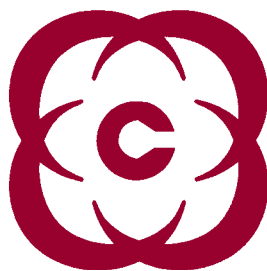


# NATIONAL SECURITIES CLEARING CORPORATION LIMITED

*(A Wholly owned Subsidiary of National Stock Exchange of India Limited)*



## TWENTY-SECOND ANNUAL REPORT 2016-17



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS\*

Mr. Harun R Khan	:	Chairman
Mr. Salim Gangadharan	:	
Mr. Navin Kurnar Maini	:	
Mr. C VR Rajendran	:	
Mrs. Bhagyam Ramani	:	
Mr. T. Venkata Rao	:	Managing Director

### MANAGEMENT TEAM

Mr. Natarajan Ramasamy	:	Head – Risk Management
Ms. Rana Usman	:	Head- Clearing & Settlement
Mr. Ravindra Bathula	:	Head – Legal
Ms. Hima Bindu Vakkalanka	:	Compliance Officer
Mr. Umesh Agroya	:	Chief Information Security Officer

CHIEF FINANCIAL OFFICER : Mr. Amit Amlani

COMPANY SECRETARY : Mr. R. Jayakumar

AUDITORS : M/s. Haribhakti & Co.  
Chartered Accountants  
701, Leela Business Park  
Andheri-Kurla Road  
Andheri (East) Mumbai -  
400 059

REGISTERED OFFICE : "Exchange Plaza" Plot  
No. C-1, Block 'G'  
Bandra-Kurla Complex  
Bandra (East) Mumbai  
- 400 051

REGISTRAR & TRANSFER AGENTS : Link Intime India Pvt. Ltd.  
C-101, 247 Park, LBS Marg  
Vikhroli(West), Mumbai – 400083

\*As on June 15, 2017

**BOARD'S REPORT**

To,  
The Members,

Your Directors have pleasure in presenting the Twenty-second Annual Report and Audited Accounts of the Company for the year ended March 31, 2017.

**1. OPERATIONS**

**1.1 Settlement – Capital Market segment**

NSCCL successfully continued its track record of completing all settlements in a timely manner.

During the period under review, 248 rolling settlements were handled in de-materialised mode. Per settlement figures in value terms in the current year are as follows:

The average value of securities handled per settlement was `5,967.59 crores in 2016-17 compared to `5,071.49 crores in 2015-16. The average funds pay-in per settlement during the above periods was `1,650.90 crores in 2016-17 and `1,572.49 crores in 2015-16. The average number of shares processed per settlement was about 2,926.14 lakhs in 2016-17 compared to 2,507.53 lakhs in 2015-16. Short deliveries per settlement averaged around 0.17% in 2016-17 as compared to 0.18% in 2015-16.

The highest trading volume of `44,995.73 crores and the highest deliverable value of `15,700.20 crores were observed on September 29, 2016. Percentage of number of shares deliverable to number of shares traded decreased to 28.07% in 2016-17 from 28.44% in 2015-16. Percentage of value of shares deliverable to value of shares traded decreased to 29.61% in 2016-17 from 29.80% in 2015-16.

The Core Settlement Guarantee Fund stood at `197.17 crores as on 31st March 2017. The details of settlements carried out by NSCCL are presented in Table No.1 below:-

**Table No. 01 -Settlement Statistics for 2016-2017 – Capital Market segment**

Month	Quantity of Shares Traded (lakhs)	Quantity of Shares Deliverable (lakhs)	% of Shares Deliverable to Total Shares Traded	Value of Shares Traded ( ` Crores)	Value of Shares Deliverable ( ` Crores)	% of Delivery to Value of Shares Traded	% of Short Delivery to Delivery	Funds-Pay In ( ` Crores)	No. of settlements
Apr-16	1,62,415.30	46,024.11	28.34	3,10,677.90	89,950.71	29.78	0.18	27,707.67	18
May-16	1,91,969.10	53,600.16	27.92	3,78,102.30	1,08,700.70	28.77	0.17	32,203.53	22
Jun-16	2,28,424.30	60,196.74	26.35	3,91,946.50	1,15,688.10	29.52	0.19	29,793.92	22
Jul-16	2,50,082.20	64,061.93	25.62	3,97,532.40	1,15,830.90	29.14	0.19	30,744.56	20
Aug-16	2,29,493.00	64,239.59	27.99	4,63,556.30	1,32,391.00	28.56	0.16	31,112.54	22
Sep-16	2,22,914.40	62,399.35	27.99	4,48,869.30	1,33,430.60	29.73	0.21	36,697.61	20
Oct-16	2,04,124.10	58,081.51	28.45	4,00,137.20	1,16,699.30	29.16	0.15	32,127.35	18
Nov-16	2,19,285.00	62,192.97	28.36	4,74,418.00	1,37,863.70	29.06	0.16	43,222.55	22
Dec-16	1,68,795.10	48,605.86	28.8	3,57,036.10	1,07,147.80	30.01	0.19	33,654.40	22
Jan-17	1,98,608.30	57,024.42	28.71	3,90,969.60	1,13,900.30	29.13	0.14	28,249.81	21
Feb-17	2,54,088.90	72,791.61	28.65	4,64,953.70	1,38,915.90	29.88	0.13	36,694.95	19
Mar-17	2,54,779.80	76,463.89	30.01	5,19,906.50	1,66,809.30	32.08	0.13	47,213.08	22

Note - During the year under review, there was no physical settlement.

## 1.2 Securities Lending and Borrowing segment

NSCCL is an Approved Intermediary (AI) for SLBS with SEBI. In 2016-17, the volumes in SLBS increased by 24.02% from `9,624.88 crores in 2015-16 to `11,936.76 crores. As compared to previous year, during 2016-17, securities traded in SLBS increased from 173 to 185. As on March 31, 2016, there are 135 participants, 5 custodian-cum-participants and 5 custodians registered in SLBS.

## 1.3 Settlement - F&O segment

The period April 2016 - March 2017 witnessed a decrease in the total amount settled. The total value of settlement decreased from `1,05,729.05 crores in 2015-16 to `96,777.87 crores in 2016-17. The highest monthly settlement was `12,806.09 crores in the month of November 2016. March 2017 witnessed the highest monthly trading volumes of ` 99,71,152.89 crores while the highest daily trading volumes on NSE during this period was `11,01,765.21 crores, witnessed on September 29, 2016 with total of 1,58,40,298 contracts being traded.

The details of turnover and month-wise settlement values during the year April 01, 2016 to March 31, 2017 are tabulated in Table No.02 below:

**Table No.02**

Month	No. of Contracts Traded (in lakhs)	Turnover (in ` crores)	MTM Settlement (in ` crores)	Final Settlement (in ` crores)	Premium Settlement (in ` crores)	Exercise Settlement (in ` crores)	Total Settlement (in ` crores)
Apr-16	966.10	53,95,271.88	4,522.37	175.84	1,375.71	147.39	6,221.31
May-16	1,133.60	63,76,128.14	5,412.16	186.57	1,283.38	145.77	7,027.88
Jun-16	1,162.00	67,16,840.55	5,383.23	165.40	1,329.38	373.16	7,251.17
Jul-16	988.39	66,97,727.71	4,798.92	120.27	1,144.99	208.73	6,272.91
Aug-16	1,140.83	79,23,782.95	5,763.29	78.99	1,227.88	134.26	7,204.42
Sep-16	1,200.17	86,70,780.44	8,723.90	587.06	1,307.22	274.18	10,892.36
Oct-16	1,087.68	77,76,589.71	5,912.16	184.85	974.68	161.34	7,233.03
Nov-16	1,356.11	92,64,480.48	10,534.96	210.18	1,694.47	366.48	12,806.09
Dec-16	1,194.47	79,24,588.64	6,634.27	114.35	1,651.36	271.01	8,670.99
Jan-17	1,200.07	83,04,618.88	5,791.75	177.00	1,296.64	250.55	7,515.94
Feb-17	1,265.18	93,48,339.34	6,031.26	102.92	1,183.49	246.09	7,563.76
Mar-17	1,302.87	99,71,152.89	6,324.91	107.86	1,448.71	236.53	8,118.01

As on March 31, 2017, the Core Settlement Guarantee Fund in F&O segment stood at `1051.99 Crores.

## **1.4 Settlement - Currency Derivatives segment**

### **1.4.1. Currency Futures & Options**

The year 2016-17 witnessed a decrease in the total settlement values from ₹8,067.29 crores in 2015-16 to ₹6,874.22 crores. The highest monthly settlement value was ₹985.52 crores in the month of November 2016. The highest trading value in Currency Futures on NSE during this period was ₹38,040.96 crores witnessed on June 24, 2016 with total of 52,41,525 contracts being traded and in Currency Options it was ₹25,392.93 crores, witnessed on June 24, 2016 with total of 37,26,417 contracts being traded.

