 below)	<u>289.50</u>	<u>535.86</u>

Note: 1

Reconciliation of cash and cash equivalents with Balancesheet:	As at 31 st March, 2014	As at 31 st March, 2013
Cash and cash equivalents as per Balance sheet (also refer note 15)	2,081.41	685.15
Less: -Fixed Deposit with original maturity of more than 12 months	(1,000.00)	-
Less: Restricted cash balance	(791.91)	(149.29)
Total	289.50	535.86

See accompanying notes forming part of the financial statements (1 to 31)

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

Sd/-
Abhijit A. Damle
Partner

Place : Mumbai
Date : 20th May, 2014

For and on behalf of the Board of Directors

Sd/-
C. M. Vasudev
Chairman

Sd/-
P. P. Vora
Director

Sd/-
G V Nageswara Rao
Managing Director & CEO

Sd/-
Prashant Vagal
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary

Notes Forming Part

of the Financial Statements

Note 1 : Corporate Information

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

Note 2 : Basis of preparation and significant accounting policies

(a) Basis of preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(b) Use of estimates:

The financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

(c) Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(d) Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items

and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(e) Revenue recognition:

Revenues from services are recognised on an accrual basis upon rendering of services. Revenue is recognised when there is no significant uncertainty as regards its determination and realisation.

(f) Other Income:

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

(g) Fixed assets (tangible / intangible):

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets 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.

Capital work-in-progress:

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

(h) Depreciation / Amortisation:

Depreciation on tangible assets is provided on the straight-line method at the rates higher than the rates prescribed in Schedule XIV of the Companies Act, 1956. The tangible assets are depreciated at the following rates:

Asset	Rate of depreciation (%)
Computers	50
Data and Tele – Communication Equipment	50
Electrical Installations	20
Office Equipment	20
Furniture and fixtures	20
Building	10
Vehicles	25

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The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

Computer software is amortised over 24 months or useful life whichever is lower.

(i) **Transactions in Foreign Currencies:**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at the year-end rates. Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the Statement of Profit and Loss.

(j) **Investments:**

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties. Front-end discount / incentive earned in respect of direct subscription is adjusted against the cost of investment.

(k) **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). The contributions, as specified under the law, are made to the provident fund set up as an irrevocable trust by NSDL Group. The Company is generally liable for any shortfall in the fund assets based on the Government specified minimum rates of return and recognizes such shortfall, if any, as an expense in the year incurred.

Defined Benefit Plans

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. Actuarial gains and losses are immediately recognised in the Statement of Profit and Loss.

Other Employee Benefit

Compensated Absences:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the 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 has a scheme for compensated absences for employees. 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:

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

(l) **Tax on Income:**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one

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period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in case of existence of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences in other cases, to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

(m) 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 not 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.

(n) Impairment of assets:

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists,

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

(o) Service tax input credit:

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

(p) 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.

(q) Segment Reporting:

The accounting policies used in the preparation of the financial statements of the Company are also applied for Segment Reporting. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not all allocable to segments on a reasonable basis, have been included under "Unallocated income/ expenses".



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Note 3 : Share capital

(₹ in Lakh)

	As at March 31st, 2014	As at March 31st, 2013
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
	<u>4,000.00</u>	<u>4,000.00</u>

3a. Details of shares held by each shareholder holding more than 5% shares:

Name of the Shareholder	As at March 31 st , 2014		As at March 31 st , 2013	
	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.	10,018,000	25.05	10,018,000	25.05
Administrator of specified undertaking of the Unit Trust of India	2,732,000	6.83	2,732,000	6.83

3b. 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.

3c. Reconciliation of the shares outstanding at the end of the period	As at March 31 st , 2014	As at March 31 st , 2013
Opening Balance	40,000,000	
Number of shares issued on incorporation	-----	50,000
Less: Reduction of share capital as per Court Order under the Scheme of Demerger	-----	50,000
Add: Increased as per the Scheme of Demerger	-----	40,000,000
Number of shares at the end of the period	40,000,000	40,000,000

Note 4 : Reserves and surplus

(₹ in Lakh)

	As at March 31 st , 2014	As at March 31 st , 2013
Investor protection reserve (also refer footnote below)		
Opening Balance	700.00	-----
Balance transferred under the Scheme of Demerger	-----	700.00
Closing Balance	700.00	700.00
General reserve		
Opening Balance	23,312.82	-----
Balance transferred under the Scheme of Demerger	-----	23,107.55
Add : Transferred from Statement of Profit and Loss	1,500.00	205.27
Closing balance	24,812.82	23,312.82
Surplus in Statement of Profit and Loss		
Opening Balance	677.52	-----
Profit for the year/period	3,995.75	2,052.74
Less : Dividend proposed to be distributed to equity shareholders	(1,000.00)	(1,000.00)
Tax on dividend	(169.95)	(169.95)
Transferred to general reserve	(1,500.00)	(205.27)
Closing Balance	2,003.32	677.52
Total	27,516.14	24,690.34

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Note 5 : Other long-term liabilities

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Others:		
Security deposit from depository participants	2,870.00	3,000.00
Incentive Payable to key managerial person	18.00	---
Total	2,888.00	3,000.00

Note 6 : Trade payables

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Amounts due to micro, small and medium enterprises (also refer footnote below)	2.01	10.46
Others	743.27	788.33
Total	745.28	798.79

Footnote: 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)

	As at March 31, 2014	As at March 31, 2013
Principal amount remaining unpaid to any supplier as at the end of the accounting period.	2.01	10.46
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	2.01	10.46

Note 7 : Other current liabilities

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Security deposit from depository participants	148.72	43.31
Payables on purchase of fixed assets	1.21	114.52
Advances from customers	277.32	274.15
Income received in advance	736.02	346.97
Statutory remittances	95.53	115.16
Investor Protection Fund (also refer note 29)	2,154.39	863.18
Payable to gratuity trust	30.21	100.87
Payable on Redemption of NSC/KVP and Government Securities	791.92	149.29
Others	93.40	19.95
Total	4,328.72	2,027.40

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Note 8 : Short term provisions

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Provision for compensated absences	306.15	294.64
Provision for proposed equity dividend	1,000.00	1,000.00
Provision for tax on proposed dividend	169.95	169.95
Provision for stamp duty (also refer note 30)	370.00	---
Total	1,846.10	1,464.59

Note 9 : Fixed assets

(₹ in Lakh)

Sr.	Description No.	Gross Block			Depreciation / Amortisation				Net Block		
		As on 1 st April, 2013 (Refer footnote 2)	Additions	Disposals	As on March 31, 2014	As on 1 st April, 2013 (Refer footnote 2)	For the year	Eliminated on disposal of assets	As on March 31, 2014	As on March 31, 2014	As on March 31, 2013
	Tangible Assets										
1	Buildings	3,203.58 (3,175.02)	370.00 (28.56)	- -	3,573.58 (3,203.58)	2,845.57 (2,732.64)	151.59 (112.93)	- -	2,997.16 (2,845.57)	576.42 (358.01)	358.01 -
2	Plant and Equipment										
	1) Computers	10,943.33 (12,489.92)	113.84 (130.69)	5,724.71 (1,677.28)	5,332.46 (10,943.33)	10,268.67 (11,258.61)	160.08 (603.48)	5,436.42 (1,593.42)	4,992.33 (10,268.67)	340.13 (674.66)	674.66 -
	2) Data and Tele - Communication Equipment	1,747.57 (1,721.46)	25.18 (26.11)	34.32 -	1,738.43 (1,747.57)	1,536.03 (1,278.51)	115.08 (257.52)	32.60 -	1,618.51 (1,536.03)	119.92 (211.54)	211.54 -
	3) Electrical Installations	199.92 (206.93)	- (10.29)	- (17.30)	199.92 (199.92)	181.22 (196.79)	2.06 (0.86)	- (16.43)	183.28 (181.22)	16.64 (18.70)	18.70 -
3	Office Equipment	395.16 (423.28)	2.04 (14.90)	- (43.02)	397.20 (395.16)	335.04 (353.16)	21.12 (20.06)	- (38.18)	356.16 (335.04)	41.04 (60.12)	60.12 -
4	Furniture and Fixtures	258.92 (396.12)	- (29.61)	- (166.81)	258.92 (258.92)	221.06 (376.48)	6.53 (3.05)	- (158.47)	227.59 (221.06)	31.33 (37.86)	37.86 -
	Total	16,748.48 (18,412.73)	511.06 (240.16)	5,759.03 (1,904.41)	11,500.51 (16,748.48)	15,387.59 (16,196.19)	456.46 (997.90)	5,469.02 (1,806.50)	10,375.03 (15,387.59)	1,125.48 (1,360.89)	1,360.89 -
	Intangible Assets										
5	Computer Software (aquired)	8,704.21 (8,542.85)	142.53 (161.36)	- -	8,846.74 (8,704.21)	8,483.38 (7,316.25)	205.82 (1,167.13)	- -	8,689.20 (8,483.38)	157.54 (220.83)	220.83 -
	Total	8,704.21 (8,542.85)	142.53 (161.36)	- -	8,846.74 (8,704.21)	8,483.38 (7,316.25)	205.82 (1,167.13)	- -	8,689.20 (8,483.38)	157.54 (220.83)	220.83 -
	Grand Total	25,452.69 (26,955.58)	653.59 (401.52)	5,759.03 (1,904.41)	20,347.25 (25,452.69)	23,870.97 (23,512.44)	662.28 (2,165.03)	5,469.02 (1,806.50)	19,064.23 (23,870.97)	1,283.02 (1,581.72)	1,581.72 -

Footnote 1: The figures in bracket are of previous year ended 31st March, 2013.

Footnote 2: Figures for the previous year represents amount transferred under the scheme of demerger w.e.f 1st April 2012.

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Note 10 : Non-current investments

			No. of bonds / debentures / shares	Face value	As at March 31, 2014		As at March 31, 2013	
					(₹ in Lakh)		(₹ in Lakh)	
Trade:								
(a) Investment in equity Instrument (at cost)								
NSDL Database Management Limited (wholly owned subsidiary company)			61,050,000	10	6,105.00		6,105.00	
Non-trade:								
(b) Investment in Government or Trust Securities (at cost)								
(i) 11.43% GOI, 2015			4,000	10,000	416.40		416.40	
(ii) 8.07% GOI, 2017			4,000	10,000	434.00	850.40	434.00	850.40
(c) Investment in Debentures or bonds (at cost) - Quoted	Rate of interest	Year of maturity						
(i) Indian Railway Finance Corporation Limited * (refer foot note)	9.00	2015	54	1,000,000	-	-	688.50	
(ii) Tata Steel Limited	10.20	2015	30	1,000,000	308.61		308.61	
(iii) Indian Oil Corporation Limited	11.00	2018	130	1,000,000	1,485.38		1,485.38	
(iv) 10 year Zero Coupon Bhavishya Nirman Bond from National Bank for Agriculture and Rural Development	-	2018	3,551	20,000	300.06		300.06	
(v) Housing Development Finance Corporation Limited	11.25	2018	150	1,000,000	1,755.15		1,755.15	
(vi) Housing Development Finance Corporation Limited	11.95	2018	15	1,000,000	178.50		178.50	
(vii) Rural Electrification Corporation Limited	9.07	2018	140	1,000,000	1,453.52		1,453.52	
(viii) Steel Authority of India Limited	8.60	2019	40	1,000,000	406.40		406.40	
(ix) Steel Authority of India Limited	8.65	2019	70	1,000,000	707.63		707.63	
(x) Infrastructure Development Finance Company Limited	8.90	2019	30	1,000,000	302.18		302.18	
(xi) Axis Bank Limited	9.95	2019	35	1,000,000	379.92		379.92	
(xii) Indian Railway Finance Corporation Limited	8.20	2020	20	1,000,000	199.22		199.22	
(xiii) Infrastructure Development Finance Company Limited	8.65	2020	20	1,000,000	201.90		201.90	
(xiv) Rural Electrification Corporation Limited	8.65	2020	50	1,000,000	479.25		479.25	
(xv) Power Grid Corporation of India Limited	9.64	2021	32	1,250,000	406.72		406.72	



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			No. of bonds / debentures / shares	Face Value	As at March 31, 2014		As at March 31, 2013	
					₹ in Lakh		₹ in Lakh	
(xvi)	Power Finance Corporation of India Limited	7.51	2021	600	100,000	599.40		599.40
(xvii)	Power Grid Corporation of India Limited	8.80	2022	16	1,250,000	202.00		202.00
(xviii)	National Highway Authority of India Limited *	8.20	2022	100,000	1,000	1,066.40		1,066.40
(xix)	Rural Electrification Corporation Limited *	7.93	2022	90,000	1,000	950.98		950.98
(xx)	Power Grid Corporation of India Limited	9.33	2023	40	1,250,000	509.25		509.25
(xxi)	Power Grid Corporation of India Limited	8.80	2024	56	1,250,000	703.85		703.85
(xxii)	Power Grid Corporation of India Limited	8.64	2024	20	1,250,000	251.50		251.50
(xxiii)	Power Grid Corporation of India Limited	8.90	2024	20	1,250,000	245.87		245.87
(xxiv)	Infrastructure Development Finance Company Limited	9.03	2025	5	1,000,000	51.12		51.12
(xxv)	Power Grid Corporation of India Limited	8.64	2025	20	1,250,000	251.50		251.50
(xxvi)	Housing Development Finance Corporation Limited	8.96	2025	100	1,000,000	1,014.50		1,014.50
(xxvii)	Infrastructure Development Finance Company Limited	8.82	2025	38	1,000,000	371.07		371.07
(xxviii)	Power Grid Corporation of India Limited	8.90	2025	20	1,250,000	246.00		246.00
(xxix)	Indian Railway Finance Corporation Limited	9.09	2026	200	1,000,000	2,028.00		2,028.00
(xxx)	National Highway Authority of India Limited *	8.30	2027	190,000	1,000	2,025.90		2,025.90
(xxxii)	Power Finance Corporation of India Limited *	8.30	2027	100,000	1,000	1,040.00		1,040.00
(xxxiii)	Power Finance Corporation of India Limited *	8.20	2022	90,000	1,000	948.93		-
(xxxiii)	Power Finance Corporation of India Limited *	8.46	2028	40	1,000,000	400.56		-
(xxxiv)	Rural Electrification Corporation Limited *	8.46	2028	10,000	1,000	100.15		-
(xxxv)	National Housing Bank *	8.68	2029	40,000	5,000	2,028.76	23,600.18	20,810.28
(d) Investment in Mutual Funds - (Unquoted)								
(i)	Axis Fixed Term Plan - Series 42 Direct Plan - Growth			5,000,000	10	500.00		-
(ii)	IDBI Mutual Fund FMP Series III- Direct Plan- Growth			2,000,000	10	200.00		-
(iii)	IDFC Fixed Term Plan Series 57 - Direct Plan - Growth			5,000,000	10	500.00		-
(iv)	HDFC Mutual Fund FMP series 29 -Direct Plan - Growth			3,000,000	10	300.00	1,500.00	-
							32,055.58	27,765.68
							1,060.91	1,129.78
							30,994.67	26,635.90
Less : Provision for diminution in value of investments								

* Investment free bonds

Footnote: Classified as current investment

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	2014	2013
Aggregate value of listed but not quoted investments	1,500.00	-
Aggregate amount of unquoted investments	6,105.00	6,105.00
Aggregate amount of quoted investments	24,450.58	21,660.68
Aggregate market value of listed and quoted investments	23,405.19	22,479.75

Note 11 : Deferred tax assets

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Difference between book balance and tax balance of fixed asset	471.05	477.00
Provision for employee benefits	118.73	135.59
Others	16.83	6.12
Total	606.61	618.71

Note 12 : Loans and advances

(₹ in Lakh)

	As at March 31, 2014			As at March 31, 2013		
	Long term	Short term	Total	Long term	Short term	Total
(Unsecured, considered good unless stated otherwise)						
Security deposits						
Considered good	42.85	-	42.85	15.18	-	15.18
Considered doubtful	11.00	-	11.00	11.00	-	11.00
	53.85	-	53.85	26.13	-	26.13
Less: Provision for doubtful deposits	(11.00)	-	(11.00)	(11.00)	-	(11.00)
	42.85	-	42.85	15.18	-	15.18
Capital Advances	94.45	-	94.45	97.25	-	97.25
Prepaid expenses	62.83	80.93	143.76	1.02	181.13	182.15
Advance income tax (net of provision)	514.73	-	514.73	99.95	-	99.95
Loans and advances to employees	15.30	3.34	18.64	18.48	4.76	23.24
Service tax credit receivable	-	93.28	93.28	-	146.29	146.29
Others	-	-	-	-	153.34	153.34
Total	730.16	177.55	907.71	231.88	485.52	717.40

Note 13 : Current investments

	As at 31st March, 2014			As at 31st March, 2013		
	No. of bonds / debentures / shares / units	Face Value / NAV (₹)	(₹ in Lakh)	No. of bonds / debentures / shares / units	Face Value / NAV (₹)	(₹ in Lakh)
Current portion of long-term investments (At cost):						
(a) Investment in Government or Trust Securities						
(i) 12.40% GOI, 2013						353.85
(b) Investment in Debentures or bonds - Quoted						
(i) 10% Infrastructure Development Finance Company Limited, 2013	-	-	-	50	1,000,000	512.50
(ii) 6.85% India Infrastructure Finance Company Ltd.*				2,500	100,000	2,502.00
(iii) Indian Railway Finance Corp. Ltd *	54	1,000,000	688.50	-	-	-

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	As at 31st March, 2014			As at 31st March, 2013		
	No. of bonds / debentures / shares / units	Face Value / NAV (₹)	(₹ in Lakh)	No. of bonds / debentures / shares / units	Face Value / NAV (₹)	(₹ in Lakh)
Other Current Investments (At lower of cost and fair value, unless otherwise stated):						
(c) Investment in Mutual Funds (Unquoted)						
(i) Units of Axis Treasury Advantage Fund - Institutional Daily Dividend Reinvestment	53,534	1,005	537.85	49,965	1,001	500.36
(ii) Units of IDFC Ultra Short Term Fund - Daily Dividend Reinvestment	5,292,811	10	532.51	-	-	-
(iii) Units of Birla Sun Life Ultra Short Term Fund - Daily Dividend Reinvestment	519,722	101	525.46	-	-	-
(iv) Units of UTI Treasury Advantage Fund - Daily Dividend Reinvestment	53,056	1,002	531.81	-	-	-
(v) Units of Axis Liquid Fund - Daily Dividend Reinvestment	104	1,000	1.04	-	-	-
(vi) Units of IDFC Cash Fund - Daily Dividend Reinvestment	64	1,002	0.64	-	-	-
			2,817.81			3,868.71
Less : Provision for diminution in value of investments			148.50			18.45
Total			2,669.31			3,850.26
* Investment in Tax free bonds						
Aggregate amount of unquoted investments			2,129.31			500.36
Aggregate amount of quoted investments			688.50			3,368.35
Aggregate market value of listed and quoted investments			687.26			3,354.01

Note 14 : Trade receivables

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	95.70	5.74
Unsecured, considered good	234.79	72.58
Unsecured, considered doubtful	-	108.65
	330.49	186.97
Less : Provision for doubtful trade receivables	-	108.65
	330.49	78.32
Other trade receivables		
Secured, considered good	549.75	393.92
Unsecured, considered good	642.51	301.11
	1,192.26	695.03
Total	1,522.75	773.35

Notes Forming Part

of the Financial Statements

Note 15 : Cash and Bank Balances

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Cash and cash equivalents		
(i) Cash on hand	0.45	0.41
(ii) Cheques on hand	1.44	12.99
Balances with banks		
(i) in current accounts	287.61	522.46
(ii) In other deposit accounts with original maturity more than 3 months	1,000.00	-
Other Bank Balances		
(i) in current accounts (refer footnote 1)	791.91	149.29
Total	2,081.41	685.15

Footnote 1: Balances with banks include 791.91 lakh (As at 31st March, 2013 149.29 lakh) which have restriction on repatriation.

