



Annual
Report
2016-17

20
years of
technology,
innovation &
growth

20 years of transforming the Indian Capital Markets

On 8th November, 2016, **National Securities Depository Limited (NSDL)** proudly celebrated the completion of 20 glorious years of service to the Indian Capital Markets, during which it played a transformatory role. This momentous occasion was celebrated in the presence of Shri U. K. Sinha, Chairman, SEBI.

1996- 2000

Developing
Mindsets,
Changing
Paradigms.

2006- 2011

Spreading
Wings,
Ideating
Innovations.

2012- 2017

Putting
Investors First.

2001- 2005

Improving
Efficiency,
Modernising
Processes.

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NSDL's journey through time

From the year

1996 to 2000

Developing Mindsets,
Changing Paradigms.



1996

NSDL begins operations and sends out its first electronic demat request on the 8th of November.

1997

NSDL reaches out to investors and intermediaries to create awareness and popularize the demat concept. This conceptualised Investor Depository Meets [IDMs].

1998

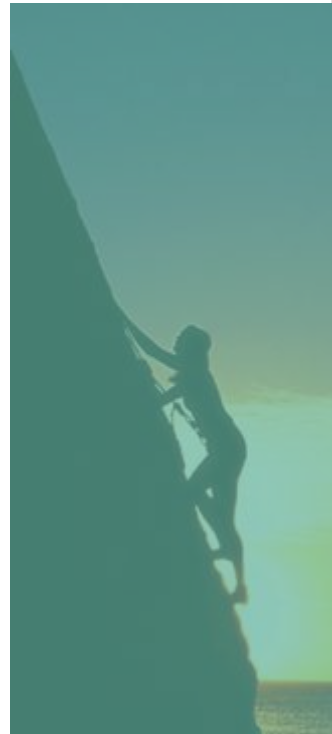
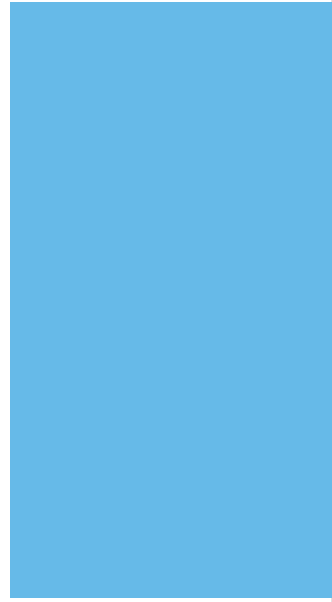
NSDL's total number of active demat accounts crosses 1 Lakh.

1999

NSDL launches NCFM's Depository Operations module, a certificate examination for DP staff.

2000

NSDL's total number of active demat accounts crosses 25 Lakhs.





From the year

2001 to 2005

Improving Efficiency,
Modernising Processes.

2001

NSDL launches electronic delivery instruction platform 'SPEED-e'.

2002

Settlement in demat becomes mandatory for all listed securities. NSDL launches the electronic contract note exchange service 'STeADY'.

2003

NSDL facilitates the introduction of T+2 rolling settlement cycle in the Indian Capital Markets.

2004

NSDL launches 'IDeAS' to give electronic access to investors on their demat accounts. NSDL incorporates a wholly owned subsidiary 'NDML'.

2005

NSDL launches Intraday Production Shifting to Disaster Recovery Site.





From the year

2006 to 2011

Spreading Wings,
Ideating Innovations.

2006

NSDL completes a decade of operations and launches the National Skills Registry through its subsidiary NDML.

2007

NSDL's total value of dematerialised securities cross US \$1 trillion.

2009

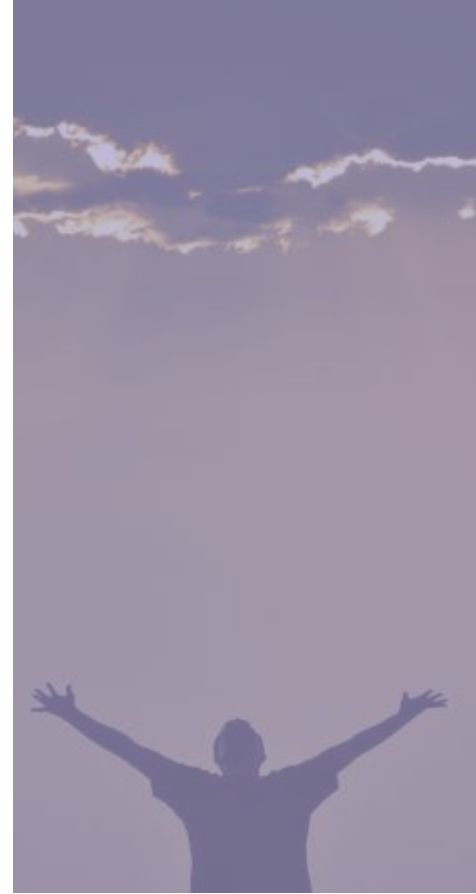
NSDL launches the electronic platform 'SPICE' for clearing members. NDML launches 'SEZ Online', an online administration system for special economic zones.

2010

NSDL launches the facility of dematerialising Mutual Funds and hosts the 14th Asia Pacific ACG meet in Mumbai.

2011

NSDL launches a platform agnostic New Depository System (NDS) for improved operational efficiency and scalability. NDML launches 'PayGov', an electronic payments platform for government departments and organisations.



From the year

2012 to 2017

Putting Investors First.



2012

NSDL launches e-voting system. NDML establishes the 'KYC Registration Agency'.

2013

NDML launches 'National Insurance Repository' for electronic issuance of insurance policies.

2014

NSDL reaches a historic milestone with its total value of dematerialised securities crossing ₹ 100 Lakh Crore [US \$1.6 trillion]. NSDL launches the FPI registration platform.

2015

NSDL launches Consolidated Accounts Statement [CAS] and receives in-principle approval to set up Payments Bank.

2016

NSDL's total number of active demat accounts cross 1.5 crore and NSDL celebrates 20 successful years of operation. NDML commences operations as Registrar and Transfer Agent.

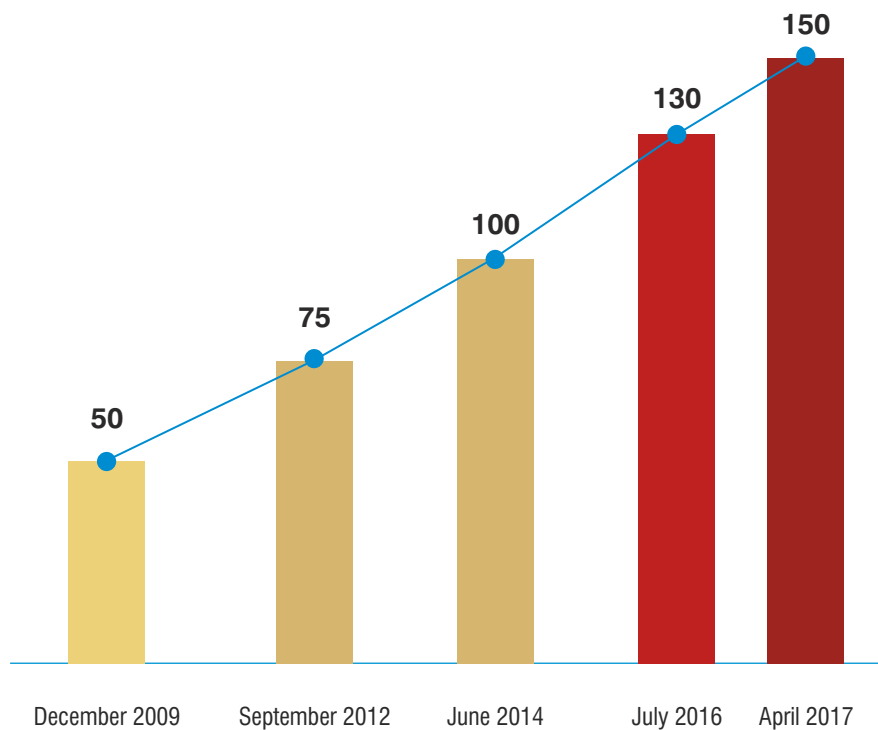


Shri U.K. Sinha, Chairman, SEBI, being welcomed by Mr. C. M. Vasudev, Non-Executive Chairman - NSDL, and Mr. G. V. Nageswara Rao, Managing Director & Chief Executive Officer, NSDL, on the event of NSDL's milestone achievement of twenty successful years in the Indian Capital Markets, held at Mumbai on 20th January, 2017.

₹ 150

lakh crore value of securities held with NSDL

Another milestone achievement as
NSDL's custody value crosses the
nominal GDP of India



(figures in lakh crore)

Value of assets held with NSDL over the years



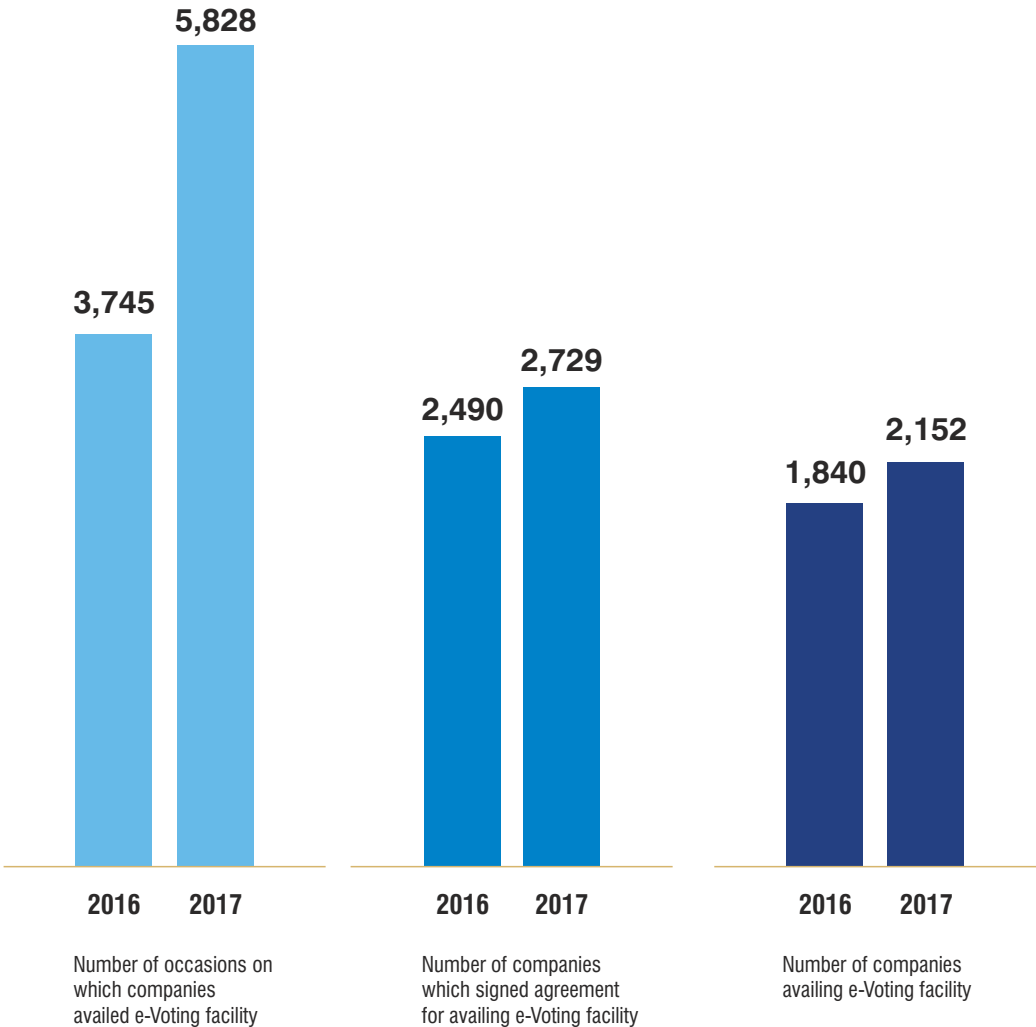


Since its inception in 1996, NSDL's vision has been to create a world class depository infrastructure and strengthen the Indian Capital Markets. In keeping with this vision, NSDL has worked its way in becoming one of the leading depositories in the world and the largest depository in the country with 89% share of the custody value in terms of custody value. The ever-increasing volume of securities held with NSDL, coupled with steadily rising index has enabled NSDL achieve yet another milestone of its custody value crossing ₹ 150 Lakh crore, in more than 1.58 crore active demat accounts. After achieving the grand milestone of crossing ₹ 100 lakh crore of custody value in June, 2014, NSDL's custody value crossed the mark of ₹ 150 lakh crore in merely 3 years. This growth clearly highlights the trust investors have in NSDL system.



E-voting

Many prominent listed companies have utilise NSDL's E-voting service for execution of their e-voting. This year NSDL has enhanced its E-voting service to bring additional convenience to its users. A single sign-on for e-voting was introduced. Live streaming of Annual General Meeting proceedings was introduced for logged in shareholders with ability to post questions Instantaneous publication of voting results by combining remote and venue voting was enabled.



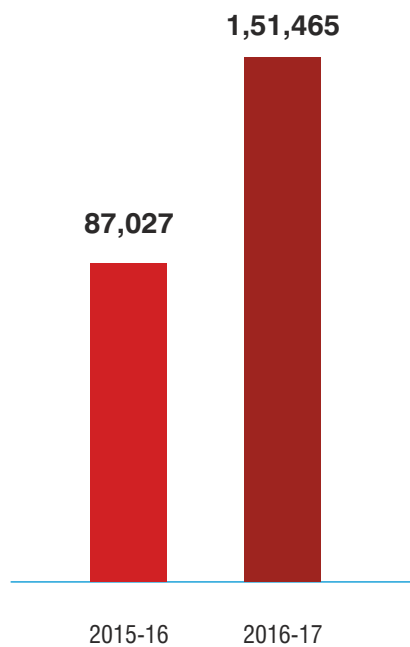


NSDL Mobile App

NSDL Mobile App

With an aim to constantly enhance user experience, NSDL has introduced new features in its mobile app. Brokers can now present e-DIS to their clients, by accepting which investor can easily give electronic delivery instruction through mobile. Investors can also access e-voting system seamlessly through single sign-on. These significant developments in the application are some of the many steps taken by NSDL towards seamlessly integrating all its offerings, thus, enhancing 'ease of access' for the investor.

During the year, number of users who have accessed NSDL Mobile App has nearly doubled to 1,51,465 from 87,027 in previous year.

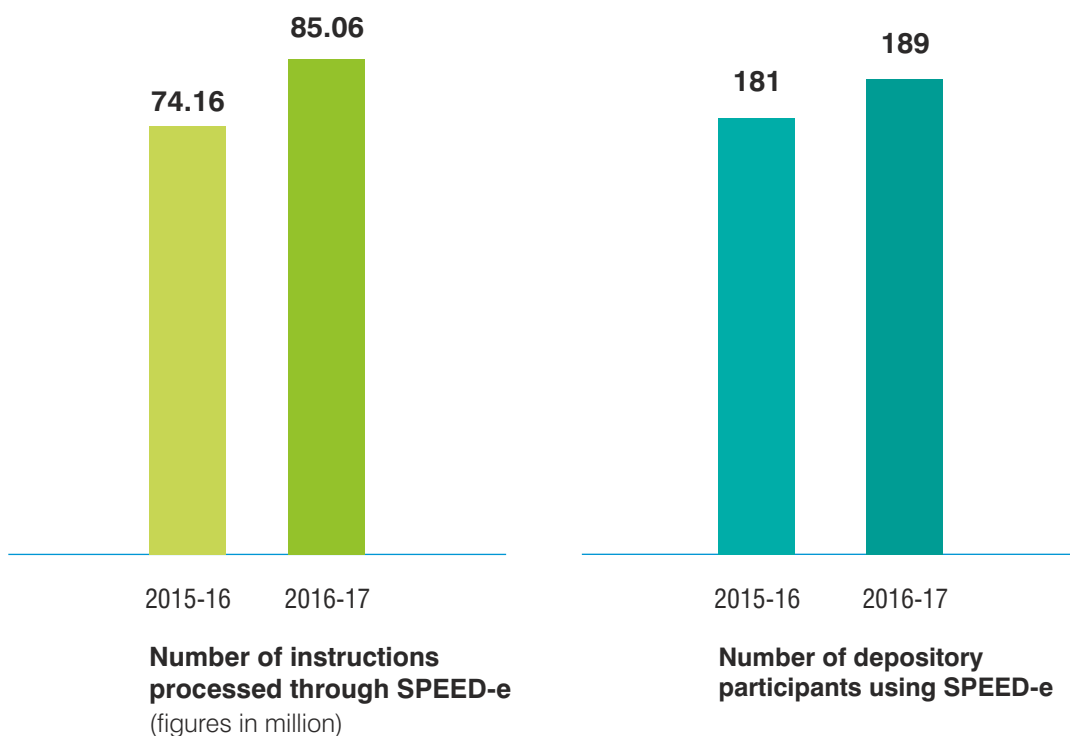


Number of users who have accessed NSDL Mobile App

SPEED-e

Since its introduction, NSDL SPEED-e has revolutionised the Indian Capital markets by enabling electronic delivery instructions. While SPEED-e continues to garner an increased investor base year after year, SPEED-e system has been upgraded with additional features :

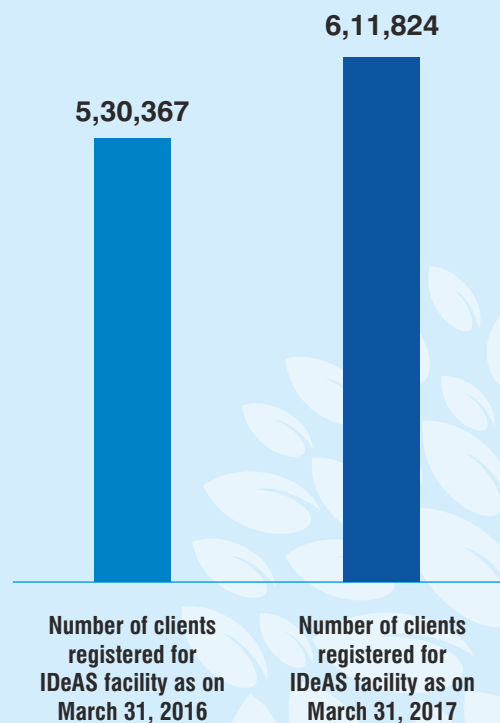
- Users are able to view/download their tax credit statement.
- e-DIS has been introduced for SPEED-e users.
- No. of DPs who have subscribed for SPEED-e facility as on March 31, 2017 - 189 having 226 DPM set-ups.
- Total count of instructions received during 2016-17 is 85.06 Million as compared to 74.16 Million instructions received in 2015 - 16
- During the year 2016-17, approximately 74.66 % instructions were processed through SPEED-e Direct out of total instructions processed on SPEED-e





IDeAS

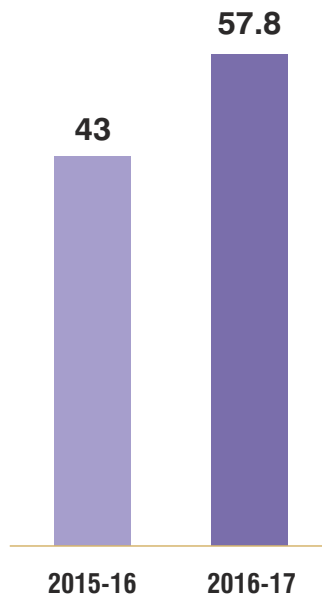
In addition to allowing its users to electronically download their transaction and holding statements, IDeAS now enables a user to also view and download their tax credit statement, without having to separately log-in to the TRACES web site. With further integration being introduced, users can also directly access NSDL's e-voting system using their IDeAS credentials.



SMS Alerts

NSDL sends real time SMS alerts to its demat account holders in order to keep them updated about every debit in their account. In addition SMSes are being sent for several other types of transactions. This also acts as an effective risk mitigation measure.

Total number of SMS sent between Apr 16 - Mar 17 = **5,78,25,649.**



(figures in millions)

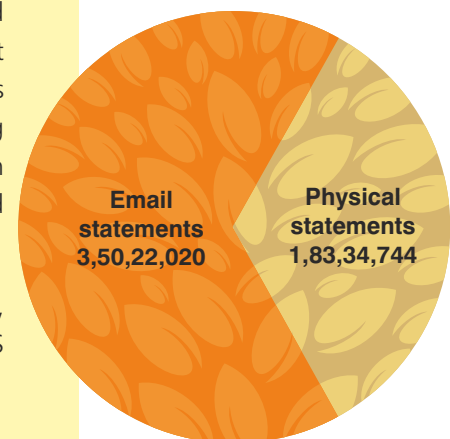
Number of SMSes sent to the registered subscribers

CAS

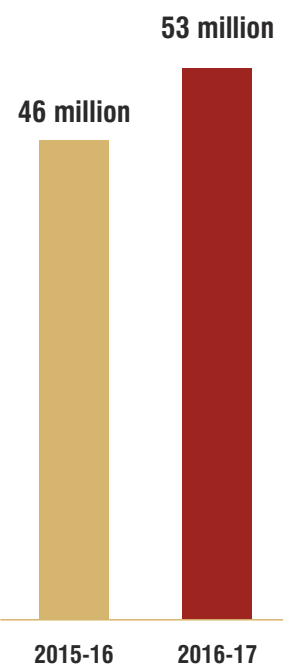
A comprehensive and informative statement that provides a demat account holder an account of every security and electronic insurance policy held by them. Considered as one of the most sought-after offerings from NSDL, the Consolidated Accounts Statement is a delight for every demat account holder who has subscribed to its services. NSDL sent upwards of 53 million statements to demat account holders during 2016-17. Of these, more than 35 million were sent through email, using digitally-signed and password-protected documents.

As part of NSDL's endeavour to enhance investor experience, following new features were incorporated in NSDL CAS during 2016 - 17:

- Additional details viz., Total Cost, Average Cost per unit, Unrealised Profit/Loss, Unclaimed Amounts for Redemption & Dividend, Total Expense Ratio in NSDL CAS to provide investor enriched view in respect of client's Mutual Fund investments.
- Additional feature of Portfolio Value Trend whereby investor will be able to view historical monthly movement of consolidated portfolio value over time.
- Status of companies which are "Under Liquidation / winding-up" and "Reference to BIFR and winding up petition filed" under the ISIN description.
- The new link viz., "Click here to Register" under "Know more about your account" section in e-CAS provided for updation/modification of first holder Email ID along with the facility for subscription of NSDL e-CAS.
- A new feature of "Annualised Return" to provide information pertaining to return on investments in respect of Mutual Fund schemes.



Total number of CAS sent to demat account holders in 2016 - 2017
5,33,56,764



Number of statements sent to demat account holders



Payments Bank Licence

On 7th of September, 2015, NSDL was granted an in-principle approval by the Reserve Bank of India for setting up its own Payments Bank. The NSDL Payments Bank was incorporated on 17th of August, 2016 and subsequently, an application for the final licence was made to the Reserve Bank of India. The Reserve Bank of India granted this final licence to NSDL Payments Bank on the 30th of March, 2017. The NSDL Payments Bank is actively working towards being operationally live in the coming months.



Investor Accounts

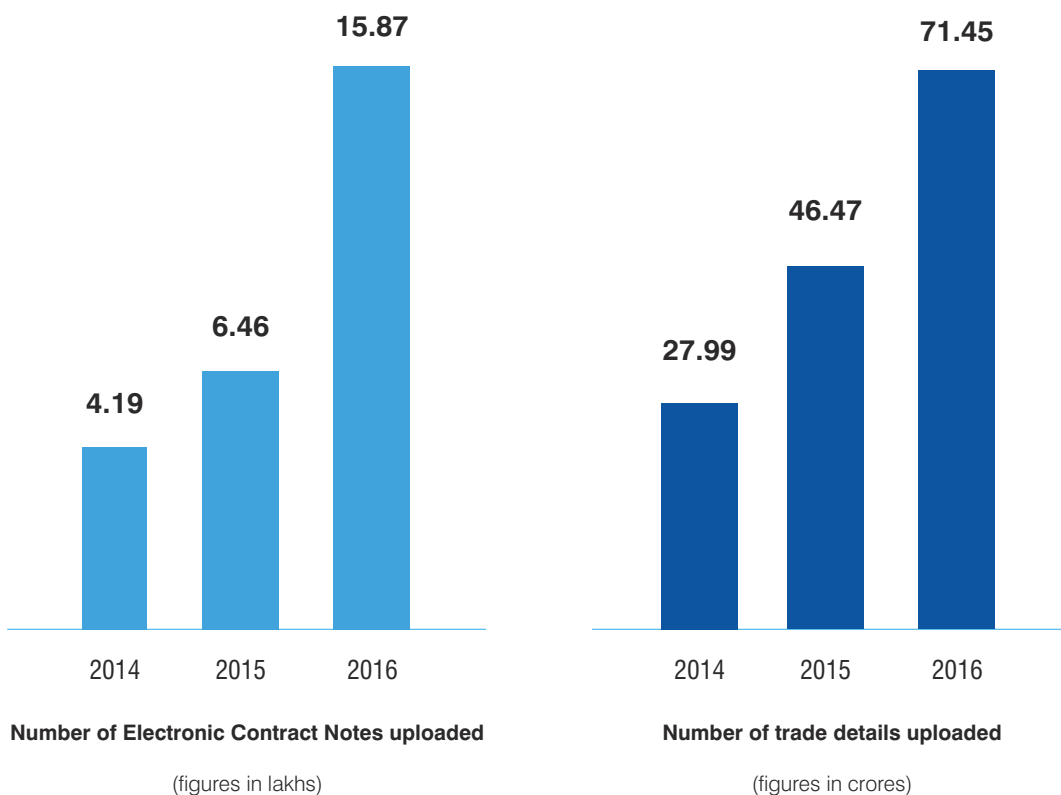
The number of newly opened accounts in NSDL increased from 1.43 million in 2015-16 to 1.48 million in 2016-17. NSDL's new demat account opening crossed 2 lakh accounts in March 2017 - the highest number of accounts opened in a single month, in last 7 years.



Number of newly opened Investor Accounts
(figures in millions)

Electronic Contract Notes

NSDL's platform for electronic transmission of digitally signed and encrypted trade information to market participants has experienced tremendous increase in the number of trades processed during 2016-17 in the previous financial year. NSDL's STeADY platform caters to a wide range of market participants with impeccable speed and accuracy.

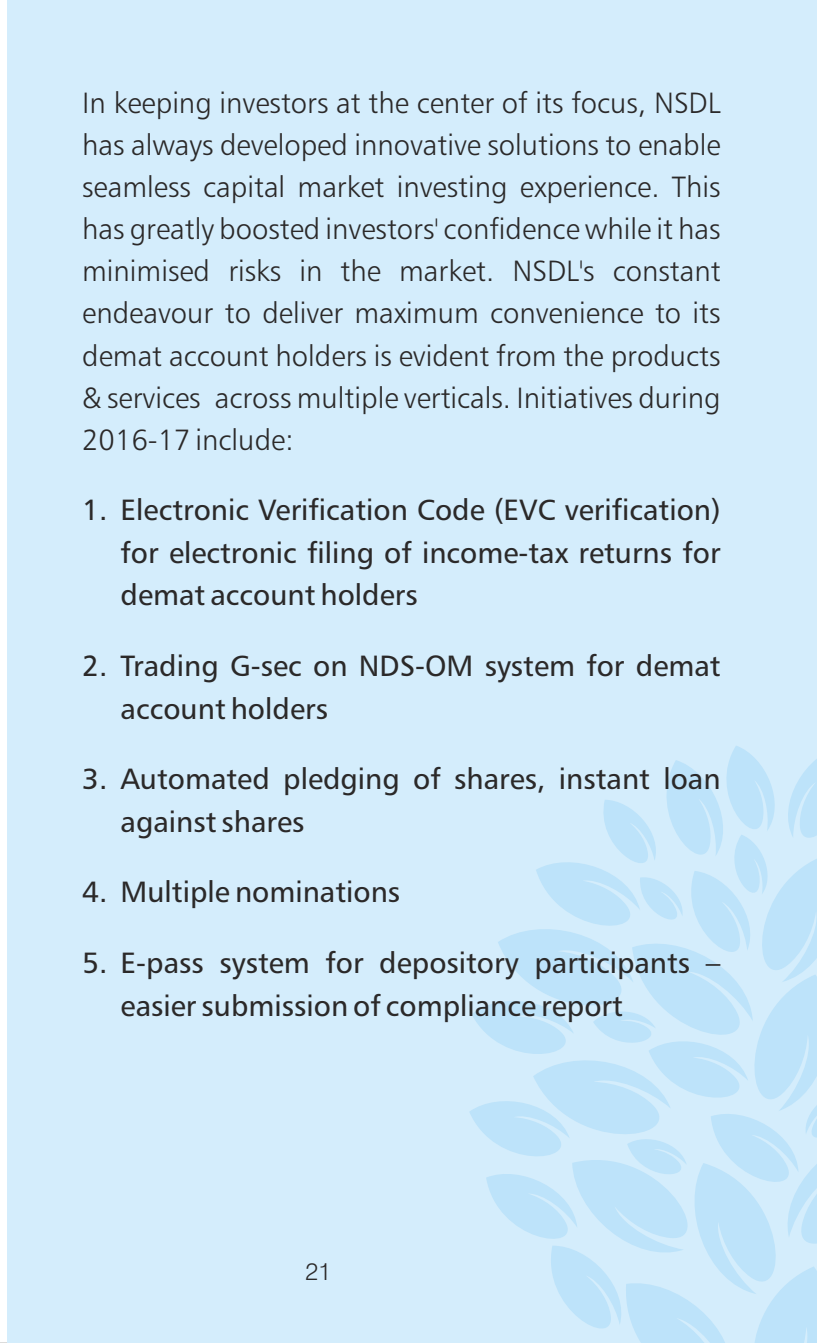




Highlights of FY 2016-2017



In keeping investors at the center of its focus, NSDL has always developed innovative solutions to enable seamless capital market investing experience. This has greatly boosted investors' confidence while it has minimised risks in the market. NSDL's constant endeavour to deliver maximum convenience to its demat account holders is evident from the products & services across multiple verticals. Initiatives during 2016-17 include:

1. Electronic Verification Code (EVC verification) for electronic filing of income-tax returns for demat account holders
 2. Trading G-sec on NDS-OM system for demat account holders
 3. Automated pledging of shares, instant loan against shares
 4. Multiple nominations
 5. E-pass system for depository participants – easier submission of compliance report
- 

Message

from MD & CEO



Dear Shareholder,

2016-17 is a special year in the history of NSDL when we proudly celebrated the completion of 20 successful years of operations. The journey began way back on November 8, 1996 when NSDL commenced operations as the first depository in India and made the word 'Demat' an integral part of the lexicon of the Indian investor. When most banks in the country were operating using paper ledgers, NSDL introduced electronic securities accounts using which investors could instantaneously transfer securities anywhere across the country. When 'Digital' was not yet a buzzword, NSDL introduced digitisation not just in the capital markets but in a wide range of domains including tax systems, pension systems, KYC records, insurance policies, identity solutions such as PAN and Aadhaar, etc. Today NSDL stands as the backbone of many areas in financial markets in India. NSDL ranks amongst the top depositories in the World by number of accounts and number of transactions processed. In fact it ranks amongst the top in the breadth and diversity of its services.

Today, the custody value of NSDL has crossed ₹ 150 lakh crore, which is more than the nominal GDP of most countries in the world. In fact, it just crossed India's own GDP. This significant milestone has been achieved in merely 27 months after the previous achievement of crossing ₹ 100 lakh crore in custody value. NSDL's market share at 89% of the custody value, 97% in debt and almost 100% in FPI investments is testimony to NSDL's philosophy in putting investors first through thought leadership and delivering many new products and services for the benefit of investors. NSDL aspires to be the Recordkeeper to the Investor, a paraphrase of the slogan Recordkeeper to the Nation which we used to describe ourselves. NSDL's Consolidated Account Statement (CAS) with its rich content and complete portrayal of all investments in the capital markets has become very popular amongst investors. NSDL has been flooded with letters of appreciation from investors from all corners of the country ever since the launch of NSDL CAS. NSDL aspires to advance this agenda by enabling investors to hold all

financial investments in digital form and by obviating the need for investors to maintain any records related their investments, which should all be available to them at their fingertips at anytime in their NSDL Demat Account. NSDL aspires to fulfill the vision of Hon'ble Finance Minister Shri Arun Jaitley when he announced the decision to introduce Single Operating Demat Account in his Budget speech of July 2014.

NDML too has been leading the digital drive in many areas including insurance and education. NDML's Insurance Repository now enables issuance of insurance policies in digital format not only for life policies, but also motor and health policies. NDML has launched the National Academic Depository, a pioneering initiative of the Ministry of Human Resource Development, which was inaugurated by Hon'ble President of India Shri Pranab Mukherjee on July 9, 2017. The concept of securities depository will be now extended to academic certificates. National Academic Depository will allow every student to hold a digital account linked to Aadhaar, to which all academic certificates awarded to the student by any academic institution will be digitally credited.

Another significant milestone is the setting up of NSDL Payments Bank, which has received the final license from the Reserve Bank of India. NSDL Payments Bank will be a digital bank with the vision to promote digital payments using superior technology and user experience. It will leverage the technology expertise and digital innovation that has characterised NSDL's journey. The Bank is actively working towards launching operations in the coming year.

I and my team look forward to continue to work harder to maintain the streak of innovation, expand the range of services and provide a unified and seamless digital experience to every investor in India.

With Best Wishes

G. V. Nageswara Rao
Managing Director & CEO

Board of Directors



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



Mr. Ravi Narain
Non-Executive Director – NSDL



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



Mrs. Pramila Shrivastav
Former Chief Commissioner of
Income Tax, Ghaziabad



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



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



Mr. G. V. Nageswara Rao
Managing Director &
Chief Executive Officer (CEO)

* Mr. P. P. Vora has retired w.e.f. May 09, 2017.

Mr. B.A. Prabhakar has been appointed as Public Interest Director on May 08, 2017.

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

@ Mr. Sudhir Mankad retires w.e.f. August 04, 2017.

Committees



Executive Committee

Mr. G.V. Nageswara Rao	Chairman
Ms. Dharmishta N. Raval	Senior Lawyer at the Gujarat High Court Bar
Mr. Anup Bagchi*	Executive Director ICICI Bank Ltd.
Ms. Shilpa Kumar@	MD & CEO ICICI Securities Ltd.
Dr. Indira Parikh	Former President of Foundation for Liberal and Management Education
Mr. Anand Rengarajan	Managing Director & Head of Direct Securities Services- India Deutsche Bank
Mr. Sarbeswar Lenka	Managing Director SBICAP Securities Limited
Mr. Rajiv Anand	Executive Director - Retail Banking Axis Bank
Mr. Jaideep Arora	Chief Executive Officer Sharekhan Limited
Mr. B. Gopkumar	Chief Executive Officer Reliance Securities Limited
Mr. A. Balasubramanian	Chief Executive Officer Birla Sun Life Asset Management Co. Ltd.
Mr. Nishant Nadkarni	Vice President HDFC Bank Ltd
Mr. Samar Banwat	Executive Vice President

*Mr. Anup Bagchi ceased to be a member w.e.f. April 29, 2017.
@Ms. Shilpa Kumar has been appointed w.e.f. May 08, 2017.

Disciplinary Action Committee

Mr. G.V. Nageswara Rao	Chairman
Mr. Ajit Kumar Day	Chairman & Managing Director Dayco Securities Pvt. Ltd.
Ms. Dharmishta N. Raval	Senior Lawyer at the Gujarat High Court Bar
Mr. D. Kannan	Managing Director Kotak Securities Ltd.

Public Interest Directors

Mr. C. M. Vasudev	Lead Public Interest Director
Mr. P. P. Vora*	
Mr. Sudhir Mankad @	
Mrs. Pramila Shrivastav	
Mr. B. A. Prabhakar #	
Mr. S. Sridhar ^	

Independent Directors

Mr. C. M. Vasudev	Lead Independent Director
Mr. P. P. Vora*	
Mr. Sudhir Mankad @	
Mrs. Pramila Shrivastav	
Mr. B. A. Prabhakar #	
Mr. S. Sridhar ^	

* Mr. P.P.Vora has retired w.e.f. May 09, 2017.

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

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COMMITTEES OF THE BOARD

Audit Committee

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

Nomination & Remuneration Committee

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

Ethics Committee

Mr. C. M. Vasudev	Chairman
Mr. P. P. Vora **	
Mr. Sudhir Mankad @	

IT Strategy Committee

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

Stakeholders Relationship Committee

Mrs. Pramila Shrivastav	Chairperson
Mr. G. V. Nageswara Rao	

Corporate Social Responsibility Committee

Mr. G. V. Nageswara Rao	Chairman
Mr. P. P. Vora **	
Mr. Sudhir Mankad @	
Mr. Ravi Narain	

Share Allotment/ Transfer Committee

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

Pricing Committee

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

** Mr. P.P.Vora has retired w.e.f. May 09, 2017.

@ Mr. Sudhir Mankad retires w.e.f. August 04, 2017.

Our Team



Mr. G. V. Nageswara Rao (MD & CEO)



Mr. Krishna Srinivas



Mr. Nityanand Phatarphod



Mr. Dnyanesh Nerurkar



Mr. Samar Banwat



Mr. S. Ganesh



Mr. Prashant Vagal



Mr. Manoj Sarangi



Mr. Sunil Batra



Mr. Nitin Ambure



Ms. Sudha Balakrishnan



Mr. Manoj Sathe





Management Team

Mr. G.V. Nageswara Rao	Managing Director & CEO
Mr. Krishna Srinivas	Executive Vice President
Mr. Nityanand Phatarphod	Executive Vice President
Mr. Dnyanesh Nerurkar	Executive Vice President
Mr. Samar Banwat	Executive Vice President
Mr. S. Ganesh	Senior Vice President & Compliance Officer
Mr. Prashant Vagal	Senior Vice President
Mr. Manoj Sarangi	Senior Vice President
Mr. Sunil Batra	Senior Vice President
Mr. Nitin Ambure	Vice President
Mr. Manoj Sathe	Vice President
Ms. Sudha Balakrishnan	Vice President & Chief Financial Officer (CFO)

Annual General Meeting

Wednesday, 27th September, 2017, at 11:30am, at Board Room, 5th Floor, Trade World, 'A' Wing, 4th floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

Company Secretary

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

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.nsdل.co.in
CIN : U74120MH2012PLC230380

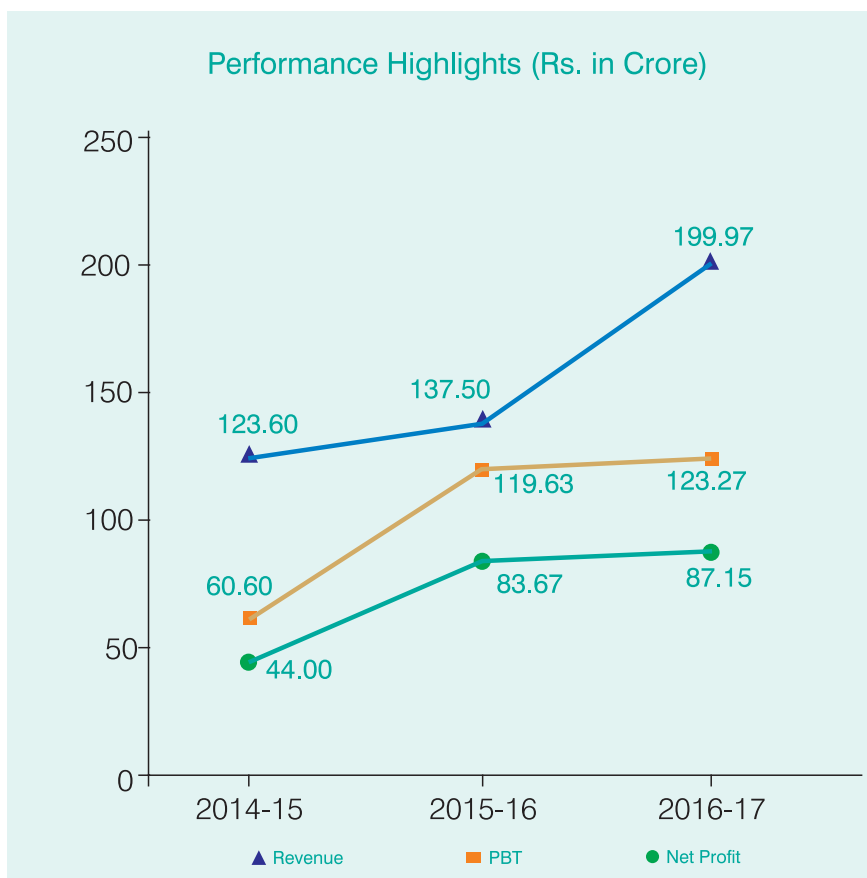
Boards' Report



Boards' Report

To the Members,

Your Directors are pleased to present the Fifth Annual Report and the Company's Audited Financial Statements for the financial year ended March 31, 2017.



- Revenue from operations increased to Rs. 199.97 crore in 2016-17 as compared to Rs. 137.50 crore in the previous year.
- Profit Before Tax (PBT) increased to Rs. 123.27 crore in 2016-17 as compared to Rs. 119.63 crore in the previous year.
- Profit After Tax (PAT) increased to Rs. 87.15 crore in 2016-17 as compared to Rs. 83.67 crore in the previous year.
- Net worth of the Company as on March 31, 2017 increased by 17% to Rs. 510 crore as compared Rs. 436 crore a year ago.
- Earnings Per Share of the Company increased to Rs. 21.79 in 2016-17 as compared to Rs. 20.92 in the previous year.
- Total Comprehensive Income increased to Rs. 86.18 crore in 2016-17 as compared to Rs. 83.83 crore in the previous year.

Directors' Report

Financial Review

Financial Results

Particulars	2016-17 (₹ crore)	2015-16 (₹ crore)
Income	236.52	169.72
Expenditure	103.24	75.96
Profit before depreciation	133.28	93.76
Depreciation	2.41	2.52
Contribution to Investor Protection Fund (IPF)	7.60	2.91
Profit before exceptional item	123.27	88.33
Exceptional Items	0	31.30
Profit before tax	123.27	119.63
Provision for Deferred Tax (Credit)	1.62	0.49
Provision for Tax	34.50	35.47
Profit after Tax	87.15	83.67
Total Comprehensive Income	86.18	83.83
Appropriation:		
Proposed Dividend	10	10
Tax on Dividend	2	2
Transfer to General Reserve	50	15
Surplus Carried to the Balance Sheet	24.18	56.33

Results of operations and state of Company's affairs for Financial Year 2016-17

Profit after tax stood at Rs. 87.15 crore after making a provision for tax of Rs 36.12 crore. Further, as required under SEBI (Depositories and Participants) (Amendment) Regulations, 2016, 5 percent of profits from depository operations, i.e. Rs.7.60 crore has been set aside to be contributed to the Investor Protection Fund (IPF).

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

Dividend

Your Directors have recommended a dividend of Rs. 2.5 per share (i.e. 25%) for 2016-17 (same as that of 2015-16) for consideration of the shareholders. The dividend distribution would result in a cash outflow of Rs. (12.04) crore including tax on dividend of Rs. (2.04) crore.

Share Capital

The paid up Equity Share Capital as on March 31, 2017 is Rs. 40 crore. During the year under review, the Company has not issued shares. None of the Directors of the Company hold shares in the Company.

Management Discussion and Analysis

Business Overview

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

Financial Year 2016-17 has been a successful and important year for the Company. The Company was able to capitalise on the market conditions through its operational excellence, higher efficiency and well executed strategies.

Business Initiatives

Five key Business Initiatives were implemented by your Company in Financial Year 2016-2017.

1. E-Voting

New Enhancements that have been incorporated in e-Voting are mentioned below:

a. Voting Chart at AGM

NSDL has implemented a graphical representation of e-Voting progress / results in its TAB e-Voting Application for e-Voting being conducted at AGMs held by companies who have availed the TAB e-Voting facility from NSDL. Companies have appreciated this feature as it gives a resolution wise consolidated view of the e-Voting results in a single screen.

b. Live Streaming

NSDL has introduced a feature of Live Web Streaming of AGMs on the NSDL e-Voting Web Portal which facilitates shareholders to view the AGM proceedings Live and also enables them to send queries online which is made available to the speakers in the AGM for giving an immediate response. The first event that was web casted on NSDL e-Voting Web Portal was on 26th August 2016.

c. Evoting on Mobile

NSDL has enhanced its Mobile App offering by introducing e-Voting feature. With this feature, Shareholders are shown active voting cycles applicable to them after they login to the NSDL Mobile App using their existing credentials. Users have been provided with the ability to e-Vote on the active Voting Cycles applicable to them.

2. NDS-OM Integration with SPEEDe

CCIL has provided NDS-OM WEB platform for Demat

Account Holders who are registered by Primary members to submit Buy/Sell Instruction for Gsec ISIN's. NSDL has Integrated SPEEDe platform with NDS-OM. This Implementation ensures seamless transfer of Instruction from NSD-OM to SPEEDe system. Demat Account Holder simply needs to login to NSDL SPEEDe system and confirm the Instruction.

3. Integration with Net Banking of HDFC Bank for Loan against Shares (LAS):

HDFC had approached NSDL to integrate Net Banking application with Depository. In this implementation, Customer can initiate LAS request through Net Banking which will be transmitted to NSDL along with Demat Account details for further processing. Depository System receives such Requests and sends one time Password (OTP) to registered Mobile Number of Demat Account Holder. After successful verification of OTP, LAS request is received by Depository.

4. Pledge Initiation through eService:

NSDL has enhanced its eServices platform by introducing Pledge Initiation Feature. With this feature, Demat Account Holders registered on SPEEDe Platform for DSC based Authentication have been provided facility to submit Pledge Initiation Request. This Instruction will be transmitted and processed in real-time.

5. Margin Pledge for NSCCL

Clearing members are permitted to deposit shares of companies and ETFs in the designated Depository accounts maintained with Approved Custodians. These securities are pledged in favour of National Securities Clearing Corporation Limited (NSCCL). For this, members are required to open a separate Depository account with the authorised Custodians for the purpose of deposit of securities. The existing Pledge facility in NSDL has been used for this purpose. Clearing Members can open BO Demat account with any DP of NSDL. If broker is DP of NSDL, then they can maintain the aforesaid BO account with their own DP too. Pledge requests submitted in the eligible ISINs (list provided by NSCCL) by the Clearing members will be automatically confirmed if the Clearing member is among the list of already authorised members by NSCCL.