The details of turnover and month-wise settlement values during the year April 01, 2016 to March 31, 2017 are tabulated in Table No.03 below:

Table No.03

Month	Currency Futures				Currency Options				Total Settlement (in ₹ crores)
	No. of Contracts Traded (in lakhs)	Turnover (in ₹ crores)	MTM Settlement (in ₹ crores)	Final Settlement (in ₹ crores)	No. of Contracts Traded (in lakhs)	Turnover (in ₹ crores)	Premium Settlement (in ₹ crores)	Exercise Settlement (in ₹ crores)	
Apr-16	291.62	1,98,407.93	407.29	0.96	223.37	1,49,922.87	71.10	18.48	497.83
May-16	333.68	2,30,308.74	386.16	11.46	290.75	1,96,287.80	106.04	17.01	520.68
Jun-16	457.75	3,20,800.40	671.66	16.72	334.41	2,26,867.36	124.51	33.44	846.34
Jul-16	237.57	1,65,256.02	292.42	1.84	220.95	1,49,982.63	70.43	19.40	384.10
Aug-16	246.49	1,69,809.17	361.41	8.50	245.98	1,66,196.28	94.20	29.61	493.72
Sep-16	298.39	2,03,859.67	493.26	3.27	325.87	2,19,435.94	81.32	33.86	611.71
Oct-16	228.61	1,56,253.27	259.98	5.68	219.31	1,47,575.35	57.93	13.27	336.87
Nov-16	434.28	2,97,746.05	714.77	89.51	376.60	2,56,263.02	118.20	63.05	985.52
Dec-16	280.48	1,92,173.39	478.12	27.35	360.69	2,46,555.54	100.82	22.25	628.54
Jan-17	274.10	1,89,460.60	334.90	12.74	294.23	2,01,733.62	84.97	18.04	450.65
Feb-17	244.12	1,66,263.69	300.54	6.24	276.57	1,87,379.64	69.92	36.05	412.75
Mar-17	299.07	1,99,440.01	431.19	8.82	329.63	2,19,096.88	118.87	146.66	705.53

**1.4.2. Interest Rate Futures**

The year 2016-17 witnessed an increase in the total settlement values from ₹1,146.81 crores in 2015-16 to ₹1,170.24 crores. The highest monthly settlement value was ₹208.98 crores in the month of December 2016. The highest trading volume in Interest Rate Futures on NSE during this period was ₹4,358.21 crores witnessed on April 26, 2016 with total of 2,16,831 contracts being traded.

The details of turnover and month-wise settlement values during the year April 01, 2016 to March 31, 2017 are tabulated in Table No.4 below:

Table No.04

Interest Rate Futures*				
Month	No. of Contracts Traded (in lakhs)	Turnover (in ₹ crores)	MTM Settlement (in ₹ crores)	Final Settlement (in ₹ crores)
Apr-16	15.04	30,288.87	62.90	2.95
May-16	11.49	23,130.76	26.21	0.36
Jun-16	10.04	20,213.70	30.59	0.49
Jul-16	9.43	19,301.76	58.34	4.96
Aug-16	10.88	22,532.14	74.15	1.22
Sep-16	8.18	17,057.48	58.22	8.16
Oct-16	7.96	16,758.16	40.80	0.59

Nov-16	15.17	32,610.18	145.24	4.50
Dec-16	16.73	35,694.94	200.57	8.42
Jan-17	11.93	25,514.14	108.89	2.21
Feb-17	12.58	26,179.58	186.81	3.71
Mar-17	18.65	38,527.61	135.67	4.30

\*Includes NSE Bond Futures II & Futures on 91-Day GOI T-Bill

As on March 31, 2017, the Core Settlement Guarantee Fund in Currency Derivatives segment stood at ₹121.20 crores.

## 1.5 Risk Management

### (i) Capital Market & Securities Lending & Borrowing segments

NSCCL has laid requisite focus towards risk management by putting in place an On-line Position Monitoring System which has successfully and efficaciously addressed the market risks. Margins are computed on an on-line real time basis at client level. The Value at Risk (VaR) Margins are applied which is statistically arrived at covering 99% value at risk.

With effect from April 21, 2008, margins in capital market are being levied on institutional trades also. These margins are levied on T+1 day in the capital market segment.

### (ii) Futures & Options and Currency Derivatives segments

NSCCL has in place many risk management measures including monitoring of exposure on a real time basis through the system called PRISM (Parallel Risk Management System) and also end of day monitoring of client level exposures.

The Most critical component of PRISM is the online real time client level portfolio based margining and monitoring system. The robustness of the system is time tested and has proved its efficient handling of volatile situations effectively, on numerous occasions in the past and especially on highly volatile days in the year. The actual margining and position monitoring is done on-line, on an intra-day basis. NSCCL uses the SPAN (Standard Portfolio Analysis of Risk) system for the purpose of margining, which is a portfolio based system.

SPAN is a registered trademark of the Chicago Mercantile Exchange, used herein under License. The objective of SPAN is to identify overall risk in a portfolio of futures and options contracts for each member. The system treats futures and options contracts uniformly, while at the same time recognising the unique exposures associated with options portfolios like extremely deep out-of-money short positions and inter-month risk. SPAN is used to determine the largest loss that a portfolio might reasonably be expected to suffer from one day to the next day. The parameters used in the computation of margins are revised six times a day.



## 1.6 Corporate Debt Instruments Settlement

The average daily settlement value at NSCCL for OTC trades in Corporate Bonds, Commercial Papers (CP) and Certificate of Deposits (CD) during the financial year 2016-17 stands at `4,026.20 crores, `3,805.42 crores and `3,304.93 crores respectively. The highest settlement value, during this period, of `29,511.51 crores (across all corporate debt instruments) was recorded on September 29, 2016.

The month-wise settlement statistics for corporate debt instruments are given Table No.05 below:-

Table No.05

Month	No. of Settlement Days	Total No. of Trades Settled	Settled Value (in ` crores)	Average Daily Settlement Value (in ` crores)
Apr-16	16	6,601	2,21,175.09	13,823.44
May-16	22	6,880	2,31,725.14	10,532.96
Jun-16	22	6,706	2,19,458.25	9,975.38
Jul-16	20	6,471	1,97,695.66	9,884.78
Aug-16	21	6,729	2,28,524.54	10,882.12
Sep-16	20	7,607	2,58,358.27	12,917.91
Oct-16	18	6,028	2,14,942.85	11,941.27
Nov-16	21	6,486	2,65,299.39	12,633.30
Dec-16	21	6,551	2,15,371.03	10,255.76
Jan-17	21	6,164	1,76,262.37	8,393.45
Feb-17	18	5,308	1,68,308.62	9,350.48
Mar-17	21	9,062	2,86,785.79	13,656.47

During the financial year 2016-17, NSCCL settled 629 repo trades valuing `15,647.40 crores as compared to 177 repo trades valuing `8,378.30 crores settled in the previous year.

## 1.7 Mutual Fund Service System (MFSS)

As on March 31, 2017, 43 mutual fund houses with 8,775 schemes were enabled under the revised MFSS scheme.

### (i) Subscription

The average daily value of funds settled for subscription of mutual fund units for the period April 1, 2016 to March 31, 2017 was `18.43 crores. The highest settlement value was ` 75.50 crores and was observed on December 01, 2016.

**(ii) Redemption**

The average daily value of funds settled for redemption of mutual fund units for the period April 1, 2016 to March 31, 2017 was `10.08 crores. The highest settlement value was ` 51.15 crores and was observed on March 29, 2017.

**1.8 New Initiatives and Developments****(i) Primary Issuance of Sovereign Gold Bonds**

Reserve Bank of India (RBI) designated National Stock Exchange of India (NSE) as a 'Receiving Office' for the primary issuance of Government of India's Sovereign Gold Bond Scheme (SGB Scheme). The Trading Members in the Capital Market segment of NSE and Independent Financial Advisors registered on NMF-II platform of Mutual Fund Settlement Scheme of NSE are eligible to participate in the bidding process through the E-IPO and NMF-II platform provided by NSE. NSCCL offered the funds collection and transfer services to NSE for the successful bids with greater operational efficiency.

In the financial year 2016-17, NSE could successfully mobilise subscriptions to SGB to the extent of around 900 kgs and NSCCL had successfully handled the funds collection and transfer around Rs. 275 crores. NSE was the second highest in terms of amount mobilised in the fourth tranche. With respect to all the tranches post Tranche IV, NSE accounted for 7% of the total quantity subscribed and 8% of the total amount mobilised across all receiving offices.

**(ii) Online Processing of activation/deactivation of Custodian Participant Code**

Till the implementation of on-line activation and de-activation of the Custodial Participant Code (CP Code), the entire process of application and processing for a CP Code in all the business segments was based on physical applications from Clearing Members and Custodians which was laborious and time consuming. In order to bring in greater flexibility and operational efficiency, the CP Code related processes have been made system-driven and online through the Collateral Interface (CIM). Such automated and online process has resulted in saving time and efforts. This has also been a laudable go-green initiative as it has reduced the paper work.