Note 16 : Other assets

(₹ in Lakh)

	As at March 31, 2014			As at March 31, 2013		
	Non-current	Current	Total	Non-current	Current	Total
Interest accrued on investments	206.83	1,049.14	1,255.97	164.98	945.30	1,110.28
Others	-	2.79	2.79	-	8.35	8.35
Total	206.83	1,051.93	1,258.76	164.98	953.65	1,118.63

Note 17 : Revenue from operations

(₹ in Lakh)

	For the Period ended March 31, 2014	For the Period ended March 31, 2013
Annual fees	322.41	76.48
Custody fees	5,277.94	5,182.67
Transaction fees	4,558.54	4,237.22
Software license fees	11.30	17.86
Communication Fees	274.49	267.06
Other operational income	11.35	23.46
Total	10,456.03	9,804.75

Note 18 : Other income

(₹ in Lakh)

	For the Period ended March 31, 2013	For the Period ended March 31, 2013
Interest income :		
- On non-current investments	2,172.90	1,931.06
- On fixed deposits with banks	128.59	232.07
- On overdue trade receivables	15.04	16.64
	<u>2,316.53</u>	<u>2,179.77</u>
Dividend income from current Investments	157.31	87.95
Profit on sale of current investments	0.10	-
Miscellaneous income	46.66	20.19
Total	2,520.60	2,287.91



Notes Forming Part

of the Financial Statements

Note 19 : Employee benefits expenses

(₹ in Lakh)

	For the year ended March 31, 2014	For the year ended March 31, 2013
-Salaries and wages	1,869.96	1,549.16
-Contribution to provident and other funds (also refer note 27)	48.80	201.89
-Staff welfare expenses	93.85	120.81
-Deputation Cost	28.08	10.43
Total	2,040.69	1,882.29

Note 20 : Other expenses

(₹ in Lakh)

	For the year ended March 31, 2014		For the year ended March 31, 2013	
- Annual fees		10.00		10.00
- Repairs and maintenance - system		1,581.34		1,609.32
- Repairs and maintenance - premises		134.93		128.65
- Repairs and maintenance - others		35.70		53.60
- Insurance (also refer note 26)		84.74		86.75
- Power and fuel		167.94		226.96
- Rent		174.27		44.06
- Communication expenses		452.25		440.28
- Travelling and conveyance expenses		176.35		168.23
- Legal and professional fees		215.30		166.51
- Printing and stationery expenses		60.26		81.36
- Rates and taxes		61.30		35.95
- Provision for diminution in value of non-current investments		79.63		283.28
- Donation		14.28		
- Seminar and business promotion expenses		104.44		110.11
- Payment to Auditors (net off service tax set-off)				
-- (a) Audit fees	12.00		12.00	
-- (b) Tax audit fees	2.00		2.00	
-- (c) Taxation matters	0.36		-	
--(d) Other services	6.00	20.36	6.23	20.23
- Directors sitting fees		11.40		3.60
- Provision for Doubtful receivables		-		45.00
- Loss on sale of fixed assets		270.07		89.76
- Bad Debts Written off		93.60		-
- Preliminary expenses written off		-		84.39
- Miscellaneous expenses		69.39		41.41
Total			3,817.60	3,729.45

Notes Forming Part

of the Financial Statements

21. Contingent Liabilities and Other Commitments (to the extent not provided for):

a) Contingent Liabilities:

Demand from the service tax authorities of ₹ 3,261.69 lakh (Previous year ₹ 3,261.69 lakh) in respect of FY 2004-05 to FY 2009-10 relate to service tax demanded in respect of depository participant services during that period. The matter is pending before Commissioner of Service Tax (Adjudication). In respect of the dispute, the Company is hopeful of succeeding in appeals and does not expect any significant liability to materialise.

b) Commitments:

Estimated amount of capital contracts remaining to be executed at the end of the year and not provided for (net of advances) is ₹ 69.12 lakh (previous period ₹ 49.10 lakh).

22. Expenditure / Earning in foreign exchange:

(₹ in Lakh)

Particular	Current Year	Previous Period
Travelling and conveyance expenses	16.62	4.92
Miscellaneous Income	2.41	5.93

23. Segment Reporting

The Company's business is to provide depository services to its clients in India which includes providing various services to the investors like, dematerialisation, rematerialisation, 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 Accounting Standard 17(AS-17) – 'Segment Reporting', as notified under the section Section 211(3C) of the Companies Act, 1956.

24. 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 (NDML)	Wholly-owned subsidiary (control exists)
(iv) Key managerial personnel	Mr. Gagan Rai, Managing Director and CEO (upto 30 th June 2013)
(v) Key managerial personnel	Mr. G V Nageswara Rao, Managing Director and CEO (w.e.f 1 st July 2013)

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

(₹ in Lakh)

Particular	Current Year	Previous Period
(i) Transactions during the year:		
I. Companies having substantial Interest		
a) IDBI Bank Limited		
- Transaction Fees	28.66	24.31
- Annual fees	17.78	-
- Reimbursement of expenses	1.52	3.03
- Other operational income	-	0.19
- Interest Income on fixed deposit with Bank	46.87	3.59
- Interest (waiver)/Income – Other	(0.13)	0.35
- Miscellaneous expenses	0.23	0.07
- Dividend paid	300.00	-



Notes Forming Part

of the Financial Statements

(₹ in Lakh)

Particular	Current Year	Previous Period
b) National Stock Exchange of India Limited		
- Miscellaneous expenses	0.19	0.22
- Transaction Fees	0.03	0.03
- Dividend paid	250.45	-
II. Key managerial personnel		
- Remuneration (reimbursed to NSDL e-Governance Infrastructure Limited)	31.84	28.49
- Remuneration	158.68	-
(ii) Payable/Receivable at the end of the period :		
Companies having substantial Interest		
a) IDBI Bank Limited		
- Security deposit payable	30.00	30.00
- Balance in current account	231.20	514.00
- Trade receivables	16.05	4.18
b) National Stock Exchange of India Limited Trade payable	0.13	0.18

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

25. Operating Lease

The Company holds certain premises under operating leases. Rent includes expenses of ₹ 174.27 lakh (previous year ₹ 44.06 lakh). The committed lease rentals in the future are:

(₹ in Lakh)

Particular	Current Year	Previous Period
Not later than one year	12.26	-
Later than one year and not later than five years	5.44	-
Later than five years	-	-

26. Insurance expenses in note 20 has been disclosed net of recoveries:

(₹ in Lakh)

Particular	Current Year	Previous Period
Insurance	133.48	130.91

27. 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)

Particular	Current Year	Previous Period
Provident fund	72.19	58.97
Superannuation fund	45.17	34.92
Total	117.36	93.89

Notes Forming Part

of the Financial Statements

b) Defined benefit plan for gratuity as per actuarial valuation:

(i) Summary of actuarial assumptions :

(₹ in Lakh)

Particulars	Current Year	Previous Period
Discount rate	9.31%	8.00%
Rate of return on plan assets	8.70%	8.70%
Salary escalation	8.00%	5.00%
Attrition rate	2.00%	2.00%
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

(ii) Reconciliation of defined benefit obligation :

(₹ in Lakh)

Particulars	Current Year	Previous Period
Liability at the beginning of the year	829.78	
Liability transferred on demerger	-	677.86
Interest cost	-	57.62
Current service cost	86.64	81.40
Benefits paid	(5.61)	(11.58)
Amount transferred to NSDL e-Governance Infrastructure Limited	(57.60)	-
Actuarial (gain)/ loss on obligations	(33.53)	24.48
Liability at the end of the year	819.68	829.78

(iii) Reconciliation of fair value of plan assets :

(₹ in Lakh)

Particulars	Current Year	Previous Period
Fair value of plan assets at the beginning of the year	728.91	-
Expected return on plan assets	63.41	-
Assets transferred on demerger (Amount transferred to NSDL Gratuity Fund)	-	677.86
Benefits paid	(5.61)	(11.58)
Transferred to NSDL e-Governance Infrastructure Limited	(57.60)	-
Actuarial gain/(loss) on plan assets	60.36	62.63
Fair value of plan assets at the end of the year	789.47	728.91

(iv) Actual return on plan assets :

(₹ in Lakh)

Particulars	Current Year	Previous Period
Expected return on plan assets	63.41	-
Actuarial gain/(loss) on plan assets (net of amount transferred to NSDL e-Governance Infrastructure Limited ₹ 57.60 lakh)	2.76	62.63
Actual Return on Plan Assets	66.17	62.63



Notes Forming Part

of the Financial Statements

(v) Amount to be recognised in balance sheet:

(₹ in Lakh)

Particulars	Current Year	Previous Period
Present value of funded obligation	(819.68)	(829.78)
Fair value of plan assets at the end of the period	789.47	728.91
Amount recognised in balance sheet	(30.21)	(100.87)

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

(₹ in Lakh)

Particulars	Current Year	Previous Period
Current service cost	86.64	81.40
Interest cost	-	57.62
(Expected Return on Plan Assets)	(63.41)	-
Net Actuarial (gain) / loss to be recognized	(93.89)	(38.15)
Expenses recognised in the Statement of Profit and Loss	(70.66)	100.87

(vii) Balance Sheet reconciliation :

(₹ in Lakh)

Particulars	Current Year	Previous Period
Opening net liability	100.87	-
Expenses as above	(70.66)	100.87
Employers contribution	-	-
Amount recognised in balance sheet	30.21	100.87

(viii) Description of plan assets (managed by an Insurance Company) :

Particulars	Current Year	Previous Period
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.

(ix) Experience Adjustments :

(₹ in Lakh)

Particulars	Current Year	Previous Period
Experience adjustment		
- On plan liabilities	(82.40)	(14.96)
- On plan assets	2.77	62.63

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

Expected contribution in the next year ₹ 92.64 lakh (previous period ₹ 77.34 lakh).

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

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

Notes Forming Part

of the Financial Statements

28. Earnings per share

In accordance with the Accounting Standard 20(AS-20)-'Earnings per Share', as notified by the Companies (Accounting Standards) Rules, 2006:

Particulars	Current Year	Previous Period
Profit for the year attributable to the equity shareholders (₹ In lakh)	3,995.75	2,052.74
Weighted average Number of equity shares during the year/ period	40,000,000	40,000,000
Basic and Diluted Earnings per Share	9.99	5.13
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.

29. Investor Protection Fund (IPF):

The Securities Exchange Board of India (SEBI) has issued Depositories and Participants (Amendment) Regulations, 2012 on 11th September, 2012. According to these Regulations, depositories are required to establish and maintain an Investor Protection Fund (IPF) for the protection of interest of beneficial owners and every depository is required to credit twenty five per cent of its profits every year to the Investor Protection Fund. The norms towards contribution to and the utilisation of IPF are yet to be specified.

The Company has calculated IPF contribution of ₹ 1,291.21 lakh (previous period ₹ 863.18 lakh), being 25% of the profits of the Company before tax, available after making such contribution.

30. Provision for stamp duty:

During the year, the Company has made provision of ₹ 370.00 lakh (previous period Nil) towards stamp duty pending adjudication in respect of immovable assets transferred during the previous year under the scheme of demerger.

	Opening balance	Additions	Payment/Reversal	Closing balance
Provision for stamp duty	-	370.00	-	370.00

31. Comparatives:

Figures for the previous period are from 27th April, 2012, being the date of incorporation to 31st March, 2013 and hence not comparable with the figures for the current year.

Figures for the previous period have been regrouped/ reclassified wherever necessary to correspond with the figures for the current year.

For and on behalf of the Board of Directors

Sd/-
C. M. Vasudev
Chairman

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

Sd/-
P. P. Vora
Director

Sd/-
Prashant Vagal
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary

Place : Mumbai
Date : May 20, 2014

Independent Auditors' Report

on the Consolidated Financial Statements



To The Board of Directors of
National Securities Depository Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **NATIONAL SECURITIES DEPOSITORY LIMITED** ("the Company"), its subsidiary (the company and its subsidiary constitute "the group") which comprise the consolidated Balance Sheet as at March 31, 2014, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

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

(Abhijit A. Damle)
(Partner)

(Membership No. 102912)

Place : Mumbai
Date : May 20, 2014

Consolidated Balance Sheet

as at March 31, 2014

(₹ in Lakh)

	Note No.	As at March 31, 2014		As at March 31, 2013	
EQUITY AND LIABILITIES					
Shareholder's funds					
Share capital	3	4,000.00		4,000.00	
Reserves and surplus	4	<u>27,921.25</u>		<u>24,747.25</u>	
			31,921.25		28,747.17
Non-current liabilities					
Deferred tax liability	11(a)	12.74		1.36	
Other long-term liabilities	5	3,022.43	3,035.17	3,147.67	3,149.03
Current liabilities					
Trade payables	6	1,243.40		1,294.74	
Other current liabilities	7	5,143.87		2,845.21	
Short-term provisions	8	<u>1,921.38</u>	<u>8,308.65</u>	<u>1,549.78</u>	<u>5,689.73</u>
Total			<u>43,265.07</u>		<u>37,585.93</u>
ASSETS					
Non Current Assets					
Fixed assets:					
Tangible assets	9	1,394.93		1,512.20	
Intangible assets	9	223.02		233.34	
Capital work-in-progress		<u>165.25</u>	1,783.20	<u>327.01</u>	2,072.55
Non-current investments	10	24,889.67		20,530.90	
Deferred tax asset	11(b)	606.61		618.71	
Long-term loans and advances	12	1,324.93		712.84	
Other non-current assets	16	<u>469.78</u>	27,290.99	<u>343.16</u>	22,205.61
Current assets					
Current investments	13	3,172.89		4,140.26	
Trade receivables	14	1,679.88		858.71	
Cash and Bank balances	15	7,937.03		6,708.56	
Short-term loans and advances	12	230.11		542.38	
Other current assets	16	<u>1,170.97</u>	14,190.88	<u>1,057.86</u>	13,307.77
Total			<u>43,265.07</u>		<u>37,585.93</u>

See accompanying notes forming part of the consolidated financial statements (1 to 32)

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

Sd/-
Abhijit A. Damle
Partner

Place : Mumbai
Date : May 20, 2014

For and on behalf of the Board of Directors

Sd/-
C. M. Vasudev
Chairman

Sd/-
G V Nageswara Rao
Managing Director & CEO

Sd/-
Prashant Vagal
Chief Financial Officer

Sd/-
P. P. Vora
Director

Sd/-
Deepak Shenoy
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2014

(₹ in Lakh)

	Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
INCOME			
Revenue from operations	17	13,247.32	12,213.37
Other income	18	3,097.42	2,896.24
Total revenue		16,344.74	15,109.61
EXPENSES			
Employee benefits expense	19	2,752.83	2,606.10
Depreciation and amortization expense	9	779.37	2,266.21
Finance cost	20	1.92	9.25
Contribution to Investor Protection Fund	30	1,291.21	863.18
Other expenses	21	5,840.57	5,416.08
Total expenses		10,665.90	11,160.82
Profit before tax		5,678.84	3,948.79
Tax expense			
Current tax		1,591.42	1,846.38
Earlier year provision written back		(280.10)	-
Deferred tax		23.48	(286.15)
		1,334.80	1,560.23
Profit after Tax		4,344.04	2,388.56
Basic and diluted earnings per equity share of ₹ 10 each	29	10.86	5.97
See accompanying notes forming part of the consolidated financial statements (1 to 32)			

