

DRIVING
DIGITAL
CAPITAL MARKETS

ANNUAL REPORT
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NSDL

Technology, Trust & Reach



DRIVING DIGITAL CAPITAL MARKETS

NSDL has played a pioneering role in transforming the capital markets in India. NSDL's investor centric products and services have laid the foundation for Indian capital markets to go Digital. NSDL made 'demat' a household word. It has since introduced digitisation in a multitude of national projects by bringing secure, cutting-edge technology solutions to make its customers' lives easy and convenient. NSDL has always exemplified thought leadership through its products and services that it has developed for investors and intermediaries alike over the last 20 years. This year's annual report showcases the innovative progress NSDL has made by leveraging new technologies as they emerge as we look to create a Digital India.

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CUSTODY VALUE

After achieving a historic milestone of its custody value crossing Rs.100 Lakh Crore (USD 1.5 trillion), NSDLs custody value has kept growing and has now crossed Rs.130 Lakh Crore (USD 1.9 Trillion). This significant achievement marks the dominance of NSDL in the Indian capital market as it amounts to 89% of total custody value. It is a figure which is higher than total bank deposits in India and is nearly equal to the nominal GDP of India in 2015. This value is more than GDP of most of the nations in the world.

CUSTODY VALUE

Rs.130 Lakh Crore

(USD 1.9 Trillion)



NSDL's share of
Custody Value

89%

On November 14, 2015 NSDL celebrated the historic milestone of crossing Rs.100 lakh crore (US\$ 1.5 trillion) in value of assets held in 1.42 crore demat accounts in the august presence of Honorable Finance Minister of India, Shri Arun Jaitley and Mr. R. K. Agarwal, Whole Time Member, SEBI. NSDL Chairman Mr. C. M. Vasudeo and NSDL MD Mr. Nageswara Rao handed over a memento to Honorable Finance Minister on this occasion.



NSDL CAS

A path breaking initiative

NSDL Consolidated Account Statement

Summary Holdings Transactions Your Account About NSDL

Dear investor,

Greetings from NSDL.

We are pleased to bring you NSDL Consolidated Account Statement (NSDL CAS). NSDL CAS is a single statement of all your investments in the securities market. All your investments in equity shares, preference shares, mutual funds, bonds, debentures, securitised instruments, government securities (other than held in SGL), commercial paper and certificates of deposit are included in this Consolidated Account Statement. It includes all investments held in single or joint names with you as the sole first holder.

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 this Consolidated Account Statement for all securities assets by consolidating demat accounts and mutual fund folios.

I am sure that you will find NSDL CAS very useful. It offers you unparalleled convenience in keeping track of your investment portfolio. You can easily monitor the investments you hold, their value and portfolio composition. It will help you in developing strategy to manage your investments better. As part of our endeavour to enhance investor experience, we intend to bring you more features and services in the future. Please visit <https://nsdlcas.nsdl.com> for more information. We welcome your feedback and suggestions on this initiative of NSDL.

Yours Sincerely,

G. V. Nageswara Rao
Managing Director & CEO

THINGS YOU SHOULD KNOW ABOUT YOUR NSDL CAS

- Single view of your portfolio in Demat and Mutual Funds
- Total Value of your investments in Demat and Mutual Funds
- Asset Class wise classification of your investments in Demat and Mutual Funds
- Demat Account and Mutual Fund folio wise bifurcation of your investments
- Statement of transaction for Demat and Mutual Funds
- Interactive
- Dynamic
- Graphic
- Detailed
- Graphical representation of your investments across various categories

A significant Digital step in realising the vision of Single Operating Demat account announced by Hon'ble Finance Minister is introduction by SEBI of Consolidated Account Statement (CAS). This year, NSDL has added more features like inclusion of insurance policies held in e-insurance account and monthly trend of portfolio value to enhance the richness of NSDL CAS. NSDL sent around 46 million statements to investors last year. Of these more than 28 million were sent in email using digitally-signed, password-protected documents demonstrating NSDL's digital drive. Investors have expressed overwhelming positive feedback on CAS through emails, letters and phone calls.

Investors warmly welcome NSDL CAS

"NSDL has received an overwhelming appreciation from all corners of the industry and investors for the CAS initiative.

It helps Investors view their complete securities assets held in demat accounts and Mutual Fund folios in a single statement.

NSDL is pleased to proclaim that more than 4.6 crore statements have been dispatched in year 2015-16. Glimpses of Investors feelings can be seen from some of the emails produced here.

“ Dear team

I am sure you will receive million thanks mails. Over the period of 10 years I had actually forgot to redeem my some small ticket investments which fortunately I discovered only with your statement. I am more happy that it reached me at right time.

I again thank NSDL team to proactively send us such a consolidated statement this was need for hour.

CFA
Varun Bhatt
KPMG

”

“ This is to thank you so profusly from the depth of my heart for the excellent initiative effort made by NSDL - in compiling and sending the consolidated account statement-(CAS) - found to be very informative and more useful to the investors - particularly so for senior citizen investors

Personally, i found the information provided by NSDL - as CAS - and received at my end -gives me a very great relief--in tracking the investments made from my pension benefits--thinking of getting to fullfill our needs at crucial hours.-indeed, i was under ailment for the last 18-months-or-so-and in that process-completely lost the track of my investments-as myself and spouse are left alone--due to compulsion of time-and circumstances.

Thanking again-and with best regards

G. Santhana Krishnan

“ It is best ever service in my investment life. everything under one roof.

Lic policies and mediclaim policy should also be included.”

Prashant Kumar

“**This is a truly useful statement. It is well presented & covers absolutely ALL my securities investments.**

Thank you for the detailed effort put in designing this for readability, completeness & accuracy!!”

Ruchi Maheshwari



e-Voting

Empowering Investors,
Emboldening Corporate
Democracy

NSDL has extended the digital revolution to areas like shareholder voting process. NSDL's e-Voting platform is being used by companies to allow their shareholders to electronically vote on resolutions from the comfort of their home. NSDL's e-Voting supports corporate democracy by enabling every individual and institutional investor to cast vote by logging into their account. NSDL has extended this innovation by introducing Tablet based e-Voting at general meeting venues. This has made it more convenient for investors to vote even during AGMs. Recently, NSDL has enabled Live streaming of general meeting proceedings thus allowing shareholders who are unable to attend AGMs to also view proceedings and post questions. NSDL's e-Voting has improved transparency as well as efficiency of the voting process while making the voting process extremely convenient for investors.

51%

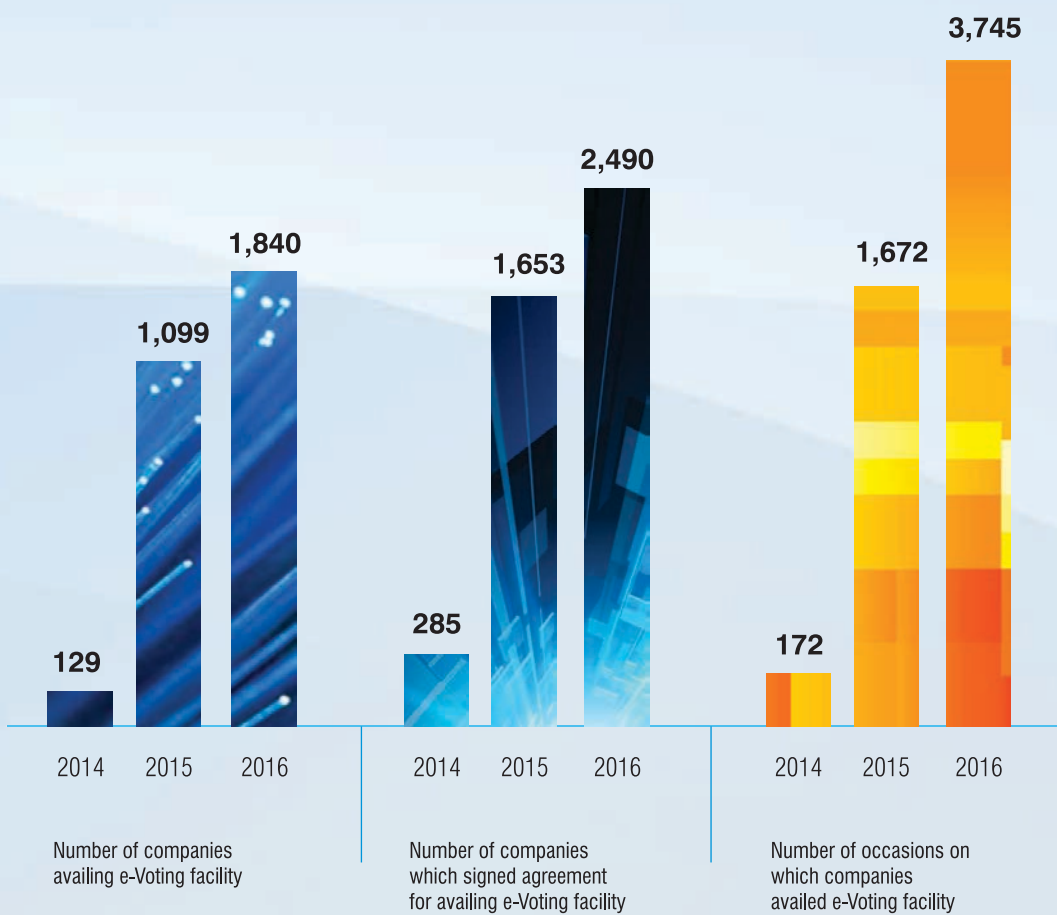
Growth in new companies
joining NSDL for
availing e-voting facility

67%

Growth in companies availing
e-voting facility

124%

Growth in No. of occasions on
which companies
availed e-voting facility



SPEED-e

Aiming towards total electronic instruction submission

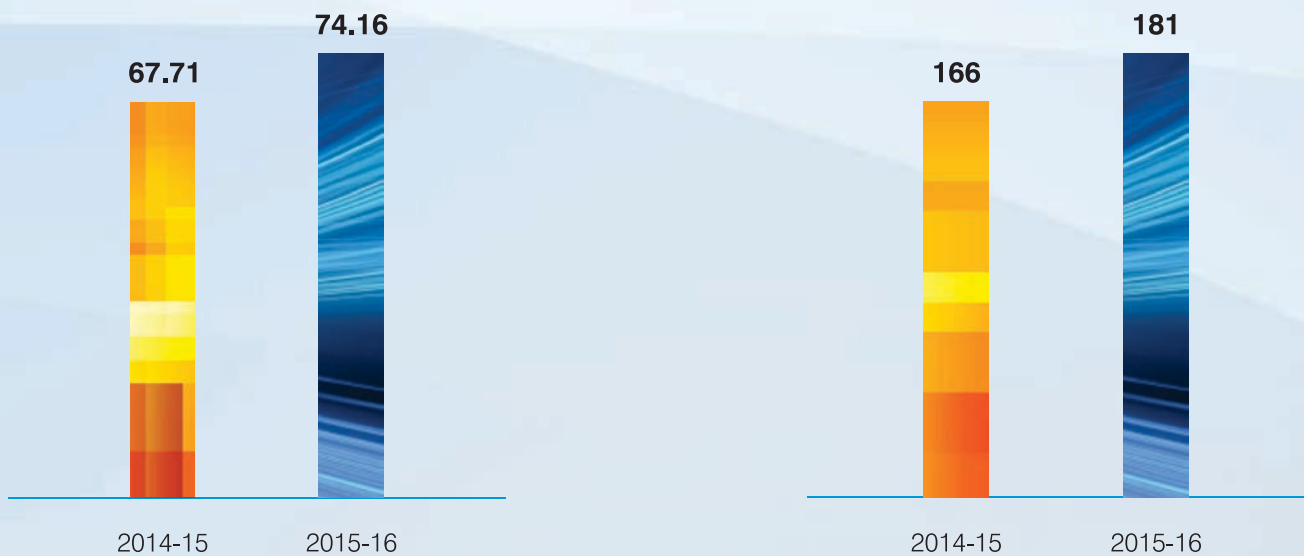
NSDL has always been at the forefront in driving the capital market to use electronic delivery instructions. NSDL's SPEED-e platform has been accepted as the industry standard for submitting delivery instructions electronically using secure login credentials or digital signatures. Last year 74 million instructions were received and processed by the SPEED-e system. This has eliminated paper based delivery instruction slips and reduced risks substantially besides enabling straight through processing.

- No. of DPs that have subscribed for SPEED-e facility as on March 31, 2016 - **181** (having 218 DPM set-ups)
- No. of unique clients registered for SPICE facility as on March 31, 2016 - **4.4 million**
- No. of instructions processed on SPEED-e during the year 2015-16 - **74.16 million**



Instructions processed through SPEED-e

74.16 million



Instructions processed through SPEED-e

DPs using SPEED-e

Figures in million



WORLD CLASS INSTRUCTION PROCESSING SYSTEM



284 million

transactions processed
during the FY 2015-16



NSDL processed 284 million securities transactions during the FY 2015-16

Digital transformation that NSDL has brought about in Indian Capital Markets has resulted in increase in volume of message processing. NSDL offers a fully segregated account structure and processes every client instruction by computing all client positions in real time. Last year NSDL processed over 280 million transactions. NSDL ranks amongst the top depositories in the world in volume of transactions processed.



IDeAS

Nurturing IDeAS for convenience of investors

Online downloadable electronic transaction statement and holding statement has been available to NSDL investors for over a decade. The IDeAS service empowers investors to view their statement of transactions along with value. Investors can download historical statements bearing digital signature of NSDL.



NSDL Mobile App

Power in the hands of Investors

NSDL's mobile app for android and iOS users allows clients easy access to their demat account anytime anywhere. Investors can track their investment portfolio along with value and monitor their transactions. Single log-in feature allows account holders to use their IDeAS credentials. The ease of activation and simple yet useful features of the app is making it popular amongst investors.



SMS Alerts



TRADeS (Transaction Related Alerts of Demat account through SMS)

NSDL has leveraged Digital technology effectively to inform investors and also to mitigate risks in the capital market. NSDL sends instant SMS alerts to investors on their mobile phone about transactions in their demat accounts. It provides immediate information to investors on their transaction execution and also acts as a very strong risk mitigation mechanism. NSDL has sent more than 43 million text messages last year to its 12.08 million registered subscribers.

■ Account Holders registered for SMS Alerts

12.08 Million

Account Holders registered for SMS Alerts

43 Million

SMS alerts sent to clients under TRADeS during the FY 2015-16

World Class Digital banking Solution



World Class Digital banking Solution

NSDL's digital initiatives have gained new momentum with the receipt of in-principle approval from Reserve Bank of India to set up a payments bank. NSDL looks forward to bring to digital payments the transformation that it has brought so successfully in many other businesses. NSDL plans to leverage its technology prowess, low-cost transaction processing capability, integration expertise and wide reach to promote seamless cashless payments and financial inclusion.



Investor Accounts

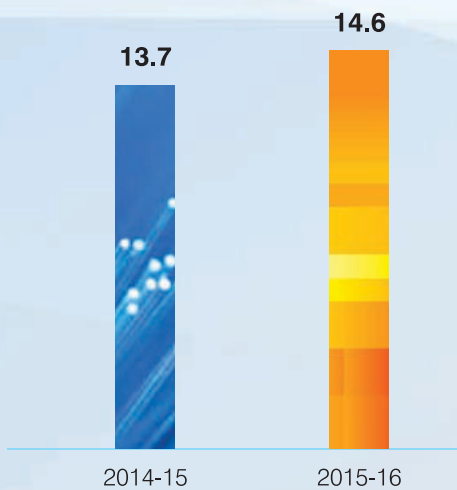
Investor Accounts

NSDL opened around 1.43 million new accounts in FY 2015-16 taking the number of accounts to 14.6 million as on March 31, 2016



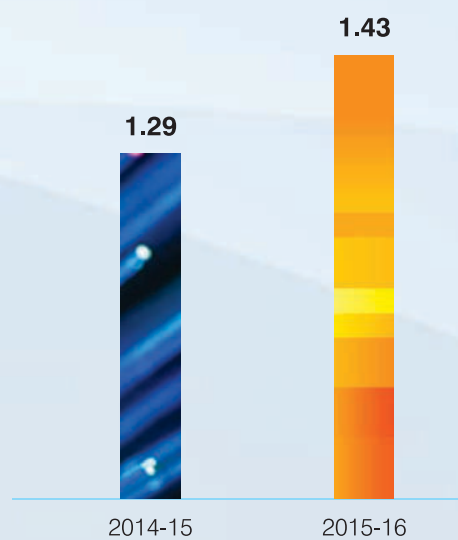
Active demat accounts

14.6 million



Number of active demat accounts

Figures in million



New accounts opened

Figures in million

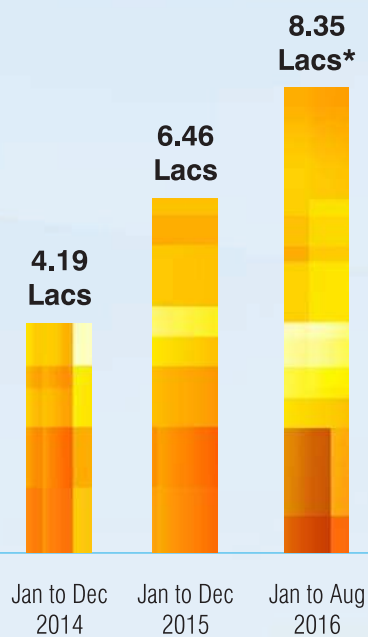


Electronic Contract Notes

NSDL digital transformation extends to electronic trade confirmation service. NSDL enables electronic contract note submission and communication of electronic trade information using ISO formats. NSDL's STeADY platform is used by Brokers, Custodians and Institutional investors for straight through processing. In 2016 till August NSDL STeADY system processed 442 million trades.



Trade details uploaded



ECNs Uploaded

Board of Directors



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



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



Mr. Sudhir Mankad
Former Chief Secretary
Government of Gujarat



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



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



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



Committees

Executive Committee

Mr. G.V. Nageswara Rao	Chairman
Ms. Chitra Ramkrishna	Managing Director & CEO (NSEIL)
Ms. Dharmishta N. Raval	Senior Lawyer at the Gujarat High Court Bar
Mr. Anup Bagchi	Managing Director & CEO (ICICI Securities Ltd.)
Dr. Indira Parikh	President of Foundation for Liberal and Management Education
Mr. Anand Rengarajan	Managing Director & Head of Direct Securities Services- India (Deutsche Bank)
Mr. Mani Palvesan	Managing Director (SBICAP Securities Limited)
Mr. Rajiv Anand	Group Executive & Head - Retail Banking (Axis Bank)
Mr. Sundeep Sikka	President & CEO (Reliance Capital Asset Management Limited)
Mr. Samar Banwat	Executive Vice President

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	

Independent Directors

Mr. C. M. Vasudev	Lead Independent Director
Mr. P. P. Vora	
Mr. Sudhir Mankad	
Mrs. Pramila Shrivastav	

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	

Shareholders' Grievance Committee

Mr. Ravi Narain	Chairman
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	

Our Team



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

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. Nitin Ambure	Vice President
Mr. Manoj Sathe	Vice President
Ms. Sudha Balakrishnan	Vice President & Chief Financial Officer (CFO)

Company Secretary

Mr. Deepak Shenoy

Auditors

Statutory Auditors

M/s Deloitte Haskins & Sells
Chartered Accountants

Internal Auditors

M/s Aneja Associates
Chartered Accountants

Bankers

IDBI Bank
HDFC Bank

Registered Office

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

Website : www.nsd1.co.in

CIN : U74120MH2012PLC230380



Mr. Krishna Srinivas



Mr. Nityanand Phatarphod



Mr. Dnyanesh Nerurkar



Mr. Samar Banwat



Mr. S. Ganesh,



Mr. Prashant Vagal



Mr. Nitin Ambure



Ms. Sudha Balakrishnan



Mr. Manoj Sathe



Message from MD & CEO

Dear Shareholder,

NSDL is on the verge of completing 20 years of successful operations. Over these years, NSDL has played a transformatory role by bringing cutting-edge technology solutions, not just to capital markets but to a wide range of nationally important core projects. As new technologies emerge, customer expectations also change thus continuing NSDL's journey of digital innovation. Today, 98% of the securities in India are in electronic form and over 280 million transactions were processed in NSDL in the last year. With sound and state of the art transaction processing systems, NSDL ranks amongst the top depositories of the world in number of accounts and transactions as also in the breadth of its products and services.

During the year, we were proud to celebrate the historic milestone of crossing Rs 100 lakh crore in custody value in the august presence of Hon'ble Finance Minister Shri Arun Jaitley. As of this writing, it has in fact crossed Rs 130 lakh crore. This is higher than the GDP of most countries. In fact, it is much higher than the aggregate bank deposits in India.

Hon'ble Finance Minister in his Budget speech of July 2014 had announced the decision to introduce a single operating demat account for all financial assets. In furtherance of this vision, SEBI introduced Consolidated Account Statement (CAS). NSDL's CAS has received overwhelming positive feedback from customers, who are now able to track all their investments in securities assets in one place. Continuous enhancements have been introduced in CAS to make it rich in content and structured in presentation. NSDL is fully geared and looks forward to the operationalisation of single operating demat account that can hold all financial assets, which would bring immense benefits to investors.

All these initiatives have been rendered possible because of the state of the art technology employed by NSDL which is the back bone for the success of such large scale and world class operations.

NSDL has introduced various value added services by leveraging digital technology. NSDL mobile app allows investors to access their demat account and track their portfolio with current value anytime anywhere using their android or iOS devices. NSDL's e-voting service now includes tablet-based electronic voting at general meeting venues and live streaming of general meeting proceedings to those shareholders who are unable to attend. NSDL's electronic trade confirmation service delivers millions of digital contract notes and structured trade information enabling straight through processing by investors, brokers and custodians. Through integration with Income-tax Department, NSDL account holders can now access their Form 26AS statements and avail electronic tax return filing service requiring no paper submissions.

NSDL's digital initiatives have gained new momentum with the receipt of in-principle approval from Reserve Bank of India to set up a payments bank. NSDL looks forward to bring to digital payments the transformation that it has brought so successfully in many other businesses. NSDL plans to leverage its technology prowess, low-cost transaction processing capability, integration expertise and wide reach to promote seamless cashless payments and financial inclusion. NSDL also looks forward to implement the path-breaking National Academic Depository, an initiative driven by the Ministry of Human Resources Development that will introduce Digital Academic Certificates. Students across the country, whether in schools or colleges, can receive and manage all their academic certificates in a single electronic account. Academic Depository will also allow digital verification of records thus assuring authenticity.

With the Government's articulated vision of creating a Digital India, NSDL is well poised to drive digital transformation across a multitude of areas.

With Best Wishes

G. V. Nageswara Rao

Managing Director & CEO



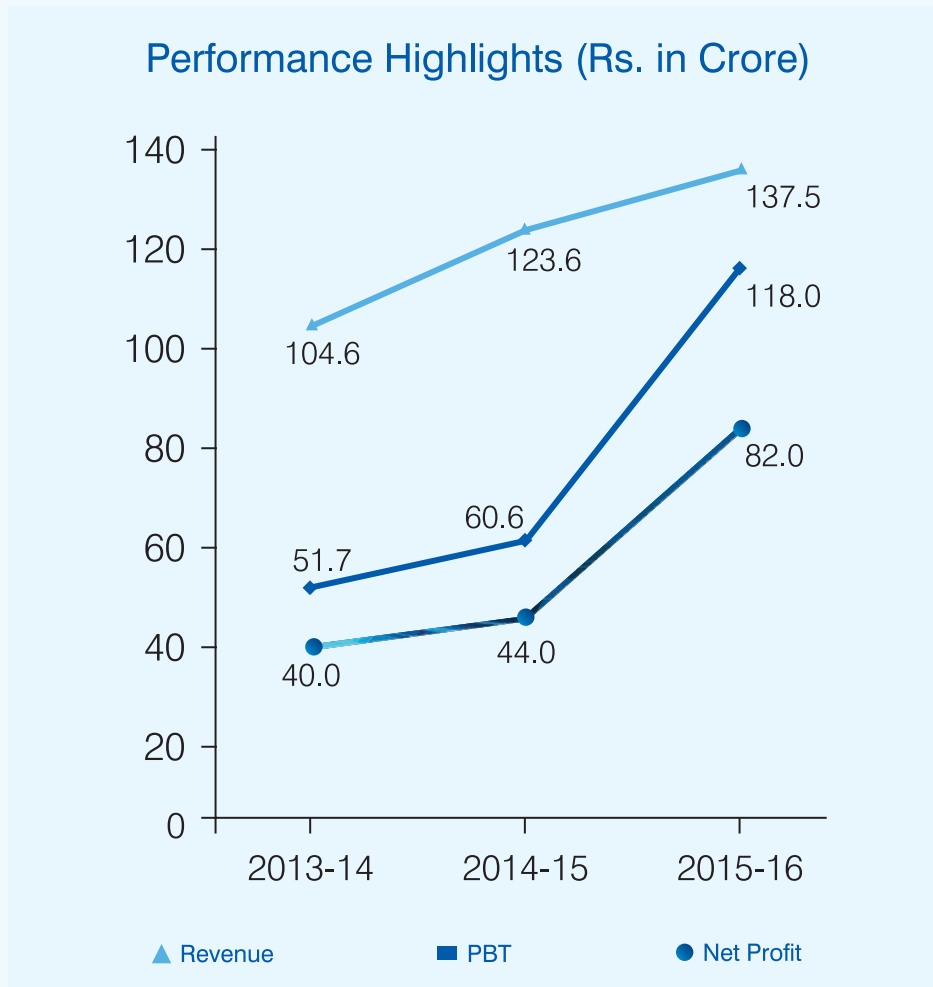


Directors' Report

Directors' Report

To the Members,

Your Directors are pleased to present the Fourth Annual Report and the Company's Audited Financial Statements for the financial year ended March 31, 2016.



- Revenue from operations increased to Rs. 137.5 crore in 2015-16 as compared to Rs. 123.6 crore in the previous year.
- Profit Before Tax (PBT) increased to Rs. 118.0 crore in 2015-16 as compared to Rs. 60.6 crore in the previous year.
- Profit After Tax (PAT) increased to Rs. 82.0 crore in 2015-16 as compared to Rs. 44.0 crore in the previous year.
- Net worth of the Company as on March 31, 2016 increased by 24% to Rs. 429 crore as compared Rs. 347 crore a year ago.
- Earnings Per Share of the Company increased to Rs. 20.5 in 2015-16 as compared to Rs. 11 in the previous year.



Financial Review

Financial Results

Particulars	2015-16 (Rs crore)	2014-15 (Rs crore)
Income	168.1	152.5
Expenditure	76	74.7
Profit before depreciation	92.1	77.8
Depreciation	2.5	2.1
Contribution to Investor Protection Fund (IPF)	2.9	15.1
Profit before exceptional item	86.7	60.6
Exceptional Items	31.3	-
Profit before tax	118	60.6
Provision for Deferred Tax (Credit)	0.4	0.8
Provision for Tax	35.6	15.8
Profit after Tax	82	44
Profit available for appropriation	82	44
Appropriation:		
Proposed Dividend	10	10
Tax on Dividend	2	2
Transfer to General Reserve	50	15
Surplus Carried to the Balance Sheet	20	17

Results of operations and state of Company's affairs for Financial Year 2015-16

Profit after tax stood at Rs. 82.0 crore after making a provision for tax of Rs 35.6 crore. Further, as required under SEBI (Depositories and Participants) (Amendment) Regulations, 2016, 5 percent of profits from depository operations, i.e. Rs. 2.9 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 2015-16 (same as that of 2014-15) for consideration of the shareholders. The dividend distribution would result in a cash outflow of Rs. 12.0 crore including tax on dividend of Rs. 2.0 crore.

Share Capital

The paid up Equity Share Capital as on March 31, 2016 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 2015-16 has been a very 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. Below is a glimpse of the key numbers of your Company:

- Your Company is the largest depository of India and holds 1.46 crore client accounts. During the year under review your Company has added 13.8 lakh new accounts.
- The total value of assets under custody as on March 31, 2016 was Rs. 117 lakh crores. It accounted for 89% of all dematerialised securities in the country.
- Your Company reaches its clients through 26,765 service centres of its participants located in over 1,942 cities/towns.

During the year under review, your Company has received in-principle approval from Reserve Bank of India (RBI) to set up Payments Bank. NSDL is one of the eleven recipients of in-principle approval from RBI. Payments Bank is a first in introducing differentiated banking in India. The Payments Bank will be registered as a public limited company under the Companies Act, 2013, and licensed under Section 22 of the Banking Regulation Act, 1949, with specific licensing conditions restricting its activities mainly to acceptance of demand deposits and provision of payments and remittance services. NSDL proposes to leverage its technological prowess and reach and synergies with its various businesses in promoting cashless payments and financial inclusion.