**(iii) Initiatives taken to Boost SLB Market Participation**

Preferred-Depository facility: The facility of Preferred-Depository has been made available in SLB Scheme during the year. This has helped participants to receive pay-out in one of the Preferred-Depository account. This has also reduced operational risk involved in making cash market pay-in as the window available to market between SLB pay-out and cash market pay-in is very small.

Client Code modification facility: The Client Code modification Facility similar to the facility available in Capital Market segment has been made available in SLB Scheme which enables Participants to make modifications in Client Code in case of genuine errors. However, in order to discourage misuse of this facility, an exceptional charge is being levied for use of this facility in line with charges as applicable for Capital Market segment.

Securities as Collateral: NSCCL has started accepting securities as Collateral from Participants. This would help Participants in reducing their overall cost of borrowings as they can place up to 50% of total collateral in the form of securities.

Fungibility of cash and Fixed deposit receipts between SLB and other segments: This would help participants immensely in collateral management and reducing overall cost of funding collateral. Participants especially lending members would not be required to place dedicated collateral for SLB and instead they can just transfer the same from other segments.

#### (iv) Introduction of weekly contracts on BANKNIFTY Index

Weekly futures and options contracts on the Bank Nifty Index were introduced from May 27, 2016. Weekly options contracts provide effective short term protection for the portfolio by committing a small amount of financial resources than monthly contracts. Availability of more expiries allows market participants to explore new hedging and risk management opportunities like calendar spreads and various option strategies. It acts as flexible and precise tool to manage exposure and trade short term market movements. It offers more liquidity especially around the at-the-money strike prices and hence would in turn be more cost effective. The above introduction of the weekly derivatives contracts have increased the participation in these products and have led to increased liquidity and efficiency of the Bank Nifty derivatives.

#### (v) Further Fund Offer of CPSE ETF Subscription through Exchange platform.

The Exchange received approval from the Securities and Exchange Board of India (SEBI) to extend its stock exchange mechanism currently being used for accepting subscriptions for Sovereign Gold Bonds (SGBs) to Further Fund Offer (FFO) of CPSE ETF. An online facility for the investment and subscription in CPSE ETF FFO was made available to trading members of capital market segment ("participants") with valid ARN on existing web based E-IPO platform. In the financial year 2016-17, two tranches of the CPSE ETF FFO was conducted and NSCCL successfully settled amount totalling to Rs.79.65 crores.

#### (vi) Auction mechanism to deal with settlement shortages in Corporate Bond

Erstwhile, any settlement shortage was dealt by direct financial close out at a mark-up of 4% over the trade price. Based on the Report of the working group on development of Corporate Bond published by RBI in August 2016 and

subsequent to circular issued by SEBI on February 10, 2017, an auction mechanism to deal with settlement shortages in Corporate Bond in New Debt segment was introduced with effect from March 31, 2017. In case of failure of the auction, the financial close out shall be done at 1% mark up over the highest traded price on the trade date. Introduction of auction mechanism is considered to improve liquidity in the bond market.

### **1.9 Other achievements**

CRISIL has continued its highest corporate credit rating of 'AAA' to the National Securities Clearing Corporation Limited (NSCCL). 'AAA' rating indicates highest degree of strength with regard to honouring debt obligations. NSCCL is the first Indian Clearing Corporation to get this rating. The rating reflects NSCCL's rigorous risk management controls and adequate settlement guarantee cover.

NSCCL has been accorded this rating for the 9th consecutive year.

### **1.10 Opportunities and increased coverage**

#### **(i) Clearing Members**

New Clearing Members have been added on both Capital Market and F&O segments thereby providing a wider choice to clients. Clearing membership was granted to 6 new members in the F&O segment and 21 new members in Capital Market segment. In Currency Derivatives segment, 8 Clearing Members have been enabled.

#### **(ii) Custodian Clearing Members & Professional Clearing Members (PCM)**

17 Custodians and 5 Professional Clearing Members (PCM) in the Capital Market segment, 11 Professional Clearing Members in F&O segment and 5 Professional Clearing Members in Currency Derivatives segment are enabled through whom clients can settle their transactions.

#### **(iii) Participants & custodians in SLBM**

The total number of 135 participants, 5 custodian-cum-participants and 5 custodians are registered in SLBM as on March 31, 2017.

### **1.11 Multiple Depositories /Banks**

NSCCL is electronically connected to both the depositories National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for securities settlement and 13 clearing banks for funds settlement.

## 2. Information Technology

Technology is key business enabler and a strategic differentiator for NSCCL. As Strategic Technology partner, NSE Infotech Services Limited (NSETECH) continues to deliver and maintain technology products and services for NSCCL. Last year's initiatives are broadly classified in following categories-

### 2.1. Transformation through New Technology

**New Clearing & Settlement System-CM:** After New C&S FO-CD, NSCCL deployed New C&S-CM as a third step in the roadmap for revamping clearing and settlement system. The new system is equipped with more features and would provide better scalability, agility, resilience along with ease of maintenance. New C&S-CM system went live in October 2016. Salient features include-

- Single sign on using LDAP as user authentication service
- Access from everywhere - New software developed in web base technology
- Moved to three tier architecture segregating business and data layers
- Physical hardware to virtual machine Infrastructure migration
- Addressing technology obsolescence and cost saving by moving to modern technology
  - Host end: HP Unix to Linux. Additionally, consolidation of host end processes were also undertaken to clean up obsolete legacy processes
  - Oracle Database: Upgrade from 10g to 12c
  - Front end: Oracle D2K Forms to Java based (Angular JS) User Interface on Weblogic
- Single code base architecture (for Front End) across segments resulting in high reusability, less time to market
- Database Clean-up – Size reduced from 1.2 TB to 700 GB
- Around 30 program batches converted to Epsilon workflows

**Online CP Code Application:** Previously, on the basis of requests from Custodian / Clearing Members, various types of CP code related requests were processed by NSCCL. The steps involved in the processing the requests were manual and time consuming.

In order to automate the activities with no /minimum user intervention, it was proposed to provide an online facility to Custodians / Clearing Member for application of new CP codes, mapping of existing CP codes, change of clearing member and provision of NOC's in case of change of clearing member, etc. The project was delivered to cater the user request. The advantages of project include significant reduction in TAT and Self Service Model.

## 2.2 Growth through New Products and Services

**Sovereign Gold Bond Scheme (SGB):** The Reserve Bank of India (RBI), in consultation with Government of India, provided guidelines for issuance of Sovereign Gold Bonds (SGB). NSEIL was appointed as a receiving agent to the ministry for the issuance of SGB by RBI. NSEIL drafted a scheme (The SGB Scheme) for the same. NSEIL appointed NSCCL as a clearing and Settlement agent for this scheme. It was a commendable team effort of NSCCL, Technology, Legal, MSM, TradeOPs, Finance, Mutual Funds, Marketing and BD teams. The organisation did noteworthy work in fixed income retail distribution effort through the Sovereign Gold Bond initiative.

**Acceptance of Gold Bond as Collateral:** Previously Sovereign Gold Bond (SGB) was not accepted as Collateral for the members. As per the NSCCL users request, the changes were made in order to accept SGB as collateral for CM/ FO/ CD segment(s). It is accepted under CMF category where currently prudential norms are not applicable. This helps member to get more exposure for trading.

**Cross currency pairs and support for extended market:** Since cross currency contracts are traded in extended market hours flexibility was built in the system. However, the business ask was that for members not trading on cross currency contracts reports to be generated early and for those trading on cross currency contracts report is generated after end of trading hours. There was a requirement to run an additional intra-day risk array only for cross currency contracts.

**Data at rest for Connect2Nse:** Implemented Vormetric Solution for data at rest encryption for Collateral Information Management and Trade confirmation databases. This was in compliance with SEBI Circular dated July 06, 2015 (point 30) on 'Cyber Security and Cyber Resilience framework of Stock Exchanges, Clearing Corporation and Depositories' to encrypt Data at Rest.

**Providing GSEC / T-Bill through creation of lien:** Earlier, members were providing GSEC as collateral through e-Kuber and through depository mode. But in application, different modes were not being captured. With this release, now member can provide GSEC as collateral through eKuber and through depository mode and also could lien GSEC in favor of NSCCL. It also reduced manual work like interest payment transaction generation for e-Kuber.

**NIFTY Securities as Collateral in SLBS:** NOW members can pledge securities through designated custodians as non-cash collateral in SLB segment and get exposure for trading.

**BG/ FDR Collateral fungibility in SLBS:** Instruments Cash/BG and FD were not transferable from SLB segment to others and vice versa. Now members can transfer said instruments during intra-day and end of day using CIM (Collateral Interface Management) application and get exposure for trading.

**2 Factor Authentications:** As per requirements of SEBI (SEBI Circular dated July 06, 2015 on 'Cyber Security and Cyber Resilience framework of Stock Exchanges, Clearing Corporation and Depositories), 2FA at log-in should be implemented for all users that connect using online / internet facility for increased security and cyber threat prevention.

2FA is a security process in which the user provides two means of identification from separate categories of credentials. NSCCL has chosen the 2 step questionnaire based approach that has been implemented for the Connect2Nse set of member/bank facing applications (Collateral Interface Management, Trade Confirmation, Bank portal).