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

Sd/-
Abhijit A. Damle
Partner

Place : Mumbai
Date : May 20, 2014

For and on behalf of the Board of Directors

Sd/-
C. M. Vasudev
Chairman

Sd/-
P. P. Vora
Director

Sd/-
G V Nageswara Rao
Managing Director & CEO

Sd/-
Prashant Vagal
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary

Consolidated Cash Flow Statement

for the period ended March 31, 2014

(₹ in Lakh)

	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
A. Cash flow from operating activities		
Net Profit before Tax	5,678.84	3,948.79
Adjustments for :		
Add -		
Loss on fixed assets sold/written off	270.07	89.76
Depreciation and amortisation expense	779.37	2,266.21
Provision for compensated absences	1.60	21.32
Provision for diminution in value of non-current investments	79.63	283.28
Provision for doubtful trade receivables	-	45.00
Bad Debts written off	93.60	-
Finance cost	1.92	9.25
Amortisation of share issue expenses	8.70	8.70
Less-		
Dividend income from current Investments	(157.31)	(87.95)
Interest Income	(2,879.77)	(2,786.07)
Profit on sale of current investments	(13.68)	-
Operating profit before working capital changes	3,862.97	3,798.29
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets-		
Long-term loans and advance	(216.08)	(213.26)
Trade receivables	(914.77)	(145.85)
Short-term loans and advance	312.26	(186.95)
Other current assets	5.56	13.45
Adjustments for increase / (decrease) in operating liabilities-		
Other long-term liabilities	(125.23)	(6.88)
Trade payables	(51.36)	212.84
Other current liabilities	1,752.72	1,169.33
Cash generated from operation	4,626.07	4,640.97
Net income tax paid	(1,710.14)	(1,904.30)
Net cash from operating activities (A)	2,915.93	2,736.67
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advance	(510.29)	(607.04)
Proceeds from sale of fixed assets	26.33	8.15

Consolidated Cash Flow Statement

for the period ended March 31, 2014

(₹ in Lakh)

	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
Bank balances not considered as cash and cash equivalent		
- Place	(3,302.31)	(5,741.00)
- Matured	2,480.00	5,005.00
Purchase of current investments	(3,757.30)	(3,587.95)
Redemption of current investments	1,928.35	4,106.82
Purchase of non-current investments	(4,978.40)	(5,083.28)
Redemption of non-current investments	3,350.00	-
Dividend received from current investments	157.31	87.95
Interest received	2,638.10	2,695.01
Net cash (used in) investing activities (B)	(1,968.21)	(3,116.34)
C. Cash flow from financing activities		
Dividend paid	(1,000.00)	-
Dividend distribution tax paid	(169.95)	-
Interest expenses	(1.92)	(9.25)
Proceeds from issue of equity share capital	-	5.00
Reduction in equity share capital	-	(5.00)
Net cash from / (used in) financing activities (C)	(1,171.87)	(9.25)
Net (decrease) in cash and cash equivalents (A+B+C)	(224.15)	(388.92)
Cash and cash equivalents transferred under the scheme of demerger	-	793.53
Cash and cash equivalents at the beginning of the year	778.27	373.66
Cash and cash equivalents at the end of the period (refer note 1 below)	<u>554.12</u>	<u>778.27</u>

Note 1:

Reconciliation of cash and cash equivalents with Balancesheet:	As at March 31, 2014	As at March 31, 2013
Cash and cash equivalents as per Balance sheet (also refer note 15)	7,937.03	6,708.56
Less: -Fixed Deposit with original maturity of more than 12 months	(6,591.00)	(5,781.00)
Less: Restricted cash balance	(791.91)	(149.29)
Total	554.12	778.27

See accompanying notes forming part of the consolidated financial statements (1 to 32)

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

Sd/-
Abhijit A. Damle
Partner

Place : Mumbai
Date : May 20, 2014

For and on behalf of the Board of Directors

Sd/-
C. M. Vasudev
Chairman

Sd/-
P. P. Vora
Director

Sd/-
G V Nageswara Rao
Managing Director & CEO

Sd/-
Prashant Vagal
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary

Notes Forming Part

of the Consolidated Financial Statements

1. Corporate Information

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 subsidiary constitute the Group. The Group provides electronic infrastructure for dematerialisation of securities, facilitates electronic settlement of trades in Indian Securities Market and offers services as a managed service provider and sets-up system infrastructure, connectivity, software application and database management systems.

2. Basis of Consolidation and significant accounting policies

2.1. Basis of accounting and preparation of consolidated financial statements

The consolidated financial statements of the Company and its subsidiary (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General

c. Following subsidiary company have been considered in the preparation of the consolidated financial statements:

Name of the entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power either directly or indirectly as at	
				March 31, 2014	March 31, 2013
NSDL Database Management Limited	Subsidiary	India	National Securities Depository Limited	100%	100%

for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

2.3. Use of estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / mate-

Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Act, as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year

2.2. Principles of consolidation

The consolidated financial statements relate to National Securities Depository Limited (the 'Company') and its subsidiary. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the subsidiary company are drawn upto the same reporting date as that of the Company i.e., 31 March, 2014.
- The financial statements of the Company and its subsidiary company 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.
- The consolidated financial statements have been prepared using uniform accounting policies

rialise.

2.4. Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing

Notes Forming Part

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activities of the Group are segregated based on the available information.

2.6. Revenue recognition:

Revenues from services are recognised on an accrual basis upon rendering of services. Revenue is recognised when there is no significant uncertainty as regards its determination and realisation.

2.7. Other Income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.8. Fixed assets (tangible/intangible):

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets 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.

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. Depreciation/Amortisation:

Depreciation on tangible assets is provided on the straight-line method at the rates higher than the rates prescribed in Schedule XIV of the Companies Act, 1956. Assets are depreciated based on the estimated useful life determined by the Management of the Group.

The tangible assets are depreciated at the following rates:

Asset	Rate of depreciation
Computers	25% / 50%
Data and Tele – Communication Equipment	25% / 50%
Electrical Installation	20%
Office Equipment	20%
Furniture and fixtures	20%
Building	10%
Vehicles	25%

The estimated useful life of the intangible assets and the amortisation period are reviewed at the

end of each financial year and the amortisation method is revised to reflect the changed pattern.

Computer software is amortised over 24 to 48 months or useful life whichever is lower.

2.10. Transactions in Foreign Currencies

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the Balance Sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

2.11. Investments:

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties. Front-end discount / incentive earned in respect of direct subscription is adjusted against the cost of investment.

2.12. 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 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, a defined contribution plan, in which both employees and

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the Group make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' basic salary). The contributions, as specified under the law, are made to the provident fund set up as an irrevocable trust by NSDL Group. The Company is generally liable for any shortfall in the fund assets based on the Government specified minimum rates of return and recognizes such shortfall, if any, as an expense in the year incurred.

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. Actuarial gains and losses are immediately recognised in the Statement of Profit and Loss.

ii. Other Employee Benefits:

Compensated absences

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the 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 has a scheme for compensated absences for employees. The Group accounts for the net present value of its obligations for compensated absences based on an independent external actuarial valuation carried out at the Balance Sheet date. The cost of short-term compensated absences is accounted as under :

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

2.13. Tax on Income:

Current tax is determined on the basis of taxable income and tax credits computed for each of the entities in the Group in accordance with the provisions of applicable tax laws of the respective jurisdictions where the entities are located.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income

tax. Accordingly, MAT is recognised as an asset in the Consolidated Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in case of existence of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences in other cases, to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Group has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

2.14. Provisions 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 not 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.

2.15. Impairment of assets

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

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and Loss, except in case of revalued assets.

2.16. Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

2.17. 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.

2.18. Segment Reporting

The accounting policies used in the preparation of the financial statements of the Company are also applied for Segment Reporting. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not all allocable to segments on a reasonable basis, have been included under "Unallocated income/ expenses".

Note 3 : Share capital

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
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
	<u>4,000.00</u>	<u>4,000.00</u>

3a. Details of shares held by each shareholder holding more than 5% shares:

Name of the Shareholder	As at March 31, 2014		As at March 31, 2013	
	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.	10,018,000	25.05	10,018,000	25.05
Administrator of specified undertaking of the Unit Trust of India	2,732,000	6.83	2,732,000	6.83

3b. 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.

3c. Reconciliation of the shares outstanding at the end of the period	As at March 31, 2014	As at March 31, 2013
Opening Balance	40,000,000	-----
Number of shares issued on incorporation	-----	50,000
Less: Reduction of share capital as per Court Order under the Scheme of Demerger	-----	50,000
Add: Increased as per the Scheme of Demerger	-----	40,000,000
Number of shares at the end of the period	40,000,000	40,000,000

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Note 4 : Reserves and surplus

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Investor protection reserve (also refer footnote below)		
Opening Balance	700.00	-----
Balance transferred under the Scheme of Demerger	-----	700.00
Closing Balance	700.00	700.00
General reserve		
Opening Balance	23,312.82	-----
Balance transferred under the Scheme of Demerger	-----	23,107.55
Add : Transferred from Statement of Profit and Loss	1,500.00	205.27
Closing balance	24,812.82	23,312.82
Surplus/(Deficit) in Statement of Profit and Loss		
(Deficit)/Profit in Statement of Profit and Loss as on April 1, 2013	734.34	(278.99)
Add: Profit for the year/period	4,344.04	2,388.56
Less : Dividend proposed to be distributed to equity shareholders	(1,000.00)	(1,000.00)
Tax on dividend	(169.95)	(169.95)
Transferred to general reserve	(1,500.00)	(205.27)
	2,408.43	734.35
Total	27,921.25	24,747.17

Note 5 : Other long-term liabilities

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Others:		
Security deposit from customers / depository participants	2,990.00	3,134.00
Income received in advance	14.43	13.67
Incentive Payable to key managerial person	18.00	---
Total	3,022.43	3,147.67

Note 6 : Trade payables

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Amounts due to micro, small and medium enterprises (also refer footnote below)	5.98	21.20
Others	1,237.42	1,273.54
Total	1,243.40	1,294.74

Footnote: 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.



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

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Principal amount remaining unpaid to any supplier as at the end of the accounting period.	5.98	21.20
Interest due thereon remaining unpaid to any supplier as at the end of the accounting period.	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day.	-	-
The amount of interest due and payable for the period	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting period.	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	-	-
Total	5.98	21.20

Note 7 : Other current liabilities

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Security deposit received	179.29	74.05
Payables on purchase of fixed assets	98.60	195.28
Advances from customers	277.32	274.15
Income received in advance	1,369.91	950.92
Statutory remittances	141.81	165.56
Investor Protection Fund (also refer note 30)	2,154.39	863.18
Payable on Redemption of NSC/KVP and Government Securities	791.92	149.29
Others	93.40	19.95
Gratuity payable to Fund	37.23	152.83
Total	5,143.87	2,845.21

Note 8 : Short term provisions

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Provision for compensated absences	381.43	379.83
Provision for proposed equity dividend	1,000.00	1,000.00
Provision for tax on proposed dividend	169.95	169.95
Provision for stamp duty (also refer note 31)	370.00	---
Total	1,921.38	1,549.78

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Note 9 : Fixed assets

(₹ in Lakh)

Sr.	Description No.	Gross Block			Depreciation / Amortisation				Net Block		
		As on April 1, 2013 (Refer footnote 2)	Additions	Disposals	As on March 31, 2014	As on April 1, 2013 (Refer footnote 2)	For the year	Eliminated on disposal of assets	As on March 31, 2014	As on March 31, 2014	As on March 31, 2013
	Tangible Assets										
1	Buildings	3,203.58 (3,175.02)	370.00 (28.56)	- -	3,573.58 (3,203.58)	2,845.57 (2,732.64)	151.59 (112.93)	- -	2,997.16 (2,845.57)	576.42 (358.01)	358.01 -
2	Plant and Equipment										
	1) Computers	11,611.60 (13,137.44)	320.44 (151.44)	5,791.89 (1,677.28)	6,140.15 (11,611.60)	10,848.16 (11,784.95)	217.78 (656.63)	5,497.21 (1,593.42)	5,568.73 (10,848.16)	571.42 (763.44)	763.44 -
	2) Data and Tele - Communication Equipment	1,878.32 (1,845.70)	30.68 (32.62)	34.32 -	1,874.68 (1,878.32)	1,607.18 (1,317.64)	146.76 (289.54)	32.60 -	1,721.34 (1,607.18)	153.34 (271.14)	271.14 -
	3) Electrical Installation	199.92 (206.93)	- (10.29)	- (17.30)	199.92 (199.92)	181.22 (196.79)	2.06 (0.86)	- (16.43)	183.28 (181.22)	16.64 (18.70)	18.70 -
3	Office Equipment	398.78 (423.92)	5.17 (17.88)	- (43.02)	403.95 (398.78)	335.73 (353.42)	22.44 (20.49)	- (38.18)	358.17 (335.73)	45.78 (63.05)	63.05 -
4	Furniture and Fixtures	258.92 (396.12)	- (29.61)	- (166.81)	258.92 (258.92)	221.06 (376.48)	6.53 (3.05)	- (158.47)	227.59 (221.06)	31.33 (37.86)	37.86 -
	Total	17,551.12 (19,185.13)	726.29 (270.40)	5,826.21 (1,904.41)	12,451.20 (17,551.12)	16,038.92 (16,761.92)	547.16 (1,083.50)	5,529.81 (1,806.50)	11,056.27 (16,038.92)	1,394.93 (1,512.20)	1,512.20 -
	Intangible Assets										
5	Computer Software (acquired)	8,935.14 (8,773.78)	221.89 (161.36)	- -	9,157.03 (8,935.14)	8,701.80 (7,519.09)	232.21 (1,182.71)	- -	8,934.01 (8,701.80)	223.02 (233.34)	233.34 -
	Total	8,935.14	221.89	-	9,157.03	8,701.80	232.21	-	8,934.01	223.02	233.34
	Previous year	(8,773.78)	(161.36)	-	(8,935.14)	(7,519.09)	(1,182.71)	-	(8,701.80)	(233.34)	-
	Grand Total	26,486.26	948.18	5,826.21	21,608.23	24,740.72	779.37	5,529.81	19,990.28	1,617.95	1,745.54
	Previous year	(27,958.91)	(431.76)	(1,904.41)	(26,486.26)	(24,281.01)	(2,266.21)	(1,806.50)	(24,740.72)	(1,745.54)	-

Footnote 1: The figures in bracket are of previous year ended March 31, 2013.

Footnote 2: Figures for the previous year represents amount transferred under the scheme of demerger w.e.f April 1, 2012 and opening balance of subsidiary.