New Initiatives

Tablet based e-Voting at Annual General Meetings

Your Company provides Electronic voting (e-Voting), a secure, internet based platform which enables shareholders to cast their vote remotely on resolutions put to their vote by companies where they hold shares.

During the year, your Company has launched a tablet based e-Voting app which enables shareholders to cast their votes electronically at Annual General Meetings (AGMs) held by companies using hand-held tablet devices connected over Wi-Fi. This facility has enabled shareholders to vote electronically at the venue of the Annual General Meetings. Your Company has also enabled instantaneous availability of voting results

immediately after the meeting by combining the results of remote e-Voting and venue e-Voting.

Distinctive Number Range (DNR)

Your company has created a platform wherein Issuers and their Registrar and Transfer Agents (RTAs) provide details of Distinctive Numbers (DNRs) of shares issued by them validated against issued capital provided by Stock Exchanges. Transactions such as Demat, Remat and Corporate Actions in the Depository System are validated against the DN information.

Single Sign on Facility

In order to obviate the need for customers to remember multiple passwords for NSDL products, your Company has introduced Single Sign on Facility. To begin with, this process has been operationalised for e-Voting. Demat Account Holders who log into e-Services can seamlessly connect to e-Voting.

Direct Registration for IDeAS

Your company has simplified the user registration process for Internet-based Demat Account Statement (IDeAS) service which allows online access to clients to their demat account. The new registration process relies upon One Time Password (OTP) validation on the mobile registered with NSDL. The simplified process has resulted in substantial increase in new registrations and customer usage of the service.

Tender Offer

Your company has implemented module by which acquisition of shares through Stock Exchanges, pursuant to Tender-Offers under Takeovers, Buy Back and Delisting, will be facilitated through the NSDL Depository System for Shareholders of that Company who wish to avail the offer.

Disclosure Support System

As per guidelines issued by SEBI, your Company has implemented a Disclosure Support System through which, information related to holdings & transactions recorded in the Demat Accounts of Promoters / Promoter Groups of Companies is disseminated to the servicing RTAs based on the PAN uploaded by these RTAs in the System.

General / Specific POA

Your company has provided a facility for Demat Accounts operated by Power of Attorney (POA) holders to capture details of specified target Demat Account(s) to which transfers are allowed under the Specific purpose POA to any third party viz. broker, PMS provider, wealth management, NBFC etc., so as to provide better protection to account holders.



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, securitized 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 clients unparalleled convenience in keeping track of their investment portfolio. During the year under review NSDL has despatched about 396 lakh CAS to investors.

Asset Value under Custody

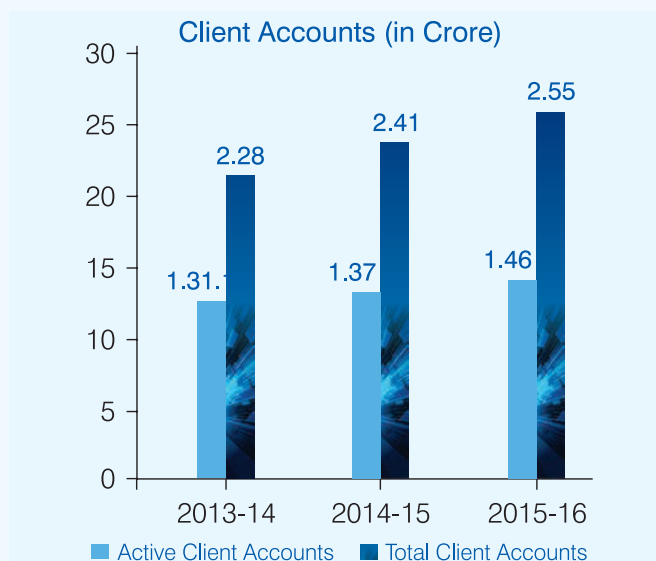
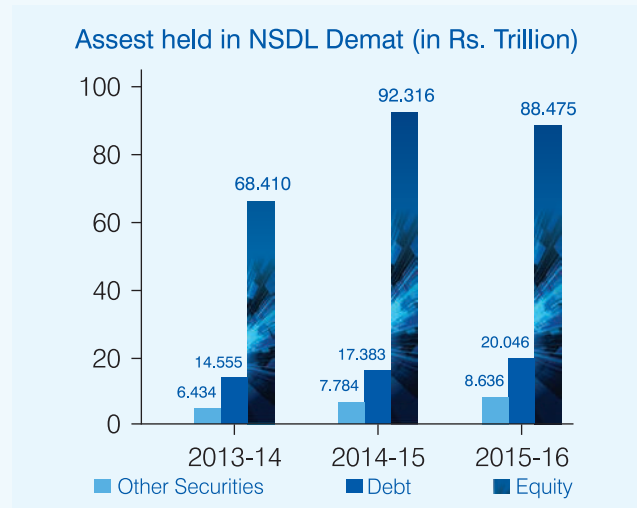
The value of assets held under custody stood at Rs. 117.16 lakh crore as on March 31, 2016. The value of equity securities stood at Rs. 87 lakh crore, while the value of debt securities (Debentures, Bonds, CPs, CDs etc.) stood at Rs. 27 lakh crore.

Client Accounts

During the year under review, your Company crossed 1.45 crore active demat accounts.

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, 2016, total number of RGESS accounts stood at around 20,751 and the total value of investments made by these RGESS account holders stood at around Rs. 94 crore.

During FY 2015-16, 14.2 lakh new accounts were opened at NSDL taking total number of demat accounts opened till March 31, 2016 to 2.55 crore.

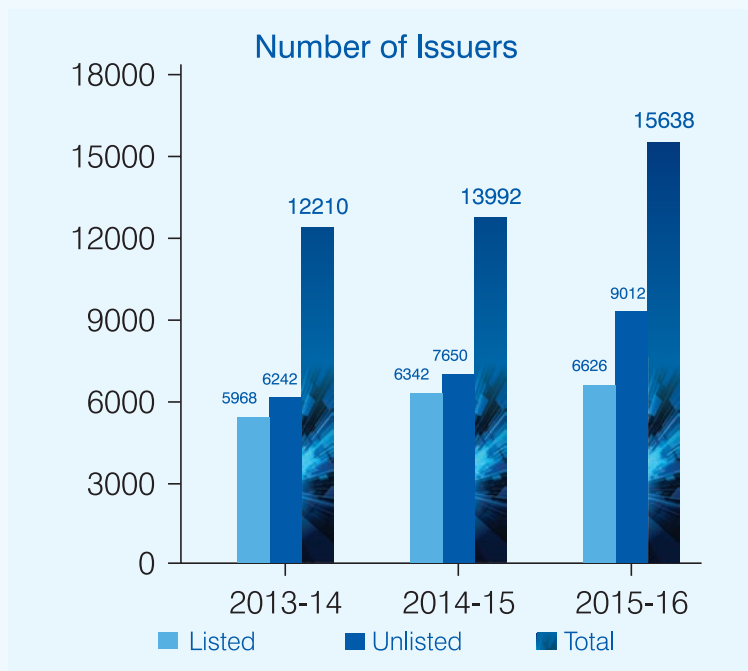


The number of active depository accounts increased from 1.37 crore as at the end of the previous year to 1.46 crore as on March 31, 2016 resulting in a net increase of 8.5 lakh accounts.

Issuers

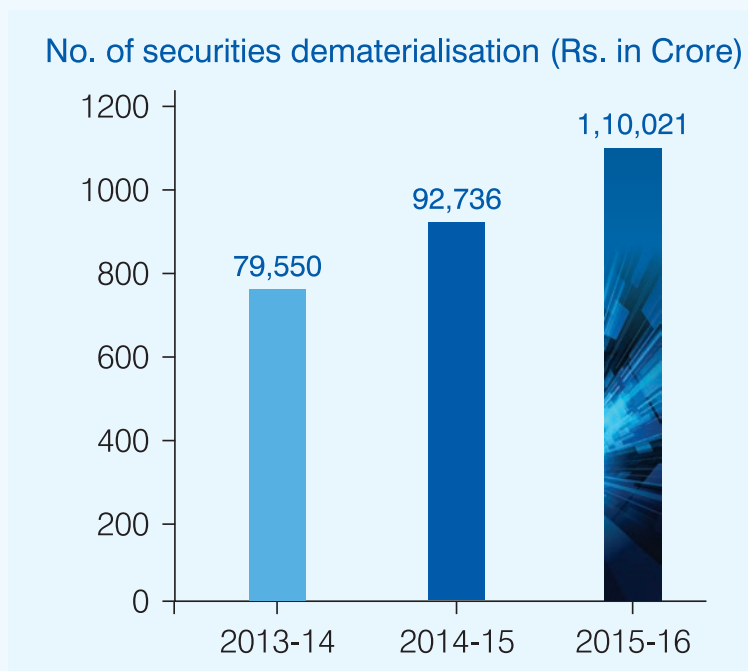
During the year, the number of Issuers that signed agreements with NSDL to provide dematerialisation facilities continued to grow and crossed 15,638 by March 31, 2016 as compared to 13,992 as on March 31, 2015.

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

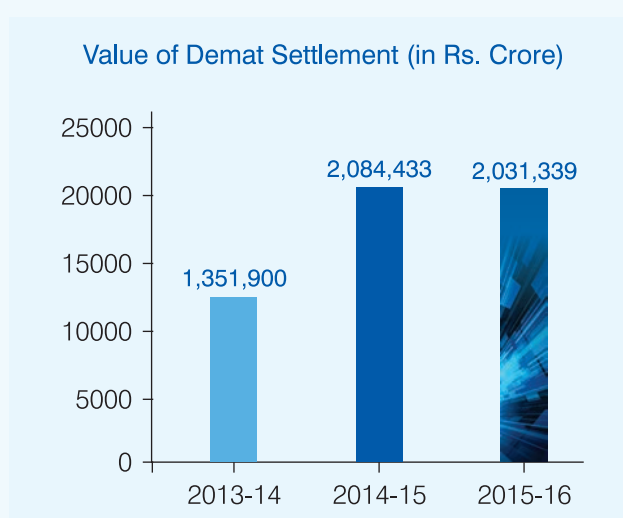
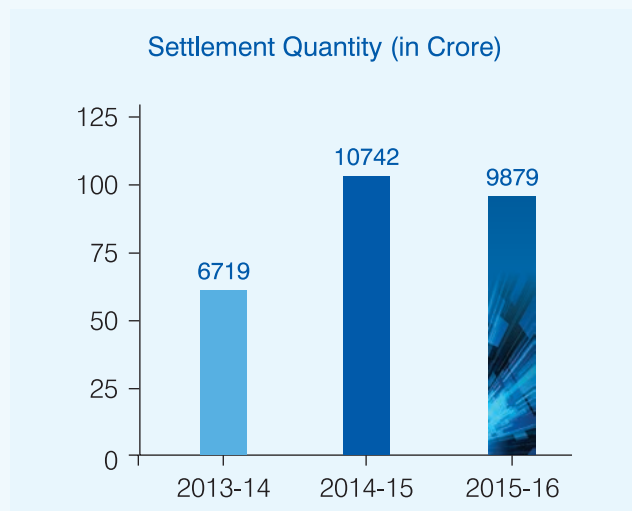
The number of securities dematerialised increased substantially and stood at more than 1.1 trillion as on March 31, 2016, against 927 billion as on March 31, 2015, indicating a growth of over 19% during the year.



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 was 98.79 billion. The value of securities that were settled in dematerialised form during FY 2015-16 was Rs. 20,313.39 billion as against Rs. 20,844.33 billion in FY 2014-15.



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. As on March 31, 2016 the total number of FPIs registered with NSDL stood at 3,992.

Depository Participants

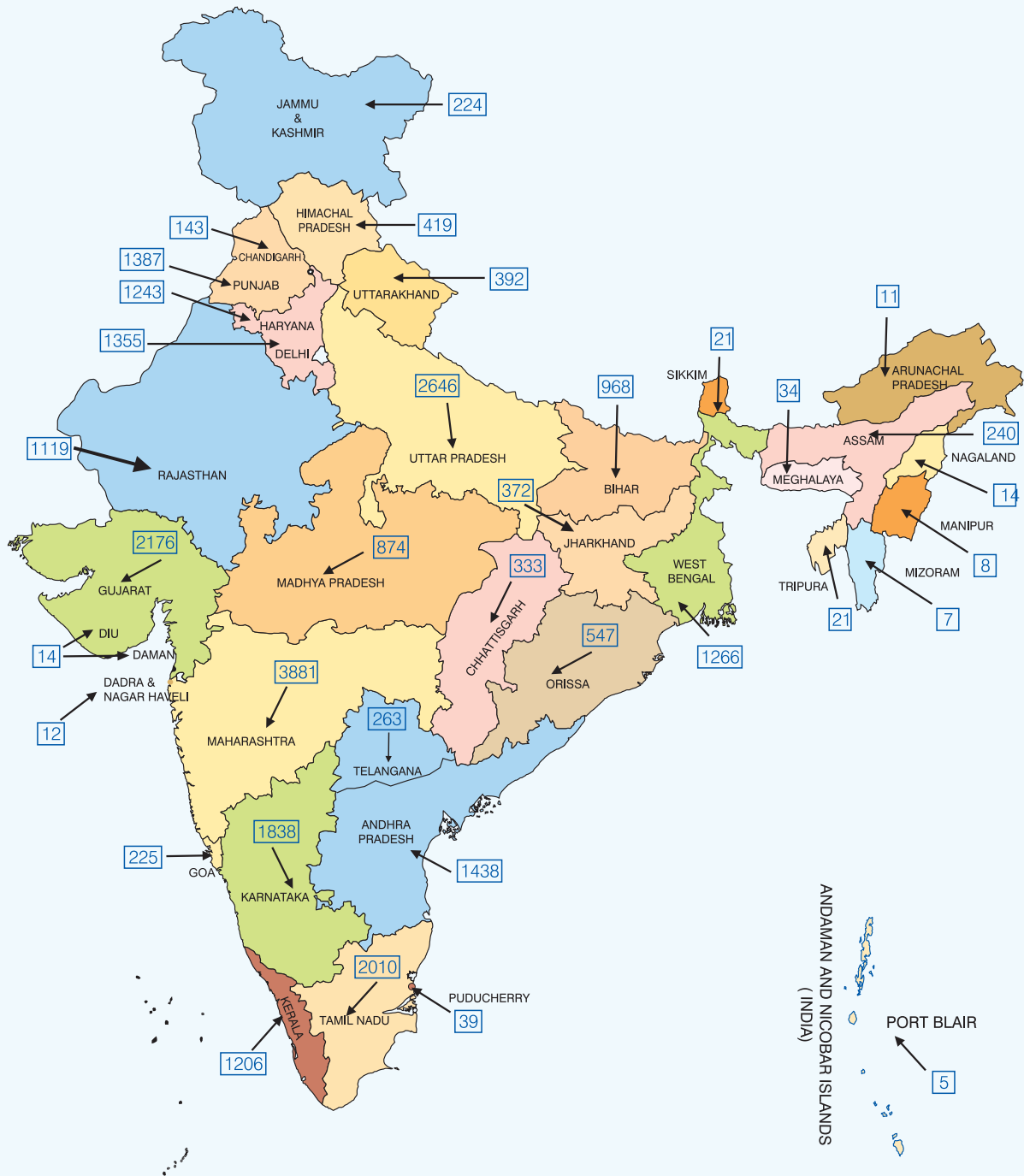
The total number of Depository Participants stood at 270 as on March 31, 2016. During FY 2015-16, 5 new Participants joined NSDL and 7 Participants were closed and 1 Participant was terminated. These Participants offer services from 26,765 locations in 1,942 cities and towns across the country.

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

Sr. No.	Category	No. of Participants
1	Bank	43
2	Clearing Corporation / Clearing House	3
3	Custodian	6
4	Financial Services Company	4
5	Foreign Bank	7
6	NBFC	1
7	Registrar & Transfer Agent	1
8	Stock Broker	205
	Total	270

During the financial year, your company conducted inspections of all its 283 Depository Participants which were operational during the year. In addition, special inspections were conducted in respect of certain Participants. In accordance with

Statewise Spread of Service Centres of NSDL Participants



Progress at NSDL

Chapter 18 of the Business Rules, for operational deviations observed during the inspections, penalties were imposed and in case of certain Depository Participants wherever required, the matter was referred to the Disciplinary Action Committee (DAC) and actions were taken as per the directives of the DAC. In case of one Participant, its Participantship was terminated.

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 2015-16 aggregated 1,40,562 as compared to 1,18,877 in the previous year indicating a growth of around 18%. 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 15,032 crore as compared to 13,762 crore in the previous year.

Details of securities issued by way of electronic credits through NSDL for FY 2015-16 are as under:

Description	No. of Corporate Actions	No. of Allottees	No. of securities (in crores)
Equity Shares	4,910	45,76,273	8,479.43
Preference Shares	218	2,883	790.70
Bonds & Debentures	5,179	2,36,731	421.82
Commercial Papers	8,887	8,887	2.83
Certificate of Deposits	2,013	3,488	5.19
Securitised Instruments	588	911	4,846.27
Mutual Fund Units *	1,18,730	7,65,759	420.44
Warrants	37	170	65.48
Indian Depository Receipts	0	0	0
Total	1,40,562	55,95,102	15,032.16

* 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, to bring value to Business Partners and investors. We have leveraged our technology capabilities to facilitate faster and convenient processes, create best-in-class technology platforms and reduce transaction costs. Our innovations in recent years have enhanced our franchise and improved the overall investor experience.

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

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.

We are partnering with leading technology software providers in creating, deploying, integrating and operating business solutions for our Business Partners.

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

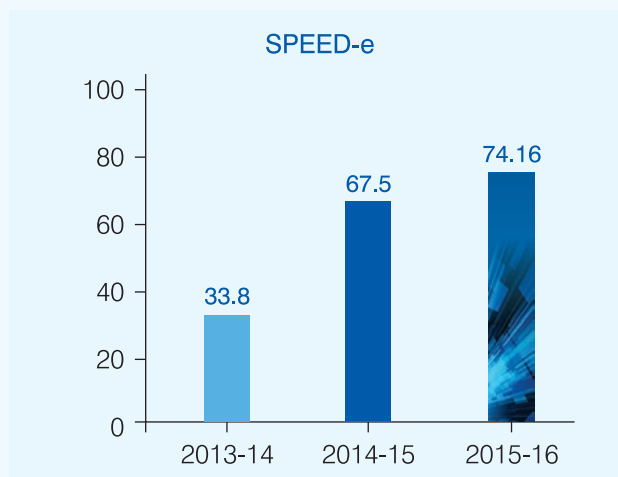
Technology Upgrades

E- Services

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

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 through mobile devices. Over the years, a number of new features viz., account freezing, ISIN/ Quantity level freezing, multiple authorisation by certain users, upload facility through the back-office of the Participants, CM Pool to CM Pool transfer and SPEED-e Direct were added to SPEED-e service. As on March 31, 2016, 181 Participants have subscribed to SPEED-e service and more than 47,598 users are using this service. During 2015-16, 7.42 crore instructions were received through

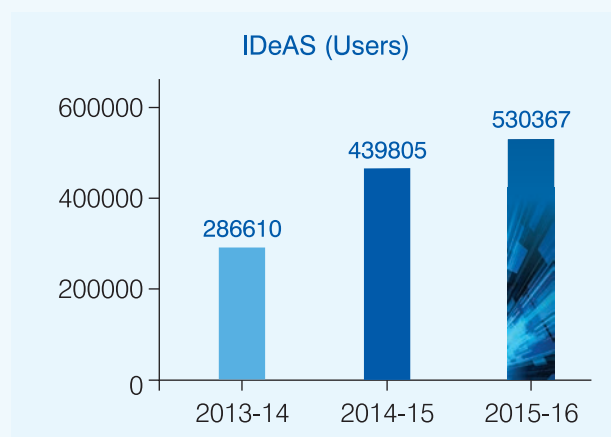
SPEED-e as compared to 6.75 crore instructions in 2014-15.

During the year 2015-16, approximately 76% instructions out of total instructions processed on SPEED-e were processed through SPEED-e DIRECT.

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 website 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.

During the year, number of clients using IDeAS increased to 5,30,367 from 4,39,805 previous year indicating a growth over of about 21%. As on March 31, 2016, 544



Progress at NSDL

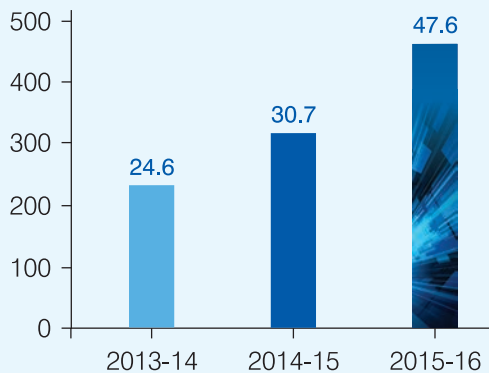
Clearing Members were using IDeAS as compared to 574 Clearing Members as on March 31, 2015.

As on March 31, 2016, 270 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.

STeADY(No. of trades in Crore)



During the year 2015-16, about 47.6 crore trade details have been submitted through STeADY as compared to 30.7 crore trade details during FY 2014-15.

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

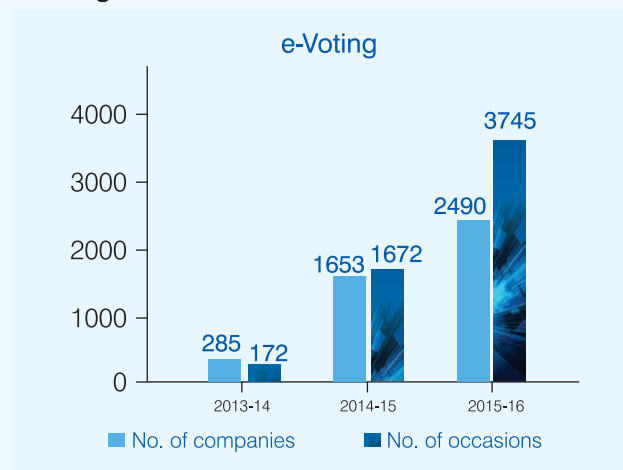
- (6) Change of address
- (7) Credit / debit of Mutual Fund Units
- (8) Alerts upon invocation of pledged securities to Pledgor Clients
- (9) Registration / de-registration of Power of Attorney

As on March 31, 2016, 146 lakh investors were registered for using this service as compared to 110 lakhs on March 31, 2015. During the financial year 2015-16 a total of 1.2 crore SMS alerts have been sent to clients under this service.

ACE

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

e-Voting



Your company provides an e-Voting platform using secure Internet Infrastructure that enables shareholders of companies to vote electronically on resolutions of companies put to vote by shareholders. Since April 2014, e-Voting is mandatory for all listed companies. The e-Voting system of NSDL has been authorized by the Ministry of Corporate Affairs, Government of India. NSDL launched electronic voting (e-Voting) service www.evoting.nsdl.com which is a platform for providing electronic voting facility for shareholders of companies. Through this platform shareholders can cast their votes electronically. Number of Companies which entered into agreement with NSDL for availing e-voting services is 2,490 as on March 31, 2016 as against 1,653 companies a year ago. Further, companies availed of e-voting services of NSDL on 3,745 occasions as against 1,672 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 thus 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:

To reach out to investors across the country and to make them aware of NSDL's depository services, NSDL conducted 19 Regional Investor Awareness Programmes in association with SEBI & 17 Investor Awareness Programmes in association with SEBI & NSE during 2015 – 16. These programmes were attended by more than 6,800 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 services introduced by NSDL, the safety features and precautions to be taken by investors while operating in the depository environment.

During 2015 - 16, NSDL conducted 243 Joint Awareness Programmes with 35 Depository Participants across the country, which were attended by more than 19,400 investors. Since inception, NSDL has conducted more than 2,000 Investor Awareness Programmes & seminars which have been attended by more than 2,44,600 investors.

- Joint Awareness Programmes with Institutions:

To educate investors about the concepts of demat & investments in Capital Markets, during 2015 – 16,

NSDL in joint association with seven Institutions conducted 22 Joint Awareness Programmes across the country. These programmes were focused on spreading financial demat awareness amongst the account holders and potential clients about the services provided by NSDL & the safety measures to be taken by investors while operating in the depository environment. These programmes were attended by more than 2,500 investors.

- Participation in events conducted by Institutions:

To promote financial literacy, understanding and development of Capital Markets in the Country, during 2015 – 16, NSDL participated at 17 conferences & events organised by institutions such as chambers of commerce, educational institutions, media houses, etc.

- Women Empowerment Programmes:

To impart basic knowledge about investing and depository related services amongst various groups of women including corporate women employees, housewives, Club Members, Teachers etc., during 2015 – 16, NSDL in association with Lokmat newspaper conducted four Financial Literacy Programmes exclusively for women.

- NSDL Brand Ambassadorship initiative:

"NSDL Brand Ambassador (NSDL BA)" is an initiative exclusively designed for student community to popularize demat products and related concepts amongst college students. NSDL selected 20 Brand Ambassadors across seven colleges in Mumbai who are the face of NSDL in promoting NSDL & creating awareness about its products. NSDL Brand Ambassadors conduct seminars in colleges to spread Financial Literacy about Depository services & benefits of investing in Capital Markets.

- College events and training:

To spread awareness about demat amongst college students, NSDL conducted events and training programmes in colleges/institutes including leading management and engineering colleges.

- 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 and to spread knowledge about demat process and new services in the NSDL depository system.



Progress at NSDL

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 2015-16, 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 arbitration fees.

Training Programmes

Training the staff of the Participants, Issuers and Share Registrars for depository operations is as important as spreading awareness among the investors. NSDL has been conducting such training programmes for the staff including Compliance Officers and Internal Auditors of Participants as well as Share Registrars (referred to as "Business Partners") to make them familiar with the operational as well as the technical aspects of functioning of the depository system. During the year, NSDL trained more than 4,087 persons from various Business Partners (BPs), which is inclusive of 2,260 persons who have attended CPE training programmes for Depository Operations. 103 CPE programmes were conducted by NSDL during the year.

Quality of Service

ISO 27001 Certification

Your Company holds the ISO 27001/2013 certification for Depository systems. The certification is subject to periodic surveillance audits which are undertaken as per the requirements of the standards.

Training Programmes & Certification

Your Company in association with National Stock Exchange (NSE) administers an examination on "Depository Operations" called NCFM (NSE's Certification Programme on Financial Markets). To enable the Participant staff to take up the examination, NSDL has prepared background material on depository operations. During the year, 2,281 persons have qualified the NCFM exam taking total number of qualified persons to 57,170. In order to provide quality service to clients, NSDL has made it compulsory that atleast 90% of the number of branch office/ service centre of a Participant should have NCFM/NISM/NCDO qualified employee.

SEBI has made it mandatory for certain categories

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

During the year, your company has organized 55 NISM training programs. Further, your company has organized 103 CPE training programs for various modules which were attended by 2,260 candidates. The module wise breakup of CPE training programs are as mentioned below:

Module of CPE	No of Programmes	No. of Persons
NISM Series-VI : Depository Operations	68	1511
NISM Series-V-A : Mutual Fund Distributors	21	505
NISM-Series-II-A: Registrars to an Issue and Share Transfer Agents - Corporate Certification Examination	5	104
NISM Series-VII : Securities Operations and Risk Management	4	63
NISM Series-VIII : Equity Derivatives	2	39
NISM Series-III-A: Securities Intermediaries Compliance (Non-Fund)	2	28
NISM Series-I : Currency Derivatives	1	10
Total	103	2,260

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:

- (a) **Business Risk:** This is attributable to the impact of market behaviour on the revenues of the Company and sustainability of business across cycles.
- (b) **Business Continuity Risk:** This arises out of possible inability to conduct business and provide services on account of damage to physical assets and breakdown of infrastructure due to natural calamities, accidents, breakdowns etc.
- (c) **Operational Risk:** This arises out of any possible loss from operations due to third party liability, infidelity of employees, electronic & computer crimes, errors & omissions etc.
- (d) **Financial Risk:** NSDL is a zero-debt Company since its inception. The Company has followed the strategy of funding all its expansions, diversifications and infrastructure related expenditure through internal accruals.
- (e) **Legal and Statutory Risk:** This is attributable to various legal and statutory compliances of laws and regulations governing the company.
- (f) **Technological Risk:** This risk arises with increased use of technology in the operations of the enterprise.