**Auction Pre-ponement:** In normal market, trades settle on T+2 day, security shortages are auctioned same day and are settled next day i.e. T+3 along with normal trades of the following day. Based on the market feedback, it was decided to advance the auction settlement from 11 a.m. on T+3 to 9:30 a.m. on T+3 so that members could utilise security Pay-out from Auction Settlement towards Security Pay-in for Normal Settlement.

**CPSE ETF:** With an objective to facilitate acceptance of subscriptions for Further Fund Offer of CPSE ETF, NSE has introduced an online facility for the investment and subscription of exchange traded fund on its e—IPO platform. The Government of India used the Exchange Traded Fund (ETF) route in 2014 for disinvestment of part stake in selected Central Public Sector Enterprises (CPSE) through CPSE ETF. The CPSE ETF is benchmarked to NIFTY CPSE Index. With an objective to reach out larger number of investors for the above FFO, one of the AMCs has proposed to utilise the Stock Exchange mechanism used in the case of subscription to the recent tranches of Sovereign Gold Bonds (SGB). The extension of SGB mechanism for the proposed FFO of CPSE ETF has enabled access to larger number of investors and thereby helping them in garnering a good response to the proposed FFO. Considering the same, SEBI has permitted NSE to accept subscriptions of FFO of CPSE ETF in line with mechanism used for SGBs.

**Derivatives online Risk Management systems RHEL(Operating System) upgrade:** Derivatives - both equity and currency - primary and secondary risk engines were previously running on older hardware and OS RHEL 5.x; since the OS support was discontinued for RHEL 5.x version, there was a necessity to migrate to latest stable RHEL version. Hence OS was migrated to RHEL 6.8 and hardware was also migrated to latest.

**NDM – Auction:** The project was aimed at providing Auction Mechanism for corporate bonds traded in debt market as per SEBI Circular dated February 10, 2017. A similar mechanism exists in the cash segment.

**Revision in Tender Offer:** This project was implemented as per SEBI circular dated 9<sup>th</sup> December, 2016. The salient features of the projects are as follows:

- Securities EPI will be received from client account
- Loading the additional information in early pay in table. (New format for NSDL)
- Sending the client level EPI to trading system

**Expiry Date Change of the existing contracts:** When specific holiday coincides with pre-defined expiry date, maturity date for those contracts would be changed to handle the holiday on expiry date. Due to this, subsequent options contracts (if already not available) would be generated with the revised expiry date and consequently two different dates were available to the market. To avoid multiple expiry dates in the same month, it was proposed to change the expiry dates of the existing future contracts through this project.

**Monitoring of BGs growth:** The project was undertaken to impose following new limits on acceptance of BG/FD as Collateral.

- New limit for member-wise bank guarantee across segment
- Total bank exposure limit (BG + FD)
- Prevention of collaterals for specific members from specific banks
- Non acceptance of collateral from dis-empanelled banks.
- Different limits for clearing banks and empanelled banks for member-wise bank-wise limit

**Product flexibility:** Earlier, a single transcode was sent by trading system for all CA2 (call auction) sessions. Post new CM product flexibility at trading end, security-wise CA2 sessions were conducted. Also there is a possibility to have a parallel CA2 session running for illiquid securities along with the IPO/Relisting securities. Rest of the other existing functionalities remain the same.

**Intraday Collateral Revaluation:** Earlier valuation of collateral was done at different intervals during the day and the valuation of securities was done at previous day's closing price. It was proposed that user to input and update latest valuation price along with an option to select latest VAR for specific security.

**Benefit:** Valuation of identified volatile securities based on the latest prices and VAR.

**Auction square off prices for website:** It was proposed by users to transfer a report containing square off prices for an auction conducted for normal settlement. The report is now generated containing auction square off prices for the securities that are traded on the day and where netted settlement is applicable. This helped in creating transparency, as it acts as reference point for market participants.

**Operational improvements in SLB (Preferred depository):** Different improvements in SLB were proposed by users and this project addressed the



same. Previously, many processes required manual intervention which was error prone. With the new solution, automation and improvement of manual processes was achieved leading to reduction in operational errors.

**Multiple settlements through EPSILON workflow in SLB:** Earlier SLB settlement workflow was being used for simultaneous execution of first leg (L) and reverse leg (P). On days where there were multiple settlements on account of intermittent bank holidays, this work flow was not used. Also separate run of first leg and reverse leg settlement runs was a long standing operational ask. The need to skip reverse leg settlement run when there were no obligations, was also required. Need for separate report generation for individual settlement type was also required by the operational users.

The introduction of the new workflow incorporating all the above mentioned requirements is rolled out in production and it has resulted in operational ease and reduction in processing timelines.

### **3. Human Resources**

Following developments have taken place in Human Resources / Employee Relations front in the Financial Year 2016-17.

**3.1 Talent Management and Development:** During the Financial Year 2016-17, NSSCL has focused on the implementation of the Talent Management Study undertaken in the previous financial years. The training needs for each employee was based on the competency framework. In line with the business strategy, NSCCL has continued to focus on the functional and behavioral training based on the individual and the organisational need. Various cross functional learning initiatives such as 'up the learning curve' was conducted on a regular basis. Development Center workshops were conducted to identify high potential talent. Based on the development center report, individual development plans (IDPs) are created for the employees. Employee communication was facilitated based on the communication matrix. The emphasis was on the performance management system to drive desired performance and behavior. NSCCL has also implemented Job rotations as per the career path framework. NSCCL as an organisation believes in training for all and development of high potentials.

**3.2 Employee Engagement Study / Perception Study:** Based on the previous Employee Engagement study and action plan, HR team has implemented the initiatives to enhance the perception levels of the employees. HR team has also conducted various perception studies at regular intervals to gauge the employee perception levels and has taken various steps to maintain or improve the perception levels as per the market benchmark. NSCCL has also conducted an employee engagement study in the current financial year and the employee satisfaction levels have improved vis-à-vis the previous years. NSCCL's trust index score is at par with India Top 100 2016 companies and way ahead than the score of BFSI as per the

Great Place to Work survey report. Some of the employee engagement activities conducted by NSCCL are management approachability meetings (meetings of junior executives with the HODs of other departments), women mentoring program, Town hall & open house, books to high performers, cake cutting to celebrate department achievement, pat on the back badges, Zumba, Kick boxing, Indoor sports –“Kurukshetra”, Yoga classes, Guitar classes, employee appreciation corner, Reverse Appreciation Day, women’s day celebration, employee assistance program, Talk to me initiative with the HR Head and various staff welfare initiatives so as to build synergy among the various teams.

**3.3 People soft:** NSCCL is focusing on the People soft –ERP implementation in the entire gamut of Human resources management.

**3.4 Employee Relations:** The employee relations scenario has been harmonious throughout the period under consideration.

**3.5 Employee Strength** as on March 31<sup>st</sup> 2017 is 69.

### **3.6 Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013**

All the persons (except six employees) working with NSCCL are on deputation from NSE.

The disclosures required to be given under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 are given in the following Table No.06:-

**Table No.06**

1	Number of complaints of sexual harassment received in the year	Nil
2	Number of complaints disposed off during the year	Not applicable
3	Number of cases pending for more than 90 days	Not applicable
4	Number of workshops or awareness programs against sexual harassment carried out	Awareness program for all employees through open house
5	Nature of action taken by the employer	Not applicable

#### 4.1 FINANCIAL RESULTS

The working of NSCCL during the year has resulted in a net profit after tax of Rs.152.84 crores as per particulars given in Table No.07 below: -

**Table No.07**

<b>Particulars</b>	<b>2016-17 (Rs. In crores)</b>	<b>2015-16 (Rs. In crores)</b>
Income	<b>352.43</b>	342.98
Expenditure	<b>124.33</b>	79.20
Profit before tax	<b>228.10</b>	263.78
Provision for tax (including deferred tax)	<b>75.26</b>	89.97
Profit after tax	<b>152.84</b>	173.81
Less: Items that will not be reclassified to profit or loss	<b>0.61</b>	0.08
Add: Income-tax relating to items that will not be reclassified to profit or loss	<b>0.21</b>	0.02
Total comprehensive income	<b>152.45</b>	173.76
Surplus brought forward from previous year	<b>219.80</b>	332.06
	<b>372.25</b>	505.81
Less: Dividend distributed (including DDT) during FY2016-17 & FY 2015-16	<b>189.57</b>	176.02
Less: Contribution to core SGF (net of tax impact)	<b>24.55</b>	110.00
Amount available for appropriation	<b>158.13</b>	219.80
<b>Appropriations</b>		
Proposed Dividend	<b>72.00</b>	157.50
Corporate Dividend Tax	<b>14.66</b>	32.07
CSR Reserve	<b>13.92</b>	-
Balance carried to Balance Sheet	<b>57.55</b>	30.23
Total	<b>158.13</b>	219.80

The profit after tax was at Rs.152.84 crores as compared to Rs.173.81 crores for the previous year mainly on account of increase in other expenses from Rs.63.90 crores to Rs.105.32 crores. For more details, please refer 'Management Discussion & Analysis' which forms part of the Board's Report.