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Note 10 : Non-current investments (Long Term Investment)

					As at		As at	
			No. of bonds / debentures / shares	Face value	March 31, 2014		March 31, 2013	
					₹ in Lakh		₹ in Lakh	
Non-trade:								
(b) Investment in Government or Trust Securities (at cost)								
(i)	11.43%	GOI, 2015	4,000	10,000	416.40		416.40	
(ii)	8.07%	GOI, 2017	4,000	10,000	434.00	850.40	434.00	850.40
(c) Investment in Debentures or bonds (at cost) - Quoted								
	Rate of interest	Year of maturity						
(i)	9.00	2015	54	1,000,000		-	688.50	
(ii)	10.20	2015	30	1,000,000	308.61		308.61	
(iii)	11.00	2018	130	1,000,000	1,485.38		1,485.38	
(iv)								
	-	2018	3,551	20,000	300.06		300.06	
(v)	11.25	2018	150	1,000,000	1,755.15		1,755.15	
(vi)	11.95	2018	15	1,000,000	178.50		178.50	
(vii)	9.07	2018	140	1,000,000	1,453.52		1,453.52	
(viii)	8.60	2019	40	1,000,000	406.40		406.40	
(ix)	8.65	2019	70	1,000,000	707.63		707.63	
(x)	8.90	2019	30	1,000,000	302.18		302.18	
(xi)	9.95	2019	35	1,000,000	379.92		379.92	
(xii)	8.20	2020	20	1,000,000	199.22		199.22	
(xiii)	8.65	2020	20	1,000,000	201.90		201.90	
(xiv)	8.65	2020	50	1,000,000	479.25		479.25	
(xv)	9.64	2021	32	1,250,000	406.72		406.72	
(xvi)	7.51	2021	600	100,000	599.40		599.40	
(xvii)	8.80	2022	16	1,250,000	202.00		202.00	
(xviii)	8.20	2022	100,000	1,000	1,066.40		1,066.40	
(xix)	7.93	2022	90,000	1,000	950.98		950.98	



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Note 11(a) : Deferred tax liability

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Deferred tax liability		
On difference between book balance and tax balance of fixed assets	24.05	16.04
Deferred tax asset		
Provision for employee benefits	11.31	14.68
Total	12.74	1.36

Note 11(b) : Deferred tax assets (net)

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Deferred tax assets		
Difference between book balance and tax balance of fixed asset	471.05	477.00
Provision for employee benefits	118.73	135.59
Others	16.83	6.12
Total	606.61	618.71

Note 12 : Loans and advances

(₹ in Lakh)

	As at March 31, 2014			As at March 31, 2013		
	Long term	Short term	Total	Long term	Short term	Total
(Unsecured, considered good unless stated otherwise)						
Security deposits						
Considered good	308.10	5.00	313.10	134.11	15.00	149.11
Considered doubtful	11.00	-	11.00	11.00	-	11.00
	319.10	5.00	324.10	145.11	15.00	160.11
Less: Provision for doubtful deposits	(11.00)	-	(11.00)	(11.00)	-	(11.00)
	308.10	5.00	313.10	134.11	15.00	149.11
Capital Advances	94.45	-	94.45	97.25	-	97.25
Prepaid expenses	67.51	122.29	189.80	3.61	202.16	205.77
Advance income tax (net of provision)	586.01	-	586.01	171.45	-	171.45
Loans and advances to employees	15.30	3.34	18.64	18.48	4.76	23.24
Service tax credit receivable	253.56	93.28	346.84	272.19	146.29	418.48
Mat Credit Entitlement	-	-	-	15.75	-	15.75
Advance for Expenses	-	6.20	6.20	-	20.83	20.83
Others	-	-	-	-	153.34	153.34
Total	1,324.93	230.11	1,555.04	712.84	542.38	1,255.22

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Note 13 : Current investments

	As at March 31, 2014			As at March 31, 2013		
	No. of bonds / debentures / shares / units	Face Value / NAV (₹)	(₹ in Lakh)	No. of bonds / debentures / shares / units	Face Value / NAV (₹)	(₹ in Lakh)
Current portion of long-term investments (At cost):						
(a) Investment in Government or Trust Securities						
(i) 12.40% GOI, 2013						353.85
(b) Investment in Debentures or bonds - Quoted						
(i) 10% Infrastructure Development Finance Company Limited, 2013	-	-	-	50	1,000,000	512.50
(ii) 6.85% India Infrastructure Finance Company Limited, 2013	-	-	-	2,500	100,000	2,502.00
(iii) Indian Railway Finance Corp. Ltd *	54	1,000,000	688.50	-	-	-
Other Current Investments (At lower of cost and fair value, unless otherwise stated):						
(c) Investment in Mutual Funds (Unquoted)						
(i) Units of Axis Treasury Advantage Fund - Institutional Daily Dividend Reinvestment	53,534	1,004.68	537.85	49,965	1,001	500.36
(ii) Units of IDFC Ultra Short Term Fund - Daily Dividend Reinvestment	5,292,811	10.06	532.51	-	-	-
(iii) Units of Birla Sun Life Ultra Short Term Fund - Daily Dividend Reinvestment	519,722	101.10	525.46	-	-	-
(iv) Units of UTI Treasury Advantage Fund - Daily Dividend Reinvestment	53,056	1,002.35	531.81	-	-	-
(v) Units of Axis Liquid Fund - Daily Dividend Reinvestment	104	1,000.31	1.04	-	-	-
(vi) Units of IDFC Cash Fund - Daily Dividend Reinvestment	64	1,001.61	0.64	-	-	-
(vii) HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Growth option	907,496	10	203.58	1,292,944	26	290.00
(viii) HDFC Fixed Maturity Plan growth option	3,000,000	10	300.00	-	-	-
			3,321.39			4,158.71
Less : Provision for diminution in value of investments			148.50			18.45
Total			<u>3,172.89</u>			<u>4,140.26</u>

* Investment in Tax free bonds

Aggregate amount of unquoted investments	2,632.89	790.36
Aggregate amount of quoted investments	688.50	3,368.35
Aggregate market value of listed and quoted investments	687.26	3,354.01



Notes Forming Part

of the Consolidated Financial Statements

Note 14 : Trade receivables

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	95.70	5.74
Unsecured, considered good	234.79	72.95
Unsecured, considered doubtful	-	108.65
	330.49	187.34
Less : Provision for doubtful trade receivables	-	108.65
	330.49	78.69
Other trade receivables		
Secured, considered good	568.18	412.25
Unsecured, considered good	781.21	367.77
	<u>1,349.39</u>	<u>780.02</u>
Total	<u>1,679.88</u>	<u>858.71</u>

Note 15 : Cash and Bank balances

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Cash & Cash Equivalents		
Cash on hand	0.45	0.41
Cheques on hand	1.44	12.99
Balances with banks		
(i) in current accounts	552.23	764.87
(ii) In other deposit accounts with original maturity more than 3 months	6,591.00	5,781.00
Other bank balances		
(i) in current accounts (refer footnote 1)	791.91	149.29
Total	<u>7,937.03</u>	<u>6,708.56</u>

Footnote 1: Balances with banks include ₹ 791.91 lakh (As at March 31, 2013, ₹ 149.29 lakh) which have restriction on repatriation.

Note 16 : Other assets

(₹ in Lakh)

	As at March 31, 2014			As at March 31, 2013		
	Non-current	Current	Total	Non-current	Current	Total
Interest accrued on investments	357.47	1,159.48	1,516.95	234.46	1,040.81	1,275.27
Unamortised expenses - share issue expenses	-	8.70	8.70	8.70	8.70	17.40
Margin money deposits with a bank (earmarked as security for performance guarantee and other commitments)	112.31	-	112.31	100.00	-	100.00
Others	-	2.79	2.79	-	8.35	8.35
Total	<u>469.78</u>	<u>1,170.97</u>	<u>1,640.75</u>	<u>343.16</u>	<u>1,057.86</u>	<u>1,401.02</u>

Notes Forming Part

of the Consolidated Financial Statements

Note 17 : Revenue from operations

(₹ in Lakh)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Annual fees	765.76	429.59
Custody fees	5,277.94	5,182.67
Transaction fees	6,442.36	5,678.68
Registration fees	464.12	614.05
Software license fees	11.30	17.86
Communication fees	274.49	267.06
Other operational income	11.35	23.46
Total	<u>13,247.32</u>	<u>12,213.37</u>

Note 18 : Other income

(₹ in Lakh)

	For the Year ended March 31, 2014	For the Year ended March 31, 2013
Interest income :		
- On non-current investments	2,172.90	1,931.06
- On fixed deposits with banks	691.83	836.71
- On overdue trade receivables	15.04	16.64
- On income tax refund	-	1.66
	<u>2,879.77</u>	<u>2,786.07</u>
Dividend income from current Investments	170.89	87.95
Profit on sale of current investments	0.10	-
Liabilities / provisions no longer required written back	-	2.03
Miscellaneous income	46.66	20.19
Total	<u>3,097.42</u>	<u>2,896.24</u>

Note 19 : Employee benefits expense

(₹ in Lakh)

	For the Year ended March 31, 2014	For the Year ended March 31, 2013
- Salaries and wages	2,481.62	2,126.73
- Contribution to provident and other funds (also refer note 28)	103.77	296.66
- Staff welfare expenses	122.22	139.24
- Deputation Cost	45.22	43.47
Total	<u>2,752.83</u>	<u>2,606.10</u>

Note 20 : Finance cost

(₹ in Lakh)

	For the Year ended March 31, 2014	For the Year ended March 31, 2013
- Interest expense	1.92	9.25
Total	<u>1.92</u>	<u>9.25</u>



Notes Forming Part

of the Consolidated Financial Statements

Note 21 : Other expenses

(₹ in Lakh)

	For the Year ended March 31, 2014		For the Year ended March 31, 2013	
- Annual fees		10.00		10.00
- Repairs and maintenance - system		1,581.34		1,609.32
- Repairs and maintenance - premises		134.93		128.65
- Repairs and maintenance - others		35.70		53.60
- System support charges		1,221.46		976.46
- Insurance (also refer note 27)		97.45		97.63
- Processing charges		351.50		273.11
- Power and fuel		167.94		226.96
- Rent		375.35		231.68
- Communication expenses		511.62		507.17
- Travelling and conveyance expenses		247.64		230.98
- Legal and professional fees		227.64		178.34
- Printing and stationery expenses		66.74		86.72
- Rates and taxes		61.30		35.95
- Provision for diminution in value of non-current investments		79.63		283.28
- Donations		14.28		-
- Seminar and business promotion expenses		104.49		110.11
- Payment to Auditors (net off service tax set-off)				
-- (a) Audit fees	15.74		15.40	
-- (b) Tax audit fees	3.10		3.00	
-- (c) Tax matters	1.61		0.20	
-- (d) Other services	6.00		6.63	
-- (e) Reimbursement of Expenses	-	26.45	0.02	25.25
- Directors sitting fees	19.80	9.80		
- Provision for doubtful trade receivables		-		45.00
- Loss on fixed assets sold/written off		270.07		89.76
- Bad Debts Written off		93.60		-
- Preliminary expenses written off		-		84.39
- Marketing Expenses		14.85		10.39
- Reimbursement of administrative expenses		44.35		51.80
- Share issue expenses - amortised		8.70		8.70
- Miscellaneous expenses		73.74		51.03
Total		5,840.57		5,416.08

Notes Forming Part

of the Consolidated Financial Statements

22. Contingent Liabilities and Other Commitments (to the extent not provided for):

a) Contingent Liabilities:

Demand from the service tax authorities of ₹ 3,261.69 lakh (Previous year ₹ 3,261.69 lakh) in respect of FY 2004-05 to FY 2009-10 relate to service tax demanded in respect of depository participant services during that period. The matter is pending before Commissioner of Service Tax (Adjudication). In respect of the dispute, the Company is hopeful of succeeding in appeals and does not expect any significant liability to materialise.

b) Commitments:

i) Estimated amount of capital contracts remaining to be executed at the end of the year and not provided for (net of advances) is ₹ 201.04 lakh (previous year ₹ 188.79 lakh).

ii) Other Commitments

Contractual guarantee ₹ 112.31 lakh (previous year ₹ 100.00 lakh)

23. Expenditure / (Earning) in foreign exchange:

(₹ in Lakh)

Particular	Current year	Previous Period
Travelling and conveyance expenses	16.62	4.92
Miscellaneous Income	(2.41)	(5.93)

24. Segment Reporting

The Group has identified business segments as its primary segment. Business segments are primarily Depository segment and Database management services segment. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Since the operations of the segments are in India no geographical segments have been identified.

Depository segment includes providing various services to the investors like, dematerialisation, rematerialisation, 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), providing facility to market intermediaries for "Straight Through Processing" and providing e-voting services to companies.

Database management services 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 as per the approval received from the Insurance Regulatory and Development Authority (IRDA).

(₹ in Lakh)

Particulars	For the Year ended March 31, 2014			For the Period ended March 31, 2013		
	Depository	Database	Total	Depository	Database	Total
Segment revenue						
Revenue	10,456.03	2,791.29	13,247.32	9,804.75	2,408.62	2,213.37
Less: Inter segment revenue	-	-	-	-	-	-
Total	10,456.03	2,791.29	13,247.32	9,804.75	2,408.62	12,213.37
Segment results	2,723.88	(60.91)	2,662.97	1,448.08	(100.97)	1347.11
Add: Other unallocable income net of unallocable expense			138.02			(175.14)
Operating profit			2,800.99			1,171.97
Less: Interest expense			(1.92)			(9.25)
Add: Interest income			2,879.77			2,786.07
Profit before tax			5,678.84			3,948.79
Less: Tax expense			(1,334.80)			(1,560.23)
Profit for the year			4,344.04			2,388.56

31. Provision for stamp duty:



Notes Forming Part

of the Consolidated Financial Statements

(₹ in Lakh)

Particulars	For the Year ended March 31, 2014				For the Period ended March 31, 2013			
	Depository	Database Management	Un- allocable	Total	Depository	Database Management	Un- allocable	Total
Segment assets	3,201.54	1,242.06	38,821.47	43,265.07	2,980.87	1,044.15	33,560.90	37,585.92
Segment liabilities	8,638.15	1,522.98	1,182.69	11,343.82	6,120.83	1,546.61	1,171.31	8,838.75
Capital expenditure	394.09	116.20	-	510.29	371.56	235.48	-	607.04
Depreciation	662.28	117.09	-	779.37	2,165.03	101.18	-	2,266.21
Other significant non-cash expenses (other than depreciation)	105.11	(9.91)	-	95.20	53.74	12.58	-	66.32

25. 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)	Key managerial personnel	Mr. Gagan Rai, Managing Director and CEO (upto 30th June 2013)
(iv)	Key managerial personnel	Mr. G V Nageswara Rao, Managing Director and CEO (w.e.f. 1st July 2013)

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

(₹ in Lakh)

		Current year	Previous Period
(i)	Transactions during the year :		
	I. Companies having substantial Interest		
	a) IDBI Bank Limited		
	- Transaction Fees	28.66	24.31
	- Annual fees	17.78	-
	- Reimbursement of expenses	1.52	3.03
	- Other operational income	-	0.19
	- Interest Income on fixed deposit with Bank	46.87	3.59
	- Interest (waiver)/ Income – Other	(0.13)	0.35
	- Miscellaneous expenses	0.23	0.07
	- Dividend paid	300.00	-
	b) National Stock Exchange of India Limited		
	- Miscellaneous expenses	0.19	0.22
	- Transaction Fees	0.03	0.03
	- Dividend paid	250.45	-
	II. Key managerial personnel		
	- Remuneration (reimbursed to NSDL e-Governance Infrastructure Limited)	31.84	28.49
	- Remuneration	158.68	-

Notes Forming Part

of the Consolidated Financial Statements

(₹ in Lakh)

(ii) Payable/Receivable at the end of the period :		
Companies having substantial Interest		
a) IDBI Bank Limited		
- Security deposit payable	30.00	30.00
- Balance in current account	231.20	514.00
- Trade receivables	16.05	4.18
b) National Stock Exchange of India Limited		
Trade payable	0.13	0.18

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

26. Operating Lease

The Company holds certain premises under operating leases. Rent includes expenses of ₹ 375.35 lakh (previous year ₹ 231.68). The committed lease rentals in the future are:

(₹ in Lakh)

	Current year	Previous Period
Not later than one year	264.98	-
Later than one year and not later than five years	384.52	-
Later than five years	-	-

27. Insurance expenses in note 20 has been disclosed net of recoveries:

(₹ in Lakh)

	Current year	Previous Period
Insurance	133.48	130.91

28. Employee benefits:

The Group has recognized the following amounts in the Profit and Loss Account under the head Company's Contribution to Provident Fund and Other Funds.

(₹ in Lakh)

	Current year	Previous Period
Provident fund	100.72	83.87
Superannuation fund	64.58	52.83
Total	165.30	136.70

a) Defined benefit plan for gratuity as per actuarial valuation:

(i) Summary of actuarial assumptions :

	Current year	Previous Period
Discount rate	9.31%	8.00%
Rate of return on plan assets	8.70%	8.70%
Salary escalation	8.00%	5.00% to 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 Forming Part

of the Consolidated Financial Statements

(ii) Reconciliation of defined benefit obligation :

(₹ in Lakh)

	Current year	Previous Period
Opening defined benefit obligation	968.42	94.03
Liability transferred on demerger	-	677.86
Interest cost	11.09	65.61
Current service cost	118.16	102.07
Benefits paid	(35.61)	(26.97)
Amount paid to NSDL e-Governance Infrastructure Ltd	(57.60)	-
Actuarial (gain)/ loss on obligations	(57.69)	55.82
Closing defined benefit obligation	946.76	968.42

(iii) Reconciliation of fair value of plan assets :

(₹ in Lakh)

	Current year	Previous Period
Opening fair value of plan assets	815.59	87.31
Expected return on plan assets	70.95	7.51
Contributions	51.96	6.72
Assets transferred on demerger (Amount transferred to NSDL Gratuity Fund)	-	677.86
Benefits paid	(35.61)	(26.97)
Actuarial gain/(loss) on plan assets	6.63	63.16
Closing fair value of plan assets	909.52	815.59
Total actuarial gain / (loss) to be recognized	28.04	(30.81)

(iv) Actual return on plan assets:

₹ in Lakh)

	Current year	Previous Period
Expected return on plan assets	70.95	7.51
Actuarial gain/(loss) on plan assets (net of amount transferred to NSDL e-Governance Infrastructure Limited ₹ 57.60 lakh)	6.63	63.16
Actual Return on Plan Assets	77.58	70.67

(v) Amount to be recognised in Balance Sheet:

(₹ in Lakh)

	Current year	Previous Period
Present value of funded obligation	(946.76)	(968.42)
Fair value of plan assets at the end of the year	909.52	815.59
Amount recognised in Balance Sheet	(37.24)	(152.83)

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

(₹ in Lakh)

	Current year	Previous Period
Current service cost	118.16	102.07
Interest cost	11.09	65.61
Expected return on plan asset	(70.95)	(7.51)
Net Actuarial (gain) / loss to be recognized	(121.93)	(7.34)
Expenses recognised in the Statement of Profit and Loss	(63.63)	152.83

Notes Forming Part

of the Consolidated Financial Statements

(vii) Balance Sheet reconciliation

(₹ in Lakh)

	Current year	Previous Period
Opening net liability of subsidiary	152.83	6.72
Expenses as above	(63.63)	152.83
Employers contribution	(51.96)	(6.72)
Amount recognised in Balance Sheet	37.24	152.83

(viii) Description of plan assets (managed by an Insurance Company) :

	Current year	Previous Period
Central and State Govt. securities	Funds deployed by	Funds deployed by
Bonds/ debentures	Life Insurance Cor-	Life Insurance Cor-
Equity shares	poration of India	poration of India
Others		

(ix) Experience Adjustments :

(₹ in Lakh)

	Current year	Previous Period
Experience adjustment		
- On plan liabilities (Gains)/Losses	(76.27)	11.04
- On plan assets (Losses)/Gains	6.63	62.98

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

Expected contribution in the next year ₹ 121.05 lakh (previous year ₹106.14 lakh).