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

Business Continuity Planning (BCP)

Your Company has been shifting the depository operations to its Disaster Recovery Site (DRS) so as to check the readiness and to demonstrate to the market NSDL's capability to conduct the operations from DRS. This practice was continued in 2015-16. During the year, your Company shifted its depository operations five times to DRS. NSDL carried out pre-identified critical business processes from alternate site located in different building for one day as a part of BCP on four occasions. This has boosted the confidence of the market and the regulator in the systems and processes of your Company.

Insurance

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

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 posted on the website of the Company.

Other Measures

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



Corporate Governance

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 Board of Directors are at the helm of our corporate governance practice and monitor the protection of long term interests of the stakeholders. The Board has a balanced mix of experts of eminence and integrity, who provide proper vision and direction to the Company. The Company aims at maintaining highest standards of transparency and ethics in all facets of operations and also complying with all applicable laws and regulations, conducting its business in an ethical manner and protecting the interests of investors and other stakeholders.

NSDL is a public limited company, incorporated under the Companies Act, 1956, and a Depository within the meaning of Depositories Act, 1996. Therefore 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 the listed company have become *mutatis-mutandis* applicable to depositories. During the year, Securities and Exchange Board of India notified SEBI (Listing Obligation & Disclosure Requirement) Regulations, 2015 [SEBI (LODR) Regulations, 2015] and which replaced the erstwhile Listing Agreement. 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. The relevant disclosures and Corporate Governance norms prescribed in SEBI (LODR) Regulations, 2015 have been complied with by your Company. NSDL complies with all mandatory Corporate Governance norms and non-mandatory requirements have also been substantially complied with.

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

2. Committees of Directors

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

3. Management Structure

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

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

In terms of SEBI (Depositories & Participants) (Amendment) Regulations, 2012, the Board of Directors of the Company comprises following types of Directors:

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

The appointment of Shareholder Directors and Managing Director requires prior approval of SEBI. The Public Interest Directors on the Governing Board are nominated by SEBI. The Chairman of the Board is required to be elected from the Public Interest Directors. Further, all the four 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 as on March 31, 2016

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

None of the Directors of the Company are inter-se related with each other. The Chairman of the Board is a non-executive Director. With the approval of SEBI, the Company has appointed Mr. C.M. Vasudev, a Non-Executive director as well as a Public Interest Director as Chairman of the Board of Directors.

The composition of the Board is in conformity with SEBI (Depositories & Participants) (Amendment) Regulations, 2012 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.

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

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 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.

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

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



Corporate Governance

ii. Mr. P.P. Vora

Mr. 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 Fertilizers Limited.

He is Non-executive Chairman on the Board of NSDL Database Management Ltd. He is an Independent Director on the Board of various other Companies including J. Kumar Infraprojects Limited, Reliance Capital Trustee Co. Ltd., Reliance Home Finance Limited, Paramount Limited etc. He is 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.

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, fertilizer and finance companies.

He is the Chairman of the Board of Gujarat International Finance Tec-City Ltd., Deepak Nitrite Ltd., GRUH Finance Ltd. etc. and Director on the Board of various companies including IL&FS Education & Technology Services Ltd., Mahindra Intrade Ltd., IL&FS Skills Development Corporation Limited etc. He has been appointed as a director on the Central Board of Reserve Bank of India during the year.

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

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. Ravi Narain is currently the Vice Chairman of NSEIL. He is the Chairman of Power Exchange India Ltd. and NSDL e-Governance Infrastructure Limited. He is a Director on the Board of National Commodity & Derivatives Exchange Ltd., NSE Strategic Investment Corporation Ltd., HDFC Standard Life Insurance Company Ltd., Indostar Capital Finance Ltd. etc. He has also been associated with various committees of the Securities & Exchange Board of India (SEBI) and the Reserve Bank of India (RBI). He is on the Board of the World Federation of Exchanges and several other companies.

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

Mr. G. V. Nageswara Rao has been MD & CEO of NSDL since July 2013. Mr Rao is an IIM-Ahmedabad graduate, Chartered Accountant and Cost Accountant. He has over 27 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 reverse merger with parent company and MD & CEO of IDBI Capital Market Services Ltd (1997-2003).

Mr. Rao is also a director on the Board of NSDL Database Management Limited (NDML), a wholly owned subsidiary of NSDL.

Note: None of the Directors in their personal capacity hold equity shares of the Company as on March 31, 2016.

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 are held every year. Apart from the above, additional Board meetings are convened by giving appropriate notice in advance to all the Directors to address the specific needs of the Company. However, in case of a special and urgent business need, the Board also approves by Circular Resolution, important items of business which are permitted by the Companies Act and which cannot be deferred till the next Board Meeting. The Board meetings are usually held at the registered office of the Company.

The agenda for the Board Meeting is prepared in consultation with the 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, five (5) Board Meetings 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 twice to exchange 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 a sitting fee of Rs. 60,000 (Rupees Sixty Thousand only) to its non-executive directors as permitted under the Companies Act, 2013, for attending each Board meeting and Audit Committee meeting and Rs. 40,000 (Forty Thousand Only) for attending meetings of other committees constituted by Board.

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 Committee 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 / Public Interest Director	5	5	Yes	8	3	6	1
2	Mr. P. P. Vora	Non-Executive/ Public Interest Director	5	5	Yes	6	5	3	2
3	Mr. Ravi Narain	Non-Executive/ Shareholder Director	5	5	Yes	9	None	9	None
4	Mr. Sudhir Mankad	Non-Executive/ Public Interest Director	5	5	Yes	8	None	3	2
5	Mrs. Pramila Shrivastav*	Non-Executive/ Public Interest Director	2	2	NA	None	None	None	None
6	Mr. G.V. Nageswara Rao	Managing Director & CEO	5	5	Yes	1	None	None	None

* Ms. Pramila Shrivastav was appointed as Public Interest Director w.e.f. October 29, 2015

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	7,80,000
2	Mr. P.P. Vora	Non-Executive/ Public Interest Director	9,00,000
3	Mr. Sudhir Mankad	Non-Executive/ Public Interest Director	8,20,000
4	Mr. Ravi Narain	Non-Executive/ Shareholder Director	7,80,000
5	Mrs. Pramila Shrivastav	Non-Executive/ Public Interest Director	2,00,000

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

Remuneration of MD & CEO

Sr.No.	Particulars of Remuneration	Remuneration (Rs.)
1	Gross salary	
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	222,22,940
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	53,94,500
	Total	276,17,440

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

A. Board level Changes

During the financial year 2015-16, Mr. Ravi Narain was re-appointed as director liable to retire by rotation.

Further, during the year Mrs. Pramila Shrivastav was appointed as Public Interest Director w.e.f. October 29, 2015.

B. Details of the director seeking appointment/re-appointment at the forthcoming Annual General Meeting:

Mr. Ravi Narain

Mr. Ravi Narain being the only director falling under the category of directors retiring by rotation, shall retire by rotation at the Fourth Annual General Meeting and has offered himself for being re-appointed. The Board of directors have recommended Mr. Ravi Narain's appointment for shareholders consideration.

Mrs. Pramila Shrivastav

Mrs. Pramila Shrivastav was nominated by SEBI on the Board as Public Interest Director. Pursuant to the provisions of the Companies Act, 2013, Mrs. Shrivastav was appointed as an additional director on the Board. Mrs. Shrivastav's appointment as an Independent Director on the Board will be considered at the Annual General Meeting of the Company.

C. 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. The Board formed an opinion that all the Independent Directors meet the criteria of independence.

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.

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



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- Disciplinary Action Committee
- Nomination & Remuneration Committee
- Shareholders' Grievance Committee
- Corporate Social Responsibility Committee
- Ethics Committee
- Share Allotment & Transfer Committee
- IT Strategy Committee

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

A. Executive Committee

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

- Managing Director of the depository;
- not more than five persons nominated in that behalf by the Board of Directors from the Users to be known as "User Representatives";
- 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;
- 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 9 members that function under the Chairmanship of the Managing Director & CEO of NSDL and consists of representatives from among the users of the depository system to be known as User Representatives and persons of eminence in the financial services or legal sector and 'Other Nominees' nominated by the Board of Directors. The Committee met six times during the year. Details of attendance of each member at the Committee Meetings held during the year are as follows:

Sr. No	Name of the Member	Total No. of meetings	Total No. of meetings attended
1	Mr. G.V. Nageswara Rao	6	6
2	Ms. D. N. Raval	6	4
3	Prof. Dr. Indira Parikh	6	5
4	Ms. Chitra Ramkrishna	6	4
5	Mr. Anup Bagchi	6	4
6	Mr. Anand Rengarajan	6	5
7	Mr. Rahul Bhagat \$	2	1
8	Mr. Mani Palvesan	6	3
9	Mr. Rajiv Anand	6	3
10	Mr. Sundeep Sikka	6	2
11	Mr. Rajesh Doshi*	6	5

\$ Mr. Rahul Bhagat has resigned from the Committee w.e.f. July 24, 2015.

* Pursuant to superannuation of Mr. Rajesh Doshi w.e.f. March 1, 2016 he has ceased to be a member of the Committee.

B. Audit Committee

Board has constituted the Audit Committee in accordance with provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI(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 and financial process of the Company and review the quarterly and annual financial accounts of the Company. The Committee reviews reports of the Internal Auditors and Statutory Auditors and discusses their findings, suggestions, internal control system, scope of audit, observations of the auditors and also reviews accounting policies followed by the Company. The Committee also reviews the Operations Audit Reports submitted by Operations Auditors along with management response and suggests measures for further improvements in areas of operations. Further, pursuant to the enactment of Companies Act, 2013 and notification of SEBI (LODR) Regulations 2015, the functions of the Audit Committee have been aligned with the new requirements. The Audit Committee is chaired by Mr. P.P. Vora with Mr. C. M. Vasudev, Mr. Sudhir Mankad and Mr. Ravi Narain as its members. The Managing Director, Senior Executive Director and 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 Meetings. During FY 2015-16, 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.	Name of the Member	Total No. of meetings	Total No. of meetings attended
1	Mr. P. P. Vora	4	4
2	Mr. Sudhir Mankad	4	4
3	Mr. C. M. Vasudev	4	4
4	Mr. Ravi Narain	4	4

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:-

- an officer of the Depository nominated by the Board of Directors who shall be the Chairman of such Committee;
- 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';
- 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:

- suspension of a Participant;
- expulsion of a Participant;
- declaring a security as 'ineligible' on the Depository;
- freezing the account of the Participant;



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- 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	Name of the Member	Total No. of meetings	Total No. of meetings attended
1	Mr. Ajit Kumar Day	3	2
2	Mr. N. J. Jhaveri#	-	-
3	Ms. D. N. Raval	3	3
4	Mr. D. Kannan	3	1
5	Mr. G.V. Nageswara Rao	3	3

Mr. N.J. Jhaveri demised on June 6, 2015

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 SEBI (LODR) Regulations, 2015. The Committee has four members with Mr. P.P. Vora as its Chairman. The Committee met four 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 Director	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. Ravi Narain	3	3
4.	Mr. Sudhir Mankad	3	3

Performance Evaluation criteria for independent directors include leadership skills, engagement, depth in thinking and quality of decision making.

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.	Name of the Director	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

F. IT Strategy Committee

The IT Strategy Committee was formed pursuant to the recommendations of Depository System Review Committee of SEBI. 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 twice during the year. Details of attendance of each member at the Committee Meeting held during the year are as follows:

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

G. Share Allotment & Transfer Committee

The Company has constituted the Share Allotment & Transfer Committee for issuance of shares to the shareholders of erstwhile NSDL as a consideration for acquisition of the depository undertaking in terms of the provisions specified under the Scheme of Arrangement. The Committee has two members with Mr. P.P. Vora as its Chairman. The Committee has not met during the year as no request for share transfer was received and no share allotments were made for Financial Year 2015-16. Details of members of the Committee are as follows:

Sr. No.	Name of the Director
1.	Mr. P.P. Vora
2.	Mr. G.V. Nageswara Rao

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.	Name of the Director
1.	Mr. C.M Vasudev
2.	Mr. P.P. Vora
3.	Mr. Sudhir Mankad

I. Shareholders' Grievance Committee

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

Sr. No.	Name of the Director
1.	Mr. Ravi Narain
2.	Mr. G.V. Nageswara Rao



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J. Investment Committee (Discontinued)

The Board at its meeting held on August 10, 2015 has approved the proposal of discontinuation of Investment Committee by transferring its power of taking decisions related to exceptional investment opportunities, if any, to the Audit Committee or the Board.

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 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

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

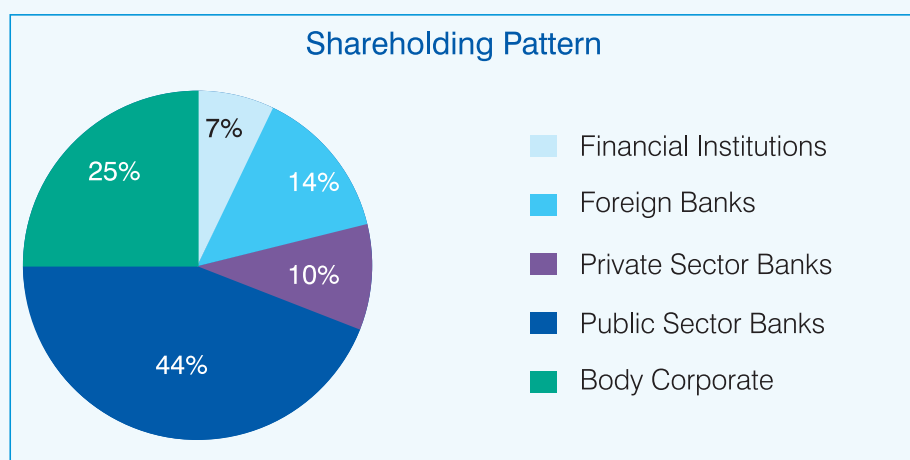
8. Shareholding Pattern

Shareholding Pattern as on March 31, 2016 is as follows:

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

* Sponsor/ Promoter

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



9. General Body Meetings

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

AGM	Date	Venue	Special Resolution (If any)
First	July 25, 2013	Board Room, National Securities Depository Limited, Trade World, 5th Floor, Kamala Mills Compound, Lower Parel, Mumbai- 400 013	Yes
Second	September 24, 2014		Yes
Third	September 14, 2015		No

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 Fourth Annual General Meeting of the Company scheduled to be held on September 16,, 2016 at 11 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 provided to shareholders on request.
- **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 31st March, 2016:

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

- **Name and designation of the Compliance officer:** Mr. S. Ganesh, Senior Vice President
- **Branch offices**

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

NEW DELHI	KOLKATA	CHENNAI	AHMEDABAD	BENGALURU	HYDERABAD
601,603,604, Tower A, 6th Floor, Naurang House, Kasturba Gandhi Marg, Connaught Place, New Delhi 110 001	5th Floor, "The Millenium", Flat No. 5W, 235/2A, Acharya Jagdish Chandra Bose Road, Kolkata 700 020	6A, 6th Floor, Kences Tower, # 1 Ramkrishna Street, North Usman Road, T. Nagar, Chennai 600 017	Unit No. 407, 4th Floor, 3rd Eye One Commercial Complex Co-op. Soc. Ltd., C.G. Road, Ahmedabad 380 006	Office No. 106, DBS House, 26 Cunningham Road, Bangalore 560052.	Office No. 123, Hyderabad Mid-Town, 1st Floor Mid Town Plaza, Road No 1, Banjara Hills, Hyderabad, 500 033



Corporate Governance

- **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. Compliance Certificate on Corporate Governance

The requisite Certificate from S.N.Ananthasubramanian & Co., Practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under Schedule V.E of the SEBI (LODR) Regulations, 2015 is attached to the Directors' Report and forms part of the Annual Report.

13. 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, 2016.

For and on behalf of the Board

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

Place: Mumbai
Date: July 11, 2016

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 2016. In terms of Regulation 9A (7) of the Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2012, the disclosure requirements and corporate governance norms as specified for listed companies have become mutatis mutandis applicable to a depository. We have obtained all the information and explanations to the best of our knowledge and belief, which were necessary for the purpose of this certification regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement for the period from 01st April 2015 to 30th November 2015; and 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 notified on 2nd September, 2015 for the period from 1st December 2015 to 31st March 2016.

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

Place: Thane
Date: August 25, 2016



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.

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

The Company has engaged the Tata Institute of Social Sciences (TISS) to partner with the Company on the CSR initiatives. The scope of NSDL-TISS engagement covers Sharing list of NGOs empanelled with TISS, support towards identifying implementing partners and projects and defining CSR Process Manual. CSR Policy of the Company as approved by the Board is placed on the website of the Company (<https://nsdl.co.in/publications/disclosure.php>). The Report on CSR spending is set out as Annexure and forms part of this Annual Report. Further, the company is in process of evaluating more projects and the funding for these activities is expected in FY 16-17.

Subsidiary

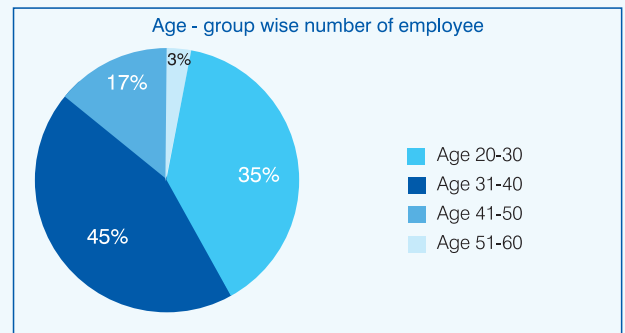
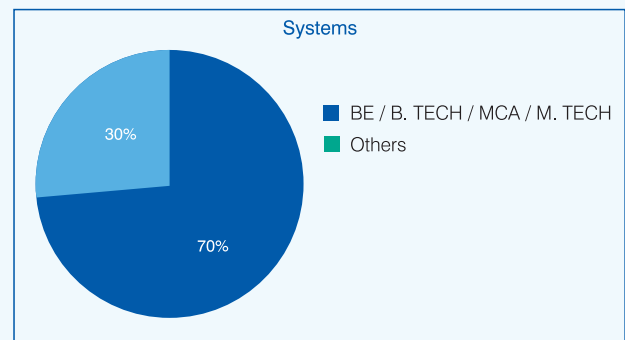
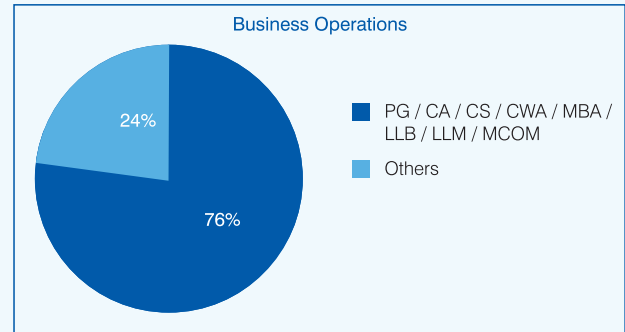
As required under Section 134 of the Companies Act, 2013 the Audited Statement of Accounts, the report of the Directors and Auditors of the Subsidiary Company are annexed. Further, consolidated financial statements are also presented in terms of the requirements under Regulations 33 of the SEBI (LODR)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

Human Resources

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

building programmes are conducted for employees to increase their efficiency and performance in a team.

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



Positive Work Environment

Positive Work Environment (PWE) Policy was in place at NSDL in accordance with the Vishakha guidelines since the year 2006. Pursuant to the enactment of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the PWE policy viz.; "NSDL Policy for Prevention of Sexual Harassment" has been put in place in accordance with the 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 2015-16, 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, 2016, 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;
- 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.

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 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:

(₹ in Lakh)

Sr. No.	Particulars	FY 2015-16	FY 2014-15
1	Foreign Exchange Earnings (Miscellaneous)	Nil	Nil
2	Foreign Exchange Outgo/ Expenditure incurred in foreign currency	68.02	39.36

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 and forms part of this report.

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

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's projections and estimates are based on the experience and actual results may vary depending upon capital market conditions, Government policies and other incidental factors.



Corporate Governance

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 of all the employees whose outstanding professionalism, commitment and initiatives have made the organisation's growth and success possible. Finally, the Directors wish to express their gratitude to the Members for their trust and support.

For and on behalf of the Board of Directors

Sd/-
(C. M. Vasudev)
Chairman

Place: Mumbai

Independent Auditor's Report

To The Members of

National Securities Depository Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of NATIONAL SECURITIES DEPOSITORY LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards 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 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 financial statements based on our audit.

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

We conducted our audit of the standalone 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the 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, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st



Independent Auditor's Report

March, 2016 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, 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 financial statements (refer note 21(a) of the 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 are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 2013.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Sd/-

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

Place : Mumbai
Date : April 29, 2016

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' 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, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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.

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



Annexure "A" to the Independent Auditor's Report

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

effectively as at March 31, 2016, 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 : April 29, 2016

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) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the conveyance deed and other relevant records provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- (iii) The Company has not granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013
- (c) Details of dues of Service Tax which have not been deposited as on 31st March, 2015 on account of dispute are given below:

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

- (d) Other than the above, there are no cases of non-deposit of dues in respect of Income Tax, Sales Tax, Value Added Tax, Customs Duty, Excise Duty and Cess consequent to a dispute.
- (viii) The Company has not taken loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (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.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular (OR has generally been regular) in depositing undisputed statutory dues, including Provident Fund, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, 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, 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, 2016 for a period of more than six months from the date they became payable.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related



Annexure "B" to the Independent Auditor's Report

parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

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

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with 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-I 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 : April 29, 2016

Financial Statements



Balance Sheet as at March 31st, 2016

(₹ in Lakh)

Particulars	Note No.	As at 31st March, 2016		As at 31st March, 2015	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	3	4,000.00		4,000.00	
Reserves and surplus	4	37,706.55		30,710.85	
			41,706.55		34,710.85
Non-current liabilities					
Other long-term liabilities	5		2,762.00		2,793.80
Current liabilities					
Trade payables	6				
(i) Total outstanding dues to micro enterprises and small enterprises		7.41		18.54	
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		425.98		547.44	
Other current liabilities	7	4,102.66		6,224.72	
Short-term provisions	8	1,871.68	6,407.73	2,142.70	8,933.40
Total			50,876.28		46,438.05
ASSETS					
Non Current Assets					
Fixed assets:					
Tangible assets:	9				
Tangible assets		1,084.66		1,182.42	
Intangible assets		127.50	1,212.16	231.89	1,414.31
Non-current investments	10	35,818.55		31,878.16	
Deferred tax asset	11	490.50		530.92	
Long-term loans and advances	12	726.87		706.53	
Other non-current assets	16	302.18	37,338.10	252.45	33,368.06
Current assets					
Current investments	13	6,446.50		7,666.57	
Trade receivables	14	1,924.19		1,123.82	
Cash and Bank balances	15	1,323.14		1,690.06	
Short-term loans and advances	12	1,454.22		173.14	
Other current assets	16	1,177.97	12,326.02	1,002.09	11,655.68
Total			50,876.28		46,438.05
See accompanying notes forming part of the financial statements 1 to 31					

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

Sd/-
Abhijit A. Damle
Partner

Place : Mumbai
Date : April 29, 2016

For and on behalf of the Board of Directors

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

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

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

Sd/-
Sudha Balakrishnan
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary

Statement of Profit and Loss

for the year ended 31st March 2016

(₹ in Lakh)

Particulars	Note No.	For the year ended 31st March, 2016	For the year ended 31st March, 2015
INCOME			
Revenue from operations	17	13,749.71	12,363.59
Other income	18	3,056.65	2,885.71
Total revenue		16,806.36	15,249.30
EXPENSES			
Employee benefits expense	19	2,844.76	3,131.06
Depreciation and amortization expense	9	252.23	206.58
Contribution to Investor Protection Fund	29	290.95	1,513.73
Other expenses	20	4,752.37	4,342.96
Total expenses		8,140.31	9,194.33
Profit before exceptional item		8,666.05	6,054.97
Exceptional Items	29	3,130.28	-
Profit before tax		11,796.33	6,054.97
Tax expense			
Current tax		3,556.64	1,581.00
Deferred tax		40.42	75.69
		3,597.06	1,656.69
Profit after Tax		8,199.27	4,398.28
Basic and diluted earnings per equity share of ₹ 10 each	28	20.50	11.00
See accompanying notes forming part of the financial statements 1 to 31			

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

Sd/-
Abhijit A. Damle
Partner

Place : Mumbai
Date : April 29, 2016

For and on behalf of the Board of Directors

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

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

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

Sd/-
Sudha Balakrishnan
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary



Cash Flow Statement for the year ended March 31, 2016

(₹ in Lakh)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
A. Cash flow from operating activities		
Profit before Tax	11,796.33	6,054.97
Adjustments for :		
Add -		
Loss on fixed assets sold/written off	-	80.39
Depreciation and amortization expense	252.23	206.58
Provision for compensated absences	-	147.26
Provision for diminution in value of non-current investments	27.15	8.73
Provision for doubtful trade receivables	177.74	30.30
Bad Debts Written off	151.94	249.59
Provision for investor awareness	384.00	-
Contribution to Investor Protection Fund	290.95	-
Less-		
Dividend income from current Investments	(288.22)	(305.16)
Exceptional Item - Write back of Investor Protection Fund	(3,130.28)	-
Interest Income	(2,407.19)	(2,393.85)
Profit on sale of current investments	(175.16)	(8.71)
Operating profit before working capital changes	7,079.49	4,070.10
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets-		
Long-term loans and advance	(6.53)	11.81
Trade receivables	(1,130.05)	119.04
Short-term loans and advance	(1,281.08)	4.41
Other current assets	(55.02)	2.71
Adjustments for increase / (decrease) in operating liabilities-		
Trade payables	(132.59)	176.44
Other current liabilities	416.65	1,825.61
Other long-term liabilities	(31.80)	(94.20)
Short-term provisions	(8.69)	-
Cash generated from operations	4,850.38	6,115.92
Net income tax paid	(3,448.97)	(1,512.90)
Net cash from operating activities (A)	1,401.41	4,603.02

Cash Flow Statement for the year ended March 31, 2016

(₹ in Lakh)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advance	(434.02)	(357.18)
Proceeds from sale of fixed assets	-	2.67
Bank balances not considered as cash and cash equivalent		
- Placed	-	-
- Matured	-	1,000.00
Purchase of current investments	(288.23)	(5,805.16)
Redemption of current investments	-	1,015.75
Redemption of non-current investments	6,414.42	1,497.86
Purchase of non-current investments	(8,698.50)	(2,589.22)
Dividend received from current investments	288.22	305.16
Interest received	2,236.60	2,395.36
Net cash (used in) investing activities (B)	(481.51)	(2,534.76)
C. Cash flow from financing activities		
Dividend paid	(1,000.00)	(1,000.00)
Dividend distribution tax paid	(203.57)	(169.95)
Net cash (used in) financing activities (C)	(1,203.57)	(1,169.95)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(283.67)	898.31
Cash and cash equivalents at the beginning of the year	1,187.81	289.50
Cash and cash equivalents at the end of the period (also refer note 1 below)	904.14	1,187.81

Note1:

Reconciliation of cash and cash equivalents with Balancesheet:	As at 31st March, 2016	As at 31st March, 2015
Cash and cash equivalents as per Balance sheet (also refer note 15)	1,323.14	1,690.06
Less: Fixed Deposit with original maturity of more than 12 months	-	-
Less: Restricted cash balance	(419.00)	(502.25)
Total	904.14	1,187.81

See accompanying notes forming part of the financial statements

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

Sd/-
Abhijit A. Damle
Partner

Place : Mumbai
Date : April 29, 2016

For and on behalf of the Board of Directors

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

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

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

Sd/-
Sudha Balakrishnan
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary



Notes Forming Part of the Financial Statements

1. Corporate Information

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

2. Basis of preparation and significant accounting policies:

a) Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b) Use of estimates

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

c) Cash and cash equivalents

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

d) Cash flow statement

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

e) Revenue recognition

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

f) Other Income

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

g) Fixed assets (tangible/intangible)

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

Capital work-in-progress

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

h) Depreciation and Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is calculated based on the estimated useful lives of the fixed assets and depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

i) Transactions in Foreign Currencies

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

j) Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

Notes Forming Part of the Financial Statements

Front-end discount / incentive earned in respect of direct subscription is adjusted against the cost of investment. Premium paid on acquisition of long term investment is amortised over the tenor of investment.

k) Employee benefits

Employee benefits include provident fund, superannuation fund, and 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

Gratuity

The Company accounts for the net present value of its obligations for gratuity benefits based on an independent external actuarial valuation determined on the basis of the projected unit credit method carried out at the Balance Sheet date. Actuarial gains and losses are immediately recognised in the Statement of Profit and Loss.