#### 4.2 DIVIDEND

In view of the above results, the Directors recommend payment of dividend of Rs.16/- per equity share for the year 2016-17.

#### 4.3 PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

No loan or guarantee is given to any person during the year. The investments made by Company during the year are in accordance with the provisions of the Companies

Act, 2013. The particulars of Investments made during the financial year are stated in the Notes to Accounts which forms part of this Annual Report.

#### **4.4 PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

The particulars of contracts or arrangements with related parties are given in Form AOC-2 and is attached herewith as **Annexure -1** to this Report.

The Company has adopted a Policy on Related Party transactions as approved by the Board which, is uploaded on the Company's website [https://www.nscclindia.com/NSCCL/disclosures/resources/NSCCL\\_Policy\\_on\\_Materiality\\_and\\_Dealing\\_with\\_Related\\_Party\\_Transactions.pdf](https://www.nscclindia.com/NSCCL/disclosures/resources/NSCCL_Policy_on_Materiality_and_Dealing_with_Related_Party_Transactions.pdf)

#### **4.5 DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

Currently there is a high degree of automation in most of the key areas of operations and processes. Also, all the processes are well documented with comprehensive and well defined Standard Operating Procedures (SOPs) which, inter alia, includes the financial controls in the form of maker checker, strict adherence to financial delegation given by the Board at various levels, systemic controls, information security controls as well as role based access controls, etc. Further, these controls are periodically reviewed for change management in the situations of introduction of new processes/change in processes, change in the systems, change in personnel handling the activities, etc. Besides, these controls are independently reviewed by the internal auditors /operations reviewers of the Company including conducting the routine internal audit/ operations review by them where by the audit activity embeds validation/review of the controls to establish their adequacy and effectiveness. The Internal Auditors, Operational reviewers and Independent Practicing Company Secretary review the compliances by the Company with respect to various laws, rules, regulations, etc. as applicable to it on a quarterly basis. The observations, if any, of the internal audit, operations review and the compliance report issued by independent practicing company secretary are also presented by them to the Audit Committee in every quarter.

The Statutory Auditors have conducted a review of internal financial controls including entity level controls, IT general controls, risk control matrix and process walk through on a sample basis as per the guidelines issued by the ICAI.

#### **4.6 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

NSE IFSC Clearing Corporation Limited (NICCL) was incorporated as a public company on December 2, 2016 at Ahmedabad under the Companies Act, 2013. NICCL is a wholly owned subsidiary of NSCCL. The memorandum of association

authorises NICCL to *inter alia* set up and operate a clearing corporation as a unit in an International Financial Service Centre (IFSC) in any Special Economic Zone (SEZ) as approved by the Government of India or anywhere globally to provide such services in such IFSCs as may be permitted by the regulatory authorities, in order to facilitate, promote, assist, set up and carry on the business of clearing and settlement of any kinds including physical settlement and cash settlement in securities, shares, stock, debentures, bonds, units, deposit certificates, notes, warrants and other securities of all kinds, depository receipts, currency, derivatives of all kinds, commodity and commodity derivatives and other commodities of all kinds and all other instruments and products of all kinds as specified and permitted by the regulatory authorities in International Financial Service Centre or globally and to ensure completion and guarantee of all kinds of settlements. NICCL is yet to obtain recognition from SEBI as Clearing Corporation under SCR (SECC) Regulations, 2012. The Company has adopted a Policy for determining Material Subsidiaries which is available on the Company's website <https://www.nscclindia.com/NSCCL/disclosures/resources/Policy-on-Determining-Material-Subsidiaries.pdf>

The Company does not have any joint venture or associate company(ies).

#### **4.7 DEPOSITS**

The Company has not invited, accepted or renewed any deposits within the meaning of Section 73 of the Companies Act, 2013. Accordingly, the requirement to furnish details relating to deposits covered under Chapter V of the Companies Act, 2013 does not arise.

#### **4.8 RISK MANAGEMENT POLICY**

The Company has an enterprise-wide risk assessment and review mechanism which *inter alia* consists of risk identification, assessment and categorisation of risks taking into account the impact and likelihood of risks and putting in place adequate controls and mitigation plans which has helped in reducing the overall risk exposure for the Company and also the impact thereof.

In this direction, the Company has a Risk Assessment & Review Committee (non settlement risks), a subcommittee of the Board, which meets periodically to review the efficacy and adequacy of the Company's risk management exercise and the controls and mitigation plans put in place to reduce the overall impact of the various inherent risks.

The Company has also appointed a management consultancy firm to assist in identifying, assessing and minimising the risk exposure of the Company. For each of the identified risk areas, the Company maintains detailed Risk Registers mainly

containing details such as risk description, risk indicators, categorisation of the risk, current controls and mitigation plans, etc.

In terms of SEBI requirements, the Clearing Corporation is required to constitute a Risk Management Committee inter alia to formulate a detailed risk management policy. The Board has constituted another Risk Management Committee to formulate risk (settlement related risks) management policy and to monitor its implementation.

#### **4.9 MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY AND THE DATE OF THE REPORT**

None

#### **4.10 DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

None

#### **4.11 EXPLANATIONS OR COMMENTS ON THE QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE AUDITOR IN HIS REPORT**

There is no qualification, reservation or adverse remark or disclaimer made by the Auditors, appointed under Section 139 and 204 of the Companies Act, 2013, in their reports. Hence the need for explanations or comments by the Board does not arise. The report of the Secretarial Auditors is attached herewith as **Annexure-2**. The report of the Statutory Auditors forms part of the financial statements

#### **4.12. SHARE CAPITAL**

During the FY 2016-17, there is no change in the capital structure.

#### **4.13 EXTRACTS OF THE ANNUAL RETURN**

The extracts of the annual return as on March 31, 201 in Form MGT-9 is attached herewith as **Annexure-3** and shall form part of Board's Report.

### **5.1 DIRECTORS AND KEY MANAGERIAL PERSONNEL**

As per the provisions of Securities Contracts Regulation (Stock Exchanges and Clearing Corporations) Regulations, 2012, the governing board of every recognised

Clearing Corporation shall include (a) public interest directors; (b) shareholder directors; and (c) Managing Director. Mr. Harun R Khan (Chairman of the Board), Mr. Salim Gangadharan, Mr. N. K. Maini and Mr. C VR Rajendran fall under 'Public Interest Directors' category. Mr. Ravi Narain fall under Shareholder Directors category. Mr. T. Venkata Rao is the Managing Director of the Company. Mr. Ravi Narain retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

During the Financial Year 2016-17, Mr. C. M. Vasudev, Mr. Anjan Barua, Mr. K. R. Ramamoorthy, Mr. Sudhir Joshi and Mr. L. Ravi Sankar ceased to be 'Public Interest Directors' of the company with effect from August 20, 2016 and Ms. Chitra Ramkrishna ceased to be a 'Shareholder Director' with effect from December 2, 2016. The Board wishes to place on record its sincere appreciation and gratitude for their valuable contribution made during their tenure as Directors.

Mr. Salim Gangadharan and Mr. C VR Rajendran were nominated as Public Interest Directors by SEBI effective from May 3, 2016. Mr. N.K Maini and Mr. Harun R Khan were nominated as Public Interest Directors effective from May 25, 2016 and September 8, 2016 respectively. SEBI vide its letter dated September 20, 2016 approved election of Mr. Harun R Khan as Chairman of the Board.

There was no change in the Key Managerial Personnel of the Company.

## **5.2 NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

The Board met seven times during the year on May 03, 2016, July 20, 2016, August 19, 2016, October 27, 2016, November 23, 2016, December 22, 2016 and January 31, 2017.

## **5.3 DECLARATION BY INDEPENDENT DIRECTORS**

As per the requirements of the Companies Act, 2013, the Company has appointed Mr. Harun R Khan, Mr. Salim Gangadharan, Mr. N. K. Maini and Mr. C VR Rajendran as Independent Directors on its Board based on the declaration that they meet criteria of independence. Further, every Independent Director shall at the first meeting of the Board in every financial year or whenever there is a change in the circumstances which may affect his status as an independent director give a declaration that he meets the criteria of Independence. Accordingly, the above Independent Directors have given declarations of independence in the first meeting of the Board of NSCCL held on April 27, 2017 in FY 2017-18.

## **5.4 COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING**

## **QUALIFICATIONS, POSITIVE ATTRIBUTES & INDEPENDENCE OF DIRECTORS**

Pursuant to requirements of The Companies Act, 2013, the Company has framed a policy on appointment of Directors and Senior Management personnel and a policy on remuneration of Directors and Key Management Persons identified under SCR (SECC) Regulations and under the Companies Act, 2013 and other employees and the same are in force. The relevant extracts from the above policies are given in **Annexure-4**

### **5.5 MANNER OF FORMAL ANNUAL EVALUATION OF PERFORMANCE BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS WAS CARRIED OUT**

The Board has put in place an Evaluation Policy vide which the Board evaluates its own performance, that of its Committees and of the individual directors.