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.

29. Earnings per share

In accordance with the Accounting Standard 20(AS-20)-'Earnings per Share', as notified by the Companies (Accounting Standards) Rules, 2006:

	Current year	Previous Period
Profit for the year attributable to the equity shareholders (₹ In lakh)	4,344.04	2,388.56
Weighted average Number of equity shares during the period	40,000,000	40,000,000
Basic and Diluted Earnings per Share	10.86	5.97
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.

30. Investor Protection Fund (IPF):

The Securities Exchange Board of India (SEBI) has issued Depositories and Participants (Amendment) Regulations, 2012 on 11th September, 2012. According to these Regulations, depositories are required to establish and maintain an Investor Protection Fund (IPF) for the protection of interest of beneficial owners and every depository is required to credit twenty five per cent of its profits every year to the Investor Protection Fund. The norms towards contribution to and the utilisation of IPF are yet to be specified.

The Group has calculated IPF contribution of ₹ 1,291.21 lakh (previous year ₹ 863.18 lakh), being 25% of the profits of the Holding Company before tax, available after making such contribution.



Notes Forming Part

of the Consolidated Financial Statements

During the year, the Company has made provision of ₹ 370.00 lakh (previous period Nil) towards stamp duty pending adjudication in respect of immovable assets transferred during the previous year under the scheme of demerger.

(₹ in Lakh)

	Opening balance	Additions	Payment/Reversal	Closing balance
Provision for stamp duty	-	370.00	-	370.00

The outflow on this account will arise upon completion of the adjudication process.

32. Comparatives:

Figures for the previous period are from 27th April, 2013, being the date of incorporation to March 31, 2013 and hence not comparable with the figures for the current year.

Figures for the previous period have been regrouped/ reclassified wherever necessary to correspond with the figures for the current year.

For and on behalf of the Board of Directors

Sd/-

C. M. Vasudev
Chairman

Sd/-

G V Nageswara Rao
Managing Director & CEO

Sd/-

P. P. Vora
Director

Sd/-

Prashant Vagal
Chief Financial Officer

Sd/-

Deepak Shenoy
Company Secretary

Place : Mumbai
Date : May 20, 2014

Statement pursuant to Section 212

National Securities Depository Limited

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary company

- 1 Name of the subsidiary : NSDL Database Management Ltd.
- 2 Financial Year of the Subsidiary Company ended on : March 31, 2014
- 3 Holding Company's interest as on above date
Number of Shares : 610,50,000 equity shares of ₹ 10 each, fully paid
Extent of Holding : 100%
- 4 The Net Aggregate amount of the Subsidiary's Profit / (Losses) so far as it concerns members of the holding company and is not dealt with in Holding Company's accounts
 - (i) for the financial year of the company : ₹ 3,17,86,681
 - (ii) for the previous financial year of the subsidiary since it became the holding company's subsidiary : ₹ 3,35,81,670
- 5 Net aggregate amounts of the Profit / (Losses) of the subsidiary dealt with in the company's account
 - (i) for the financial year of the company : Nil
 - (ii) for the previous financial year of the subsidiary since it became the holding company's subsidiary : Nil

For and on behalf of the Board of Directors

Sd/-
C. M. Vasudev
Chairman

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

Sd/-
P. P. Vora
Director

Sd/-
Prashant Vagal
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary

Place : Mumbai
Date : May 20, 2014



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- **'SEZ Online System' (SEZ Online)** for Ministry of Commerce and Industry: For online submission & processing of transactions undertaken by SEZ Units, Developers and Co-developers in India relating to Imports/Exports/Domestic transactions and Administrative approvals.
- **'Pay Gov India'** initiated for Department Of Electronics and Information Technology (DeitY): PayGov facilitates online payments from Citizens for Government services, in a convenient, secure and cost effective manner. This project is a part of the National e-Governance Plan.
- **'National Insurance-policy repository' (NIR)** registered under Insurance Regulatory and Development Authority (IRDA). Certificate of Registration received on August 1, 2013: Provides policyholders a facility to keep insurance policies in electronic form and to undertake changes, modifications and revisions in the insurance policy with speed and accuracy which leads to efficiency, transparency and cost reduction in the issuance and maintenance of insurance policies.
- **'National Skills Registry' (NSR)** : An information repository of all professionals who work in the IT & ITes and BFSI sectors.
- **'KYC Registration Agency' (KRA)** set up under SEBI regulations: Provides for one time KYC and centralization of the KYC records in the securities markets.





Board of Directors

(as on July 14, 2014)



Mr. P. P. Vora
Former Chairman & Managing
Director
Industrial Development Bank
of India Limited
(Now, IDBI Bank Ltd.)



Mr. C. M. Vasudev
Non-Executive Chairman - NSDL
Former Secretary,
Ministry of Finance



Mr. Ravi Narain
Vice Chairman
National Stock Exchange
of India Limited



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



Mr. Rajesh Doshi
Director-in-charge



Mr. K. Sivaprakasam
Former Managing Director
Credit Analysis & Research Limited



Committees



Audit Committee

Mr. P. P. Vora - Chairman
Mr. C. M. Vasudev
Mr. K. Sivaprakasam
Mr. Ravi Narain
Mr. Rajesh Doshi

Remuneration Committee

(upto May 19, 2014)***

Mr. P. P. Vora - Chairman
Mr. Ravi Narain
Mr. K. Sivaprakasam

Nomination & Remuneration Committee ***

Mr. C. M. Vasudev - Chairman
Mr. P. P. Vora
Mr. Ravi Narain

Share Allotment and Transfer Committee

Mr. P. P. Vora - Chairman
Dr. Manoj Vaish *
Mr. Rajesh Doshi



Our Team

Management Team

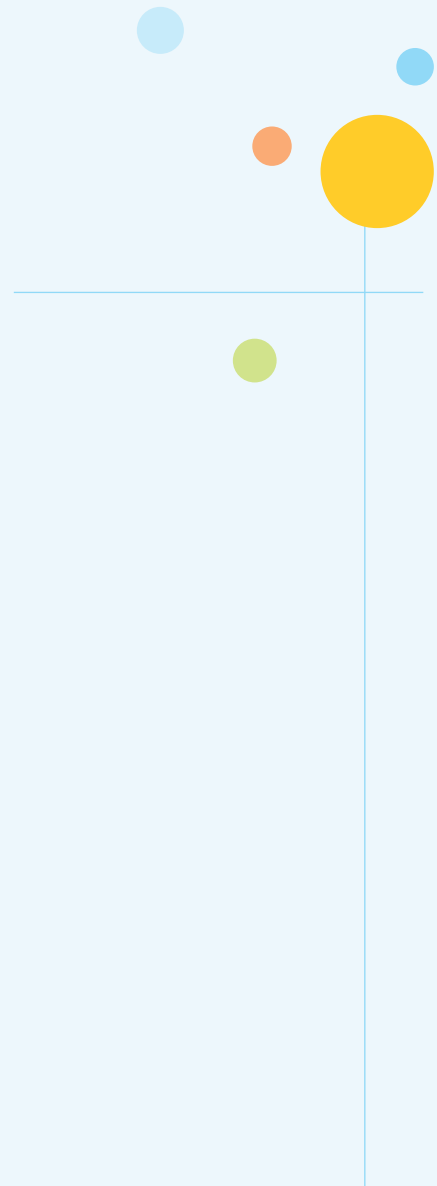
Mr. Rajesh Doshi #	Director-in-charge
Dr. Manoj Vaish **	Managing Director & CEO
Mr. Sameer Gupte	Senior Vice President
Mr. Vijay Gupta	Vice President
Mr. Jignesh Gandhi	Vice President
Ms. Sudha B.	Vice President & CFO
Ms. Harshada Chavan	Vice President

*Ceased to be a member w.e.f. January 31, 2014

** Resigned w.e.f. January 31, 2014

Appointed as Director-in-charge w.e.f February 01, 2014

*** Renamed and re-constituted as Nomination and Remuneration committee in Board meeting dated May 19, 2014



Company Secretary

Ms. Nehal Thaker

Auditors

Statutory Auditors

Deloitte Haskins & Sells LLP
(earlier known as M/s. Deloitte Haskins & Sells)
Chartered Accountants
Mumbai.

Internal Auditors

M/s Aneja Associates
Chartered Accountants
Mumbai.

Bankers

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

Registered Office

4th floor, Trade World
'A' Wing, Kamala Mills Compound
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-nsdl.co.in

Directors' Report

To the Members,

Your Directors are pleased to present the tenth Annual Report along with the Audited Statement Accounts of your Company for the financial year ended March 31, 2014.

Financial Review

Financial Results		₹ in lakhs)	
Particulars	March 31, 2014	March 31, 2013	
Income	3,368.10	3,016.96	
Expenditure	2,737.03	2,419.70	
Profit (Loss) before depreciation & prior-period adjustment	631.07	597.26	
Depreciation	117.09	101.18	
Profit (Loss) before Tax	513.98	496.08	
Profit after tax	348.29	335.82	
Balance brought forward from previous year	56.82	(279.00)	
Profit (Loss) carried to the Balance Sheet	405.10	56.82	

Statement on the Financial Performance of the Company

The FY 2013-14 was eighth full year of operations of NDML. During FY 2013-14, 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 various areas requiring database management, automation and end to end integration of services. Currently, the Company has six 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) regulated by SEBI (started in January 2012), 'PayGov India' on behalf of Department of Electronics and Information Technology (DeitY) (started in April 2012).

Further during the year, Paper To Follow(P2F) project on behalf of National Payment Corporation of India commenced from April 1, 2013 and National Insurance-policy Repository (NIR) regulated by Insurance Regulatory and Development Authority, the much awaited project, commenced from August 1, 2013).

During the current fiscal, your Company has generated total revenue of ₹ 3,368.10 lakh (Previous Year: ₹ 3,016.96 lakh) thereby recording an increase of over 11.63 %. NSR project contributed ₹ 486 lakh (14.43 % of total revenues), SEZ Online project contributed ₹ 1,884 lakh (55.93 % of total revenues), KRA project contributed ₹ 221 lakh (6.57% of total revenues), PayGov project contributed ₹ 100 lakh (2.97 % of total revenues), P2F project contributed ₹ 99 lakh (2.95%

of total revenues) & NIR project contributed ₹ 0.74 lakh (0.02 % of total revenues). During the year, the Company has achieved a better financial scale and is able to leverage this to boost its revenues. The Company earned a revenue income of ₹ 576.81 lakh (17.13 % of total revenues) from investment of surplus funds.

The revenue expenditure of ₹ 2,737.03 lakh (Previous Year: ₹ 2,419.70 lakh) in the Profit & Loss account is an increase of about 13.11 % in the operational cost. The operational cost comprises mainly of the expenditure incurred for system support and maintenance charges, processing charges, administrative expenses, employees' cost, communication expenses and expenses reimbursed to the associate company for providing common services.

The Company has earned a net profit of ₹ 348.29 lakh (Previous Year: ₹ 335.82 lakh). The Company expects to further expand the operations and revenues for 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.

Management Discussion and Analysis

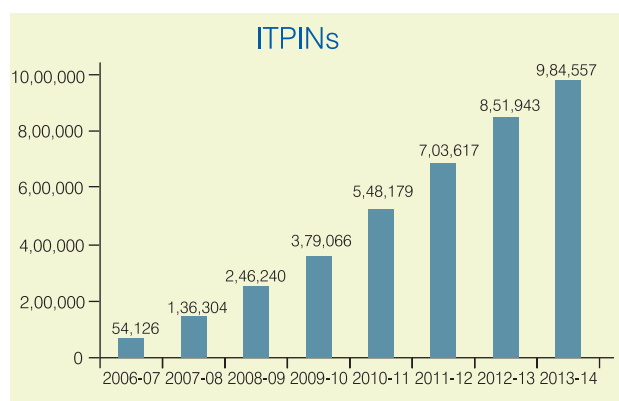
NSR Project

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 such a useful system will also place the industry before its clients in a higher league where not only quality and cost are benchmarks of differentiation but also security.

As on March 31, 2014, 19 entities have been empanelled on NSR system for providing background checking services to NSR subscriber companies and registered professionals. Three agencies have been providing services as Points of Service (POS) for facilitation of NSR registration to Knowledge Professionals (KPs) from 28 cities. Many large sized companies have joined NSR and made NSR registration a part of the joining / HR process. Total 140 companies who have joined NSR contribute to 70 percent of the total employee strength in the Indian IT / ITeS industry.

So far 9.84 lakh (PY 8.51 lakhs) knowledge professionals have registered on NSR and have been allotted ITPIN.

Details of NSR registrations at the end of each financial year are reflected in the diagram below:



NSR registrations from 2006-07 to 2013-14

Going forward your Company proposes to promote NSR by increasing direct individual participation/registrations and promote usage of NSR database by providing new features and undertaking marketing initiatives like:

1. Provision of facility to upload background check reports onto NSR profile.

2. NSR communication to companies & public through Newsletters, press releases, etc.
3. Coordination with NASSCOM to increase participation among NASSCOM member companies.
4. Letters to engineering colleges to undertake NSR registration for their students.
5. Formation of Background Check (BGC) Consultative Group to improve standards of background check activity and encourage NSR participation among companies and background checkers.

SEZ Online Project

Ministry of Commerce and Industry (MOCI) has appointed your Company to establish and operate SEZ Online System. 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 aims to improve speed and efficiency of transactions, bring about transparency in processing and enable better controls. SEZ Online project is being implemented by NDML as a Managed Service Provider.

The project involves development and implementation of various modules whereby the applicants (SEZ Units / Developers / Co-Developers) can submit their applications for various approvals to the office of Development Commissioner (DC Office) and officers in the DC office can review the request, complete their part of the role and finally dispose-off the application so that the applicant can conduct its transactions. SEZ Online system is now being used in all operational SEZs by all operational units for processing of import, export and various other transactions.

Transactions handled by the system:

Administrative approvals: System provides facilities for various administrative approvals as envisaged in SEZ Act and Rules; these include:

- Registration of developers, co-developers and units;
- Issuance of letter of authorization;
- Approval of bond cum letter of Undertaking;
- Extension or Renewal of Letter of Authorization;
- Submission of Annual Performance Report;
- Software exports;
- Free Form approvals and
- Filing of details of Investment & Employment.

Custom approvals:

The system facilitates processing of customs transactions as envisaged under SEZ Act and Rules within the overall framework of Customs Act and Rules / procedure made thereunder:

- Bills of Entry (Imports);
- DTA Procurement with export benefits;
- Shipping Bill (Exports);
- Zone to Zone Transfer;
- DTA Sales;

Management Discussion and Analysis

- DTA Procurement without export benefits;
- Temporary Removal;
- Sub-Contracting;
- Intra SEZ transfers;
- Inter SEZ Transfers and
- Provisional assessment / cancellation / amendments.

Reports:

One of the important objectives of the system is to develop and deliver timely and consistent reports on complex aspects of the trade to all stakeholders on a regular basis. This would reduce the time and efforts spent on manual collection of data and compilation of reports. SEZ Online is now providing various useful reports to all stakeholders viz. SEZ Units, Developers, Co-Developers, Customs, Development Commissioner (DC), MOCI. These reports reflect the business volumes, business direction, product mix, impact of tariffs, time taken to process transactions, etc.

System is also providing information to Director General of Commercial Intelligence & Statistics (DGCIS) for compilation of trade data at country level. System has also started providing the export data on a daily basis to Reserve Bank of India for monitoring the realization of export proceeds in foreign exchange in timely manner.

Implementation Status:

More than 3200 SEZ units from 196 SEZs are now registered and operational on the system. During FY 2013-14, more than 8.5 lakh Import / Export / Domestic sales and procurement transactions were submitted by SEZ Units / Developers and were reviewed and approved by Custom Officers through the system. Import and export of physical goods worth more than 5.79 lakh crores were processed through the system in FY 2013-14 out of which Chemical and Allied Industry sector contributed 60% of the total export, Gems & Jewellery sector contributed 20%, Electronics & Hardware contributed 5% and pharmaceutical sector contributed 3% of the total export.

Cost reduction for end users:

In order to reduce the incidence of transaction charges on the end-users and encourage users to expand the system usage, a scheme of volume based discounts has been implemented. Discounts amounting to ₹ 252 lakhs were provided during FY 2013-14. The discounts have reduced the cost of using the system for the Units by approx. 15%. Further, the number of charged transactions has increased by 30% over the previous financial year.

Future roadmap for SEZ Online project:

System is being continuously further evolved and developed to provide more efficient and better facilities to the users and provide for an efficient risk management and transaction processing system which is compliant with regulatory provisions and accepted good practices. System performance improvement has been at the forefront of application development during the year and would continue to be a focus area.

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, 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. MOCI and DC Offices are pursuing with and facilitating all developers to progress their SEZ plans to operationalization phase. New Foreign Trade Policy is due to be announced and will bring better clarity on policy and procedural support for 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 attempt 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 process 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 SEBI registered Intermediary for registration of KYC data and documents of its clients with a third party agency i.e. KYC Registration Agency (KRA). The client who is desirous of opening an account/trade/deal with a SEBI registered Intermediary shall submit the KYC details and the supporting documents to the Intermediary. The Intermediary will perform the initial KYC and upload the details on the system of KRA. KRA shall verify the KYC documents and after confirming the correctness, issue a letter to the concerned client confirming completion of the registration. The KYC information can be accessed by SEBI registered Intermediaries while dealing with the same client. As a result, once the client has done KYC with a SEBI registered Intermediary, he / she need not undergo the same process again with another Intermediary.