Other Employee Benefit

Performance Incentive and Compensated Absences

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

The Company has a scheme for compensated absences for employees. The Company accounts for the net present value of its obligations for

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

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

l) Tax on Income

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

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

m) Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised/disclosed in the financial statements.



Notes Forming Part of the Financial Statements

n) Impairment of assets

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

o) Service tax input credit

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

p) Operating Cycle

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

q) Segment Reporting

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

Note 3 : Share Capital

(₹ in Lakh)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Authorised		
100,000,000 equity shares of ₹ 10 each with voting rights	10,000.00	10,000.00
Issued, Subscribed and Fully Paid - Up		
40,000,000 equity shares of ₹ 10 each fully paid up with voting rights	4,000.00	4,000.00
	4,000.00	4,000.00

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

Name of the Shareholder	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares held	% Holding	Number of shares held	% Holding
IDBI Bank Ltd.	12,000,000	30.00	12,000,000	30.00
National Stock Exchange of India Ltd	10,018,000	25.05	10,018,000	25.05
Administrator of specified undertaking of the Unit Trust of India	2,732,000	6.83	2,732,000	6.83

3b. The Company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, (except in case of interim dividend), is subject to the approval of the 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.

3c. Reconciliation of the shares outstanding at the end of the period	As at 31st March, 2016	As at 31st March, 2015
Opening balance	40,000,000	40,000,000
Number of shares at the end of the year	40,000,000	40,000,000

Notes Forming Part of the Financial Statements

Note 4 : Reserves and surplus

(₹ in Lakh)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Investor protection reserve (also refer footnote below)	700.00	700.00
General reserve		
Opening Balance	26,312.82	24,812.82
Add : Transferred from surplus in Statement of Profit and Loss	5,000.00	1,500.00
Closing balance	31,312.82	26,312.82
Surplus in Statement of Profit and Loss		
Opening balance	3,698.03	2,003.32
Profit for the year	8,199.27	4,398.28
Less: Dividend proposed to be distributed to equity shareholders	(1,000.00)	(1,000.00)
Tax on dividend	(203.57)	(203.57)
Transferred to general reserve	(5,000.00)	(1,500.00)
	5,693.73	3,698.03
Total	37,706.55	30,710.85

Footnote: Not earmarked for any specific purpose.

Note 5 : Other long-term liabilities

(₹ in Lakh)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Others:		
Security deposit from depository participants	2,690.00	2,750.00
Incentive Payable to key managerial person	72.00	43.80
Total	2,762.00	2,793.80

Note 6 : Trade payables

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

(₹ in Lakh)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Principal amount remaining unpaid to any supplier as at the end of the accounting period	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	7.41	18.54



Notes Forming Part of the Financial Statements

Note 7 : Other current liabilities

(₹ in Lakh)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Security deposit from depository participants	270.25	268.72
Payables on purchase of fixed assets	5.37	5.50
Advances from customers	1,066.01	369.87
Income received in advance	164.98	145.76
Statutory remittances	318.83	141.32
Investor Protection Fund (refer note 29)	828.79	3,668.12
Payable to gratuity trust	138.92	448.85
Payable on Redemption of NSC/KVP and Government Securities	419.00	502.25
Payables to staff	429.35	424.43
Others	461.16	249.90
Total	4,102.66	6,224.72

Note 8: Short-term provisions

(₹ in Lakh)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Provision for compensated absences	444.72	453.41
Provision for income tax	223.39	115.72
Provision for proposed equity dividend	1,000.00	1,000.00
Provision for tax on proposed dividend	203.57	203.57
Provision for stamp duty	-	370.00
Total	1,871.68	2,142.70

Note 9 : Fixed assets

(₹ in Lakh)

Sr. No.	Description	Gross block			Depreciation/amortisation			As on 31st March, 2016	Net block As on 31st March, 2016	
		As on 1st April, 2015	Additions	Disposals/ Adjustment	As on 31st March, 2016	As on 1st April, 2015	For the year			Eliminated on disposal of assets
	Tangible Assets									
1	Buildings	3,573.58 (3,573.58)	- -	55.76 -	3,517.82 (3,573.58)	3,006.62 (2,997.16)	9.24 (9.46)	- -	3,015.86 (3,006.62)	501.96 (566.96)
2	Plant and Equipment									
	(a) Computers	4,296.14 (5,332.46)	31.98 (170.35)	- (1,206.67)	4,328.12 (4,296.14)	3,877.53 (4,992.33)	49.67 (29.77)	- (1,144.57)	3,927.20 (3,877.53)	400.92 (418.61)
	(b) Data and Tele - Communication Equipment	1,435.54 (1,738.43)	0.11 (25.07)	- (327.96)	1,435.65 (1,435.54)	1,313.18 (1,618.51)	9.99 (6.23)	- (311.56)	1,323.17 (1,313.18)	112.48 (122.36)
	(c) Electrical Installations	199.91 (199.92)	- -	- (0.01)	199.91 (199.91)	184.07 (183.28)	0.80 (0.80)	- (0.01)	184.87 (184.07)	15.04 (15.84)
3	Office Equipment	336.74 (397.20)	8.14 (0.81)	- (61.27)	344.88 (336.74)	309.15 (356.16)	9.89 (10.49)	- (57.50)	319.04 (309.15)	25.84 (27.59)
4	Furniture and Fixtures	246.31 (258.92)	- (2.87)	- (15.48)	246.31 (246.31)	215.25 (227.59)	2.64 (2.37)	- (14.71)	217.89 (215.25)	28.42 (31.06)
	Total	10,088.22 (11,500.51)	40.23 (199.10)	55.76 (1,611.39)	10,072.69 (10,088.22)	8,905.80 (10,375.03)	82.23 (59.12)	- (1,528.35)	8,988.03 (8,905.80)	1,084.66 (1,182.42)

Notes Forming Part of the Financial Statements

Sr. No.	Description	Gross block			As on 31st March, 2016	Depreciation/amortisation			As on 31st March, 2016	Net block As on 31st March, 2016
		As on 1st April, 2015	Additions	Disposals/ Adjustment		For the year	Eliminated on disposal of assets			
	Intangible Assets									
5	Computer Software (acquired)	9,068.55 (8,846.74)	65.61 (221.81)	- -	9,134.16 (9,068.55)	8,836.66 (8,689.20)	170.00 (147.46)	- -	9,006.66 (8,836.66)	127.50 (231.89)
	Total	9,068.55 (8,846.74)	65.61 (221.81)	- -	9,134.16 (9,068.55)	8,836.66 (8,689.20)	170.00 (147.46)	- -	9,006.66 (8,836.66)	127.50 (231.89)
	Grand Total	19,156.77 (20,347.25)	105.84 (420.91)	55.76 (1,611.39)	19,206.85 (19,156.77)	17,742.46 (19,064.23)	252.23 (206.58)	- (1,528.35)	17,994.69 (17,742.46)	1,212.16 (1,414.31)

Footnote 1: The figures in bracket are of previous year ended 31st March, 2015.

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

Particulars					As at 31st March, 2016		As at 31st March, 2015	
			No. of bonds / debentures / share	Face value	₹ in Lakh		₹ in Lakh	
Trade:								
(a) Investment in equity Instrument (at cost)								
NSDL Database Management Limited (wholly owned subsidiary company)			61,050,000	10	6,105.00		6,105.00	
Non-trade:								
(b) Investment in Government or Trust Securities (at cost) - Quoted								
(i) 8.07% GOI, 2017 (refer foot note 1)			4,000	10,000	-		434.00	
(c) Investment in Debentures or bonds (at cost) - Quoted								
(i) Indian Oil Corporation Limited	11.00	2018	130	1,000,000	1,485.38		1,485.38	
(ii) 10 year Zero Coupon Bhavishya Nirman Bond from National Bank for Agriculture and Rural Development	-	2018	3,551	20,000	300.06		300.06	
(iii) Housing Development Finance Corporation Limited	11.25	2018	150	1,000,000	1,755.15		1,755.15	
(iv) Housing Development Finance Corporation Limited	11.95	2018	15	1,000,000	178.50		178.50	
(v) Rural Electrification Corporation Limited	9.07	2018	140	1,000,000	1,453.52		1,453.52	
(vi) Steel Authority of India Limited	8.60	2019	40	1,000,000	-		406.40	
(vii) Steel Authority of India Limited	8.65	2019	70	1,000,000	-		707.63	
(viii) Infrastructure Development Finance Company Limited	8.90	2019	30	1,000,000	-		302.18	
(ix) Axis Bank Limited	9.95	2019	35	1,000,000	379.92		379.92	
(x) Indian Railway Finance Corporation Limited	8.20	2020	20	1,000,000	-		199.22	
(xi) Infrastructure Development Finance Company Limited	8.65	2020	20	1,000,000	-		201.90	
(xii) Rural Electrification Corporation Limited	8.65	2020	50	1,000,000	-		479.25	
(xiii) Power Grid Corporation of India Limited	9.64	2021	32	1,250,000	406.72		406.72	
(xiv) Power Finance Corporation of India Limited *	7.51	2021	600	100,000	599.40		599.40	
(xv) Power Grid Corporation of India Limited	8.80	2022	16	1,250,000	-		202.00	



Notes Forming Part of the Financial Statements

Particulars					As at	As at
			No. of bonds / debentures / share	Face value	31st March, 2016	31st March, 2015
					(₹ in Lakh)	(₹ in Lakh)
(xvi) National Highway Authority of India Limited *	8.20	2022	100,000	1,000	1,066.40	1,066.40
(xvii) Rural Electrification Corporation Limited *	7.93	2022	90,000	1,000	950.98	950.98
(xviii) Power Grid Corporation of India Limited	9.33	2023	40	1,250,000	509.25	509.25
(xix) Power Grid Corporation of India Limited	8.80	2024	56	1,250,000	-	703.85
(xx) Power Grid Corporation of India Limited	8.90	2024	20	1,250,000	-	245.87
(xxi) Infrastructure Development Finance Company Limited	9.03	2025	5	1,000,000	51.12	51.12
(xxii) Housing Development Finance Company Limited	8.96	2025	100	1,000,000	-	1,014.50
(xxiii) Infrastructure Development Finance Company Limited	8.82	2025	38	1,000,000	-	371.07
(xxiv) Power Grid Corporation of India Limited	8.90	2025	20	1,250,000	-	246.00
(xxv) Indian Railway Finance Corporation Limited	9.09	2026	155	1,000,000	1,571.70	2,028.00
(xxvi) National Highway Authority of India Limited *	8.30	2027	190,000	1,000	2,025.90	2,025.90
(xxvii) Power Finance Corporation of India Limited *	8.30	2027	100,000	1,000	1,040.00	1,040.00
(xxviii) Power Finance Corporation of India Limited *	8.20	2022	90,000	1,000	948.93	948.93
(xxix) Power Finance Corporation of India Limited *	8.46	2028	40	1,000,000	400.56	400.56
(xxx) Rural Electrification Corporation Limited *	8.46	2028	10,000	1,000	100.15	100.15
(xxxi) National Housing Bank *	8.68	2029	40,000	5,000	2,028.76	2,028.76
(xxxii) Housing and Urban Development Corporation Limited*	8.10	2022	60,000	1,000	607.48	607.48
(xxxiii) NTPC Limited*	8.66	2033	60,000	1,000	638.99	638.99
(xxxiv) National Housing Bank *	8.68	2029	10,000	5,000	528.30	528.30
(xxxv) National Housing Bank *	8.76	2034	8,000	5,000	428.96	428.96
(xxxvi) Housing and Urban Development Corporation Limited*	8.76	2034	5,000	1,000	54.93	54.93
(xxxvii) Infrastructure Development Finance Company Limited	8.80	2025	1	1,000,000	10.00	10.00
(xxxviii) Infrastructure Development Finance Company Limited	8.80	2025	3	1,000,000	29.77	29.77
(xxxix) Kokan Railway Corporation Limited	8.90	2016	1	1,000,000	-	9.87
(xl) Central Bank of India	8.95	2016	2	1,000,000	-	19.58
(xli) State Bank of India	8.96	2021	1	1,000,000	9.85	9.85
(xlii) Power Finance Corporation of India Limited	9.28	2017	2	1,000,000	20.32	20.32
(xliii) India Infrastructure Finance Company Limited	9.41	2037	3	1,000,000	33.59	33.59
(xliv) LIC Housing Finance Limited	9.70	2017	1	1,000,000	10.12	10.12
(xlv) Export Import Bank of India	9.85	2017	1	1,000,000	-	10.25
(xlvi) Tata Capital Financial Services Limited	9.95	2019	2	1,000,000	10.03	10.03
(xlvii) HDB Financial Services Limited	10.19	2024	1	1,000,000	10.41	10.41
(xlviii) Power Finance Corporation of India Limited	11.25	2018	1	1,000,000	11.65	11.65
(xlix) IDBI Bank Limited	11.30	2018	1	1,000,000	11.34	11.34

Notes Forming Part of the Financial Statements

Particulars					As at	As at
			No. of bonds / debentures / share	Face value	31st March, 2016	31st March, 2015
					(₹ in Lakh)	(₹ in Lakh)
(i) Rural Electrification Corporation Limited *	7.21	2022	10	1,000,000	101.35	101.35
(ii) 8.67% NHPC 2033*	8.67	2033	45,000	1,000	533.43	533.43
(iii) Indian Railway Finance Corporation Limited *	8.40	2029	63,000	1,000	690.92	-
(iiii) Rural Electrification Corporation Limited *	8.46	2028	57	1,000,000	627.00	-
(liv) Indian Railway Finance Corporation Limited *	8.48	2028	100	1,000,000	1,098.30	-
(lv) Indian Renewable Energy Development Agency Limited*	7.17	2025	60	1,000,000	603.84	-
(lvi) Indian Railway Finance Corporation Limited *	7.34	2028	10,000	1,000	608.09	-
(lvii) Power Finance Corporation of India Limited *	7.35	2035	50,000	1,000	512.40	-
(lviii) National Highway Authority of India Limited *	7.35	2030	25,913	1,000	259.13	-
(lix) India Infrastructure Finance Company Limited*	8.26	2028	80	1,000,000	867.15	-
(lx) National Housing Bank *	8.46	2028	90	1,000,000	1,001.88	-
(lxi) India Infrastructure Finance Company Limited*	8.66	2034	20,000	1,000	230.66	-
(lxii) NTPC Limited*	7.15	2025	21	1,000,000	210.36	-
(lxiii) National Highway Authority of India Limited *	7.35	2031	63,970	1,000	641.89	-
(lxiv) Indian Renewable Energy Development Agency Limited*	7.49	2031	50,000	1,000	504.00	-
(lxv) NHPC Ltd*	8.54	2028	71,428	1,000	792.78	-
(lxvi) National Bank for Agriculture and Rural Development*	7.35	2031	5,010	1,000	50.10	-
					29,001.42	25,878.79
(d) Investment in Mutual Funds - (Unquoted)						
(i) Axis Fixed Term Plan - Series 42 Direct Plan - Growth			5,000,000	10	500.00	-
(ii) IDBI Mutual Fund FMP Series III- Direct Plan- Growth			2,000,000	10	200.00	-
(iii) HDFC Mutual Fund FMP series 29 -Direct Plan - Growth			3,000,000	10	300.00	-
(iv) ICICI Prudential FMP series 76 -Direct Plan - Growth			5,000,000	10	500.00	500.00
(v) HDFC Fixed Maturity Plans - Series 31 - Growth			2,000,000	10	200.00	-
					1,700.00	500.00
					36,806.42	32,917.79
Less : Provision for diminution in value of investments					987.87	1,039.63
					35,818.55	31,878.16

* Investment in Tax free bonds

Foot note 1: Classified as Current Investment as the remaining maturity is less than 12 months

Aggregate value of listed but not quoted investments	1,780.42	7,038
Aggregate amount of unquoted investments	6,105.00	6,105
Aggregate amount of quoted investments	28,921.00	19,774.91
Aggregate market value of listed and quoted investments	3,421.05	19,417.13



Notes Forming Part of the Financial Statements

Note 11 : Deferred tax asset

(₹ in Lakh)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Difference between book balance and tax balance of fixed assets	223.87	328.70
Provision for employee benefits	162.37	167.36
Others	104.26	34.86
Total	490.50	530.92

Note 12 : Loans and advances

(₹ in Lakh)

Particulars	As at 31st March, 2016			As at 31st March, 2015		
	Long term	Short term	Total	Long term	Short term	Total
(Unsecured, considered good unless stated otherwise)						
Security deposits						
Considered good	51.11	-	51.11	43.22	-	43.22
Considered doubtful	11.00	-	11.00	11.00	-	11.00
	62.11	-	62.11	54.22	-	54.22
Less: Provision for doubtful deposits	(11.00)	-	(11.00)	(11.00)	-	(11.00)
	51.11	-	51.11	43.22	-	43.22
Capital Advances	48.82	-	48.82	35.01	-	35.01
Prepaid expenses	60.35	25.66	86.01	53.83	50.44	104.27
Advance income tax (net of provision)	562.35	-	562.35	562.35	-	562.35
Expenses recoverable	4.24	1,047.37	1,051.61	12.12	7.94	20.06
Service tax credit receivable	-	381.19	381.19	-	114.76	114.76
Total	726.87	1,454.22	2,181.09	706.53	173.14	879.67

Note 13 : Current investments

Particulars	As at 31st March, 2016			As at 31st March, 2015		
	No. of bonds / debentures / shares / units	Face Value / NAV (₹)	(₹ in Lakh)	No. of bonds / debentures / shares / units	Face Value / NAV (₹)	(₹ in Lakh)
Current portion of long-term investments (At cost):						
(a) Investment in Government or Trust Securities (at cost) - Quoted						
(i) 11.43% GOI, 2015	-	-	-	4,000	10,000	416.40
(ii) 8.07% GOI, 2017	4,000	10,000	434.00	-	-	-
Investment in Debentures or bonds - Quoted						
(b) (i) Tata Steel Limited	-	-	-	30	1,000,000	308.61
(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

Notes Forming Part of the Financial Statements

Particulars	As at 31st March, 2016			As at 31st March, 2015		
	No. of bonds / debentures / shares / units	Face Value / NAV (₹)	(₹ in Lakh)	No. of bonds / debentures / shares / units	Face Value / NAV (₹)	(₹ in Lakh)
(vi) Kokan Railway Corporation Limited	1	1,000,000	9.87	-	-	-
(vii) Central Bank of India	2	1,000,000	19.58	-	-	-
(viii) Export Import Bank of India	1	1,000,000	10.25	-	-	-
Other Current Investments :						
Investment in Mutual Funds (Unquoted)						
(c) (i) Units of Axis Treasury Advantage Fund - Institutional Daily Dividend Reinvestment	58,947	1,002	604.33	55,310	1,005	572.43
(ii) Units of IDFC Ultra Short Term Fund - Daily Dividend Reinvestment	5,839,432	10	598.58	5,472,255	10	567.97
(iii) Units of Birla Sun Life Ultra Short Term Fund - Daily Dividend Reinvestment	551,322	106	585.12	536,810	102	557.95
(iv) Units of UTI Treasury Advantage Fund - Daily Dividend Reinvestment	59,897	1,002	600.38	54,867	1,002	566.90
(v) Units of Axis Liquid Fund -Direct Plan- Daily Dividend	117	1,000	1.16	107	1,000	1.11
(vi) Units of IDFC Liquid Fund - Direct Plan - Daily Dividend	72	1,000	0.72	66	1,001	0.69
(vii) Units of HDFC Liquid Fund- Daily Dividend Reinvestment	54,455	1,020	555.34	5,162,761	10	526.51
(viii) Units of ICICI Prudential Liquid Plan- Daily Dividend Reinvestment	554,393	100	555.19	510,663	100	526.31
(ix) Units of IDBI Ultra Short Term Fund- Daily Dividend Reinvestment	69	1,031	0.72	64	1,021	0.69
(x) Units of L & T Ultra Short Term fund- Daily Dividend Reinvestment	3,260,742	10	337.18	3,086,891	10	319.18
(xi) Units of Peerless Liquid Fund - Daily Dividend Reinvestment	55,513	1,001	555.85	51,115	1,001	526.70
(xii) Units of Principal Debt Opportunity Conservative Fund- Daily Dividend Reinvestment	55,721	1,003	559.08	50,223	1,002	527.31
(xiii) Units of UTI Liquid Fund - Daily Dividend Reinvestment	54,274	1,019	553.30	50,159	1,019	524.97
(xiv) Axis Fixed Term Plan - Series 42 Direct Plan - Growth	-	-	-	5,000,000	10	500.00
(xv) IDBI Mutual Fund FMP Series III- Direct Plan- Growth	-	-	-	2,000,000	10	200.00
(xvi) IDFC Fixed Term Plan Series 57 - Direct Plan - Growth	5,000,000	10	500.00	5,000,000	10	500.00
(xvii) HDFC Mutual Fund FMP series 29 -Direct Plan - Growth	-	-	-	3,000,000	10	300.00
(xviii) HDFC Fixed Maturity Plans - Series 31 - Growth	-	-	-	2,000,000	10.00	200.00
			6,480.65			7,691.59
Less : Provision for diminution in value of investments			34.15			25.02
Total			6,446.50			7,666.57
* Investment in Tax free bonds						
Aggregate amount of unquoted investments			6,480.65			7,345.12
Aggregate amount of quoted investments			-			346.47
Aggregate market value of listed and quoted investments			-			340.26



Notes Forming Part of the Financial Statements

Note 14 : Trade Receivables

(₹ in Lakh)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	55.23	27.04
Unsecured, considered good	175.66	204.10
Unsecured, considered doubtful	208.04	30.30
	<u>438.93</u>	<u>261.44</u>
Less : Provision for doubtful trade receivables	208.04	30.30
	<u>230.89</u>	<u>231.14</u>
Others trade receivables		
Secured, considered good	298.66	335.39
Unsecured, considered good	1,394.64	557.29
	<u>1,693.30</u>	<u>892.68</u>
Total	<u>1,924.19</u>	<u>1,123.82</u>

Note 15 : Cash and Bank Balances

(₹ in Lakh)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Cash and cash equivalents		
Cash on hand	0.25	0.35
Cheques on hand	0.42	2.53
Balances with banks		
(i) in current accounts	903.47	1,184.93
Other bank balances		
(i) in current accounts (refer footnote 1)	419.00	502.25
Total	<u>1,323.14</u>	<u>1,690.06</u>

Footnote 1: These balances have restriction on repatriation.

Note 16 : Other assets

(₹ in Lakh)

Particulars	As at 31st March, 2016			As at 31st March, 2015		
	Non-current	Current	Total	Non-current	Current	Total
Interest accrued on investments	302.18	1,122.87	1,425.05	252.45	1,002.01	1,254.46
Others		55.10	55.10	-	0.08	0.08
Total	<u>302.18</u>	<u>1,177.97</u>	<u>1,480.15</u>	<u>252.45</u>	<u>1,002.09</u>	<u>1,254.54</u>

Note 17 : Revenue from operations

(₹ in Lakh)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Annual fees	669.00	643.84
Custody fees	6,912.47	5,104.18
Transaction fees	5,821.40	6,280.55
Software license fees	14.23	13.28
Communication fees	318.40	309.81
Other operating income	14.21	11.93
Total	<u>13,749.71</u>	<u>12,363.59</u>

Notes Forming Part of the Financial Statements

Note 18 : Other Income

(₹ in Lakh)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Interest income :		
- On non-current investments	2,304.65	2,335.86
- On fixed deposits with banks	102.84	57.99
- On overdue trade receivables	22.92	18.37
	<u>2,430.41</u>	<u>2,412.22</u>
Dividend income from current Investments	288.22	305.16
Profit on sale of current investments	175.16	8.71
Profit on Sale of Assets	-	1.52
Miscellaneous income	162.86	158.10
Total	<u><u>3,056.65</u></u>	<u><u>2,885.71</u></u>

Note 19 : Employee benefits expense

(₹ in Lakh)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
- Salaries and wages	2,376.25	2,384.11
- Contribution to provident and other funds (refer note 27)	306.57	573.71
- Staff welfare expenses	122.83	127.08
- Deputation Cost	39.11	46.16
Total	<u><u>2,844.76</u></u>	<u><u>3,131.06</u></u>

Note 20 : Other expenses

(₹ in Lakh)

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
-Annual fees		187.71		150.04
-Repairs and maintenance - system		1,823.56		1,735.72
-Repairs and maintenance - premises		161.82		150.40
-Repairs and maintenance - others		50.46		60.82
-Insurance		30.65		54.68
-Power and fuel		206.92		183.35
-Rent		231.36		214.07
-Communication expenses		428.86		501.77
-Travelling and conveyance expenses		239.76		209.68
-Legal and professional fees		146.48		161.80
-Printing and stationery expenses		59.63		92.31
-Rates and taxes		46.80		94.06
-Provision for diminution in value of non-current investments		27.15		8.73
-Corporate Social Responsibility Expense		11.75		4.43
-Seminar and business promotion expenses		229.98		180.25
-Payment to Auditors (net off service tax set-off)				
--(a) Audit fees	13.00		12.00	
--(b) Tax audit fees	2.00		2.00	
--(c) Taxation matters	-		0.60	
--(d) Other services	6.00		6.20	
--(e) Reimbursement of expenses (out of pocket expenses)	-	21.00	0.20	21.00
-Directors sitting fees		34.80		39.20
-Provision for investor awareness		384.00		-
-Provision for doubtful trade receivables		177.74		30.30
-Loss on fixed assets sold/written off		-		80.39
-Bad Debts Written off		151.94		249.59
-Miscellaneous expenses		100.00		120.37
Total		<u><u>4,752.37</u></u>		<u><u>4,342.96</u></u>



Notes Forming Part of the Financial Statements

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

a) Contingent Liabilities

- (i) Demand from the service tax authorities of ₹ 3,261.69 lakh (Previous year ₹ 3,261.69 lakh) in respect of FY 2004-05 to FY 2009-10 relate to service tax demanded in respect of depository participant services during that period. The matter is pending before Commissioner of Service Tax (Adjudication). In respect of the dispute, the Company is hopeful of succeeding in appeals and does not expect any significant liability to materialise.
- (ii) Demand from Income Tax authorities for AY 2013-14 for ₹ 213.61 lakh. 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.

b) Commitments

Estimated amount of capital contracts not provided for (net of advances) is ₹ 16.82 lakh (previous year ₹ 23.80 lakh).

22. Expenditure in foreign currency

(₹ in Lakh)

Particulars	Current Year	Previous year
Travelling and conveyance expenses	68.02	39.36

23. Segment Reporting

The Company's business is to provide depository services to its clients in India which includes providing various services to the investors like, dematerialisation, 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 Accounting Standard 17(AS-17) – 'Segment Reporting'.

24. Related party Disclosures

a) Names of related parties and relationship

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

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

(₹ In Lakh)

Particulars	Current year	Previous year
(i) Transactions during the year		
I. Companies having substantial Interest		
a) IDBI Bank Limited		
- Transaction Fees	29.44	35.55
- Annual fees	11.61	20.42
- Reimbursement of expenses	1.98	2.42
- Other operational income	1.35	0.02
- Interest Income on fixed deposit with Bank	101.25	49.34
- Interest (waiver)/Income – Other	0.12	0.24

Notes Forming Part of the Financial Statements

- Miscellaneous expenses	0.49	0.2
- Dividend paid	300	300
b) National Stock Exchange of India Limited		
- Miscellaneous expenses	0.04	0.15
- Transaction Fees	0.15	0.02
- Dividend paid	250.45	250.45
II. Subsidiary		
NSDL Database Management Limited		
- Expense	74.52	66.05
- Income	71.24	55.85
III. Key managerial personnel		
- Remuneration	244.05	225.46
(ii) (Payable)/Receivable at the end of the year		
Companies having substantial Interest	(30.00)	(30.00)
a) IDBI Bank Limited		
- Security deposit payable		
- Balance in current account	387.06	1,158.42
- Trade receivables	6.76	1.82
b) National Stock Exchange of India Limited		
Trade payable	-	(0.12)
Subsidiary Company		
a) NSDL Database Management Limited	(8.38)	(5.97)
Trade Payable		

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.