I. The criteria for evaluation for each of the above are as follows:

#### **(a) Performance evaluation of the Board**

The performance of the Board of Directors is evaluated on the basis of various governance and business related parameters which include, inter-alia, Corporate Governance standards adopted by the Board and its implementation, understanding roles and responsibilities of Directors, commitment to highest ethical standards of integrity and probity, understanding of the objectives, values, vision and business of the Company, provision of entrepreneurial leadership, guidance to drive financial and business performance of the Company and periodic review of the same, ensuring necessary financial and human resource support to achieve Company's objectives, etc.

#### **(b) Performance evaluation of the Committees**

In addition to the principles stated above for evaluation of Board, to the extent applicable to the respective committees, constructive recommendations made by the Committee(s) to the Board are also kept in mind while evaluating their performance.

#### **(c) Performance evaluation of the Directors**

The individual director's performance has been largely evaluated based on his/her level of participation and contribution to the performance of Board/Committee(s) in respect of the above areas. Besides the same, the skills, knowledge, experience, attendance record, devotion of sufficient time and efficient



discharge of responsibilities towards the Company, Board and Committees of which he/she is a member and timely disclosure of personal interest, compliance of Code of Conduct and Ethics, Code for Independent Directors, etc., is also taken into account.

- II. The following process has been adopted by the Company for performance evaluation:
- (a) Independent Directors review the performance of (i) Non-independent Directors and the Board as a whole; and (ii) the Chairperson, taking into account the views of Executive Directors and Non-executive Directors;
  - (b) The Nomination and Remuneration Committee ("NRC") carries out the evaluation of every Director's performance. The NRC, while doing so, also takes into account the inputs of review by Independent Directors;
  - (c) The Board evaluates its performance, its Committees and each Director and while doing so, takes into account the inputs received from the NRC and the review by Independent Directors.

The performance evaluation by Independent Directors, the NRC and the Board respectively, is carried out on the basis of criteria laid down in the Board Evaluation Policy, which, inter-alia, includes the abovementioned parameters.

## **6 DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors confirm that -

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (ii) the Directors had 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 NSCCL at the end of the financial year i.e., 31<sup>st</sup> March, 2017 and of the profits of NSCCL for that year;
- (iii) the Directors had 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 NSCCL and for preventing and detecting fraud and other irregularities ;
- (iv) the Directors had prepared the annual accounts on a going concern basis;

- (v) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and were operating effectively.

## **7 CORPORATE SOCIAL RESPONSIBILITY**

NSE, the holding company of NSCCL, is covered under the purview of Section 135 of the Companies Act, 2013. Similarly many of its subsidiaries (including NSCCL) are also covered. However, contribution to CSR by some of these Companies as required under the Section 135 will be negligible. Moreover, there could be duplication of efforts if each individual Company undertakes CSR activities on its own and there would be difficulties in scaling up these activities. Therefore, it has been decided by the Boards of the respective Companies in NSE Group that CSR efforts for the Group be undertaken commonly and the actual amount spent be allocated to the respective Companies in proportion to their legal obligations. Therefore, a common CSR function for NSE and its subsidiaries has been created under NSE as a group resource and the actual CSR amount spent is proportionately allocated to the respective Companies. However the CSR Committees for these Companies are separate. A common CSR policy has been prepared and approved by respective CSR Committees and Boards. The disclosures required to be made in the Board's Report as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached herewith as **Annexure-5**.

### **8.1 CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements.

National Securities Clearing Corporation Limited (NSCCL) is a public limited company, whose securities are not listed on any of the stock exchanges. As per Regulation 35 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, the disclosure requirements and corporate governance norms as specified for listed companies are mutatis mutandis applicable to a recognised clearing corporation. NSCCL has always been involved in good governance practices and endeavors continuously to improve upon the same. A report on corporate governance for the financial year 2016-17 is furnished as part of the Annual Report for the information of all its stakeholders as **Annexure-6**. The certificate from a Practicing Company Secretary confirming compliance with the conditions of Corporate Governance norms specified for listed companies is also attached with the above report.

## 8.2 AUDIT COMMITTEE

The Audit Committee originally consisted of Mr. C.M. Vasudev, Mr. K R Ramamoorthy, Mr. Ravi Narain, Ms. Chitra Ramkrishna and Mr. L Ravi Sankar as its members. Subsequently, C.M. Vasudev, Mr. K R Ramamoorthy and Mr. L Ravisankar ceased to be members of the Audit Committee effective from August 20, 2016. Mr. N.K.Maini and Mr. C VR Rajendran have become members of Audit Committee effective from August 19, 2016. Mr. Harun R Khan has become member as well as Chairman of Audit Committee effective from September 20, 2016. Ms. Chitra Ramkrishna ceased to be its member effective from December 2, 2016.

The Audit Committee currently comprises four Directors viz., Mr. Harun R Khan, Mr. N.K.Maini, Mr. Ravi Narain and Mr. C VR Rajendran as its members with Mr. Harun R Khan as its Chairman. The Committee met six times during the year i.e., May 03, 2016, July 20, 2016, October 27, 2016, November 23, 2016, December 22, 2016 and January 31, 2017 respectively. The details of the attendance of members of the Audit Committee at their meetings held on the above dates are given in Table No.8 hereunder:-

**Table No.8:**

Name	Number of meetings held during the tenure of the member	Number of meetings attended
Mr. C.M. Vasudev*	2	2
Mr. K.R. Ramamoorthy*	2	2
Mr. Ravi Narain	6	6
Ms. Chitra Ramkrishna #	4	4
Mr. L Ravisankar*	2	2
Mr. Harun R Khan @	4	4
Mr. N K Maini \$	4	4
Mr. C VR Rajendran \$	4	4

\* Ceased to be members effective from August 20, 2016; #Ceased to be member effective from December 2, 2016.

\$ Members effective from August 19, 2016; @ Member effective from September 20, 2016.

## 8.3 STAKEHOLDERS RELATIONSHIP COMMITTEE

As per the provisions of the Companies Act, 2013, the Company is not required to constitute a Stakeholders Relations Committee.

## 8.4 NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee (NRC) originally consisted of Mr. Anjan Barua Mr. C.M. Vasudev, Mr. Ravi Narain, Ms. Chitra Ramkrishna and Mr. L Ravi Sankar as its members. Mr. N.K.Maini and Mr. Salim Gangadharan have become members of NRC effective from August 19, 2016. Subsequently, Mr. Anjan Barua, Mr. C.M. Vasudev and Mr. L. Ravisankar ceased to be members of NRC effective from August 20, 2016. Mr. Harun R Khan has become member of NRC effective from September 20, 2016. Ms. Chitra Ramkrishna ceased to be its member effective from December 2, 2016.

The NRC currently comprises four Directors viz., Mr. N.K.Maini, Mr. Harun R Khan, Mr. Ravi Narain and Mr. Salim Gangadharan as its members with Mr. N.K.Maini as its Chairman. The Committee met four times during the year i.e., May 03, 2016, July 20, 2016, August 19, 2016 and November 23, 2016 respectively. The details of the attendance of members of NRC at their meetings held on the above dates are given in Table No.9 hereunder:-

**Table No.9:**

<b>Name</b>	<b>Number of meetings held during the year</b>	<b>Number of meetings attended</b>
Mr. Anjan Barua*	3	3
Mr. C.M.Vasudev*	3	3
Mr. Ravi Narain	3	3
Ms. Chitra Ramkrishna #	4	4
Mr. L. Ravi Sankar*	3	3
Mr. Salim Gangadharan \$	1	1
Mr. N.K.Maini \$	1	1
Mr. Harun R Khan @	1	1

\* Ceased to be members effective from August 20, 2016; #Ceased to be member effective from December 2, 2016.

\$ Members effective from August 19, 2016; @ Member effective from September 20, 2016.

## 8.5 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review is presented in a separate section forming part of the Annual Report.

## 8.6 VIGIL MECHANISM

The Company has, in continuation of Company's pursuit to establish good corporate governance practice, formulated 'Whistle Blower Policy' and the policy is in force since January, 2015. The Policy, as on date, provides mechanism to the

Directors and employees of the Company for reporting instances of unethical conduct, actual or suspected fraud or violation of the Company's Code of conduct or Ethics policy or law to the Chairman of Audit Committee (cases of financial nature) / Ethics Committee (other cases) or the Ethics Counselor, as the case may be. Protected Disclosures should preferably be reported in writing as soon as possible after the whistle blower becomes aware of the same.

All Protected Disclosures reported under the Policy will be thoroughly investigated by the Ethics Counselor or Chairman of the Audit Committee/Ethics Committee or a suitable competent person of their choice, as the case may be, of the Company. No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure. Complete protection will be given to whistleblowers against any unfair practice.

If the findings of investigator(s) conclude commission of an unethical and improper act, disciplinary action or any other action, as deemed appropriate, will be initiated against the person concerned.