Your Company has also established connectivity with other KRAs thereby facilitating intermediaries registered with NDML KRA to download KYC information available with other KRAs.

As on March 31, 2014, 799 SEBI registered market Intermediaries have registered with NDML KRA and KYC records of 43.59 lakh applicants were uploaded in the KRA system.

'PayGov Platform (PayGov)' established under National e-Governance Plan (NeGP)

Department of Electronics & Information Technology (DeitY), Government of India (GoI) under its National e-Governance Plan (NeGP) envisaged to provide online services to Citizens and has engaged your Company to assist it in collecting online payments from Citizens. 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,

Management Discussion and Analysis

etc. Technical and processing infrastructure for providing these services is sourced from service providers.

DeitY has issued advisory to all states and government departments to consider using PayGov platform for online payment services. PayGov is currently connected with 20 different Government departments across various States and is facilitating payment of treasury as well as non-treasury payments. During the FY 2013-14, PayGov has processed 11.45 lakh online payment transactions (PY: 0.85 lakh)

National Insurance-policy Repository (NIR)

NDML has received its Certificate of Registration to act as an Insurance Policy Repository from Insurance Regulator and Development Authority (IRDA) on July 30, 2013. It has named its insurance policy repository as “National Insurance-policy Repository” (NIR). NIR commenced its operations w.e.f. August 1, 2013. NIR was launched by the Hon’able Finance Minister Shri P. Chidambaram on September 16, 2013 at Hyderabad.

NIR empowers an individual to hold all its insurance policies (both life and non-life) in electronic form in a single e-Insurance Account (eIA). eIA will help the policy holder to have a single point of reference for its policies, safekeeping the policies, ease in transfer of information to the beneficiary and keeping a track of transactions in each policy that he/she holds.

Benefits to Policy holders:

- All Insurance policies under one umbrella
- Eliminates multiple KYC
- Eliminates communication to different insurance companies separately for updations
- Portfolio Tracking
- The problem of policy mutilation or loss of document is eliminated

In order to facilitate the individual to open the eIA and service the eIA, NIR has tied up with 25 Approved Persons. NIR services are now available through a network of 300 service centres across 125 cities. NIR is in the process of increasing its Approved Persons network.

NIR has signed agreement with 11 leading life insurance companies. Discussions are in progress with other life insurance companies to bring them onboard.

The facility to hold general insurance policies is under consideration by IRDA.

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

Your Company has won the bid floated by National Payments Corporation of India (NPCI) for establishing and managing ‘Paper To Follow (P2F)’ process of Cheque Truncation System (CTS). NDML is required to manage P2F process at each of the 63 Grid CTS centers with suitable human resources and infrastructure. As on March 31, 2014, 41 locations are activated by NDML.

Other Projects

Building on the core strengths of your company and NSDL Group, over the years, your Company has emerged as a “Total Solution Provider” offering Integrated Services, covering IT, Process Design, Operations and Administrative Infrastructure. Your Directors feel that the Company has been able to gain ground in establishing confidence of the market about its capability to develop secure and user friendly systems for automation of processes. 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 certification for implementation of information security management system (ISMS) for NSR project. Company received re-certification of the certificate of NSR project in March, 2013 by the accredited Auditors, M/s. Det Norske Veritas (DNV). During this year, 1st Surveillance audit of NSR project was conducted by DNV and having satisfied themselves with adequate and appropriate implementation of all applicable Information Security Controls, the Certification has been renewed.

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. There is an independent audit firm appointed for conducting internal and operational 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 the Internal controls.

Insurance

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 IRDA 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 on matters relating to the relevant applicable laws quarterly at Board meetings. The Company also seeks outside legal advice, wherever needed.



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. These values and principles set the context to manage our Company affairs in a fair and transparent manner. Through the Governance mechanism in the Company, the Board alongwith its Committees holds fiduciary responsibilities to all its stakeholders by ensuring transparency, fair play and independence in its decision making. The Board plays a crucial role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board which consists of a balanced mix of experts of eminence and integrity which provide vision and direction to the Company. The 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. Your Company believes in adopting and adhering to the best recognized corporate governance practices. Your Company keeps the governance practices under continuous review and continuously benchmarks itself to the best practices.

Responsible corporate conduct is integral to the way your Company does business. As a Company with a strong sense of values and commitment, NDML believes that profitability must go hand in hand with a sense of responsibility towards all stakeholders. This is an integral part of NDML's business philosophy.

1. Board of Directors

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. Your Company is managed and guided by professional Board comprising eminent persons with considerable professional expertise and experience in finance, legal, banking and other related fields.

Your Company has highly 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 Managing Director & CEO/Director-in-charge who functions under the overall supervision and control of the Board.

A. Composition and size of the Board

The Board comprised of seven (7) Directors as on March 31, 2014, out of which six are non-whole time Directors. Four of the non-whole time Directors are independent Directors. Chairman of the Board is an independent Director.

B. Board Procedures and Meetings

The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness. A minimum of four pre-scheduled 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 a special and urgent business need, the Board also approves by Circular Resolution, important items of business which are permitted by the Companies Act, 1956 and which cannot be deferred till the next Board Meeting. The date 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 Managing Director & CEO/ Director-in-charge. All departments of the Company are advised to communicate their work plans or business proposals to the Company Secretary well in advance so that the same can be included in the Agenda for the Board / Committee meetings for deliberations and approval. All material information is incorporated in agenda and the same with the 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.

During the year under review, Five (5) Board meetings were held on May 15, 2013, July 25, 2013, November 13, 2013, January 23, 2014 and February 10, 2014 after giving required notice to the Directors.



Corporate Governance

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	Non-Executive Chairman / Independent	5	5	8	4	5
2.	Mr. C. M. Vasudev	Non-Executive / Independent	5	5	9	6	2
3.	Mr. K. Sivaprakasam	Non-Executive / Independent	5	5	1	NA	2
4.	Mr. G. V. Nageswara Rao@	Non-Executive / promoter representative	5	4	1	NA	NA
5.	Mr. Rajesh Doshi #	Director-in-charge	5	5	NA	1	NA
6.	Mr. Ravi Narain	Non-Executive / promoter representative	5	5	12	8	2
7.	Mr. Gagan Rai *	Non-Executive / promoter representative	5	3	2	NA	NA
8.	Dr. Manoj Vaish ** (Managing Director & CEO)	Managing Director & CEO	5	4	NA	NA	NA
9.	Mr. M. S. Sundara Rajan***	Non-Executive / Independent	5	4	11	3	3

@ Appointed as Additional Director w.e.f. July 25, 2013

Appointed as Director-in-charge/Manager w.e.f. February 1, 2014

* Resigned as Director w.e.f. January 22, 2014

** Resigned as Managing Director & CEO w.e.f. January 31, 2014

*** Resigned as Director w.e.f. July 14, 2014

Note:

1. Details as per declaration from Directors received.
2. The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships in Foreign Companies, Section 25 Companies and Private Limited Companies.
3. While considering Memberships/Chairmanships of Committees, only the Audit Committee and Shareholders'/Investors' Grievance Committees in all Public Limited Companies have been considered.
4. Details of no. of other Directorships and no. of committee positions held is as on July 14, 2014.

C. Board Level Changes

Subsequent to the resignation of Dr. Manoj Vaish from the office of the Managing Director & CEO of NDML w.e.f. January 31, 2014, Board assigned Mr. Rajesh Doshi (Director of NDML and Sr. Executive Director of NSDL) additional charge as Director-in-charge of NDML with effect from February 1, 2014 for an interim period, till a new Managing Director & CEO is appointed. As per Section 196 and Schedule V of the Companies Act, 2013, the appointment of Director-in-charge approved by the Board of Directors needs to be approved by the shareholders at the next general meeting of the Company. The resolution in this regard forms part of the notice of the Tenth Annual General Meeting and is recommended for approval by the Members and Mr. Rajesh Doshi shall not be liable to retire by rotation.

Corporate Governance

Mr. G. V. Nageswara Rao (MD & CEO of the holding Company i.e. National Securities Depository Limited) was appointed as Additional Director and holds office upto the ensuing Annual General Meeting. The Company has received a Notice in writing, under Section 160 of the Companies Act, 2013 (erstwhile Section 257 of the Companies Act, 1956) alongwith requisite deposit from a Member proposing the candidature of Mr. G. V. Nageswara Rao for appointment as director of the Company liable to retire by rotation. The resolution in this regard forms part of the notice of the Tenth Annual General Meeting and is recommended for approval by the Members.

Further, Mr. P. P. Vora, Mr. C. M. Vasudev and Mr. K. Sivaprakasam are eligible to be appointed as Independent Directors in accordance with the provisions of Section 149(6) of the Companies Act, 2013 and are in the opinion of the Board, people of integrity and possess relevant expertise and experience. The resolutions in this regard forms part of the notice of the Tenth Annual General Meeting and are recommended for approval by the Members.

In accordance with the provisions of Section 152(6) of the Companies Act, 2013, Mr. Ravi Narain is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

D. Details of the Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting

1. Mr. Rajesh Doshi

Mr. Rajesh Doshi, aged 58 years, is an Alumni of the Indian Institute of Technology(Mumbai), with Bachelor's Degree in Electrical Engineering. He started his career with TCS Ltd. He has been associated with National Securities Depository Limited (NSDL) since its inception in 1996 with overall responsibility to set-up and manage IT infrastructure and development, implementation and maintenance of application for NSDL's projects.

2. Mr. G. V. Nageswara Rao

Mr. Rao, aged 52 years, is a graduate from IIM, Ahmedabad, a Chartered Accountant and a Cost Accountant. He has a unique blend of experience of over 26 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. Mr. Rao has a deep understanding of and strategic insight into financial services businesses in India with a track record of building and managing several successful businesses.

He is currently MD & CEO of NSDL. Before joining NSDL, Mr. Rao had held position as the MD & CEO of IDBI Federal Life Insurance Company Ltd., of IDBI Bank Ltd. and of IDBI Capital Market Services Ltd.

3. Mr. P. P. Vora

Mr. P. P. Vora, aged 70 years, is an eminent Chartered Accountant. He has the industry experience of more than 40 years and is specialized in spearheading financial/accounting function. He has retired as Chairman and Managing Director of IDBI Bank Ltd. (erstwhile Industrial Development Bank of India (IDBI)). At present, he is a Director on the Board of National Securities Depository Ltd., NSDL e-Governance Infrastructure Ltd., Reliance Capital Trustee Co. Ltd., Reliance Home Finance Ltd., Omaxe Ltd., J. Kumar Infraprojects Limited, Sterling Add Life India Ltd., Phoenix Lamps Limited (earlier known as Halonix Ltd.), Rama Cylinders Pvt. Ltd., The Nilgiris Dairy Farms Pvt. Ltd.

4. Mr. C. M. Vasudev

Mr. C. M. Vasudev, aged 71 years, holds a master's Degree in Economics and Physics. He has retired from the Indian Administrative Services (IAS). He has extensive experience working at policy-making levels in the financial sector. He has worked as an Executive Director of the World Bank and also chaired World Bank's committee on development effectiveness with responsibility for ensuring effectiveness of the World Bank's operations. Mr. Vasudev has also worked for the Ministry of Finance for more than 8 years. He has worked as a government nominee Director on the Boards of many companies in the financial sector such as State Bank of India, IDBI, ICICI, IDFC, NABARD and the National Housing Bank and was also a member of the Central Board of the RBI. He was the member secretary of the Narasimhan Committee on financial sector reforms.

He is an Independent Non-Executive Chairman of the Board of HDFC Bank Limited and is a Director on the Board of National Securities Depository Ltd., NSDL e-Governance Infrastructure Limited, National Securities Clearing Corporation Ltd., ICRA Management Consulting Services Ltd., Uttarakhand Jal Vidyut Nigam Ltd., Uttarakhand Power Corporation Ltd., Star Paper Mills Ltd., Bedrock Ventures Pvt. Ltd., Power Exchange India Ltd., Centennial Development Advisory Services India Pvt. Ltd., Skills Academy Pvt. Ltd.

5. Mr. K. Sivaprakasam

Mr. K. Sivaprakasam aged 66, is a member of Institute of Chartered Accountants of India and Institute of Cost and Works Accountants of India. He is also CAIIB and also holds a Bachelor of Commerce and Law. He served as Managing Director of Credit Analysis & Research Ltd. and has over 32 years of experience in credit appraisal of commercial loans, appraisals of project loans, resources management and treasury operations, forex services and rehabilitation financing, investment and asset management services, secondary market operations, etc.

At present, he is a Director on the Board of Clearcorp Dealing System (I) Ltd. and Srei Mutual Fund Trust Pvt. Ltd.

Corporate Governance



6. Mr. Ravi Narain

Mr. Ravi Narain, aged 58 years, has a degree in economics from Cambridge University, UK and a degree in business administration (Finance) from Wharton School, University of Pennsylvania, USA.

Mr. Narain is currently Vice Chairman of National Stock Exchange of India Ltd. (NSEIL) and a former Managing Director and CEO of the National Stock Exchange of India Limited (NSEIL). He is a non-executive Chairman on the Board of National Securities Clearing Corporation Ltd. (NSCCL), India Index Services & Products Ltd., NSE.IT Ltd., Power Exchange India Ltd., NSE Strategic Investment Corporation Ltd. and NSDL e-Governance Infrastructure Ltd.

Also, he is a Director on the Board of National Securities Depository Ltd., DotEx International Ltd., HDFC Standard Life Insurance Company Ltd., Indostar Capital Finance Pvt. Ltd., Small Industries Development Bank of India.

2. Board Committees

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Company. 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 formal 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 three committees, viz:

- Audit Committee
- Remuneration Committee
- Share allotment and Transfer Committee (earlier known as Share Allotment Committee)

A. Audit Committee

The Audit Committee of NDML assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing, internal controls and reporting practices of the Company and its compliance with the legal and other regulatory requirements. The Board had initially constituted an Audit Committee consisting of three members. 2/3rd of its members were independent directors. From the second quarter of the year under review two more members were inducted in the Audit committee. The Audit committee now consists of five members and majority of its members are independent Directors. The Committee meets once in each quarter to review the quarterly accounts, budgetary controls, internal audit reports and discuss with the auditors about the scope of audit, internal control systems and

procedures including the observation of auditors. The Committee reviews the quarterly and annual financial statements before submission to the Board and ensures compliance of internal control systems. The Committee in each quarter also reviews the details of investment of surplus funds of the Company as per Investment policy approved by the Board and recommends to the Board any changes which may be required in the Investment policy as per the current market trend and needs of the Company.

The Chairman of the Audit Committee attends all General Meetings. During the year under review, Four (4) meetings of the Audit Committee were held on May 6, 2013, July 25, 2013, November 13, 2013 and February 10, 2014.

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

Sr. No.	Name of the Member	Total No. of meetings held	Total No. of meetings attended
1.	Mr. P. P. Vora	4	4
2.	Mr. C. M. Vasudev(*)	4	3
3.	Mr. K. Sivaprakasam	4	4
4.	Mr. Ravi Narain(*)	4	3
5.	Mr. Rajesh Doshi	4	4

(*) Mr. C. M. Vasudev and Mr. Ravi Narain were appointed as members of the Audit committee in the Board meeting dated May 6, 2013.

B. Remuneration Committee

The Remuneration Committee reviews overall employee compensation structure and related policies on periodic intervals with a view to attract, retain and motivate employees and evolve a suitable compensation package based on prevailing market trend and industry standards in general. The Committee strives for framing fair and competent compensation policy by considering job role/size, contribution, skill and performance of the employees of the Company. The Board has constituted the Remuneration Committee consisting of three members. Committee met once during the year under review. Details of attendance of each director at the Remuneration Committee Meeting held during the year are as follows:

Sr. No.	Name of the Member	Total No. of meetings held	Total No. of meetings attended
1.	Mr. P. P. Vora	1	1
2.	Mr. K. Sivaprakasam	1	1
3.	Mr. Ravi Narain	1	1

Corporate Governance

As per requirement of Section 178 of the Companies Act, 2013, the Board of Directors in its meeting dated May 19, 2014 renamed Remuneration Committee as Nomination and Remuneration Committee and re-constituted the same with following members:

Sr. No.	Name of the Director	Position held
1.	Mr. C. M. Vasudev	Chairman of the committee
2.	Mr. P. P. Vora	Member
3.	Mr. Ravi Narain	Member

C. Share Allotment and Transfer Committee

The Share Allotment Committee is formed for the purpose of allotment of shares after all necessary approvals. The Board had given the Share Allotment Committee additional powers to approve the Share transfers lodged with the Company and accordingly the Share Allotment Committee was renamed as 'Share Allotment and Transfer Committee'. The Board has re-constituted the Share Allotment and Transfer Committee in the second quarter of the year under review consisting of three members with Mr. P. P. Vora as its Chairman. Committee met once during the year under review. Details of attendance of each director at the Share Allotment and Transfer Committee Meeting held during the year are as follows:

Sr. No.	Name of the Member	Total No. of meetings held	Total No. of meetings attended
1.	Mr. P. P. Vora	1	1
2.	Dr. Manoj Vaish *	1	1
3.	Mr. Rajesh Doshi	1	0

* ceased to be member w.e.f. January 31, 2014

3. Remuneration payable to Managerial Personnel

In terms of the requirements of Schedule XIII, Part II, Section II, Clause C, Proviso (IV) of the Companies Act, 1956, following disclosures are being made:

Remuneration payable to Dr. Manoj Vaish, Managing Director & CEO # for the period April 1, 2013 to January 31, 2014 is as under:

	Amount (₹)
Basic Pay	65,00,000
Housing accommodation or allowance there of	13,00,000
Leave Travel Allowance	5,44,932
Medical Allowance	5,44,932
Contribution towards Provident Fund, Superannuation & Gratuity	47,55,000

Others (Leave Encashment, Car, Club Facility, Telephone, Reimbursement of driver cost, food allowance)	13,53,360
Total (*)	1,49,98,224

Dr. Manoj Vaish served the Company till January 31, 2014.