25. Operating Lease

The Company holds certain premises under operating leases. Rent includes expenses of ₹ 231.36 lakh (previous year ₹ 214.07 lakh). The lease arrangement is for a period of 12 months. The committed lease rentals in the future are:

(₹ in Lakh)

Particulars	Current Year	Previous year
Not later than one year	-	5.44
	-	5.44

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

(₹ in Lakh)

Particulars	Current Year	Previous year
Insurance	74.56	95.13



Notes Forming Part of the Financial Statements

27. Employee benefits

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

(₹ in Lakh)

Particulars	Current Year	Previous year
Provident fund	96.90	89.76
Superannuation fund	63.15	56.76
Total	160.05	146.52

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

- (i) Summary of actuarial assumptions

Particulars	Current Year	Previous year
Discount rate	8.01%	7.99%
Rate of return on plan assets	8.01%	7.99%
Salary escalation	8.00%	8.00%
Attrition rate	2.00%	2.00%
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

- (ii) Reconciliation of defined benefit obligation

(₹ in Lakh)

Particulars	Current Year	Previous year
Liability at the beginning of the year	1,277.04	819.68
Interest cost	102.03	76.31
Current service cost	119.47	82.54
Benefits paid	(160.40)	(25.11)
Actuarial loss /(gain) on obligations	(14.62)	323.62
Liability at the end of the year	1,323.52	1,277.04

- (iii) Reconciliation of fair value of plan assets

(₹ in Lakh)

Particulars	Current Year	Previous year
Fair value of plan assets at the beginning of the year	828.19	789.47
Expected return on plan assets	66.17	68.68
Contributions by the Employer	439.50	0.68
Benefits paid	(160.40)	(25.11)
Transferred to NSDL e-Governance Infrastructure Limited	-	-
Actuarial (loss)/gain on plan assets	11.14	(5.53)
Fair value of plan assets at the end of the year	1,184.60	828.19

- (iv) Actual return on plan assets

(₹ in Lakh)

Particulars	Current Year	Previous year
Expected return on plan assets	66.17	68.68
Actuarial (loss)/gain on plan assets	11.14	(5.53)
Actual Return on Plan Assets	77.31	63.15

Notes Forming Part of the Financial Statements

(v) Amount to be recognised in balance sheet

(₹ in Lakh)

Particulars	Current Year	Previous year
Present value of funded obligation	(1,323.52)	(1,277.04)
Fair value of plan assets at the end of the year	1,184.60	828.19
Amount recognised in balance sheet	(138.92)	(448.85)

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

(₹ in Lakh)

Particulars	Current Year	Previous year
Current service cost	119.47	82.54
Interest cost	102.03	76.31
(Expected Return on Plan Assets)	(66.17)	(68.68)
Net Actuarial (gain) / loss to be recognized	(25.76)	329.15
Expenses recognised in the Statement of Profit and Loss	129.57	419.32

(vii) Balance Sheet reconciliation

(₹ in Lakh)

Particulars	Current Year	Previous year
Opening net liability	448.85	30.21
Expenses as above	129.57	419.32
Employers contribution	(439.50)	(0.68)
Amount recognised in balance sheet	138.92	448.85

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

Particulars	Current year	Previous Year
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		

(ix) Experience Adjustments

(₹ in Lakh)

Particulars	Current Year	Previous year
Experience adjustment		
- On plan liabilities	(11.24)	138.81
- On plan assets	11.14	(5.53)

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

Expected contribution in the next year ₹ 119.96 lakh (previous year ₹ 111.84 lakh).

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

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



Notes Forming Part of the Financial Statements

28. Earnings per share

	Current Year	Previous year
Profit for the year attributable to the equity shareholders (₹ In lakh)	8,199.27	4,398.28
Weighted average Number of equity shares during the year	40,000,000	40,000,000
Basic and Diluted Earnings per Share	20.50	11.00
Face value of each share ₹	10	10

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

29. Investor Protection Fund (IPF)

The Securities Exchange Board of India (SEBI) has issued SEBI (Depositories and Participants) (Amendment) Regulations, 2012 ("the Regulation") 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 the beneficial owners and every depository is required to credit twenty five per cent of its profits to the Investor Protection Fund. The norms towards contribution to and the utilisation of IPF are yet to be specified.

SEBI vide its notification dated 21st January, 2016 has retrospectively amended the Regulation regulation 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 has been written back being excess contribution upto 31st March, 2015. During the year ended 31st March, 2016, the contribution to IPF works out to ₹ 290.95 lakh (previous year ₹1,513.73 lakh), being 5% of the profits from depository operations of the Company before tax for the year ended 31st March, 2016 available after making such contribution. The balance in IPF as at 31st March, 2016 is ₹ 828.79 lakh.

30. 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 Buildings.

31. Comparatives

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

For and on behalf of the Board of Directors

Sd/-
Abhijit A. Damle
Partner

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

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

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

Place : Mumbai
Date : April 29, 2016

Sd/-
Sudha Balakrishnan
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary

Independent Auditor's Report

To The Members of National Securities Depository Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of NATIONAL SECUTITIES DEPOSITORY LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated 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 and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. 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 financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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

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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the 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, 2016, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.



Independent Auditor's Report

- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group company is disqualified as on 31st March, 2016 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 Report in "Annexure A", which is based on the auditors' reports of the Holding company, and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company'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, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.

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

Sd/-

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

Place: Mumbai
Date: April 29, 2016

Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ 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 financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of National Securities Depository Limited (hereinafter referred to as “the Holding Company”) and its subsidiary company, which is company incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary company, which is company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 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 and the audit evidence obtained by the other auditors of the subsidiary company, which is company incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the 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.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company and



Annexure "A" to the Independent Auditors' Report

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

its subsidiary company, which is company 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, 2016, 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.

Other Matters

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

relates to one subsidiary company, which is company incorporated in India, is based on the corresponding reports of the auditors of such company incorporated in India.

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

Sd/-

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

Place: Mumbai
Date: April 29, 2016

Consolidated Financial Statements



Consolidated Balance Sheet as at March 31, 2016

(₹ in Lakh)

Particulars	Note No.	As at 31st March, 2016		As at 31st March, 2015	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	3	4,000.00		4,000.00	
Reserves and surplus	4	40,156.20		31,883.99	
			44,156.20		35,883.99
Non-current liabilities					
Deferred tax liability	11(a)	28.74		27.72	
Other long-term liabilities	5	2,873.78	2,902.52	2,913.18	2,940.90
Current liabilities					
Trade payables	6				
(i) Total outstanding dues to micro enterprises and small enterprises		12.72		22.25	
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,067.16		1,007.73	
Other current liabilities	7	5,085.58		7,416.70	
Short-term provisions	8	2,188.92	8,354.38	2,244.06	10,690.74
Total			55,413.10		49,515.63
ASSETS					
Non Current Assets					
Fixed assets:					
Tangible assets	9	1,289.95		1,411.81	
Intangible assets	9	247.07		380.78	
Capital work-in-progress		49.40	1,586.42	77.53	1,870.12
Non-current investments	10	34,637.37		29,233.58	
Deferred tax asset	11(b)	490.50		530.92	
Long-term loans and advances	12	1,132.97		1,106.31	
Other non-current assets	16	334.49	36,595.33	548.03	31,418.84
Current assets					
Current investments	13	6,960.10		8,505.15	
Trade receivables	14	2,278.88		1,491.34	
Cash and Bank balances	15	4,890.79		4,775.60	
Short-term loans and advances	12	1,510.29		222.89	
Other current assets	16	1,591.29	17,231.35	1,231.69	16,226.67
Total			55,413.10		49,515.63
See accompanying notes forming part of the consolidated financial statements (1 to 31)					

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

Sd/-
Abhijit A. Damle
Partner

Place : Mumbai
Date : April 29, 2016

For and on behalf of the Board of Directors

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

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

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

Sd/-
Sudha Balakrishnan
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2016

(₹ in Lakh)

Particulars	Note No.	For the year ended 31st March, 2016	For the year ended 31st March, 2015
INCOME			
Revenue from operations	17	18,451.42	15,978.15
Other income	18	3,543.48	3,359.57
Total revenue		21,994.90	19,337.72
EXPENSES			
Employee benefits expense	19	3,449.61	3,870.65
Depreciation and amortization expense	9	351.20	292.45
Contribution to Investor Protection Fund	29	290.95	1,513.73
Other expenses	20	7,382.08	6,593.53
Total expenses		11,473.84	12,270.36
Profit before exceptional item		10,521.06	7,067.36
Exceptional Items		3,130.28	-
Profit before tax		13,651.34	7,067.36
Tax expense			
Current tax		4,134.12	1,810.38
Deferred tax		41.44	90.67
		4,175.56	1,901.05
Profit after Tax		9,475.78	5,166.31
Basic and diluted earnings per equity share of ₹ 10 each	28	23.69	12.92
See accompanying notes forming part of the consolidated financial statements (1 to 31)			

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

Sd/-
Abhijit A. Damle
Partner

Place : Mumbai
Date : April 29, 2016

For and on behalf of the Board of Directors

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

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

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

Sd/-
Sudha Balakrishnan
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary



Consolidated Cash Flow Statement

for the year ended March 31, 2016

(₹ in Lakh)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
A. Cash flow from operating activities		
Net Profit before Taxation	13,651.34	7,067.36
Adjustments for :		
Add -		
Loss on fixed assets sold/written off	-	80.39
Depreciation and amortisation expense	351.19	292.45
Provision for compensated absences	-	173.34
Provision for diminution in value of non-current investments	45.78	17.98
Provision for doubtful trade receivables	180.42	30.30
Bad Debts written off	151.94	249.59
Amortisation of share issue expenses	-	8.70
Provision for investor awareness	384.00	-
Contribution to Investor Protection Fund	290.95	-
Less-		
Dividend income from current Investments	(288.22)	(305.16)
Exceptional Item - Write back of Investor Protection Fund	(3,130.28)	-
Interest Income	(2,965.12)	(2,923.25)
Profit on sale of current investments	(175.16)	(8.71)
Operating profit before working capital changes	8,496.84	4,682.99
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets-		
Long-term loans and advance	36.55	158.69
Trade receivables	(1,122.29)	(90.50)
Short-term loans and advance	(1,287.41)	7.23
Other current assets	(55.02)	2.71
Adjustments for increase / (decrease) in operating liabilities-		
Other long-term liabilities	(39.41)	(109.23)
Trade payables	52.31	211.48
Other current liabilities	276.18	2,154.17
Short-term provisions	(13.41)	-
Cash generated from operations	6,344.34	7,017.54
Net income tax paid	(3,855.25)	(1,694.16)
Net cash from operating activities (A)	2,489.09	5,323.38

Consolidated Cash Flow Statement

for the year ended March 31, 2016

(₹ in Lakh)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advance	(520.03)	(420.43)
Proceeds from sale of fixed assets	-	2.67
Bank balances not considered as cash and cash equivalent		
-Placed	(632.31)	(3,563.63)
-Matured	1,521.35	7,445.59
Purchase of current investments	(288.23)	(9,687.11)
Redemption of current investments	-	1,093.02
Purchase of non-current investments	(9,865.54)	(2,589.22)
Redemption of non-current investments	6,424.42	1,497.86
Dividend received from current investments	288.22	305.16
Interest received	2,776.18	2,790.75
Net cash (used in) investing activities (B)	(295.94)	(3,125.34)
C. Cash flow from financing activities		
Dividend paid	(1,000.00)	(1,000.00)
Dividend distribution tax paid	(203.57)	(169.95)
Interest expenses	-	-
Net cash (used in) financing activities (C)	(1,203.57)	(1,169.95)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	989.58	1,028.09
Cash and cash equivalents transferred under the scheme of demerger		
Cash and cash equivalents at the beginning of the year	1,582.21	554.12
Cash and cash equivalents at the end of the period (also refer note 1 below)	2,571.79	1,582.21
Note1:		
Reconciliation of cash and cash equivalents with Balancesheet:	As at 31st March, 2016	As at 31st March, 2015
Cash and cash equivalents as per Balance sheet (also refer note 15)	4,890.79	4,775.60
Less: -Fixed Deposit with original maturity of more than 12 months	(1,900.00)	(2,691.14)
Less: Restricted cash balance	(419.00)	(502.25)
Total	2,571.79	1,582.21

See accompanying notes forming part of the consolidated financial statements

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

Sd/-
Abhijit A. Damle
Partner

Place : Mumbai
Date : April 29, 2016

For and on behalf of the Board of Directors

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

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

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

Sd/-
Sudha Balakrishnan
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary



Notes Forming Part of the Financial Statements

1. Corporate Information

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

2. Basis of Consolidation and significant accounting policies

2.1. Basis of accounting and preparation of consolidated financial statements

The consolidated financial statements of the Company and its subsidiary (together the ‘Group’) have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the

Companies Act, 2013. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

2.2. Principles of consolidation

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

- The financial statements of the subsidiary company are drawn upto the same reporting date as that of the Company i.e., 31st March, 2016.
- The financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

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

Name of the entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power either directly or indirectly as at	
				31st March, 2016	31st March, 2015
NSDL Database Management Limited	Subsidiary	India	National Securities Depository Limited	100%	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 Company’s separate financial statements.

2.3. Use of estimates

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

2.4. Cash and cash equivalents

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

2.5. Cash flow statement

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

2.6. Revenue recognition

Revenues from services are recognised on an accrual basis upon rendering of services. Revenue

Notes Forming Part of the Financial Statements

is recognised when there is no significant uncertainty as regards its determination and realisation.

2.7. Other Income

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

2.8. Fixed assets (tangible/intangible)

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

Capital work-in-progress

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

2.9. Depreciation/Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

2.10. Transactions in Foreign Currencies

Initial recognition

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

Measurement at the Balance Sheet date

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

2.11. Investments

Long-term investments are carried individually at cost less provision for diminution, other than

temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties. Front-end discount / incentive earned in respect of direct subscription is adjusted against the cost of investment. Premium paid on acquisition of long term investment is amortised over the tenor of investment.

2.12. Employee benefits

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

Defined Contribution Plan

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

i. Superannuation

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

ii. Provident Fund

Employees are entitled to receive benefits in respect of provident fund, 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. Actuarial gains and losses are immediately recognised in the Statement of Profit and Loss.

ii. Other Employee Benefits

Performance Incentive and Compensated absences

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the services. These benefits include performance incentive and compensated absences which are



Notes Forming Part of the Financial Statements

expected to occur within twelve months after the end of the period in which the employee renders the related service.

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

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

2.13. Tax on Income

Current tax is determined on the basis of taxable income and tax credits computed for each of the entities in the Group in accordance with the applicable tax rates and the provisions of applicable tax laws of the respective jurisdictions where the entities are located. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

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

2.14. Provisions and contingencies

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised/disclosed in the financial statements.

2.15. Impairment of assets

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

2.16. Service tax input credit

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

2.17. Operating Cycle

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

2.18. Segment Reporting

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

Notes Forming Part of the Financial Statements

Note 3 : Share Capital

(₹ in Lakh)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Authorised		
100,000,000 equity shares of ₹ 10 each with voting rights	10,000.00	10,000.00
Issued, Subscribed and Fully Paid - Up		
40,000,000 equity shares of ₹ 10 each fully paid up with voting rights	4,000.00	4,000.00
	4,000.00	4,000.00

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

Name of the Shareholder	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares held	% Holding	Number of shares held	% Holding
IDBI Bank Ltd.	12,000,000	30.00	12,000,000	30.00
National Stock Exchange of India Ltd.	10,018,000	25.05	10,018,000	25.05
Administrator of specified undertaking of the Unit Trust of India	2,732,000	6.83	2,732,000	6.83

3b. The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, (except in case of interim dividend), is subject to the approval of the 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.

3c. Reconciliation of the shares outstanding at the end of the period	As at 31st March, 2016	As at 31st March, 2015
Opening balance	40,000,000	40,000,000
Number of shares issued on incorporation	-	-
Less: Reduction of share capital as per Court Order under the Scheme of Demerger	-	-
Add: Increased as per the Scheme of Demerger	-	-
Number of shares at the end of the year/period	40,000,000	40,000,000

Note 4 : Reserves and surplus

(₹ in Lakh)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Investor protection reserve (also refer footnote below)		
Opening balance	700.00	700.00
Balance transferred under the Scheme of Demerger	-	-
Closing balance	700.00	700.00
General reserve		
Opening Balance	26,312.82	24,812.82
Add : Transferred from surplus in Statement of Profit and Loss	5,000.00	1,500.00
Closing balance	31,312.82	26,312.82
Surplus / (Deficit) in Statement of Profit and Loss		
(Deficit)/Profit in Statement of Profit and Loss as on 1st April, 2015	4,871.17	2,408.43
Add : Profit for the year/period	9,475.78	5,166.31
Less : Dividend proposed to be distributed to equity shareholders	(1,000.00)	(1,000.00)
Tax on dividend	(203.57)	(203.57)
Transferred to general reserve	(5,000.00)	(1,500.00)
	8,143.38	4,871.17
Total	40,156.20	31,883.99

Footnote: Not earmarked for any specific purpose.



Notes Forming Part of the Financial Statements

Note 5 : Other long-term liabilities

(₹ in Lakh)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Others:		
Security deposit received from customers / depository participants	2,786.00	2,850.00
Income received in advance	15.78	19.38
Incentive payable to key managerial person	72.00	43.80
Total	2,873.78	2,913.18

Note 6 : Trade payables

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

(₹ in Lakh)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Principal amount remaining unpaid to any supplier as at the end of the accounting period	12.72	22.05
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	-	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	12.72	22.25

Note 7 : Other current liabilities

(₹ in Lakh)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Security deposit received	293.82	299.29
Payables on purchase of fixed assets	12.43	81.15
Advances from customers	1,421.54	895.74
Income received in advance	584.35	508.03
Statutory remittances	374.89	174.56
Investor Protection Fund (refer note 29)	828.79	3,668.12
Payable on Redemption of NSC/KVP and Government Securities	419.00	502.25
Payables to staff	533.43	519.99
Others	461.16	249.90
Gratuity payable to Fund	156.17	517.67
Total	5,085.58	7,416.70

Notes Forming Part of the Financial Statements

Note 8: Short-term provisions

(₹ in Lakh)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Provision for compensated absences	541.36	554.77
Provision for income tax	443.99	115.72
Provision for proposed equity dividend	1,000.00	1,000.00
Provision for tax on proposed dividend	203.57	203.57
Provision for stamp duty (refer note 30)	-	370.00
Total	2,188.92	2,244.06

Note 9 : Fixed assets

(₹ in Lakh)

Sr. No.	Description	Gross block				Depreciation/Amortisation			Net block	
		As on 1st April, 2015	Additions	Disposals/ Adjustment	As on 31st March, 2016	As on 1st April, 2015	For the year	Eliminated on disposal of assets	As on 31st March, 2016	As on 31st March, 2016
Tangible Assets										
1	Buildings	3,573.58 (3,573.58)	- -	(55.76) -	3,517.82 (3,573.58)	3,006.62 (2,997.16)	9.24 (9.46)	- -	3,015.86 (3,006.62)	501.96 (566.96)
2	Plant and Equipment									
	(1) Computers	5,112.43 (6,140.15)	55.84 (178.94)	- (1,206.67)	5,168.27 (5,112.42)	4,494.28 (5,568.74)	89.31 (70.10)	- (1,144.57)	4,583.59 (4,494.27)	584.68 (618.15)
	(2) Data and Tele - Communication Equipment	1,571.79 (1,874.68)	0.11 (25.07)	- (327.96)	1,571.90 (1,571.79)	1,423.21 (1,721.34)	17.20 (13.44)	- (311.56)	1,440.41 (1,423.22)	131.49 (148.57)
	(3) Electrical Installations	199.91 (199.92)	- -	- (0.01)	199.91 (199.91)	184.07 (183.28)	0.80 (0.80)	- (0.01)	184.87 (184.07)	15.04 (15.84)
3	Office Equipment	343.53 (403.95)	8.14 (0.86)	- (61.27)	351.67 (343.54)	312.31 (358.17)	11.00 (11.64)	- (57.50)	323.31 (312.31)	28.36 (31.23)
4	Furniture and Fixtures	246.31 (258.92)	- (2.87)	- (15.48)	246.31 (246.31)	215.25 (227.59)	2.64 (2.37)	- (14.71)	217.89 (215.25)	28.42 (31.06)
	Total	11,047.55	64.09	(55.76)	11,055.88	9,635.74	130.19	-	9,765.93	1,289.95
	Previous year	(12,451.20)	(207.74)	(1,611.39)	(11,047.55)	(11,056.28)	(107.81)	(1,528.35)	(9,635.74)	(1,411.81)
Intangible Assets										
5	Computer Software (acquired)	9,499.43 (9,157.03)	87.29 (342.40)	- -	9,586.72 (9,499.43)	9,118.64 (8,934.01)	221.01 (184.64)	- -	9,339.65 (9,118.65)	247.07 (380.78)
	Total	9,499.43	87.29	-	9,586.72	9,118.64	221.01	-	9,339.65	247.07
	Previous year	(9,157.03)	(342.40)	-	(9,499.43)	(8,934.01)	(184.64)	-	(9,118.65)	(380.78)
	Grand Total	20,546.98	151.38	(55.76)	20,642.60	18,754.38	351.20	-	19,105.58	1,537.02
	Previous year	(21,608.23)	(550.14)	(1,611.39)	(20,546.98)	(19,990.29)	(292.45)	(1,528.35)	(18,754.39)	(1,792.59)

Footnote 1: The figures in bracket are of previous year ended 31st March, 2015.



Notes Forming Part of the Financial Statements

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

Particulars					As at 31st March, 2016		As at 31st March, 2015	
			No. of bonds / debentures / share	Face value	₹ in Lakh)		₹ in Lakh)	
Trade:								
Non-trade:								
(a) Investment in Government or Trust Securities (at cost)								
(i) 8.07% GOI, 2017			4,000	10,000	-	-	434.00	434.00
(b) Investment in Debentures or bonds (at cost) - Quoted	Rate of interest	Year of maturity						
(i) Indian Oil Corporation Limited	11.00	2018	130	1,000,000	1,485.38		1,485.38	
(ii) 10 year Zero Coupon Bhavishya Nirman Bond from National Bank for Agriculture and Rural Development	-	2018	3,551	20,000	300.06		300.06	
(iii) Housing Development Finance Corporation Limited	11.25	2018	150	1,000,000	1,755.15		1,755.15	
(iv) Housing Development Finance Corporation Limited	11.95	2018	15	1,000,000	178.50		178.50	
(v) Rural Electrification Corporation Limited	9.07	2018	140	1,000,000	1,453.52		1,453.52	
(vi) Steel Authority of India Limited	8.60	2019	40	1,000,000	-		406.40	
(vii) Steel Authority of India Limited	8.65	2019	70	1,000,000	-		707.63	
(viii) Infrastructure Development Finance Company Limited	8.90	2019	30	1,000,000	-		302.18	
(ix) Axis Bank Limited	9.95	2019	35	1,000,000	379.92		379.92	
(x) Indian Railway Finance Corporation Limited	8.20	2020	20	1,000,000	-		199.22	
(xi) Infrastructure Development Finance Company Limited	8.65	2020	20	1,000,000	-		201.90	
(xii) Rural Electrification Corporation Limited	8.65	2020	50	1,000,000	-		479.25	
(xiii) Power Grid Corporation of India Limited	9.64	2021	32	1,250,000	406.72		406.72	
(xiv) Power Finance Corporation of India Limited *	7.51	2021	600	100,000	599.40		599.40	
(xv) Power Grid Corporation of India Limited	8.80	2022	16	1,250,000	-		202.00	
(xvi) National Highway Authority of India Limited *	8.20	2022	100,000	1,000	1,066.40		1,066.40	
(xvii) Rural Electrification Corporation Limited *	7.93	2022	90,000	1,000	950.98		950.98	
(xviii) Power Grid Corporation of India Limited	9.33	2023	40	1,250,000	509.25		509.25	
(xix) Power Grid Corporation of India Limited	8.80	2024	56	1,250,000	-		703.85	
(xx) Power Grid Corporation of India Limited	8.64	2024	20	1,250,000	-		-	
(xxi) Power Grid Corporation of India Limited	8.90	2024	20	1,250,000	-		245.87	
(xxii) Infrastructure Development Finance Company Limited	9.03	2025	5	1,000,000	51.12		51.12	
(xxiii) Power Grid Corporation of India Limited	8.64	2025	20	1,250,000	-		-	
(xxiv) Housing Development Finance Company Limited	8.96	2025	100	1,000,000	-		1,014.50	
(xxv) Infrastructure Development Finance Company Limited	8.82	2025	38	1,000,000	-		371.07	
(xxvi) Power Grid Corporation of India Limited	8.90	2025	20	1,250,000	-		246.00	
(xxvii) Indian Railway Finance Corporation Limited	9.09	2026	155	1,000,000	1,571.70		2,028.00	
(xxviii) National Highway Authority of India Limited *	8.30	2027	190,000	1,000	2,025.90		2,025.90	
(xxix) Power Finance Corporation of India Limited *	8.30	2027	100,000	1,000	1,040.00		1,040.00	
(xxx) Power Finance Corporation of India Limited *	8.20	2022	90,000	1,000	948.93		948.93	
(xxxi) Power Finance Corporation of India Limited *	8.46	2028	40	1,000,000	400.56		400.56	

Notes Forming Part of the Financial Statements

Particulars					As at 31st March, 2016		As at 31st March, 2015	
			No. of bonds / debentures / share	Face value	₹ in Lakh)		₹ in Lakh)	
(xxxii) Rural Electrification Corporation Limited *	8.46	2028	10,000	1,000	100.15		100.15	
(xxxiii) National Housing Bank *	8.68	2029	40,000	5,000	2,028.76		2,028.76	
(xxxiv) Housing and Urban Development Corporation Limited*	8.10	2022	60,000	1,000	607.48		607.48	
(xxxv) NTPC Limited*	8.66	2033	60,000	1,000	638.99		638.99	
(xxxvi) National Housing Bank *	8.68	2029	10,000	5,000	528.30		528.30	
(xxxvii) National Housing Bank *	8.76	2034	8,000	5,000	428.96		428.96	
(xxxviii) Housing and Urban Development Corporation Limited*	8.76	2034	5,000	1,000	54.93		54.93	
(xxxix) Infrastructure Development Finance Company Limited	8.80	2025	1	1,000,000	10.00		10.00	
(xl) Infrastructure Development Finance Company Limited	8.80	2025	3	1,000,000	29.77		29.77	
(xli) Kokan Railway Corporation Limited	8.90	2016	1	1,000,000	-		9.87	
(xlii) Central Bank of India	8.95	2016	2	1,000,000	-		19.58	
(xliii) State Bank of India	8.96	2021	1	1,000,000	9.85		9.85	
(xliv) Power Finance Corporation of India Limited	9.28	2017	2	1,000,000	20.32		20.32	
(xlv) India Infrastructure Finance Company Limited	9.41	2037	3	1,000,000	33.59		33.59	
(xlv) LIC Housing Finance Limited	9.70	2017	1	1,000,000	10.12		10.12	
(xlvii) Export Import Bank of India	9.85	2017	1	1,000,000	-		10.25	
(xlviii) Tata Capital Financial Services Limited	9.95	2019	2	1,000,000	10.03		10.03	
(xlix) HDB Financial Services Limited	10.19	2024	1	1,000,000	10.41		10.41	
(l) Power Finance Corporation of India Limited	11.25	2018	1	1,000,000	11.65		11.65	
(li) IDBI Bank Limited	11.30	2018	1	1,000,000	11.34		11.34	
(lii) Rural Electrification Corporation Limited *	7.21	2022	10	1,000,000	101.35		101.35	
(liii) NHPC 2033*	8.67	2033	45,000	1,000	533.43		533.43	
(liv) Indian Railway Finance Corporation Limited *	8.40	2029	63,000	1,000	690.92		-	
(lv) Rural Electrification Corporation Limited *	8.46	2028	57	1,000,000	627.00		-	
(lvi) Indian Railway Finance Corporation Limited *	8.63	2029	40,000	1,000	420.32		420.32	
(lvii) Indian Railway Finance Corporation Limited *	8.00	2022	60,000	1,000	615.55		615.55	
(lviii) Housing Development Finance Corporation Limited	9.20	2016	1	1,000,000	-		10.10	
(lix) Housing and Urban Development Corporation Limited *	8.56	2028	100	1,000,000	1,107.50		1,107.50	
(lx) India Infrastructure Finance Company Limited *	8.66	2034	30,000	1,000	345.60		345.60	
(lxi) Housing and Urban Development Corporation Limited *	8.51	2028	50,000	1,000	555.25		555.25	
(lxii) NHPC Limited *	8.67	2033	10,000	1,000	113.71		113.71	
(lxiii) NTPC Limited*	0.07	2035	12,491	1,000	124.91		-	
(lxiv) Power Finance Corporation of India Limited	0.07	2035	1,540	1,000	15.40		-	
(lxv) Rural Electrification Corporation Limited *	0.07	2035	11,450	1,000	114.50		-	
(lxvi) National Highway Authority of India Limited *	0.07	2035	50	1,000,000	508.30		-	
(lxvii) Indian Railway Finance Corporation Limited *	0.07	2030	12,080	1,000	120.80		-	
(lxviii) National Highway Authority of India Limited *	0.07	2031	28,313	1,000	283.13		-	
(lxix) Indian Railway Finance Corporation Limited *	8.48	2028	100	1,000,000	1,098.30		-	