6. Enhancements in NSDL Consolidated Account Statement

New Enhancements that have been incorporated in NSDL CAS are mentioned below:

Management Discussion and Analysis

- a. NSDL CAS was enhanced to provide the details in respect of return on investment. Accordingly, XIRR details at scheme level in respect of Mutual Fund folios was incorporated to provide Extended Internal Rate of Return to the clients by giving calculated returns on investments.
- b. Masking the starting 8 digits of AADHAAR number (**** * 1234).

Regulatory Requirements

Five key implementations were taken up during FY 2016-2017 in line with guidelines laid down by regulatory dictates.

1. GSec Settlement

Currently the trading of these instruments (G-Secs and T-Bills) is undertaken in the CCIL NDS-OM platform, and the settlement of these trades is also undertaken by CCIL acting as a CCP. The settlement of trades is done on a T+1 basis. It is now proposed to start the process of settlement of demat trades in respect of Government Securities.

CCIL is admitted in NSDL as a Clearing Corporation (CC) and all primary members of CCIL have been admitted as Clearing Members and are required to open Pool account for settlement of Government securities in Demat form with DP of Depository.

Clients can trade in OTC markets and report their deals to the Primary Member who will subsequently report the deal on NDS-OM. For Settlement, Payin and Payout, files are received from CCIL at a predefined time and Response files for the same are generated and provided by NSDL to CCIL.

2. New Security Type

SEBI notified the Infrastructure Investment Trust (InvIT) Regulations, providing for registration and regulation of InvITs in India. The objective of InvITs is to facilitate investment in the infrastructure sector. InvITs can be established as a trust and registered with SEBI.

An Infrastructure Investment Trust (InvIT) enables direct investment of small amounts of money from individual/institutional investors in infrastructure to earn a return.

NSDL has enhanced its system to activate new ISIN's under this new Security type.

3. Multiple Nomination Facility

Earlier, the NSDL Depository System has the ability to store details related to only one Nominee in a Demat Account. As per mandate received from SEBI, changes were done in the NSDL Depository System to provide facility to capture and store details of Multiple Nominees. This also includes the Percentage share for each Nominee as declared by the Demat Account Holders. The NSDL Depository System now allows maximum registration of three Nominations per Demat Account.

4. Tender Offer through Stock Exchange Platform

SEBI had advised Depositories to enable Demat account Holders to submit Tender Offer Instruction directly to stock exchange instead of submitting this instruction to Broker and then Broker submitting to stock exchange platform. This facility has been enabled on the Depository System of NSDL.

5. NSDL Consolidated Account Statement

As per SEBI directive, the following features were incorporated in NSDL CAS:

- Each CAS issued to the investors provides the total purchase value / cost of investment in each scheme.
- CAS issued for the half-year (ended September/ March) provides:
 - * The amount of actual commission paid by AMCs/Mutual Funds (MFs) to distributors (in absolute terms) during the half-year period against the concerned investor's total investments in each MF scheme.
 - * The scheme's average Total Expense Ratio (in percentage terms) for the half year period for each scheme's applicable plan (regular or direct or both) where the concerned investor has actually invested in.

Progress at NSDL

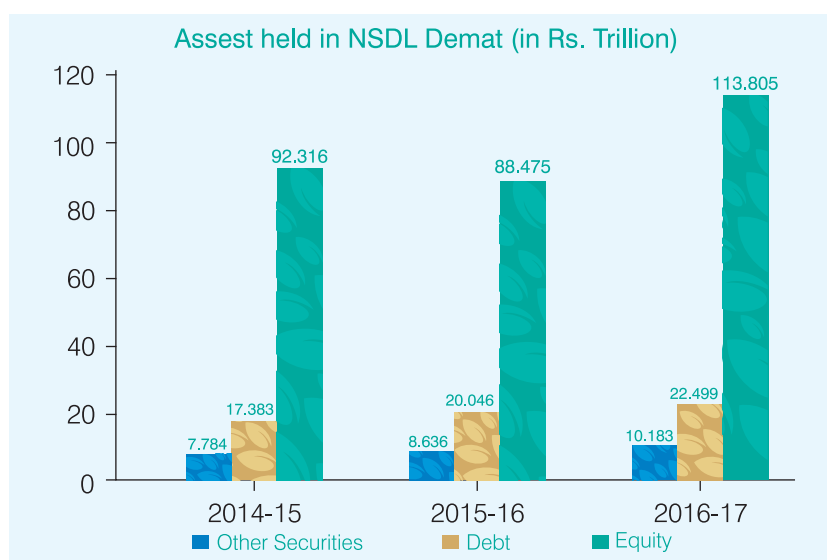
NSDL Consolidated Account Statement (CAS)

NSDL has started sending CAS to its clients from February 2015. NSDL CAS is a single statement of all investments in the securities market and includes investments in equity shares, preference shares, mutual funds, bonds, debentures, securitised instruments, money market instruments and government securities held in demat. All investments held in single or joint names are a part of NSDL CAS.

NSDL CAS is part of the overall vision to enable all financial assets to be held electronically in a single demat account, which was articulated by the Hon'ble Finance Minister in his budget speech of July 2014. As a step in this direction, SEBI has introduced Consolidated Account Statement for all securities assets by consolidating demat accounts and mutual fund folios. NSDL CAS offers unparalleled convenience in keeping track of their investment portfolio. During the year under review, NSDL has dispatched about over five crore CAS to investors.

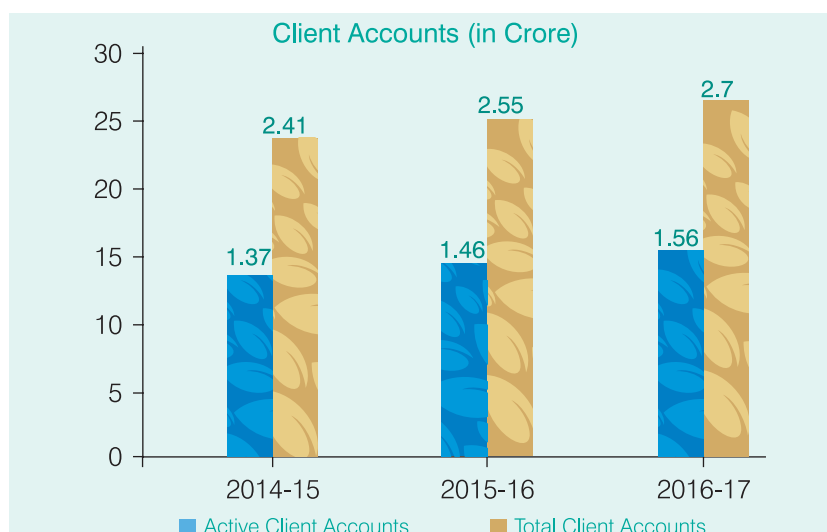
Asset Value under Custody

The value of assets held under custody stood at Rs. 146.5 lakh crore as on March 31, 2017. The value of equity securities stood at Rs. 113.8 lakh crore, while the value of debt securities (Debentures, Bonds, CPs, CDs etc.) stood at Rs. 30.75 lakh crore.



Client Accounts

During the year under review, your Company crossed 1.55 crore active demat accounts.



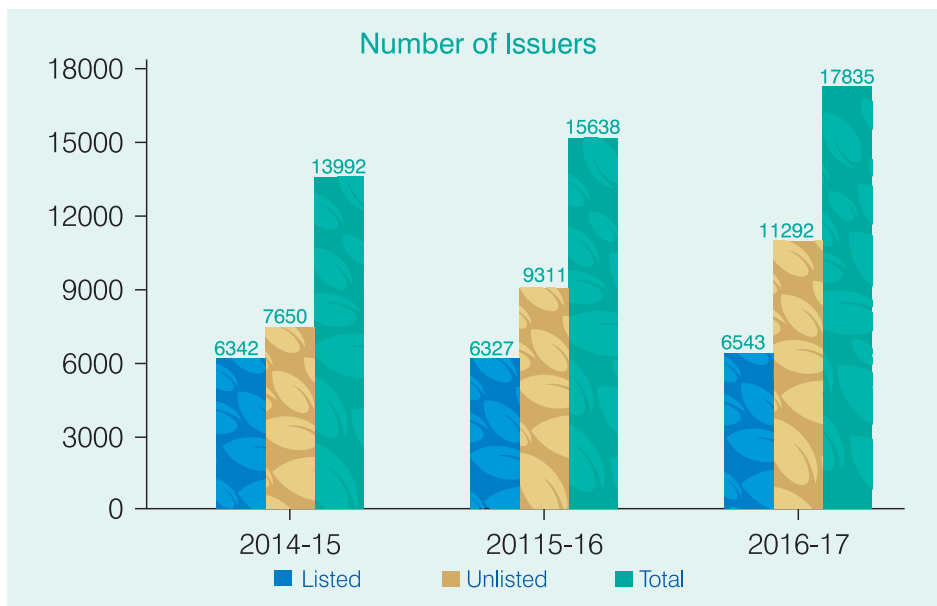
Progress at NSDL

Upon notification by the Government of India of Rajiv Gandhi Equity Savings Scheme, 2012 (RGESS), Participants of your company have started opening RGESS enabled demat accounts for 'New Retail Investors' to invest in securities market. As on March 31, 2017, total number of RGESS accounts stood at around 22,921 and the total value of investments made by these RGESS account holders stood at around Rs. 94.62 crore.

During FY 2016-17, 14.8 lakh new accounts were opened at NSDL taking total number of demat accounts opened till March 31, 2017 to 2.69 crore.

The number of active depository accounts increased from 1.46 crore as at the end of the previous year to 1.56 crore as on March 31, 2017 resulting in a net increase of 8.5 lakh accounts.

Issuers

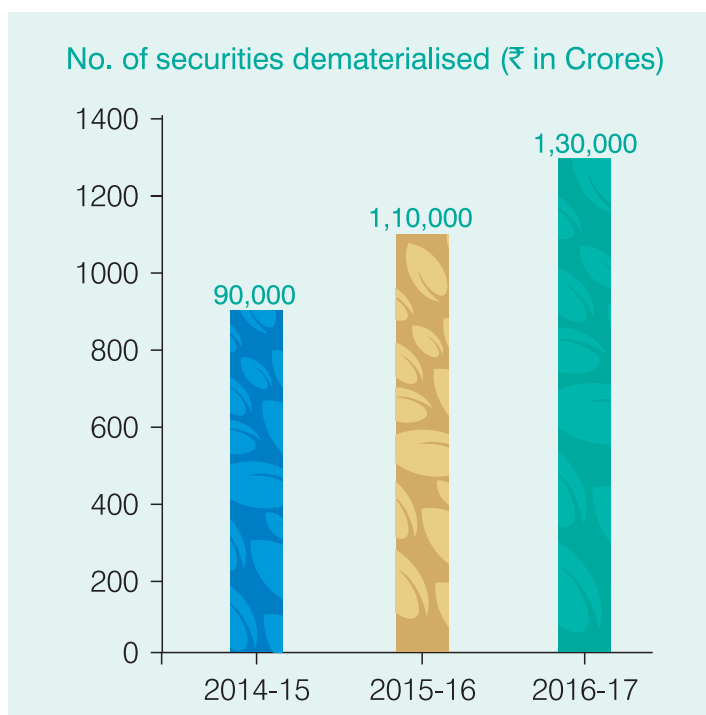


During the year, the number of Issuers who signed agreements with NSDL to avail dematerialisation facilities continued to grow and crossed 17,835 by March 31, 2017 as compared to 15,638 as on March 31, 2016.

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

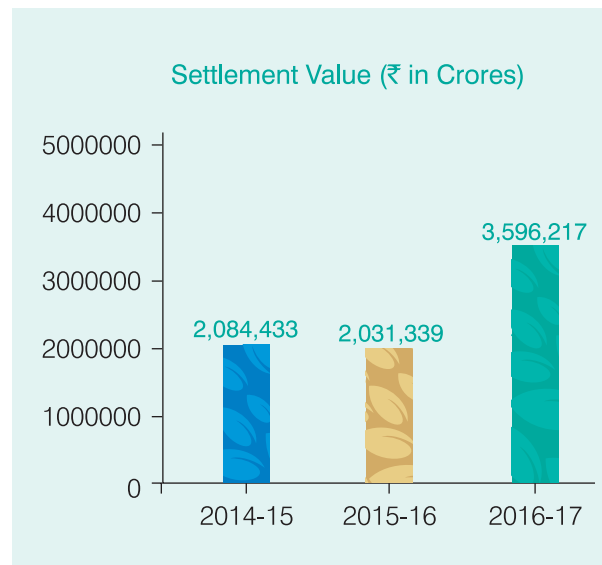
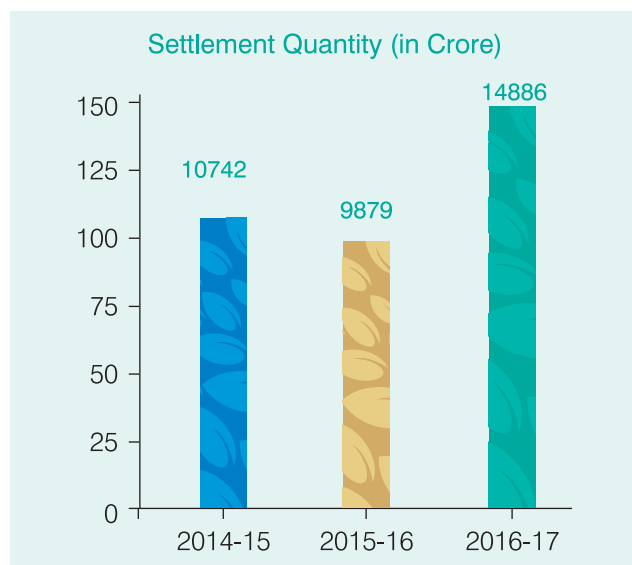
The number of securities dematerialised increased substantially and stood at more than 1.3 trillion as on March 31, 2017, against 1.1 trillion as on March 31, 2016, indicating a growth of over 18% during the year.



Progress at NSDL

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 is 14,885.72 Crore. The value of securities that were settled in dematerialised form during FY 2016-17 is Rs. 3,596,217.35 Crore as against Rs. 2,031,338.73 Crore in FY 2015-16.



FPI Monitor

Foreign Portfolio Investors (FPI) Regime commenced in India from June 1, 2014 onwards. SEBI has assigned the responsibility of centrally generating FPI Registration Number and FPI Certificate to NSDL. Accordingly, NSDL has developed a central system viz., FPI Monitor (www.fpi.nsd.co.in) for the Designated Depository Participants (DDP) to register its FPI applicants online and obtain FPI registration number along with FPI certificate for the applicant.

NSDL also monitors the investment limits of FPI investor group who have common beneficial ownership under the equity segment and monitor debt limit utilisation in respect of FPIs / Deemed FPIs (i.e. erstwhile FII and Sub accounts). Besides, NSDL also disseminates rich statistical information on NSDL FPI portal relating to investment by FPIs / Deemed FPIs in India. The total number of FPIs registered with NSDL stood at 7,807 as on March 31, 2017.

Depository Participants

The total number of Depository Participants stood at 264 as on March 31, 2017. These Participants offer services from 27,389 locations in 1,937 cities and towns across the country.

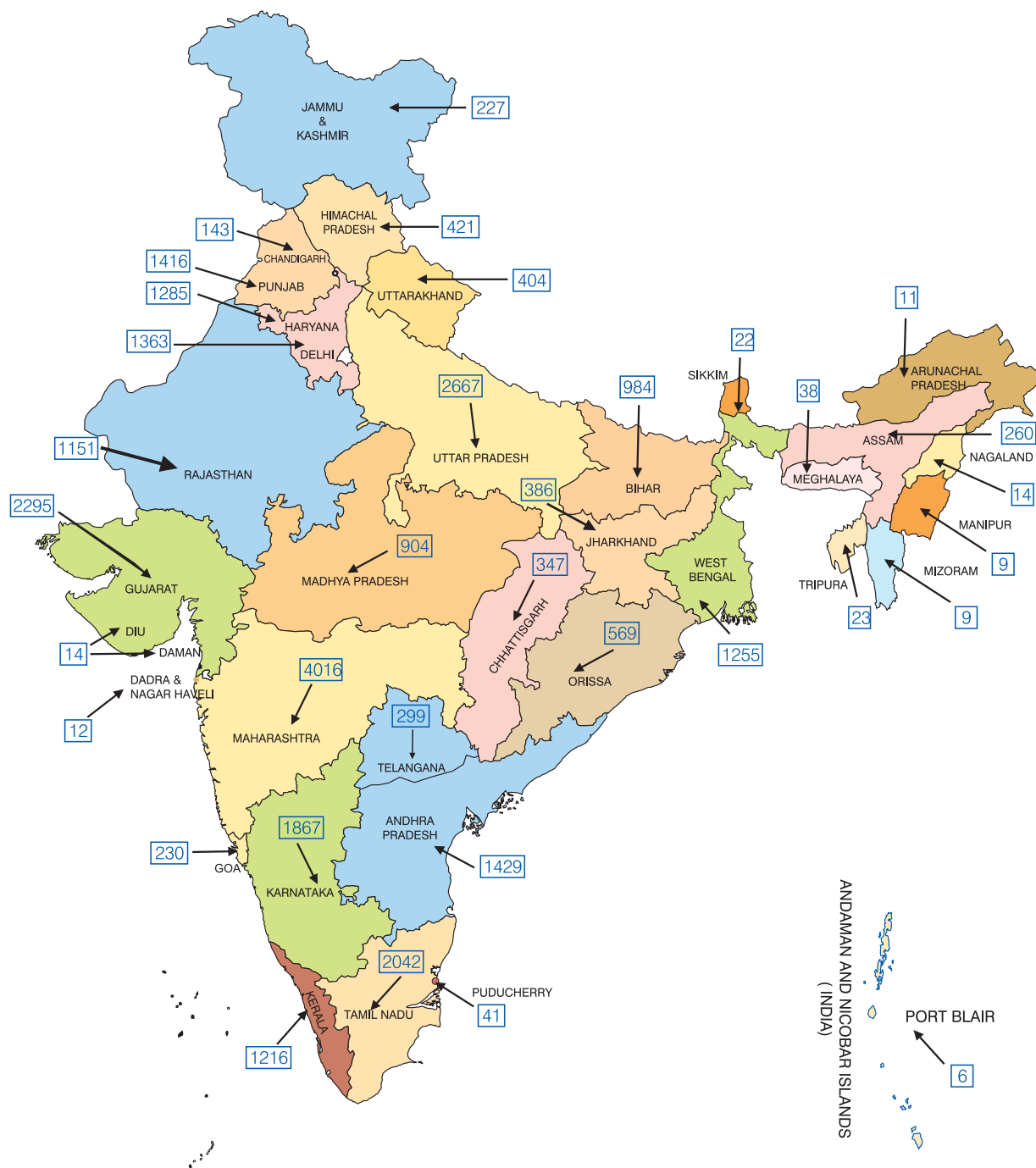
The category wise break-up of Participants was as follows:

Sr. No.	Category	No. of Participants
1	Bank	41
2	Clearing Corporation / Clearing House	2
3	Custodian	6
4	Financial Services Company	4
5	Foreign Bank	7
6	NBFC	1
7	Registrar & Transfer Agent	1
8	Stock Broker	202
	Total	264

Progress at NSDL

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

Statewise Spread of Service Centres of NSDL Participants



Progress at NSDL

Corporate Bond Database

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

Corporate Actions

The Corporate Action (CA) service of NSDL continued to be used extensively by Issuers in distributing securities arising out of IPOs, Bonus, Rights etc., electronically. Total number of corporate actions during FY 2016-17 aggregated to 1,97,329 as compared to 1,40,562 in the previous year indicating a growth of around 40%. 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 28,320 crore as compared to 15,032 crore in the previous year.

Details of securities issued by way of electronic credits through NSDL for FY 2016-17 are as under:

Description	No. of Corporate Actions	No. of Allottees (in hundreds)	No. of securities (in Crore)
Equity Shares	6,046	88,142.33	13,765.68
Preference Shares	276	891.25	1,169.06
Bonds & Debentures	5105	1,547.51	552.34
Commercial Papers	11,731	117.41	4.18
Certificate of Deposits	1,441	25.28	3.96
Securitised Instruments	709	10.30	11804.76
Mutual Fund Units *	1,71,976	13,844.06	932.24
Warrants	45	1.96	87.53
Total	1,97,329.00	1,04,580.10	28,319.75

* Mutual Fund includes both securities type 13 and 20

Technology

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

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

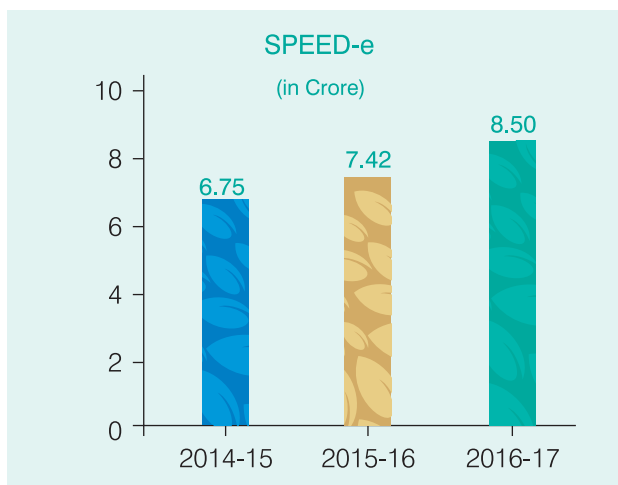
Progress at NSDL

In the depository system, securities are held in depository accounts, which is more or less similar to holding funds in bank accounts. Transfer of ownership of securities is done through simple account transfers. This method does away with all the risks and hassles normally associated with paperwork. Consequently, the cost of transacting in a depository environment is considerably lower as compared to transacting in certificates.

These applications that we build not only give us new revenue streams but also strengthen our platforms and differentiate us from competitors.

Electronic Instruction Platform

SPEED-e



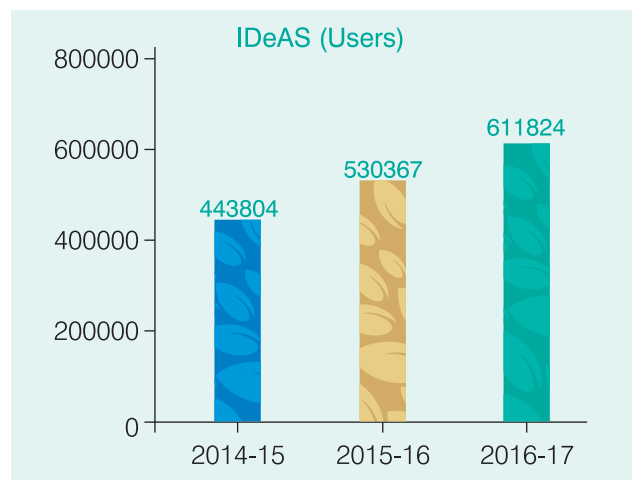
Securities Position Easy Electronic Dissemination (SPEED-e) is a common internet infrastructure that enables the Participants to provide Depository services to their clients. Demat account holders (including Clearing Members) subscribing to this service can submit delivery instructions to their participants electronically through SPEED-e website instead of submitting Delivery Instruction Slips in paper form. SPEED-e users can access the service using both secure internet facility as well as through mobile devices. Over the years, various features viz., Account freezing, ISIN/ Quantity level freezing, multiple authorisation by certain users, instructions upload facility, SPICE and SPEED-e / SPICE Direct were added to SPEED-e service. As on March 31, 2017, 189 Participants have subscribed to SPEED-e service and more than 49,600 users are using this service. During 2016-17, more than 8.50 crore instructions were executed through SPEED-e as compared to 7.42 crore instructions executed in 2015-16.

During the year 2016-17, approximately 75% instructions out of total instructions processed on SPEED-e were processed through SPEED-e DIRECT facility.

SPICE

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

IDeAS



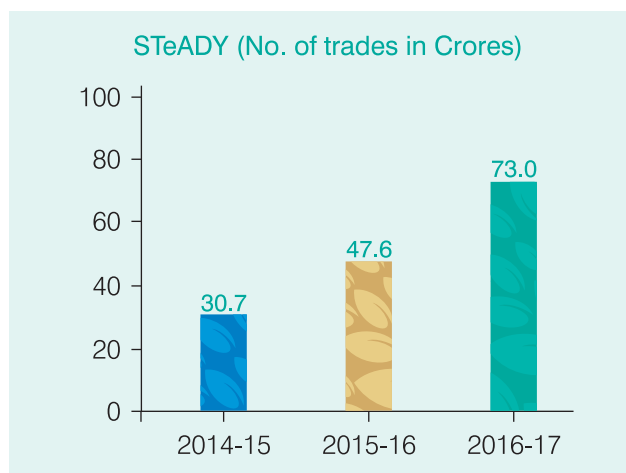
Internet-based Demat Account Statement (IDeAS) is a secure internet service setup by NSDL for demat account holders to view online their latest balances along with the values and transactions in their demat account. This facility is available to all the clients including Clearing Members who have opened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

Progress at NSDL

During 2016-17, number of clients using IDeAS increased to 6,11,824 from 5,30,367 previous year indicating a growth over of about 15%. As on March 31, 2017, 583 Clearing Members were using IDeAS as compared to 613 Clearing Members as on March 31, 2016.

As on March 31, 2017, 264 DPs have subscribed for IDeAS.

STeADY



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

During the FY 2016-17, about 73.00 crore trade details have been submitted through STeADY as compared to 47.60 crore trade details during the FY 2015-16 indicating a growth over about 53%.

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 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.

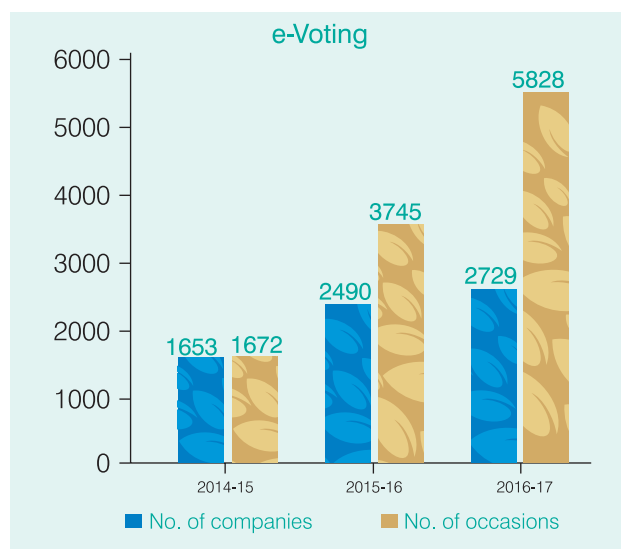
- (1) All Debits to account
- (2) Credits for IPO, bonus & sub-division
- (3) Failed instructions
- (4) Overdue instructions
- (5) Change of mobile number
- (6) Change of address
- (7) Credit / debit of Mutual Fund Units
- (8) Alerts upon invocation of pledged securities to Pledgor Clients
- (9) Registration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

As on March 31, 2017, 170.45 lakh investors were registered for using this service as compared to 146 lakh investors as on March 31, 2016. During the financial year 2016-17, a total of 57.82(in million) SMS alters 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 provides an e-Voting platform using secure Internet Infrastructure that enables shareholders

Progress at NSDL

of companies to vote electronically on resolutions of companies put to vote by shareholders. Since April 2014, e-Voting is mandatory for all listed companies. The e-Voting system of NSDL has been authorised by the Ministry of Corporate Affairs, Government of India. NSDL launched electronic voting (e-Voting) service, www.evoting.nsdl.com is a platform for providing electronic voting facility for shareholders of companies. Through this platform shareholders can cast their votes electronically. Number of Companies which entered into agreement with NSDL for availing e-voting services is 2,729 as on March 31, 2017 as against 2,490 companies a year ago. Further, companies availed e-voting services of NSDL on 5,828 occasions as against 3,745 occasions a year ago.

Numbering (ISIN) Agency

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

Investor Education and Awareness

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

➤ Regional Investor Awareness Programmes with SEBI & NSE:

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 nine Regional Investor Awareness Programmes in association with SEBI & three Investor Awareness Programmes in association with NSE during the FY 2016 – 17. NSDL in association with SEBI participated in 36th India International Trade Fair (IITF) 2015 organised by India Trade Promotion Organisation (ITPO) held from November 14 - 27, 2016 at New Delhi. These programmes were attended by more than 1,800 investors.

➤ Joint Awareness Programmes with Depository Participants (DPs):

NSDL interacts with investors through a series of Joint Awareness Programmes in association with Depository Participants (DPs) across the country. These programmes 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 by investors while operating in the depository environment.

During the FY 2016 - 17, NSDL conducted 184 Joint Awareness Programmes with Depository Participants across the country which were attended by more than 13,200 investors. Since inception, NSDL conducted more than 2,600 Investor Awareness Programmes & seminars which have been attended by more than 2,68,700 investors.

➤ Joint Awareness Programmes with Institutions:

To facilitate investors to comprehend the concepts of demat & investments in Capital Markets, during the FY 2016 – 17, NSDL in joint association with Institutions conducted 24 Joint Awareness Programmes across the country. These programmes were focused on spreading financial demat awareness amongst the account holders and potential clients about the facilities provided by Depository & the safety measures to be taken by investors while operating in the depository environment. These programmes were attended by more than 3,200 investors.

➤ Participation in events conducted by Institutions:

In order to spread the Financial Literacy of the Capital Markets in the Country, during the FY 2016 – 17, NSDL participated at 21 conferences & events with various Institutions like Indian Chamber of Commerce (ICC) Summit organised by ICC, Outlook Money Digital Dialogues organised by Outlook Money, Emerging Market Finance Conference – 2016 organised by Indira Gandhi Institute of Development Research (IGIDR), Bond Market Summit 2016 organised by ASSOCHAM, Mint's 10th Annual Banking Conclave organised by Mint etc. These events were attended by more than 4,300 delegates.

➤ Training Programmes for Participants:

To spread awareness about Depository related services & the new features introduced in NSDL Depository system, NSDL conducted 10 training programmes for Depository Participants (DPs) of NSDL viz.; IDBI Bank, Oriental Bank of Commerce, Bank of India, NKGSB Co-op. Bank Limited, Punjab National Bank & Kotak Securities Limited. These programmes were attended by around 300 employees of Participants.

Progress at NSDL

- Training Programme conducted for college students & Institutions:

During the FY 2016 – 17, NSDL conducted 30 training programmes for college students from different Institutes such as Indian Institute of Technology - Bombay, Indian Institute of Technology - Kharagpur, BITS Pilani Goa, PTVA's Institute of Management, Ramnarain Ruia College etc., which have been attended by more than 5,000 students.

NSDL also conducted four training programmes for newly recruited Officers from SEBI & Indian Corporate & Law Services (ICLS) organised by NISM. Various aspects on Depository related services were addressed to these students, delegates attending these programmes.

- Investor Awareness Programmes organised by NSDL:

In order to reach out to investors that are spread across the country and to apprise them about the facilities available in NSDL depository system and the awareness on stock markets, NSDL organised 22 Investor Awareness Programmes in various cities/towns which were attended by around 1,200 investors.

- Corporate Awareness Programmes (CAPs)

During the FY 2016 – 17, NSDL conducted five Corporate Awareness Programmes (CAPs) for employees of Ceraflux India Pvt. Ltd., Shree Renuka Sugars, Gokul Dudh Sangh & Nav Maharashtra Sahakari Soot Girani Ltd. to spread the financial literacy on Capital Markets & various facilities available in NSDL depository system. These programmes were attended by more than 250 employees of these Corporates.

In all, NSDL conducted 291 Investor Education programmes & participated in 21 events during the FY 2016 – 17 which were attended by more than 29,500 investors & delegates.

- Publications

NSDL publishes its monthly newsletters "The Financial Kaleidoscope" for investors & "NSDL Update" for its Depository Participants. Apart from these newsletters, NSDL publishes Investor Guides, other pamphlets & posters for investor education etc., to spread knowledge about the demat process and new facilities in the NSDL depository system. During the FY 2016 – 17, around than 4,800 investors have subscribed to the monthly newsletter "The Financial Kaleidoscope" which takes the total number of subscribers to more than 46,000.

Arbitration

NSDL Bye Laws provide for settlement of claims, differences and disputes arising out of dealings in the depository between Participants inter-se or between Participants and its clients by arbitration. For this purpose, a panel of Arbitrators has been formed to hear the disputes and pass awards. The arbitration facilities to the Participants and their clients are made available from NSDL offices located at Mumbai, New Delhi, Kolkata and Chennai. The Arbitration Committee consisting of senior executives of NSDL, manages and supervises all aspects in the matter of settlement of disputes. Till FY 2016-17, 56 arbitration requests have been received, out of which, awards have been received in 53 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.

Quality of Service

ISO 27001 Certification

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

Training Programmes & Certification

Your Company in association with National Stock Exchange (NSE) administers an examination on "Depository Operations" called NCFM (NSE's Certification Programme on Financial Markets). To enable the Participant staff to take up the examination, NSDL has prepared background material on depository operations. During the year under review, 2,325 persons have qualified the NCFM exam taking total number of qualified persons to 59,495.

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 23 NISM oriented training programs. Further, your company has organised 85 CPE training programs for various modules which were attended by 1,964 candidates. The module wise breakup of CPE training programs are as mentioned below:

Progress at NSDL

Module of CPE	No of Programmes	No. of Persons
NISM Series-VI : Depository Operations	70	1578
NISM Series-VII : Securities Operations and Risk Management	8	182
NISM Series-V-A : Mutual Fund Distributors	4	126
NISM-Series-II-A: Registrars to an Issue and Share Transfer Agents - Corporate Certification Examination	1	15
NISM Series-VIII : Equity Derivatives	2	63
Total	85	1964

In addition to the above, your company has also organised 35 KYC Oriented training programmes for facilitating the officials of Participants to keep themselves updated about the recent developments in depository operations. Such trainings have been attended by 1918 officials.

Opportunities and Threats

NSDL is the first and largest Depository in Indian Capital Market with an overwhelmingly high market share of 89% in terms of custody value of dematerialised securities. Business of the Company mainly consists 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 increases volumes at the depository. Further, like other businesses, depository also faces business competition. Similarly, when capital markets are weak, the volumes are also depressed. 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:

- Business Risk:** This is attributable to the impact of market behaviour on the revenues of the Company and sustainability of business across cycles.
- Business Continuity Risk:** This arises out of possible inability to conduct business and provide services on account of damage to physical assets and breakdown of infrastructure due to natural calamities, accidents, breakdowns etc.

(c) **Operational Risk:** This arises out of any possible loss from operations due to third party liability, infidelity of employees, electronic & computer crimes, errors & omissions etc.

(d) **Financial Risk:** NSDL is a zero-debt Company since its inception. The Company has followed the strategy of funding all its expansions, diversifications and infrastructure related expenditure through internal accruals.

(e) **Legal and Statutory Risk:** This is attributable to various legal and statutory compliances of laws and regulations governing the company.

(f) **Technological Risk:** This risk arises with increased use of technology in the operations of the enterprise.

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 2016-17. During the year, your Company shifted its depository operations seven 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. 100 crore. The policy covers the Depository as well as its Participants. All Participants have subscribed to the policy. Apart from this, your Company has taken adequate insurance cover for premises and equipments.

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 Internal controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

Progress at NSDL

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

Risk Management Framework

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

Vigil Mechanism / Whistle Blower Policy

The Company has a vigil mechanism and has framed and adopted Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The details of the Policy also hosted on the website of the Company.

Other Measures

Your Company has appointed a Compliance Officer and has a comprehensive legal team in place 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

Company's philosophy on code of Corporate Governance

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

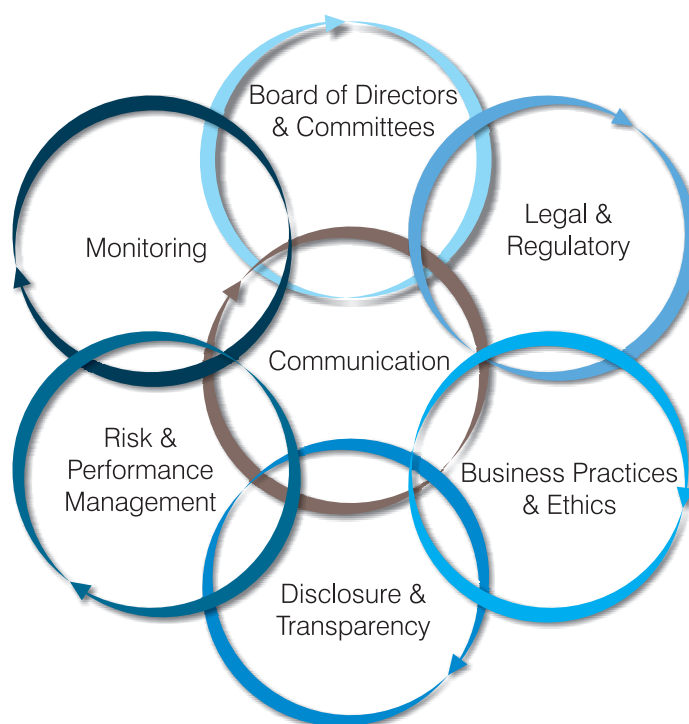
NSDL is a Public Company incorporated under the Companies Act and a Depository within the meaning of Depositories Act, 1996. Hence NSDL is additionally required to comply with the provisions of SEBI (Depositories and Participants) Regulations, 1996 and the guidelines issued by Securities and Exchange Board of India (SEBI) from time to time. 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 listed companies have become mutatis-mutandis applicable to depositories. Your company had been observing the Code of Corporate Governance by adopting most of the good Corporate Governance practices and now also observes the Corporate Governance norms laid down in SEBI (LODR) Regulations, 2015.

A Certificate from M/s. S. N. Ananthasubramanian & Co., Practicing Company Secretaries, confirming compliance to the conditions of Corporate Governance as stipulated under SEBI Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015, is annexed to this Report. Your Company has complied with the Corporate Governance norms prescribed in SEBI (LODR) Regulations, 2015 and also made the relevant disclosures as required therein.

Overview of Corporate Governance Framework

An overview of our Corporate Governance framework is given below:

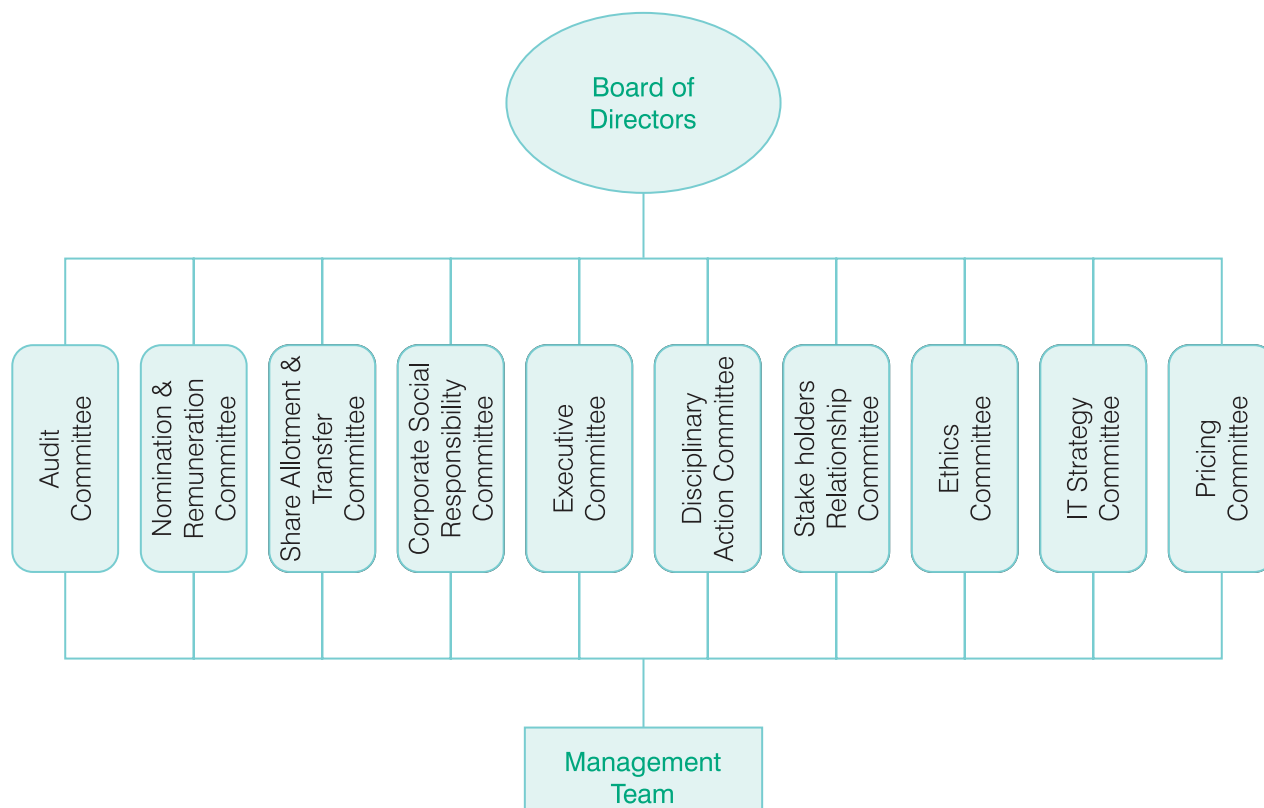
Corporate Governance Framework



Corporate Governance

This framework ensures effective engagement with our stakeholders and helps us to be guided by our core values. Our corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as disclosures related to the leadership and governance related to the Company.

Governance Structure



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

1. Board of Directors

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

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

2. Committees of Directors

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

3. Management Structure

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

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

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

The Company's policy is to maintain optimum combination of Independent Directors/Public Interest Directors and Shareholder Directors. The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business.

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 all Directors requires prior approval of SEBI. The Public Interest Directors on the Governing Board are nominated by SEBI. The Chairman of the Board is elected from the Public Interest Directors. Further, all the Public Interest Directors were also appointed as Independent Directors (not liable to retire by rotation). The Chairman and MD & CEO are separate posts in the Company.

Composition of the Board

Category	No. of Directors
Public Interest Directors / Independent Directors	6*
Shareholder Director/s	1
Managing Director & CEO.	1

* Mr. P. P. Vora retired w.e.f. May 09, 2017; Mr. B.A. Prabhakar has been appointed as Public Interest Director on May 8, 2017; Mr. S. Sridhar has been appointed as Public Interest Director on August 3, 2017; Mr Sudhir Mankad retires w.e.f . August 4, 2017

None of the Directors of the Company are inter-se related with each other. With the approval of SEBI, the Company has appointed Mr. C. M. Vasudev, Public Interest Director as Chairman of the Board of Directors.

The composition of the Board is in conformity with SEBI (Depositories & Participants) Regulations, 1996 and SEBI (LODR) Regulations, 2015.

B. Directors' Profile

The Board of Directors comprises highly renowned professionals drawn from diverse fields. They bring with them a wide range of skills and experience to the Board, which enhances the quality of the Board's decision making process.

A brief profile of the Company's Board of Directors is as under:

Corporate Governance

i. Mr. C. M. Vasudev, Chairman

Mr. C.M. Vasudev holds a Master's Degree in Economics and Physics. He has retired from the Indian Administrative Services (IAS). Mr. Vasudev has worked as an Executive Director of World Bank representing India, Bangladesh, Sri Lanka and Bhutan. He has extensive experience of working at policy making levels in the financial sector and was responsible for laying down policies and oversight of management. He chaired World Bank's committee on development effectiveness with responsibility of ensuring effectiveness of World Bank's operations.

Mr. Vasudev has also worked as Secretary, Ministry of Finance and has undertaken various assignments viz; Secretary, Department of Economic Affairs, Department of Expenditure, Department of Banking. Prior to that, he was Additional Secretary, Budget with responsibility for framing the fiscal policies and policies for economic reforms and for coordinating preparation of budgets of the Government of India and monitoring its implementation.

He has worked as a Government Nominee Director on the Boards of many companies in the financial sector including State Bank of India, IDBI, ICICI, IDFC, NABARD, National Housing Bank and also on the Central Board of the Reserve Bank of India. He was member secretary of the Narasimhan Committee on financial sector reforms. He chaired a committee on reforms of the NBFC sector. He also worked as Joint Secretary of Ministry of Commerce with responsibility for state trading, trade policy including interface with WTO.

Mr. Vasudev is the Chairman on the Board of NSDL and is also the Lead Public Interest Director and Lead Independent Director.

ii. Mr. P. P. Vora

Mr. P. P. Vora is an eminent Chartered Accountant and has industry experience of more than 40 years. He is Gold Medalist in B.Com from Gujarat University and All India First in CAIIB. Mr. Vora retired as Chairman and Managing Director of Industrial Development Bank of India (IDBI). Before joining IDBI, he was Chairman and Managing Director of National Housing Bank from 1996-2001. He started his career with State Bank of India in 1967. An expert in Branch Management and also in Merchant Banking, he personally supervised the conversion of IDBI into a Bank. He has also worked with Gujarat Industrial Investment Corporation Ltd., as the Chairman of Fertilisers & Chemicals Travancore Ltd., Kerala, and as Director Finance of Gujarat State Fertilisers Limited.

He is a Non-executive Chairman on the Board of NSDL Database Management Ltd, subsidiary of NSDL. He was also the Chairman of the Audit Committee, IT Strategy Committee, Nomination and Remuneration Committee and Share Allotment and Transfer Committee of NSDL.

Mr. Vora is a Public Interest Director and Independent Director on the Board. He retired on May 09, 2017.

iii. Mr. Sudhir Mankad

Mr. Sudhir Mankad, 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, fertiliser and finance companies.

He has been appointed as a director on the Central Board of Reserve Bank of India during the previous year.

Mr. Sudhir Mankad is a Public Interest Director and Independent Director on the Board. He retires w.e.f. August 04, 2017.

iv. Mr. Ravi Narain

Mr. Ravi Narain 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 has served as MD & CEO of the National Stock Exchange. He has also been associated with various committees of the Securities & Exchange Board of India (SEBI) and the Reserve Bank of India (RBI).