A report is being submitted to the Chairman of the Ethics Committee/Audit committee as and when any Protected Disclosures are received along with the results of investigations any and the action initiated with regard to the same. As per the requirement of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, details of vigil mechanism, etc., are provided in the Company's web-site for the information of the shareholders at the following location:

[https://www.nscclindia.com/NSCCL/disclosures/resources/NSCCL\\_dtls\\_VM.pdf](https://www.nscclindia.com/NSCCL/disclosures/resources/NSCCL_dtls_VM.pdf)

## **9. AUDITORS**

Currently, M/s. Haribhakti & Co.LLP, Chartered Accountants, are Auditors of the Company and their term shall expire at the forthcoming Annual General Meeting of the Company. As per the provisions of the Companies Act, 2013, no audit firm which has completed two terms of five consecutive years as Auditors shall be eligible for re-appointment as Auditors and every company is required to comply with this requirement within a period of three years from April 1, 2014. The Audit committee, after considering the above requirement, recommended the appointment of M/s. Khandelwal Jain & Co., Chartered Accountants [Firm Regn. No. 105049W] as Auditors for a period of five years subject to their appointment being ratified at every Annual General Meeting. The Company has received a certificate from the Auditors stating that they are fulfilling the conditions prescribed in the Companies Act, 2013 and the Rules laid down thereunder and they are eligible to be appointed as Auditors under the Companies Act, 2013.

The Board recommends the appointment of M/s. M/s. Khandelwal Jain & Co., Chartered Accountants [Firm Regn. No. 105049W] as Auditors of the Company by the members at the forthcoming Annual General Meeting for a period of 5 years

i.e from the conclusion of 22nd Annual General Meeting till the conclusion of the 27<sup>th</sup> Annual General Meeting.

## **10 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO**

### **10.1 Conservation of Energy and Technology Absorption**

The disclosure of particulars with respect to conservation of energy and technology absorption in terms of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014 are given hereunder:-

NSCCL, a wholly owned subsidiary of NSE, is carrying on its operations from the premises of NSE. NSCCL, together with NSE, has undertaken following initiatives:-

The Company aims to minimise the environmental footprint of business operations so that more operations can be carried out with less energy, less carbon, less waste and less use of resources. The Company focuses on improving the energy efficiency of operations, using renewable energy where viable and developing innovative solutions that enables us to significantly reduce our own carbon footprints. NSE& NSCCL conduct risks assessment study on periodic basis. Key environmental risks have been analysed and further actions are taken to mitigate the impacts of these risks.

The Company has a comprehensive environment and sustainable development policy which elaborates on the focus of the Company towards sustainable growth. The policy is extended to all the relevant stakeholders. The Company is compliant with the environmental legislations in India and take initiatives towards responsible climate action by reducing waste and optimally utilising their resources. NSE Group does comply with all the emission/waste limits specified by CPCB/SPCB.

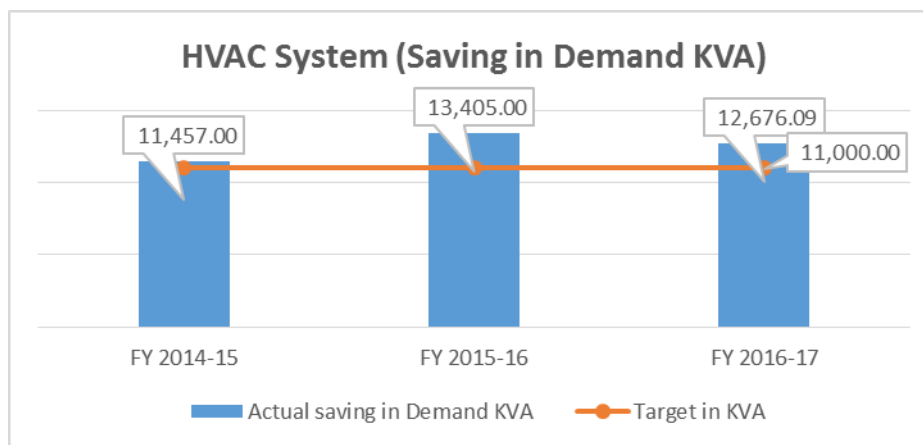
The Company has taken many initiatives to address the impact of climate change and have increased the focus on the renewable energy projects to shift to better and clean technology. The Company aims to minimise the impacts on environment by taking measures like measuring and reducing its carbon and water foot print, checking and preventing pollution and ensure better air and water quality, make efficient use of energy. We also have solar power plants, thermal energy storage system, rainwater harvesting systems and sewage treatment plant.

The Company has taken several initiatives towards energy conservation, green / renewable energy which demonstrates the commitment towards the sustainable development and clean environment.

## Initiatives on – clean technology, energy efficiency, renewable energy & waste reduction

### • Thermal Energy Storage System:

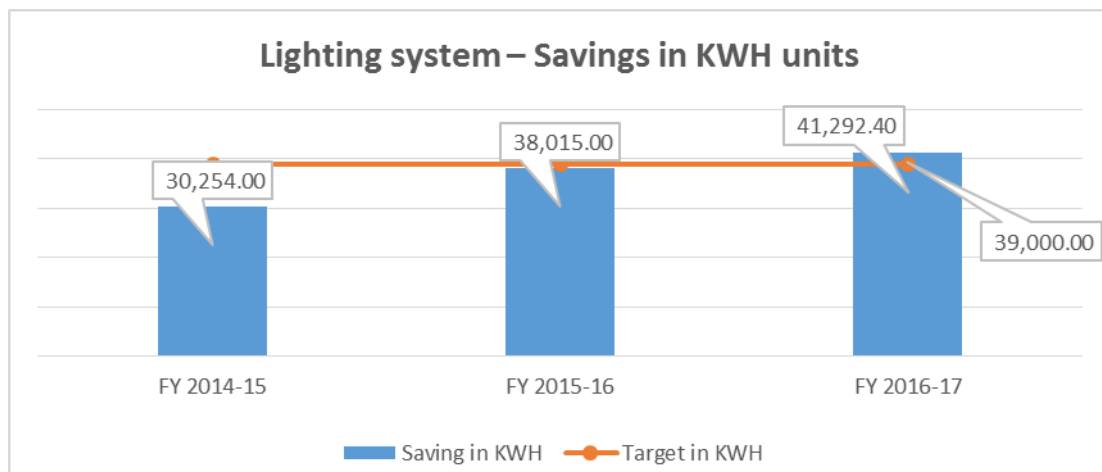
The 'Thermal Energy Storage System' has been introduced in the HVAC System. In this system, the chillers are being operated at night hours to form the Chill (i.e. temperature below zero degree centigrade of glycol water) which gets stored in the Thermal Storage Tank. The following next day the stored chill is being utilised through heat exchangers for air-conditioning the office Area. In this manner, the total load (i.e. HVAC-Chillers, AHUs, Lifts, Lighting, PC, Plumbing System, etc.) which was operating mainly during office hours have been distributed and the Company has given up on its requirement for additional power.



### • Regulated Voltage for Lighting System

•

Lighting Transformers have been installed in the lighting feeders which reduces excess power consumption and enhances the life of the luminaries. Lighting Transformers in the electrical distribution system was introduced to regulate the incoming single phase supply which restricts the power supply to only 210 to 220 Volts. This way around 41,292.40 units was saved in the last year.

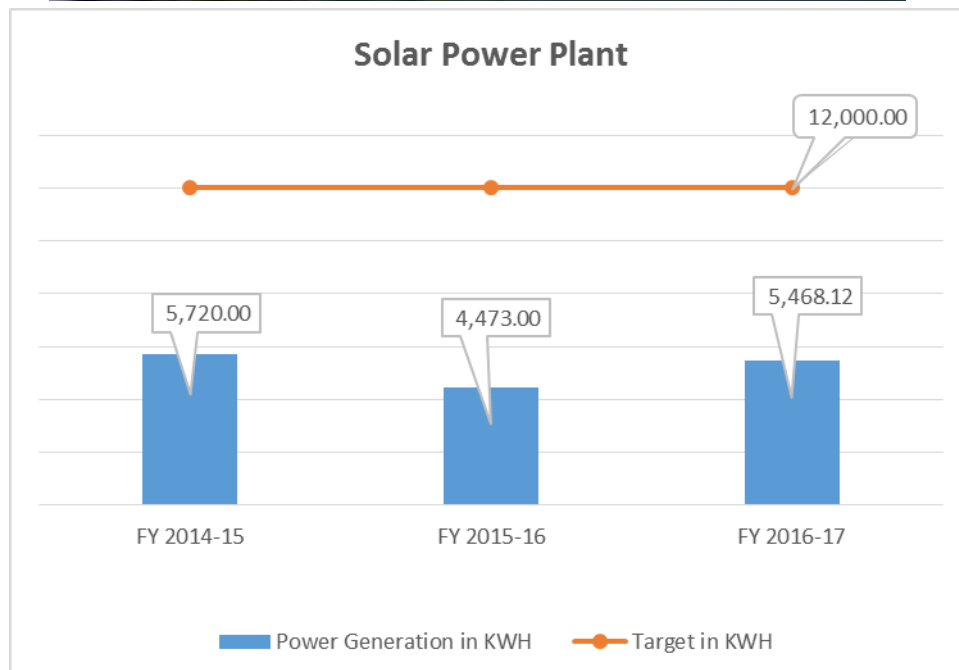


- **Electronic Ballast and Compact Fluorescent Lamps (CFL) used in Lighting System, Use of LED Lights**

The lighting fixtures was installed with Electronic Ballast instead of conventional chocks. This helps to reduce the inductive load of the building in turn saving of electricity. There were also CFLs used in passages and lobbies in place of incandescent lamps to reduce the power consumption.