Notes Forming Part of the Financial Statements

Particulars					As at 31st March, 2016		As at 31st March, 2015	
			No. of bonds / debentures / share	Face value	₹ in Lakh)		₹ in Lakh)	
(lxx) Indian Renewable Energy Development Agency Limited*	7.17	2025	60	1,000,000	603.84		-	
(lxxi) Indian Railway Finance Corporation Limited *	7.34	2028	10,000	1,000	608.09		-	
(lxxii) Power Finance Corporation of India Limited *	7.35	2035	50,000	1,000	512.40		-	
(lxxiii) National Highway Authority of India Limited *	7.35	2030	25,913	1,000	259.13		-	
(lxxiv) India Infrastructure Finance Company Limited*	8.26	2028	80	1,000,000	867.15		-	
(lxxv) National Housing Bank *	8.46	2028	90	1,000,000	1,001.88		-	
(lxxvi) India Infrastructure Finance Company Limited*	8.66	2034	20,000	1,000	230.66		-	
(lxxvii) NTPC Limited*	7.15	2025	21	1,000,000	210.36		-	
(lxxviii) National Highway Authority of India Limited *	7.35	2031	63,970	1,000	641.89		-	
(lxxix) Indian Renewable Energy Development Agency Limited*	7.49	2031	50,000	1,000	504.00		-	
(lxxx) NHPC Ltd*	8.54	2028	71,428	1,000	792.78		-	
(lxxxi) National Bank for Agriculture and Rural Development*	7.35	2031	5,010	1,000	50.10		-	
						33,326.39		29,046.82
(c) Investment in Mutual Funds - (Unquoted)								
(i) Axis Fixed Term Plan - Series 42 Direct Plan - Growth			5,000,000	10	500.00		-	
(ii) IDBI Mutual Fund FMP Series III- Direct Plan- Growth			2,000,000	10	200.00		-	
(iii) HDFC Mutual Fund FMP series 29 -Direct Plan - Growth			3,000,000	10	300.00		-	
(iv) ICICI Prudential FMP series 76 -Direct Plan - Growth			5,000,000	10	500.00		500.00	
(v) HDFC Fixed Maturity Plan growth option Oct 2013 Series -Direct - Growth			3,000,000	10	-		300.00	
(vi) HDFC Fixed Maturity Plans - Series 31 - Growth			2,000,000	10	200.00		-	
(vii) HDFC Fixed Maturity Plan growth option April 2014 Series - Direct - Growth			1,250,000	10.00	125.00		-	
(viii) HDFC Fixed Maturity Plan growth option Jun 2014 Series - Direct - Growth			5,000,000	10.00	500.00		-	
						2,325.00		800.00
						35,651.39		30,280.82
Less : Provision for diminution in value of investments						1,014.02		1,047.24
						34,637.37		29,233.58
* Investment in Tax free bonds								
Foot note 1: Classified as Current Investment as the remaining maturity is less than 12 months								
Aggregate value of listed but not quoted investments						2,405.42		7,337.88
Aggregate amount of unquoted investments						625.00		300.00
Aggregate amount of quoted investments						33,245.97		22,942.94
Aggregate market value of listed and quoted investments						7,880.91		22,618.25

Notes Forming Part of the Financial Statements

Note 11(a) : Deferred tax liability

(₹ in Lakh)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Deferred tax liability		
On difference between book balance and tax balance of fixed assets	62.19	59.12
Deferred tax asset		
Provision for employee benefits	33.45	31.40
Total	28.74	27.72

Note 11(b) : Deferred tax asset

(₹ in Lakh)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Deferred tax asset		
Difference between book balance and tax balance of fixed assets	223.87	328.70
Provision for employee benefits	162.37	167.36
Others	104.26	34.86
Total	490.50	530.92

Note 12 : Loans and advances

(₹ in Lakh)

Particulars	As at 31st March, 2016			As at 31st March, 2015		
	Long term	Short term	Total	Long term	Short term	Total
(Unsecured, considered good unless stated otherwise)						
Security deposits						
Considered good	268.06	-	268.06	258.47	-	258.47
Considered doubtful	11.00	-	11.00	11.00	-	11.00
	279.06	-	279.06	269.47	-	269.47
Less: Provision for doubtful deposits	(11.00)	-	(11.00)	(11.00)	-	(11.00)
	268.06	-	268.06	258.47	-	258.47
Capital Advances	48.82	-	48.82	35.01	-	35.01
Prepaid expenses	62.34	63.06	125.40	56.62	82.22	138.84
Advance income tax (net of provision)	634.92	-	634.92	585.52	-	585.52
Expenses recoverable	4.24	1,047.37	1,051.61	12.12	7.94	20.06
Service tax credit receivable	114.59	381.19	495.78	158.57	114.76	273.33
Advance for Expenses	-	4.69	4.69	-	5.80	5.80
Advance from creditors	-	13.98	13.98	-	12.17	12.17
Total	1,132.97	1,510.29	2,643.26	1,106.31	222.89	1,329.20



Notes Forming Part of the Financial Statements

Note 13 : Current investments

Particulars	As at 31st March, 2016			As at 31st March, 2015		
	No. of bonds / debentures / shares / units	Face Value / NAV (₹)	(₹ in Lakh)	No. of bonds / debentures / shares / units	Face Value / NAV (₹)	(₹ in Lakh)
Current portion of long-term investments (At cost):						
Investment in Government or Trust Securities (at cost) Quoted						
(a) (i) 11.43% GOI, 2015	4,000	10,000	-	4,000	10,000	416.40
(ii) 8.07% GOI, 2017	4,000	10,000	434.00			
(b) Investment in Debentures or bonds - Quoted						
(i) Tata Steel Limited	-	-	-	30	1,000,000	308.61
(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	9.87			
(vii) Central Bank of India	2	1,000,000	19.58			
(viii) Export Import Bank of India	1	1,000,000	10.25			
(c) Investment in Debentures or bonds - unQuoted						
(i) ICICI Bank	-	-	-	1	1,000,000	10.01
(ii) Housing Development Finance Corporation Limited	1	1,000,000	10.10			
Other Current Investments:						
(d) Investment in Mutual Funds (Unquoted)						
(i) Units of Axis Treasury Advantage Fund - Institutional Daily Dividend Reinvestment	58,947	1,002	604.33	55,310	1,004.68	572.43
(ii) Units of IDFC Ultra Short Term Fund - Daily Dividend Reinvestment	5,839,432	10	598.58	5,472,255	10.06	567.97
(iii) Units of Birla Sun Life Ultra Short Term Fund - Daily Dividend Reinvestment	551,322	106	585.12	536,810	102.00	557.95
(iv) Units of UTI Treasury Advantage Fund - Daily Dividend Reinvestment	59,897	1,002	600.38	54,867	1,002.35	566.90
(v) Units of Axis Liquid Fund - Daily Dividend Reinvestment	117	1,000	1.16	107	1,000.31	1.11
(vi) Units of IDFC Cash Fund - Daily Dividend Reinvestment	72	1,000	0.72	66	1,001.00	0.69
(vii) Units of HDFC Liquid Fund - Daily Dividend Reinvestment	54,455	1,020	555.34	51,060	10.20	526.51
(viii) Units of ICICI Prudential Liquid Plan - Daily Dividend Reinvestment	554,393	100	555.19	510,663	100.00	526.31
(ix) Units of IDBI Ultra Short Term Fund - Daily Dividend Reinvestment	69	1,031	0.72	64	1,020.53	0.69
(x) Units of L & T Ultra Short Term fund - Daily Dividend Reinvestment	3,260,742	10	337.18	2,994,815	10.34	319.18
(xi) Units of Peerless Liquid Fund - Daily Dividend Reinvestment	55,513	1,001	555.85	51,115	1,001.29	526.70
(xii) Units of Principal Debt Opportunity Conservative Fund - Daily Dividend Reinvestment	55,721	1,003	559.08	50,223	1,001.76	527.31
(xiii) Units of UTI Liquid Fund - Daily Dividend Reinvestment	54,274	1,019	553.30	50,159	1,019.45	524.97

Notes Forming Part of the Financial Statements

Particulars	As at 31st March, 2016			As at 31st March, 2015		
	No. of bonds / debentures / shares / units	Face Value / NAV (₹)	(₹ in Lakh)	No. of bonds / debentures / shares / units	Face Value / NAV (₹)	(₹ in Lakh)
(xiv) Axis Fixed Term Plan - Series 42 Direct Plan - Growth	-	-	-	5,000,000	10.00	500.00
(xv) IDBI Mutual Fund FMP Series III- Direct Plan- Growth	-	-	-	2,000,000	10.00	200.00
(xvi) IDFC Fixed Term Plan Series 57 - Direct Plan - Growth	5,000,000	10.00	500.00	5,000,000	10.00	500.00
(xvii) HDFC Mutual Fund FMP series 29 -Direct Plan - Growth	-	-	-	3,000,000	10.00	300.00
(xviii) HDFC Fixed Maturity Plans - Series 31 - Growth	-	-	-	2,000,000	10.00	200.00
(xix) HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Growth option	907,496	31	203.58	907,496	31	203.58
(xx) HDFC Fixed Maturity Plan growth option Oct 2013 Series -Direct - Growth	3,000,000	10	300.00	-	-	-
(xxi) HDFC Fixed Maturity Plan growth option April 2014 Series - Direct - Growth	1,250,000	10.00	-	1,250,000	10.00	125.00
(xxii) HDFC Fixed Maturity Plan growth option Jun 2014 Series - Direct - Growth	5,000,000	10.00	-	5,000,000	10.00	500.00
			6,994.33			8,530.18
Less : Provision for diminution in value of investments			34.23			25.03
Total			6,960.10			8,505.15
* Investment in Tax free bonds						
Aggregate value of listed but not quoted investments			838.58			838.58
Aggregate amount of unquoted investments			8,183.70			8,183.70
Aggregate amount of quoted investments			346.47			346.47
Aggregate market value of listed and quoted investments			340.26			340.26

Note 14 : Trade Receivables

(₹ in Lakh)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	55.92	27.04
Unsecured, considered good	175.66	204.10
Unsecured, considered doubtful	210.72	30.30
	442.30	261.44
Less : Provision for doubtful trade receivables	210.72	30.30
	231.58	231.14
Other trade receivables		
Secured, considered good	311.91	357.75
Unsecured, considered good	1,735.39	902.45
	2,047.30	1,260.20
Total	2,278.88	1,491.34



Notes Forming Part of the Financial Statements

Note 15 : Cash and Bank Balances

(₹ in Lakh)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Cash and cash equivalents		
Cash on hand	0.25	0.35
Cheques on hand	0.42	2.53
Balances with banks		-
(i) in current accounts	2,571.12	1,579.33
(ii) In other deposit accounts with original maturity more than 3 months	1,900.00	2,691.14
Other bank balances		
(i) in current accounts (refer footnote 1)	419.00	502.25
Total	4,890.79	4,775.60

Footnote 1: These balances have restriction on repatriation.

Note 16 : Other assets

(₹ in Lakh)

Particulars	As at 31st March, 2016			As at 31st March, 2015		
	Non-current	Current	Total	Non-current	Current	Total
Interest accrued on investments	302.18	1,293.46	1,595.64	252.45	1,130.79	1,383.24
Interest accrued on Fixed Deposit	-	242.72	242.72	165.37	100.82	266.19
Unamortised expenses - share issue expenses	-	-	-	-	-	-
Margin money deposits with a bank (earmarked as security for performance guarantee and other commitments)	32.31	-	32.31	130.21	-	130.21
Others	-	55.11	55.11	-	0.08	0.08
Total	334.49	1,591.29	1,925.78	548.03	1,231.69	1,779.72

Note 17 : Revenue from operations

(₹ in Lakh)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Annual fees	1,262.89	1,180.74
Custody fees	6,912.47	5,104.18
Transaction fees	9,369.41	8,782.92
Registration fees	559.81	575.29
Software license fees	14.23	13.28
Communication fees	318.40	309.81
Other operating income	14.21	11.93
Total	18,451.42	15,978.15

Notes Forming Part of the Financial Statements

Note 18 : Other Income

(₹ in Lakh)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Interest income :		
- On non-current investments	2,585.53	2,451.62
- On fixed deposits with banks	379.88	471.62
- On overdue trade receivables	22.92	18.37
- On income tax refund	-	-
	<u>2,988.33</u>	<u>2,941.61</u>
Dividend income from current Investments	288.22	305.16
Profit on sale of current investments	175.16	8.71
Profit on Sale of Assets	-	1.52
Liabilities / provisions no longer required written back	-	0.15
Miscellaneous income	91.77	102.42
Total	<u><u>3,543.48</u></u>	<u><u>3,359.57</u></u>

Note 19 : Employee benefits expense

(₹ in Lakh)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
-Salaries and wages	2,862.00	2,975.60
-Contribution to provident and other funds (refer note 27)	355.41	676.78
-Staff welfare expenses	151.74	161.21
-Deputation Cost	80.46	57.06
Total	<u><u>3,449.61</u></u>	<u><u>3,870.65</u></u>

Note 20 : Other expenses

(₹ in Lakh)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
-Annual fees	187.71	150.04
-Repairs and maintenance - system	1,823.56	1,735.72
-Repairs and maintenance - premises	161.82	150.40
-Repairs and maintenance - others	93.01	101.53
-System support charges	1,418.63	1,228.29
-Insurance (refer note 26)	41.23	67.69
-Processing charges	813.33	592.95
-Power and fuel	206.92	183.35
-Rent	442.98	440.58
-Communication expenses	458.55	544.27
-Travelling and conveyance expenses	278.48	255.06



Notes Forming Part of the Financial Statements

(₹ in Lakh)

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
-Legal and professional fees		160.80		174.35
-Printing and stationery expenses		64.33		97.50
-Rates and taxes		46.80		94.06
-Provision for diminution in value of non-current investments		45.78		17.11
-Corporate Social Responsibility Expense		11.75		4.43
-Seminar and business promotion expenses		229.98		180.25
-Payment to Auditors (net off service tax set-off)				
--(a) Audit fees	17.11		22.11	
--(b) Tax audit fees	3.21		3.21	
--(c) Tax matters	1.30		2.40	
--(d) Other services	7.25		1.00	
--(e) Reimbursement of Expenses	0.02	28.89	0.26	28.98
-Directors sitting fees		41.40		52.10
-Provision for investor awareness		384.00		-
-Provision for doubtful trade receivables		180.42		30.30
-Loss on fixed assets sold/written off		-		80.39
-Bad Debts Written off		151.94		249.59
-Marketing Expenses		1.28		2.39
-Share issue expenses - amortised		-		8.70
-Miscellaneous expenses		108.49		123.50
Total		7,382.08		6,593.53

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

a) Contingent Liabilities:

- (i) Demand from the service tax authorities of ₹ 3,261.69 lakh (Previous year ₹ 3,261.69 lakh) in respect of FY 2004-05 to FY 2009-10 relate to service tax demanded in respect of depository participant services during that period. The matter is pending before Commissioner of Service Tax (Adjudication). In respect of the disputes, the Company is hopeful of succeeding in appeals and does not expect any significant liability to materialise.
- (ii) Demand from Income Tax authorities for AY 2013-14 of ₹ 213.61 lakh. 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.

b) Commitments:

- i) Estimated amount of capital contracts not provided for (net of advances) is ₹ 91.87 lakh (previous year ₹ 103.45 lakh).

Notes Forming Part of the Financial Statements

ii) Other Commitments

Contractual guarantee ₹ 32.31 lakh (previous year ₹ 130.21 lakh)

22. Expenditure in foreign currency

(₹ in Lakh)

Particulars	Current year	Previous year
Travelling and conveyance expenses	68.02	39.36

23. Segment Reporting

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

Depository segment includes providing various services to the investors like, dematerialisation, rematerialisation, holding, transfer and pledge of securities in electronic form through close user group network of Business Partners (viz., Issuers, Registrars & Transfers Agents and Depository Participants), providing facility to market intermediaries for “Straight Through Processing” and providing e-voting services to companies.

Database management services includes data management services like National Skills Registry to IT / ITeS industry and transactions services like SEZ Online system on behalf of Ministry of Commerce & Industry, KYC registration agency (KRA) for centralization of the KYC records in the securities market, operations pertaining to the Repository of Insurance Policies as per the approval received from the Insurance Regulatory and Development Authority (IRDA).

(₹ in Lakh)

Particulars	For the year ended 31st March, 2016			For the year ended 31st March, 2015		
	Depository	Database	Total	Depository	Database	Total
Segment revenue						
Revenue	13,749.71	4,701.72	18,451.43	12,363.59	3,614.56	15,978.15
Less: Inter segment revenue	-	-	-	-	-	-
Total	13,749.71	4,701.72	18,451.43	12,363.59	3,614.56	15,978.15
Segment results	5,636.54	1,315.57	6,952.11	3,179.51	425.87	3,605.38
Add: Other unallocable income net of unallocable expense			580.62			520.37
Operating profit			7,532.73			4,125.75
Less: Interest expense			-			-
Add: Interest income			2,988.33			2,941.61
Add: Exceptional Item			3,130.28			
Profit before tax			13,651.34			7,067.36
Less: Tax expense			(4,175.56)			(1,901.05)
Profit for the year			9,475.78			5,166.31



Notes Forming Part of the Financial Statements

(₹ in Lakh)

	For the year ended 31st March, 2016				For the year ended 31st March, 2015			
	Depository	Database management	Un-allocable	Total	Depository	Database management	Un-allocable	Total
Segment assets	4,810.19	1,118.55	49,484.34	55,413.08	2,849.56	1,255.67	45,410.41	49,515.63
Segment liabilities	7,734.39	1,846.21	1,676.29	11,256.89	10,407.91	1,350.85	1,872.88	13,631.64
Capital expenditure	434.02	86.01	-	520.03	357.18	63.25	-	420.43
Depreciation	252.24	98.96	-	351.2	206.58	85.87	-	292.45
Other significant non-cash expenses (other than depreciation)	795.17	19.75	-	814.92	469.68	39.72	-	509.4

24. Related party Disclosures

a) Names of related parties and relationship :

(i)	IDBI Bank Limited	Company having substantial Interest
(ii)	National Stock Exchange of India Limited	Company having substantial Interest
(iii)	Key managerial personnel	Mr. G V Nageswara Rao, Managing Director and CEO

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

(₹ in Lakh)

Particulars	Current year	Previous year
(i) Transactions during the year :		
I. Companies having substantial Interest		
a) IDBI Bank Limited		
- Transaction Fees	29.44	35.55
- Annual fees	11.61	20.42
- Reimbursement of expenses	1.98	2.42
- Other operational income	1.35	-
- Interest Income on fixed deposit with Bank	101.25	49.34
- Interest (waiver)/ Income – Other	0.12	0.24
- Miscellaneous expenses	0.49	0.2
- Dividend paid	300	300
b) National Stock Exchange of India Limited		
- Miscellaneous expenses	0.04	0.15
- Transaction Fees	0.15	0.02
- Dividend paid	250.45	250.45
II. Key managerial personnel		
- Remuneration	244.05	225.46
(ii) (Payable)/Receivable at the end of the year :		
Companies having substantial Interest	(30.00)	(30.00)
a) IDBI Bank Limited		
- Security deposit payable		
- Balance in current account	387.06	1,158.42
- Trade receivables	6.76	1.82
b) National Stock Exchange of India Limited		
Trade payable	-	(0.12)

Notes Forming Part of the Financial Statements

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.

25. Operating Lease

The Company holds certain premises under operating leases. Rent includes expenses of ₹442.98 lakh net of recovery of ₹ 49.25 (previous year ₹ 440.58 net of recovery ₹ 33.62). The lease arrangement is for a period of 60 months and non-cancellable for a period of 36 months.

The committed lease rentals in the future are:

Particulars	(₹ in Lakh)	
	Current year	Previous year
Not later than one year	126.36	258.16
Later than one year and not later than five years	-	126.36
Total	126.36	384.52

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

Particulars	(₹ in Lakh)	
	Current year	Previous year
Insurance	74.56	95.13

27. Employee benefits

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

Particulars	(₹ in Lakh)	
	Current year	Previous year
Provident fund	118.10	113.31
Superannuation fund	73.58	67.47
Total	191.68	180.78

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

(i) Summary of actuarial assumptions

Particulars	Current Year	Previous year
Discount rate	7.95/ 8.01%	8.00%
Rate of return on plan assets	7.95/ 8.01%	8.00%
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 Forming Part of the Financial Statements

(ii) Reconciliation of defined benefit obligation

(₹ in Lakh)

Particulars	Current Year	Previous year
Opening defined benefit obligation	1,473.83	946.76
Interest cost	117.77	88.14
Current service cost	148.33	107.11
Benefits paid	(171.68)	(32.06)
Actuarial (gain)/ loss on obligations	(33.42)	363.88
Closing defined benefit obligation	1,534.83	1,473.83

(iii) Reconciliation of fair value of plan assets

(₹ in Lakh)

Particulars	Current Year	Previous year
Opening fair value of plan assets	956.16	909.52
Expected return on plan assets	76.41	79.12
Contributions	507.08	5.95
Benefits paid	(174.29)	(32.06)
Actuarial gain/(loss) on plan assets	13.30	(6.37)
Closing fair value of plan assets	1,378.66	956.16

(iv) Actual return on plan assets

(₹ in Lakh)

Particulars	Current Year	Previous year
Expected return on plan assets	76.41	79.12
Actuarial gain/(loss) on plan assets	13.30	(6.37)
Actual Return on Plan Assets	89.71	72.75

(v) Amount to be recognised in Balance Sheet

(₹ in Lakh)

Particulars	Current Year	Previous year
Present value of funded obligation	(1,534.83)	(1,473.83)
Fair value of plan assets at the end of the year	1,378.66	956.16
Amount recognised in Balance Sheet	(156.17)	(517.67)

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

(₹ in Lakh)

Particulars	Current Year	Previous year
Current service cost	148.33	107.11
Interest cost	117.77	88.14
Expected return on plan asset	(76.41)	(79.12)
Net Actuarial (gain) / loss to be recognized	(46.72)	370.25
Expenses recognised in the Statement of Profit and Loss	142.97	486.38

Notes Forming Part of the Financial Statements

(vii) Balance Sheet reconciliation

Particulars	(₹ in Lakh)	
	Current Year	Previous year
Opening net liability	517.67	37.24
Expenses as above	142.97	486.38
Employers contribution	(507.07)	(5.95)
Assets transferred out	2.60	-
Amount recognised in Balance Sheet	156.17	517.67

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

Particulars	Current Year	Previous year
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		

(ix) Experience Adjustments

Particulars	(₹ in Lakh)	
	Current Year	Previous year
Experience adjustment		
- On plan liabilities (Gains)/Losses	(31.66)	142.64
- On plan assets (Losses)/Gains	13.30	6.37

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

Expected contribution in the next year ₹ 143.40 lakh (previous year ₹ 137.77 lakh).

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

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

28. Earnings per share

Particulars	Current Year	Previous year
Profit for the year attributable to the equity shareholders (₹ In lakh)	9,475.78	5,166.31
Weighted average Number of equity shares during the period	40,000,000	40,000,000
Basic and Diluted Earnings per Share	23.69	12.92
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.

29. Investor Protection Fund (IPF)

The Securities Exchange Board of India (SEBI) has issued SEBI (Depositories and Participants) (Amendment) Regulations, 2012 ("the Regulation") 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 the beneficial owners and every depository is required to credit twenty five per cent of its profits to the Investor Protection Fund.



Notes Forming Part of the Financial Statements

The norms towards contribution to and the utilisation of IPF are yet to be specified.

SEBI vide its notification dated 21st January 2016 has retrospectively amended the Regulation 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 has been written back being excess contribution upto 31st March, 2015. During the year ended 31st March, 2016, the contribution to IPF works out to ₹ 290.95 lakh (previous year ₹ 1,513.73 lakh), being 5% of the profits from depository operations of the Company before tax for the year ended 31st March, 2016 available after making such contribution. The balance in IPF as at 31st March, 2016 is ₹ 828.79 lakh.

30. 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.

31. Comparatives

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

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

Sd/-
Abhijit A. Damle
Partner

Place : Mumbai
Date : April 29, 2016

For and on behalf of the Board of Directors

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

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

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

Sd/-
Sudha Balakrishnan
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary

SEZ



NSR



KRA



12th Annual Report 2015-16

NIR



NSDL

Technology, Trust & Reach

NSDL DATABASE MANAGEMENT LIMITED



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NSR

National Skills Registry

Authentic database of IT professionals

2.23 Lakh

**Knowledge Professionals
completed web registrations and
1.61 lakh Knowledge Professionals
completed biometric submissions
in the FY 2015-16**



SEZ Online

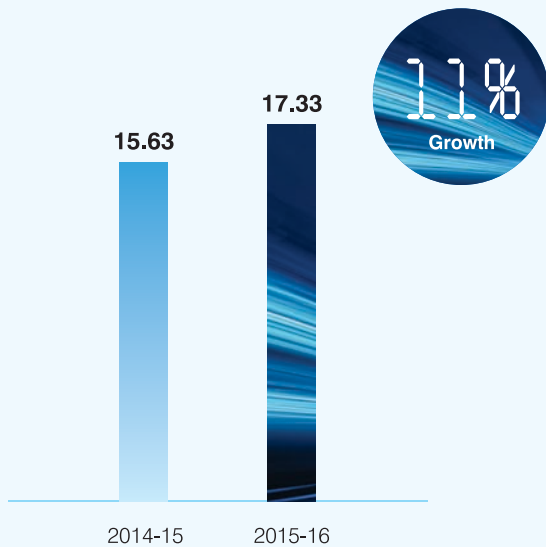


SEZ Online Sound and steady growth

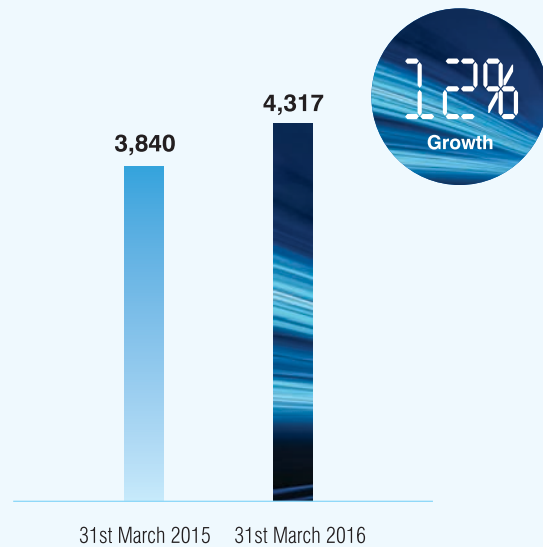
Year wise transaction count through the system 17.33 lakh for FY 2015-16

4,317

SEZ Units & Developers/Co-Developers registered on the system as on March 31, 2016



Yearwise Transactions volume (in Lakhs)



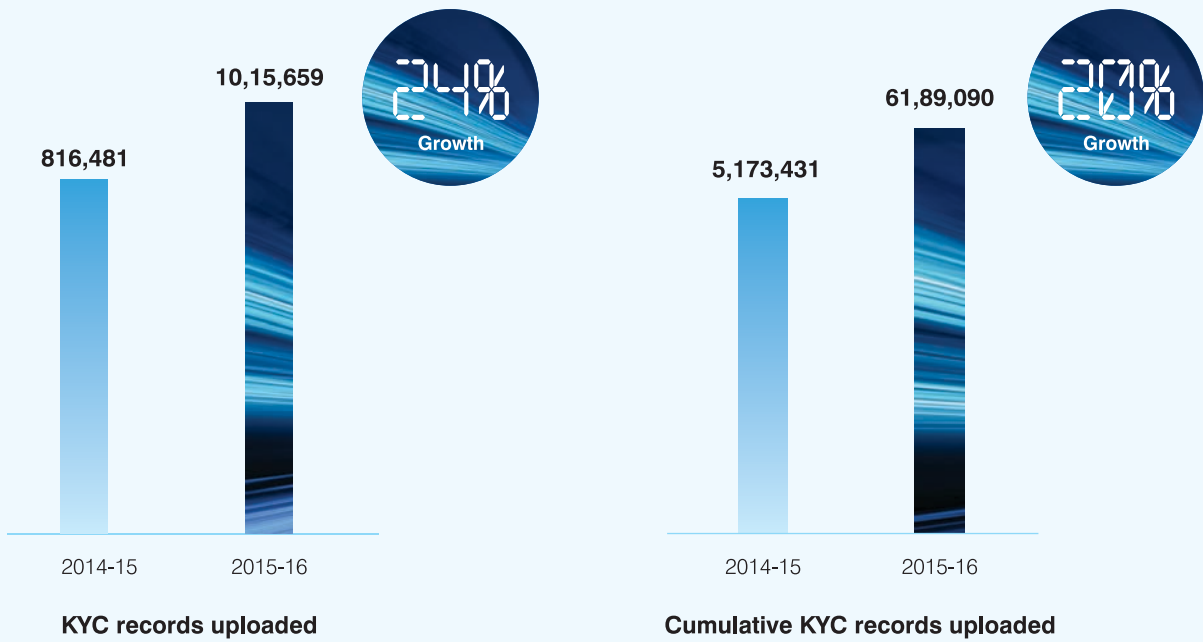
Yearwise SEZ Entities Registered



Simplified KYC process for Investors

61,89,090

Cumulative KYC records uploaded in the KRA System
as on March 31, 2016

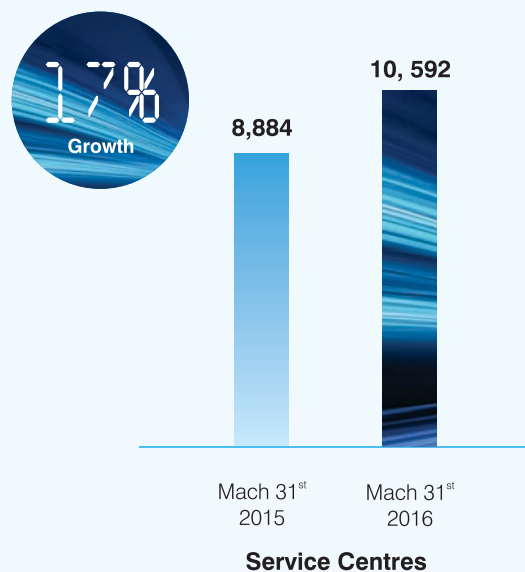
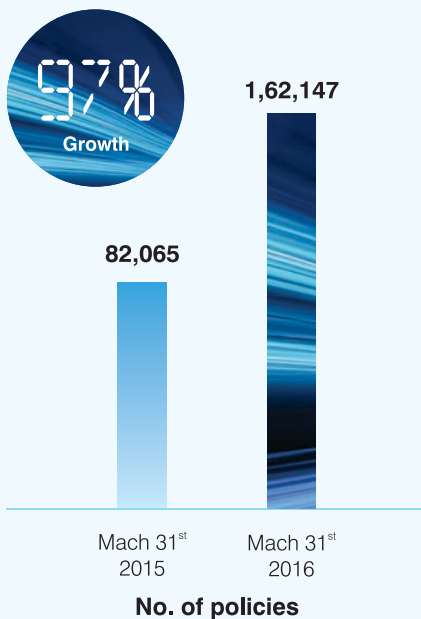


NIR

Digital revolution for insurance policies



- In the FY 2015-16 over **94,000** clients opened e-Insurance accounts (eIA) with NIR
- The number of eIA's have increased from 73,479 as on March 31, 2015 to **1,67,657** as on March 31, 2016
- NIR services offering centres grew from 8,884 to **10,592** in the FY 2015-16



Board of Directors



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



Mr. Rajesh Doshi*
Director-in-charge



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



Mr. Samar Banwat**
Director-in-charge



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



Mr. Krishna Srinivas#
Director-in-charge

* Resigned as Director w.e.f. March 01, 2016

** Appointed as Director w.e.f. April 27, 2016 and resigned as Director w.e.f. July 27, 2016

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
Mr. Rajesh Doshi*

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. Rajesh Doshi*
Mr. G. V. Nageswara Rao

* Ceased to be Director-in-charge and Member w.e.f. March 01, 2016

Our Team



Mr. Rajesh Doshi



Mr. Samar Banwat



Mr. Krishna Srinivas



Mr. Sameer Gupte



Mr. Vijay Gupta



Ms. Sudha B.