Mr. Narain is a Shareholder Director on the Board.

v. Mrs. Pramila Shrivastav

Mrs. Pramila Shrivastav has done graduation in Psychology (Honours) and has been awarded National Merit Scholarship and 2 Gold Medals. She has done post-graduation in Psychology from Delhi University 1st Division. She had joined Indian Revenue Service in 1978 after qualifying Civil Services Exams.

Mrs. Shrivastav has over 34 years of experience in the service and has extensive technical and administrative knowledge and skills in analysis of financial profiles, scrutiny, evaluation & review of financial proposals including Budget proposals, turnaround proposals of sick companies, Tax Administration, Tax laws, Treaty Laws, Cross Border Transactions, International Taxation, Corporate law, Civil and Criminal laws, Contract law, Tort, Intellectual Property laws and Project Management.

She has represented Government of India as a Board member in a number of Corporations such as Central Cottage Industries Corporation, Handloom And Handicrafts Exports Promotion Council, Silk Board, National Handloom Development Corporation, Textile Committee, NIFT and the subsidiaries of NTC. Mrs. Shrivastav has international exposures through CIDA projects, tax conferences and seminars.

Mrs. Shrivastav retired as Chief Commissioner of Income Tax, Ghaziabad in 2012 and was responsible for administration of commissionerates of Ghaziabad, Noida, Meerut, Muzaffarnagar and Aligarh which entailed monitoring of the performance of the Commissioners for revenue collection, infrastructure development, grievance-redressal, preventive vigilance etc.

Mrs. Shrivastav is a Public Interest Director and Independent Director on the Board.

vi. Mr. B. A. Prabhakar

Mr. B. A. Prabhakar is a commerce graduate from the University of Mysore and a Chartered Accountant. He retired as Chairman and Managing Director of Andhra Bank. Prior to that, he had served with Bank of India and with Bank of Baroda having worked in all areas of banking. Mr. Prabhakar had served on various Boards representing the Banks he had worked. He was the Director on the Board of Star Union Daichi Insurance Ltd, India International Bank (Malaysia), Indian Institute of Banking and Finance, Baroda Pioneer Asset Management Company and ASREC India Ltd. He served as the Chairman of Bank of India (Tanzania) and Bank of India (Indonesia). He serves as a Non-Executive Director of Family Credit Limited. He has been appointed as an Independent Director at The Karnataka Bank Limited.

vii. Mr. S. Sridhar

Mr. S. Sridhar studied at the Indian Institute of Technology, Delhi and Jamnalal Bajaj Institute of Management Studies, Mumbai. He was awarded the Lord Aldington Banking Research Fellowship for the year 1984 by the Indian Institute of Bankers for undertaking research in UK and France. He has received many awards/honors, particularly for his innovative business models and institution building. He is a Fellow of the Indian Institute of Banking and Finance and a Fellow of the Royal Institute of Chartered Surveyors, U.K.

Mr. Sridhar was Chairman and Managing Director of Central Bank of India until May 31, 2011 and earlier of National Housing Bank, a wholly owned subsidiary of Reserve Bank of India and India's regulator of Housing Finance Companies and apex Financial Institution for housing. He is a banker with over 40 years' experience in commercial and development banking of which 11 years was at the CEO/ Board level. Mr. Sridhar started his career with State Bank of India, India's largest commercial bank where he worked for about 12 years in various capacities and later joined Export-Import Bank of India where he rose to be Executive Director.

viii. Mr. G. V. Nageswara Rao, Managing Director and CEO

Mr. G. V. Nageswara Rao has been the MD & CEO of NSDL since July 2013. Mr. Rao is an IIM-Ahmedabad graduate, Chartered Accountant and Cost Accountant. He has over 30 years of experience 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. Prior to this role, Mr. Rao was MD & CEO of IDBI Federal Life Insurance (2007-13), MD & CEO of IDBI Bank (2003-2007) prior to merger with parent and MD & CEO of IDBI Capital Market Services Ltd (1997-2003).

Corporate Governance

Mr. Rao is also a director on the Boards of NSDL Database Management Limited (NDML) and NSDL Payments Bank Limited, subsidiaries of NSDL.

Note: None of the Directors in their personal capacity hold equity shares of the Company as on March 31, 2017.

C. 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 is 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 MD & 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, ten (10) Board Meetings (on April 29, 2016, June 22, 2016, July 15, 2016, July 27, 2016, September 16, 2016, September 26, 2016, October 26, 2016, November 07, 2016, January 16, 2017 and February 08, 2017) were held. 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 to seek views of PIDs on critical issues. Further, a separate meeting of Independent Directors was held for discussing matters as specified in the Schedule IV of the Companies Act, 2013.

Your company pays sitting fees for Board and Committee meetings which is as per the limits prescribed under the Companies Act, 2013.

D. Board Evaluation

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

Corporate Governance

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

Sr. No.	Name of the Director	Category	Attendance Particulars			Number of Directorships		No. of Committee Positions held	
			No. of Board Meetings held during tenure	No. of Board meetings attended	Last AGM whether attended	Public Limited Companies	Private Limited Companies	Member	Chairman
1	Mr. C.M. Vasudev	Non-Executive Chairman / PID	10	10	YES	6	3	4	-
2	Mr. P. P. Vora*	Non-Executive/ PID	10	10	YES	6	4	2	2
3	Mr. Ravi Narain	Non-Executive/ SHD	10	10	YES	9	-	6	-
4	Mr. Sudhir Mankad ^	Non-Executive/ PID	10	10	YES	8	-	2	2
5	Mrs. Pramila Shrivastav	Non-Executive/ PID	10	7	NO	-	-	-	-
6	Mr. B. A. Prabhakar@	Non-Executive/ PID	N.A.	N.A.	N.A.	5	-	3	2
7	Mr. S. Sridhar#	Non-Executive/ PID	N.A.	N.A.	N.A.	9	8	3	5
8	Mr. G.V. Nageswara Rao	Managing Director & CEO	10	10	YES	2	-	-	-

*Mr. P. P. Vora has retired w.e.f. May 09, 2017

@Mr. B. A. Prabhakar has been appointed as Additional Director w.e.f. May 08, 2017

#Mr. S. Sridhar has been appointed as Additional Director w.e.f. August 03, 2017

^ Mr. Sudhir Mankad retires w.e.f. August 04, 2017

Note:

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

F. Remuneration of the directors

Remuneration of Directors other than MD & CEO:

Sr. No.	Name	Designation	Sitting fees paid/ Remuneration (Rs.)
1.	Mr. C. M. Vasudev	Non-Executive Chairman & Public Interest Director	1,040,000
2.	Mr. P. P. Vora	Non-Executive/ Public Interest Director	1,320,000
3.	Mr. Sudhir Mankad	Non-Executive/ Public Interest Director	1,080,000
4.	Mr. Ravi Narain	Non-Executive/ Shareholder Director	1,200,000
5.	Mrs. Pramila Shrivastav	Non-Executive/Public Interest Director	500,000

Apart from receiving director's remuneration, none of the Directors had material pecuniary relationship with the Company during the year under review.

Corporate Governance

Remuneration of MD & CEO

Sr. No.	Particulars of Remuneration	MD & CEO
1	Gross salary	
	a.) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	24,108,201
	b.) Value of perquisites u/s 17(2) Income-tax Act, 1961	5,471,884
	Total	29,580,085

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

Policy on directors' appointment and remuneration

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

G. Board level Changes

Mr. B. A. Prabhakar has been appointed as Public Interest Director w.e.f. May 08, 2017 and Mr. P. P. Vora retired as Director w.e.f. May 09, 2017.

Further, Mr. S. Sridhar has been appointed as Public Interest Director w.e.f. August 03, 2017 and Mr. Sudhir Mankad retires as Director w.e.f. August 04, 2017.

The Board wishes to place on record its deep appreciation and gratitude for the valuable contribution made by Mr. P. P. Vora and Mr. Sudhir Mankad during their tenure as Director.

H. Declaration by independent directors and separate meeting of Independent Directors

The Company has received necessary declaration/affirmation from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of the SEBI (LODR) Regulations, 2015.

4. 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, there are nine committees which are constituted by the Board viz;

- Executive Committee
- Audit Committee
- Disciplinary Action Committee
- Nomination & Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Ethics Committee

Corporate Governance

- Share Allotment & Transfer Committee
- IT Strategy Committee
- Pricing Committee

The composition of the various Board Committees is presented below:

Board and Committee Composition							
Sr. No.	Name	Mr. C. M. Vasudev	Mr. P. P. Vora*	Mr. Ravi Narain	Mr. Sudhir Mankad@	Ms. Pramila Shrivastav	Mr. G.V. Nageswara Rao
1	Audit Committee	Member	Chairman	Member	Member	-	-
2	Nomination & Remuneration Committee	Member	Chairman	Member	Member	-	-
3	CSR Committee	-	Member	Member	Member	-	Chairman
4	IT Strategy Committee	-	Chairman	Member	-	-	Member
5	Ethics Committee	Chairman	Member	-	Member	-	-
6	Stakeholders relationship Committee	-	-	Member#	-	Chairman	Member
7	Share Allotment & Transfer Committee	-	Chairman	-	-	-	Member
8	Pricing Committee	-	Chairman	Member	-	-	Member

*Mr. P. P. Vora has retired w.e.f. May 09, 2017

@Mr. Sudhir Mankad retires w.e.f. August 04, 2017

#Mr. Ravi Narain ceased to be a member w.e.f. September 16, 2016

Other Committees Composition			
Sr. No.	Name	Executive Committee	Disciplinary Action Committee
1	Mr. G.V. Nageswara Rao	Chairman	Chairman
2	Ms. D. N. Raval	Member	Member
3	Prof. Dr. Indira Parikh	Member	-
4	Mr. Anup Bagchi*	Member	-
5	Ms. Shilpa Kumar@	Member	-
6	Mr. Anand Rengarajan	Member	-
7	Mr. Rajiv Anand	Member	-
8	Mr. Sarbeswar Lenka	Member	-
9	Mr. Nishant Nadkarni	Member	-
10	Mr. A. Balasubramanian	Member	-
11	Mr. B Gopkumar	Member	-
12	Mr. Jaideep Arora	Member	-
13	Mr. Samar Banwat	Member	-
14	Mr. D. Kannan	-	Member
15	Mr. Ajit Kumar Day	-	Member

*Mr. Anup Bagchi ceased to be a member w.e.f. April 29, 2017

@Ms. Shilpa Kumar has been appointed w.e.f. May 08, 2017

Corporate Governance

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 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 14 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 five 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 held during the Tenure	Total No. of Meetings Attended
1.	Mr. G.V. Nageswara Rao	5	5
2.	Ms. D. N. Raval	5	4
3.	Prof. Dr. Indira Parikh	5	5
4.	Ms. Chitra Ramkrishna ©	4	1
5.	Mr. Anup Bagchi**	5	4
6.	Ms. Shilpa Kumar***	N.A.	N.A.
7.	Mr. Anand Rengarajan	5	1
8.	Mr. Mani Palvesan %	2	2
9.	Mr. Rajiv Anand	5	1
10.	Mr. Sundeep Sikka\$	4	2
11.	Mr. Sarbeswar Lenka*	2	2
12.	Mr. Nishant Nadkarni ^	1	1
13.	Mr. A. Balasubramanian@	1	1
14.	Mr. B. Gopkumar#	1	1
15.	Mr. Jaideep Arora!	1	1
16.	Mr. Samar Banwat ®	5	4

Corporate Governance

- © - Ms. Chitra Ramkrishna ceased to be a member of Committee w.e.f. December 02, 2016
- % - Mr. Mani Palvesan has resigned from the Committee w.e.f. October 7, 2016
- \$ - Mr. Sundeep Sikka has completed his tenure at the committee on January 20, 2017
- * - Mr. Sarbeswar Lenka was appointed w.e.f. October 26, 2017
- ^ - Mr. Nishant Nadkarni has been appointed w.e.f. February 8, 2017
- @ - Mr. A. Balasubramanian has been appointed w.e.f. February 8, 2017
- # - Mr. B. Gopkumar has been appointed w.e.f. February 8, 2017
- ! - Mr. Jaideep Arora has been appointed w.e.f. February 8, 2017
- ® - Mr. Samar Banwat has been appointed w.e.f. April 29, 2016
- ** - Mr. Anup Bagchi ceased to be a member w.e.f. April 29, 2017
- *** - Ms. Shilpa Kumar has been appointed w.e.f. May 08, 2017
- NA - Not Applicable

B. Audit Committee

Board has constituted the Audit Committee in accordance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015. The Audit Committee of NSDL assists the Board in its responsibility of overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and other regulatory requirements. The Committee's purpose is to oversee the accounting, financial process and risk framework of the Company and review the quarterly and annual financial accounts of the Company. The Committee reviews reports of the Internal Auditors and Statutory Auditors and discusses their findings, suggestions, internal control system, scope of audit, observations of the auditors and also reviews accounting policies followed by the Company. The Committee also reviews the Operations Audit Reports submitted by Operations Auditors along with management response and suggests measures for further improvements in areas of operations. 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 MD & CEO and CFO are the permanent invitees to the meetings of the Audit Committee. The Company Secretary of the Company acts as the Secretary to the Committee.

The Chairman of the Audit Committee attended the Annual General Meeting. During FY 2016-17, four meetings of the Audit Committee were held. Details of attendance of each director at the Committee meeting held during the year are as follows:

Sr. No.	Names of the Members	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	4	4

*Mr. P. P. Vora has retired w.e.f. May 09, 2017

@Mr. Sudhir Mankad retires w.e.f. August 04, 2017

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 177 of the Companies Act, 2013 and Regulation 18(1) of the SEBI (LODR) Regulations, 2015. Internal Auditors of the Company have direct access to the Audit Committee and are invited during the Audit Committee Meetings.

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;

Corporate Governance

- 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 '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 three times during the year. Details of attendance of each member at the Committee Meetings held during the year are as follows:

Sr. No.	Names of the Members	Total No. of meetings	Total No. of meetings attended
1	Mr. G.V. Nageswara Rao	4	4
2	Mr. Ajit Kumar Day	4	3
3	Ms. D. N. Raval	4	4
4	Mr. D. Kannan	4	2

D. Nomination and Remuneration Committee

The Nomination and Remuneration Committee discharges such functions as defined in the Companies Act, 2013 and SEBI (Depositories and Participants) Regulations, 1996 and Regulation 19 of the SEBI (LODR) Regulations, 2015. The Committee has four members with Mr. P. P. Vora as its Chairman. The Committee met three times during the year. Details of attendance of each member at the Committee Meetings held during the year are as follows:

Sr. No.	Names of the Members	Total No. of meetings	Total No. of meetings attended
1.	Mr. P. P. Vora*	3	3
2.	Mr. C. M. Vasudev	3	3
3.	Mr. Ravi Narain	3	3
4.	Mr. Sudhir Mankad@	3	3

*Mr. P. P. Vora has retired w.e.f. May 09, 2017

@Mr. Sudhir Mankad retires w.e.f. August 04, 2017

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

Corporate Governance

Appointments of the Key Managerial Personnel (KMP), viz, Managing Director & CEO, Chief Financial Officer and Company Secretary have been approved by the Committee. The remuneration of the KMPs has been approved by the Committee, and in the case of MD & CEO, by the shareholders and SEBI as well.

E. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was reconstituted pursuant to the requirements of the Section 135 of the Companies Act, 2013 for discharging such functions as defined in the Act. The Corporate Social Responsibility Policy has been framed and adopted by the Company. The policy is available on the website of the Company.

The Committee has four members with Mr. G.V. Nageswara Rao as its Chairman. The Committee has met once during the year. Details of attendance of each member at the Committee Meetings held during the year are as follows:

Sr. No.	Names of the Members	Total No. of meetings	Total No. of meetings attended
1.	Mr. Ravi Narain	1	1
2.	Mr. Sudhir Mankad@	1	1
3.	Mr. P. P. Vora*	1	1
4.	Mr. G.V. Nageswara Rao	1	1

* Mr. P. P. Vora has retired w.e.f. May 09, 2017

@Mr. Sudhir Mankad retires w.e.f. August 04, 2017

F. IT Strategy Committee

SEBI, vide its Circular dated January 21, 2014 mandated the requirement to constitute Board level IT Strategy Committee. IT Strategy Committee shall provide insight and advice to the Board in various areas that may include:

- Developments in IT from a business perspective.
- The alignment of IT with the business direction.
- The availability of IT resources to meet strategic objectives.
- Competitive aspects of IT Investments.
- Alignment of the IT architecture to the organization needs and its approval.
- Setting priorities and milestones.

The Committee has met four times during the year. Details of attendance of each member at the Committee Meeting held during the year are as follows:

Sr. No.	Names of the Members	Total No. of meetings	Total No. of meetings attended
1.	Mr. G.V. Nageswara Rao	4	4
2.	Mr. Ravi Narain	4	4
3.	Mr. P. P. Vora*	4	4

* Mr. P. P. Vora has retired w.e.f. May 09, 2017

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 met once during the year. Details of members of the Committee are as follows:

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Sr. No.	Names of the Members	Total No. of meetings	Total No. of meetings attended
1.	Mr. P. P. Vora*	1	1
2.	Mr. G.V. Nageswara Rao	1	1

*Mr. P. P. Vora has retired w.e.f. May 09, 2017

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 the Ethics Committee was held during the year as no matter arose which required referral of the matter to the Ethics Committee. Composition of Ethics Committee is given below:

Sr. No.	Names of the Members
1.	Mr. C. M. Vasudev
2.	Mr. P. P. Vora*
3.	Mr. Sudhir Mankad@

*Mr. P. P. Vora has retired w.e.f. May 09, 2017

@Mr. Sudhir Mankad retires w.e.f. August 04, 2017

I. Pricing Committee

The Pricing Committee is constituted to decide appropriately on the pricing / charges related matters. The Committee has three members with Mr. P. P. Vora as its Chairman. The Committee has met once during the year. Details of members of the Committee are as follows:

Sr. No.	Names of the Members	Total No. of meetings	Total No. of meetings attended
1.	Mr. P. P. Vora*	1	1
2.	Mr. Ravi Narain	1	1
3.	Mr. G.V. Nageswara Rao	1	1

*Mr. P. P. Vora has retired w.e.f. May 09, 2017

J. Stakeholders Relationship Committee

The Stakeholders Relationship Committee is constituted for the purpose of redressal of grievances received from the stakeholders of the Company from time to time. The Committee has two members with Mrs. Pramila Shrivastav as its Chairperson. No meeting of Shareholders' Grievance Committee was held during the year as no grievances from shareholders were received during the year. Composition of Stakeholders Relationship Committee is given below:

Sr. No.	Names of the Members
1.	Mrs. Pramila Shrivastav@
2.	Mr. G.V. Nageswara Rao
3.	Mr. Ravi Narain*

*Mr. Ravi Narain ceased to be a member w.e.f. September 16, 2016

@Mrs. Pramila Shrivastav has been appointed as a member w.e.f. September 16, 2016

5. 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

Corporate Governance

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.

6. Related Party Transactions

During the period under review, the Company had not entered into any material transaction with any of its related parties. None of the transactions with any of related parties were in conflict with the Company's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in Note No.24 of Standalone Financial Statements, forming part of the Annual Report & Annexures thereto. All transactions were at Arm's Length basis and are in the ordinary course of business. Company does not have material subsidiary in terms of SEBI (LODR) Regulations, 2015. The Company has put in place framework for identifying and reporting of Related Party Transactions. Policy on dealing with Related Party Transactions is approved by the Audit Committee of the Company.

7. The details of Key Managerial Personnel appointments as per Companies Act, 2013

No new appointments of Key Managerial Personnel were made during the year under review.

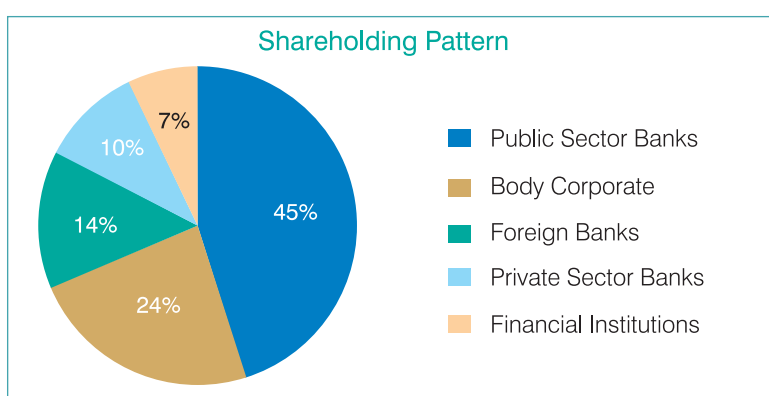
8. Shareholding Pattern

Shareholding Pattern as on March 31, 2017 is as follows:

Sr. No.	Category	Percentage of Shareholding
1	Public Sector Banks #	44.795
2	Private Sector Banks	10.000
3	Foreign Banks	14.370
4	Body Corporate *	24.000
5	Financial Institution *	6.830
	Total	100

* Sponsor/ Promoter

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



9. General Body Meetings

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

AGM	Date	Venue	Special Resolution (If any)
Second	September 24, 2014	National Securities Depository Limited,	Yes
Third	September 14, 2015	Trade World, 'A' Wing, 5th Floor, Kamala Mills	No
Fourth	September 16, 2016	Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013	No

Corporate Governance

10. Means of Communication

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

11. General Shareholder Information

- The Fifth Annual General Meeting of the Company is scheduled to be held on Wednesday, September 27, 2017 at 11.30 a.m. at 5th Floor, Trade World, 'A' Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai-400013
- **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
- **Dividend Payment Date:** Within the timeline given in the statutes
- **Listing on stock exchange, Stock Code, Market Price Data and Performance of stock:** The Company is not listed in any of the stock exchanges in India or abroad hence these are not applicable.
- The Company has not provided separate office to the Chairman, however, expenses incurred in performance of his duties are reimbursed by the Company.
- Quarterly, Half Yearly results are put up on website.
- **Registrar and Transfer Agents:** None
- **Share Transfer System:** Demat
- **Dematerialisation of shares and liquidity:** Entire share capital is in dematerialised form
- Statement showing shareholding pattern as on March 31, 2017:

Sr. No.	Category	Percentage of shareholding
1	Sponsors/ Promoters	60.83
2	Participants	39.17
	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, Ahmedabad, Bengaluru, Hyderabad and Kochi.

NEW DELHI	601,603,604, Tower A, 6th Floor, Naurang House, Kasturba Gandhi Marg, Connaught Place, New Delhi - 110 001
KOLKATA	2nd Floor, "The Millenium", Flat No. 2E, 235/2A, Acharya Jagdish Chandra Bose Road, Kolkata - 700 020
CHENNAI	6A, 6th Floor, Kences Tower, # 1 Ramkrishna Street, North Usman Road, T. Nagar, Chennai - 600 017
AHMEDABAD	Unit No. 407, 4th Floor, 3rd Eye One Commercial Complex Co-op. Soc. Ltd., C.G. Road, Ahmedabad - 380 006
BENGALURU	Office No. 106, DBS House, 26 Cunningham Road, Bangalore - 560052.

HYDERABAD	Office No. 123, Hyderabad Mid-Town, 1st Floor Mid Town Plaza, Road No 1, Banjara Hills, Hyderabad - 500 033
KOCHI	S- 105, Monlssh Business Center, Crescens Tower, NH-47, Changampuzha Nagar Post, Kochi - 680233

- 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

12. 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 Schedule V of the SEBI (LODR) Regulations, 2015. The CEO and the CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulations 33.

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, 2017.

For and on behalf of the Board

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

Place: Mumbai

Date: August 09, 2017

Corporate Governance

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 2017. 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 Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Chapter IV and Part C, D, and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from 1st April 2016 to 31st March 2017.

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
Partner
C.P. No.: 1774

Date: September 04, 2017
Place: Thane

Corporate Governance

Corporate Social Responsibility

In terms of Section 135 of the Companies Act, 2013 (the Act) the Company has constituted the Corporate Social Responsibility (CSR) Committee under the Chairmanship of Mr. G.V. Nageswara Rao. In this regard, the company has formulated a CSR Policy which has been placed on the website of the company.

During the FY 2016-17, NSDL has spent a total corpus of Rs. 35,80,000/- towards CSR activities in pursuance of its CSR Policy. Further, CSR Committee of NSDL also approved additional amount of Rs. 82 Lacs in the year 2016-17 for various projects and the company is in the process of implementing and spending the same towards projects viz. health care, education and elderly care. The Report on CSR is set out as Annexure and forms part of this Annual Report.

Subsidiary

As required under Section 134 of the Companies Act, 2013 the Audited Statement of Accounts, the report of the Directors and Auditors of the Subsidiary Company are annexed. Further, consolidated financial statements are also presented in terms of the requirements under Regulations 33 of the SEBI (LODR) Regulations, 2015 which mutatis-mutandis applies to depositories in view of SEBI (Depositories and Participants) (Amendment) Regulations, 2012.

Human Resources

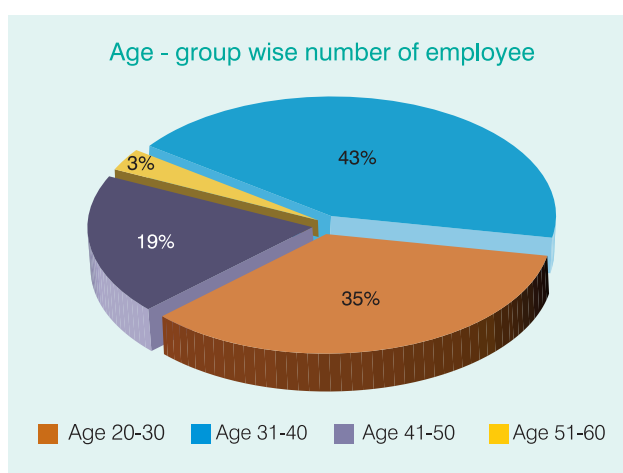
Your Company believes that employees are critical assets of the organisation and the quality of its employees is the key to its success in the long run. It, therefore, accords high importance to human resource development and consciously endeavors to enhance the quality and competence of its employees across cadres.

Your Company has nurtured an enabling performance culture which drives individuals to strive for excellence. The Company has created favorable work environment and provides fair and transparent policies to its employees. The organization firmly upholds the views of confidentiality, accountability, and trust in all areas of work.

During the year under review, the due focus has been provided to streamline and enhance the HR policies and practices. Human capital has been augmented with skilled resources in accordance with new ventures of the Company along with catering to routine manpower requirements.

To foster skills of the employees, various training programs are imparted. New entrants are made aware of the culture, policy and various businesses of the company through Induction programme. Other training programmes on Information Security Policies Awareness, Business Continuity Planning, etc. are also conducted to keep the employees abreast in these areas. Company also nominates employees to participate in various seminars specific to business and other related areas and also for specific technical training.

Your Company maintains cordial relations with its employees. The Company organises employee engagement activities in order to build and uphold cohesive work environment.



Corporate Governance

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 requirements of 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. Your Directors further state that during the year 2016-17, no grievance was reported to the committee.

Directors’ Responsibility Statement

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

- that in the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards have been followed, along with proper explanation relating to the material departures, if any;
- that such accounting policies selected and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- that proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing & detecting fraud and other irregularities;
- that they have prepared the annual accounts on a going concern basis; and
- that they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Auditors and Auditors Report

Deloitte Haskins & Sells, Chartered Accountants(ICAI Registration No. 117364W), were appointed as Statutory Auditors of the Company at the Second Annual General Meeting of the Company held on September 24, 2014 to hold office for five years from the date of AGM subject to ratification of the shareholders at every AGM. The Company has received a certificate from the Auditors to the effect that re-appointment / ratification of their term, if made, would be within the limits prescribed under Act and that they are not disqualified for re-appointment. Board has recommended the ratification of their term. Members are requested to consider their ratification.

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

Public Deposits

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

Extract of Annual Return

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

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

Corporate Governance

conservation of energy and technology absorption in terms of Section 134(3)(m) of the Companies Act, 2013, are not applicable. The Company has, however, used information technology extensively in its operations.

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

Sr. No.	Particulars	FY 2016-17 (Rs. in Lakh)	FY 2015-16 (Rs. in Lakh)
1	Foreign Exchange Earnings (Miscellaneous)	Nil	Nil
2	Foreign Exchange Outgo/Expenditure incurred in foreign currency	57.27	68.02

Particulars Of Employees

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

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.

Outlook

India's macro-economy is stable with economic growth being one of the highest in the world, coupled with the government's commitment to fiscal consolidation and low inflation. International Monetary Fund (IMF) noted that India's financial system is generally sound and recommended that efforts should continue to build on its commendable progress in financial inclusion, underpinned by new technologies and expanding the range of financial services. India's growth story has largely remained positive on the strength of domestic absorption.

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

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 to 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

Independent Auditor's Report

To The Members of

National Securities Depository Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of National Securities Depository Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as

Independent Auditor's Report

- required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the CARO 2016 Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

Place: Mumbai
Date : May 08, 2017

Annexure "A" to the Independent Auditor's Report

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

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

We have audited the internal financial controls over financial reporting of National Securities Depository Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Annexure "A" to the Independent Auditor's Report

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Place: Mumbai

Date : May 08, 2017

Annexure "B" to the Independent Auditor's Report

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the conveyance deed and other relevant records provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the company as at the balance sheet date.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 Order is not applicable
- (iii) The Company has not granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employee State Insurance Corporation (ESIC), Income Tax, Sales tax, Service Tax, Custom Duty, Excise Duty, Value added tax (VAT), cess and other material statutory dues applicable to it to the appropriate authorities. As explained to us the company did not have any dues on account of Sales tax, VAT, Custom Duty and Excise Duty.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employee State Insurance Corporation (ESIC), Income-tax, Sales tax, Service Tax, Custom Duty, Excise Duty, Value added tax, cess, and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
- (c) Details of dues of Service Tax which have not been deposited as on March 31, 2017 on account of dispute are given below:

(₹ in lakhs)

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

There are no dues of Income tax, Sales tax, Customs Duty, Excise Duty, and Value Added Tax which has not been deposited as on March 31, 2017 on account of disputes.

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remunerations in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013

Annexure "B" to the Independent Auditor's Report

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

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the CARO 2016 Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year

the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

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

Place: Mumbai

Date: May 08, 2017

Financial Statements

Balance Sheet as at 31st March, 2017

(₹ in lakhs)

Particulars	Notes	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
ASSETS				
Non Current Assets				
a) Property, plant and equipment	3	1,109.50	1,084.66	1,182.42
b) Other intangible assets	3	144.71	127.50	231.89
c) Financial assets				
i) Non Current Investments	4	44,385.49	37,852.81	33,430.14
ii) Other financial assets	5	458.62	51.11	43.22
d) Deferred tax assets (net)	6	315.13	476.80	525.70
e) Income tax assets (net)		562.35	562.35	562.35
f) Other non-current assets	7	107.57	113.41	100.96
Total non-current assets		47,083.37	40,268.64	36,076.68
Current assets				
a) Financial assets				
i) Current Investments	8	8,400.07	6,561.00	7,900.17
ii) Trade receivables	9	2,684.72	1,924.19	1,123.82
iii) Cash and cash equivalents	10	757.89	904.14	1,187.81
iv) Bank balances other than (iii) above	11	392.74	419.00	502.25
v) Other financial assets	5	162.52	55.10	1.08
b) Other current assets	7	244.08	1,454.23	172.13
Total current assets.		12,642.02	11,317.66	10,887.26
Total assets		59,725.39	51,586.30	46,963.94

Balance Sheet as at 31st March, 2017

(₹ in Lakhs)

Particulars	Notes	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
EQUITY AND LIABILITIES				
EQUITY				
a Equity Share capital	12	4,000.00	4,000.00	4,000.00
b Other Equity	13	47,034.51	39,620.13	32,440.31
Total equity		51,034.51	43,620.13	36,440.31
LIABILITIES				
Non-current liabilities				
a) Financial liabilities				-
i) Other financial liabilities	14	115.20	72.00	43.80
Total non-current liabilities		115.20	72.00	43.80
Current liabilities				
a) Financial Liabilities				
i) Trade payables				
a) Micro enterprises and small enterprises	15	30.96	7.41	18.54
b) Other than micro enterprises and small enterprises	15	553.71	426.00	547.44
ii) Other financial liabilities	16	4,741.66	4,858.84	8,317.77
b) Provisions	17	1,206.45	828.72	823.41
c) Current tax liability (net)		633.51	223.38	115.72
d) Other current liabilities	18	1,409.39	1,549.82	656.95
Total current liabilities		8,575.68	7,894.17	10,479.83
Total liabilities		8,690.88	7,966.17	10,523.63
Total Equity and Liabilities		59,725.39	51,586.30	46,963.94
See accompanying notes to the financial statements	1 to 39			

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

For and on behalf of the Board of Directors

Sd/-
Abhijit A. Damle
Partner

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

Sd/-
C. M. Vasudev
Chairman
DIN: 00143885

Sd/-
P. P. Vora
Director
DIN: 00003192

Place : Mumbai
Date : May 08, 2017

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2017

(₹ in lakhs)

Particulars	Notes	Year ended 31st March, 2017	Year ended 31st March, 2016
INCOME			
Revenue from operations	19	19,996.54	13,749.71
Other income	20	3,655.80	3,222.09
Total Income		23,652.34	16,971.80
EXPENSES			
Employee benefits expense	21	3,205.19	2,870.52
Depreciation and amortisation expense	3	241.54	252.23
Contribution to Investor Protection Fund	31	760.47	290.95
Other expenses	22	7,118.44	4,725.22
Total expenses		11,325.64	8,138.92
Profit before exceptional item		12,326.70	8,832.88
Exceptional Items	31	-	3,130.28
Profit before tax		12,326.70	11,963.16
Tax expense			
Current tax		3,450.47	3,547.71
Deferred tax		161.67	48.90
		3,612.14	3,596.61
Profit after Tax		8,714.56	8,366.55
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on post retirement benefit plans		(147.74)	25.76
Income tax relating to items that will not be reclassified to profit or loss		51.13	(8.92)
		(96.61)	16.84
Total comprehensive income for the year		8,617.95	8,383.39
Basic and diluted earnings per equity share of ₹ 10 each	30	21.79	20.92
See accompanying notes to the financial statements	1 to 39		

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

For and on behalf of the Board of Directors

Sd/-
C. M. Vasudev
Chairman
DIN: 00143885

Sd/-
Abhijit A. Damle
Partner

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

Sd/-
P. P. Vora
Director
DIN: 00003192

Place : Mumbai
Date : May 08, 2017

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary

Cash Flow Statement for the year ended 31st March, 2017

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
A. Cash flow from operating activities		
Profit before tax	12,326.70	11,963.16
Adjustments for :		
Depreciation and amortisation expense	241.54	252.23
Provision for compensated absences	72.55	(8.79)
Provision for doubtful trade receivables	10.14	177.74
Bad debts written off	319.79	151.94
Provision for investor awareness	406.30	384.00
Contribution to Investor Protection Fund	760.47	290.95
Fair Value gain on Investments in Mutual Funds	(195.89)	(206.73)
Dividend income from current Investments	(293.28)	(288.22)
Exceptional item (refer note 31)	-	(3,130.28)
Profit on sale of property plant and equipment	(65.92)	-
Profit on sale of current investments	(164.06)	(175.16)
Interest Income	(2,607.97)	(2,366.20)
Operating profit before working capital changes	10,810.37	7,044.64
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets-		
Other assets	1,210.14	(1,287.31)
Other financial assets	(492.06)	(55.02)
Trade receivables	(1,090.46)	(1,130.05)
Adjustments for increase / (decrease) in operating liabilities-		-
Trade payables	151.26	(132.59)
Other financial liabilities	134.23	(31.80)
Short-term provisions	(101.12)	25.86
Other liabilities	(1,232.66)	416.65
Cash generated from operations	9,389.70	4,850.38
Net income tax paid	(2,989.20)	(3,448.97)
Net cash from operating activities (A)	6,400.50	1,401.41

Cash Flow Statement for the year ended 31st March, 2017

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advance	(321.46)	(434.02)
Proceeds from sale of fixed assets	88.83	-
Investment in subsidiary	(8,300.00)	-
Purchase of non-current investments	(4,410.13)	(8,698.50)
Redemption of non-current investments	4,698.33	6,414.42
Purchase of current investments	-	(288.23)
Dividend received from current investments	293.28	288.22
Interest received	2,607.97	2,236.60
Net cash (used in) investing activities (B)	(5,343.18)	(481.51)
C. Cash flow from financing activities		
Dividend paid	(1,000.00)	(1,000.00)
Dividend distribution tax paid	(203.57)	(203.57)
Net cash (used in) financing activities (C)	(1,203.57)	(1,203.57)
Net decrease in cash and cash equivalents (A+B+C)	(146.25)	(283.67)
Cash and cash equivalents at the beginning of the year	904.14	1,187.81
Cash and cash equivalents at the end of the year (Refer Note 10)	757.89	904.14
See accompanying notes to the financial statements		

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

For and on behalf of the Board of Directors

Sd/-
Abhijit A. Damle
Partner

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

Sd/-
C. M. Vasudev
Chairman
DIN: 00143885

Sd/-
P. P. Vora
Director
DIN: 00003192

Place : Mumbai
Date : May 08, 2017

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary

Statement of Changes in Shareholder's Equity

for the year ended 31st March, 2017

(₹ in lakhs)

A. Equity Share Capital

As at 1st April, 2015	4,000.00
Changes in Equity Share Capital during the year (Note 12)	-
As at 31st March, 2016	4,000.00
Changes in Equity Share Capital during the year (Note 12)	-
As at 31st March, 2017	4,000.00

B. Other Equity

(₹ in lakhs)

Particulars	Reserves and Surplus			Other Comprehensive Income	Total
	Investor protection reserve	General Reserve	Retained Earnings	Actuarial gains / (losses)	
Balance as at 1st April, 2015	700.00	24,812.82	6,927.49	-	32,440.31
Profit after tax	-	-	8,366.55	16.84	8,383.39
Dividends (including dividend distribution tax)	-	-	(1,203.57)	-	(1,203.57)
Transfer to General Reserve	-	-	(1,500.00)	-	(1,500.00)
Transfer from Retained Earnings	-	1,500.00	-	-	1,500.00
Balance as at 31 March, 2016	700.00	26,312.82	12,590.47	16.84	39,620.13
Profit after tax	-	-	8,714.56	(96.61)	8,617.95
Dividends (including dividend distribution tax)	-	-	(1,203.57)	-	(1,203.57)
Transfer to General Reserve	-	-	(5,000.00)	-	(5,000.00)
Transfer from Retained Earnings	-	5,000.00	-	-	5,000.00
Balance as at 31 March, 2017	700.00	31,312.82	15,101.46	(79.77)	47,034.51

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

For and on behalf of the Board of Directors

Sd/-
Abhijit A. Damle
Partner

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

Sd/-
C. M. Vasudev
Chairman
DIN: 00143885

Sd/-
P. P. Vora
Director
DIN: 00003192

Place : Mumbai
Date : May 08, 2017

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary

1. General information:

1.1. Company Overview

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

2. Significant accounting policies:

2.1. Statement of compliance

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

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (“Previous GAAP”). These are the Company’s first Ind AS Financial Statements. The date of the transition to Ind AS is 1st April, 2015. Refer Note 2.15 for the details of first-time adoption exemptions availed by the Company.

Previous period numbers in the financial statements have been restated to comply with Ind AS. In accordance with Ind AS 101 “First-time Adoption of Indian Accounting Standard”, the Company has presented a reconciliation from the presentation of financial statements under Previous GAAP to Ind AS of Shareholders’ equity as at March 31, 2016, and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016.

2.2. Basis of preparation:

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be

received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

- Level 1 — inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 — inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability either directly or indirectly.
- Level 3 - inputs are unobservable inputs for the assets or liability.

2.3. Revenue recognition:

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

2.4. Leasing:

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

2.5. Employee benefits:

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

Notes to Financial Statements for the year ended 31st March, 2017

Defined Contribution Plan:

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

i. Superannuation:

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

ii. Provident Fund:

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

Defined Benefit Plans

i. Gratuity:

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

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

ii. Other Employee Benefits:

Performance Incentive and Compensated absences

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

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

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

2.6. Tax on Income:

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

i. Current tax

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

ii. Deferred tax

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

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

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

iii. Current and deferred tax for the year

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

2.7. Property, Plant and Equipment:

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

i. Deemed cost on transition to Ind AS

For transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 1, 2015 (transition date for preparation of Financial Statements) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

ii. Capital work-in-progress:

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

2.8. Intangible assets:

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

2.9. Depreciation and amortisation:

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

2013, using the straight-line method.

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

2.10. Provision and contingencies:

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

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

2.11. Financial instruments:

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

2.12. Financial assets:

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

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

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

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

Notes to Financial Statements for the year ended 31st March, 2017

of unobservable inputs.

Impairment of financial assets

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

Objective evidence of impairment could include -

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

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

De-recognition of financial assets

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

2.13. Financial Liabilities and equity instruments:

Classification as debt or equity

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

Equity instruments:

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

Financial liabilities:

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

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

Derecognition of financial liabilities

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

2.14. First time adoption mandatory exceptions, optional exemptions:

i. Overall Principle

The Company has prepared the opening balance sheet as per Ind AS as of 1st April, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exceptions and certain optional exemptions availed by the Company as detailed below.

ii. Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1st April, 2015 (the transition date).