*Total remuneration will also include following components:

- Gratuity was paid as per Gratuity rules after cessation of services of Dr. Manoj Vaish.
- Newspaper and Entertainment expenses reimbursed subject to actual cost incurred during the year.

After the cessation of Dr. Manoj Vaish as the Managing Director & CEO, Board of Directors of your Company decided that Mr. Rajesh Doshi, Director of NDML and Sr. Executive Director of NSDL shall hold additional charge as Director-in-charge of NDML with effect from February 1, 2014. Mr. Rajesh Doshi does not draw any remuneration from NDML.

Remuneration paid / payable to other managerial personnel:

Apart from sitting fees that are paid to Independent Directors for attending Board / Committee meetings, no other fee / commissions was paid to them during the year.

4. Code of Ethics

The Company has a Code of Ethics which prescribes policies on confidentiality, conflict of interest, prohibition of insider trading 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. Based on these attributes, there was no instance of violation of Code of Ethics during the financial year 2013 - 14.

5. General Body Meetings

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

AGM	Date	Venue
Seventh	June 23, 2011	Board Room, National
Eighth	July 05, 2012	Securities Depository
Ninth	July 02, 2013	Limited, Trade World, 5 th Floor, Kamala Mills Compound, Lower Parel, Mumbai- 400 013.

The Tenth AGM is scheduled to be held on September 24, 2014 at 10.00 a.m. at the Board Room of National Securities Depository Limited, Trade World, 5th

Corporate Governance

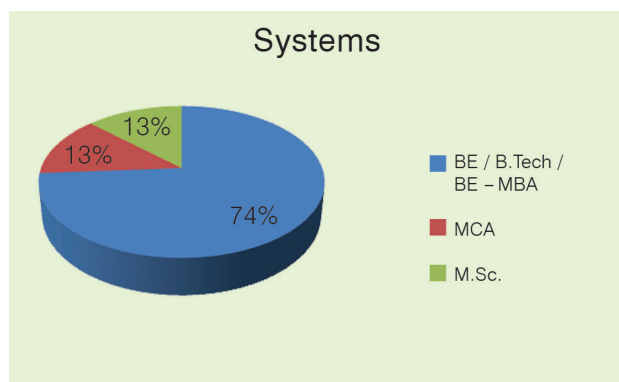
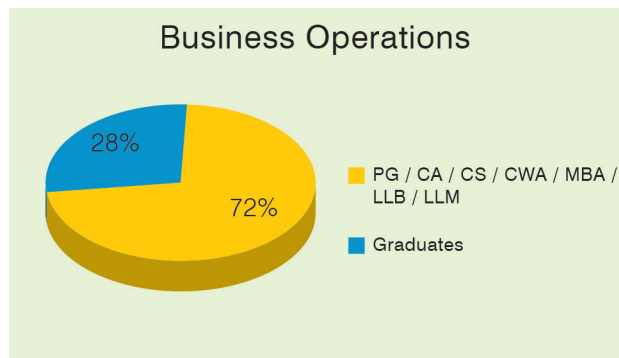
Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400013.

Human Resources

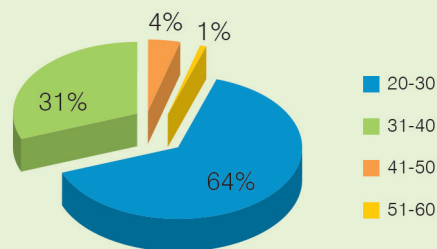
Your Company emphasizes on the quality of its human resources as it believes the employees are the most important and valuable assets. Your Company has created favorable work environment and strives to provide fair and transparent policies to its employees. Your Company believes in creating a knowledge organization and recognizes the significance of skills and training in the growth of an individual and the Company. 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. During the year under review, Leadership programme and 'Team building & Interpersonal Skills' programme were conducted for employees at middle management level to increase their efficiency and enhance their leadership qualities. Other training programmes on Information Security Policies Awareness, Business Continuity Planning, Positive Work Environment, etc. are also conducted in order 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.

This has enabled all employees for learning, contributing and growing and enables your Company to retain and attract talented employees.

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



Age-group wise number of employees



Auditors

Deloitte Haskins & Sells LLP (earlier known as M/s. Deloitte Haskins & Sells), Chartered Accountants, Auditors of the Company has held office as auditor for 6 years (For F.Y. 2008-09 to F.Y. 2013-14). With notification of Section 139 of the Companies Act, 2013 pertaining to appointment of auditors (which also includes re-appointment) effective from April 1, 2014, the Board of Directors of your Company recommend re-appointment of Deloitte Haskins & Sells LLP for a period of 4 years from F.Y. 2014-15 to F.Y. 2017-18 which is in compliance with the provisions of Section 139 read with the relevant rules of the Companies Act, 2013 and is recommended to the shareholders at the forthcoming Annual General Meeting of the Company. Necessary written consent and certificate as required under Section 139 and Section 141 of the Companies Act, 2013 has been received from Deloitte Haskins & Sells LLP. Re-appointment of Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai as statutory auditors for a period of 4 years from F.Y. 2014-15 to F.Y. 2017-18 will be considered for approval of the shareholders in the Tenth Annual General Meeting.

Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that to the best of their knowledge and belief:

- in the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to the material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing & detecting fraud and other irregularities;

and

Corporate Governance

- they have prepared the annual accounts on a going concern basis.

Public Deposits

The Company has not accepted any fixed deposit under Section 58A of the Companies Act, 1956 from the public.

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 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are not applicable. The Company has, however, used information technology extensively in its operations.

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

(₹)

Sr. No.	Particulars	F. Y. 2013-14	F. Y. 2012-13
1	Foreign Exchange Earnings	Nil	Nil
2	Foreign Exchange Outgo / Expenditure incurred in foreign currency	Nil	Nil

Particulars of Employees

Information required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, is set out as Annexure and forms part of this report.

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, Department of Electronics and Information Technology, National Payment Corporation of India, Ministry of Human Resource Development, various Insurer Companies availing NIR services, various State/ Central Government Departments availing services of PayGov platform, Point of Service entities, Empanelled Background Checkers and Subscribers of the NSR, Developers, Co-Developers, Unit Holders, Export Oriented Units, Investors, Market Intermediaries, Registrars, Policy holders, Approved persons, Consultants, Service providers and Suppliers and Bankers. Your Directors also express deep sense of appreciation to all the employees for their professionalism, commitment and dedicated efforts which have made the organization's growth and success possible. Finally the Directors wish to express their gratitude to the promoter viz. National Securities Depository Limited for its valuable guidance and contribution throughout the year.

For and on behalf of the Board of Directors

Sd/-

Mr. P. P. Vora
Chairman

Place : Mumbai

Date : July 14, 2014

Independent Auditors' Report



To the Members of NSDL Database Management Limited

Report on the Financial Statements

We have audited the accompanying financial statements of NSDL DATABASE MANAGEMENT LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the Directors as on March 31, 2014 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014 from being appointed as a Director in terms of Section 274(1)(g) of the Act.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Registration No.117366W/W-100018)

Sd/-

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Place : Mumbai
Date : May 19, 2014

Annexure to the Independent Auditors' Report

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

- (i) Having regard to the nature of the Company's business / activities / result / transactions etc. clauses (ii), (vi), (viii), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) specified in paragraph 4 of the Order are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The Company has not disposed off any fixed assets during the year.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to / from Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
- (vi) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (vii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess which have not been deposited as on March 31, 2014 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (ix) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Registration No.117366W/W-100018)

Sd/-
Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Place : Mumbai
Date : May 19, 2014



Financial Statements

Balance Sheet

as at March 31, 2014

(Amount in ₹)

Particulars	Note No.	As at March 31, 2014		As at March 31, 2013	
I. EQUITY AND LIABILITIES					
1. Shareholder's funds					
(a) Share capital	3	610,500,000		610,500,000	
(b) Reserves and surplus	4	40,511,069	651,011,069	5,682,347	616,182,347
2. Non-current liabilities					
(a) Deferred tax liability (net)	10	1,274,000		136,000	
(b) Other long term liabilities	5	13,443,450	14,717,450	14,766,962	14,902,962
3. Current liabilities					
(a) Trade payables	6	49,811,428		49,596,053	
(b) Other current liabilities	7	81,515,480		81,781,309	
(c) Short term provisions	8	7,527,620	138,854,528	8,518,589	139,895,951
Total			804,583,047		770,981,260
II. ASSETS					
1. Non current assets					
(a) Fixed assets					
(i) Tangible assets	9	26,944,565		15,131,174	
(ii) Intangible assets	9	6,547,762		1,250,786	
(iii) Capital work in progress		16,524,894		32,700,835	
		50,017,221		49,082,795	
(b) Long term loans and advances	11	59,478,284		48,096,685	
(c) Other non-current assets	12	26,294,063	135,789,568	17,818,446	114,997,926
2. Current assets					
(a) Current investments	13	50,357,512		29,000,000	
(b) Trade receivables	14	15,712,973		8,535,613	
(c) Cash and cash equivalents	15	585,562,373		602,340,732	
(d) Short term loans and advances	16	5,256,419		5,685,847	
(e) Other current assets	17	11,904,202	668,793,479	10,421,142	655,983,334
See accompanying notes forming part of the financial statements (1 to 30)					
Total			804,583,047		770,981,260

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

Sd/-
Rajesh K. Hiranandani
Partner

Place : Mumbai
Date : May 19, 2014

For and on behalf of the Board of Directors

Sd/-
P. P. Vora
Chairman

Sd/-
Rajesh Doshi
Director

Sd/-
G.V. Nageswara Rao
Director

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
Nehal Thaker
Company Secretary



Statement of Profit and Loss

for the year ended March 31, 2014

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
INCOME			
Revenue from operations	18	279,129,186	240,862,744
Other income	19	57,681,451	60,833,115
Total income		336,810,637	301,695,859
EXPENSES			
Employee benefits expense	20	71,214,198	72,381,329
Depreciation and amortization expense	9	11,709,016	10,118,020
Finance costs	21	191,918	925,497
Other expenses	22	202,296,783	168,662,913
Total expenses		285,411,915	252,087,759
Profit before tax		51,398,722	49,608,100
Tax expense			
Current tax		(15,432,000)	(13,490,430)
Deferred tax		(1,138,000)	(2,536,000)
Total tax expenses		16,570,000	16,026,430
Profit for the year		34,828,722	33,581,670
Basic and diluted earnings per equity share of ₹ 10 each	28	0.57	0.55
See accompanying notes forming part of the financial statements (1 to 30)			

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

Sd/-
Rajesh K. Hiranandani
Partner

Place : Mumbai
Date : May 19, 2014

For and on behalf of the Board of Directors

Sd/-
P. P. Vora
Chairman

Sd/-
Rajesh Doshi
Director

Sd/-
G.V. Nageswara Rao
Director

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
Nehal Thaker
Company Secretary

Cash Flow Statement

for the year ended March 31, 2014

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
A. Cash flow from operating activities		
Profit before tax	51,398,722	49,608,100
Adjustment for:		
Depreciation and amortisation expense	11,709,016	10,118,020
Interest expenses	191,918	925,497
Provision for compensated absences	(990,969)	1,257,529
Amortisation of share issue expenses	870,000	870,000
Interest income	(56,323,939)	(60,629,296)
Gain on Sale of Current Investment	(1,357,512)	-
Operating profit before working capital changes	5,497,236	2,149,850
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	(7,177,360)	(5,840,902)
Short-term loans and advances	429,428	(2,516,520)
Long-term loans and advances	(12,977,907)	(21,969,232)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	215,375	19,606,132
Other current liabilities	(1,929,143)	27,224,408
Other long-term liabilities	(1,323,512)	(767,939)
Cash generated / (used in) from operations	(17,265,883)	17,885,797
Net income tax paid	(13,835,692)	(9,286,545)
Net cash flow from / (used in) operating activities (A)	(31,101,575)	8,599,252
B. Cash flow from investing activities		
Bank balances not considered as Cash and cash equivalents		
- Placed	(230,230,520)	(574,100,000)
- Matured	248,000,000	500,500,000
Current investments		
- Purchased	(30,000,000)	-
- sale	10,000,000	-



Cash Flow Statement

for the year ended March 31, 2014

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest received	46,725,782	76,349,781
Capital expenditure on fixed assets (including Capital work in progress and net of capital creditors)	(11,619,732)	(23,548,325)
Proceeds from sale of fixed assets	639,604	-
Net cash flow from / (used in) investing activities (B)	33,515,134	(20,798,544)
C. Cash flow from financing activities		
Interest expenses	(191,918)	(925,497)
Net cash flow used in financing activities (C)	(191,918)	(925,497)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	2,221,641	(13,124,789)
Cash and cash equivalents at the beginning of the year (Note 15)	24,240,732	37,365,521
Cash and cash equivalents at the end of the year (Note 15)	26,462,373	24,240,732
	<u>2,221,641</u>	<u>(13,124,789)</u>

	As at March 31, 2014	As at March 31, 2013
Notes:		
Cash and cash equivalents (Note 15)		
Cash and bank balances	585,562,373	602,340,732
Less: - Fixed Deposit with original maturity of more than 12 months	(559,100,000)	(578,100,000)
	<u>26,462,373</u>	<u>24,240,732</u>
See accompanying notes forming part of the financial statements (1 to 30)		

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

Sd/-
Rajesh K. Hiranandani
Partner

Place : Mumbai
Date : May 19, 2014

For and on behalf of the Board of Directors

Sd/-
P. P. Vora
Chairman

Sd/-
Rajesh Doshi
Director

Sd/-
G.V. Nageswara Rao
Director

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
Nehal Thaker
Company Secretary

Notes Forming Part

of the Financial Statements

1. Nature of the business:

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. Company recovers its cost of operation and setting-up the system by charging the clients for use of the service. 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. 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. During the year, the company received the certificate of registration from Insurance Regulatory and Development Authority (IRDA) for setting up an Insurance Repository. The company has since commenced operations pertaining to the Repository of Insurance Policies. The Company is actively pursuing new business opportunities in process automation and e-governance domain.

2. Basis of preparation and significant accounting policies:

a) Basis of preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b) Use of estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

c) Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

d) Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

e) Revenue recognition:

The Company follows the accrual system of accounting and recognises all items of income and expenditure accordingly.

- Registration fees received are recognised in the year of registration.
- Annual fees income is recognised proportionately over the period during which the services are to be rendered.
- Transaction fees are recognised in the period in which the related services are rendered.

f) Other income:

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

g) Fixed assets – (tangible / intangible):

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets 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.

Capital work-in-progress:

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

h) Depreciation / Amortisation:

Depreciation has been provided on the straight line method at rates which are higher than the rates prescribed in Schedule XIV of the Companies Act, 1956. The tangible assets are depreciated at the following rates:

Notes Forming Part

of the Financial Statements

Asset	Rate of Depreciation
Computers	25%
Communication equipment	25%
Office equipment	20%

Intangible assets are amortised on the straight line basis over their useful life.

Computer software is amortised over 48 months or useful life whichever is lower.

i) Investments:

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties. Front-end discount / incentive earned in respect of direct subscription is adjusted against the cost of investment.

j) Employee benefits:

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

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.

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.

Provident Fund: Employees are entitled to receive benefits in respect of provident fund, a defined contribution plan, 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). The contributions, as specified under the law, are made to the provident fund set up as an irrevocable trust by NSDL Group. The Company is generally liable for any shortfall in the fund assets based on the government specified minimum rates of return and recognizes such shortfall, if any, as an expense in the year incurred.

Defined Benefit Plan:

Gratuity: The Company makes annual contributions to the Fund administered by trustees and managed by an insurance company. 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. Actuarial

gains and losses are immediately recognised in the Statement of Profit and Loss.

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. 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 has a scheme for compensated absences for employees. 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:

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

k) Tax on Income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income-tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Notes Forming Part

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Current and deferred taxes relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

l) 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 (excluding retirement benefits) are not 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 in the financial statements.

m) Impairment of assets:

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets

exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

n) Operating Cycle:

Based on the nature of products / 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.

o) Share issue expenses:

Share issue expenses incurred by the Company are amortised equally over a period of five years.



Notes Forming Part

of the Financial Statements

Note 3 : Share capital

(Amount in ₹)

	As at March 31, 2014	As at March 31, 2013
Authorised 80,000,000 (previous year 80,000,000) Equity Shares of ₹ 10 each	800,000,000	800,000,000
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	<u>610,500,000</u>	<u>610,500,000</u>
Total	<u><u>610,500,000</u></u>	<u><u>610,500,000</u></u>

Note 3 a :

The Company has only 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 preferential amounts, proportionate to their share holding.