Ms. Harshada Chavan



Mr. Devendra Rane

Management Team

Mr. Rajesh Doshi*	Director-in-charge
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. Devendra Rane	Vice President

* Ceased to be Director-in-charge and Member w.e.f. March 01, 2016

** Appointed as Director-in-charge w.e.f. March 01, 2016 and ceased to be Director-in-charge w.e.f. July 27, 2016

Appointed as Director-in-charge w.e.f. July 27, 2016

Company Secretary

Mr. Deepak Shenoy

Auditors

Statutory Auditors

Deloitte Haskins & Sells LLP
Chartered Accountants
Mumbai.

Internal Auditors

M/s Aneja Associates
Chartered Accountants
Mumbai.

Secretarial Auditors

M/s. Ashish Garg,
Practising Company Secretary
Indore.

Bankers

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

Registered Office

4th floor, Trade World
'A' Wing, Kamala Mills Compound
Lower Parel, Mumbai - 400 013.
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Directors' Report

To the Members,

Your Directors are pleased to present the twelfth Annual Report along with the Audited Financial Statement of your Company for the financial year ended March 31, 2016.

Financial Review

Financial Results

(₹ lakhs)

Particulars	March 31, 2016	March 31, 2015
Income	5,259	4,144
Expenditure	3,305	3,046
Profit (Loss) before depreciation & prior-period adjustment	1,953	1,098
Depreciation	99	86
Profit (Loss) before Tax	1,855	1,012
Profit after tax	1,276	768
Balance brought forward from previous year	1,173	405
Profit (Loss) carried to the Balance Sheet	2,450	1,173

Statement on the Financial Performance of the Company

During 2015-16, your Company has worked towards achieving higher operational and technical scale combined with excellence in the existing projects as well as engaging in such new projects that offer opportunity for delivering benefits of automation and process simplification to large user groups. Over the years, the Company has entered various areas requiring database management, automation and end to end integration of services. Currently, the Company has six operational projects viz. National Skills Registry (NSR) on behalf of NASSCOM (started in January 2006), SEZ Online (SEZ Online) on behalf of Ministry of Commerce and Industry (started in September 2009), KYC Registration Agency (KRA) regulated by SEBI (started in January 2012), 'PayGov India' on behalf of Department of Electronics and Information Technology (DeitY) (started in April 2012), Paper To Follow (P2F) on behalf of National Payment Corporation of India (started in April 2013) and NSDL National Insurance Repository (NIR) regulated by IRDAI (started in August 2013).

Further during the year, the Company has commenced Registrar and Transfer Agent (RTA) project activities for which license has been accorded by SEBI.

During the year, the Company achieved a top line of ₹ 5259.79 lakh resulting in a net profit of ₹ 1276.51 lakh. The Company has achieved an operating profit of ₹ 1296.94 lakh. The revenue expenditure for the year was ₹ 3305.81 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

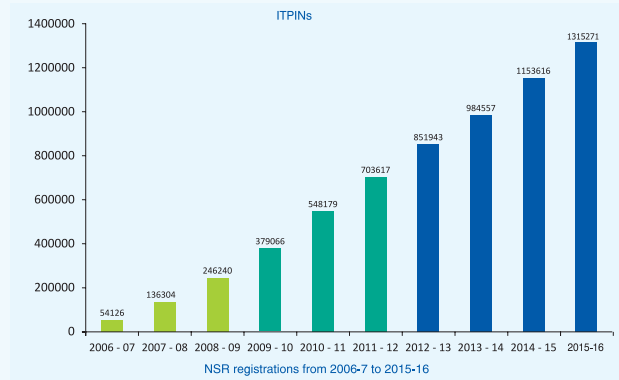
A. Progress of various projects

National Skills Registry (NSR) Project

NSR system established by your Company plays 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 related to personnel background 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, 2016, 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 29 cities. 196 companies have joined NSR. Most of the large companies have implemented NSR and made NSR registration a part of the joining / HR process. The 196 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 13.15 lakh (previous year 11.53 lakhs) Knowledge Professionals have registered on NSR and have been allotted ITPIN. Details of NSR registrations at the end of each financial year are reflected in the diagram below:



Sez Online Project

Your Company operates 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 aims to improve speed and efficiency of transactions, bring about transparency in processing and enable 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.

“Ease of Doing Business Initiative”: SEZ Online System plays a frontline role in supporting “Ease of Doing Business Initiative” of Government of India for SEZs. MOCI had identified 32 different types of applications which should be submitted online by SEZ Units / Developers to Development Commissioner Office (DC Office) for review and approval. Further, MOCI had also identified the timelines for DC Office to dispose these application categories. SEZ Online has provided online, secure and transparent platform for submission and processing of these applications in a time-bound manner.

Data Exchange with EDI System: One of the long standing aspirations of SEZ Constituents has been that SEZ Online system should interconnect with EDI System of Customs and exchange important information to facilitate and support cargo clearance & movement. This would also reduce the need for paper based clearances and bring better controls. Under the guidance of MOCI and Department of Revenue; the framework of this data exchange has been defined and data exchange has been implemented across all SEZs and Ports. During the year, data of almost 5 lakh import and export transactions was exchanged with Ports through EDI system and electronic clearances were provided.

System also provides the required information to Director General of Commercial Intelligence & Statistics (DGCI&S)



Management Discussion and Analysis

for compilation of trade data at country level.

SEZ Online System is connected with Reserve Bank of India for providing merchandise and software export data on a daily basis so as to facilitate monitoring the realisation of export proceeds in foreign exchange in timely manner.

Implementation Status:

4,000 SEZ units and 299 Developers / Co – Developers are now registered on the system. During 2015-16, more than 9.6 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 (9.1 lakh for 2014 – 15).

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 trading and services from SEZs. MOCI and DC Offices are pursuing with and facilitating all developers to progress their SEZ plans to operationalisation phase. MOCI is also taking steps to resolve any policy and procedural issues in growth of SEZs. New Foreign Trade Policy has announced support for SEZs. It is believed that SEZs would continue to grow in terms of new SEZs, new Units and therefore the volume of trade and the business. SEZ Online system would 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 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 intermediaries for registration of KYC data and documents of their clients KYC Registration Agency (KRA). A client who is desirous of opening an account/trade/deal with a SEBI registered intermediary shall submit KYC details and the supporting documents to the intermediary. The intermediary will perform the initial KYC and upload the details on the system of KRA. KRA shall verify the KYC documents and after confirming the correctness, issue a letter to the concerned client confirming completion of the registration. The KYC information can be accessed

by SEBI registered intermediaries while dealing with the same client. As a result, once the client has done KYC with a SEBI registered intermediary, he / she need not undergo the same process again with another intermediary.

Your company has established connectivity with other KRAs thereby facilitating intermediaries registered with NDML KRA to download KYC information available with other KRAs. NDML KRA facilitates inquiry of KYC status and download of KYC information through SMS. This facility allows intermediary users to check status of KYC and download KYC information through SMS through registered Mobile Number.

As on March 31, 2016, 1,044 SEBI registered market intermediaries have registered with NDML KRA and KYC records of 61.84 lakh applicants were uploaded in the KRA system.

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

Department of Electronics & Information Technology (DeitY), Government of India (GoI) under its National e-Governance Plan (NeGP) has engaged your Company to assist Government Departments in collecting online payments from Citizens for various Government services. Your company provides 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.

DeitY has issued advisory to all states and government departments to consider using PayGov platform for online payment services. PayGov is currently connected with 55 different Government departments / Utility service providers across various States and is facilitating payment of treasury as well as non-treasury payments. During 2015-16 PayGov has processed 55.2 lakh online payment transactions. PayGov is now also being used as an integrated payment channel for Mobile Applications launched by Karnataka Government and Municipal Corporation of Greater Mumbai.

NSDL National Insurance Repository (NIR)

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

IRDAI issued "Revised Guidelines on Insurance Repositories and electronic issuance of Insurance policies" on May 29, 2015. These guidelines have

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laid down enabling provisions for the progress of repository system like setting up threshold for mandatory issuance of policies in electronic form, categorizing an e-Insurance Account (eIA) based on the value added services provided by Insurance Repository which can be chargeable to customer etc. Further IRDAI has also issued data standards for facilitating credit of motor and health policies in the eIA. This has paved way for holding general insurance policies in electronic form.

While NIR is in discussion with all Insurance Companies for signing agreement and technical integration, it now facilitates holding of insurance policies issued by 16 insurers in electronic form. Till March 31, 2016 1,68,459 individuals have opened eIAs with NIR and 1,62,618 insurance policies are credited in these eIAs.

In order to facilitate the customer to open an eIA, NIR has empanelled 65 Approved Persons which include 11 Banks and has presence in 10,535 branches across 1,203 cities.

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

Your Company manages 'Paper To Follow (P2F)' process of Cheque Truncation System (CTS) on behalf of National Payments Corporation of India (NPCI). NDML is required to manage P2F process at each of the 64 Grid CTS centers with suitable human resources and infrastructure. During the year, your company added 14 more centres. Thus as on March 31, 2016, NDML has established and is managing P2F process at 78 centers.

National Academic Depository (NAD)

Government of India proposes to establish a digital depository of academic certificates being issued by academic institutions i.e. "National Academic Depository" (NAD). This will facilitate students to have a convenient online access to their academic certificates at all the times. This system can be used by employers, banks, academic institutions to verify the authenticity of any certificate submitted by any person for employment, loan application, course admission etc. Thereby, the menace of fake and forged certificates can be eliminated and certificate verification can become efficient and trusted.

Your Company is actively engaged Ministry of Human Resources Development (MHRD) to operationalise this important initiative.

Registrar and Transfer Agent (RTA)

NDML has 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 has commenced its operations w.e.f. June 1, 2016.

As on June 30, 2016, 9 Issuers are registered with NDML RTA division and 41 ISINs are created for offering various types of services for unlisted equities and debt instruments such as Commercial paper, Debentures, Securitized instruments etc.

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 recognized ISO 27001:2013 certification for implementation of information security management system (ISMS) for NSR project. The Certificate was due for expiry on 29th March 2016. Process for Implementation of ISO in NIR Project was undertaken in 2015-2016. During the ISO27001:2013 recertification, the implementation of ISO in NIR along with NSR was presented to the accredited auditors, Det Norske Veritas-Germanischer Lloyd (DNV-GL). The Auditors having satisfied themselves with adequate and appropriate implementation of all applicable Information Security Controls in NSR and in NIR, the Company has received re-certification of ISO27001:2013 for the NSR project and for the NIR Project in March, 2016.

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

Risk Management and Insurance

Taking into account various risk 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



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been taken by NSDL (holding company) to cover the liability of the Directors and officers of both NSDL and NDML.

Other measures

Your Company has appointed a Compliance Officer to ensure compliance with various laws. The Compliance Officer reports on the compliance relating to the relevant applicable laws quarterly at Board meetings. The Company also seeks outside legal advice, wherever needed.

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. 25 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. These values and principles set the context to manage affairs of your Company in a fair and transparent manner. Through the Governance mechanism in the Company, the Board along with its Committees upholds fiduciary responsibilities to all its stakeholders by ensuring transparency, fair play and independence in its decision making. The Board plays a crucial role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This belief is reflected in your Company's governance practices. 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.

I. Board of Directors

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

Your Company has highly professional and experienced management team consisting of business / functional heads who look after the day-to-day affairs of the Company under the direction of 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.

1. Mr. P. P. Vora

Mr. P. P. Vora, aged 72 years, is an eminent Chartered Accountant. He has the industry experience of more than 40 years and is specialized in spearheading financial/ accounting function. He has retired as Chairman and Managing Director of IDBI Bank Ltd. (erstwhile Industrial Development Bank of India (IDBI)). At present, he is a Director on Board of NSDL, Reliance Capital Trustee Company Limited, Reliance Home Finance Limited, Reliance Gilts Limited, J. Kumar Infraprojects Limited, Sterling Add Life India Private Limited (earlier known as Sterling Add Life India Limited), Rama Cylinders Private Limited, Pahal Financial Services Private Limited, Paramount Limited and KIFS Housing Finance Private Limited.

2. Mr. C. M. Vasudev

Mr. C. M. Vasudev, aged 73 years, holds a master's Degree in Economics and Physics. He has retired from the Indian Administrative Services (IAS). He has extensive experience working at policy-making levels in the financial sector. He has worked as Executive Director of World Bank and also chaired World Bank's committee on development effectiveness with responsibility for ensuring effectiveness of the World Bank's operations. He has worked for the Ministry of Finance for more than 8 years. He has worked as a government nominee Director on the Boards of many companies in the financial sector such as State Bank of India, IDBI, ICICI, IDFC, NABARD and the National Housing Bank and was also a member of the Central Board of the RBI. He was the member secretary of the Narasimhan Committee on financial sector reforms.

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

3. Mr. G. V. Nageswara Rao

Mr. G. V. Nageswara Rao, aged 54 years, is MBA from IIM-Ahmedabad, a Chartered Accountant and a Cost Accountant. He has a unique blend of experience of over 27 years covering the whole gamut of financial services in India including capital markets and securities business, retail banking, corporate and investment banking, project finance and life



Corporate Governance

insurance. Mr. Rao has a deep understanding of and strategic insight into financial services businesses in India with a track record of building and managing several successful businesses.

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

4. Mr. Samar Banwat

Mr. Samar Banwat, aged 44 years, 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, aged 52 years, 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 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 one's being; SEBI DWBIS (for market-wide surveillance), Next-Generation RTGS system for RBI, NACH for NPCI and EDW Surveillance system for NSE. He is currently associated with National Securities Depository Limited (NSDL) as Executive Vice President, IT and Systems.

B. Board Procedures and Meetings

The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness. A minimum of four Board meetings are held every year. Apart from the above, additional Board meetings are convened by giving appropriate notice in advance to all the Directors to address the specific needs of the Company. However, in case of a special and urgent business need, the Board also approves by Circular Resolution, important items of business (other than items as specified under Section 179 of the Companies Act, 2013) which cannot be deferred till the next Board Meeting. The date of the subsequent Board meetings are decided with the mutual consent of all the Directors present at the ongoing Board meeting. The Board meetings are usually held at the registered office of the Company.

The agenda for the Board Meeting is prepared in consultation with the Director-in-charge. 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, Four (4) Board meetings were held.

Details of attendance of each director at the Board Meetings held during the year under review are as follows:

Sr. No.	Name of the Director	Category	Attendance Particulars		No. of other Directorships	No. of Committee Positions held	
			No. of Board Meetings held during tenure	No. of Board meetings attended		Member	Chairman
1	Mr. P. P. Vora	Non-Executive Chairman/ Independent	4	4	6	4	2
2	Mr. C. M. Vasudev	Non-Executive/ Independent	4	4	8	6	1
3	Mr. K. Sivaprakasam	Non-Executive/ Independent	4	1	1#	1#	1#

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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
4	Mr. G. V. Nageswara Rao	Non-Executive/ promoter representative	4	4	1	1	0
5	Mr. Rajesh Doshi	Director-in-charge	4	4	N.A.#	1#	0#
6	Mr. Samar Banwat***	Manager	0	0	N.A.	0	0

* Mr. K. Sivaprakasam has retired as Director w.e.f. September 14, 2015

** Mr. Rajesh Doshi has resigned as Director/Manager w.e.f. March 01, 2016

***Mr. Samar Banwat is appointed as Manager w.e.f. March 01, 2016

Information as available on the date of cessation.

Note:

1. The Directorships held by Directors as mentioned above, do not include Directorships in Foreign Companies, Section 8 Companies and Private Limited Companies which are not the holding or subsidiary Company of a Public Company.
2. While considering Memberships/Chairmanships of Committees, only the Audit Committee and Stakeholder's Relationship Committees in all Public Limited Companies have been considered.

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 Board.

C. Board Level Changes:

During the year, Mr. K. Sivaprakasam and Mr. Rajesh Doshi ceased to be a Director of the Company w.e.f. September 14, 2015 and March 01, 2016 respectively.

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

Further, Mr. Samar Banwat, Executive Vice President of NSDL was appointed as Manager of NDML w.e.f. March 01, 2016 and as an Additional Director w.e.f. April 29, 2016 also resigned from both the positions w.e.f. July 27, 2016.

Further, Mr. Krishna Srinivas, Executive Vice President of NSDL was appointed as Manager and as an Additional 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. G. V. Nageswara Rao is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

E. Declaration by Independent Director(s):

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.

F. Independent Directors meeting:

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.



Corporate Governance

II. Board Committees

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Company. These Committees monitor the activities falling within their terms of reference. The Board Committees play a crucial role in the governance structure of the Company and are being set out to deal with specific areas/activities which concern the Company and require a closer review. The Board Committees are set up with the formal approval of the Board, to carry out the clearly defined role which is considered to be performed by members of the Board as a part of good governance practice. The minutes of the meetings of the Committees are placed before the Board for review. Currently, the Board has three committees, viz:

- Audit Committee
- Nomination and Remuneration Committee
- Share Allotment and Transfer Committee
- Corporate Social Responsibility Committee

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 consists of four directors out of which three are Independent Directors in accordance with the provisions of Section 177 of the Companies Act, 2013. The Committee meets once in each quarter to review the quarterly accounts, budgetary controls, internal audit reports and discuss with the auditors about the scope of audit, internal control systems and procedures including the observations of auditors. The Committee reviews the quarterly and annual financial statements before submission to the Board and ensures compliance of internal control systems. The Committee in each quarter also reviews the details of investment of surplus funds of the Company as per Investment policy approved by the Board. The Committee is governed by the scope as mentioned in the provisions of Section 177(4) 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 held	Total No. of meetings attended
1	Mr. P. P. Vora	4	4
2	Mr. C. M. Vasudev	4	4
3	Mr. K. Sivaprakasam*	4	0
4	Mr. Rajesh Doshi*	4	4
5	Mr. G. V. Nageswara Rao**	4	N.A.

(*) Mr. K. Sivaprakasam and Mr. Rajesh Doshi ceased to be member w.e.f. September 14, 2015 and March 01, 2016.

(**) Mr. G. V. Nageswara Rao appointed as a member w.e.f. April 29, 2016.

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.

During the year under review, Two (2) 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:

Corporate Governance

Sr. No.	Name of the Member	Total No. of meetings held	Total No. of meetings attended
1	Mr. C. M. Vasudev	2	2
2	Mr. P. P. Vora	2	2
3	Mr. G. V. Nageswara Rao	2	2

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.

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. Rajesh Doshi

The Board of Directors pursuant to cessation of Mr. Rajesh Doshi appointed Mr. G. V. Nageswara Rao as member of the Committee in its meeting dated April 29, 2016. The current composition of the Committee is as follows:

Sr. No.	Name of the Member
1.	Mr. P. P. Vora
2.	Mr. G. V. Nageswara Rao

As there were no changes in the Authorised or Issued capital of the Company during the financial year and no transfer case lodged, the Committee did not meet.

D. Corporate Social Responsibility 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 spend 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. The company is in process of evaluating projects and the funding for these activities is expected in FY 16-17.

III. Details of Key Managerial Personnel (KMPs):

Mr. Rajesh Doshi ceased to be a Manager w.e.f March 1, 2016 and Mr. Samar Banwat was appointed as a Manager w.e.f. March 01, 2016

Ms. Nehal Thaker resigned as Company Secretary w.e.f October 20, 2015 and Mr. Deepak Shenoy was appointed as Company Secretary w.e.f. October 29, 2015.

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.



Corporate Governance

V. General Body Meetings

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

AGM	Date	Venue
Ninth	July 02, 2013	Board Room, National Securities Depository Limited, Trade World, 5th Floor, Kamala Mills Compound, Lower Parel, Mumbai- 400 013
Tenth	September 24, 2014	
Eleventh	September 14, 2015	

The Twelfth AGM is scheduled to be held on Friday, September 16, 2016 at 10.00 a.m. at the Board Room of National Securities Depository Limited, Trade World, 5th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400013.

6. Directors' Responsibility Statement

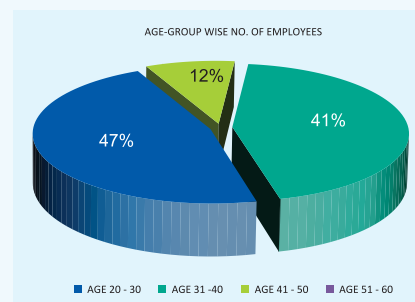
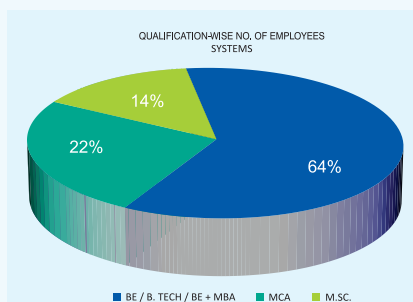
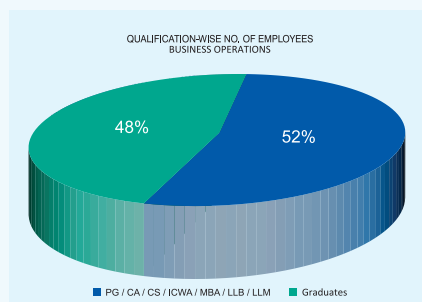
To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- 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 emphasises on the quality of its human resources as it believes the employees are the most important and valuable assets. Your Company has created favorable work environment and strives to provide fair and transparent policies to its employees. Your Company believes in creating a knowledge organisation and recognises the significance of skills and training in the growth of an individual and the Company. Various training and orientation programmes are conducted, both in-house as well as external programmes. Officials across various levels are exposed to programmes according to training needs. During the year under review, Leadership programme and 'Team building & Interpersonal Skills' programme were conducted for employees at middle management level to increase their efficiency and enhance their leadership qualities. Other training programmes on Information Security Policies Awareness, Business Continuity Planning, Positive Work Environment, etc. are also conducted in order to keep abreast the employees in these areas. Company also nominates employees to participate in various seminars specific to business and other related areas and also for specific technical training. This has enabled all employees for learning, contributing and growing and enables your Company to retain and attract talented employees.

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



Corporate Governance

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 2015-16, no grievance was reported to the Committee.

8. Auditors

A. Statutory Auditors

Deloitte Haskins & Sells LLP, Chartered Accountants, Auditors of the Company, have been re-appointed as Statutory Auditors to hold office from the conclusion of the Tenth Annual General Meeting for a period of 4 years, subject to ratification of their appointment at every AGM. Deloitte Haskins & Sells LLP have confirmed their consent for re-appointment for FY 2016-17. Deloitte Haskins & Sells LLP have confirmed that they fulfill the conditions as prescribed under Rule 4 of Chapter X read with Section 139 of the Companies Act, 2013.

Re-appointment of Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai as statutory auditors for FY 2016-17 will be considered for ratification by the shareholders in the Twelfth Annual General Meeting.

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.

9. 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.

10. 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. 2015-16	F.Y. 2014-15
1	Foreign Exchange Earnings- Actual inflow in foreign currency	Nil	Nil
2	Foreign Exchange Outgo/Expenditure incurred – Actual outflow in foreign currency	Nil	Nil

11. 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.



Corporate Governance

12. 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/-

Place: Mumbai
Date: July 27, 2016

Mr. P. P. Vora
CHAIRMAN

Form No. MR-3

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED – March 31, 2016**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
NSDL Database Management Limited
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, 2016 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, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder (in so far as they are made applicable);
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; 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, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, in so far as they are made applicable from time to time.
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 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; which is not applicable to the Company
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;



Annexure

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
- (vi) Securities and Exchange Board of India {KYC (Know Your Client) Registration Agency (KRA)}, Regulations, 2011
- (vii) 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, which made applicable from 1st July 2015.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s), If applicable; which is not applicable to the Company

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 : July 27, 2016

Independent Auditors' Report

To The Members of NSDL Database Management Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **NSDL DATABASE MANAGEMENT LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility

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

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

We conducted our audit of the 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that :
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.



Independent Auditors' Report

- 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 II of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Sd/-
Mukesh Jain
(Partner)
(Membership No.108262)

Place: Mumbai

Date: April 29, 2016

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, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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, 2016, 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: April 29, 2016

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) In respect of its fixed assets :
 - (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 doesn't have any immovable properties of freehold or leasehold land and building and hence reporting under clause 3(i)(c) of the Order is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order 2016 is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as 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 Order is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has been generally been regular in depositing undisputed statutory dues, including Provident Fund, Income Tax, Service Tax, 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, Income Tax, Service Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2016 on account of disputes.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (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) of the Order 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 Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.