Notes to Financial Statements for the year ended 31st March, 2017

iii. Impairment of financial assets

The Company has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

iv. Deemed cost in respect of Property Plant and Equipment

For transition to Ind AS, the Company has

elected to continue with the carrying value of all its property, plant and equipment recognised as of April 1, 2015 (transition date for preparation of Financial Statements) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.15. Operating Cycle:

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

3 Property Plant and Equipment and Other Intangible Assets

(₹ in Lakhs)

Description of Asset	Property, Plant and Equipment							Other Intangible Assets
	Buildings	Computers	Data and Tele-Communication Equipment	Electrical Installations	Office Equipment	Furniture and Fixtures	Total	Computer Software (acquired)
Gross Block								
As at 1st April 2015	566.96	418.61	122.36	15.84	27.59	31.06	1,182.42	231.89
Additions during the year ended 31 Mar 2016	-	31.98	0.11	-	8.14	-	40.23	65.61
Deductions / adjustments	(55.76)	-	-	-	-	-	(55.76)	-
As at 31st March 2016	511.20	450.59	122.47	15.84	35.73	31.06	1,166.89	297.50
Additions during the year ended 31 Mar 2017	-	107.79	-	-	24.10	4.48	136.37	170.14
Deductions / adjustments	-	(219.88)	(214.32)	-	(19.57)	-	(453.77)	(16.36)
As at 31st March 2017	511.20	338.50	(91.85)	15.84	40.26	35.54	849.49	451.28

Notes to Financial Statements for the year ended 31st March, 2017

(₹ in Lakhs)

Description of Asset	Property, Plant and Equipment							Other Intangible Assets
	Buildings	Computers	Data and Tele-Communication Equipment	Electrical Installations	Office Equipment	Furniture and Fixtures	Total	Computer Software (acquired)
Accumulated Depreciation and Amortization								
As at 1st April 2015	-	-	-	-	-	-	-	-
Depreciation and amortisation during the year ended 31 Mar 2016	9.24	49.67	9.99	0.80	9.89	2.64	82.23	170.00
Deductions	-	-	-	-	-	-	-	-
As at 31 Mar 2016	9.24	49.67	9.99	0.80	9.89	2.64	82.23	170.00
Depreciation and amortisation during the year ended 31 Mar 2017	8.92	60.76	10.01	0.80	5.58	2.83	88.90	152.65
Deductions	-	(208.57)	(203.60)	-	(18.97)	-	(431.14)	(16.08)
As at 31st March 2017	18.16	(98.14)	(183.60)	1.60	(3.50)	5.47	(260.01)	306.57

(₹ in Lakhs)

Description of Asset	Property, Plant and Equipment							Other Intangible Assets
	Buildings	Computers	Data and Tele-Communication Equipment	Electrical Installations	Office Equipment	Furniture and Fixtures	Total Tangible Assets	Computer Software (acquired)
Net Block								
As at 1st April 2015	566.96	418.61	122.36	15.84	27.59	31.06	1,182.42	231.89
As at 31 Mar 2016	501.96	400.92	112.48	15.04	25.84	28.42	1,084.66	127.50
As at 31st March 2017	493.04	436.64	91.75	14.23	43.76	30.07	1,109.50	144.71

Notes to Financial Statements for the year ended 31st March, 2017

4. Non-current investments

(₹ in Lakhs)

Particulars	Rate of Interest	Year of Maturity	No. of bonds / debentures / share	Face value	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(a) Investment in equity instruments of subsidiaries							
NSDL Database Management Limited			61,050,000	10	6,105.00	6,105.00	6,105.00
NSDL Payments Bank Limited			83,000,000	10	8,300.00	-	-
(b) Investment in Government or Trust Securities							
(i) 8.07% GOI, 2017			4,000	10,000	-	-	407.00
(c) Investment in Debentures or bonds							
(i) Indian Oil Corporation Limited	11.00	2018	130	1,000,000	1,377.57	1,377.60	1,377.60
(ii) 10 year Zero Coupon Bhavishya Nirman Bond from National Bank for Agriculture and Rural Development (Foot note 1)	-	2018	3,551	20,000	-	602.00	552.06
(iii) Housing Development Finance Corporation Limited (Foot Note 1)	11.25	2018	150	1,000,000	1,588.24	1,596.00	1,597.00
(iv) Housing Development Finance Corporation Limited (Foot Note 1)	11.95	2018	15	1,000,000	156.41	156.50	156.00
(v) Rural Electrification Corporation Limited	9.07	2018	140	1,000,000	-	1,452.00	1,452.00
(vi) Steel Authority of India Limited	8.60	2019	40	1,000,000	-	-	413.00
(vii) Steel Authority of India Limited	8.65	2019	70	1,000,000	-	-	715.00
(viii) Infrastructure Development Finance Company Limited	8.90	2019	30	1,000,000	-	-	313.00
(ix) Axis Bank Limited	9.95	2019	35	1,000,000	350.84	350.50	350.00
(x) Indian Railway Finance Corporation Limited	8.20	2020	20	1,000,000	-	-	207.22
(xi) Infrastructure Development Finance Company Limited	8.65	2020	20	1,000,000	-	-	215.00
(xii) Rural Electrification Corporation Limited	8.65	2020	50	1,000,000	-	-	487.25
(xiii) Power Grid Corporation of India Limited	9.64	2021	32	1,250,000	432.23	432.50	432.00

Notes to Financial Statements for the year ended 31st March, 2017

4. Non-current investments (Contd.)

(₹ in Lakhs)

Particulars	Rate of Interest	Year of Maturity	No. of bonds / debentures / share	Face value	As at		
					31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(xiv) Power Finance Corporation of India Limited *	7.51	2021	600	100,000	619.41	619.00	619.40
(xv) Power Grid Corporation of India Limited	8.80	2022	16	1,250,000	-	-	209.00
(xvi) National Highway Authority of India Limited *	8.20	2022	100,000	1,000	1,080.41	1,087.50	1,092.98
(xvii) Rural Electrification Corporation Limited *	7.93	2022	90,000	1,000	985.96	991.50	996.02
(xviii) Power Grid Corporation of India Limited	9.33	2023	40	1,250,000	-	514.50	514.53
(xix) Power Grid Corporation of India Limited	8.80	2024	56	1,250,000	-	-	731.00
(xx) Power Grid Corporation of India Limited	8.90	2024	20	1,250,000	-	-	247.87
(xxi) Infrastructure Development Finance Company Limited	9.03	2025	5	1,000,000	54.25	55.00	55.00
(xxii) Housing Development Finance Company Limited	8.96	2025	100	1,000,000	-	-	1,088.00
(xxiii) Infrastructure Development Finance Company Limited	8.82	2025	38	1,000,000	-	-	388.07
(xxiv) Power Grid Corporation of India Limited	8.90	2025	20	1,250,000	-	-	249.00
(xxv) Indian Railway Finance Corporation Limited	9.09	2026	155	1,000,000	-	1,616.00	2,084.00
(xxvi) National Highway Authority of India Limited *	8.30	2027	190,000	1,000	2,077.53	2,086.20	2,091.96
(xxvii) Power Finance Corporation of India Limited *	8.30	2027	100,000	1,000	1,068.32	1,072.50	1,074.29
(xxviii) Power Finance Corporation of India Limited *	8.20	2022	90,000	1,000	963.30	972.00	976.54
(xxix) Power Finance Corporation of India Limited *	8.46	2028	40	1,000,000	420.85	421.00	420.53

Notes to Financial Statements for the year ended 31st March, 2017

4. Non-current investments (Contd.)

	Particulars	Rate of Interest	Year of Maturity	No. of bonds / debentures / share	Face value	(₹ in Lakhs)		
						As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(xxx)	Rural Electrification Corporation Limited *	8.46	2028	10,000	1,000	102.00	103.00	103.14
(xxxii)	National Housing Bank *	8.68	2029	40,000	5,000	2,038.42	2,029.00	2,031.74
(xxxiii)	Housing and Urban Development Corporation Limited*	8.10	2022	60,000	1,000	604.20	610.00	609.95
(xxxiv)	NTPC Limited*	8.66	2033	108,150	1,000	651.42	652.00	653.26
(xxxv)	National Housing Bank *	8.68	2029	10,000	5,000	515.49	526.00	528.45
(xxxvi)	National Housing Bank *	8.76	2034	8,000	5,000	434.04	435.00	435.43
(xxxvii)	Housing and Urban Development Corporation Limited*	8.76	2034	5,000	1,000	55.74	56.00	55.85
(xxxviii)	Infrastructure Development Finance Company Limited	8.80	2025	1	1,000,000	11.54	11.00	11.00
(xxxix)	Infrastructure Development Finance Company Limited	8.80	2025	3	1,000,000	31.22	32.00	31.78
(xl)	Kokan Railway Corporation Limited	8.90	2016	1	1,000,000	-	-	9.90
(xli)	Central Bank of India	8.95	2016	2	1,000,000	-	-	20.67
(xlii)	State Bank of India	8.96	2021	1	1,000,000	-	11.00	10.86
(xliii)	Power Finance Corporation of India Limited (Foot Note 1)	9.28	2017	2	1,000,000	-	20.00	20.27
(xliv)	India Infrastructure Finance Company Limited	9.41	2037	3	1,000,000	35.37	35.00	35.56
(xlv)	LIC Housing Finance Limited	9.70	2017	1	1,000,000	-	11.00	11.03
(xlvi)	Export Import Bank of India	9.85	2017	1	1,000,000	-	-	10.20
(xlvii)	Tata Capital Financial Services Limited	9.95	2019	2	1,000,000	10.51	10.00	10.03
(xlviii)	HDB Financial Services Limited	10.19	2024	1	1,000,000	10.47	10.00	10.40
(xlix)	Power Finance Corporation of India Limited	11.25	2018	1	1,000,000	12.40	12.00	11.62
(xli)	IDBI Bank Limited	11.30	2018	1	1,000,000	11.27	11.00	11.19

Notes to Financial Statements for the year ended 31st March, 2017

4. Non-current investments (Contd.)

(₹ in Lakhs)

Particulars	Rate of Interest	Year of Maturity	No. of bonds / debentures / share	Face value	As at		
					31st March, 2017	31st March, 2016	As at 1st April, 2015
(i) Rural Electrification Corporation Limited *	7.21	2022	10	1,000,000	103.31	104.00	104.31
(ii) NHPC 2033*	8.67	2033	49,420	1,000	587.13	569.00	571.96
(iii) Indian Railway Finance Corporation Limited *	8.40	2029	63,000	1,000	738.06	741.00	-
(iii) Rural Electrification Corporation Limited *	8.46	2028	57	1,000,000	651.30	654.00	-
(iv) Indian Railway Finance Corporation Limited *	8.48	2028	100	1,000,000	1,172.06	1,177.00	-
(iv) Indian Renewable Energy Development Agency Limited*	7.17	2025	60	1,000,000	625.28	626.00	-
(vi) Indian Railway Finance Corporation Limited *	7.34	2028	10,000	1,000	620.70	628.00	-
(vii) Power Finance Corporation of India Limited *	7.35	2035	50,000	1,000	528.81	529.00	-
(viii) National Highway Authority of India Limited *	7.35	2030	25,913	1,000	277.50	263.00	-
(ix) India Infrastructure Finance Company Limited*	8.26	2028	80	1,000,000	903.15	906.00	-
(x) National Housing Bank *	8.46	2028	90	1,000,000	1,040.75	1,045.00	-
(xi) India Infrastructure Finance Company Limited*	8.66	2034	20,000	1,000	244.82	233.00	-
(xii) NTPC Limited*	7.15	2025	21	1,000,000	219.46	219.00	-
(xiii) National Highway Authority of India Limited *	7.35	2031	63,970	1,000	683.62	652.00	-
(xiv) Indian Renewable Energy Development Agency Limited*	7.49	2031	50,000	1,000	511.44	511.00	-
(xv) NHPC Ltd*	8.54	2028	71,428	1,000	850.96	853.00	-
(xvi) National Bank for Agriculture and Rural Development*	7.35	2031	5,010	1,000	2,039.33	50.00	-

Notes to Financial Statements for the year ended 31st March, 2017

4. Non-current investments (Contd.)

(₹ in Lakhs)

Particulars	Rate of Interest	Year of Maturity	No. of bonds / debentures / share	Face value	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(lxvii) Indian Railway Finance Corporation Limited *	7.18	2023	75,000	1,000	795.76	-	-
(lxviii) Indian Railway Finance Corporation Limited *	7.35	2031	70,000	1,000	775.33	-	-
(lxix) Housing and Urban Development Corporation Limited*	8.56	2028	20	1,000,000	611.56	-	-
(lxx) NHPC Ltd*	8.67	2033	49,420	1,000	55.06	-	-
(lxxi) Housing and Urban Development Corporation Limited*	8.56	2028	20	1,000,000	245.69	29,736.30	26,403.91
(d) Investment in Mutual Funds - (Unquoted)							
(i) Axis Fixed Term Plan - Series 42 Direct Plan - Growth			5,000,000	10	-	613.11	-
(ii) IDBI Mutual Fund FMP Series III-Direct Plan- Growth			2,000,000	10	-	244.20	-
(iii) HDFC Mutual Fund FMP series 29 -Direct Plan - Growth			3,000,000	10	-	362.40	-
(iv) ICICI Prudential FMP series 76 -Direct Plan - Growth			5,000,000	10	-	559.00	514.23
(v) HDFC Fixed Maturity Plans - Series 31 - Growth			2,000,000	10	-	232.80	-
					-	2,011.51	514.23
					44,385.49	37,852.81	33,430.14
* Investment in Tax free bonds							
Foot note 1: Classified as Current portion of long term investment as the remaining maturity is less than 12 months							
Aggregate amount of quoted investment					26,305.79	31,114.81	26,403.91
Aggregate market value of quoted investment					27,469.00	31,210.00	26,810.91
Aggregate amount of unquoted investments					18,079.70	6,738.00	7,026.23
Aggregate amount of impairment in value of investment					-	-	-
					667.71	683.39	683.39

Notes to Financial Statements for the year ended 31st March, 2017

5 Other Financial Assets

(₹ in Lakhs)

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Non current	Current	Non current	Current	Non current	Current
Security deposits	458.62	-	51.11	-	43.22	-
Interest accrued on Fixed Deposits	-	1.78	-	-	-	-
Others	-	160.74	-	55.10	-	1.08
Total	458.62	162.52	51.11	55.10	43.22	1.08

6 Deferred tax asset (net)

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deferred tax asset			
Property, plant and equipment and other intangible assets	126.70	223.87	327.70
Provision for employee benefits	197.92	162.37	167.36
Others	-	90.56	30.64
Less: Deferred tax liability			
Others	(9.49)	-	-
Net Deferred tax asset	315.13	476.80	525.70

The movement in deferred tax asset and liabilities:

(₹ in Lakhs)

	As at 31st March 2016	Credited / (charge) to Statement of Profit and Loss	As at 31st March 2017
Deferred tax asset			
Property, plant and equipment and other intangible assets	223.87	(97.17)	126.70
Provision for employee benefits	162.37	35.55	197.92
Others	90.56	(90.56)	-
	476.80	(152.18)	324.62
Deferred tax liability			
Others	-	(9.49)	(9.49)
	-	(9.49)	(9.49)
Net deferred tax assets	476.80	(161.67)	315.13

Notes to Financial Statements for the year ended 31st March, 2017

The movement in deferred tax asset and liabilities:

(₹ in Lakhs)

	As at 1st April, 2015	Credited / (charge) to Statement of Profit and Loss	As at 31st March 2016
Deferred tax asset			
Property, plant and equipment and other intangible assets	327.70	(103.83)	223.87
Provision for employee benefits	167.36	(4.99)	162.37
Others	30.64	59.92	90.56
	<u>525.70</u>	<u>(48.90)</u>	<u>476.80</u>
Deferred tax liability			
Others	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net deferred tax assets	<u>525.70</u>	<u>(48.90)</u>	<u>476.80</u>

7 Other Assets

(₹ in Lakhs)

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Non current	Current	Non current	Current	Non current	Current
Capital Advances	65.85	-	48.82	-	35.01	-
Prepaid expenses	38.87	85.36	60.35	25.66	53.83	49.43
Expenses recoverable	2.85	25.41	4.24	1,047.38	12.12	7.94
Service tax credit receivable	-	133.31	-	381.19	-	114.76
Total	<u>107.57</u>	<u>244.08</u>	<u>113.41</u>	<u>1,454.23</u>	<u>100.96</u>	<u>172.13</u>

8 Current investments

(₹ in Lakhs)

Particulars	No. of bonds / debentures / shares / units	Face Value / NAV (₹)	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current portion of long-term investments :					
(a) Investment in Government or Trust Securities					
(i) 11.43% GOI, 2015	4,000	10,000	-	-	407.00
(ii) 8.07% GOI, 2017	4,000	10,000	-	407.00	-
			-	<u>407.00</u>	<u>407.00</u>
(b) Investment in Debentures or bonds					
(i) Tata Steel Limited	30	1,000,000	-	-	328.00
(ii) Indian Overseas Bank	2	1,000,000	-	-	17.85
(iii) Power Finance Corporation of India Limited	1	1,000,000	-	-	10.01
(iv) IDBI OMNI Bonds	1	1,000,000	-	-	10.00
(v) Housing Development Finance Corporation Limited	1	1,000,000	-	-	10.00
(vi) Kokan Railway Corporation Limited	1	1,000,000	-	10.00	-
(vii) Central Bank of India	2	1,000,000	-	20.00	-
(viii) Export Import Bank of India	1	1,000,000	-	10.00	-
(ix) LIC Housing Finance Limited	1	1,000,000	10.38	-	-

Notes to Financial Statements for the year ended 31st March, 2017

Particulars		No. of bonds / debentures / shares / units	Face Value / NAV (₹)	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(x)	Power Finance Corporation of India Limited	2	1,000,000	20.01	-	-
(xi)	10 year Zero Coupon Bhavishya Nirman Bond from National Bank for Agriculture and Rural Development	3,551	20,000	656.10	-	-
				686.49	40.00	375.86
Other Current Investments :						
(c) Investment in Mutual Funds (Unquoted)						
(i)	Units of Axis Treasury Advantage Fund - Institutional Daily Dividend Reinvestment	63,499	1,002	636.39	604.00	572.43
(ii)	Units of IDFC Ultra Short Term Fund - Daily Dividend Reinvestment	6,290,170	10	630.45	599.00	567.97
(iii)	Units of Birla Sun Life Ultra Short Term Fund - Daily Dividend Reinvestment	551,322	106	619.70	585.00	557.95
(iv)	Units of UTI Treasury Advantage Fund - Daily Dividend Reinvestment	63,355	1,002	635.04	600.00	566.90
(v)	Units of Axis Liquid Fund -Direct Plan- Daily Dividend	122	1,000	1.22	1.00	1.11
(vi)	Units of IDFC Liquid Fund - Direct Plan - Daily Dividend	75	1,000	0.75	1.00	0.69
(vii)	Units of HDFC Liquid Fund- Daily Dividend Reinvestment	57,090	1,020	582.21	555.00	526.51
(viii)	Units of ICICI Prudential Liquid Plan- Daily Dividend Reinvestment	581,434	100	582.27	555.00	526.31
(ix)	Units of IDBI Ultra Short Term Fund- Daily Dividend Reinvestment	73	1,031	0.75	1.00	0.69
(x)	Units of L & T Ultra Short Term fund- Daily Dividend Reinvestment	3,426,183	10	354.40	337.00	319.18
(xi)	Units of Peerless Liquid Fund - Daily Dividend Reinvestment	58,274	1,001	583.49	556.00	526.70
(xii)	Units of Principal Debt Opportunity Conservative Fund- Daily Dividend Reinvestment	58,955	1,003	593.22	559.00	527.31
(xiii)	Units of UTI Liquid Fund - Daily Dividend Reinvestment	56,925	1,019	580.32	553.00	524.97
(xiv)	Axis Fixed Term Plan - Series 42 Direct Plan - Growth	5,000,000	10	662.87	-	566.28
(xv)	IDBI Mutual Fund FMP Series III- Direct Plan- Growth	2,000,000	10	-	-	224.86
(xvi)	IDFC Fixed Term Plan Series 57 - Direct Plan - Growth	5,000,000	10	-	608.00	560.45
(xvii)	HDFC Mutual Fund FMP series 29 -Direct Plan - Growth*	3,000,000	10	391.20	-	333.15
(xviii)	HDFC Fixed Maturity Plans - Series 31 - Growth*	2,000,000	10	251.80	-	213.85
(xix)	ICICI Prudential FMP series 76 -Direct Plan - Growth*	5,000,000	10	607.50	-	-
Total				7,713.58	6,114.00	7,117.31
				8,400.07	6,561.00	7,900.17
* represents current portion of long term investments						
Aggregate amount of quoted investment				7,713.58	6,114.00	1,332.31
Aggregate market value of quoted investment				7,713.58	6,114.00	
Aggregate amount of unquoted investments				686.49	447.00	6,567.86
Aggregate amount of impairment in value of investment				-	-	-

Notes to Financial Statements for the year ended 31st March, 2017

9 Trade receivables

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Secured, considered good	571.71	353.89	362.43
Unsecured, considered good	2,113.01	1,570.30	761.39
Unsecured, considered doubtful	10.14	208.04	30.30
	<u>2,694.86</u>	<u>2,132.23</u>	<u>1,154.12</u>
Less: Provision (basis Expected Credit Loss)	10.14	208.04	30.30
Total	2,684.72	1,924.19	1,123.82

Foot note 1:

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

10 Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Cash on hand	0.46	0.25	0.35
Cheques on hand	-	0.42	2.53
Balances with banks:			
(i) in current accounts/Fixed Deposits	757.43	903.47	1,184.93
Total	757.89	904.14	1,187.81

11 Bank balances other than cash and cash equivalents

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Other bank balances			
(i) in current accounts (refer footnote 1)	392.74	419.00	502.25
Total	392.74	419.00	502.25

Footnote 1: These balances have restriction on repatriation.

12 Equity Share capital

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Authorised			
100,000,000 equity shares of ₹ 10 each with voting rights	10,000.00	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	4,000.00
	<u>4,000.00</u>	<u>4,000.00</u>	<u>4,000.00</u>

Notes to Financial Statements for the year ended 31st March, 2017

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

Name of the Shareholder	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Number of shares held	% Holding	Number of shares held	% Holding	Number of shares held	% Holding
IDBI Bank Ltd.	12,000,000	30.00	12,000,000	30.00	12,000,000	30.00
National Stock Exchange of India Ltd	9,600,000	24.00	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	2,732,000	6.83

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

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

	No of Shares	(₹ in lakh)
Balance as at 1st April 2015	40,000,000	4,000
Issue of Shares	-	-
Balance as at 31st March 2016	40,000,000	4,000
Issue of Shares	-	-
Balance as at 31st March 2017	40,000,000	4,000

12(d) On 8th May, 2017, the Board of Directors of the Company have proposed a final dividend of Rs. 2.50 per share in respect of the year ended 31st March, 2017 subject to approval of shareholders at the Annual General Meeting. If approved, it the dividend would result in a cash outflow of Rs. 1203.57 lakh inclusive of dividend distribution tax of Rs. 203.57 lakh.

Notes to Financial Statements for the year ended 31st March, 2017

13 Other Equity

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Investor protection reserve (also refer footnote below)	700.00	700.00	700.00
General reserve			
Balance at the beginning of the year	26,312.82	24,812.82	23,312.82
Add: Transferred from retained earning	5,000.00	1,500.00	1,500.00
Balance as at the end of the year	31,312.82	26,312.82	24,812.82
Retained earnings			
Balance at the beginning of the year	12,590.47	6,927.49	5,051.83
Profit for the year	8,714.56	8,366.55	4,545.61
Less: Dividend	(1,000.00)	(1,000.00)	(1,000.00)
Dividend Distribution Tax	(203.57)	(203.57)	(169.95)
Transferred to General Reserve	(5,000.00)	(1,500.00)	(1,500.00)
Balance at the end of the year	15,101.46	12,590.47	6,927.49
Other comprehensive income:			
Balance at the beginning of the year	16.84	-	-
Other comprehensive income for the year	(96.61)	16.84	-
Balance at the end of the year	(79.77)	16.84	-
Total	47,034.51	39,620.13	32,440.31

Footnote: Not earmarked for any specific purpose.

14 Other financial liabilities (Non-current)

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Non Current			
Others:			
Incentive Payable to key managerial person	115.20	72.00	43.80
Total	115.20	72.00	43.80

15 Trade payables

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Trade payables			
Amounts due to micro enterprise and small enterprises (also refer footnote below)	30.96	7.41	18.54
Others	553.71	426.00	547.44
Total	584.67	433.41	565.98

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

Notes to Financial Statements for the year ended 31st March, 2017

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

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Principal amount remaining unpaid to any supplier as at the end of the accounting period	30.96	7.41	18.34
Interest due thereon remaining unpaid to any supplier as at the end of the accounting period	-	-	0.20
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	-	-	0.20
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	30.96	7.41	18.54

16 Other financial liabilities (Current)

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current			
Security deposit received from customers / depository participants	3,000.25	2,960.25	3,018.72
Payables on purchase of fixed assets	7.44	5.37	5.50
Investor Protection Fund (refer note 31)	465.41	828.79	3,668.12
Payable on Redemption of NSC/KVP and Government Securities	392.74	419.00	502.25
Payables to staff	468.36	429.35	424.43
Gratuity payable to Fund	292.02	138.92	448.85
Others	115.44	77.16	249.90
Total	4,741.66	4,858.84	8,317.77

17 Provisions

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current			
Provision for employee benefit			
Provision for compensated absences (refer footnote (i) below)	517.27	444.72	453.41
Other Provision			
Provision for investor awareness (refer note 32.1)	689.18	384.00	-
Provision for stamp duty (refer note 32.2)	-	-	370.00
Total	1,206.45	828.72	823.41

foot note (i): The provision for employee benefits includes ordinary leave and sick leave

Notes to Financial Statements for the year ended 31st March, 2017

18 Other liabilities

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current			
Advances from customers	1,061.74	1,066.01	369.87
Income received in advance	173.54	164.98	145.76
Statutory remittances	174.11	318.83	141.32
Total	1,409.39	1,549.82	656.95

19 Revenue from operations

(₹ in Lakhs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Annual fees	1,476.47	669.00
Custody fees	7,208.92	6,912.47
Transaction fees	10,913.40	5,821.40
Software license fees	18.30	14.23
Communication fees	319.62	318.40
Other operating income	59.83	14.21
Total	19,996.54	13,749.71

20 Other income

(₹ in Lakhs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Interest income :		
- On non-current investments	2,303.63	2,263.36
- On fixed deposits with banks	304.34	102.84
- On overdue trade receivables	154.21	22.92
	2,762.18	2,389.12
Dividend income from current Investments	293.28	288.22
Fair Value gain on Investments in Mutual Funds	195.89	206.73
Profit on sale of investments	164.06	175.16
Profit on sale of Property, Plant and Equipment	65.92	-
Miscellaneous income	174.47	162.86
Total	3,655.80	3,222.09

Notes to Financial Statements for the year ended 31st March, 2017

21 Employee benefits expense

(₹ in Lakhs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
-Salaries and wages	2,630.77	2,376.25
-Contribution to provident and other funds (refer note 29)	339.31	332.33
-Staff welfare expenses	201.94	122.83
-Deputation Cost	33.17	39.11
Total	3,205.19	2,870.52

22 Other expenses

(₹ in Lakhs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
-Annual fees	194.17	187.71
-Repairs and maintenance - system	1,981.55	1,823.56
-Repairs and maintenance - premises	188.58	161.82
-Repairs and maintenance - others	52.81	50.46
-Insurance (Refer Note 28)	40.87	30.65
-Power and fuel	193.84	206.92
-Rent (net of recovery)	258.83	231.36
-Communication expenses	1,568.36	428.86
-Travelling and conveyance expenses	239.00	239.76
-Legal and professional fees	92.39	146.48
-Printing and stationery expenses	1,115.79	59.63
-Rates and taxes	21.45	46.80
-Corporate Social Responsibility Expense (refer note 33)	31.21	11.75
-Seminar and business promotion expenses	214.58	229.98
-Payment to Auditors (net of service tax set-off)		
--(a) Audit fees	21.69	18.00
--(b) Tax audit fees	2.33	2.00
--(c) Taxation matters *	16.82	0.60
--(d) Other services	0.28	0.20
--(e) Reimbursement of expenses (out of pocket expenses)	0.01	0.20
-Directors sitting fees	51.40	34.80
-Provision for investor awareness	406.30	384.00
-Provision for doubtful trade receivables	10.14	177.74
-Bad debts written off	319.79	151.94
-Miscellaneous expenses	96.25	100.00
Total	7,118.44	4,725.22

* Paid to a network firm ₹ 9.00 lakh (previous year Nil)

Notes to Financial Statements for the year ended 31st March, 2017

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

Contingent Liabilities:

- a) Demand from the service tax authorities of ₹ 5,236.21 lakh (Previous year ₹ 3,261.69 lakh) in respect of FY 2004-05 to FY 2008-09 relate to service tax demanded in respect of depository participant services during that period. The Company is hopeful of succeeding in appeals and does not expect any significant liability to materialise.
- b) Demand from Income Tax authorities for AY 2013-14 and AY 2014-15 for ₹ 213.61 lakh and ₹ 338.58 lakh respectively. The Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary.
- c) Commitments:
Estimated amount of capital contracts not provided for (net of advances) for the year ended 31st March, 2017 is ₹ 22.06 Lakh (previous year ₹ 23.80 Lakh).

24. Expenditure in foreign currency:

(₹ in Lakhs)

Particulars	At at 31st March, 2017	As at 31st March, 2016
Travelling	55.77	68.02
Membership fees	1.50	1.45

25. Segment Reporting:

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

26. Related party Disclosures:

a) Names of related parties and relationship :

(i)	IDBI Bank Limited	Company having substantial Interest
(ii)	National Stock Exchange of India Limited	Company having substantial Interest
(iii)	NSDL Database Management Limited	Wholly-owned subsidiary (control exists)
(iv)	NSDL Payments Bank Limited	Wholly-owned subsidiary (control exists) w.e.f. 17th August, 2016
(v)	Key managerial personnel	Mr. G V Nageswara Rao, Managing Director and CEO

Notes to Financial Statements for the year ended 31st March, 2017

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

(₹ in Lakhs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
(i) Transactions during the year :		
I. Companies having substantial Interest		
a) <u>IDBI Bank Limited</u>		
- Transaction Fees	50.89	29.44
- Annual fees	11.55	11.61
- Reimbursement of expenses	1.67	1.98
- Other operational income	0.62	1.35
- Interest Income on fixed deposit with Bank	263.68	101.25
- Interest (waiver)/ Income – Other	1.31	0.12
- Miscellaneous expenses	0.49	0.49
- Dividend paid	300	300
b) <u>National Stock Exchange of India Limited</u>		
- Miscellaneous expenses	0.10	0.04
- Transaction Fees	63.52	0.15
- Dividend paid	250.45	250.45
II. Subsidiary		
NSDL Database Management Limited		
- Expense	74.68	74.52
- Income	98.11	71.24
III. Key managerial personnel		
- Remuneration	256.33	244.05
(ii) (Payable)/Receivable at the end of the year :		
Companies having substantial Interest		
a) <u>IDBI Bank Limited</u>		
- Security deposit payable	(30.00)	(30.00)
- Balance in current account	584.31	387.06
- Trade receivables	8.35	6.76
b) <u>National Stock Exchange of India Limited</u>		
Trade receivable	22.51	-
Subsidiary Company		
a) NSDL Database Management Limited	54.86	
Receivable / (payable)		(8.38)
b) NSDL Payments Bank Limited - receivable	160.65	-
c) Payable to Key Managerial Person	145.80	72.00

Notes:

- (i) There are no provisions for doubtful debts or amounts written off/written back in respect of dues from/to related parties.
- (ii) Managerial remuneration does not include charge on account of provision for gratuity which has been determined for the Company as a whole.

Notes to Financial Statements for the year ended 31st March, 2017

27. Operating Lease:

The Company holds certain premises under operating leases. Rent includes expenses which are net of recovery. The Rent expense net of recovery for the year ended 31st March, 2017 is ₹ 258.83 Lakh (Previous year ₹ 231.36 Lakh).

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

(₹ in Lakhs)

Particulars	At at 31st March, 2017	As at 31st March, 2016
Not later than one year	32.45	-

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

(₹ in Lakhs)

Particulars	At at 31st March, 2017	As at 31st March, 2016
Insurance	57.16	74.56

29. Employee benefits:

- a) The Company has recognised the following amounts in the Statement of Profit and Loss under the head Company's Contribution to Provident Fund and Other Funds:

(₹ in Lakhs)

Particulars	At at 31st March, 2017	As at 31st March, 2016
Provident fund	104.29	96.90
Superannuation fund	74.32	63.15
Total	178.61	160.05

- b) Gratuity:

- (i) Summary of actuarial assumptions :

Particulars	At at 31st March, 2017	As at 31st March, 2016
Discount rate	7.57%	8.01%
Rate of return on plan assets	7.57%	8.01%
Salary escalation	8.00%	8.00%
Attrition rate	2.00%	2.00%
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Notes to Financial Statements for the year ended 31st March, 2017

(ii) Reconciliation of defined benefit obligation :

(₹ in Lakhs)

Particulars	At at 31st March, 2017	As at 31st March, 2016
Liability at the beginning of the year	1,323.53	1,277.04
Interest cost	106.01	102.04
Current service cost	133.15	119.47
Benefits paid	(73.84)	(160.40)
Actuarial loss /(gain) on obligations	72.84	(14.62)
Liability at the end of the year	1,561.69	1,323.53

(iii) Reconciliation of fair value of plan assets :

(₹ in Lakhs)

Particulars	At at 31st March, 2017	As at 31st March, 2016
Fair value of plan assets at the beginning of the year	1,184.61	828.20
Interest Income	94.89	66.17
Contributions by the Employer	138.92	439.50
Benefits paid	(73.84)	(160.40)
Actuarial (gain)/ loss on Plan Assets	(74.91)	11.14
Fair value of plan assets at the end of the year	1,269.67	1,184.61

(iv) Amount recognised in balance sheet:

(₹ in Lakhs)

Particulars	At at 31st March, 2017	As at 31st March, 2016
Present value of funded obligation	(1561.69)	(1,323.52)
Fair value of plan assets at the end of the year	1,269.67	1,184.60
Amount recognised in balance sheet	(292.02)	(138.92)

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

(₹ in Lakhs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Current service cost	133.15	119.47
Interest cost	11.13	35.86
Expenses recognised in the Statement of Profit and Loss	144.28	155.33

Notes to Financial Statements for the year ended 31st March, 2017

(vi) Expenses recognised in Other Comprehensive Income:

(₹ in Lakhs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Actuarial gain loss on obligation	72.84	(11.14)
Actuarial (Gain) or Loss	74.90	(14.62)
Net (Income)/Expense for the Period Recognised in OCI	147.74	(25.76)

(vii) Balance Sheet reconciliation :

(₹ in Lakhs)

Particulars	At at 31st March, 2017	As at 31st March, 2016
Opening net liability	138.92	448.85
Expenses Recognised in Statement of Profit and Loss	144.28	155.33
Expenses Recognised in OCI	147.74	(25.76)
Employers Contribution	(138.92)	(439.50)
Amount recognised in balance sheet	292.02	138.92

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

Particulars	At at 31st March, 2017	As at 31st March, 2016
Central and State Govt. securities		
Bonds/ debentures	Funds deployed by Life Insurance Corporation of India.	Funds deployed by Life Insurance Corporation of India.
Equity shares		
Others		

(ix) Expected contribution in the next year ₹ 131.21 lakh (previous year ₹ 9.96 lakh)

(x) Sensitivity Analysis:

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

(₹ in Lakhs)

	Defined benefit obligation	
	Increase in assumption	Decrease in assumption
Discount rate (1% movement)	(177.61)	211.52
Future salary appreciation (1% movement)	208.50	(178.48)
Attrition rate (1% movement)	(9.08)	10.14

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

Notes to Financial Statements for the year ended 31st March, 2017

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

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

30. Earnings per share:

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Profit for the year attributable to the equity shareholders (₹ in Lakh)	8,714.56	8,366.55
Weighted average Number of equity shares during the year	40,000,000	40,000,000
Basic and Diluted Earnings per Share	21.79	20.92
Face value of each share (₹)	10	10

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

31. Investor Protection Fund (IPF):

- 31.1. The Securities Exchange Board of India (SEBI) has issued SEBI (Depositories and Participants (Amendment) Regulations, 2012 ("the Regulations") 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 were required to credit twenty five per cent of its profits every year to the Investor Protection Fund. Accordingly, the Company had credited a total sum of ₹ 3,668.12 lakh from FY 2012-13 to FY 2014-15 to the IPF as at March 31, 2015. SEBI vide its notification dated 21st January, 2016 has retrospectively amended the Regulations wherein every depository is required to credit 5% of its profit from depository operations as Contribution to Investor Protection Fund as against 25% of profit specified in the Regulation dated 11th September, 2012. Accordingly, ₹ 3,130.28 lakh was written back in the year ended 31st March, 2016 being excess contribution upto 31st March, 2015.

The contribution to IPF for the year ended 31st March, 2017 works out to ₹ 464.78 lakh (previous year ₹ 290.95 lakh), being 5% of the profits from depository operations of the Company before tax for the year available after making such contribution. In addition, the Company has transferred penalties of ₹ 305 lakh recovered from DP's to the NSDL IPF Trust.

- 31.2. Further, SEBI vide its Circular dated 7th June, 2016 issued guidelines for utilization of IPF. The guidelines require administration of IPF by creation of a trust administered by Depository. As required by the Guidelines, the Company created irrevocable Trust 'National Securities Depository Limited Investor Protection Fund Trust' (NSDL IPF Trust). The Company transferred ₹ 1,133.68 lakh to NSDL IPF Trust in March 2017.

32. Other provisions:

32.1. Provision for investor awareness:

SEBI vide its circular no. CIR/MRD/DP/18/2015 dated December 9, 2015 (the "Circular") has revised the annual custody/issuer charges to be collected by the depositories from the issuers with effect from financial year 2015-16. The Circular has also directed the Depositories to set aside 20% of the incremental revenue received from the issuers. Pursuant to the Circular, the Company has set aside ₹ 406.30 lakh (previous year ₹ 384.00 lakh) being 20% of incremental revenue on issuer income for the period ended March 31, 2017.

Notes to Financial Statements for the year ended 31st March, 2017

(₹ in Lakhs)

	As at		
	31st March, 2017	31st March, 2016	1st April, 2015
Opening Provision	384.00	-	-
Addition	406.30	384.00	-
Payment/repayment	(101.12)	-	-
Closing	689.18	384.00	-

32.2. Provision for stamp duty:

The Company had made a provision of ₹ 370.00 lakh towards stamp duty pending adjudication in respect of immovable assets transferred during the previous year under the Scheme of Demerger.

An Order dated 29th January, 2016 was received from the Collector of Stamps confirming completion of adjudication process and payment of stamp duty of ₹ 314.24 lakh. Accordingly, the stamp duty of ₹ 314.24 lakh has been paid and the balance amount is adjusted in the carrying value of Building.

(₹ in Lakhs)

	As at		
	31st March, 2017	31st March, 2016	1st April, 2015
Opening Provision	-	370.00	370.00
Payment/repayment	-	(314.24)	-
Reversal/adjustment	-	(55.76)	-
Closing	-	-	370.00

33. Expenses towards Corporate Social Responsibility:

(₹ in Lakhs)

Sr No	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
a)	Gross amount required to be spent by the Company during the year.	153.44	101.21
b)	Amount spent during the year on:	31.21	11.75

(₹ in Lakhs)

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

Notes to Financial Statements for the year ended 31st March, 2017

Sr No	Particulars	As at March 31, 2016		
		In Cash/ Chq/ Transfer	Yet to be spent	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	11.75	89.46	101.21

The Company has identified few projects and taken approval from Board of Directors to spend ₹ 82 lakh for the said projects.

34. Fair value measurement:

(₹ in Lakhs)

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Financial Assets			
a) Amortised cost			
Investments in debt instrument	30,666.98	30,183.30	27,593.77
Trade Receivables	2,684.72	1,924.19	1,123.82
Cash and cash equivalents	757.89	904.14	1,187.81
Other Bank balances	392.74	419.00	502.25
Other financial assets	621.14	106.21	44.30
	35,123.47	33,536.84	30,451.95
b) FVTPL			
Investment in mutual funds	7,713.58	8,125.51	7,631.54
	7,713.58	8,125.51	7,631.54
c) At Cost			
Investment in subsidiaries	14,405.00	6,105.00	6,105.00
	14,405.00	6,105.00	6,105.00
Total	57,242.05	47,767.35	44,188.49
Financial Liabilities			
a) Amortised cost			
Trade Payables	584.67	433.41	565.98
Other financial liabilities	4,856.86	4,930.84	8,361.57
Total	5,441.53	5,364.25	8,927.55

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

Notes to Financial Statements for the year ended 31st March, 2017

35. First time Ind AS adoption reconciliation

35.1 Effect of Ind AS adoption on the Balance Sheet as at 31st March, 2016 and 1st April, 2015

(₹ in Lakhs)

Particulars	sub note	As at 31st March 2016			As at 1st April, 2015		
		Previous GAAP	Effect of Transition to Ind-AS	As per Ind-AS balance sheet	Previous GAAP	Effect of Transition to Ind-AS	As per Ind-AS balance sheet
ASSETS							
Non Current Assets							
a) Property, plant and equipment		1,084.66	-	1,084.66	1,182.42	-	1,182.42
b) Other intangible assets		127.50	-	127.50	231.89	-	231.89
c) Financial assets							
i) Investments	a	35,818.55	2,034.26	37,852.81	31,878.16	1,551.98	33,430.14
ii) Other financial assets		51.11	-	51.11	43.22	-	43.22
d) Deferred tax assets (net)	b	490.50	(13.70)	476.80	530.92	(5.22)	525.70
e) Income tax assets (net)		562.35	-	562.35	562.35	-	562.35
f) Other non-current assets	a	415.59	(302.18)	113.41	353.41	(252.45)	100.96
Total non-current assets		38,550.26	1,718.38	40,268.64	34,782.37	1,294.31	36,076.68
Current assets							
a) Financial assets							
i) Investments	a	6,446.50	114.50	6,561.00	7,666.57	233.60	7,900.17
ii) Trade receivables		1,924.19	-	1,924.19	1,123.82	-	1,123.82
iii) Cash and cash equivalents		904.14	-	904.14	1,187.81	-	1,187.81
iv) Bank balances other than (iii) above		419.00	-	419.00	502.25	-	502.25
v) Other financial assets		55.10	-	55.10	1.08	-	1.08
b) Other current assets	a	2,577.11	(1,122.88)	1,454.23	1,174.15	(1,002.02)	172.13
Total current assets		12,326.04	(1,008.38)	11,317.66	11,655.68	(768.42)	10,887.26
Total assets		50,876.30	710.00	51,586.30	46,438.05	525.89	46,963.94
EQUITY							
a) Equity share capital		4,000.00	-	4,000.00	4,000.00	-	4,000.00
b) Other equity		37,706.55	1,913.58	39,620.13	30,710.85	1,729.46	32,440.31
		41,706.55	1,913.58	43,620.13	34,710.85	1,729.46	36,440.31
Non-current liabilities							
a) Financial liabilities							
i) Other financial liabilities		72.00	-	72.00	43.80	-	43.80
Total non-current liabilities		72.00	-	72.00	43.80	-	43.80
Current liabilities							
a) Financial Liabilities							
i) Trade payables		433.41	-	433.41	565.98	-	565.98
ii) Other financial liabilities		4,858.84	-	4,858.84	8,317.77	-	8,317.77
b) Provisions	c	2,032.29	(1,203.57)	828.72	2,026.98	(1,203.57)	823.41
c) Current tax liability (net)		223.39	(0.01)	223.38	115.72	-	115.72
d) Other current liabilities		1,549.82	-	1,549.82	656.95	-	656.95
Total current liabilities		9,097.75	(1,203.58)	7,894.17	11,683.40	(1,203.57)	10,479.83
Total liabilities		9,169.75	(1,203.58)	7,966.17	11,727.20	(1,203.57)	10,523.63
Total Equities and Liabilities		50,876.30	710.00	51,586.30	46,438.05	525.89	46,963.94

Notes to Financial Statements for the year ended 31st March, 2017

Sub-notes

- a) Under previous GAAP, premium paid on purchase of investment in Government Bonds and Debentures was recognised in profit or loss. Under Ind AS, the premium paid on purchased is considered as part of amortised cost. Accordingly, the towards premium on purchase of investment was reinstated to cost of investment.
- b) Under previous GAAP, income on investment in Government Bonds and Debentures was recognised at coupon rate and the investment in mutual funds was valued at lower of Cost or Net Asset Value. Under Ind-AS the income is recognised on the basis of Effective Interest Rate and the investment in Mutual Fund is fair valued through profit or loss. Accordingly, the other income for the year ended 31st March 2016 has increased by ₹ 165.44 lakh and tax effect thereon of ₹ 8.48 lakh has been recognised.
- c) Under previous GAAP, dividends on equity shares recommended by the board of directors after the end of the reporting period but before the financial statements were approved for issue were recognised in the financial statements as a liability. Under Ind AS, such dividends are recognised when declared by the members in a general meeting. The effect of this change is an increase in total equity as at 31st March, 2016 by ₹ 1,203.57 lakh, but does not affect profit after tax and total comprehensive income for the year ended 31st March, 2016.

35.2 Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31st March, 2016

(₹ in Lakhs)

Particulars	sub note	As at 31st March 2016		
		Previous GAAP	Effect of Transition to Ind-AS	As per Ind-AS balance sheet
INCOME				
Revenue from operations		13,749.71	-	13,749.71
Other income	a	3,056.65	165.44	3,222.09
Total Income		16,806.36	165.44	16,971.80
EXPENSES				
Employee benefits expense	b	2,844.76	25.76	2,870.52
Depreciation and amortisation expense		252.23	-	252.23
Contribution to Investor Protection Fund		290.95	-	290.95
Other expenses	c	4,752.37	(27.15)	4,725.22
Total expenses		8,140.31	(1.39)	8,138.92
Profit before exceptional item		8,666.05	166.83	8,832.88
Exceptional Items		3,130.28	-	3,130.28
Profit before tax		11,796.33	166.83	11,963.16
Tax expense			-	
Current tax	b	3,556.64	(8.93)	3,547.71
Deferred tax	a	40.42	8.48	48.90
		3,597.06	(0.45)	3,596.61
Profit after Tax		8,199.27	167.28	8,366.55

Sub - notes

- a) Under previous GAAP, income on investment in Government Bonds and Debentures was recognised at coupon rate and the investment in mutual funds was valued at lower of Cost or Net Asset Value. Under Ind-AS the income

Notes to Financial Statements for the year ended 31st March, 2017

is recognised on the basis of Effective Interest Rate and the investment in Mutual Fund is fair valued through profit or loss. Accordingly, the other income for the year ended 31st March 2016 has increased by ₹ 165.44 lakh and tax effect thereon of ₹ 8.48 lakh has been recognised.

- b) Under previous GAAP, actuarial gains and losses were recognised in profit or loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of the net defined benefit liability / asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of profit or loss. The actuarial gains for the year ended 31st March, 2016 were ₹ 25.76 lakh and the tax effect thereon was ₹ 8.93 lakh. This change does not affect total equity, but there is a decrease in profit before tax by ₹ 25.76 lakh and in the total profit of ₹ 16.84 lakh for the year ended 31st March, 2016.
- c) Under previous GAAP, premium paid on purchase of investment in Government Bonds and Debentures was recognised in profit or loss. Under Ind AS, the premium paid on purchased is considered as part of amortised cost. Accordingly, the ₹ 27.15 lakh towards premium on purchase of investment is reversed under Ind-AS.

35.3 Reconciliation of Total Equity as at March 31, 2016 and April 1, 2015

(₹ in Lakhs)

	As at March 31, 2016	As at April 1, 2015 (transition date)
Total Equity (Shareholders' funds) under previous GAAP	41,706.55	34,710.85
Ind AS Adjustments:		
Fair value of investments under Ind-AS (net of tax)	418.98	195.47
Dividend not recognised as liability until declared under Ind-AS	1,169.00	1,203.57
Recognition of dividend as liability on declaration under Ind-AS	-	-
Amortisation of premium paid on investments (net of tax)	325.60	330.42
Total adjustment to equity	1,913.58	1,729.46
Total equity under Ind AS	43,620.13	36,440.31

35.4 Reconciliation of Total Comprehensive Income for the year March 31, 2016

(₹ in Lakhs)

	Year ended 31st March, 2016
Profit after tax as per previous GAAP	8,199.27
Ind AS Adjustments	
Fair value of investments under Ind-AS (net of tax)	188.73
Amortisation of premium paid on investments	(4.61)
Remeasurement of defined benefit obligation recognised in other comprehensive income.	16.84
Total effect of transaction to Ind AS	200.96
Other Comprehensive Income	(16.84)
Total Comprehensive Income under Ind AS	8,383.39

Notes to Financial Statements for the year ended 31st March, 2017

35.5 Impact of Ind AS adoption on the statements of cash flows for the year ended March 31, 2016

(₹ in Lakhs)

	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	1,401.41	-	1,401.41
Net cash flow from investing activities	(481.51)	-	(481.51)
Net cash flow from financing activities	(1,203.57)	-	(1,203.57)
Net increase/(decrease) in cash and cash equivalents	(283.67)	-	(283.67)
Cash and cash equivalents as at April 1, 2015	1,187.81	-	1,187.81
Cash and cash equivalents as at March 31, 2016	904.14	-	904.14

36. Financial instruments:

Capital Risk Management:

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

Financial Risk Management:

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

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

The Company is exposed to the following market risks:

(a) Credit Risk

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

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

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

(b) Liquidity Risk

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

Notes to Financial Statements for the year ended 31st March, 2017

37. Income tax recognised in profit or loss

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

(₹ in Lakhs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Profit before tax from continuing operations	12,326.70	11,963.16
Income tax expense calculated at 34.608%	4,266.02	4,140.21
Effect of income that is exempt from taxation	(724.93)	(522.58)
Effect of expenses that are not deductible in determining taxable profit	145.31	52.30
Effect of different tax rates on capital gains	(36.76)	(21.12)
Effect of different tax rates for fair value gain on investments	(45.78)	(53.53)
Others	8.28	1.33
	3,612.14	3,596.61
Income tax expense recognised in profit or loss	3,612.14	3,596.61

The tax rate used for the financial year 2016-17 and 2015-16 reconciliations above is the corporate entities in India on taxable profits under the Indian Tax Law.

38. Disclosure of Specified Bank Notes (SBN) :

Pursuant to notification dated March 30, 2017 issued by Ministry of Corporate affairs, details of Specified Bank Notes is as follows:

(₹ in Lakhs)

	SBN'S (₹)	Other denomination notes (₹)	Total (₹)
Closing cash in hand as on 8th November, 2016	10,500	5,846	16,346
(+) Permitted receipts	-	1,047	1,047
(-) Permitted payments	-	6,369	6,369
(-) Amount deposited in Banks	10,500	-	10,500
Closing cash in hand as on 30th December, 2016	-	524	524

39. These financial statements were approved for issue by the Board of Directors of the Company at their meeting held on 8th May, 2017.