3 b. Reconciliation of the shares outstanding at the end	As at March 31, 2014	As at March 31, 2013
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	61,050,000	61,050,000

3 c. Details of shareholders holding more than 5% shares	As at March 31, 2014	As at March 31, 2013
Name of the Shareholder National Securities Depository Limited and its nominees		
Number of equity shares held	61,050,000	61,050,000
% of Holding	100	100

Note 4 : Reserves and surplus

(Amount in ₹)

	As at March 31, 2014	As at March 31, 2013
Surplus / (Deficit) in the statement of profit and loss		
Opening balance	5,682,347	(27,899,323)
Add: Profit for the year	<u>34,828,722</u>	<u>33,581,670</u>
Closing balance	<u>40,511,069</u>	<u>5,682,347</u>
Total	<u><u>40,511,069</u></u>	<u><u>5,682,347</u></u>

Note 5 : Other long term liabilities

(Amount in ₹)

	As at March 31, 2014	As at March 31, 2013
Others		
- Security deposits received from customers and agents	12,000,000	13,400,000
- Income received in advance	<u>1,443,450</u>	<u>1,366,962</u>
Total	<u><u>13,443,450</u></u>	<u><u>14,766,962</u></u>

Notes Forming Part

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Note 6 : Trade payables

(Amount in ₹)

	As at March 31, 2014	As at March 31, 2013
(i) Trade payables		
- Amount due to Micro and Small Enterprises	396,523	1,074,363
- Others (refer foot note below)	49,414,905	48,521,690
Total	49,811,428	49,596,053

Foot note:

Includes Performance Linked Incentives - ₹ 5,225,000/- (previous year - ₹ 8,800,000/-)

Includes Bonus to employees - ₹ 148,249/- (previous year - ₹ 133,516/-)

Note 6 a:

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

	As at March 31, 2014	As at March 31, 2013
(i) (a) Principal amount remaining unpaid to any supplier	396,523	1,074,363
(b) Interest on (i) (a) above	-	-
(ii) The amount of interest paid along with the principal payment made to the supplier beyond the appointed date during 2013-14	-	-
(iii) Amount of Interest due and payable on delayed payments	-	-
(iv) Amount of Further interest remaining due and payable for the earlier years	-	-
(v) Total outstanding dues of Micro and Small Enterprises		
- Principal	396,523	1,074,363
- Interest	-	-

Note 7 : Other current liabilities

(Amount in ₹)

	As at March 31, 2014	As at March 31, 2013
(a) Income received in advance	63,388,999	60,394,959
(b) Other current liabilities		
- Statutory remittance	4,627,743	5,039,855
- Security deposits received from customers and agents	3,056,913	3,074,307
- Payables on purchase of fixed assets	9,739,457	8,076,143
- Gratuity payable to Fund	702,368	5,196,045
Total	81,515,480	81,781,309

Note 8 : Short term provisions

(Amount in ₹)

	As at March 31, 2014	As at March 31, 2013
Provisions for employee benefits		
- Compensated absences	7,527,620	8,518,589
Total	7,527,620	8,518,589



Notes Forming Part

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Note 9 : Fixed assets

(Amount in ₹)

Sr.	Description	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK	
		As on April 1, 2013	Additions	Disposal	As on March 31, 2014	As on April 1, 2013	For the year	Eliminated on disposal of assets	As on March 31, 2014	As on March 31, 2014
Tangible assets										
1	Computers	66,827,073 (64,752,307)	20,660,245 (2,074,766)	6,718,146 -	80,769,172 (66,827,073)	57,949,228 (52,633,883)	5,770,335 (5,315,345)	6,078,542 -	57,641,021 (57,949,228)	23,128,151 (8,877,845)
2	Communication equipment	13,075,541 (12,424,184)	549,511 (651,357)	- -	13,625,052 (13,075,541)	7,115,087 (3,913,122)	3,167,502 (3,201,965)	- -	10,282,589 (7,115,087)	3,342,463 (5,960,454)
3	Office equipment	361,310 (63,800)	13,388 (297,510)	- -	674,698 (361,310)	68,435 (25,873)	132,312 (42,562)	- -	200,747 (68,435)	473,951 (292,875)
	Total	80,263,924	21,523,144	6,718,146	95,068,922	65,132,750	9,070,149	6,078,542	68,124,357	26,944,565
	Previous year	(77,240,291)	(3,023,633)	-	(80,263,924)	(56,572,878)	(8,559,872)	-	(65,132,750)	(15,131,174)
Intangible assets										
1	Computer software (acquired)	23,092,590 (23,092,590)	7,935,843 -	- -	31,028,433 (23,092,590)	21,841,804 (20,283,656)	2,638,867 (1,558,148)	- -	24,480,671 (21,841,804)	6,547,762 (1,250,786)
	Total	23,092,590	7,935,843	-	31,028,433	21,841,804	2,638,867	-	24,480,671	6,547,762
	Previous year	(23,092,590)	-	-	(23,092,590)	(20,283,656)	(1,558,148)	-	(21,841,804)	(1,250,786)

Foot note: The figures in bracket are of previous year as on March 31, 2013

Note 10 : Deferred tax assets / liabilities

(Amount in ₹)

	As at March 31, 2014	As at March 31, 2013
Liabilities		
On difference between book balance and tax balance of fixed asset	2,405,058	1,603,585
Assets		
Provision for employee benefits	1,131,058	1,467,585
Total	1,274,000	136,000

Note 11 : Long term loans and advances

(Amount in ₹)

	As at March 31, 2014	As at March 31, 2013
(Unsecured considered good)		
Security deposits	26,525,334	11,893,474
Advance tax (net of provision)	7,128,435	7,150,158
MAT Credit Entitlement	-	1,574,585
- Balances with Government authorities		
Service tax credit receivable	25,356,376	27,219,466
Prepaid expenses	468,139	259,002
Total	59,478,284	48,096,685

Note 12 : Other non current assets

(Amount in ₹)

	As at March 31, 2014	As at March 31, 2013
Unamortised expenses - share issue expenses	-	870,000
Interest accrued on fixed deposits	15,063,543	6,948,446
Margin money deposits with a bank (earmarked as security for performance guarantee and other commitments)	11,230,520	10,000,000
Total	26,294,063	17,818,446

Notes Forming Part

of the Financial Statements

Note 13 : Current investments

(Amount in ₹)

	As at March 31, 2014	As at March 31, 2013
Investment in mutual funds (At lower of cost and fair value, unless otherwise stated):		
9,07,496 Units (previous year 1,292,944) of HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Growth option of ₹ 10 each	20,357,512	29,000,000
3,000,000 units of HDFC Fixed Maturity Plan growth option (face value ₹ 10 per unit)	30,000,000	-
Total	<u>50,357,512</u>	<u>29,000,000</u>
Aggregate amount of quoted investments	30,000,000	-
Aggregate market value of listed and quoted investments	31,215,300	-
Aggregate value of listed but not quoted investments	-	-
Aggregate amount of unquoted investments	20,357,512	29,000,000

Note 14 : Trade receivables

(Amount in ₹)

	As at March 31, 2014	As at March 31, 2013
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	-	36,749
Others		
Secured, considered good	1,843,141	1,832,894
Unsecured, considered good	13,869,832	6,665,970
	<u>15,712,973</u>	<u>8,498,864</u>
Less: Provision for doubtful trade receivables	-	-
Total	<u>15,712,973</u>	<u>8,535,613</u>

Note 15 : Cash and cash equivalents

(Amount in ₹)

	As at March 31, 2014	As at March 31, 2013
Cash and cash equivalents as defined in AS 3		
- Balances with banks	26,462,373	24,240,732
- Fixed Deposits with less than 3 months maturity	-	-
	<u>26,462,373</u>	<u>24,240,732</u>
Fixed Deposits with original maturity of more than 12 months	559,100,000	578,100,000
Total	<u>585,562,373</u>	<u>602,340,732</u>

Note 16 : Short term loans and advances

(Amount in ₹)

	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
- Security deposits	500,000	1,500,000
- Prepaid expenses	4,136,555	2,102,443
- Advance for expenses	619,864	2,083,404
Total	<u>5,256,419</u>	<u>5,685,847</u>



Notes Forming Part

of the Financial Statements

Note 17 : Other current assets

(Amount in ₹)

	As at March 31, 2014	As at March 31, 2013
Unamortised expenses - share issue expenses	870,000	870,000
Interest accrued on fixed deposits	11,034,202	9,551,142
Total	11,904,202	10,421,142

Note 18 : Revenue from operations

(Amount in ₹)

	For the full year ended March 31, 2014		For the full year ended March 31, 2013	
Registration fees	46,411,500		61,404,750	
Annual fees	44,335,336		35,311,707	
Transaction fees	188,382,350		144,146,287	
		279,129,186		240,862,744
Total		279,129,186		240,862,744

Note 19 : Other Income

(Amount in ₹)

	For the full year ended March 31, 2014		For the full year ended March 31, 2013	
Interest income				
Interest on income tax refund	-	-	165,725	-
Interest from banks on fixed deposits	56,323,939	56,323,939	60,463,571	60,629,296
other income				
Gain on Sale of Current Investment		1,357,512		-
Liabilities / provisions no longer required written back		-		203,819
Total		57,681,451		60,833,115

Note 20 : Employee benefit expenses

(Amount in ₹)

	For the full year ended March 31, 2014		For the full year ended March 31, 2013	
- Salary, wages and bonus		61,165,905		57,756,650
- Contribution to provident and other funds		5,496,453		9,477,273
- Staff welfare expenses		2,837,483		1,843,402
- Deputation costs		1,714,357		3,304,004
Total		71,214,198		72,381,329

Note 21 : Finance costs

(Amount in ₹)

	For the full year ended March 31, 2014		For the full year ended March 31, 2013	
Interest expense		191,918		925,497
Total		191,918		925,497

Notes Forming Part

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Note 22 : Other Expenses

(Amount in ₹)

	For the full year ended March 31, 2014		For the full year ended March 31, 2013	
(i) System support charges		122,146,513		97,645,854
(ii) Processing charges		35,149,869		27,311,345
(iii) Communication expenses		5,936,908		6,688,762
(iv) Rent		20,108,034		18,762,410
(v) Printing and stationery expenses		647,937		536,317
(vi) Auditors' remuneration				
- Audit fees	374,000		340,000	
- Tax audit fees	110,000		100,000	
- Tax matters	125,000		20,000	
- Other services	-		39,500	
- Reimbursement of expenses	-	609,000	2,132	501,632
(vii) Directors' sitting fees		840,000		620,000
(viii) Insurance		1,270,904		1,087,603
(ix) Legal and professional charges		1,233,500		1,183,091
(x) Travelling expenses		7,129,187		6,274,918
(xi) Marketing expenses		1,485,120		1,038,808
(xii) Administrative expenses		4,435,079		5,179,784
(xiii) Share issue expenses - amortised		870,000		870,000
(xiv) Other expenses		434,732		962,389
Total		202,296,783		168,662,913

23. Contingent Liabilities and Other Commitment (to the extent not provided for):

a) **Contingent Liabilities** : ₹ Nil (Previous year : ₹ Nil)

b) **Commitments**:

i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 13,191,585/- (Previous year: ₹ 13,969,421/-).

ii) Other Commitments:

Contractual guarantee ₹ 11,230,520 (Previous year: ₹ 10,000,000)

24. Expenditure incurred in foreign exchange : ₹ Nil (Previous year: ₹ Nil)

25. The Company's business is to provide Data Management Services to its clients. All other activities of the Company revolve around the main business. As such, there are no reportable segments as per the Accounting Standard 17(AS-17) – 'Segment Reporting', as notified by the Companies (Accounting Standards) Rules, 2006.



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26. Related party Disclosures :

Names of related party	Relationship
National Securities Depository Limited	Holding Company
Dr. Manoj Vaish, Managing Director and CEO (upto 31st January 2014)	Key Managerial Personnel
Mr. Rajesh Doshi, Manager (w.e.f. 01st February,2014)	Key Managerial Personnel

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

Sr. No.	Nature	For the year ended March 31, 2014 (₹)	For the year ended March 31, 2013 (₹)
A	Key managerial personnel – Dr. Manoj Vaish - Remuneration paid / payable	14,998,224	15,875,447

27. Operating Lease :

The Company holds certain premises under operating leases. Rent includes expenses of ₹ 20,108,034/- (previous year ₹ 18,762,410/-). The committed lease rentals in the future are:

Particulars	Current Year (₹)	Previous Year (₹)
Not later than one year	25,272,000	-
Later than one year and not later than five years	37,908,000	-
Later than five years	-	-

28. Earnings per share :

In accordance with the Accounting Standard 20(AS-20)-'Earnings per Share', as notified by the Companies (Accounting Standards) Rules, 2006:

	Current Year (₹)	Previous Year (₹)
Profit for the year attributable to the equity shareholder	34,828,722	33,581,670
Actual number of equity shares	61,050,000	61,050,000
Weighted average number of equity shares outstanding	61,050,000	61,050,000
Basic and Diluted Earnings per Share of face value ₹ 10 each per share	0.57	0.55

29. Employee benefit plans:

a) Defined contribution plans:

The company has recognized following amounts as Company's contribution to Provident Fund and other funds :

Particulars	Current Year (₹)	Previous Year (₹)
Provident Fund	2,852,928	2,490,075
Superannuation Fund	1,941,157	1,791,153
Total	4,794,085	4,281,228

Notes Forming Part

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b) Defined benefit plans:

The Company offers the following employee benefit schemes to its employees:

- Gratuity expense included in contribution to provident and other funds in Note 18.

The following table sets out the funded status of the defined benefit scheme and the amount recognised in the financial statements:

A. Assumptions	Current Year	Previous Year
Discount Rate	9.31%	8.00%
Rate of Return on Plan Assets	8.70%	8.70%
Salary Escalation	8.00%	8.00%
Mortality Table	Indian assured lives mortality (2006-08) Ultimate	Indian assured lives mortality (2006-08) Ultimate

B. Table showing change in Benefit Obligation	Current Year (₹)	Previous Year (₹)
Liability at the beginning of the year	13,864,096	9,403,569
Interest Cost	1,109,128	799,303
Current Service Cost	3,151,646	2,066,891
Benefit Paid	(3,000,000)	(1,539,275)
Actuarial (gain) / loss on obligations	(2,416,661)	3,133,608
Liability at the end of the year	12,708,209	13,864,096

C. Table of Fair value of Plan Assets	Current Year (₹)	Previous Year (₹)
Fair Value of plan assets at the beginning of the year	8,668,051	8,731,090
Expected return on plan assets	754,120	750,874
Contributions including transferred from NSDL on transfer of employees	5,196,045	672,479
Benefit paid	(3,000,000)	(1,539,275)
Actuarial gain / (loss) on plan assets	387,625	52,883
Fair value of plan assets	12,005,841	8,668,051
Total actuarial gain / (loss) to be recognised	2,804,286	(3,080,725)

D. Actual Return on Plan Assets	Current Year (₹)	Previous Year (₹)
Expected return on plan assets	754,120	750,874
Actuarial gain / (loss) on plan assets	387,625	52,883
Actual return on plan assets	1,141,745	803,757

E. Amount Recognised in Balance sheet	Current Year (₹)	Previous Year (₹)
Liability at the end of the year	12,708,209	13,864,096
Fair value of plan assets at the end of the Year	12,005,841	8,668,051
Difference	(702,368)	(5,196,045)
Unrecognised past service cost	Nil	Nil
Amount recognised in balance sheet	(702,368)	(5,196,045)



Notes Forming Part

of the Financial Statements

F. Amount Recognised in Income Statement	Current Year (₹)	Previous Year (₹)
Current service cost	3,151,646	2,066,891
Interest cost	1,109,128	799,303
Expected return on plan assets	(754,120)	(750,874)
Net actuarial (gain) / loss to be recognised	(2,804,286)	3,080,725
Expenses recognised in statement of profit and loss	702,368	5,196,045

G. Balance Sheet Reconciliation	Current Year (₹)	Previous Year (₹)
Opening net liability	5,196,045	672,479
Expenses as above	702,368	5,196,045
Employers contribution	(5,196,045)	(672,479)
Amount recognised in balance sheet	702,368	5,196,045

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 year is ₹ 28,41,323/- (Previous Year ₹ 2,739,370/-).

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.

30. 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

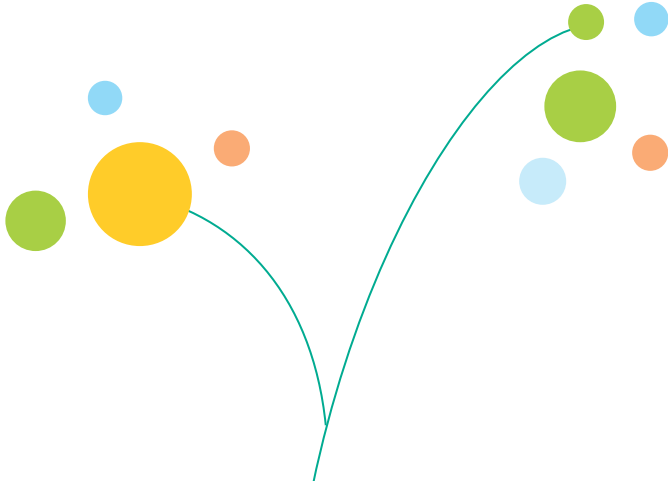
Sd/-
Rajesh Doshi
Director

Sd/-
G.V. Nageswara Rao
Director

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
Nehal Thaker
Company Secretary

Place : Mumbai
Date : May 19, 2014



NATIONAL SECURITIES DEPOSITORY LTD.

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