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)

- (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-I 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: April 29, 2016

Financial Statements



Balance Sheet as at March 31, 2016

(Amount in ₹)

Particulars	Note No.	As at March 31, 2016		As at March 31, 2015	
I. EQUITY AND LIABILITIES					
1. Shareholders' funds					
(a) Share capital	3	61,05,00,000		61,05,00,000	
(b) Reserves and surplus	4	<u>24,49,65,009</u>	85,54,65,009	<u>11,73,14,275</u>	72,78,14,275
2. Non-current liabilities					
(a) Deferred tax liability (net)	11	28,74,000		27,72,000	
(b) Other long term liabilities	5	<u>1,11,77,584</u>	1,40,51,584	<u>1,19,38,398</u>	1,47,10,398
3. Current liabilities					
(a) Trade payables					
(i) total outstanding dues of micro enterprises and small enterprises	6	5,31,101		3,70,626	
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	6	6,49,56,099		4,66,26,689	
(b) Other current liabilities	7	9,82,91,512		11,91,97,702	
(c) Short term provisions	8	<u>3,17,24,413</u>	19,55,03,125	<u>1,01,35,961</u>	17,63,30,978
Total			<u>1,06,50,19,718</u>		<u>91,88,55,651</u>
II. ASSETS					
1. Non current assets					
(a) Fixed assets					
(i) Tangible assets	9	2,05,30,125		2,29,39,108	
(ii) Intangible assets	9	1,19,55,745		1,48,89,347	
(iii) Capital work in progress		<u>49,40,398</u>		<u>77,52,649</u>	
		<u>3,74,26,268</u>		<u>4,55,81,104</u>	
(b) Non-current investment	10	49,23,82,016		34,60,42,451	
(c) Long term loans and advances	12	4,06,10,227		3,99,77,884	
(d) Other non-current assets	13	<u>32,30,955</u>	57,36,49,466	<u>2,95,57,561</u>	46,11,59,000

Balance Sheet as at March 31, 2016

(Amount in ₹)

Particulars	Note No.	As at March 31, 2016		As at March 31, 2015	
2. Current assets					
(a) Current investments	10	5,13,59,428		8,38,57,701	
(b) Trade receivables	14	3,63,06,505		3,73,49,821	
(c) Cash and cash equivalents	15	35,67,65,314		30,85,53,848	
(d) Short term loans and advances	16	56,07,446		49,74,599	
(e) Other current assets	17	4,13,31,559	49,13,70,252	2,29,60,682	45,76,96,651
See accompanying notes forming part of the financial statements (1 to 29)					
Total			1,06,50,19,718	91,88,55,651	

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

Sd/-
Mukesh Jain
Partner

Place : Mumbai
Date : April 29, 2016

For and on behalf of the Board of Directors

Sd/-
P. P. Vora
Chairman
(DIN : 00003192)

Sd/-
C.M.Vasudev
Director
(DIN : 00143885)

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
G. V. Nageswara Rao
Director
(DIN : 00799504)

Sd/-
Deepak Shenoy
Company Secretary



Statement of Profit and Loss for the year ended March 31, 2016

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
INCOME			
Revenue from operations	18	47,01,71,590	36,14,56,540
Other income	19	5,58,07,072	5,29,70,403
Total income		52,59,78,662	41,44,26,943
EXPENSES			
Employee benefit expenses	20	6,50,93,674	7,65,06,428
Depreciation and amortization expense	9	98,96,433	85,87,396
Other expenses	21	26,54,87,821	22,80,93,913
Total expenses		34,04,77,928	31,31,87,737
Profit before tax		18,55,00,734	10,12,39,206
Tax expense			
Current tax		(5,77,48,000)	(2,29,38,000)
Deferred tax		(1,02,000)	(14,98,000)
Total tax expenses		5,78,50,000	2,44,36,000
Profit for the year		12,76,50,734	7,68,03,206
Basic and diluted earnings per equity share of ₹ 10 each	27	2.09	1.26
See accompanying notes forming part of the financial statements (1 to 29)			

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

Sd/-
Mukesh Jain
Partner

Place : Mumbai
Date : April 29, 2016

For and on behalf of the Board of Directors

Sd/-
P. P. Vora
Chairman
(DIN : 00003192)

Sd/-
G. V. Nageswara Rao
Director
(DIN : 00799504)

Sd/-
C.M. Vasudev
Director
(DIN : 00143885)

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary

Cash Flow Statement for the year ended March 31, 2016

(Amount in ₹)

	For the year ended March 31, 2016	For the year ended March 31, 2015
A. Cash flow from operating activities		
Profit before tax	18,55,00,734	10,12,39,206
Adjustment for:		
Depreciation and amortisation expense	98,96,433	85,87,396
Net loss on sale of investments	-	86,394
Premium amortised on purchase of bonds	18,62,708	8,38,273
Provision for compensated absences	(4,71,543)	26,08,341
Amortisation of share issue expenses	-	8,70,000
Interest income on fixed deposit	(2,77,04,493)	(4,13,63,146)
Interest income on bond	(2,80,88,053)	(1,15,75,646)
Provision for doubtful debts	2,67,849	-
Operating profit before working capital changes	14,12,63,635	6,12,90,818
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	7,75,467	(2,15,51,173)
Short-term loans and advances	(6,32,847)	2,81,820
Long-term loans and advances	43,07,991	1,46,88,495
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	1,84,89,885	41,00,850
Other current liabilities	(1,40,47,068)	3,28,55,753
Other long-term liabilities	(7,60,814)	(15,05,052)
Cash generated / (used in) from operations	14,93,96,249	9,01,61,511
Net income tax paid	(4,06,28,339)	(1,81,26,083)
Net cash flow from / (used in) operating activities (A)	10,87,67,910	7,20,35,428
B. Cash flow from investing activities		
Bank balances not considered as Cash and cash equivalents		
- Placed	(6,32,30,955)	(35,63,63,043)
- Matured	15,21,34,803	64,45,58,760



Cash Flow Statement for the year ended March 31, 2016

(Amount in ₹)

	For the year ended March 31, 2016	For the year ended March 31, 2015
Investments in bonds & mutual funds		
- Purchased	(11,67,04,000)	(38,81,94,790)
- Sale	10,00,000	77,27,483
Interest received	5,39,58,268	3,95,39,244
Capital expenditure on fixed assets (including Capital work in progress and net of capital creditors)	(86,00,719)	(63,25,448)
Net cash flow from / (used in) investing activities (B)	1,85,57,397	(5,90,57,794)
C. Cash flow from financing activities		
Net cash flow used in financing activities (C)	-	-
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	12,73,25,307	1,29,77,634
Cash and cash equivalents at the beginning of the year (Note 15)	3,94,40,007	2,64,62,373
Cash and cash equivalents at the end of the year (Note 15)	16,67,65,314	3,94,40,007
	12,73,25,307	1,29,77,634

	As at March 31, 2016	As at March 31, 2015
Notes:		
Cash and cash equivalents (Note 15)		
Cash and bank balances	35,67,65,314	30,85,53,848
Less: - Fixed Deposit with original maturity of more than 3 months	(19,00,00,000)	(26,91,13,841)
	16,67,65,314	3,94,40,007

See accompanying notes forming part of the financial statements (1 to 29)

In terms of our report attached
For Deloitte Haskins & Sells LLP
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Mukesh Jain
Partner

Place : Mumbai
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Sd/-
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Chairman
(DIN : 00003192)

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Director
(DIN : 00143885)

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
G. V. Nageswara Rao
Director
(DIN : 00799504)

Sd/-
Deepak Shenoy
Company Secretary

Notes Forming Part of the Financial Statements

1. Nature of the business

The Company is engaged in providing services to its clients relating to automation and re-engineering of business processes so that benefits of niche technology and electronic data can be used to enhance the process working and end-user experience. The Company offers services as a managed service provider and sets-up system infrastructure, connectivity, software application and database systems so that users can access and use the same to complete their business processes in optimum manner. 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. In the previous year the Company received the certificate of registration from Insurance Regulatory and Development Authority (IRDA) for setting up an Insurance Repository. The Company has since commenced operations pertaining to the Repository of Insurance Policies.

2. Basis of preparation and significant accounting policies:

a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for depreciation.

b) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions

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

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

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

d) Cash flow statement

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

e) Revenue recognition:

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

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

f) Other income:

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

g) Fixed assets – (tangible/intangible):

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any



Notes Forming Part of the Financial Statements

import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Capital work-in-progress:

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

h) Depreciation and amortisation:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. During the previous year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company had revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

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

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

i) Investments:

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

j) Employee benefits:

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

Defined Contribution Plan:

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

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

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

Defined Benefit Plan:

Gratuity: The Company makes annual contributions to the Fund administered by trustees and managed by an insurance company. The Company accounts for the net present value of its obligations for gratuity benefits based on an independent external actuarial valuation determined on the basis of the projected unit credit method carried out at the Balance Sheet date. Actuarial gains and losses are immediately recognised in the Statement of Profit and Loss.

Short-term employee benefits:

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

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

- i. in case of accumulated compensated absences, when employees render the services that

Notes Forming Part of the Financial Statements

increase their entitlement of future compensated absences; and

- ii. in case of non-accumulating compensated absences, when the absences occur.

k) Tax on Income:

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

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

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

l) Provisions and contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

m) Impairment of assets

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

n) Operating Cycle

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

o) Share issue expenses

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



Notes Forming Part of the Financial Statements

Note 3 : Share Capital

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
Authorised		
80,000,000 (previous year 80,000,000) Equity Shares of ₹ 10 each	80,00,00,000	80,00,00,000
Issued, subscribed and fully paid-up		
61,050,000 (previous year 61,050,000) Equity Shares of ₹ 10 each fully paid-up with voting rights	61,05,00,000	61,05,00,000
Total	61,05,00,000	61,05,00,000

Note 3a.

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

3b. Reconciliation of the shares outstanding at the end	As at March 31, 2016	As at March 31, 2015
Number of shares at the beginning	6,10,50,000	6,10,50,000
Add: Issued during the year	-	-
Number of shares at the end	6,10,50,000	6,10,50,000

3c. Details of shareholders holding more than 5% shares	As at March 31, 2016	As at March 31, 2015
Name of the Shareholder		
National Securities Depository Limited and its nominees		
Number of shares held	6,10,50,000	6,10,50,000
% of Holding	100	100

Note 4 : Reserves and surplus

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<u>Surplus / (Deficit) in the statement of profit and loss</u>		
Opening balance	11,73,14,275	4,05,11,069
Add: Profit for the year	12,76,50,734	7,68,03,206
Closing balance	24,49,65,009	11,73,14,275
Total	24,49,65,009	11,73,14,275

Note 5 : Other long-term liabilities

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
Others		
- Security deposits received from customers and agents	96,00,000	1,00,00,000
- Income received in advance	15,77,584	19,38,398
Total	1,11,77,584	1,19,38,398

Notes Forming Part of the Financial Statements

Note 6 : Trade payables

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
Trade payables		
- Amount due to Micro and Small Enterprises	5,31,101	3,70,626
- Others	6,49,56,099	4,66,26,689
Total	6,54,87,200	4,69,97,315

Note 6a:

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

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
(i) (a) Principal amount remaining unpaid to any supplier	5,31,101	3,70,626
(b) Interest on (i)(a) above	-	-
(ii) The amount of interest paid along with the principal payment made to the supplier beyond the appointed date during 2015-16	-	-
(iii) Amount of Interest due and payable on delayed payments	-	-
(iv) Amount of Further interest remaining due and payable for the earlier years	-	-
(v) Total outstanding dues of Micro and Small Enterprises		
- Principal	5,31,101	3,70,626
- Interest	-	-

Note 7 : Other current liabilities

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Income received in advance	4,19,36,656	3,62,26,803
(b) Other current liabilities		
- Statutory remittance	56,06,028	33,24,105
- Security deposits received from customers and agents	23,56,913	30,56,913
- Payables on purchase of fixed assets	7,06,166	75,65,288
- Gratuity payable to fund	17,24,591	68,81,642
- Staff accruals	1,04,08,049	95,55,881
(c) Advance from customer	3,55,53,109	5,25,87,070
Total	9,82,91,512	11,91,97,702

Note 8: Short-term provisions

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
Provisions for employee benefits		
- Compensated absences	96,64,418	1,01,35,961
Provisions others		
- Provision for taxes (net of taxes)	2,20,59,995	-
Total	3,17,24,413	1,01,35,961



Notes Forming Part of the Financial Statements

Note 9 : Fixed assets

(Amount in ₹)

Sr. No.	Description	GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK	
		As on April 1, 2015	Additions	Disposals	As on March 31, 2016	As on April 1, 2015	For the year	Eliminated on disposal of assets	As on March 31, 2016	As on March 31, 2016
	Tangible assets									
1	Computers	8,16,28,625 (8,07,69,172)	23,85,964 (8,59,453)	-	8,40,14,589 (8,16,28,625)	6,16,75,065 (5,76,41,021)	39,63,584 (40,34,044)	-	6,56,38,649 (6,16,75,065)	1,83,75,940 (1,99,53,560)
2	Communication equipment	1,36,25,052 (1,36,25,052)	-	-	1,36,25,052 (1,36,25,052)	1,10,03,268 (1,02,82,589)	7,20,679 (7,20,679)	-	1,17,23,947 (1,10,03,268)	19,01,105 (26,21,784)
3	Office equipment	6,79,417 (6,74,698)	-	-	6,79,417 (6,79,417)	3,15,653 (2,00,747)	1,10,684 (1,14,906)	-	4,26,337 (3,15,653)	2,53,080 (3,63,764)
	Total	9,59,33,094	23,85,964	-	9,83,19,058	7,29,93,986	47,94,947	-	7,77,88,933	2,05,30,125
	Previous Year	(9,50,68,922)	(8,64,172)	-	(9,59,33,094)	(6,81,24,357)	(48,69,629)	-	(7,29,93,986)	(2,29,39,108)
	Intangible assets									
1	Computer software (acquired)	4,30,87,785 (3,10,28,433)	21,67,884 (1,20,59,352)	-	4,52,55,669 (4,30,87,785)	2,81,98,438 (2,44,80,671)	51,01,486 (37,17,767)	-	3,32,99,924 (2,81,98,438)	1,19,55,745 (1,48,89,347)
	Total	4,30,87,785	21,67,884	-	4,52,55,669	2,81,98,438	51,01,486	-	3,32,99,924	1,19,55,745
	Previous Year	(3,10,28,433)	(1,20,59,352)	-	(4,30,87,785)	(2,44,80,671)	(37,17,767)	-	(2,81,98,438)	(1,48,89,347)
	Grand Total	13,90,20,879	45,53,848	-	14,35,74,727	10,11,92,424	98,96,433	-	11,10,88,857	3,24,85,870
	Grand Total of Previous Year	(12,60,97,355)	(1,29,23,524)	-	(13,90,20,879)	(9,26,05,028)	(85,87,396)	-	(10,11,92,424)	(3,78,28,455)

Foot note: The figures in bracket are of previous year as on March 31, 2015

Notes Forming Part of the Financial Statements

Note 10 : Investments

Particulars	Rate of Interest	Year of maturity	No. of bonds / debentures / share / units	Face value per bond / NAV	Non-current investments		Current investments	
					As at March 31, 2016 (Amount in ₹)	As at March 31, 2015 (Amount in ₹)	As at March 31, 2016 (Amount in ₹)	As at March 31, 2015 (Amount in ₹)
(a) Investment in debentures or bonds (at cost) - Quoted								
(i) Indian Railway Finance Corporation Limited *	8.63%	2029	40,000	1,000	4,20,32,000	4,20,32,000	-	-
(ii) Indian Railway Finance Corporation Limited *	8.00%	2022	60,000	1,000	6,15,55,000	6,15,55,000	-	-
(iii) Housing Development Finance Corporation Limited	9.20%	2016	1	10,00,000	-	10,10,000	10,10,000	-
(iv) Housing and Urban Development Corporation Limited *	8.56%	2028	100	10,00,000	11,07,50,000	11,07,50,000	-	-
(v) India Infrastructure Finance Company Limited *	8.66%	2034	30,000	1,000	3,45,60,000	3,45,60,000	-	-
(vi) Housing and Urban Development Corporation Limited *	8.51%	2028	50,000	1,000	5,55,25,000	5,55,25,000	-	-
(vii) NHPC Limited *	8.67%	2033	10,000	1,000	1,13,71,000	1,13,71,000	-	-
(viii) NTPC Limited *	7.37%	2035	12,491	1,000	1,24,91,000	-	-	-
(ix) Power Finance Corporation Limited *	7.35%	2035	1,540	1,000	15,40,000	-	-	-
(x) Rural Electrification Corporation Limited *	7.18%	2035	11,450	1,000	1,14,50,000	-	-	-
(xi) National Highway Authority of India *	7.28%	2030	50	10,00,000	5,08,30,000	-	-	-
(xii) Indian Railway Finance Corporation Limited *	7.28%	2030	12,080	1,000	1,20,80,000	-	-	-
(xiii) National Highway Authority of India *	7.35%	2031	28,313	1,000	2,83,13,000	-	-	-
(xiv) ICICI Bank Limited	7.45%	2015	1	10,00,000	-	-	-	10,00,600
(b) Investment in mutual funds								
(i) - Growth			30,00,000	10	-	3,00,00,000	3,00,00,000	-
(ii) - Growth			12,50,000	10	1,25,00,000	-	-	1,25,00,000
(iii) - Growth			50,00,000	10	5,00,00,000	-	-	5,00,00,000
(iv) Wholesale Growth option of ₹ 10 each			9,07,496	31	-	-	2,03,57,512	2,03,57,512
Less: Provision of diminution in value of investment					49,49,97,000	34,68,03,000	5,13,67,512	8,38,58,112
					(26,14,984)	(7,60,549)	(8,084)	(411)
Total					49,23,82,016	34,60,42,451	5,13,59,428	8,38,57,701
* Tax free bond								
Aggregate value of listed but not quoted investments					6,25,00,000	3,00,00,000	5,13,67,512	8,38,58,112
Aggregate amount of unquoted investments					6,25,00,000	3,00,00,000	5,13,67,512	8,38,58,112
Aggregate amount of quoted investments					43,24,97,000	31,68,03,000	-	-
Aggregate market value of listed and quoted investments					44,59,85,946	32,01,11,800	-	-



Notes Forming Part of the Financial Statements

Note 11: Deferred tax liability (net)

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<u>Liabilities</u>		
On difference between book balance and tax balance of fixed assets	62,18,855	59,12,255
<u>Assets</u>		
Provision for employee benefits	33,44,855	31,40,255
Total	28,74,000	27,72,000

Note 12: Long term loans and advances

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
(Unsecured considered good)		
Security deposits	2,16,95,334	2,15,25,334
Advance tax (net of provision)	72,56,864	23,16,530
- Balances with Government authorities		
Service tax credit receivable	1,14,59,267	1,58,57,004
Prepaid expenses	1,98,762	2,79,016
Total	4,06,10,227	3,99,77,884

Note 13: Other non current assets

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
Interest accrued on fixed deposits	-	1,65,36,599
Margin money deposits with a bank (earmarked as security for performance guarantee and other commitments)	32,30,955	1,30,20,962
Total	32,30,955	2,95,57,561

Note 14 : Trade receivables

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<u>Trade receivables outstanding for a period exceeding six months from the date they were due for payment</u>		
Unsecured, considered good	68,795	-
Unsecured, considered doubtful	2,67,849	-
	3,36,644	-
Less: Provision for doubtful trade receivables	2,67,849	-
	68,795	-
Other trade receivables		
Secured, considered good	13,25,031	22,35,655
Unsecured, considered good	3,49,12,679	3,51,14,166
	3,62,37,710	3,73,49,821
Total	3,63,06,505	3,73,49,821

Notes Forming Part of the Financial Statements

Note 15 : Cash and cash equivalents

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<u>Cash and cash equivalents (as per AS 3 Cash Flow Statements)</u>		
- Balances with banks	16,67,65,314	3,94,40,007
Other bank balances		
In other deposit accounts		
- original maturity more than 3 months	19,00,00,000	26,91,13,841
Total	35,67,65,314	30,85,53,848

Note 16 : Short term loans and advances

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<u>Unsecured, considered good</u>		
- Prepaid expenses	37,40,028	31,78,121
- Advance for expenses	4,68,825	5,80,151
- Advance from creditors	13,98,593	12,16,327
Total	56,07,446	49,74,599

Note 17 : Other current assets

(Amount in ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
Interest accrued on bonds	1,70,59,353	1,28,78,493
Interest accrued on fixed deposits	2,42,72,206	1,00,82,189
Total	4,13,31,559	2,29,60,682

Note 18 : Revenue from operations

(Amount in ₹)

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
Registration fees	5,59,81,250		5,36,90,250	
Annual fees	5,93,88,913		5,75,29,036	
Transaction fees	35,48,01,427		25,02,37,254	
		47,01,71,590		36,14,56,540
Total		47,01,71,590		36,14,56,540



Notes Forming Part of the Financial Statements

Note 19 : Other Income

(Amount in ₹)

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
<u>Interest income</u>				
Interest on bonds	2,80,88,053		1,15,75,646	
Interest from banks on fixed deposits	<u>2,77,04,493</u>	5,57,92,546	<u>4,13,63,146</u>	5,29,38,792
Other income		14,526		16,563
Liabilities / provisions no longer required written back		-		15,048
Total		<u><u>5,58,07,072</u></u>		<u><u>5,29,70,403</u></u>

Note 20 : Employee benefit expenses

(Amount in ₹)

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
- Salary, wages and bonus		5,31,83,573		6,16,96,402
- Contribution to provident and other funds		48,84,521		1,03,07,156
- Staff welfare expenses		28,90,969		34,12,694
- Deputation costs		41,34,611		10,90,176
Total		<u><u>6,50,93,674</u></u>		<u><u>7,65,06,428</u></u>

Notes Forming Part of the Financial Statements

Note 21 : Other Expenses

(Amount in ₹)

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
(i) System support charges		14,43,33,158		12,58,65,890
(ii) Processing charges		8,13,32,994		5,92,95,313
(iii) Communication expenses		30,14,126		42,50,001
(iv) Rent (refer note no. 26)		2,11,62,055		2,26,50,590
(v) Printing and stationery expenses		4,69,579		5,18,502
(vi) Auditors' remuneration				
- Audit fees	4,11,400		4,11,400	
- Tax audit fees	1,21,000		1,21,000	
- Tax matters	1,30,000		1,80,000	
- Other services	1,25,000		80,000	
- Reimbursement of expenses	1,505	7,88,905	5,665	7,98,065
(vii) Directors' sitting fees		6,60,000		12,90,000
(viii) Insurance		10,57,867		13,01,262
(ix) Legal and professional charges		14,31,792		12,55,294
(x) Travelling expenses		38,72,477		45,38,343
(xi) Marketing expenses		1,28,161		2,39,011
(xii) Repairs and maintenance expenses		42,54,832		40,71,397
(xiii) Share issue expenses - amortised		-		8,70,000
(xiv) Other expenses		8,51,318		2,25,578
(xv) Loss on sale of investment		-		86,394
(xvi) Premium amortised on purchase of bonds		18,62,708		8,38,273
(xvii) Provision for bad and doubtful debts		2,67,849		-
Total		26,54,87,821		22,80,93,913



Notes Forming Part of the Financial Statements

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

- a) Contingent Liabilities: ₹ Nil (previous year: ₹ Nil)
- b) Commitments:
- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 7,505,088/- (Previous year ₹ 7,965,152/-)
 - Other Commitments:
Contractual guarantee ₹ 3,230,955/- (Previous year: ₹ 13,020,962/-)

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

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

25. Related party Disclosures:

Names of related party	Relationship
National Securities Depository Limited	Holding Company
Mr. Rajesh Doshi, Manager (upto 1 st March, 2016)	Key Managerial Personnel

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

Particulars	Current Year (₹)	Previous Year (₹)
Transactions during the year:		
Holding Company - National Securities Depository Limited		
(a) Recovery of Support Charges		
- Rent	4,924,533	3,362,290
- Deputation cost	1,602,823	2,567,301
- Repairs and maintenance	885,127	656,494
- Others	42,427	19,191
Total (a)	7,454,910	6,605,276
(b) System Support Charges (Expenses)	2,470,178	3,036,547
(c) Deputation Cost (Expenses)	4,608,856	2,548,162
(d) Internet Charges (Expenses)	45,342	-
(e) Receivable at the year end	838,472	596,903

26. Operating Lease

The Company has entered into operating lease arrangements for office premises. Rent includes expenses of ₹ 21,162,055/- net of recovery of ₹ 4,924,533/- (previous year ₹ 22,650,590/- net of recovery ₹ 3,362,290/-). The lease arrangement is for a period of 60 months and non-cancellable for a period of 36 months. The committed lease rentals in the future are:

Particulars	Current Year (₹)	Previous Year (₹)
Not later than one year	12,636,000	25,272,000
Later than one year and not later than five years	-	12,636,000
Later than five years	-	-

Notes Forming Part of the Financial Statements

27. Earnings per share

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

Particulars	Current Year (₹)	Previous Year (₹)
Profit for the year attributable to the equity shareholder	127,650,734	76,803,206
Actual number of equity shares	61,050,000	61,050,000
Weighted average number of equity shares outstanding	61,050,000	61,050,000
Basic and Diluted Earnings per Share of face value ₹ 10 each per share	2.09	1.26

28. Employee benefit plans:

a) Defined contribution plans:

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

Particulars	Current Year (₹)	Previous Year (₹)
Provident Fund	2,119,701	2,354,830
Superannuation Fund	1,042,846	1,070,684
Total	3,162,547	3,425,514

b) Defined benefit plans:

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

- i. Gratuity expense included in contribution to provident and other funds in Note 20.

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

A. Assumptions	Current Year	Previous Year
Discount rate	7.95%	8.00%
Rate of Return on Plan Assets	7.95%	8.00%
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)

B. Table showing change in Benefit Obligation	Current Year (₹)	Previous Year (₹)
Liability at the beginning of the year	19,679,018	12,708,209
Interest cost	1,574,321	1,183,134
Current service cost	2,885,959	2,457,515
Benefit paid	(1,128,169)	(695,489)
Actuarial (gain)/loss on obligations	(1,880,197)	4,025,649
Liability at the end of the year	21,130,932	19,679,018



Notes Forming Part of the Financial Statements

C. Table of Fair value of Plan Assets	Current Year (₹)	Previous Year (₹)
Fair value of plan assets at the beginning of the year	12,797,376	12,005,841
Expected return on plan assets	1,023,790	1,044,508
Contributions including transferred from NSDL on transfer of employees	6,757,938	526,557
Benefit paid / Transferred out	(1,388,592)	(695,489)
Actuarial gain/(loss) on plan assets	215,829	(84,041)
Fair value of plan assets	19,406,341	12,797,376
Total actuarial gain / (loss) to be recognised	1,711,899	(4,285,501)

D. Actual Return on Plan Assets	Current Year (₹)	Previous Year (₹)
Expected return on plan assets	1,023,790	1,044,508
Actuarial gain/(loss) on plan assets	215,829	(84,041)
Actual return on plan assets	1,239,619	960,467

E. Amount Recognised in Balance sheet	Current Year (₹)	Previous Year (₹)
Liability at the end of the year	21,130,932	19,679,018
Fair value of plan assets at the end of the year	19,406,341	12,797,376
Difference	(1,724,591)	(6,881,642)
Unrecognised past service cost	Nil	Nil
Amount recognised in balance sheet	(1,724,591)	(6,881,642)

F. Amount Recognised in Income Statement	Current Year (₹)	Previous Year (₹)
Current service cost	2,885,959	2,457,515
Interest cost	1,574,321	1,183,134
Expected return on plan assets	(1,023,790)	(1,044,508)
Net actuarial (gain) / loss to be recognised	(1,711,899)	4,285,501
Expenses recognised in statement of profit and loss	1,724,591	6,881,642

G. Balance Sheet Reconciliation	Current Year (₹)	Previous Year (₹)
Opening net liability	6,881,642	702,368
Expenses as above	1,340,464	6,705,831
Asset transfer out	260,423	-
Employers contribution	(6,757,938)	(526,557)
Amount recognised in balance sheet	1,724,591	6,881,642

Notes Forming Part of the Financial Statements

The details of the Company's Post- retirement benefit plans for Gratuity for its employees are given above which is certified by the actuary and relied upon by the auditors.

Expected contribution in the next year is ₹ 2,343,682/- (Previous Year ₹ 2,592,535/-).

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.

29. The previous year's figures have also been regrouped / reclassified to conform to this year's Classification.

For and on behalf of the Board of Directors

Sd/-
P. P. Vora
Chairman
(DIN : 00003192)

Sd/-
C. M. Vasudev
Director
(DIN : 00143885)

Sd/-
G. V. Nageswara Rao
Director
(DIN : 00799504)

Sd/-
Sudha B.
Chief Financial Officer

Sd/-
Deepak Shenoy
Company Secretary

Place : Mumbai
Date : April 29, 2016





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