For and on behalf of the Board of Directors

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

Sd/-
C. M. Vasudev
 Chairman
 DIN: 00143885

Sd/-
P. P. Vora
 Director
 DIN: 00003192

Sd/-
Sudha B.
 Chief Financial Officer

Sd/-
Deepak Shenoy
 Company Secretary

Place : Mumbai
 Date : May 08, 2017

Independent Auditor's Report

To the Members of National Securities Depository Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of National Securities Depository Limited (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31st March, 2017, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Independent Auditor's Report

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Parent as on 31st March, 2017 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies, is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company, subsidiary companies. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent's/ subsidiary company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies.
 - iv. The Parent has provided requisite disclosures in the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us by the Management of the respective Group entities.

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

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

Place: Mumbai

Date: May 08, 2017

Annexure "A" to the Independent Auditor's Report

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of National Securities Depository Limited (hereinafter referred to as "Parent") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that

the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent, its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the

Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Place: Mumbai

Date: May 08, 2017

Consolidated Financial Statements

Consolidated Balance Sheet as at 31st March, 2017

(₹ in lakhs)

Particulars	Notes	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
ASSETS				
Non Current Assets				
a) Property, plant and equipment	3	1,281.79	1,289.95	1,411.81
b) Capital work-in-progress		843.84	49.40	77.53
c) Other intangible assets	3	213.41	247.05	380.78
i) Non- currents Investments	4	37,549.39	36,958.56	30,958.67
ii) Other financial assets	5	691.32	268.06	423.84
d) Deferred tax assets (Net)	6	315.13	476.80	525.70
e) Income tax assets (Net)		634.92	634.92	585.52
f) Other non-current assets	7	336.35	229.99	262.32
Total non-current assets		41,866.15	40,154.73	34,626.17
Current assets				
a) Financial assets				
i) Currents Investments	8	9,516.56	7,243.27	8,858.34
ii) Trade receivables	9	3,246.28	2,287.27	1,497.32
iii) Cash and cash equivalents	10	10,524.16	2,571.79	1,582.21
iv) Bank balances other than (iii) above	11	592.74	2,319.00	3,193.39
v) Other financial assets	5	57.70	344.12	244.27
b) Other current assets	7	282.19	1,496.32	209.71
Total current assets		24,219.63	16,261.77	15,585.24
TOTAL ASSETS		66,085.78	56,416.50	50,211.41

Consolidated Balance Sheet as at 31st March, 2017

(₹ in lakhs)

Particulars	Notes	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
EQUITY AND LIABILITIES				
EQUITY				
a) Equity share capital	12	4,000.00	4,000.00	4,000.00
b) Other equity	13	51,017.62	42,331.24	33,763.34
Total equity		55,017.62	46,331.24	37,763.34
LIABILITIES				
Non-current liabilities				
a) Financial liabilities				
i) Other financial liabilities	14	115.20	72.00	43.80
b) Deferred tax liability (Net)	6(b)	35.64	52.26	42.36
c) Other liabilities	15	14.48	15.78	19.38
Total non-current liabilities		165.32	140.04	105.54
Current liabilities				
a) Financial Liabilities				
i) Trade payables				
a) Micro enterprise and small enterprises	16	86.77	12.72	22.25
b) Other than micro enterprise and small enterprises	16	1,426.89	1,075.58	1,013.09
ii) Other financial liabilities	17	5,008.12	5,106.80	8,688.37
b) Provisions	18	1,312.86	925.36	924.77
c) Current tax liability (Net)		722.07	443.98	115.72
d) Other current liabilities	19	2,346.13	2,380.78	1,578.33
Total current liabilities		10,902.84	9,945.22	12,342.53
Total liabilities		11,068.16	10,085.26	12,448.07
TOTAL EQUITY AND LIABILITIES		66,085.78	56,416.50	50,211.41
See accompanying notes to the financial statements	1 to 38			

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

For and on behalf of the Board of Directors

Sd/-
Abhijit A. Damle
Partner

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

Sd/-
C. M. Vasudev
Chairman
DIN: 00143885

Sd/-
P. P. Vora
Director
DIN: 00003192

Place : Mumbai
Date : May 08, 2017

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2017

(₹ in lakhs)

Particulars	Notes	Year ended 31st March, 2017	Year ended 31st March, 2016
INCOME			
Revenue from operations	20	25,210.73	18,451.43
Other income	21	4,310.14	3,810.80
Total Income		29,520.87	22,262.23
EXPENSES			
Employee benefits expense	22	3,867.94	3,496.32
Depreciation and amortization expense	3	347.58	351.21
Contribution to Investor Protection Fund	32	760.47	290.95
Other expenses	23	10,302.12	7,336.32
Total expenses		15,278.11	11,474.80
Profit before Exceptional Item		14,242.76	10,787.43
Exceptional Item	32	-	3,130.28
Profit before tax		14,242.76	13,917.71
Tax expense			
Current tax		4,099.57	4,117.99
Deferred tax		145.05	58.80
		4,244.62	4,176.79
Profit after Tax		9,998.14	9,740.92
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on post retirement benefit plans		(165.46)	46.72
Income tax relating to items that will not be reclassified to profit or loss		57.27	(16.17)
		(108.19)	30.55
Total comprehensive income for the year		9,889.95	9,771.47
Basic and diluted earnings per equity share of ₹ 10 each	31	25.00	24.35
See accompanying notes to the financial statements	1 to 38		

In terms of our report attached.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
Abhijit A. Damle
Partner

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

Sd/-
C. M. Vasudev
Chairman
DIN: 00143885

Sd/-
P. P. Vora
Director
DIN: 00003192

Place : Mumbai
Date : May 08, 2017

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary

Consolidated Cash Flow Statement

for the year ended 31st March, 2017

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
A. Cash flow from operating activities		
Profit before tax	14,242.76	13,917.71
Adjustments for :		
Depreciation and amortisation expense	347.58	351.21
Provision for compensated absences	82.32	(13.51)
Provision for doubtful trade receivables	12.54	180.42
Bad Debts Written off	320.35	151.94
Provision for investor awareness	406.30	384.00
Contribution to Investor Protection Fund	760.47	290.95
Net (gain)/loss arising on financial assets measured at FVTPL	(299.69)	(317.75)
Dividend income from current Investments	(293.28)	(288.22)
Exceptional item (refer note 32)	-	(3,130.28)
Profit on sale of property plant and equipment	(65.92)	-
Profit on sale of current investments	(164.06)	(175.16)
Interest Income	(3,254.71)	(2,914.98)
Operating profit before working capital changes	12,094.66	8,436.33
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets-		
Other assets	1,101.91	(1,227.89)
Other financial assets	(507.81)	(56.72)
Trade receivables	(1,291.91)	(1,122.29)
Adjustments for increase / (decrease) in operating liabilities-		
Trade payables	586.04	52.31
Other financial liabilities	246.92	(39.44)
Short-term provisions	(101.12)	25.86
Other liabilities	(1,233.96)	276.18
Cash generated from operations	10,894.73	6,344.34
Net income tax paid	(3,770.33)	(3,855.25)
Net cash from operating activities (A)	7,124.40	2,489.09

Consolidated Cash Flow Statement

for the year ended 31st March, 2017

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advance	(1,138.11)	(520.03)
Proceeds from sale of fixed assets	88.83	-
Bank balances not considered as cash and cash equivalents		
-Placed	-	(632.31)
-Matured	1,700.84	1,521.35
Purchase of non-current investments	(7,452.42)	(9,865.54)
Redemption of current investments	371.77	10.00
Redemption of non-current investments	4,698.33	6,414.42
Purchase of current investments	-	(288.23)
Dividend received from current investments	320.37	288.22
Interest received	3,441.93	2,776.18
Net cash (used in) investing activities (B)	2,031.54	(295.94)
C. Cash flow from financing activities		
Dividend paid	(1,000.00)	(1,000.00)
Dividend distribution tax paid	(203.57)	(203.57)
Net cash (used in) financing activities (C)	(1,203.57)	(1,203.57)
Net decrease in cash and cash equivalents (A+B+C)	7,952.37	989.58
Cash and cash equivalents at the beginning of the year	2,571.79	1,582.21
Cash and cash equivalents at the end of the year (Refer Note 10)	10,524.16	2,571.79
See accompanying notes to the consolidated financial statements	1 to 38	

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

For and on behalf of the Board of Directors

Sd/-
Abhijit A. Damle
Partner

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

Sd/-
C. M. Vasudev
Chairman
DIN: 00143885

Sd/-
P. P. Vora
Director
DIN: 00003192

Place : Mumbai
Date : May 08, 2017

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary

Consolidated Statement of Changes in Shareholder's Equity

for the year ended 31st March, 2017

(₹ in lakhs)

A. Equity Share Capital

As at 1st April, 2015	4,000.00
Changes in Equity Share Capital during the year (Note 12)	-
As at 31st March, 2016	4,000.00
Changes in Equity Share Capital during the year (Note 12)	-
As at 31st March, 2017	4,000.00

B. Other Equity

(₹ in lakhs)

Particulars	Reserves and Surplus			Other Comprehensive Income	Total
	Investor protection reserve	General Reserve	Retained Earnings	Actuarial gains / (losses)	
Balance as at 1st April, 2015	700.00	24,812.82	8,250.52		33,763.34
Profit after tax	-	-	9,740.92	30.55	9,771.47
Dividends (including dividend distribution tax)	-	-	(1,203.57)		(1,203.57)
Transfer to General Reserve			(1,500.00)		(1,500.00)
Transfer to Retained Earning	-	1,500.00	-	-	1,500.00
Balance as at 31 March, 2016	700.00	26,312.82	15,287.87	30.55	42,331.24
Profit after tax			9,998.14	(108.19)	9,889.95
Dividends (including dividend distribution tax)			(1,203.57)	-	(1,203.57)
Transfer to General Reserve			(5,000.00)		(5,000.00)
Transfer to Retained Earning		5,000.00	-	-	5,000.00
Balance as at 31 March, 2017	700.00	31,312.82	19,082.44	(77.64)	51,017.62
See accompanying notes to the financial statements			1 to 38		

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

For and on behalf of the Board of Directors

Sd/-
Abhijit A. Damle
 Partner

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

Sd/-
C. M. Vasudev
 Chairman
 DIN: 00143885

Sd/-
P. P. Vora
 Director
 DIN: 00003192

Place : Mumbai
 Date : May 08, 2017

Sd/-
Sudha B.
 Chief Financial Officer

Sd/-
Deepak Shenoy
 Company Secretary

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

1. General information:

1.1. Company Overview

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

1.2. Basis of Consolidation and significant accounting policies

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

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

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

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

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

2. Significant accounting policies:

2.1. Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian

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

Upto the year ended March 31, 2016, the Group prepared its financial statements in accordance with the requirements of Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP"). These are the Groups first Ind AS Financial Statements. The date of the transition to Ind AS is 1st April, 2015. Refer Note 2.15 for the details of first-time adoption exemptions availed by the Group.

Previous period numbers in the financial statements have been restated to Ind AS. In accordance with Ind AS 101 "First-time Adoption of Indian Accounting Standard", the Group has presented a reconciliation from the presentation of financial statements under Previous GAAP to Ind AS of Shareholders' equity as at March 31, 2016, and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016.

2.2. Basis of preparation

These Consolidated Financial statements of the Holding Company and its subsidiary (together the 'Group') have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India and transition date is considered as April 1, 2015.

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

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, Level 2 or 3 based on the degree to which the inputs to the fair value measurements are observable

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

and the significance of the inputs to the fair value measurements in its entirety which are described as follows:

- Level 1 — inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 — inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability either directly or indirectly.
- Level 3 - inputs are unobservable inputs for the assets or liability.

2.3. Principles of consolidation

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

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

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

- d. The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Group's separate financial statements.

2.4. Revenue recognition

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

2.5. Leasing

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

2.6. Employee benefits

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

Defined Contribution Plan:

The Group's contribution to provident fund and

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

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

i. Superannuation:

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

ii. Provident Fund:

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

Defined Benefit Plans

i. Gratuity:

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

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

ii. Other Employee Benefits:

Performance Incentive and Compensated absences

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

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

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

2.7. Tax on Income

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

i. Current tax

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

ii. Deferred tax

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

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

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

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

iii. Current and deferred tax for the year

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

2.8. Property, Plant & Equipment

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

i. Deemed cost on transition to Ind AS

For transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 1, 2015 (transition date for preparation of Financial Statements) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

ii. Capital work-in-progress:

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

2.9. Intangible assets

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

2.10. Depreciation and amortisation

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

Intangible assets are amortised on a straight line basis. Computer software is amortised over 48 months or useful life whichever is lower.

2.11. Provision and contingencies

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

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

2.12. Financial instruments

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

2.13. Financial assets

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

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

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

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

Impairment of financial assets

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

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

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

Objective evidence of impairment could include -

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

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

De-recognition of financial assets

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

2.14. Financial Liabilities and equity instruments

Classification as debt or equity

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

Equity instruments:

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

Financial liabilities:

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

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

Derecognition of financial liabilities

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

2.15. First time adoption mandatory exceptions, optional exemptions

i. Overall Principle

The Group has prepared the opening balance sheet as per Ind AS as of 1st April, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exceptions and certain optional exemptions availed by the Group as detailed below.

ii. Derecognition of financial assets and financial liabilities

The Group has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1st April, 2015 (the transition date).

iii. Impairment of financial assets

However, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Group has not undertaken an exhaustive search for information when determining at the

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

and use that carrying value as its deemed cost as of the transition date.

iv. Deemed cost on transition to Ind AS

For transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 1, 2015 (transition date for preparation of Financial Statements) measured as per the previous GAAP

2.16. Operating Cycle

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

3 Property Plant and Equipment and Other Intangible Assets

(₹ in Lakhs)

Description of Asset	Property, Plant and Equipment							Other Intangible Assets
	Buildings	Computers	Data and Tele-Communication Equipment	Electrical Installations	Office Equipment	Furniture and Fixtures	Total Tangible Assets	Computer Software (acquired)
Gross Block								
As at 1st April 2015	566.96	618.15	148.58	15.84	31.22	31.06	1,411.81	380.78
Additions during the year ended 31 Mar 2016	-	55.84	0.11	-	8.14	-	64.09	87.29
Deductions / adjustments	(55.76)	-	-	-	-	-	(55.76)	-
As at 31st March 2016	511.20	673.99	148.69	15.84	39.36	31.06	1,420.14	468.07
Additions during the period ended 31st March 2017	-	124.54	-	-	24.10	4.48	153.12	175.58
Deductions / adjustments	-	(219.88)	(214.32)	-	(19.57)	-	(453.77)	(16.36)
As at 31st March 2017	511.20	578.65	(65.63)	15.84	43.89	35.54	1,119.49	627.29

(₹ in Lakhs)

Description of Asset	Property, Plant and Equipment							Other Intangible Assets
	Buildings	Computers	Data and Tele-Communication Equipment	Electrical Installations	Office Equipment	Furniture and Fixtures	Total Tangible Assets	Computer Software (acquired)
Accumulated Depreciation and Amortization								
As at 1st April 2015	-	-	-	-	-	-	-	-
Depreciation and amortisation during the year ended 31 March 2016	9.24	89.31	17.20	0.80	11.00	2.64	130.19	221.02
Deductions	-	-	-	-	-	-	-	-
As at 31st March 2016	9.24	89.31	17.20	0.80	11.00	2.64	130.19	221.02
Depreciation and amortisation during the year ended 31st March 2017	8.92	102.21	17.22	0.80	6.66	2.83	138.64	208.94
Deductions	-	(208.57)	(203.60)	-	(18.97)	-	(431.14)	(16.08)
As at 31st March 2017	18.16	(17.05)	(169.18)	1.60	(1.31)	5.47	(162.31)	413.88

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

(₹ in Lakhs)

Description of Asset	Property, Plant and Equipment							Other Intangible Assets
	Buildings	Computers	Data and Tele-Communication Equipment	Electrical Installations	Office Equipment	Furniture and Fixtures	Total Tangible Assets	Computer Software (acquired)
Net Block								
As at 1st April 2015	566.96	618.15	148.58	15.84	31.22	31.06	1,411.81	380.78
As at 31st March 2016	501.96	584.68	131.49	15.04	28.36	28.42	1,289.95	247.05
As at 31st March 2017	493.04	595.70	103.55	14.25	45.20	30.07	1,281.79	213.41

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

4. Non-current investments

Particulars	Rate of interest	Year of maturity	No. of bonds / debentures / share	Face value	(₹ in Lakhs)		
					As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(a) Investment in Government or Trust Securities							
(i) 8.07% GOI, 2017	8.07%	2017	4,000	10,000	-	-	407.00
(b) Investment in Debentures or bonds							
(i) Indian Oil Corporation Limited (Foot Note 1)	11.00	2018	130	1,000,000	1,377.57	1,377.60	1,377.60
(ii) 10 year Zero Coupon Bhavishya Nirman Bond from National Bank for Agriculture and Rural Development(Foot Note 1)	-	2018	3,551	20,000	-	602.00	552.05
(iii) Housing Development Finance Corporation Limited	11.25	2018	150	1,000,000	1,588.24	1,596.00	1,597.00
(iv) Housing Development Finance Corporation Limited	11.95	2018	15	1,000,000	156.41	156.50	156.00
(v) Rural Electrification Corporation Limited	9.07	2018	140	1,000,000	-	1,452.00	1,452.00
(vi) Steel Authority of India Limited	8.60	2019	40	1,000,000	-	-	413.00
(vii) Steel Authority of India Limited	8.65	2019	70	1,000,000	-	-	715.00
(viii) Infrastructure Development Finance Company Limited	8.90	2019	30	1,000,000	-	-	313.00
(ix) Axis Bank Limited	9.95	2019	35	1,000,000	350.84	350.50	350.00
(x) Indian Railway Finance Corporation Limited	8.20	2020	20	1,000,000	-	-	207.22
(xi) Infrastructure Development Finance Company Limited	8.65	2020	20	1,000,000	-	-	215.00
(xii) Rural Electrification Corporation Limited	8.65	2020	50	1,000,000	-	-	487.25
(xiii) Power Grid Corporation of India Limited	9.64	2021	32	1,250,000	432.23	432.50	432.00
(xiv) Power Finance Corporation of India Limited *	7.51	2021	600	100,000	619.41	619.00	619.00
(xv) Power Grid Corporation of India Limited	8.80	2022	16	1,250,000	-	-	209.40

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

4. Non-current investments (Contd.)

Particulars	Rate of Interest	Year of Maturity	No. of bonds / debentures / share	Face value	(₹ in Lakhs)		
					As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(xvi) National Highway Authority of India Limited *	8.20	2022	100,000	1,000	1,080.41	1,087.50	1,092.98
(xvii) Rural Electrification Corporation Limited *	7.93	2022	90,000	1,000	985.96	991.50	996.02
(xviii) Power Grid Corporation of India Limited	9.33	2023	40	1,250,000	-	514.50	514.53
(xix) Power Grid Corporation of India Limited	8.80	2024	56	1,250,000	-	-	731.00
(xx) Power Grid Corporation of India Limited	8.90	2024	20	1,250,000	-	-	247.87
(xxi) Infrastructure Development Finance Company Limited	9.03	2025	5	1,000,000	54.25	55.00	55.00
(xxii) Housing Development Finance Company Limited	8.96	2025	100	1,000,000	-	-	1,088.00
(xxiii) Infrastructure Development Finance Company Limited	8.82	2025	38	1,000,000	-	-	388.07
(xxiv) Power Grid Corporation of India Limited	8.90	2025	20	1,250,000	-	-	249.00
(xxv) Indian Railway Finance Corporation Limited	9.09	2026	155	1,000,000	-	1,616.00	2,084.00
(xxvi) National Highway Authority of India Limited *	8.30	2027	190,000	1,000	2,077.53	2,086.20	2,091.96
(xxvii) Power Finance Corporation of India Limited *	8.30	2027	100,000	1,000	1,068.32	1,072.50	1,074.29
(xxviii) Power Finance Corporation of India Limited *	8.20	2022	90,000	1,000	963.30	972.00	976.54
(xxix) Power Finance Corporation of India Limited *	8.46	2028	40	1,000,000	420.85	421.00	420.53
(xxx) Rural Electrification Corporation Limited *	8.46	2028	10,000	1,000	102.00	103.00	103.14
(xxxi) National Housing Bank *	8.68	2029	40,000	5,000	2,038.42	2,029.00	2,031.74
(xxxii) Housing and Urban Development Corporation Limited*	8.10	2022	60,000	1,000	604.20	610.00	609.95
(xxxiii) NTPC Limited*	8.66	2033	108,150	1,000	651.42	652.00	653.26

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

4. Non-current investments (Contd.)

Particulars	Rate of Interest	Year of Maturity	No. of bonds / debentures / share	Face value	(₹ in Lakhs)		
					As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(xxxiv) National Housing Bank *	8.68	2029	10,000	5,000	515.49	526.00	528.45
(xxxv) National Housing Bank *	8.76	2034	8,000	5,000	434.04	435.00	435.43
(xxxvi) Housing and Urban Development Corporation Limited*	8.76	2034	5,000	1,000	55.74	56.00	55.85
(xxxvii) Infrastructure Development Finance Company Limited	8.80	2025	1	1,000,000	11.54	11.00	11.00
(xxxviii) Infrastructure Development Finance Company Limited	8.80	2025	3	1,000,000	31.22	32.00	31.78
(xxxix) Kokan Railway Corporation Limited	8.90	2016	1	1,000,000	-	-	9.90
(xl) Central Bank of India	8.95	2016	2	1,000,000	-	-	20.67
(xli) State Bank of India	8.96	2021	1	1,000,000	-	11.00	10.86
(xlii) Power Finance Corporation of India Limited (Foot Note 1)	9.28	2017	2	1,000,000	-	20.00	20.27
(xliii) India Infrastructure Finance Company Limited	9.41	2037	3	1,000,000	35.37	35.00	35.56
(xliv) LIC Housing Finance Limited(Foot Note 1)	9.70	2017	1	1,000,000	-	11.00	11.03
(xlv) Export Import Bank of India	9.85	2017	1	1,000,000	-	-	10.20
(xlvi) Tata Capital Financial Services Limited	9.95	2019	2	1,000,000	10.51	10.00	10.03
(xlvii) HDB Financial Services Limited	10.19	2024	1	1,000,000	10.47	10.00	10.40
(xlviii) Power Finance Corporation of India Limited (Foot Note 1)	11.25	2018	1	1,000,000	12.40	12.00	11.62
(xlix) IDBI Bank Limited(Foot Note 1)	11.30	2018	1	1,000,000	11.27	11.00	11.19
(l) Rural Electrification Corporation Limited *	7.21	2022	10	1,000,000	103.31	104.00	104.31
(li) 8.67% NHPC 2033*	8.67	2033	49,420	1,000	587.13	569.00	571.96
(lii) Indian Railway Finance Corporation Limited *	8.40	2029	63,000	1,000	738.06	741.00	-
(liii) Rural Electrification Corporation Limited *	8.46	2028	57	1,000,000	651.30	654.00	-

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

4. Non-current investments (Contd.)

Particulars	Rate of Interest	Year of Maturity	No. of bonds / debentures / share	Face value	(₹ in Lakhs)		
					As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(iv) Indian Railway Finance Corporation Limited *	8.48	2028	100	1,000,000	1,172.06	1,177.00	-
(lv) Indian Renewable Energy Development Agency Limited*	7.17	2025	60	1,000,000	625.28	626.00	-
(lvi) Indian Railway Finance Corporation Limited *	7.34	2028	10,000	1,000	620.70	628.00	-
(lvii) Power Finance Corporation of India Limited *	7.35	2035	50,000	1,000	528.81	529.00	-
(lviii) National Highway Authority of India Limited *	7.35	2030	25,913	1,000	277.50	263.00	-
(lix) India Infrastructure Finance Company Limited*	8.26	2028	80	1,000,000	903.15	906.00	-
(lx) National Housing Bank *	8.46	2028	90	1,000,000	1,040.75	1,045.00	-
(lxi) India Infrastructure Finance Company Limited*	8.66	2034	20,000	1,000	244.82	233.00	-
(lxii) NTPC Limited*	7.15	2025	21	1,000,000	219.46	219.00	-
(lxiii) National Highway Authority of India Limited *	7.35	2031	63,970	1,000	683.62	652.00	-
(lxiv) Indian Renewable Energy Development Agency Limited*	7.49	2031	50,000	1,000	511.44	511.00	-
(lxv) NHPC Ltd*	8.54	2028	71,428	1,000	850.96	853.00	-
(lxvi) National Bank for Agriculture and Rural Development*	7.35	2031	5,010	1,000	2,039.33	50.00	-
(lxvii) Indian Railway Finance Corporation Limited *	7.18	2023	75,000	1,000	795.76	-	-
(lxviii) Indian Railway Finance Corporation Limited *	7.35	2031	70,000	1,000	775.33	-	-
(lxix) Housing and Urban Development Corporation Limited*	8.56	2028	20	1,000,000	611.56	-	-
(lxx) NHPC Ltd*	8.67	2033	49,420	1,000	55.06	-	-
(lxxi) Housing and Urban Development Corporation Limited*	8.56	2028	20	1,000,000	245.69	-	-
(lxxii) Indian Railway Finance Corporation Limited *	8.63	2029	40,000	1,000	451.24	452.12	452.93

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

4. Non-current investments (Contd.)

Particulars	Rate of Interest	Year of Maturity	No. of bonds / debentures / share	Face value	(₹ in Lakhs)		
					As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(lxxiii) Indian Railway Finance Corporation Limited *	8.00	2022	60,000	633.26	635.09	636.53	
(lxxiv) Housing Development Finance Corporation Limited	9.20	2016	1	-	-	10.19	
(lxxv) Housing and Urban Development Corporation Limited *	8.56	2028	100	1,142.67	1,152.52	1,155.16	
(lxxvi) India Infrastructure Finance Company Limited *	8.66	2034	30,000	347.48	348.85	350.06	
(lxxvii) Housing and Urban Development Corporation Limited *	8.51	2028	50,000	566.00	570.25	572.74	
(lxxviii) NHPC Limited *	8.67	2033	10,000	121.61	122.01	113.71	
(lxxix) NTPC Limited*	7.37	2035	12,491	129.41	129.41	-	
(lxxx) Power Finance Corporation of India Limited *	7.35	2035	1,540	15.92	15.92	-	
(lxxxi) Rural Electrification Corporation Limited *	7.18	2035	11,450	117.24	116.63	-	
(lxxxii) National Highway Authority of India Limited *	7.28	2030	50	544.24	527.67	-	
(lxxxiii) Indian Railway Finance Corporation Limited *	7.28	2030	12,080	124.86	123.25	-	
(lxxxiv) National Highway Authority of India Limited *	7.35	2031	28,313	303.88	287.74	-	
(lxxxv) National Highway Authority of India *	7.35	2031	50,000	572.56	-	-	
(lxxxvi) National Bank For Agriculture And Rural Development *	7.35	2031	120,000	1,321.31	-	-	
(lxxxvii) India Infrastructure Finance Company Limited *	7.40	2033	50,000	566.18	-	-	
(lxxxviii) National Housing Bank *	8.46	2028	50	611.04	-	-	
				37,549.39	34,217.76	29,695.23	
(c) Investment in Mutual Funds - (Unquoted)							
(i) Axis Fixed Term Plan - Series 42 Direct Plan - Growth			5,000,000	-	613.11	-	

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

4. Non-current investments (Contd.)

(₹ in Lakhs)

Particulars	Rate of Interest	Year of Maturity	No. of bonds / debentures / share	Face value	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(ii) IDBI Mutual Fund FMP Series III-Direct Plan- Growth			2,000,000	10	-	244.20	-
(iii) HDFC Mutual Fund FMP series 29 -Direct Plan - Growth			3,000,000	10	-	362.40	-
(iv) ICICI Prudential FMP series 76 -Direct Plan - Growth			5,000,000	10	-	559.00	514.23
(v) HDFC Fixed Maturity Plans - Series 31 - Growth			2,000,000	10	-	232.80	-
(vi) HDFC Fixed Maturity Plan growth option Oct 2013 Series -Direct - Growth			3,000,000	10	-	-	342.21
(vii) HDFC Fixed Maturity Plan growth option April 2014 Series - Direct - Growth			1,250,000	10	-	147.51	-
(viii) HDFC Fixed Maturity Plan growth option Jun 2014 Series - Direct - Growth			5,000,000	10	-	581.78	-
					-	2,740.80	856.44
					37,549.39	36,958.56	30,958.67
* Investment in Tax free bonds							
Foot note 1: Classified as Current portion of long term Investment as the remaining maturity is less than 12 months							
Aggregate amount of quoted investments					33,874.69	36,325.56	30,037.44
Aggregate market value of quoted investments					35,132.79	36,399.15	30,354.24
Aggregate amount of unquoted investments					20,079.70	2,000.00	13,476.00
Aggregate Amount of impairment in value of investment					-	-	-

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

5 Other Financial Assets

(₹ in Lakhs)

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Non current	Current	Non current	Current	Non current	Current
Security deposits	691.32	-	268.06	-	258.47	-
Interest accrued on investments	-	-	-	-	-	-
Interest accrued on Fixed Deposits	-	12.15	-	242.72	165.37	100.82
Advance from creditors	-	1.11	-	13.99	-	12.16
Margin money deposits with a bank (earmarked as security for performance guarantee and other commitments)	-	44.35	-	32.31	-	130.21
Others	-	0.09	-	55.10	-	1.08
Total	691.32	57.70	268.06	344.12	423.84	244.27

6 Deferred tax asset (net)

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deferred tax Assets			
Property, plant and equipment and other intangible assets	126.70	223.87	327.70
Provision for employee benefits	197.92	162.37	167.36
Others	-	90.56	30.64
Less: Deferred tax liability			
Others	9.49	-	-
Net Deferred Tax asset	315.13	476.80	525.70

6(b) Deferred tax liability

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deferred tax liability			
Difference between book balance and tax balance of fixed assets	48.98	62.19	59.11
Others	31.86	26.75	15.72
Deferred tax asset			
Provision for employee benefits	36.83	33.45	31.40
Others	8.37	3.23	1.07
Net Deferred tax Liability	35.64	52.26	42.36

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

The movement in deferred tax asset and liabilities:

(₹ in Lakhs)

Particulars	As at 31st March 2016	Credited / (charge) to Statement of Profit and Loss	As at 31st March 2017
Deferred tax asset			
Property, plant and equipment and other intangible assets	223.87	(97.17)	126.70
Provision for employee benefits	162.37	35.55	197.92
Others	90.56	(90.56)	-
	476.80	(152.18)	324.62
Deferred tax liability			
Others	-	9.49	9.49
	-	9.49	9.49
Net deferred tax assets	476.80	(161.67)	315.13

The movement in deferred tax asset and liabilities:

(₹ in Lakhs)

Particulars	As at 1st April, 2015	Credited / (charge) to Statement of Profit and Loss	As at 31st March 2016
Deferred tax asset			
Property, plant and equipment and other intangible assets	327.70	(103.83)	223.87
Provision for employee benefits	167.36	(4.99)	162.37
Others	30.64	59.92	90.56
	525.70	(48.90)	476.80
Deferred tax liability			
Others	-	-	-
	-	-	-
Net deferred tax assets	525.70	(48.90)	476.80

7 Other Assets

(₹ in Lakhs)

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Non current	Current	Non current	Current	Non current	Current
Capital Advances	65.85	-	48.82	-	35.01	-
Prepaid expenses	39.80	119.64	62.34	63.06	56.62	81.21
Expenses recoverable	2.85	29.24	4.24	1,052.07	12.12	13.74
Service tax credit receivable	227.85	133.31	114.59	381.19	158.57	114.76
Total	336.35	282.19	229.99	1,496.32	262.32	209.71

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

8 Current investments

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	No. of bonds / debentures / shares / units	Face Value / NAV (₹)	No. of bonds / debentures / shares / units	Face Value / NAV (₹)	No. of bonds / debentures / shares / units	Face Value / NAV (₹)
Current portion of Long-term investment :						
(a) Investment in Government or Trust Securities						
(i) 8.07% GOI, 2017	4,000	10,000	4,000	10,000	4,000	407.00
(b) Investment in Debentures or bonds						
(i) Tata Steel Limited	30	1,000,000	-	-	30	328.00
(ii) Indian Overseas Bank	2	1,000,000	-	-	2	17.85
(iii) Power Finance Corporation of India Limited	1	1,000,000	-	-	1	10.01
(iv) IDBI OMNI Bonds	1	1,000,000	-	-	1	10.00
(v) Housing Development Finance Corporation Limited	1	1,000,000	-	-	1	10.00
(vi) Kokan Railway Corporation Limited	1	1,000,000	1	1,000,000	-	-
(vii) Central Bank of India	2	1,000,000	2	1,000,000	-	-
(viii) Export Import Bank of India	1	1,000,000	1	1,000,000	-	-
(ix) LIC Housing Finance Limited	1	1,000,000	-	-	-	-
(x) Power Finance Corporation of India Limited	2	1,000,000	-	-	-	-
(xi) 10 year Zero Coupon Bhavishya Nirman Bond from National Bank for Agriculture and Rural Development	3,551	20,000	-	-	-	-
(xii) Housing Development Finance Corporation Limited	1	1	1	-	-	-
(xiii) ICICI Bank	1	1	1	-	1	10.01
Other Current Investments :						
(c) Investment in Mutual Funds (Unquoted)						
(i) Units of Axis Treasury Advantage Fund - Institutional Daily Dividend Reinvestment	63,499	1,002	58,947	1,002	55,310	572.43

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

8 Current investments (Contd.)

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	No. of bonds / debentures / shares / units	Face Value / NAV (₹)	No. of bonds / debentures / shares / units	Face Value / NAV (₹)	No. of bonds / debentures / shares / units	Face Value / NAV (₹)
(ii) Units of IDFC Ultra Short Term Fund - Daily Dividend Reinvestment	6,290,170	10	5,839,432	10	5,472,255	10
(iii) Units of Birla Sun Life Ultra Short Term Fund - Daily Dividend Reinvestment	551,322	106	551,322	106	536,810	102
(iv) Units of UTI Treasury Advantage Fund - Daily Dividend Reinvestment	63,355	1,002	59,897	1,002	54,867	1,002
(v) Units of Axis Liquid Fund - Direct Plan - Daily Dividend	122	1,000	117	1,000	107	1,000
(vi) Units of IDFC Liquid Fund - Direct Plan - Daily Dividend	75	1,000	72	1,000	66	1,001
(vii) Units of HDFC Liquid Fund- Daily Dividend Reinvestment	57,090	1,020	54,455	1,020	51,060	10
(viii) Units of ICICI Prudential Liquid Plan- Daily Dividend Reinvestment	581,434	100	554,393	100	510,663	100
(ix) Units of IDBI Ultra Short Term Fund- Daily Dividend Reinvestment	73	1,031	69	1,031	64	1,021
(x) Units of L & T Ultra Short Term fund- Daily Dividend Reinvestment	3,426,183	10	3,260,742	10	2,994,815	10
(xi) Units of Peerless Liquid Fund - Daily Dividend Reinvestment	58,274	1,001	55,513	1,001	51,115	1,001
(xii) Units of Principal Debt Opportunity Conservative Fund- Daily Dividend Reinvestment	58,955	1,003	55,721	1,003	50,223	1,002
(xiii) Units of UTI Liquid Fund - Daily Dividend Reinvestment	56,925	1,019	54,274	1,019	50,159	1,019
(xiv) Axis Fixed Term Plan - Series 42 Direct Plan - Growth	5,000,000	10	-	-	-	10
(xv) IDBI Mutual Fund FMP Series III- Direct Plan- Growth	2,000,000	10	-	-	5,000,000	10
(xvi) IDFC Fixed Term Plan Series 57 - Direct Plan - Growth	5,000,000	10	-	10	2,000,000	10
(xvii) HDFC Mutual Fund FMP series 29 -Direct Plan - Growth	3,000,000	10	5,000,000	-	5,000,000	10
			391.20	-	3,000,000	10

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

8 Current investments (Contd.)

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015		
	No. of bonds / debentures / shares / units	Face Value / NAV (₹)	Face Value / NAV (₹)	No. of bonds / debentures / shares / units	Face Value / NAV (₹)	No. of bonds / debentures / shares / units	Face Value / NAV (₹)
(xviii) HDFC Fixed Maturity Plans - Series 31 - Growth	2,000,000	10	251.80	-	10	213.85	
(xix) ICICI Prudential FMP series 76 -Direct Plan - Growth	5,000,000	10	607.50	-	-	-	
(xx) HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Growth option	907,496	-	327.25	-	-	277.25	
(xxi) HDFC Fixed Maturity Plan growth option Oct 2013 Series -Direct - Growth	3,000,000	-	-	-	-	-	
(xxii) HDFC Fixed Maturity Plan growth option April 2014 Series - Direct - Growth	1,250,000	-	159.57	-	-	136.29	
(xxiii) HDFC Fixed Maturity Plan growth option Jun 2014 Series - Direct - Growth	5,000,000	-	629.67	-	-	534.62	
Total			9,516.56		7,243.27	8,858.34	
* Investment in Tax free bonds							
Aggregate amount of quoted investments			8,830.07		6,786.13	2280.47	
Aggregate market value of quoted investments			8,830.07		6,786.13	948.16	
Aggregate amount of unquoted investments			686.49		457.14	6577.87	
Aggregate amount of impairment in value of investment			-		-	-	

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

9 Trade receivables

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Secured, considered good	579.96	367.14	384.79
Unsecured, considered good	2,113.41	1,920.13	761.39
Unsecured, considered doubtful	565.45	210.72	381.44
	<u>3,258.82</u>	<u>2,497.99</u>	<u>1,527.62</u>
Less: Provision (basis Expected Credit Loss)	12.54	210.72	30.30
Total	3,246.28	2,287.27	1,497.32

Foot note 1:

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

10 Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Cash on hand	0.46	0.25	0.35
Cheques on hand	-	0.42	2.53
Balances with banks			
(i) in current accounts/Fixed Deposits	10,523.70	2,571.12	1,579.33
Total	10,524.16	2,571.79	1,582.21

11 Bank balances other than cash and cash equivalents

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Other bank balances			
(i) in current accounts (refer footnote 1)	592.74	2,319.00	3,193.39
Total	592.74	2,319.00	3,193.39

Footnote 1: These balances have restriction on repatriation.

12 Equity Share capital

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Authorised			
100,000,000 equity shares of ₹ 10 each with voting rights	10,000.00	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	4,000.00
	<u>4,000.00</u>	<u>4,000.00</u>	<u>4,000.00</u>

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

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

Name of the Shareholder	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Number of shares held	% Holding	Number of shares held	% Holding	Number of shares held	% Holding
IDBI Bank Ltd.	12,000,000	30.00	12,000,000	30.00	12,000,000	30.00
National Stock Exchange of India Ltd	9,600,000	24.00	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	2,732,000	6.83

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

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

	No of Shares	(₹ in lakh)
Balance as at 1st April 2015	40,000,000	4,000
Issue of shares	-	-
Balance as at 31st March 2016	40,000,000	4,000
Issue of shares	-	-
Balance as at 31st March 2017	40,000,000	4,000

12(d) On 8th May, 2017, the Board of Directors of the Company have proposed a final dividend of Rs. 2.50 per share in respect of the year ended 31st March, 2017 subject to approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of Rs. 1203.57 lakh inclusive of dividend distribution tax of Rs. 203.57 lakh.

13 Other Equity

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Investor protection reserve (also refer footnote below)	700.00	700.00
General reserve		
Balance at the beginning of the year	26,312.82	24,812.82
Add : Transferred from retained earning	5,000.00	1,500.00
Balance as at the end of the year	31,312.82	26,312.82
Retained earnings		
Balance at the beginning of the year	15,287.87	8,250.52
Profit for the year	9,998.14	9,740.92
Less : Dividend	(1000.00)	(1000.00)
Dividend Distribution Tax	(203.57)	(203.57)
Transferred to General Reserve	(5000.00)	(1500.00)
Balance at the end of the year	19,082.44	15,287.87

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

Particulars	As at 31st March, 2017	As at 31st March, 2016
Other comprehensive income:		
Balance at the beginning of the year	30.55	-
Other comprehensive income for the year	(108.19)	30.55
Balance at the end of the year	(77.64)	30.55
Total	51,017.62	42,331.24

Footnote: Not earmarked for any specific purpose.

14 Other financial liabilities (Non- current)

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Non Current			
Others:			
Incentive Payable to key managerial person	115.20	72.00	43.80
Total	115.20	72.00	43.80

15 Other liabilities

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Non Current			
Others:			
Income received in advance	14.48	15.78	19.38
Total	14.48	15.78	19.38

16 Trade payables

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Trade payables			
Amounts due to micro enterprise and small enterprises (also refer footnote below)	86.77	12.72	22.25
Others	1,426.89	1,075.58	1,013.09
Total	1,513.66	1,088.30	1,035.34

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

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

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Principal amount remaining unpaid to any supplier as at the end of the accounting period	86.77	12.72	22.05
Interest due thereon remaining unpaid to any supplier as at the end of the accounting period	-	-	0.20
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	-	-	0.20
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	86.77	12.72	22.25

17 Other financial Liabilities (Current)

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current			
Security deposit received from customers / depository participants	3,099.25	3,079.82	3,149.29
Payables on purchase of fixed assets	11.19	12.43	81.15
Investor Protection Fund (refer note 32)	465.41	828.79	3,668.12
Payable on Redemption of NSC/KVP and Government Securities	392.74	419.00	502.25
Payables to staff	586.58	533.43	519.99
Others	115.44	77.16	249.90
Gratuity payable to Fund	337.51	156.17	517.67
Total	5,008.12	5,106.80	8,688.37

18 Provisions

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current			
Provision for employee benefit			
Provision for compensated absences (refer footnote (i) below)	623.68	541.36	554.77
Other Provision			
Provision for investor awareness (refer note 32)	689.18	384.00	-
Provision for stamp duty (refer note 33)	-	-	370.00
Total	1,312.86	925.36	924.77

foot note (i): The provision for employee benefits includes ordinary leave and sick leave

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

19 Other liabilities

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current			
Advances from customers	1,470.17	1,421.54	895.74
Income received in advance	659.37	584.35	508.03
Statutory remittances	216.59	374.89	174.56
Total	2,346.13	2,380.78	1,578.33

Note : Current tax liability (Net)

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Provision for income tax (net)	722.07	443.98	115.72
Total	722.07	443.98	115.72

20 Revenue from operations

(₹ in Lakhs)

Particulars	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016
Annual fees	2,181.33	1,262.90
Custody fees	7,208.92	6,912.47
Registration fees	644.28	559.81
Transaction fees	14,778.45	9,369.41
Software license fees	18.30	14.23
Communication fees	319.62	318.40
Other operating income	59.83	14.21
Total	25,210.73	18,451.43

21 Other income

(₹ in Lakhs)

Particulars	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016
Interest income :		
- On non-current investments	2,679.53	2,535.10
- On fixed deposits with banks	575.18	379.88
- On overdue trade receivables	154.21	22.92
	3,408.92	2,937.90
Dividend income from current Investments	293.28	288.22
Fair Value gain on Investments in Mutual Funds	299.69	317.75
Profit on sale of Property, Plant and Equipment	164.06	175.16
Profit on Sale of Assets	65.92	-
Miscellaneous income	78.27	91.77
Total	4,310.14	3,810.80

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

22 Employee benefits expense

(₹ in Lakhs)

Particulars	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016
-Salaries and wages	3,190.34	2,908.09
-Contribution to provident and other funds (refer note 30)	400.22	402.13
-Staff welfare expenses	242.04	151.73
-Deputation Cost	35.34	34.37
Total	3,867.94	3,496.32

23 Other expenses

(₹ in Lakhs)

Particulars	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016
-Annual fees	194.17	187.71
-Repairs and maintenance - system	1,981.55	1,823.56
-Repairs and maintenance - premises	188.58	161.82
-Repairs and maintenance - others	94.63	93.01
-System support charges	1,439.56	1,418.63
-Insurance (Refer Note 29)	51.40	41.23
-Processing charges	994.83	813.33
-Power and fuel	193.84	206.92
-Rent (net of recovery)	470.17	442.98
-Communication expenses	1,598.89	458.55
-Travelling and conveyance expenses	301.89	278.48
-Legal and professional fees	117.84	160.80
-Printing and stationery expenses	1,126.13	64.33
-Rates and taxes	36.22	51.24
-Corporate Social Responsibility Expense (Refer Note 34)	35.80	11.75
-Seminar and business promotion expenses	214.58	229.98
-Payment to Auditors (net off service tax set-off)		
--(a) Audit fees	31.33	22.11
--(b) Tax audit fees	3.69	3.21
--(c) Taxation matters	23.72	1.90
--(d) Other services	0.93	1.45
--(e) Reimbursement of expenses (out of pocket expenses)	0.01	0.22
-Directors sitting fees	58.60	41.40
-Provision for investor awareness	406.30	384.00
-Provision for doubtful trade receivables	12.54	180.42
-Bad Debts Written off	320.35	151.94
-Preliminary expenses written off	298.26	-
-Marketing Expenses	2.75	1.28
-Miscellaneous expenses	103.56	104.07
Total	10,302.12	7,336.32

* Paid to a network firm ₹9.00 lakh (previous year Nil)

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

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

Contingent Liabilities:

- a) Demand from the service tax authorities of ₹ 5,236.21 lakh (Previous year ₹ 3,261.69 lakh) in respect of FY 2004-05 to FY 2008-09 relate to service tax demanded in respect of depository participant services during that period. The Company is hopeful of succeeding in appeals and does not expect any significant liability to materialise.
- b) Demand from Income Tax authorities for AY 2013-14 and AY 2014-15 for ₹ 213.61 lakh (Previous year ₹ 213.61 lakh) and ₹ 338.58 lakh (Previous year Nil) respectively. The Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary.
- c) Commitments:
 - i) Estimated amount of capital contracts not provided (net of advances) for the year ended 31st March, 2017 is ₹ 97.11 Lakh (previous year ₹ 98.85 Lakh).
 - ii) Other Commitments:
Contractual guarantee: ₹ 44.34 Lakh (previous year: ₹ 32.30 Lakh)

25. Expenditure in foreign currency:

(₹ in Lakhs)

Particulars	At at 31st March, 2017	As at 31st March, 2016
Travelling	55.77	68.02
Membership fees	1.50	1.45

26. Segment information

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

The operating segments have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

The Group has two operating and reporting segments; viz. Depository and Database Management Services. Since the operations of the segments are in India, no geographical segments have been identified.

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

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

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

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

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

(₹ in Lakhs)

Particulars	For the Year ended 31st March, 2017			For the Year ended 31st March, 2016		
	Depository	Database Management Services	Total	Depository	Database Management Services	Total
Segment Revenue						
Revenue from external customers	19,996.54	5,214.19	25,210.73	13,749.71	4,701.72	18,451.43
Inter segment revenue	-	-	-	-	-	-
	19,996.54	5,214.19	25,210.73	13,749.71	4,701.72	18,451.43
Segment Result before interest and taxes	8,670.90	1,468.67	10,139.57	5,610.79	1,294.59	6,905.38
Add:						
Unallocable income net of unallocable expense	-	-	694.27	-	-	944.15
Interest Income	-	-	3,408.92	-	-	2,937.90
Exceptional item	-	-	-	-	-	3,130.28
Profit before tax	-	-	14,242.76	-	-	13,917.71
Less: Tax expense	-	-	(4,244.62)	-	-	(4,176.79)
Profit after tax	-	-	9,998.14	-	-	9,740.92

(₹ in Lakhs)

Particulars	As at 31st March, 2017				As at 31st March, 2016			
	Depository	Database Management Services	Unallocable	Total	Depository	Database Management Services	Unallocable	Total
Segment Assets	5,142.03	1,330.50	59,613.25	66,085.78	5,229.20	1,401.96	49,785.34	56,416.50
Segment Liabilities	8,057.37	2,248.09	762.7	11,068.16	7,742.79	1,846.23	496.24	10,085.26
Capital expenditure	321.46	25.22	791.43	1,138.11	434.02	86.01	-	520.03
Depreciation/ amortisation	241.54	106.04	-	347.58	252.24	98.97	-	351.21
Material non-cash items other than depreciation/ amortisation	1,496.70	2.96	-	1,499.66	1,004.63	2.68	-	1,007.31

27. Related party Disclosures:

a) Names of related parties and relationship :

(i)	IDBI Bank Limited	Company having substantial Interest
(ii)	National Stock Exchange of India Limited	Company having substantial Interest
(iii)	NSDL Database Management Limited	Wholly-owned subsidiary (control exists)
(iv)	NSDL Payments Bank Limited	Wholly-owned subsidiary (control exists) w.e.f. 17th August, 2016
(v)	Key managerial personnel	Mr. G V Nageswara Rao, Managing Director and CEO

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

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

(₹ in Lakhs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
(i) Transactions during the year :		
I. Companies having substantial Interest		
a) <u>IDBI Bank Limited</u>		
- Transaction Fees	50.89	29.44
- Annual fees	11.55	11.61
- Reimbursement of expenses	1.67	1.98
- Other operational income	0.62	1.35
- Interest Income on fixed deposit with Bank	263.68	101.25
- Interest (waiver)/ Income – Other	1.31	0.12
- Miscellaneous expenses	0.49	0.49
- Dividend paid	300.00	300.00
b) <u>National Stock Exchange of India Limited</u>		
- Miscellaneous expenses	0.1	0.04
- Transaction Fees	63.52	0.15
- Dividend paid	250.45	250.45
II. Key managerial personnel		
- Remuneration	256.33	244.05
(ii) (Payable)/Receivable at the end of the year :		
Companies having substantial Interest	(30.00)	(30.00)
a) <u>IDBI Bank Limited</u>		
- Security deposit payable		
- Balance in current account	584.31	387.06
- Trade receivables	8.35	6.76
b) <u>National Stock Exchange of India Limited</u>		
Trade receivable	22.51	-
Subsidiary Company		
a) <u>NSDL Database Management Limited</u>	54.86	
Receivable / (payable)		(8.38)
b) NSDL Payments Bank Limited - receivable	160.65	-
c) Payable to Key Managerial Person	145.80	72.00

Notes:

- (i) There are no provisions for doubtful debts or amounts written off/written back in respect of dues from/to related parties.
- (ii) Managerial remuneration does not include charge on account of provision for gratuity which has been determined for the Company as a whole.

28. Operating Lease:

The Group holds certain premises under operating leases. Rent includes expenses of ₹ 470.17 lakh net of recovery of ₹ 54.70 (previous year ₹ 442.98 net of recovery ₹ 49.25).

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

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

(₹ in Lakhs)

Particulars	At at 31st March, 2017	As at 31st March, 2016
Not later than one year	32.45	126.36

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

(₹ in Lakhs)

Particulars	At at 31st March, 2017	As at 31st March, 2016
Insurance	57.16	74.56

30. Employee benefits:

- a) The Company has recognised the following amounts in the Statement of Profit and Loss under the head Company's Contribution to Provident Fund and Other Funds:

(₹ in Lakhs)

Particulars	At at 31st March, 2017	As at 31st March, 2016
Provident fund	125.58	118.10
Superannuation fund	84.68	73.58
Total	210.25	191.68

- b) Gratuity:

- (i) Summary of actuarial assumptions :

Particulars	At at 31st March, 2017	As at 31st March, 2016
Discount rate	7.57%/7.71%	8.01%/7.95%
Rate of return on plan assets	7.57%/7.71%	8.01%/7.95%
Salary escalation	8.00%/8.00%	8.00%/8.00%
Attrition rate	2.00%/2.00%	2.00%/2.00%
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

(ii) Reconciliation of defined benefit obligation :

(₹ in Lakhs)

Particulars	At at 31st March, 2017	As at 31st March, 2016
Liability at the beginning of the year	1534.84	1473.84
Liability transferred on demerger	-	-
Interest cost	122.81	117.77
Current service cost	159.56	148.33
Benefits paid	(82.24)	(171.68)
Amount transferred to NSDL e-Governance Infrastructure Limited	Nil	Nil
Actuarial loss /(gain) on obligations	77.39	(33.42)
Closing defined benefit obligation	1812.36	1534.84

(iii) Reconciliation of fair value of plan assets :

(₹ in Lakhs)

Particulars	At at 31st March, 2017	As at 31st March, 2016
Fair value of plan assets at the beginning of the year	1378.67	956.16
Interest Income	110.32	76.41
Assets transferred on demerger (Amount transferred to NSDL Gratuity Fund)	-	-
Contributions by the Employer	156.18	507.08
(Assets transferred out/disinvestments)	-	(2.60)
Benefits paid	(82.24)	(171.68)
Transferred to NSDL e-Governance Infrastructure Limited		
Actuarial (gain)/loss on plan assets	(88.08)	13.30
Closing fair value of plan assets	1474.85	1378.66

(iv) Amount to be recognised in balance sheet:

(₹ in Lakhs)

Particulars	At at 31st March, 2017	As at 31st March, 2016
Present value of funded obligation	(1812.36)	(1534.83)
Fair value of plan assets at the end of the year	1474.85	1378.66
Amount recognised in balance sheet	(337.51)	(156.17)

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

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

(₹ in Lakhs)

Particulars	At at 31st March, 2017	As at 31st March, 2016
Current service cost	159.56	148.33
Interest cost	12.50	41.37
Expenses recognised in the Statement of Profit & Loss	172.06	189.69

(vi) Expenses to be recognised in Other Comprehensive Income:

(₹ in Lakhs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Actuarial (gain)/ loss on obligation	88.07	(13.30)
Actuarial (Gain) or Loss on	77.39	(33.42)
Net (Income)/Expense for the Period Recognised in OCI	165.46	(46.72)

(vii) Balance Sheet reconciliation :

(₹ in Lakhs)

Particulars	At at 31st March, 2017	As at 31st March, 2016
Opening net liability	156.17	517.66
Expenses Recognised in Statement of Profit or Loss	172.06	189.69
Expenses Recognised in OCI	165.46	(46.72)
Net (Liability)/Asset Transfer out	-	2.6
Employers Contribution	(156.18)	(507.08)
Amount recognised in balance sheet	337.51	156.16

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

Particulars	At at 31st March, 2017	As at 31st March, 2016
Central and State Govt. securities		
Bonds/ debentures	Funds deployed by Life Insurance Corporation of India.	Funds deployed by Life Insurance Corporation of India.
Equity shares		
Others		

(ix) Expected contribution in the next year ₹ 157.20 lakh (previous year ₹ 33.40 lakh)

(x) Sensitivity Analysis:

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

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

(₹ in Lakhs)

	Defined benefit obligation	
	Increase in assumption	Decrease in assumption
Discount rate (1% movement)	(212.70)	254.28
Future salary appreciation (1% movement)	250.71	(213.78)
Attrition rate (1% movement)	(10.59)	11.83

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

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

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

31. Earnings per share:

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Profit for the year attributable to the equity shareholders (₹ in Lakh)	9,998.14	9,740.92
Weighted average Number of equity shares during the year	40,000,000	40,000,000
Basic and Diluted Earnings per Share	25.00	24.35
Face value of each share (₹)	10	10

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

32. Investor Protection Fund (IPF):

- a. The Securities Exchange Board of India (SEBI) has issued SEBI (Depositories and Participants (Amendment) Regulations, 2012 ("the Regulations") 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 were required to credit twenty five per cent of its profits every year to the Investor Protection Fund. Accordingly, the Company had credited a total sum of ₹ 3,668.12 lakh from FY 2012-13 to FY 2014-15 to the IPF as at March 31, 2015. SEBI vide its notification dated 21st January, 2016 has retrospectively amended the Regulations wherein every depository is required to credit 5% of its profit from depository operations as Contribution to Investor Protection Fund as against 25% of profit specified in the Regulation dated 11th September, 2012. Accordingly, ₹ 3,130.28 lakh was written back in the year ended 31st March, 2016 being excess contribution upto 31st March, 2015.

The contribution to IPF for the year ended 31st March, 2017 works out to ₹ 464.78 lakh (previous year ₹ 290.95 lakh), being 5% of the profits from depository operations of the Company before tax for the year available after making such contribution. In addition the company has transferred penalties recovered from DP's to the IPF.

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

33. Other provisions:

- a. Provision for investor awareness:

SEBI vide its circular no. CIR/MRD/DP/18/2015 dated December 9, 2015 (the "Circular") has revised the annual custody/issuer charges to be collected by the depositories from the issuers with effect from financial

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

year 2015-16. The Circular has also directed the Depositories to set aside 20% of the incremental revenue received from the issuers. Pursuant to the Circular, the Company has set aside ₹ 406.30 lakh (previous year ₹ 384.00 lakh) being 20% of incremental revenue on issuer income for the period ended March 31, 2017.

(₹ in Lakhs)

	As at		
	31st March, 2017	31st March, 2016	1st April, 2015
Opening Provision	384.00	-	-
Addition	406.30	384.00	-
Payment/repayment	(101.12)	-	-
Closing	689.18	384.00	-

b. Provision for stamp duty:

The Company had made a provision of ₹ 370.00 lakh towards stamp duty pending adjudication in respect of immovable assets transferred during the previous year under the Scheme of Demerger.

An Order dated 29th January, 2016 was received from the Collector of Stamps confirming completion of adjudication process and payment of stamp duty of ₹ 314.24 lakh. Accordingly, the stamp duty of ₹ 314.24 lakh has been paid and the balance amount is adjusted in the carrying value of Building.

(₹ in Lakhs)

	As at		
	31st March, 2017	31st March, 2016	1st April, 2015
Opening Provision	-	370.00	370.00
Payment/repayment	-	(314.24)	-
Reversal/adjustment	-	(55.76)	-
Closing	-	-	370.00

34. Expenses towards Corporate Social Responsibility:

(₹ in Lakhs)

Sr No	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
a)	Gross amount required to be spent by the Group during the year.	175.98	101.21
b)	Amount spent during the year on:	35.80	11.75

(₹ in Lakhs)

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

(₹ in Lakhs)

Sr No	Particulars	As at March 31, 2016		
		In Cash/ Chq/ Transfer	Yet to be spent	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	11.75	89.46	101.21

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

35. Fair value measurement:

(₹ in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Financial Assets			
a) Amortised cost			
Investments in debt instrument	38,235.88	34,267.88	30,081.10
Trade Receivables	3,246.24	2,287.26	1,497.32
Cash and cash equivalents	10,524.16	2,571.79	1,583.21
Other Bank balances	592.74	2,319.00	3,193.39
Other financial assets	749.01	612.18	667.11
	53,348.03	42,058.11	37,022.13
b) FVTPL			
Investment in mutual funds	8,830.07	9,526.93	8,921.91
	8,830.07	9,526.93	8,921.91
Total	57,242.05	47,767.35	44,188.49
Financial Liabilities			
a) Amortised cost			
Trade Payables	1,513.66	1,088.28	1,035.35
Other financial liabilities	5,123.32	5,178.80	8,732.17
Total	6,636.98	6,267.08	9,767.52

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

36. First – time Ind AS adoption reconciliations

36.1 Effect of Ind AS adoption on the Balance Sheet as at 31st March, 2016 and 1st April, 2015

(₹ in Lakhs)

Particulars	sub note	As at 31st March 2016			As at 1st April, 2015		
		Previous GAAP	Effect of Transition to Ind-AS	As per Ind- AS balance sheet	Previous GAAP	Effect of Transition to Ind-AS	As per Ind- AS balance sheet
ASSETS							
Non current Assets							
a) Property, plant and equipment		1,289.95	-	1,289.95	1,411.81	-	1,411.81
b) Capital work-in-progress		49.40	-	49.40	77.53	-	77.53
c) Other intangible assets		247.05	-	247.05	380.78	-	380.78
i) Investments	a	34,637.37	2,321.19	36,958.56	29,233.58	1,725.09	30,958.67
ii) Other financial assets		268.06	-	268.06	423.84	-	423.84
d) Deferred tax assets (net)	b	490.50	(13.70)	476.80	530.92	(5.22)	525.70

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

Particulars	sub note	As at 31st March 2016			As at 1st April, 2015		
		Previous GAAP	Effect of Transition to Ind-AS	As per Ind-AS balance sheet	Previous GAAP	Effect of Transition to Ind-AS	As per Ind-AS balance sheet
e) Income tax assets (net)		634.92	-	634.92	585.52	-	585.52
f) Other non-current assets	a	564.50	(334.51)	229.99	514.77	(252.45)	262.32
Total non-current assets		38,181.75	1,972.98	40,154.73	33,158.75	1,467.42	34,626.17
Current assets							
a) Financial assets							
i) Investments	a	6,960.10	283.17	7,243.27	8,505.15	353.19	8,858.34
ii) Trade receivables		2,278.88	8.39	2,287.27	1,491.35	5.97	1,497.32
iii) Cash and cash equivalents		2,571.79	-	2,571.79	1,583.21	(1.00)	1,582.21
iv) Bank balances other than (iii) above		2,319.00	-	2,319.00	3,193.39	-	3,193.39
v) Other financial assets		1,510.29	(1,166.17)	344.12	243.27	1.00	244.27
b) Other current assets	a	1,591.29	(94.97)	1,496.32	1,340.52	(1,130.81)	209.71
Total current assets		17,231.35	(969.58)	16,261.77	16,356.89	(771.65)	15,585.24
Total assets		55,413.10	1,003.40	56,416.50	49,515.63	695.78	50,211.41
EQUITY							
a) Equity share capital		4,000.00	-	4,000.00	4,000.00	-	4,000.00
b) Other equity		40,156.20	2,175.04	42,331.24	31,883.99	1,879.35	33,763.34
		44,156.20	2,175.04	46,331.24	35,883.99	1,879.35	37,763.34
Non-current liabilities							
a) Financial liabilities							
i) Other financial liabilities		72.00	-	72.00	43.80	-	43.80
b) Deferred tax liability (Net)		28.74	23.52	52.26	27.72	14.64	42.36
c) Other liabilities		15.78	-	15.78	19.38	-	19.38
Total non-current liabilities		116.52	23.52	140.04	90.90	14.64	105.54
Current liabilities							
a) Financial Liabilities							
i) Trade payables		1,079.88	8.42	1,088.30	1,029.98	5.36	1,035.34
ii) Other financial liabilities		5,490.80	(384.00)	5,106.80	8,688.37	-	8,688.37
b) Provisions	c	1,744.93	(819.57)	925.36	2,128.34	(1,203.57)	924.77
c) Current tax liability (net)		443.99	(0.01)	443.98	115.72	-	115.72
d) Other current liabilities		2,380.78	-	2,380.78	1,578.33	-	1,578.33
Total current liabilities		11,140.38	(1,195.16)	9,945.22	13,540.74	(1,198.21)	12,342.53
Total liabilities		11,256.90	(1,171.64)	10,085.26	13,631.64	(1,183.57)	12,448.07
Total Equity and Liabilities		55,413.10	1,003.40	56,416.50	49,515.63	695.78	50,211.41

Sub-notes

- a) Under previous GAAP, premium paid on purchase of investment in Government Bonds and Debentures was recognised in profit or loss. Under Ind AS, the premium paid on purchase is considered as part of amortised cost. Accordingly, the premium on purchase of investment was reinstated to cost of investment.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

- b) Under previous GAAP, income on investment in Government Bonds and Debentures was recognised at coupon rate and the investment in mutual funds was valued at lower of Cost or Net Asset Value. Under Ind-AS the income on such is recognised on the basis of Effective Interest Rate and the investment in Mutual Fund is fair valued through profit and loss. Accordingly, the other income for the year ended 31st March 2016 has increased by ₹165.44 lakh and tax effect thereon of ₹ 8.48 lakh has been recognised.
- c) Under previous GAAP, dividends on equity shares recommended by the board of directors after the end of the reporting period but before the financial statements were approved for issue were recognised in the financial statements as a liability. Under Ind AS, such dividends are recognised when declared by the members in a general meeting. The effect of this change is an increase in total equity as at 31st March, 2016 by ₹ 1203.57 lakh, but does not affect profit after tax and total comprehensive income for the year ended 31st March, 2016.

36.2 Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31st March, 2016

(₹ in Lakhs)

Particulars	sub note	As at 31st March 2016		
		Previous GAAP	Effect of Transition to Ind-AS	As per Ind-AS balance sheet
INCOME				
Revenue from operations		18,451.42	0.01	18,451.43
Other income	a	3,543.48	267.32	3,810.80
Total Income		21,994.90	267.33	22,262.23
EXPENSES				
Employee benefits expense	b	3,449.61	46.71	3,496.32
Depreciation and amortisation expense		351.21	-	351.21
Contribution to Investor Protection Fund		290.95	-	290.95
Other expenses	c	7,382.07	(45.75)	7,336.32
Total expenses		11,473.84	0.96	11,474.80
Profit before exceptional item		10,521.06	266.37	10,787.43
Exceptional Items		3,130.28	-	3,130.28
Profit before tax		13,651.34	266.37	13,917.71
Tax expense				
Current tax	b	4,134.12	(16.13)	4,117.99
Deferred tax	a	41.44	17.36	58.80
		4,175.56	1.23	4,176.79
Profit after Tax		9,475.78	265.14	9,740.92

Sub - notes

- a) Under previous GAAP, income on investment in Government Bonds and Debentures was recognised at coupon rate and the investment in mutual funds was valued at lower of Cost or Net Asset Value. Under Ind-AS the income on such is recognised on the basis of Effective Interest Rate and the investment in Mutual Fund is fair valued through profit and loss. Accordingly, the other income for the year ended 31st March 2016 has increased by ₹267.32 lakh and tax effect thereon of ₹ 17.36 lakh has been recognised.
- b) Under previous GAAP, actuarial gains and losses were recognised in profit or loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of the net defined benefit liability / asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of profit or loss. The actuarial gains for the year ended 31st March, 2016 were ₹ 46.72 lakh and the tax effect thereon was ₹ 16.13 lakh. This change does not affect total equity, but there is a decrease in profit before tax by ₹ 46.72 lakh and in the total profit of ₹ 16.13 lakh for the year ended 31st March, 2016.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

- c) Under previous GAAP, premium paid on purchase of investment in Government Bonds and Debentures was recognised in profit or loss. Under Ind AS, the premium paid on purchased is considered as part of amortised cost. Accordingly, ₹ 27.15 lakh towards premium on purchase of investment is reversed under Ind-AS.

36.3 Reconciliation of Total Equity as at March 31, 2016 and April 1, 2015

(₹ in Lakhs)

	As at March 31, 2016	As at April 1, 2015 (transition date)
Total Equity (Shareholders' funds) under previous GAAP	44,156.20	35,883.99
Ind AS Adjustments;		
Fair value of investments under Ind-AS (net of tax)	667.29	343.81
Dividend not recognised as liability until declared under Ind-AS	1,169.00	1,203.57
Recognition of dividend as liability on declaration under Ind-AS	-	-
Amortisation of premium paid on investments (net of tax)	338.75	331.97
Total adjustment to equity	2,175.04	1,879.35
Total equity under Ind AS	46,331.24	37,763.34

36.4 Reconciliation of Total Comprehensive Income for the year March 31, 2016

(₹ in Lakhs)

	Year ended 31st March, 2016
Profit after tax as per previous GAAP	9,475.78
Ind AS Adjustments	
Fair value of investments under Ind-AS (net of tax)	288.70
Amortisation of premium paid on investments	6.99
Remeasurement of defined benefit obligation recognised in other comprehensive income.	3.13
Total effect of transaction to Ind AS	298.82
Other Comprehensive Income	(3.13)
Total Comprehensive Income under Ind AS	9,771.47

36.5 Impact of Ind AS adoption on the statements of cash flows for the year ended March 31, 2016

(₹ in Lakhs)

	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	2,489.09		2,489.09
Net cash flow from investing activities	(295.94)		(295.94)
Net cash flow from financing activities	(1,203.57)		(1,203.57)
Net (increase)/(decrease) in cash and cash equivalents	989.58	-	989.58
Cash and cash equivalents as at April 1, 2015	1,582.21		1,582.21
Cash and cash equivalents as at March 31, 2016	2,571.79		2,571.79

36.6 Financial instruments:

Capital Risk Management:

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

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2017

Financial Risk Management:

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

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

The Group is exposed to the following market risks:

(a) Credit Risk

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

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

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

(b) Liquidity Risk

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

37. Income tax recognised in profit or loss:

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

(₹ in Lakhs)

	Year ended 31st March, 2017	Year ended 31st March, 2016
Profit before tax from continuing operations	14,242.76	13,917.71
Income tax expense calculated at 34.608%	4,929.13	4,816.64
Effect of income that is exempt from taxation	(860.93)	(617.58)
Effect of expenses that are not deductible in determining taxable profit	269.66	65.3
Effect of different tax rates on capital gains	(43.76)	(21.12)
Effect of different tax rates for fair value gain on investments	(50.78)	(63.53)
Others	1.3	(2.93)
Income tax expense recognised in profit or loss	4,244.62	4,176.79

The tax rate used for the financial year 2016-17 and 2015-16 reconciliations above is the corporate entities in India on taxable profits under the Indian Tax Law.

38. Disclosure of Specified Bank Notes (SBN) :

Pursuant to notification dated March 30, 2017 issued by Ministry of Corporate affairs, details of Specified Bank Notes is as follows:

(₹ in Lakhs)

	SBN'S (₹)	Other denomination notes (₹)	Total (₹)
Closing cash in hand as on 8th November, 2016	10,500	5,846	16,346
(+) Permitted receipts	-	1,047	1,047
(-) Permitted payments	-	6,369	6,369
(-) Amount deposited in Banks	10,500	-	10,500
Closing cash in hand as on 30th December, 2016	-	524	524

For and on behalf of the Board of Directors

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

Sd/-
C. M. Vasudev
 Chairman
 DIN: 00143885

Sd/-
P. P. Vora
 Director
 DIN: 00003192

Place : Mumbai
 Date : May 08, 2017

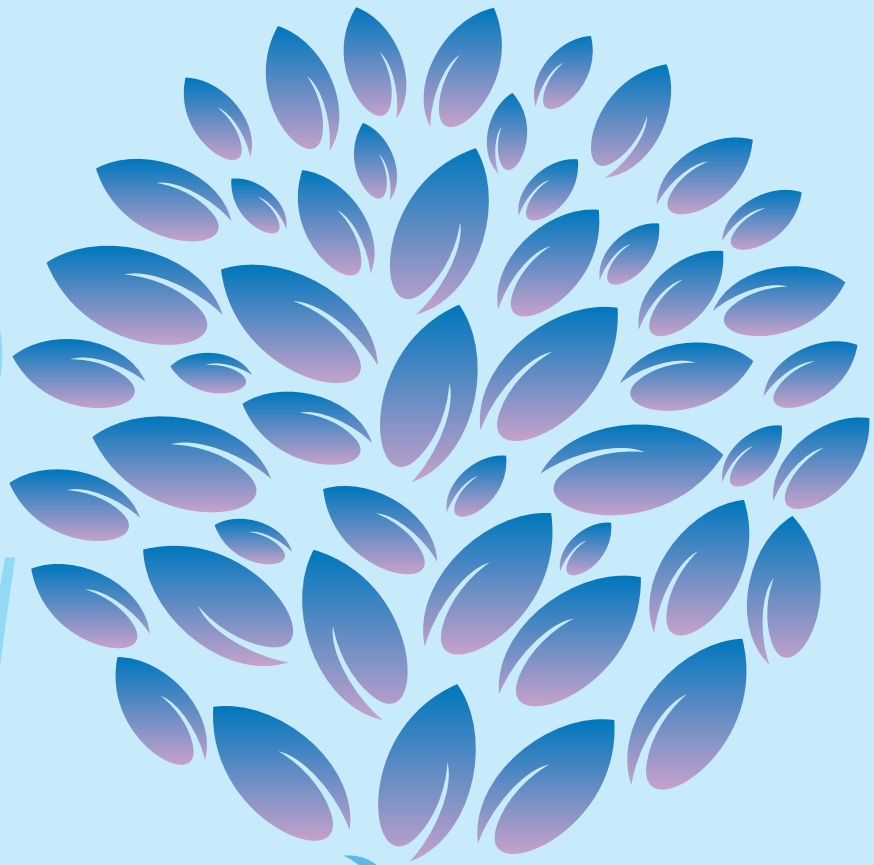
Sd/-
Sudha B.
 Chief Financial Officer

Sd/-
Deepak Shenoy
 Company Secretary



NSDL DATABASE MANAGEMENT LIMITED

2



13th
Annual
Report
2016-17



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NIR

National Insurance Repository (NIR) facilitates holding of life insurance policies issued by 20 Life Insurance Companies and 7 General Insurance Companies in electronic form. **As on March 31, 2017, NIR opened 2,83,203 electronic Insurance Accounts (eIAs) and 3,00,150 policies were credited in 1,96,007 eIAs.**

eIAs opened

2,83,203

3,00,150 policies

were credited in 1,96,007 eIAs.

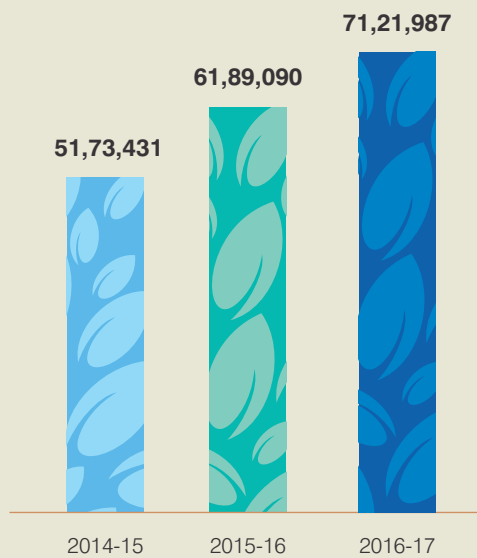
KRA

KYC Registration Agency (KRA) allows market intermediaries to upload KYC Records of clients, which can be downloaded and used by other market intermediaries, to obviate the need for clients to submit KYC Records to each market intermediary they deal with. As on March 31, 2017, 1,116 SEBI registered market intermediaries have registered with NDML KRA.

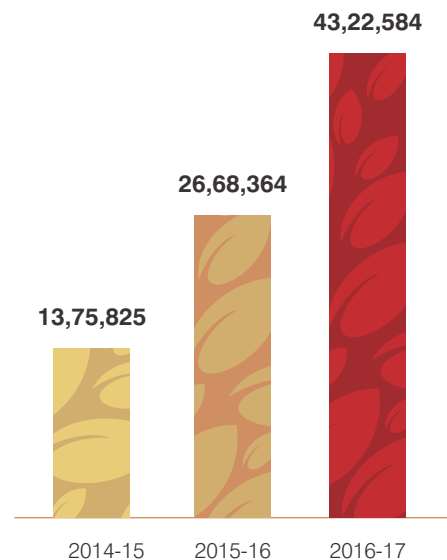
Cumulative KYC records uploaded in the KRA system as on March 31, 2017 – 71,21,987.

Cumulative KYC records uploaded in the KRA system as on March 31, 2016 – 61,89,090.

15%
Growth
between 2015-16
and 2016-17



**Progress of KYC Records
uploaded to NDML KRA**



**Progress of KYC Records
downloaded from NDML KRA**



During the year, NDML received Certificate of Registration from SEBI to carry on activities as a Category I - Registrar to an Issue and Share Transfer Agent. NDML RTA division commenced its operations w.e.f.

June 1, 2016.

NDML is offering its RTA services to Issuers of various types of securities such as unlisted equities and debt instruments such as Commercial Paper, Certificate of Deposit, Debentures, Securitised instruments etc. As on March 31, 2017, 327 Issuers are availing services from NDML RTA division.

Board of Directors



Mr. P. P. Vora
Chairman



Mr. C. M. Vasudev



Mr. G. V. Nageswara Rao



Mr. Samar Banwat**
Director-in-charge



Mr. Krishna Srinivas#
Director-in-charge

**Mr. Samar Banwat resigned as Director w.e.f. July 27, 2016

#Mr. Krishna Srinivas has been appointed as Director w.e.f. July 27, 2016



Committees

Audit Committee

Mr. P. P. Vora - Chairman

Mr. C. M. Vasudev

Mr. G. V. Nageswara Rao

Nomination & Remuneration Committee

Mr. C. M. Vasudev - Chairman

Mr. P. P. Vora

Mr. G. V. Nageswara Rao

Share Allotment and Transfer Committee

Mr. P. P. Vora - Chairman

Mr. G. V. Nageswara Rao

Corporate Social Responsibility (CSR) Committee

Mr. P. P. Vora - Chairman

Mr. C. M. Vasudev

Mr. G. V. Nageswara Rao

Our Team



Mr. Samar Banwat



Mr. Krishna Srinivas



Mr. Sameer Gupte



Mr. Vijay Gupta



Ms. Sudha B.



Ms. Harshada Chavan

Management Team

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

**Mr. Samar Banwat ceased to be Director-in-charge w.e.f. July 27, 2016

Mr. Krishna Srinivas has been appointed as Director-in-charge w.e.f. July 27, 2016

Company Secretary

Mr. Deepak Shenoy*
Ms. Neha Parekh@

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

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

Auditors

Statutory Auditors

Deloitte Haskins & Sells LLP
Chartered Accountants ^
Mumbai.

^ Deloitte Haskins & Sells LLP has retired as Statutory Auditor during the F.Y. 2017-18

Internal Auditors

M/s Aneja Associates
Chartered Accountants
Mumbai.

Secretarial Auditors

M/s. Ashish Garg,
Practising Company Secretary,
Indore.

Bankers

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

Registered Office

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

CIN: U72400MH2004PLC147094

Tel No. : 91-22-49142700

Fax No. : 91-22-24976351

e-mail : info_ndml@nsdl.co.in

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



Boards' Report

Boards' Report

To the Members,

Your Directors have the pleasure in presenting the thirteenth Annual Report along with the Audited Financial Statements of your Company for the financial year ended March 31, 2017.

Financial Highlights

The financial performance for FY 2016-17 is summarised in the following table:

Financial Results

(₹ in lakhs)

Particulars	March 31, 2017	March 31, 2016
Income	5899.62	5361.67
Expenditure	3639.48	3308.17
Profit (Loss) before depreciation & prior-period adjustment	2260.14	2053.50
Depreciation	106.04	98.96
Profit (Loss) before Tax	2154.10	1954.54
Provision for Deferred Tax (Credit)	(16.62)	9.90
Provision for Tax	629.13	570.27
Profit after Tax	1541.59	1374.37
Total Comprehensive Income	1530.00	1388.08
Balance brought forward from previous year	2711.11	1323.03
Profit (Loss) carried to the Balance Sheet	4241.11	2711.11

Appropriations

During 2016-17, 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 seven operational projects viz. National Skills Registry (NSR) on behalf of NASSCOM (started in January 2006), SEZ Online (SEZ Online) on behalf of Ministry of Commerce and Industry (started in September 2009), KYC Registration Agency (KRA) (started in January 2012), NDML Payment Services Platform 'PayGov' on behalf of Ministry of Electronics and Information Technology (MeitY) (started in April 2012), Paper To Follow (P2F) on behalf of National Payments Corporation of India (started in April 2013), NSDL National Insurance Repository (NIR) (started in August 2013) and Registrar and Transfer Agent (RTA) (started in May 2016).

Further during the year, the Company has received approval to set up National Academic Depository (NAD) project.

During the year, the Company achieved a top line of ₹ 5899.62 lakh resulting in a total comprehensive income of ₹ 1530.00 lakh. The Company has achieved an operating profit of ₹ 1468.67 lakh. The revenue expenditure for the year was ₹ 3745.52 lakh. The Company expects to further expand the operations and revenues in its existing projects and leverage on the established cost structures so as to achieve better performance.

Dividend

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

Management Discussion and Analysis

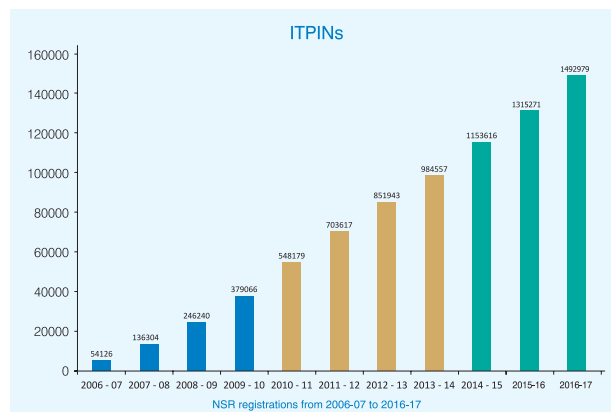
A. Progress of various projects

National Skills Registry (NSR) Project

NSR system established by your Company is playing a key role in the IT / ITeS industry in the area of employee recruitment, background checks, engagement and relieving. Most of the large IT & ITeS companies have adopted NSR registration as a requirement for all their new employees and in many cases the Companies have encouraged their existing employees also to register. This collaborative effort by the industry and its employees will result in a better industry environment such that each employee is registered on a central system, defined and useful information is available, identity and biometric checks are done and pre-verified information relating to education and experience is available. This will boost confidence of the companies in hiring employees coming from within the industry and also reduce the cost and time involved in background check process. As the industry sources its business from off-shore clients, having authenticated information of ITeS personnel also places the industry before its clients in a higher league where not only quality and cost but also security is of paramount importance. However, more efforts are required in making NSR system meaningful, especially in recording background check data against the profile of employees.

As on March 31, 2017, 22 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. 219 companies have joined NSR. Many large sized companies have implemented NSR and made NSR registration a part of the joining / HR process. The 219 companies subscribed with NSR comprise of about 60 percent of the total employee strength in the Indian IT / ITeS industry. A comparison of the hiring during the previous year suggests that the registration with NSR is in line with the hiring trend of the industry.

So far 14.92 lakh Knowledge Professionals have registered on NSR and have been allotted ITPIN. 1,77,708 Knowledge Professionals completed their biometric registration in financial year 2016-17. This is the highest number of biometric registrations in a financial year in the history of NSR. Details of NSR registrations at the end of each financial year are reflected in the diagram below:



SEZ Online Project

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

SEZ Online system is now being used in all operational SEZs by all operational units for processing of import, export and various other important transactions.

Launch of SEZ India Mobile App: NDML has successfully launched a “mobile app” focused on SEZs in India. The app provides important transactional and reference information to SEZ Units and other interested users. Commerce Secretary was pleased to launch this mobile app on the Inter-Ministerial platform of “Board of Approval” and dedicate the same to the service of the citizens on January 6, 2017.

Data Exchange with EDI System: SEZ Online System is successfully exchanging important data of import and export consignments with EDI System of Central Board of Excise & Customs. This data exchange is facilitating paperless clearance of cargo from the ports and is also ensuring better trade controls.

Data Exchange with Reserve Bank of India: SEZ Online System has achieved one more important milestone where in addition to exports, the data of Import transactions is now shared with IDPMS System of RBI. This would facilitate RBI and Authorised Dealers to clear outward remittance for imports based on authentic data of assessment of Bill of Entry by SEZ Customs.

Data Exchange with Director General of Commercial Intelligence & Statistics (DGCI&S): DGCI&S collects and compiles trade data from various sources and facilitates the Government with summarised and detailed

Management Discussion and Analysis

trade analysis for policy development and monitoring. SEZ Online System has commenced sharing of Software Exports data with DGCI&S. Data exchange in respect of merchandise Import / Export has already been established.

System Upgradation and new features: The system has continuously been developed and upgraded to meet user needs, expectations and improve the experience. During the year various new features were introduced towards this end. Technology upgrades were also introduced to improve the system efficiency and stability.

Implementation Status:

4,519 SEZ units and 341 Developers / Co – Developers are now registered on the system. During FY 2016-17, more than ten 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 (9.6 lakh for FY 2015-16).

Review of SEZ sector:

SEZs have contributed quite significantly to the international trade for the country and have generated significant employment in various sectors such as Gems & Jewellery, Petro-Chemicals, Pharma, Information Technology, etc. Free Trade Warehouses which have been recently set-up in the country have also boosted the trading and services aspects from SEZs. MOCI and DC Offices are pursuing with and facilitating all developers to progress their SEZ plans to operationalization phase. MOCI is also taking steps to resolve any policy and procedural issues in growth of SEZs. It is believed that SEZs would continue to grow in terms of new SEZs, new Units and therefore the volume of trade and the business. SEZ Online system would continue to play its due role in facilitating this growth.

KYC Registration Agency (KRA)

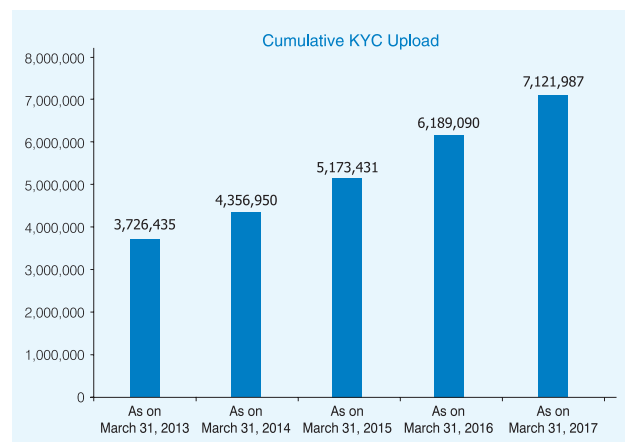
Your company is registered with Securities & Exchange Board of India (SEBI) as KYC Registration Agency. With a view to bring uniformity in the KYC requirements in the securities markets, SEBI has stipulated uniform KYC requirements to be effected by all SEBI registered market intermediaries for their clients and has also issued the SEBI {KYC (Know Your Client) Registration Agency (KRA)}, Regulations, 2011. These Regulations create the framework for SEBI registered intermediary for registration of KYC data and documents of its clients with a third party agency i.e. KYC Registration Agency (KRA). A client who is desirous of opening an account/ trade/deal with a SEBI registered intermediary is required to submit the KYC details and the supporting documents to the intermediary. The intermediary performs the initial KYC and uploads the details on the system of KRA.

KRA verifies the KYC documents and after confirming the correctness, issues 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.

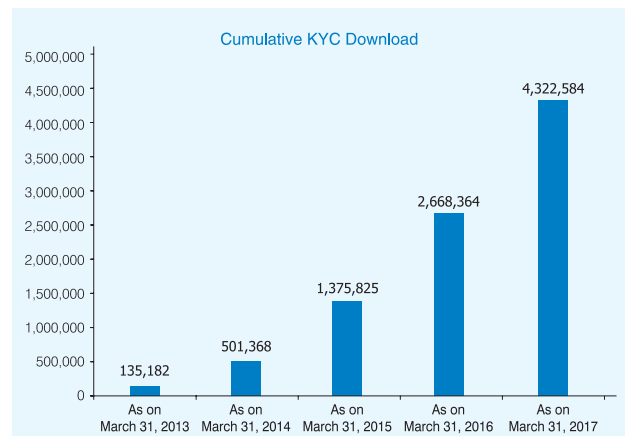
Your company has established connectivity with other KRAs thereby facilitating intermediaries registered with NDML KRA to download KYC information available with other KRAs. NDML KRA is facilitating inquiry of KYC status and download of KYC information to intermediaries through Application Programming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

As on March 31, 2017, 1,116 SEBI registered market intermediaries have registered with NDML KRA and KYC records of 71.22 lakh applicants were uploaded in the KRA system.

Progress of KYC Records uploaded to NDML KRA



Progress of KYC Records downloaded from NDML KRA



Management Discussion and Analysis

During the year, your company has been granted certificate of permanent registration as KYC Registration Agency by SEBI.

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

Ministry of Electronics & Information Technology (MeitY), Government of India (GoI) under its National e-Governance Plan (NeGP) has engaged your Company to assist Government Departments in collecting online payments from Citizens for various Government services. Your company is providing the payment services using "Payment Aggregator" model so that Citizens can be provided with all modes of payment such as net banking, credit cards, debit cards, IMPS, wallets etc. Technical and processing infrastructure for providing these services is sourced from service providers.

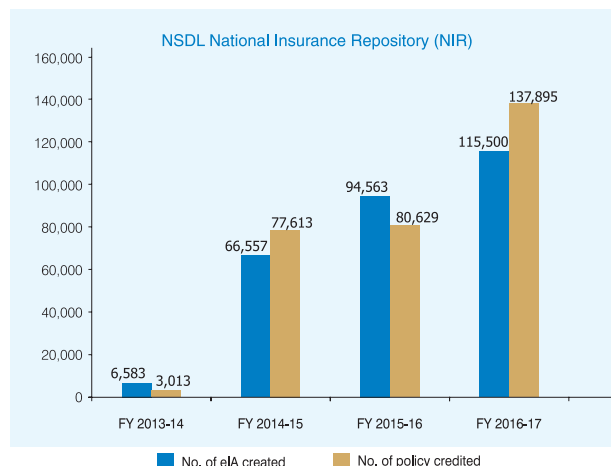
MeitY has issued advisory to all states and government departments to consider using PayGov platform for online payment services. PayGov is currently connected with 84 different Government departments / Utility service providers across various States and is facilitating payment of treasury as well as non-treasury payments. During the FY 2016-17 PayGov has processed 82.6 lakh online payment transactions.

NSDL National Insurance Repository (NIR)

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

While the guidelines were in place, IRDAI on June 15, 2016 issued 'Insurance Regulatory and Development Authority of India (Issuance of e-Insurance Policies) Regulations, 2016.' This regulation provides firm base for issuance of policies in electronic form. The regulation also lays down the criteria for certain class of policies to be mandatorily issued in electronic form. The enabling provision in the regulation will accelerate the process of issuance of policies in electronic form. IRDAI has also issued data standards for holding motor and health insurance policies in electronic form thereby setting up the process of issuance of motor and health policies in electronic form. With the enabling provisions in place, transaction with the Insurance Companies has increased.

NIR now facilitates holding of life insurance policies issued by 20 Life Insurance Companies and 7 General Insurance Companies in electronic form. As on March 31, 2017 NIR has opened 2,83,203 eIAs and 3,00,150 policies were credited in 1,96,007 eIAs.



In order to facilitate the customer to open an eIA, NIR has empaneled 70 Approved Persons which include 15 Banks and has presence in 8,437 branches across 931 cities.

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

Your Company is managing 'Paper To Follow (P2F)' process of Cheque Truncation System (CTS) on behalf of National Payments Corporation of India (NPCI). NDML is required to manage P2F process at each of the 78 Grid CTS centers with suitable human resources and infrastructure. During the year, your company added 9 more centres. Thus as on March 31, 2017, NDML has established and managing P2F process at 87 centers.

National Academic Depository (NAD)

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

In the Union Finance Budget 2016, Government had announced that an electronic Academic Depository on the lines of 'Securities' depository would be set-up. MHRD has appointed University Grants Commission (UGC) as the nodal administrative body for overseeing and ensuring the implementation of NAD in all Academic Institutions across the country and providing relevant policy and administrative support.

UGC has also issued letters to all Universities to join and support the NAD initiative. An outreach program is being carried out with Universities and Institutions of National Importance for joining NDML NAD system at the earliest. Significant response has been received from Academic Institutions and a large number of Academic Institutions

Management Discussion and Analysis

have provided their consent to join NDML NAD. In order to propagate NAD adoption, MHRD / UGC have decided that initially no charges may be levied on Students and Academic Institutions for using the system for first two years, however Verification of Academic Awards may be charged.

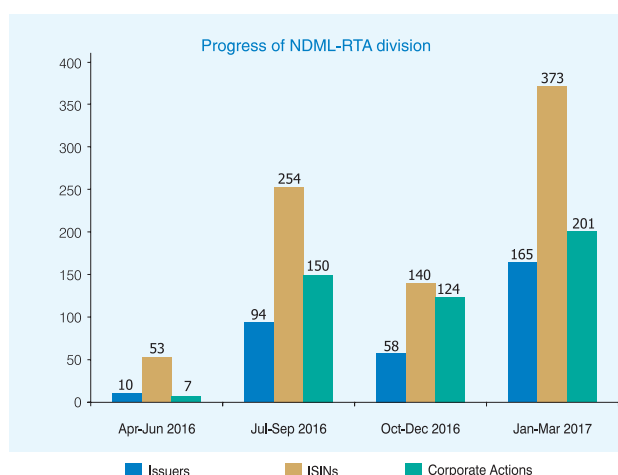
Your Company is engaged in building NAD system, expanding its awareness and adoption among the Students and Academic Institutions.

NAD is expected to become an important area of large scale engagement with students and education fraternity in 2016-17 and the following years.

Registrar and Transfer Agent (RTA)

During the year, your company received Certificate of Registration from SEBI to carry on activities as a Category I – Registrar to an Issue and Share Transfer Agent. NDML RTA division commenced its operations w.e.f. June 1, 2016.

NDML is offering its RTA services to Issuers of various types of securities such as unlisted equities and debt instruments such as Commercial Paper, Certificate of Deposit, Debentures, Securitised instruments etc. As on March 31, 2017, 327 Issuers are availing services from NDML RTA division.



Other Projects

Your Directors feel that the Company will be able to gain ground and develop secure and user friendly systems for automation. 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 recognised ISO 27001:2013 certification for implementation of information security management system (ISMS) for NSR project and for NIR Project. In 2015-2016, process for Implementation of ISO in NIR Project was undertaken and the Company has received re-certification of ISO27001:2013 for the NSR project and for the NIR Project in March, 2016 by the accredited auditors Det Norske Veritas-Germanischer Lloyd (DNV-GL). The 1st Surveillance Audit of NSR and NIR Project was carried out by DNV-GL in April, 2017 and the auditors have satisfied themselves with adequate and appropriate implementation of applicable Information Security Controls in NSR and in NIR.

Internal Controls and Audit

The Company's accounts are audited by Statutory Auditors. With respect to Internal Audit, an external firm acting as independent Internal Auditor reviews the internal controls and operating systems and procedures. The report of the Internal Auditor along with management response is placed before the Audit Committee which reviews the same and advises on improvements in the internal controls.

With respect to legal compliances, the Company conducts its business with high standards of legal, statutory and regulatory compliances. The Company has instituted a legal compliance process in conformity with the best international standards, supported by a robust online system that covers all its activities. The gamut of this system includes statutes such as labour laws, taxation laws, corporate and securities laws, information technology laws and safety regulations.

Your Company has well established processes and clearly defined roles and responsibilities at various levels. Comprehensive operational manual and standard operating procedures have been put in place in various departments including operations and finance.

Risk Management and Insurance

Taking into account various risks involved, your Company has taken adequate insurance cover for employees and assets. Your Company has also obtained a professional indemnity insurance policy for Insurance Repository activity as per the IRDAI requirement.

Also, Directors and Officers Liability Insurance policy has been taken by NSDL (holding company) to cover the liability of the Directors and officers of both NSDL and NDML.

Corporate Governance

Other measures

Your Company has appointed a Compliance Officer to ensure compliance with various laws. The Compliance Officer reports on the compliance relating to the relevant applicable laws quarterly at Board meetings. The Company also seeks outside legal advice, wherever needed.

During the year under review, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

Disclosure Related to Financial Transactions

Deposits

The Company has not accepted any deposit under Section 73 of the Companies Act, 2013 from the public.

Particulars of Loans, Guarantees or Investments

Details of Loans and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Particulars of Contracts or Arrangements with Related Parties

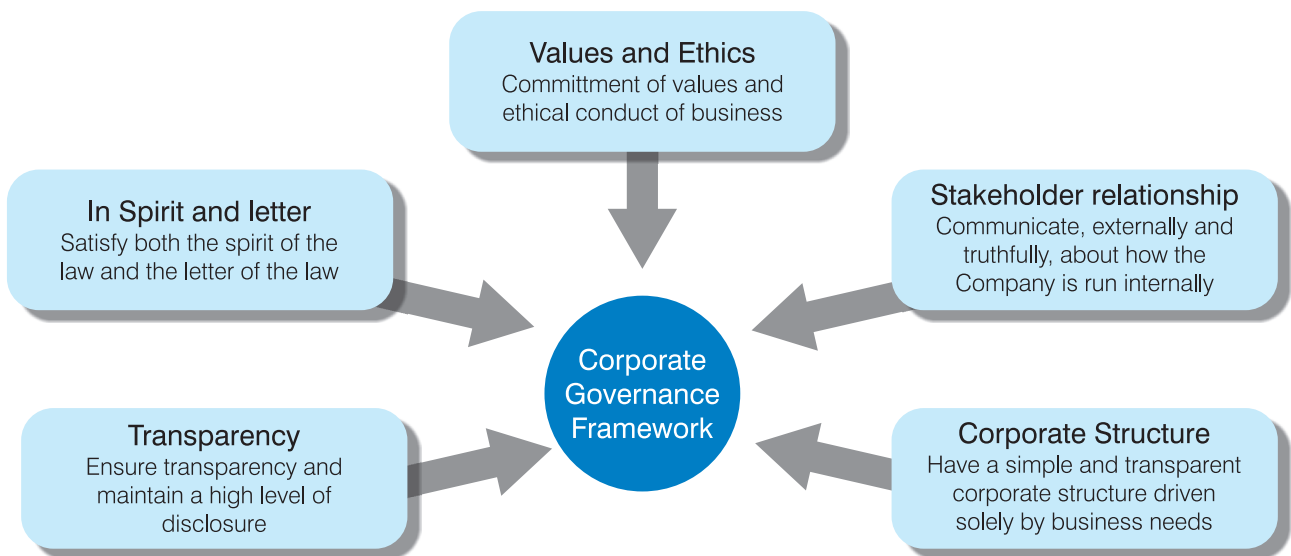
During the period under review, the Company had not entered into any material transaction with any of its related parties. None of the transactions with any of related parties were in conflict with the Company's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in Note No.28 of Financial Statements, forming part of the Annual Report.

Corporate Governance

As an NSDL Group Company, the Company's philosophy on Corporate Governance is based on the fundamental principle of fair, ethical and transparent governance practices by adopting highest standards of professionalism, integrity, honesty, equity, transparency, accountability and ethical behavior in all facets of operations and dealing with all its stakeholders. It is also based on an effective independent Board, the separation of the Board's supervisory role from the executive management and the constitution of the Board Committees, which consists of majority of independent directors. These values and principles set the context to manage affairs of your Company in a fair and transparent manner. Your Company aims at maintaining highest standards in complying with all applicable laws and regulations, conducting its business in an ethical manner and protecting the interests of investors and other stakeholders. The governance practices of your Company are under continuous review and continuously benchmarked to the best practices to become an integral part of the way business is done.

Corporate Governance Framework:

The driving principles of our Corporate Governance are represented in the following diagram:



This framework helps us to be guided by our core values. Our framework ensures timely disclosures and accurate information is shared regarding our financials and performance, as well as disclosures related to leadership and governance of the Company. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance practice.

Ethics / Governance Policies:

Your Company strives to conduct its business and strengthen its relationships in a manner that is dignified, distinctive and responsible. We adhere to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Therefore, we have adopted various codes and policies to carry out our duties in an ethical manner.

I. Board of Directors

Your Company believes in a diverse Board for its success and that an active, well informed independent Board is necessary to ensure the highest standards of corporate governance. The Board reviews long term as well as short term strategies of your Company from time to time and ensures statutory and ethical conduct with high quality financial reporting. The Board's actions and decisions are aligned with the Company's best interests. Your Company is provided with direction and guidance by a professional Board comprising eminent persons with considerable professional expertise and experience in finance, legal, banking and other related fields.

Corporate Governance

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 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 four (4) Directors. Two of them are Independent Directors. Chairman of the Board is an Independent Director. Details of attendance of each director at the Board Meetings held during the year under review are as follows:

Sr. No.	Name of the Director	Category	Attendance Particulars		No. of other Directorships	No. of Committee Positions held	
			No. of Board Meetings held during tenure	No. of Board meetings attended		Member	Chairman
1	Mr. P. P. Vora (DIN : 00003192)	Non-Executive Chairman/ Independent	5	5	6	2	2
2	Mr. C. M. Vasudev (DIN : 00143885)	Non-Executive/ Independent	5	5	6	4	0
3	Mr. G. V. Nageswara Rao (DIN : 00799504)	Non-Executive/ Promoter representative	5	5	2	1	0
4	Mr. Krishna Srinivas* (DIN: 07636143)	Manager	5	4	0	0	0
5	Mr. Samar Banwat** (DIN: 07521003)	Manager	5	2	0#	0#	0#

* Mr. Krishna Srinivas is appointed as Manager w.e.f. July 27, 2016

**Mr. Samar Banwat resigned as Manager w.e.f. July 27, 2016

Information as available on the date of cessation.

Note:

- The Directorships held by Directors as mentioned above, do not include Directorships in Foreign Companies, Section 8 Companies and Private Limited Companies which are not the holding or subsidiary Company of a Public Company.
- While considering Memberships/Chairmanships of Committees, only the Audit Committee and Stakeholder's Relationship Committees in all Public Limited Companies have been considered.

Directors' Profile

A brief resume of Directors, nature of their expertise in specific functional areas and names of the companies in which they hold Directorships are provided.

1. Mr. P. P. Vora

Mr. P. P. Vora is an eminent Chartered Accountant and has industry experience of more than 40 years. He is Gold Medalist in B.Com from Gujarat University and All India First in CAIIB. Mr. Vora retired as Chairman and Managing Director of Industrial Development Bank of India (IDBI). Before joining IDBI, he was Chairman and Managing Director of National Housing Bank from 1996-2001. He started career with State Bank of India in 1967. An expert in Branch Management and also in Merchant Banking, he personally supervised the conversion of IDBI into a Bank. He has also worked with Gujarat Industrial Investment Corporation Ltd., as the Chairman of Fertilisers & Chemicals Travancore Ltd., Kerala, and as Director Finance of Gujarat State Fertilisers Limited.

2. Mr. C. M. Vasudev

Mr. C.M. Vasudev, holds a Master's Degree in Economics and Physics. He has retired from the Indian Administrative Services (IAS). Mr. Vasudev has worked as an Executive Director of World Bank representing India, Bangladesh, Sri Lanka and Bhutan. He has extensive experience of working at policy making levels in the financial sector and was responsible for laying down policies and oversight of management. He chaired World Bank's committee on development effectiveness with responsibility of ensuring effectiveness of World Bank's operations.

Mr. Vasudev has also worked as Secretary, Ministry of Finance and has undertaken various assignments viz; Secretary, Department of Economic Affairs, Department of Expenditure, Department of Banking. Prior to that, he was Additional Secretary, Budget with responsibility for framing the fiscal policies and policies for economic reforms and for coordinating preparation of budgets of the Government of India and monitoring its implementation.

He has worked as a Government nominee Director on the Boards of many companies in the financial sector including State Bank of India, IDBI, ICICI, IDFC, NABARD, National Housing Bank and also on the Central Board of the Reserve Bank of India. He was also member secretary of the Narasimham Committee on financial sector reforms. He also chaired a committee on reforms of the NBFC sector. He also worked as Joint Secretary of Ministry of Commerce with responsibility for state trading, trade policy including interface with WTO.

Mr. Vasudev has worked as an Executive Director of World Bank representing India, Bangladesh.

He is the Chairman of the Board of National Securities Depository Limited.

3. Mr. G. V. Nageswara Rao

Mr. G. V. Nageswara Rao is an IIM-Ahmedabad graduate, Chartered Accountant and Cost Accountant. He has over 30 years of experience 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 is currently MD & CEO of NSDL. Prior to this role, Mr. Rao was MD & CEO of IDBI Federal Life Insurance (2007-13), MD & CEO of IDBI Bank (2003-2007) prior to reverse merger with parent and MD & CEO of IDBI Capital Market Services Ltd (1997-2003).

4. Mr. Samar Banwat

Mr. Samar Banwat is a Bachelor of Commerce, Chartered Accountant and Cost Accountant. He is Executive Vice President of NSDL. He joined National Securities Depository Limited (NSDL) in October 1996. He has close to 19 years of experience in the financial markets and in his current role, works quite closely with the market participants. He was instrumental in developing innovative products to meet the growing needs of the market participants. He is a member of the COBOSAC and various other committees.

5. Mr. Krishna Srinivas

Mr. Krishna Srinivas is a Bachelor in Electronics & Communication from Gulbarga University (1985) and is an alumni of National Institute for Training in Industrial Engineering (NITIE), with Post Graduate Diploma in Industrial Engineering (PGDIE - XVI Batch, 1987). He is currently at National Securities Depository Limited (NSDL) as Executive Vice President, heading the IT and Systems.

He has close to 28 years of experience. He was involved in various roles across various projects and was the Delivery Manager for NSDL Depository system from TCS side between 1998 and 2003. He has led and delivered several large marquee programs prominent ones being; SEBI DWBIS (for market-wide surveillance), Next-Generation RTGS system for RBI, NACH for NPCI and EDW Surveillance system for NSE.

B. Board Procedures and Meetings

The Board of Directors is responsible for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness. A minimum of four Board meetings are held every year. Apart from the above, additional Board meetings are convened by giving appropriate notice in advance to all the Directors to address the specific needs of the Company. However, in case of business exigencies or urgency the Board also approves by Circular Resolution, important items of business (other than items

Corporate Governance

as specified under Section 179 of the Companies Act, 2013) which cannot be deferred till the next Board Meeting. The Board reviews compliance reports of all applicable laws every quarter. The dates of the subsequent Board meetings are decided with the mutual consent of all the Directors present at the ongoing Board meeting. The Board meetings are usually held at the registered office of the Company.

The agenda for the Board Meeting is prepared in consultation with the Director-in-charge. The agenda for the Board, inter-alia, includes a review of annual operating plans, capital allocations and budgets. All material information is incorporated in 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. The Company Secretary, while preparing the agenda, notes on agenda and minutes of the meeting(s), is responsible for and is required to ensure adherence to all applicable laws and regulations, including the Companies Act, 2013 read with rules issued thereunder, as applicable and Secretarial Standards issued by The Institute of Company Secretaries of India.

During the year under review, Five (5) Board Meetings (on April 29, 201, July 27, 2016, October 26, 201, January 20, 2017 and February 08, 2017) were held. Details of attendance of each director at the Board Meetings held during the financial year are as follows:

Sr. No.	Name of Directors	Total No. of Meetings during the tenure	Total No. of Meeting Attended
1	Mr. P. P. Vora	5	5
2	Mr. C. M. Vasudev	5	5
3	Mr. G. V. Nageswara Rao	5	5
4	Mr. Samar Banwat*	2	2
5	Mr. Krishna Srinivas**	4	4

*Mr. Samar Banwat resigned as Director w.e.f. July 27, 2016

**Mr. Krishna Srinivas was appointed as Director w.e.f. July 27, 2016.

C. Board Level Changes:

During the year, Mr. Samar Banwat ceased to be a Director of the Company w.e.f. July 27, 2016.

Further, Mr. Krishna Srinivas, Executive Vice President of NSDL was appointed as Manager and as a Director of NDML w.e.f. July 27, 2016.

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

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

E. Independent Director(s):

The Board of NDML consisted of 4 Directors out of which 2 are Independent Directors.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

During the year under review, the Independent Directors met separately to transact the business as mentioned in the Schedule IV of the Companies Act, 2013. All the Independent Directors were present at the meeting.

Policy on Directors' appointment and remuneration:

The policy of the Company on Directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Sub-section (3) of Section 178 of

the Companies Act, 2013, adopted by the Board pursuant to the recommendation of the Nomination & Remuneration Committee.

Performance Evaluation of the Board and Directors:

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit and Nomination and Remuneration Committee as per the evaluation criteria approved by the Nomination and Remuneration Committee and Board.

II. Board Committees

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Company. An independent director is nominated as the Chairperson of each of the Board Committees.

These Committees monitor the activities falling within their terms of reference. The Board Committees play a crucial role in the governance structure of the Company and are being set out to deal with specific areas/activities which concern the Company and require a closer review. The Board Committees are set up with the approval of the Board, to carry out the clearly defined role which is considered to be performed by members of the Board as a part of good governance practice. The minutes of the meetings of the Committees are placed before the Board for review. Currently, the Board has four Committees, viz:

- Audit Committee
- Nomination and Remuneration Committee
- Share Allotment and Transfer Committee
- Corporate Social Responsibility (CSR) Committee

The composition of the various Board Committees is presented below:

Board and Committee Composition as on March 31, 2017					
Name	Board	Audit Committee	Nomination and Remuneration Committee	Share Allotment and Transfer Committee	Corporate Social Responsibility (CSR) Committee
Mr. P. P. Vora	Chairman	Chairman	Member	Chairman	Chairman
Mr. C. M. Vasudev	Member	Member	Chairman	-	Member
Mr. G. V. Nageswara Rao	Member	Member	Member	Member	Member
Mr. Krishna Srinivas	Member	-	-	-	-

A. Audit Committee

The Audit Committee of NDML assists the Board in its responsibility of overseeing the quality and integrity of accounting, auditing, internal controls and reporting practices of the Company and its compliance with legal and other regulatory requirements. The Committee provides direction to the audit function and monitors the quality of internal and statutory audits. The responsibilities of the Committee include examining the financial statements and auditors' report and overseeing the financial reporting process to ensure fairness, sufficiency and credibility of financial statements, terms of appointment and remuneration of auditors, review and monitor with the management, the auditors' independence and performance, review of functioning of the Whistle Blower Policy, review of internal control systems and internal audit

Corporate Governance

functions, approval of transactions with related parties, review the quarterly accounts, budgetary controls, internal audit reports and discuss with the auditors about the scope of audit, review the details of investment of surplus funds of the Company as per Investment policy approved by the Board. The Committee reviews the quarterly and annual financial statements before submission to the Board and ensures compliance of internal control systems. The Committee is governed by the scope as mentioned in the provisions of Section 177(4) of the Companies Act, 2013.

The Committee consists of three directors out of which two are Independent Directors in accordance with the provisions of Section 177 of the Companies Act, 2013.

Mr. P. P. Vora, Chairman of the Board is also Chairman of the Audit Committee and attends all General Meetings.

During the year under review, Four (4) meetings of the Audit Committee were held.

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

Sr. No.	Name of the Member	Total No. of Meetings	Total No. of Meetings Attended
1.	Mr. P. P. Vora	4	4
2.	Mr. C. M. Vasudev	4	4
3.	Mr. G. V. Nageswara Rao	4	4

Whistle Blower Policy

The Company has formulated a Whistle Blower Policy. The policy complies with the requirements of vigil mechanism as stipulated under Section 177 of the Companies Act, 2013. The policy has been published on the Company's website.

B. Nomination and Remuneration Committee (earlier known as Remuneration Committee)

The Company has a Nomination and Remuneration Committee (NRC) for the purpose of discharging its functions required under Companies Act, 2013. The functions of the Committee include recommending appointments of Directors to the Board, identifying and appointing senior management in accordance with the criteria laid, formulate criteria for the evaluation of the performance of the wholetime/independent directors and the Board. As per the provisions of Section 178 of the Companies Act, 2013, the Company has a Remuneration and Director's appointment Policy in place which has been duly approved by the Board of Directors in its meeting. All appointments of directors are reviewed and recommended to the Board by the Committee. The criteria, qualifications, positive attributes and independence requirements are laid down by the committee whenever a vacancy for appointment of a director arises.

Appointments of the Key Managerial Personnel (KMP), viz. Manager, Chief Financial Officer and Company Secretary have been approved by the Committee. The remuneration of the KMPs has been approved by the Committee and in the case of Manager, by the shareholders.

During the year under review, Three (3) meetings of the Nomination and Remuneration Committee were held.

Details of attendance of each director at the Nomination and Remuneration Committee Meetings held during the financial year are as follows:

Sr. No.	Name of the Member	Total No. of Meetings	Total No. of Meetings Attended
1.	Mr. C. M. Vasudev	3	3
2.	Mr. P. P. Vora	3	3
3.	Mr. G. V. Nageswara Rao	3	3

C. Share Allotment and Transfer Committee

The Share Allotment and Transfer Committee is formed for the purpose of allotment of shares and approve the share transfers lodged with the Company after all necessary approvals. The Committee consisted of two members with Mr. P. P. Vora as Chairman of the Committee. The composition of the Committee was as follows:

Sr. No.	Name of the Member
1.	Mr. P. P. Vora
2.	Mr. G. V. Nageswara Rao

During the year under review the Committee met Once (1) on April 29, 2016.

D. Corporate Social Responsibility (CSR) Committee

The Company is covered under the purview of Section 135 of the Companies Act, 2013. In this regard, it has been decided by the Board of the Company that Corporate Social Responsibility (CSR) efforts be undertaken commonly for NSDL, parent company and NDML, subsidiary and the actual spend be allocated to the respective Companies in proportion of their Legal obligations. Therefore, a common CSR function for NSDL and NDML has been created and the actual CSR amounts spent is proportionately allocated to the respective Companies. However, the CSR Committees for NDML is separate under the Chairmanship of Mr. P. P. Vora. The Company has formulated a CSR Policy which has been placed on the website of the company.

During the F.Y. 2016-17, NSDL has spent a total corpus of ₹ 35,80,000/- towards CSR activities in pursuance of its CSR Policy. Further, CSR Committee of NSDL also approved additional amount of ₹ 82 Lacs in the year 2016-17 for various projects and the company is in the process of implementing and spending the same towards projects viz. health care, education and elderly care. NSDL has allocated an amount of ₹ 4,59,000 to NDML as NDML's contribution towards the CSR expenditure carried out during the F.Y. 2016-17 The Report on CSR is set out as Annexure and forms part of this Annual Report.

III. Details of Key Managerial Personnel (KMPs):

Mr. Samar Banwat ceased to be a Manager w.e.f. July 27, 2016 and Mr. Krishna Srinivas was appointed as a Manager w.e.f. July 27, 2016.

Further, Mr. Deepak Shenoy resigned as Company Secretary w.e.f. June 16, 2017 and Ms. Neha Parekh was appointed as Company Secretary w.e.f. August 03, 2017.

IV. Code of Ethics

The Company has a Code of Ethics which prescribes policies on confidentiality, conflict of interest and securities investment procedure and restrictions thereon. The Code is applicable to all Directors and Employees of the Company. Implementation of Code of Ethics is based on acceptance by the concerned Director/employee and submission of required declarations, disclosures or occurrence of any events.

V. General Body Meetings

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

AGM	Date	Venue
Tenth	September 24, 2014	Board Room of National Securities Depository Limited, Trade World, 'A' Wing, 5th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013
Eleventh	September 14, 2015	
Twelfth	September 16, 2016	

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The Thirteenth AGM is scheduled to be held on Wednesday, September 27, 2017 at 10.30 a.m. at the Board Room of National Securities Depository Limited, Trade World, 'A' Wing, 5th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400013.

Directors' Responsibility Statement

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

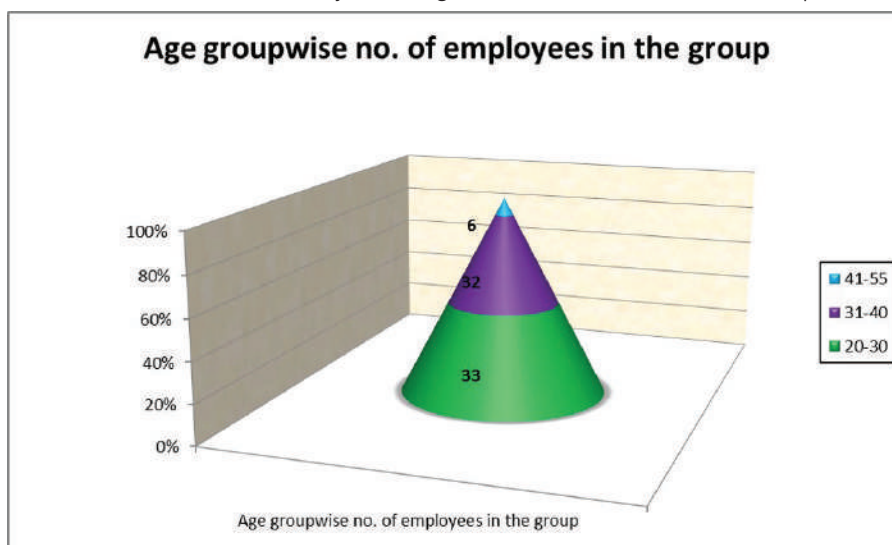
- that in the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to the material departures, if any;
- that they have selected such accounting policies and applied them consistently and made judgments and estimates that are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

Human Resources

Your Company believes that employees are critical assets of the organisation and the quality of its employees is the key to its success in the long run. It, therefore, accords high importance to human resource development and consciously endeavors to enhance the quality and competence of its employees across cadres.

Your Company has nurtured an enabling performance culture which drives individuals to strive for excellence. The Company has created favorable work environment and provides fair and transparent policies to its employees. The organization firmly upholds the views of confidentiality, accountability, and trust in all areas of work.

To foster skills of the employees, various training programs are imparted. New entrants are made aware of the culture, policy and various businesses of the Company through Induction programme. Other training programmes on Information Security Policies Awareness, Business Continuity Planning, etc. are also conducted to keep abreast the employees in



Corporate Governance

these areas. Company also nominates employees to participate in various seminars specific to business and other related areas and also for specific technical training.

Your Company maintains cordial relations with its employees. The Company organises employee engagement activities in order to build and uphold cohesive work environment.

Positive Work Environment

Positive Work Environment (PWE) Policy was in place at NDML in accordance with the Vishakha Guidelines since the year 2012. Pursuant to the enactment of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the PWE policy viz.; NDML Policy for Positive Work Environment has been put in place in accordance with the aforesaid Act. Further, the Internal Complaints Committee (ICC) was formulated as per the requirements. In order to create awareness among employees of the Company, training program was conducted for the employees, including the management of the Company. It may be noted that during the year 2016-17, no grievance was reported to the Committee.

Auditors

A. Statutory Auditors

The tenure of Deloitte Haskins & Sells LLP, Chartered Accountants, Statutory Auditors of the Company, expires at the ensuing Annual General Meeting. As per the recommendation of the Audit Committee and the Board of Directors, Khandelwal Jain & Co., Chartered Accountants, are proposed to be appointed as Statutory Auditors of the Company, in place of Deloitte Haskins & Sells LLP, Chartered Accountants, subject to approval of shareholders. Khandelwal Jain & Co. have confirmed that they fulfill the conditions as prescribed under Rule 4 of Chapter X read with Section 139 of the Companies Act, 2013 for appointment as Auditors of the Company.

B. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Ashish Garg, Practising Company Secretary to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "Annexure".

The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation or adverse remark given by the Auditors in their Report.

Extract of Annual Return

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

Conservation of energy, technology absorption and foreign exchange earnings/outgo

a) Conservation of Energy and Technology absorption

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

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

(₹)

Sr. No.	Particulars	F.Y. 2016-17	F.Y. 2015-16
1	Foreign Exchange Earnings - Actual inflow in foreign currency	Nil	Nil
2	Foreign Exchange Outgo / Expenditure incurred - Actual outflow in foreign currency	Nil	Nil

Corporate Governance

Particulars of Employees

During the year, remuneration of no employee falls within the purview of the limits prescribed under the provisions of Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Appreciation

Your Directors place on record their sincere appreciation of the support provided by NASSCOM, Government of India - Ministry of Commerce & Industry, Government of India - Ministry of Communications & Information Technology, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, Department of Electronics and Information Technology, National Payment Corporation of India, Ministry of Human Resource Development, various Insurer Companies availing NIR services, various State/Central Government Departments availing services of PayGov platform, Point of Service entities, Empanelled Background Checkers and Subscribers of the NSR, Developers, Co-Developers, Unit Holders, Export Oriented Units, Investors, Market Intermediaries, Registrars, Policy holders, Approved persons, Consultants, Service providers and Suppliers and Bankers. Your Directors also express deep sense of appreciation to all the employees for their professionalism, commitment and dedicated efforts which have made the organization's growth and success possible.

For and on behalf of the Board of Directors

Sd/-
Mr. P. P. Vora
Chairman

Place: Mumbai

Date: August 03, 2017

Form No. MR-3

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
NSDL Database Management Limited
(U72400MH2004PLC147094)
4th Floor, A Wing, Kamala Mills Compound,
Senapati Bapat Marg
Lower Parel, Mumbai – 400 013

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by NSDL Database Management Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; which is not applicable to the Company
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the

extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; which is not applicable to the Company

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; which is not applicable to the Company
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; which is not applicable to the Company
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; which is not applicable to the Company
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; which is not applicable to the Company
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; which is not applicable to the Company and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; which is not applicable to the Company
 - i) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015; which is not applicable to the Company

Annexure

(vi) I have further examined the compliance reporting system, maintained, to our satisfaction, by NSDL Database Management Limited for the financial year ended 31st March, 2017 in the matters of compliances of applicable provisions of the following laws :

- a) Securities and Exchange Board of India {KYC (Know Your Client) Registration Agency (KRA)}, Regulations, 2011
- b) Revised Guidelines on Insurance repositories and electronic issuance of insurance policies issued by IRDA

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India,

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors,

Non-Executive Directors and Independent Directors. The changes in the composition of Board of Directors that took place during the period under review were carried out in compliance with the provision of the Act.

Adequate notice is given to all the directors to schedule the Board meeting, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and recorded in the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Sd/-
Ashish Garg
FCS No: 5181
C P No: 4423

Place: Indore

Date: August 03, 2017

Independent Auditors' Report

To The Members of NSDL Database Management Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **NSDL Database Management Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards

require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting

Independent Auditors' Report

Standards prescribed under section 133 of the Act.

- e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016. (Refer note 33)
2. As required by the Companies (Auditor's Report) Order, 2016 ("the CARO 2016 Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Sd/-
Mukesh Jain
(Partner)
(Membership No.108262)

Place: Mumbai

Date: May 08, 2017

Annexure "A" to the Independent Auditors' Report

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

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

We have audited the internal financial controls over financial reporting of NSDL Database Management Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the yearended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Annexure "A" to the Independent Auditors' Report

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sd/-

Mukesh Jain
(Partner)
(Membership No.108262)

Place: Mumbai

Date: May 08, 2017

Annexure "B" to the Independent Auditors' Report

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.'
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i) (c) of the CARO 2016 Order is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 Order is not applicable
- (iii) The Company has not granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employee State Insurance Corporation (ESIC), Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value added tax (VAT), cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues

in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

- (c) Details of dues of Income-tax which have not been deposited as on March 31, 2017 on account of dispute are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the amount relates	Amount Involved (₹ lakh)	Amount Unpaid (₹ lakh)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	FY 2013-14	8.55	8.55

There are no dues of Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which has not been deposited as on March 31, 2017 on account of disputes.

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the provisions of section 197 read with Schedule V to the Companies Act, 2013 are not applicable and hence reporting under clause (xi) is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

Annexure "B" to the Independent Auditors' Report

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

- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the CARO 2016 Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Sd/-

Mukesh Jain
(Partner)
(Membership No.108262)

Place: Mumbai

Date: May 08, 2017

Balance Sheet as at March 31, 2017

(₹ in lakhs)

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
I. ASSETS				
1. Non Current Assets				
Non Current Assets				
Fixed Assets:				
a) Property, Plant and Equipments	3	172.30	205.29	229.39
b) Capital work-in-progress		52.41	49.40	77.53
c) Other Intangible assets	3	68.70	119.56	148.90
d) Financial Assets				
i) Investments	4	9,568.90	5,210.75	3,633.53
ii) Other Financial Assets	5	217.70	216.95	380.62
e) Income Tax Assets (Net)	7	72.57	72.57	23.17
f) Other non-current assets	6	174.27	116.58	161.36
Total Non-Current Assets		10,326.85	5,991.10	4,654.50
2. Current assets				
a) Financial Assets				
i) Investments	9	1,116.49	682.27	958.17
ii) Trade receivables	10	561.55	363.07	373.50
iii) Cash and Cash Equivalents	11	408.77	1,667.65	394.40
iv) Bank balances other than cash and cash equivalents	12	200.00	1,900.00	2,691.14
v) Other Financial Assets	5	46.66	289.02	243.19
b) Other current assets	6	38.11	42.09	37.58
Total Current Assets		2,371.58	4,944.10	4,697.98
Total Assets		12,698.43	10,935.20	9,352.48
A. Equity				
a. Equity Share capital	13	6,105.00	6,105.00	6,105.00
b Other Equity	14	4,241.11	2,711.11	1,323.03
Total Equity		10,346.11	8,816.11	7,428.03
B. Liabilities				
1. Non-current liabilities				
a) Deferred tax liabilities (net)	8	35.64	52.26	42.36
b) Other non-current liabilities	16	14.48	15.78	19.38
Total Non-Current Liabilities		50.12	68.04	61.74
2. Current liabilities				
a) Financial Liabilities				
i) Trade payables				
a) Micro enterprises and small enterprises	17	55.81	5.31	3.71
b) Others	17	868.18	649.58	465.66
ii) Other financial liabilities	15	266.46	247.96	370.60
b) Provisions	19	106.41	96.64	101.36

Balance Sheet as at March 31, 2017

c) Other current liabilities	18	936.74	830.96	921.38
d) Current tax liability (Net)	20	68.60	220.60	-
Total Current Liabilities		2,302.20	2,051.05	1,862.71
Total Liabilities		2,352.32	2,119.09	1,924.45
Total Equity and Liabilities		12,698.43	10,935.20	9,352.48
See accompanying notes to the financial statements	1 to 37			

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

Sd/-
Mukesh Jain
 Partner

For and on behalf of the Board of Directors

Sd/-
P. P. Vora
 Chairman
 (DIN : 00003192)

Sd/-
C. M. Vasudev
 Director
 (DIN : 00143885)

Sd/-
G. V. Nageswara Rao
 Director
 (DIN : 00799504)

Place : Mumbai
 Date : May 08, 2017

Sd/-
Sudha B.
 Chief Financial Officer

Sd/-
Deepak Shenoy
 Company Secretary

Statement of Profit and Loss for the year ended March 31, 2017

(₹ in lakhs)

Particulars	Note No.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
INCOME			
Revenue from Operations	21	5,214.19	4,701.72
Other Income	22	685.43	659.95
Total Revenue		5,899.62	5,361.67
EXPENSES			
Employee Benefits Expense	23	736.84	671.90
Depreciation and Amortization Expense	3	106.04	98.96
Other Expenses	24	2,902.64	2,636.27
Total Expenses		3,745.52	3,407.13
Profit Before Tax		2,154.10	1,954.54
Tax Expense			
Current Tax		629.13	570.27
Deferred Tax		(16.62)	9.90
Total Tax Expense		612.51	580.17
Profit After Tax		1,541.59	1,374.37
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on post retirement benefit plans		(17.72)	20.96
Income tax relating to items that will not be reclassified to profit or loss		6.13	(7.25)
Total Comprehensive Income		1,530.00	1,388.08
Basic and diluted earnings per equity share of ₹ 10 each	31	2.53	2.25
See accompanying notes to the financial statements	1 to 37		

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

Sd/-
Mukesh Jain
Partner

Place : Mumbai
Date : May 08, 2017

For and on behalf of the Board of Directors

Sd/-
C. M. Vasudev
Director
(DIN : 00143885)

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
P. P. Vora
Chairman
(DIN : 00003192)

Sd/-
G. V. Nageswara Rao
Director
(DIN : 00799504)

Sd/-
Deepak Shenoy
Company Secretary

Cash Flow Statement for the year ended March 31, 2017

(₹ in lakhs)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
A. Cash flow from operating activities		
Profit before tax	2,154.10	1,954.54
<u>Adjustment for:</u>		
Depreciation and amortisation expense	106.04	98.96
Provision for compensated absences	9.77	(4.72)
Provision for doubtful trade receivables	2.40	2.68
Bad Debts Written off	0.56	-
Gain/(Loss) on mutual funds at FVTPL	(103.80)	(111.02)
Interest Income	(579.72)	(548.78)
Operating profit before working capital changes	1,589.35	1,391.66
<u>Changes in working capital:</u>		
Adjustments for (increase) / decrease in operating assets:		
Other non-current assets	(57.69)	65.75
Trade receivables	(201.45)	7.76
Other current assets	3.97	(6.33)
Other financial assets	(0.75)	(1.70)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	269.13	184.90
Other financial liabilities	112.69	(7.61)
Other liabilities	(1.30)	(140.47)
Cash generated from operations	1,713.95	1,493.96
Net income tax paid	(781.13)	(406.28)
Net cash from operating activities (A)	932.82	1,087.68
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advance	(25.22)	(86.01)
Bank balances not considered as cash and cash equivalent		
- Placed	-	(632.31)
- Matured	1,700.84	1,521.35

Cash Flow Statement for the year ended March 31, 2017

(₹ in lakhs)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Redemption of current investments	371.77	10.00
Investment in fellow subsidiary	(2,000.00)	-
Purchase of non-current investments	(3,042.29)	(1,167.04)
Income from current investments	27.09	-
Interest received	776.11	539.58
Net cash (used in) investing activities (B)	(2,191.70)	185.57
C. Cash flow from financing activities		
Net cash (used in) financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(1,258.88)	1,273.25
Cash and cash equivalents at the beginning of the period	1,667.65	394.40
Cash and cash equivalents at the end of the period	408.77	1,667.65
	12,73,25,307	1,29,77,634

See accompanying notes forming part of the financial statements (1 to 37)

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

Sd/-
Mukesh Jain
Partner

Place : Mumbai
Date : May 08, 2017

For and on behalf of the Board of Directors

Sd/-
P. P. Vora
Chairman
(DIN : 00003192)

Sd/-
C. M. Vasudev
Director
(DIN : 00143885)

Sd/-
G. V. Nageswara Rao
Director
(DIN : 00799504)

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary

Statement of Changes in Shareholder's Equity

for the year ended March 31, 2017

(₹ in lakhs)

Particulars	
A. Equity Share Capital	
As at 1st April, 2015	6,105.00
Changes in Equity Share Capital during the year (Note 13)	-
As at 31st March, 2016	6,105.00
Changes in Equity Share Capital during the year (Note 13)	-
As at 31st March, 2017	6,105.00

(₹ in lakhs)

Particulars	Other Comprehensive Income		Total
	Retained Earnings	Actuarial gains / (losses)	
B. Other Equity			
Balance as at 1st April, 2015	1,323.03	-	1,323.03
Profit after tax	1,374.37	13.71	1,388.08
Balance as at 31 March, 2016	2,697.40	13.71	2,711.11
Profit after tax	1,541.59	(11.59)	1,530.00
Balance as at 31 March, 2017	4,238.99	2.12	4,241.11
See accompanying notes to the financial statements			

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

For and on behalf of the Board of Directors

Sd/-
Mukesh Jain
Partner

Sd/-
P. P. Vora
Chairman
(DIN : 00003192)

Sd/-
C. M. Vasudev
Director
(DIN : 00143885)

Sd/-
G. V. Nageswara Rao
Director
(DIN : 00799504)

Place : Mumbai
Date : May 08, 2017

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary

Notes Forming Part of the Financial Statements

1. General Information

1.1 Company Overview

The Company is engaged in providing services to its clients relating to automation and re-engineering of business processes so that benefits of niche technology and electronic data can be used to enhance the process working and end-user experience. The Company offers services as a managed service provider and sets-up system infrastructure, connectivity, software application and database systems so that users can access and use the same to complete their business processes in optimum manner. The Company is currently providing "National Skills Registry" services to IT / ITeS industry so that employees of the industry can register for the system and the employer companies can access and use information of the employees. The Company also operates SEZ Online system on behalf of Ministry of Commerce & Industry. This system facilitates SEZ Units and Developers to file their transactions relating to operating in SEZ and processing of such transactions by SEZ authorities. The Company is also working as a "KYC Registration Agency (KRA)" so that KYC details of the clients of such market intermediaries as are regulated by Securities & Exchange Board of India (SEBI) can be maintained in electronic format. The Company is also offering payment gateway services for e-Governance projects. The Company is also registered with SEBI as "Category I – Registrars to an Issue & Share Transfer Agent".

2. Significant accounting policies:

2.1 Statement of compliance

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

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP"). These are the Company's first Ind AS Financial Statements. The date of the transition to Ind AS is 1st April, 2015. Refer Note 2.14 for the details of first-time adoption exemptions availed by the Company.

Previous period numbers in the financial statements have been restated to comply with Ind AS. In accordance with Ind AS 101 "First-time Adoption of Indian Accounting Standard", the Company has presented (in note no. 33) a reconciliation from the presentation of financial statements under Previous GAAP to Ind AS of Shareholders' equity as at March 31, 2016, and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016.

2.2. Basis of preparation

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

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

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

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

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

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

2.3. Revenue recognition:

- a) Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue are recognised on accrual basis upon rendering of service.
- b) Interest income is accounted on accrual basis. For financial instruments measured at amortised cost interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments

Notes Forming Part of the Financial Statements

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

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

2.4 Leasing

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

2.5 Employee benefits:

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

Defined Contribution Plan:

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

i. Superannuation:

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

ii. Provident Fund:

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

Defined Benefit Plans

i. Gratuity:

The Company accounts for the net present value of its obligations for gratuity benefits based on an independent external actuarial valuation determined on the basis of the projected unit credit method carried out at the Balance Sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan

assets (excluding net interest), is reflected immediately in retained earnings and is not reclassified to profit and loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit cost are categorised as follows:

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

ii. Compensated benefits:

Compensated absences which accrue to employees and which are expected to be availed within twelve months immediately following the year end are reported as expenses during the year in which the employee performs the service that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit, and where the availment or encashment is otherwise not expected to wholly occur within the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

2.6 Tax on Income

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

i. Current tax

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

ii. Deferred tax

Deferred tax is recognised on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences to the

Notes Forming Part of the Financial Statements

extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

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

iii. Current and deferred tax for the year

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

2.7 Property, Plant & Equipment:

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

i. Deemed cost on transition to Ind AS

For transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 1, 2015 (transition date for preparation of Financial Statements) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

ii. Capital work-in-progress:

Projects under which tangible fixed assets that are not yet ready for their intended use are carried at cost, comprising direct cost,

related incidental expenses and attributable interest.

2.8 Intangible assets

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

2.9 Depreciation and Amortisation:

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

Intangible assets are amortised on a straight line basis. Computer software and is amortised over 48 months or useful life whichever is lower.

2.10 Provisions and contingencies:

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

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

2.11 Financial instruments

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

2.12 Financial assets

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

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

Notes Forming Part of the Financial Statements

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

Impairment of financial assets

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

Objective evidence of impairment could include-

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

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

De-recognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an

associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.13 Financial Liabilities and equity instruments

Classification as debt or equity

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

Equity instruments:

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

Financial liabilities:

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

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

Derecognition of financial liabilities

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

2.14 First time adoption mandatory exceptions, optional exemptions

i. Overall Principle

The Company has prepared the opening balance sheet as per Ind AS as of 1st April, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exceptions and certain optional exemptions availed by the Company as detailed below.

Notes Forming Part of the Financial Statements

ii. **Derecognition of financial assets and financial liabilities**

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1st April, 2015 (the transition date).

iii. **Impairment of financial assets**

However, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

iv. **Deemed cost in respect of Property Plant and Equipment on transition to Ind AS**

For transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 1, 2015 (transition date for preparation of Financial Statements) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.15 Operating Cycle

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

Notes Forming Part of the Financial Statements

Note 3 : Property Plant and Equipment and Intangible Assets

(₹ in lakhs)

Description of Asset	Tangible Assets				Intangible Assets		Total Gross Block
	Computers	Communication Equipment	Office Equipment	Total Tangible Assets	Computer Software (acquired)	Total Intangible Assets	
As at 1st April 2015	199.54	26.22	3.63	229.39	148.90	148.90	378.29
Additions during the year ended 31st March 2016	23.86	-	-	23.86	21.68	21.68	45.54
Deductions / adjustments	-	-	-	-	-	-	-
As at 31st March 2016	223.40	26.22	3.63	253.25	170.58	170.58	423.83
Additions during the year ended 31st March 2017	16.75	-	-	16.76	5.44	5.44	22.20
Deductions / adjustments	-	-	-	-	-	-	-
As at 31st March 2017	240.15	26.22	3.63	270.01	176.02	176.02	446.03

(₹ in lakhs)

Description of Asset	Tangible Assets				Intangible Assets		Total Accumulated Depreciation and Amortization
	Computers	Communication Equipment	Office Equipment	Total Tangible Assets	Computer Software (acquired)	Total Intangible Assets	
Depreciation and amortisation during the year ended 31st March, 2016	39.64	7.21	1.11	47.96	51.02	51.02	98.98
Deductions	-	-	-	-	-	-	-
As at 31st March, 2016	39.64	7.21	1.11	47.96	51.02	51.02	98.98
Depreciation and amortisation during the year ended 31st March, 2017	41.45	7.21	1.08	49.74	56.30	56.30	106.04
Deductions	-	-	-	-	-	-	-
As at 31st March, 2017	81.09	14.42	2.19	97.70	107.32	107.32	205.02

(₹ in lakhs)

Description of Asset	Tangible Assets				Intangible Assets		Total Net Block
	Computers	Communication Equipment	Office Equipment	Total Tangible Assets	Computer Software (acquired)	Total Intangible Assets	
As at 1st April 2015	199.54	26.22	3.63	229.39	148.90	148.90	378.29
As at 31st March 2016	183.76	19.01	2.52	205.29	119.56	119.56	324.85
As at 31st March 2017	159.06	11.80	1.44	172.30	68.70	68.70	241.01

Notes Forming Part of the Financial Statements

Note 4 : Non-current Investments

(₹ in lakhs)

Particulars	Rate of interest	Year of maturity	No. of bonds / debentures / shares	Face value	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
					(₹ in Lakh)	(₹ in Lakh)	(₹ in Lakh)
(a) Investment in equity Instrument at cost							
NSDL Payment Bank Limited					2,000.00	-	-
(b) Investment in Debentures or bonds - amortised cost							
(i) Indian Railway Finance Corporation Limited *	8.63	2029	40,000	1,000	451.24	452.12	452.93
(ii) Indian Railway Finance Corporation Limited *	8.00	2022	60,000	1,000	633.26	635.09	636.53
(iii) Housing Development Finance Corporation Limited.	9.20	2016	1	1,000,000	-	-	10.19
(iv) Housing and Urban Development Corporation Limited *	8.56	2028	100	1,000,000	1,142.67	1,152.52	1,155.16
(v) India Infrastructure Finance Company Limited *	8.66	2034	30,000	1,000	347.48	348.85	350.06
(vi) Housing and Urban Development Corporation Limited *	8.51	2028	50,000	1,000	566.00	570.25	572.74
(vii) NHPC Limited *	8.67	2033	10,000	1,000	121.61	122.01	113.71
(viii) NTPC Limited*	7.37	2035	12,491	1,000	129.41	129.41	-
(ix) Power Finance Corporation of India Limited *	7.35	2035	1,540	1,000	15.92	15.92	-
(x) Rural Electrification Corporation Limited *	7.18	2035	11,450	1,000	117.24	116.63	-
(xi) National Highway Authority of India *	7.28	2030	50	1,000,000	544.24	527.67	-
(xii) Indian Railway Finance Corporation Limited *	7.28	2030	12,080	1,000	124.86	123.25	-
(xiii) National Highway Authority of India *	7.35	2031	28,313	1,000	303.88	287.74	-
(xiv) National Highway Authority of India *	7.35	2031	50,000	1,000	572.56	-	-
(xv) National Bank For Agriculture And Rural Development *	7.35	2031	120,000	1,000	1,321.31	-	-
(xvi) India Infrastructure Finance Company Limited *	7.40	2033	50,000	1,000	566.18	-	-

Notes Forming Part of the Financial Statements

(₹ in lakhs)

Particulars	Rate of interest	Year of maturity	No. of bonds / debentures / shares	Face value	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
					(₹ in Lakh)	(₹ in Lakh)	(₹ in Lakh)
(xvii) National Housing Bank *	8.46	2028	50	1,000,000	611.04	-	-
(c) Investment in Mutual Funds-(Unquoted) at fair value							
(i) HDFC Fixed Maturity Plan growth option Oct 2013 Series -Direct - Growth			3,000,000	10	-	-	342.21
(ii) HDFC Fixed Maturity Plan growth option April 2014 Series - Direct - Growth			1,250,000	10.00	-	147.51	-
(iii) HDFC Fixed Maturity Plan growth option Jun 2014 Series - Direct - Growth			5,000,000	10.00	-	581.78	-
Total					9,568.90	5,210.75	3,633.53

* Investment in Tax free bonds

Foot note 1: Classified as Current portion of long term Investment as the remaining maturity is less than 12 months

Aggregate amount of quoted investment	7,568.90	5,210.75	3,633.53
Aggregate market value of quoted investment	7,663.79	5,189.15	3,543.33
Aggregate amount of unquoted investments	2,000.00	-	-
Aggregate amount of impairment in value of investment	-	-	-

Note 5 : Other Financial Assets

(₹ in lakhs)

Particulars	As at 31st March, 2017			As at 31st March, 2016			As at 31st March, 2015		
	Non current	Current	Total	Non current	Current	Total	Non current	Current	Total
(Unsecured, considered good unless stated otherwise)									
Security deposits	217.70	-	217.70	216.95	-	216.95	215.25	-	215.25
Interest accrued on Fixed Deposit	-	1.20	1.20	-	242.72	242.72	165.37	100.82	266.19
Margin money deposits with a bank (earmarked as security for performance guarantee and other commitments)	-	44.35	44.35	-	32.31	32.31	-	130.21	130.21
Others	-	1.11	1.11	-	13.99	13.99	-	12.16	12.16
Total	217.70	46.66	264.36	216.95	289.02	505.97	380.62	243.19	623.81

Notes Forming Part of the Financial Statements

Note 6 : Other Assets

(₹ in lakhs)

Particulars	As at 31st March, 2017			As at 31st March, 2016			As at 31st March, 2015		
	Non current	Current	Total	Non current	Current	Total	Non current	Current	Total
(Unsecured, considered good unless stated otherwise)									
Prepaid expenses	0.93	34.28	35.21	1.99	37.40	39.39	2.79	31.78	34.57
Service tax credit receivable	173.34	-	173.34	114.59	-	114.59	158.57	-	158.57
Advance to employee	-	3.83	3.83	-	4.69	4.69	-	5.80	5.80
Total	174.27	38.11	212.38	116.58	42.09	158.67	161.36	37.58	198.94

Note 7 : Income tax assets (Net)

(₹ in lakhs)

Particulars	As at 31st March, 2017			As at 31st March, 2016			As at 31st March, 2015		
	Non current	Current	Total	Non current	Current	Total	Non current	Current	Total
Advance income tax (net of provision)	72.57	-	72.57	72.57	-	72.57	23.17	-	23.17
Total	72.57	-	72.57	72.57	-	72.57	23.17	-	23.17

Note 8: Deferred Tax

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deferred tax liability			
On difference between book balance and tax balance of fixed assets	48.98	62.19	59.11
Others	31.86	26.75	15.72
Deferred tax asset			
Provision for employee benefits	36.83	33.45	31.40
Others	8.37	3.23	1.07
Total	35.64	52.26	42.36

(₹ in lakhs)

The movement in deferred tax asset and liabilities:	As at 31st March 2016	Credited / (charge) to Income statement / OCI	As at 31st March 2017
Deferred tax liability			
On difference between book balance and tax balance of fixed assets	62.19	(13.21)	48.98
Others	26.75	5.11	31.86
	88.94	(8.10)	80.84
Deferred tax asset			
Provision for employee benefits	33.45	3.38	36.83
Others	3.23	5.14	8.37
	36.68	8.52	45.20
Deferred tax liabilities (net)	52.26	(16.62)	35.64

Notes Forming Part of the Financial Statements

(₹ in lakhs)

The movement in deferred tax asset and liabilities:	As at 31st March 2016	Credited / (charge) to Income statement / OCI	As at 31st March 2017
Deferred tax liability			
On difference between book balance and tax balance of fixed assets	59.11	3.08	62.19
Others	15.72	11.03	26.75
	74.83	14.11	88.94
Deferred tax asset			
Provision for employee benefits	31.40	2.05	33.45
Others	1.07	2.16	3.23
	32.47	4.21	36.68
Deferred tax liabilities (net)	42.36	9.90	52.26

Note 9 : Current Investments

(₹ in lakhs)

Particulars	No. of bonds / debentures / shares / units	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current portion of long-term investments :				
a) Investment in Debentures or bonds (at amortised cost)				
(i) Housing Development Finance Corporation Limited	1	-	10.14	-
(ii) ICICI Bank	1	-	-	10.01
Other Current Investments :				
(b) Investment in Mutual Funds (at fair value through Profit & Loss)				
(i) HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Growth option	9,07,496	327.25	300.36	277.25
(ii) HDFC Fixed Maturity Plan growth option Oct 2013 Series-Direct-Growth	3,000,000	-	371.77	-
(iii) HDFC Fixed Maturity Plan growth option April 2014 Series-Direct Growth	1,250,000	159.57	-	136.29
(iv) HDFC Fixed Maturity Plan growth option Jun 2014 Series-Direct-Growth	5,000,000	629.67	-	534.62
Total		1,116.49	682.27	958.17
Aggregate amount of quoted investment		1,116.49	672.13	948.16
Aggregate market value of quoted investment		1,116.49	672.13	948.16
Aggregate amount of unquoted investments		-	10.14	10.01
Aggregate amount of impairment in value of investment		-	-	-

Notes Forming Part of the Financial Statements

Note 10 : Trade Receivables

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Trade receivables outstanding for a period exceeding six months from the date they were due for payment			
Unsecured, considered good	0.39	0.69	-
Unsecured, considered doubtful	2.40	2.68	-
	2.79	3.37	-
Less : Provision for doubtful trade receivables	2.40	2.68	-
	0.39	0.69	-
Secured, considered good	8.25	13.25	22.36
Unsecured, considered good	552.91	349.13	351.14
	561.16	362.38	373.50
Total	561.55	363.07	373.50

Foot note 1:

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

Note 11 : Cash and Cash Equivalents

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Cash and cash equivalents			
(i) in current accounts	408.77	1,667.65	394.40
Total	408.77	1,667.65	394.40

Note 12 : Bank balances other than cash and cash equivalents

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Other bank balances			
(i) In other deposit accounts with original maturity more than 3 months	200.00	1,900.00	2,691.14
Total	200.00	1,900.00	2,691.14

Footnote 1: These balances have restriction on repatriation.

Note 13 : Equity Share Capital

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Authorised			
80,000,000 Equity Shares of Rs. 10 each	8,000.00	8,000.00	8,000.00
Issued, Subscribed and Fully Paid - Up			
61,050,000 Equity Shares of Rs. 10 each fully paid-up with voting rights	6,105.00	6,105.00	6,105.00
Total	6,105.00	6,105.00	6,105.00

Notes Forming Part of the Financial Statements

13a. The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, (except in case of interim dividend), is subject to the approval of the share holders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all dues proportionate to their shareholding.

Note 13b : Reconciliation of the shares outstanding at the end of the period

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Number of equity shares at the beginning	61,050,000	61,050,000	61,050,000
Add: Issued during the year	-	-	-
Number of equity shares at the end of the year	61,050,000	61,050,000	61,050,000

Note 13c : Details of shareholders holding more than 5% shares

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Name of the Shareholder			
National Securities Depository Limited (Holding company) and its nominees			
Number of shares held	61,050,000	61,050,000	61,050,000
% of Holding	100	100	100

Note 14 : Other Equity

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Retained earning		
Balance at the beginning of the year (refer note no -33)	2,711.11	1,323.03
Add : Profit for the year	1,541.59	1,374.37
Other comprehensive income	(11.59)	13.71
Balance at the end of the year	4,241.11	2,711.11
Total	4,241.11	2,711.11

Note 15 : Other financial liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current			
Security deposit received from customers	99.00	119.57	130.57
Payables on purchase of fixed assets	3.75	7.06	75.65
Payables to staff	118.22	104.08	95.56
Gratuity payable to Fund	45.49	17.25	68.82
Total	266.46	247.96	370.60

Notes Forming Part of the Financial Statements

Note 16 : Other non-current liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Income received in advance	14.48	15.78	19.38
Total	14.48	15.78	19.38

Note 17 : Trade payables

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Amounts due to micro, small and medium enterprises	55.81	5.31	3.71
Others	868.18	649.58	465.66
Total	923.99	654.89	469.37

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 lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Principal amount remaining unpaid to any supplier as at the end of the accounting period	55.81	5.31	3.71
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	55.81	5.31	3.71

Note 18 : Other current liabilities

(Amount in ₹)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current			
Advances from customers	408.43	355.53	525.87
Income received in advance	485.83	419.37	362.27
Statutory remittances	42.48	56.06	33.24
Total	936.74	830.96	921.38

Notes Forming Part of the Financial Statements

Note 19 : Provisions

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Provision for compensated absences (refer footnote (i) below)	106.41	96.64	101.36
Total	106.41	96.64	101.36

Foot note (i): The provision for compensated absences includes ordinary leave and sick leave

Note 20 : Other current liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Provision for income tax (net)	68.60	220.60	-
Total	68.60	220.60	-

Note 21 : Revenue from operations

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Annual fees	704.86	593.90
Registration fees	644.28	559.81
Transaction fees	3,865.05	3,548.01
Total	5,214.19	4,701.72

Note 22 : Other income

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Interest income :		
- On non-current investments (bonds)	375.90	271.74
- On fixed deposits with banks	203.82	277.04
	579.72	548.78
Gain/(Loss) on mutual funds at FVTPL	103.80	111.02
Bad debts recovery	1.75	-
Miscellaneous income	0.16	0.15
Total	685.43	659.95

Note 23 : Employee benefits expense

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
-Salaries and wages	559.57	531.84
-Contribution to provident and other funds (refer note 27)	60.91	69.81
-Staff welfare expenses	40.10	28.90
-Deputation Cost	76.26	41.35
Total	736.84	671.90

Notes Forming Part of the Financial Statements

Note 24 : Other expenses

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017		For the year ended 31st March, 2016	
-System support charges	-	1,462.98	-	1,443.33
-Repairs and maintenance	-	41.82	-	42.55
-Processing charges	-	994.83	-	813.33
-Communication expenses	-	31.13	-	30.14
-Rent	-	211.34	-	211.62
-Insurance	-	10.53	-	10.58
-Travelling and conveyance expenses	-	62.89	-	38.72
-Legal and professional fees	-	25.45	-	14.32
-Rates and Taxes	-	12.97	-	4.44
-Printing and stationery expenses	-	10.34	-	4.70
-Payment to Auditors (net off service tax set-off)	-	-	-	-
--(a) Audit fees (net of recovery of ₹ 7 Lakh from NSE)	4.64	-	4.11	-
--(b) Tax audit fees	1.36	-	1.21	-
--(c) Taxation matters	6.90	-	1.30	-
--(d) Other services	0.65	-	1.25	-
--(e) Reimbursement of expenses (out of pocket expenses)	-	13.55	0.02	7.89
-Directors sitting fees	-	7.20	-	6.60
-Marketing Expenses	-	2.75	-	1.28
-Bad debts	-	0.56	-	-
-Provision for bad and doubtful debts	-	2.40	-	2.68
-Corporate social responsibility expenses	-	4.59	-	-
-Miscellaneous expenses	-	7.31	-	4.09
Total	-	2,902.64	-	2,636.27

Note 25 : Contingent Liabilities and Other Commitment (to the extent not provided for):

- a) Contingent Liabilities: Demand from Income Tax authorities for AY 2014-15 is ₹ 8.55 Lakh.
The Company is hopeful of succeeding in appeal and does not expect any significant liability to materialise.
- b) Commitments:
- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 75.05 Lakh (previous year : ₹ 75.05 Lakh)
 - Other Commitments:
Contractual guarantee: ₹ 44.34 Lakh (previous year: ₹ 32.30 Lakh)

Note 26 : Expenditure incurred in foreign exchange: ₹ Nil (previous year : ₹ Nil)

Note 27 : The Managerial Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind-AS 108, Operating Segments. The Company's business is to provide Data Management Services to its clients in India. All other activities of the Company revolve around the main business. As such, there are no reportable segments as per the Ind AS 108-'Operating Segments'.

Note 28 : Related party Disclosures

a. Name of related parties and relationship

National Securities Depository Limited	Holding Company
Mr. Krishna Srinivas (Manager)	Key Managerial Personnel (From July 27,2016)

Notes Forming Part of the Financial Statements

b. Nature and volume of transaction during the year with above related parties

(₹ in lakhs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Transactions during the year:		
Holding Company - National Securities Depository Limited		
(a) Recovery of Support Charges		
- Rent	54.70	49.25
- Deputation cost	9.56	16.03
- Repairs and maintenance	9.84	8.85
- Others	0.57	0.42
Total (a)	74.67	74.55
(b) System Support Charges (Expenses)	23.42	24.70
(c) Deputation Cost (Expenses)	74.09	46.09
(d) Others (Expenses)	0.60	0.45
(e) Receivable/(Payable) at the year end	(54.86)	8.38

Note 29 : Operating Lease

The Company has entered into operating lease arrangements for office premises. Rent includes expenses of ₹ 211.34 Lakh net of recovery of ₹ 54.70 Lakh (previous year ₹ 211.62 Lakh net of recovery of ₹ 49.24 Lakh). The committed lease rentals in the future are:

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Not later than one year	-	126.36
Total	736.84	671.90

Note 30 : Employee benefit plans

a) The company has recognised following amounts in the Statement of Profit and Loss under the head Company's contribution to Provident Fund and Other funds:

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Provident Fund	21.29	21.20
Superannuation Fund	10.36	10.43
Total	31.65	31.63

b) Gratuity

(i) Summary of actuarial assumptions :

Particulars	As at 31st March, 2017	As at 31st March, 2016
Discount rate	7.71%	7.95%
Rate of Return on Plan Assets	7.71%	7.95%
Salary Escalation	8.00%	8.00%
Attrition Rate	2.00%	2.00%
Mortality Table	Indian assured lives mortality (2006-08)	Indian assured lives mortality (2006-08)

Notes Forming Part of the Financial Statements

(ii) Reconciliation of defined benefit obligation

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Liability at the beginning of the year	211.31	196.79
Interest cost	16.80	15.74
Current service cost	26.41	28.86
Benefit paid	(8.40)	(11.28)
Actuarial (gain)/loss on obligations—due to change in financials assumptions	9.06	1.62
Actuarial (gain)/loss on obligations – due to experience	(4.51)	(20.42)
Liability at the end of the year	250.67	211.31

(iii) Reconciliation of fair value of plan assets:

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Fair value of plan assets at the beginning of the year	194.06	127.97
Interest income	15.43	10.24
Expected return on plan assets excluding interest income	(13.17)	2.16
Contributions	17.26	67.57
(Assets transferred out/disinvestments)	-	(2.60)
Benefits paid from the fund	(8.40)	(11.28)
Fair value of plan assets at the end of the year	205.18	194.06

(iv) Amount recognised in Balance sheet

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Present value of funded obligation	(250.67)	(211.31)
Fair value of plan assets at the end of the year	205.18	194.06
Liability at the end of the year	(45.49)	(17.25)
Net (liability) / asset disclosed in the Balance Sheet	(45.49)	(17.25)

(v) Net Interest cost for current period

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Interest cost	16.80	15.74
Interest income	(15.43)	(10.24)
Net interest cost for current period	1.37	5.50

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

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Current service cost	26.41	28.86
Net Interest cost	1.37	5.50
Expenses recognised in statement of profit and loss	27.78	34.36

Notes Forming Part of the Financial Statements

(vii) Expense recognised in other comprehensive income

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Expected return on plan assets	13.17	(2.16)
Actuarial (gain)/loss	4.55	(18.80)
Net (Income)/ Expenses for the period recognised in OCI	17.72	(20.96)

(viii) Balance sheet Reconciliation:

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Opening Net Liability	17.25	68.83
Expenses Recognised in Statement of Profit or Loss	27.78	34.36
Expenses Recognised in OCI	17.72	(20.96)
Net (Liability)/Asset Transfer out	-	2.60
Employers Contribution	(17.26)	(67.58)
Amount recognised in the Balance Sheet	45.49	17.25

(ix) Category of assets

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Insurer managed funds	205.18	194.06
Total	205.18	194.06

(x) Description of plan assets (managed by an Insurance Company)

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Central and State Govt. securities	Funds deployed by Life Insurance Corporation of India.	Funds deployed by Life Insurance Corporation of India.
Bonds/ debentures	-	-
Equity shares	-	-
Others	-	-

(xi) Sensitivity Analysis:

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

(₹ in lakhs)

Particulars	Defined benefit obligation	
	Increase in assumption	Decrease in assumption
Discount rate (1% movement)	(35.09)	42.76
Future salary appreciation (1% movement)	42.21	(35.30)
Attrition rate (1% movement)	(1.51)	1.69

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.

Notes Forming Part of the Financial Statements

Expected contribution in the next 12 months is ₹ 25.99 Lakh (Previous Year : ₹ 23.44 Lakh).

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

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

Note 31 : Earnings per share

In accordance with the Accounting Standard 20(AS-20)-'Earnings per Share':

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Profit for the year attributable to the equity shareholder (₹ in Lakh)	1,541.59	1,374.37
Weighted average number of equity shares during the year	61,050,000	61,050,000
Basic and Diluted Earnings per Share	2.53	2.25
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.

Note 32 : Fair value measurement

(₹ in lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2015
Financial Assets			
a) Amortised cost			
Investments in debt instrument	7,568.90	4,491.60	3,301.33
Trade Receivables	561.55	363.07	373.50
Cash and cash equivalents	408.77	1,667.65	394.40
Other Bank balances	200.00	1,900.00	2,691.14
Other financial assets	264.36	505.97	623.81
	9,003.58	8,928.29	7,384.18
b) FVTPL			
Investment in mutual funds	1,116.49	1,401.42	1,290.37
	1,116.49	1,401.42	1,290.37
Total	10,120.07	10,329.71	8,674.55
Financial Liabilities			
a) Amortised cost			
Trade Payables	923.99	654.91	469.37
Other financial liabilities	266.46	247.96	370.60
Total	1,190.45	902.87	839.97

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

Notes Forming Part of the Financial Statements

Note 33 : First time Ind AS adoption reconciliation

33.1 Effect of Ind AS adoption on the balance sheet as at 31st March, 2016 and 1st April, 2015

Particulars	Sub Note	As at March 31, 2016		As at 1st April, 2015	
		Previous GAAP	Effect of Transition to Ind-AS	Previous GAAP	Effect of Transition to Ind-AS
ASSETS					
Non Current Assets					
a) Property, plant and equipment		205.29	-	229.39	-
b) Capital work-in-progress		49.40	-	77.53	-
c) Other intangible assets		119.56	-	148.90	-
i) Investments	a	4,923.82	286.93	3,460.42	173.11
ii) Other financial assets		216.95	-	380.62	-
d) Deferred tax assets (net)	b	72.57	-	23.17	-
e) Income tax assets (net)		116.58	-	161.36	-
f) Other non-current assets	a	5,704.17	286.93	4,481.39	173.11
Total non-current assets					
		10,650.22	284.98	9,187.95	164.53
Current assets					
a) Financial assets					
i) Investments	a	513.59	168.68	838.58	119.59
ii) Trade receivables		363.07	-	373.50	-
iii) Cash and cash equivalents		1,667.65	-	394.40	-
iv) Bank balances other than (iii) above		1,900.00	-	2,691.14	-
v) Other financial assets		289.02	-	243.19	-
b) Other current assets	a	212.72	(170.63)	165.75	(128.17)
Total current assets		4,946.05	(1.95)	4,706.56	(8.58)
Total assets		10,650.22	284.98	9,187.95	164.53
EQUITY					
a) Equity share capital		6,105.00	-	6,105.00	-
b) Other equity		2,449.65	261.46	1,173.14	149.89
Non-current liabilities					
a) Financial liabilities					
i) Deferred tax liability (net)		28.74	23.52	27.72	14.64
ii) Other financial liabilities		15.78	-	19.38	-
Total non-current liabilities		44.52	23.52	47.10	14.64
Current liabilities					
a) Financial Liabilities					
i) Trade payables		654.89	-	469.37	-
ii) Other financial liabilities		247.96	-	370.60	-
b) Provisions		96.64	-	101.36	-
c) Current tax liability (net)		220.60	-	-	-
d) Other current liabilities		830.96	-	921.38	-
Total current liabilities		2,051.05	-	1,862.71	-
Total liabilities		10,650.22	284.98	9,187.95	164.53

Sub-notes
a) Under previous GAAP, premium paid on purchase of investment in Government Bonds and Debentures was recognised in profit or loss. Under Ind AS, the premium paid on purchased is considered as part of amortised cost. Accordingly, the towards premium on purchase of investment was reinstated to cost of investment.

b) Under previous GAAP, income on investment in Bonds and Debentures was recognised at coupon rate and the investment in mutual funds was valued at lower of Cost or Net Asset Value. Under Ind-AS the income on such is recognised on the basis of Effective Interest Rate and the investment in Mutual Fund is fair valued through profit and loss. Accordingly, the other income for the year ended 31st March 2016 has increased by ₹165.44 lakh and tax effect thereon of ₹8.48 lakh has been recognised.

Notes Forming Part of the Financial Statements

33.2 Effect of Ind AS adoption on the statement of profit and loss for the year ended 31st March, 2016

(₹ in lakhs)

Particulars	Sub Note	As at 31st March 2016		
		Previous GAAP	Effect of Transition to Ind-AS	As per Ind-AS
INCOME				
Revenue from operations		4,701.72	-	4,701.72
Other income	a	558.07	101.88	659.95
Total Income		5,259.79	101.88	5,361.67
EXPENSES				
Employee benefits expense	b	650.94	20.96	671.90
Depreciation and amortisation expense		98.96	-	98.96
Other expenses	c	2,654.88	(18.61)	2,636.27
Total expenses		3,404.78	2.35	3,407.13
Profit before exceptional item		1,855.01	99.53	1,954.54
Exceptional Items		-	-	-
Profit before tax		1,855.01	99.53	1,954.54
Tax expense				
Current tax	b	577.48	(7.21)	570.27
Deferred tax	a	1.02	8.88	9.90
		578.50	1.67	580.17
Profit after Tax		1,276.51	97.86	1,374.37
Other Comprehensive Income				
Items that will not be reclassified to profit or loss:				
Actuarial gain/(loss) on post retirement benefit plans	b	-	20.96	20.96
"Income tax relating to items that will not be reclassified to profit or loss"	b	-	(7.25)	(7.25)
		-	13.71	13.71
Total comprehensive income for the year		1,276.51	111.57	1,388.08

Sub - notes

- Under previous GAAP, income on investment in Bonds and Debentures was recognised at coupon rate and the investment in mutual funds was valued at lower of Cost or Net Asset Value. Under Ind-AS the income on such is recognised on the basis of Effective Interest Rate and the investment in Mutual Fund is fair valued through profit and loss. Accordingly, the other income for the year ended 31st March 2016 has increased by ₹101.88 lakh and tax effect thereon of ₹ 8.88 lakh has been recognised.
- Under previous GAAP, actuarial gains and losses were recognised in profit or loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of the net defined benefit liability / asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of profit or loss. The actuarial gains for the year ended 31st March, 2016 were ₹ 20.96 lakh and the tax effect thereon was ₹ 7.25 lakh. This change does not affect total equity, but there is a decrease in profit before tax by ₹ 20.96 lakh and in the total profit of ₹ 13.71 lakh for the year ended 31st March, 2016.
- Under previous GAAP, premium paid on purchase of investment in Government Bonds and Debentures was recognised in profit or loss. Under Ind AS, the premium paid on purchased is considered as part of amortised cost. Accordingly, the ₹ 18.61 lakh towards premium on purchase of investment is reversed under Ind-AS.

Notes Forming Part of the Financial Statements

33.3 Reconciliation of Total Equity as at March 31, 2016 and April 1, 2015

(₹ in lakhs)

Particulars	Sub Note	As at March 31, 2016	As at April 1, 2015 (transition date)
Total Equity (Shareholders' funds) under previous GAAP		8,554.65	7,278.14
Ind AS Adjustments:			
Fair value of investments under Ind-AS (net of tax)	a	248.31	148.34
Amortisation of premium paid on investments (net of tax)	c	13.15	1.55
Total adjustment to equity		261.46	149.89
Total equity under Ind AS		8,816.11	7,428.03

33.4 Reconciliation of Total Comprehensive Income for the year March 31, 2016

(₹ in lakhs)

Particulars	Sub Note	Year ended 31st March, 2016
Profit after tax as per previous GAAP		1,276.51
Ind AS Adjustments		
Fair value of investments under Ind-AS (net of tax)	a	99.97
Amortisation of premium paid on investments	b	11.60
Remeasurement of defined benefit obligation recognised in other comprehensive income (net of tax)	c	(13.71)
Total effect of transaction to Ind AS		97.86
Other Comprehensive Income (net of tax)		13.71
Total Comprehensive Income under Ind AS		1,388.08

33.5 Impact of Ind AS adoption on the statements of cash flows for the year ended March 31, 2016

(₹ in lakhs)

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	1,087.68	-	1,087.68
Net cash flow from investing activities	185.57	-	185.57
Net cash flow from financing activities	-	-	-
Net increase/(decrease) in cash and cash equivalents	1,273.25	-	1,273.25
Cash and cash equivalents as at April 1, 2015	394.40	-	394.40
Cash and cash equivalents as at March 31, 2016	1,667.65	-	1,667.65

Sub - notes

- The Company has made investments in Mutual Funds with Fixed Maturity Plan which were measured at lower of Cost or Net Asset Value under previous GAAP. Under Ind-AS these investments are valued at Fair value and consequently, the difference between the fair value and cost as per previous GAAP is recognised under Ind-AS.
- Under previous GAAP the premium paid on purchase of investments was reconised as transaction cost and charged to Statement of Profit and loss. However, under Ind-AS these investments are measured at amortised cost and income is recognised at Effective Interest Rate. Consequently, the cost of investments has increased by the unamortised premium as at the reporting period.
- Under previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses are to be recognised in Other Comprehensive Income. The actuarial losses for the year ended March 31, 2016 were ₹ 13.71 lakh (net of tax). This change does not effect total equity but there is a increase in profit for the year by the same amount.

Notes Forming Part of the Financial Statements

Note 34 : Expenses towards Corporate Social Responsibility

(₹ in lakhs)

Sr. No	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
a	Gross amount required to be spent by the company during the year.	22.54	13.48
b	Amount spent during the year on:	4.59	-

(₹ in lakhs)

As at March 31, 2017				
Sr. No	Particulars	In Cash/ Chq/ Transfer	Yet to be spent	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	4.59	17.95	22.54

(₹ in lakhs)

As at March 31, 2016				
Sr. No	Particulars	In Cash/ Chq/ Transfer	Yet to be spent	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	-	13.48	13.48

Note 35 : Income tax recognised in profit or loss

(₹ in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Profit before tax from continuing operations	2,154.10	1,954.54
Income tax expense calculated at 34.608%	745.49	676.43
Effect of income that is exempt from taxation	(136.00)	(95.00)
Effect of expenses that are not deductible in determining taxable profit	22.00	13.00
Effect of different tax rates on capital gains	(7.00)	-
Effect of different tax rates for fair value gain on investments	(5.00)	(10.00)
Others	(6.98)	(4.26)
	612.51	580.17
Income tax expense recognised in profit or loss	612.51	580.17

The tax rate used for the financial year 2016-17 and 2015-16 reconciliations above is the corporate entities in India on taxable profits under the Indian Tax Law.

Notes Forming Part of the Financial Statements

Note 36 : Disclosure on Specified Bank Notes (SBN):

The Company did not have any holding or dealing in specified Bank notes as defined in the Notification S.O.3407 (E) dated 8 November, 2016. Accordingly the disclosure pursuant to notification dated March 30, 2017 issued by Ministry of Corporate affairs, is not applicable.

Note 37 : The previous year's figures have also been regrouped / reclassified to conform to this year's Classification.

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

Sd/-
Mukesh Jain
Partner

Place : Mumbai
Date : May 08, 2017

For and on behalf of the Board of Directors

Sd/-
C. M. Vasudev
Director
(DIN : 00143885)

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
P. P. Vora
Chairman
(DIN : 00003192)

Sd/-
G. V. Nageswara Rao
Director
(DIN : 00799504)

Sd/-
Deepak Shenoy
Company Secretary



NSDL PAYMENTS BANK LIMITED

2



1st
Annual
Report
2016-17

NSDL Payments Bank Limited

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Board of Directors



Mr. G. V. Nageswara Rao



Mr. Samar Banwat



Ms. Sudha Balakrishnan

Board of Directors

Mr. G. V. Nageswara Rao

Mr. Samar Banwat

Ms. Sudha Balakrishnan

Auditors

Deloitte Haskins & Sells LLP

Chartered Accountants

Mumbai.

Bankers

HDFC Bank

Registered Office

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

Boards' Report

To the Members,

Your Directors have the pleasure in presenting the First Annual Report along with the Audited Financial Statements of your Company for the financial year ended March 31, 2017.

1. Status of Operations

NSDL Payments Bank Limited was incorporated on August 17, 2016 and the License was received from the Reserve Bank of India on March 30, 2017. NSDL Payments Bank is a subsidiary company of National Securities Depository Limited (NSDL). The company is yet to commence any commercial activity.

2. Financial Status

As the accounts for the period under review are prior to commencement of operations, Profit and Loss Account indicates preliminary expenses and other pre-operative expenses charged off during the period under review.

3. Dividend

Your directors do not propose any dividend.

4. Share Capital

During the period under review, 50,000 equity shares of ₹ 10 each in the share capital of the Company amounting to ₹ 5,00,000 were allotted to the subscribers to the Memorandum and Articles of Association of the Company. Further, NSDL has subscribed to 8,29,50,000 shares and NSDL Database Management Limited (NDML) has subscribed to 2,00,00,000 shares.

5. Auditors

Deloitte Haskins & Sells LLP, Chartered Accountants, Auditors of the Company, retire at the forthcoming Annual General Meeting of the Company and are eligible for reappointment.

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.

6. Internal Controls and Audit

The Company's accounts are audited by Statutory Auditors.

During the year under review, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

7. Risk Management And Insurance

Taking into account various risks involved, your Company has taken adequate insurance cover for employees and an Executive Risk Committee is formed for the identification, assessment, evaluation, monitoring, mitigation and management of risks.

8. Deposits

The Company has not accepted any fixed deposit under Section 73 of the Companies Act, 2013 from the public.

9. Particulars of Loans, Guarantees or Investments

Details of Loans and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

10. Particulars of Contracts or Arrangements with Related Parties

During the period under review, the Company had not entered into any material transaction with any of its related parties. None of the transactions with any of related parties were in conflict with the Company's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in Note No. 12 of Financial Statements, forming part of the Annual Report.

11. Corporate Governance

As an NSDL Group Company, the Company's philosophy on Corporate Governance is based on the fundamental principle of fair, ethical and transparent governance practices by adopting highest standards of professionalism, integrity, honesty, equity, transparency, accountability and ethical behavior in all facets of operations and dealing with all its stakeholders.

12. Directors

Mr. G. V. Nageswara Rao, Mr. Samar Banwat and Ms. Sudha B. were named as first Directors under Article 99 of the Articles of Association of the Company and they hold office upto the date of the forthcoming Annual General Meeting (AGM). Mr. G. V. Nageswara Rao shall continue to act as Director of the Company, pursuant to Shareholders' approval at the AGM. Mr. Samar Banwat and Ms. Sudha B. shall hold office till the new Directors are appointed after receipt of Reserve Bank of India's (RBI) approval.

Boards' Report

13. Chairman

Mr. G. V. Nageswara Rao was elected as the Chairman of the Board of directors at the Board meeting held on August 25, 2016.

A. Board Procedures and Meetings

A minimum of four Board meetings shall be 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. The dates of the subsequent Board meetings are decided with the mutual consent of all the Directors present at the ongoing Board meeting. The Board meetings are usually held at the registered office of the Company.

During the year under review, Six(6) Board meetings were held viz. August 25, 2016, December 16, 2016, January 25, 2017, February 15, 2017, March 17, 2017 and April 13, 2017. Details of attendance of each director at the Board Meetings held during the financial year are as follows:

Sr. No.	Name of the Member	Total No. of meetings held during the tenure	Total No. of meetings attended
1.	Mr. G. V. Nageswara Rao	6	6
2.	Mr. Samar Banwat	6	6
3.	Ms. Sudha B.	6	6

B. Independent Directors

The Independent Directors shall be appointed subsequent to RBI approval of nominated names for Directors in terms of the guidelines.

Performance Evaluation of the Board and Directors:

The performance evaluation shall be carried out once the Board of Directors are appointed pursuant to RBI approval.

14. Board Committees

The Board shall constitute various Committees viz. Nomination and Remuneration Committee, Audit Committee, Share Allotment and Transfer Committee, Risk Management Committee, Customer Service Management Committee, etc. pursuant to appointment of Independent Directors.

15. Details of Key Managerial Personnel

The Company has appointed Mr. S. P. Narayanan as the CEO Designate. The Company is in process of

appointment of other Key Managerial Personnel.

16. Corporate Social Responsibility

The Company does not fall within the purview of Corporate Social Responsibility (CSR) in accordance with the provision of Section 135 of the Companies Act, 2013.

17. Directors' Responsibility Statement

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

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

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

a) Conservation of Energy, Technology absorption -

As the Company does not have any manufacturing activities, particulars required to be disclosed with respect to the conservation of energy and technology absorption in terms of Section 134(3)(m)

Boards' Report

of the Companies Act, 2013, are not applicable. The Company has, however, used information technology extensively in setting up its Bank.

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

Earnings -- NIL

Outgo -- NIL

19. Particulars of Employees

The company does not have any employee on its rolls during the period under review and no employee falls within the purview of the limits prescribed under Section 197 of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

20. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed MMJC & Associates LLP to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "Annexure".

The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation or adverse remark given by the Auditors in their Report.

21. Extract of Annual Return

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

22. APPRECIATION

Your Directors would like to place on record their sincere appreciation of the support provided by NSDL.

For and on behalf of the Board of Directors

Sd/-

G. V. Nageswara Rao
 Director

Place : Mumbai

Balance Sheet as at 31st March, 2017

(₹ in lakhs)

Particulars	Notes	As at 31st March, 2017
ASSETS		
1) Non Current Assets		
a) Capital Work in progress		791.43
b) Financial assets		
i) Other financial assets	3	15.00
Total non-current assets		806.43
2) Current assets		
a) Financial Assets		
i) Other financial assets	3	9.17
b) Other Assets	4	54.51
c) Cash and cash equivalent	5	9,357.50
Total current assets		9,421.18
TOTAL ASSETS		10,227.61
EQUITY AND LIABILITIES		
(A) EQUITY		
a) Equity Share capital	6	10,300.00
b) Other Equity	7	(258.01)
Total equity		10,041.99
(B) LIABILITIES		
1. Current liabilities		
a) Financial Liabilities		
i) Trade payable		
- total outstanding dues of micro enterprises and small enterprises	8	-
- others	8	165.65
b) Current tax liability (Net)	9	19.97
Total liabilities		185.62
TOTAL EQUITY AND LIABILITIES		10,227.61
See accompanying notes forming part of the financial statements	1 to 17	

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

For and on behalf of the Board of Directors

Sd/-
Abhijit A. Damle
Partner

Sd/-
G. V. Nageswara Rao
Director
(DIN: 00799504)

Sd/-
Sudha Balakrishnan
Director
(DIN: 07519963)

Place : Mumbai
Date : May 08, 2017

Statement of Profit and Loss

for the period from 17th August 2016 to 31st March 2017

(₹ in lakhs)

Particulars	Note No.	17th August 2016 to 31st March 2017
INCOME		
Other income	10	67.02
Total revenue		67.02
EXPENSES		
Other expenses	11	305.06
Total expenses		305.06
Loss before tax		(238.04)
Tax expense		
Current tax		19.97
Deferred tax		-
		19.97
Loss for the period		(258.01)
Other Comprehensive Income		-
Total comprehensive income/(loss)		(258.01)
Basic and diluted earnings per equity share of ₹ 10 each	14	(0.83)
See accompanying notes forming part of the financial statements	1 to 17	

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

For and on behalf of the Board of Directors

Sd/-
Abhijit A. Damle
Partner

Sd/-
G. V. Nageswara Rao
Director
(DIN: 00799504)

Sd/-
Sudha Balakrishnan
Director
(DIN: 07519963)

Place : Mumbai
Date : May 08, 2017

Cash Flow Statement

for the period from 17th August 2016 to 31st March 2017

(₹ in lakhs)

Particulars	17th August 2016 to 31st March 2017
A: CASH FLOW FROM OPERATING ACTIVITIES	
Loss before tax	(238.04)
Adjusted for:	
Interest Income	(67.02)
Operating Loss before Working Capital Changes	(305.06)
Adjusted for:	
Other financial assets	(15.00)
Other assets	(54.51)
financial liabilities	165.65
Cash Generated from Operations	(208.92)
Taxes Paid (Net)	-
Net Cash from Operating Activities	(208.92)
B: CASH FLOW FROM INVESTING ACTIVITIES	
Payment for Property, Plant and Equipment of fixed assets (Including movement in Capital Work in Progress and Intangible Assets Under Development)	(791.43)
Interest Income	57.85
Net Cash from Investing Activities	(733.58)
C: CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from issue of Equity shares	10,300.00
Net Cash from Financing Activities	10,300.00
Net Increase in Cash and Cash Equivalents	9,357.50
Closing Balance of Cash and Cash Equivalents (Refer Note 5)	9,357.50
See accompanying notes forming part of the financial statements	1 to 17

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

For and on behalf of the Board of Directors

Sd/-
Abhijit A. Damle
Partner

Sd/-
G. V. Nageswara Rao
Director
(DIN: 00799504)

Sd/-
Sudha Balakrishnan
Director
(DIN: 07519963)

Place : Mumbai
Date : May 08, 2017

Cash Flow Statement

for the period from 17th August 2016 to 31st March 2017

Attributable to the owners of the company

(₹ in lakhs)

Particulars	Notes	Equity Share Capital	Reserves and Surplus	Items of Other Comprehensive Income	Total Other Equity
			Retained Earnings		
Balance at the beginning of the reporting period		-	-	-	-
Loss for the period	7	-	(258.01)	-	(258.01)
Total Comprehensive Income for the period		-	(258.01)	-	(258.01)
Issue of share capital	6	10,300.00	-	-	-
Balance at the end of the reporting period		10,300.00	(258.01)	-	(258.01)

See accompanying notes forming part of the financial statements

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

For and on behalf of the Board of Directors

Sd/-
Abhijit A. Damle
 Partner

Sd/-
G. V. Nageswara Rao
 Director
 (DIN: 00799504)

Sd/-
Sudha Balakrishnan
 Director
 (DIN: 07519963)

Place : Mumbai
 Date : May 08, 2017

Notes to Financial Statements for the year ended 31st March, 2017

1. General information

1.1. Company Overview

National Securities Depository Limited ("NSDL") was granted an in principal approval by the Reserve Bank of India (the 'RBI') on 7th September, 2015 to set up a new Payments Bank under section 22 of the Banking Regulation Act, 1949. Accordingly NSDL Payments Bank Limited (the "Company") was incorporated on 17th August, 2016.

The Reserve Bank of India ("RBI") has granted license to the Company to carry on payments bank business in India, under Section 22(1) of Banking Regulation Act, 1949 subject to terms and conditions mentioned vide their letter dated 30 March 2017 (the "letter"). The Company is in process of compliance with the RBI conditions.

2. Significant accounting policies:

2.1. Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. These financial statements are the Company's first Ind AS financial statements since the Company was incorporated on 17th August, 2016.

2.2. Basis of preparation

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

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

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

follows:

- Level 1 — inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 — inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability either directly or indirectly.
- Level 3 inputs are unobservable inputs for the assets or liability.

2.3. Other income:

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

2.4. Tax on Income:

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

i. Current tax

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

ii. Deferred tax

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer

Notes to Financial Statements for the year ended 31st March, 2017

probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

iii. Current and deferred tax for the year

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

2.5. Property, Plant & Equipment:

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

i. Capital work-in-progress:

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

2.6. Depreciation and amortisation:

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

Intangible assets are amortized on a straight line basis.

2.7. Provisions and contingencies:

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

reliable estimate can be made.

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

2.8. Financial instruments

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

2.9. Financial assets

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

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

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

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

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

Impairment of financial assets

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

been impacted.

Objective evidence of impairment could include -

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

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

De-recognition of financial assets

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

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant

to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

2.10. Financial Liabilities and equity instruments

Classification as debt or equity

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

Equity instruments:

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

Financial liabilities:

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

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

De-recognition of financial liabilities

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

Notes to Financial Statements for the year ended 31st March, 2017

3 Other Financial Assets

(₹ in Lakhs)

Particulars	As at 31st March, 2017		
	Non current	Current	Total
(Unsecured, considered good unless stated otherwise)			
Security deposits			
Considered good	15.00	-	15.00
Accrued Interest	-	9.17	9.17
Total	15.00	9.17	24.17

4 Other Assets

(₹ in Lakhs)

Particulars	As at 31st March, 2017		
	Non current	Current	Total
Service tax credit receivable	-	54.51	54.51
Total	-	54.51	54.51

5 Cash and Bank balances

(₹ in Lakhs)

Particulars	As at 31st March, 2017
<u>Cash and cash equivalents</u>	
Cash on hand	-
Cheques on hand	-
Balances with banks	
(i) in current accounts	57.50
(ii) Deposits with original maturity less than three months	9,300.00
	9,357.50

6 Equity Share capital

(₹ in Lakhs)

Particulars	As at 31st March, 2017
Authorised	
200,000,000 equity shares of ₹ 10 each with voting rights	20,000.00
Issued, Subscribed and Fully Paid - Up	
103,000,000 equity shares of ₹ 10 each fully paid up with voting rights	10,300.00
	10,300.00

6.1) 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.

Notes to Financial Statements for the year ended 31st March, 2017

6.2) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period :

	Number of Shares	(₹ in Lakhs)
	As at 31 March, 2017	As at 31 March, 2017
Issued during the period	103,000,000	10,300.00
Outstanding at the end of the period	103,000,000	103,000,000.00

6.3) Details of shares held by each shareholder holding more than 5% shares:

Name of the Shareholder	As at 31 March, 2017	
	Number of shares held	% Holding
National Securities Depository Limited	83,000,000	80.58
NSDL Database Management Limited	20,000,000	19.42

7 Other Equity

(₹ in Lakhs)

Particulars	As at 31st March, 2017
Surplus in Statement of Profit and Loss	
Opening balance	-
Loss for the period	(258.01)
Total	(258.01)

8 Other financial liabilities

(₹ in Lakhs)

Particulars	As at 31st March, 2017
Payable to Holding Company	165.65
Total	165.65

9 Current tax liability (Net)

(₹ in Lakhs)

Particulars	As at 31st March, 2017
Provision for income tax (net of Advance Tax ₹ Nil)	19.97
Total	19.97

10 Other income

(₹ in Lakhs)

Particulars	For the period ended 31st March, 2017
Interest income :	
- On fixed deposits with banks	67.02
Total	67.02

Notes to Financial Statements for the year ended 31st March, 2017

11 Other expenses

(₹ in Lakhs)

Particulars	For the period ended 31st March, 2017
-Preliminary expenses	298.26
-Rates and Taxes	1.80
-Audit Fees	5.00
Total	305.06

12. The Company is in process of setting up of Payments Bank, consequently no separate reportable segments have been identified in terms of Indian Accounting Standard 108 "Operating Segments".

13. Related party Disclosures:

Names of related party	Relationship
National Securities Depository Limited	Holding company (control exists)
NSDL Database Management Limited	Fellow subsidiary

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

Particulars	Current Year (₹ lakh)
Transactions during the year:	
Holding Company –	
National Securities Depository Limited	
(a) Reimbursement of preliminary expenditure	354.57
(b) Reimbursement of Capital work-in-progress	791.43
(c) Share Capital	8,300.00
NSDL Database Management Limited	
(a) Share Capital	2,000.00
(Payable)/Receivable at the end of the year :	
Holding Company –	
National Securities Depository Limited	(165.65)

14. Operating Lease

The Company has entered into operating lease arrangements for office premises. Rent includes expenses of ₹ 6.62 lakh. The committed lease rentals in the future are:

Particulars	Current Period (₹ in lakh)
Not later than one year	15.00
Later than one year and not later than five years	-
Later than five years	-

Notes to Financial Statements for the year ended 31st March, 2017

15. Earnings per share

Particulars	Current Period
Loss for the year attributable to owners of the Company (₹ lakh)	(258.01)
Actual number of equity shares	103,000,000
Weighted average number of equity shares outstanding	31,076,027
Basic and Diluted Earnings per Share of face value ₹ 10 each per share (₹)	(0.83)

16. The Company has approached the Reserve Bank of India for approval of its proposed composition of the Board of Directors. Upon receipt of the said approval, audit committee as required pursuant to provisions of section 177 of the Companies Act, 2013 will be constituted.

17. These financial statements have been prepared for the period from 17th August, 2016, being the date of incorporation till 31st March, 2017. Consequently, corresponding figures have not been provided.

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

For and on behalf of the Board of Directors

Sd/-
Abhijit A. Damle
Partner

Sd/-
G. V. Nageswara Rao
Director
(DIN: 00799504)

Sd/-
Sudha Balakrishnan
Director
(DIN: 07519963)

Place : Mumbai
Date : May 08, 2017



NATIONAL SECURITIES DEPOSITORY LTD.

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