- **Solar Power Plant:**

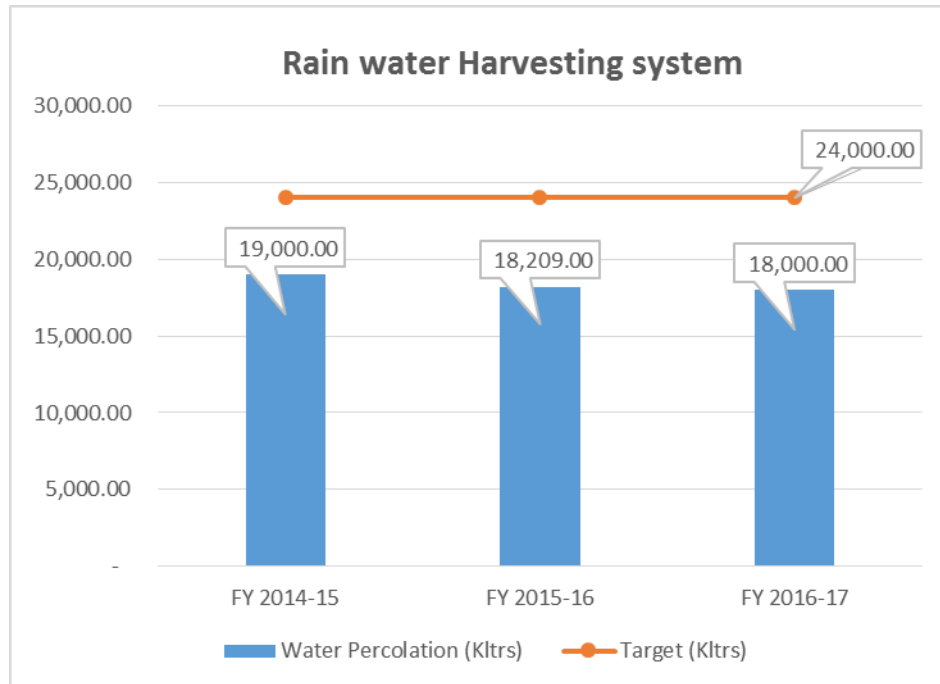
Commitment towards the alternative source of energy was demonstrated by installing the Solar Power Plant of the capacity of 10 KW in the building which harnesses the solar power to cater the part of lighting load at Exchange Plaza. This way 5468.12 units was saved in the last year.





- **Rain Water Harvesting System:**

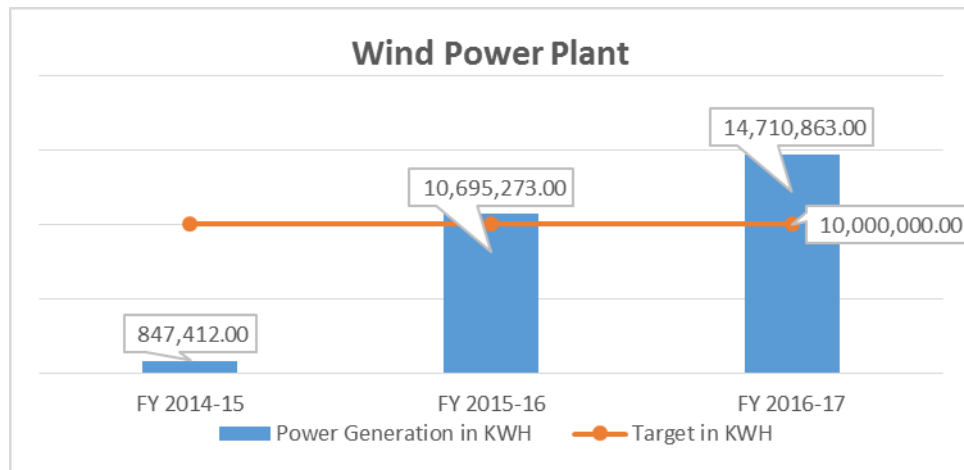
The water scarcity has always been a major issue which needs to be addressed in order to sustain in the future. So therefore, an initiative was taken to install Rain Water Harvesting System with the proper Hydro - Geological survey at Exchange Plaza to explore the possibility of harvesting the rain water in the periphery of Exchange Plaza.



- **Wind Power Plant:**

With a vision to reduce the consumption of electricity and carbon footprint, the wind power project (capacity 6.25 MW) was initiated recently at Satara in Maharashtra.

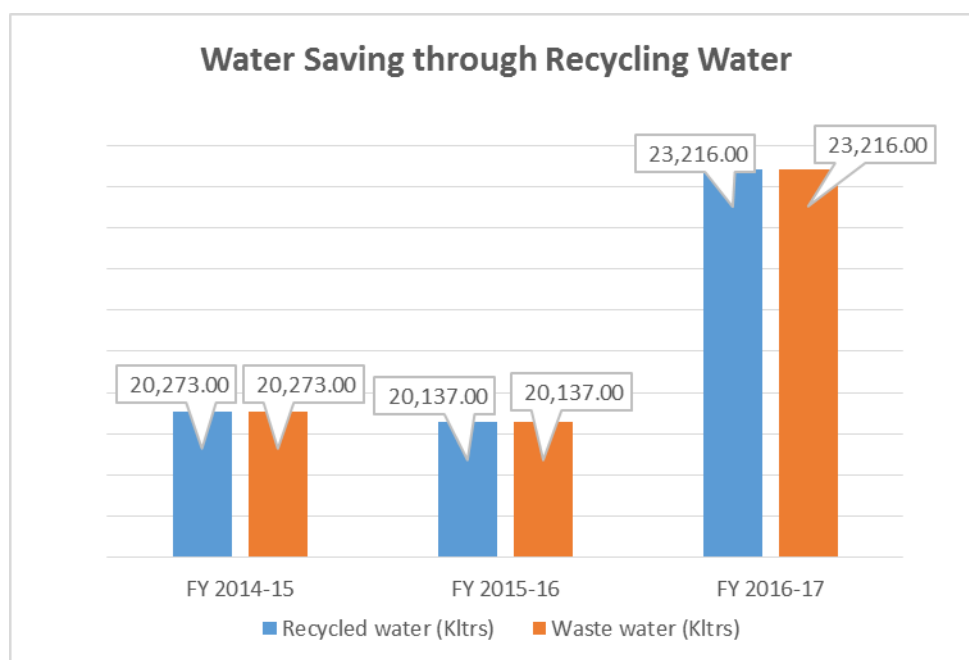




- **Sewage Treatment Plant:**

A sewage treatment plant was installed which helps to provide reused building's domestic and flushing water (i.e. after treatment) for its Cooling Towers associated with HVAC System and for Gardening purposes every day. This way several KL of water was saved.





## Waste Disposal

The Company believes in 'reduce, recycle and reuse' and manages its waste efficiently through various initiatives such as Vermiculture system, Sewage treatment plant, etc. The Company reduces its E-waste and ensures that the E-waste generated shall be recycled efficiently.

- E - Waste - As per the Company's E-Waste Policy, the E-Waste in Exchange Plaza building as well as its Branch Office premises is recycled through authorised E-Waste Vendor shortlisted by Central Pollution Control Board (CPCB)/ Maharashtra Pollution Control Board (MPCB).
- Food Waste - Food waste generated at Company's Exchange Plaza building is processed through Vermiculture System installed at its building wherein manure (i.e. Vermicompost) generated through it is used for Gardening Purpose.
- Water Recycling - Sewage water generated at Exchange Plaza is recycled through Sewage Treatment Plant installed at its Exchange Plaza building and the processed water is used for secondary purposes i.e. for cleaning, for Cooling Towers associated with Heating, Ventilation and Air Conditioning (HVAC) System

## 10.2 Foreign Exchange earnings/outgo during the year under review

There was no foreign exchange earning during the year. However, the foreign exchange outgo during the year was Rs. 50.22 crores (0.22 crores towards expenses and Rs.50.00 crores towards equity share capital of NSE IFSC Clearing Corporation Limited).

## **11 PARTICULARS OF EMPLOYEES**

All the persons (except 6 employees) who are working with NSCCL are on deputation from National Stock Exchange of India Limited and accordingly the remuneration paid in respect of them has been reimbursed to NSEIL by NSCCL. A Statement of Particulars of Employees covered under the provisions of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed herewith as **Annexure-7**.

## **12 ACKNOWLEDGMENT**

Your Directors wish to place on record their gratitude for the co-operation and support extended by the Government of India, Securities and Exchange Board of India and Reserve Bank of India. The Board also wishes to place on record their sincere appreciation for the unstinted efforts of the employees at all levels towards the continued growth of NSCCL.

**For and on behalf of the Board of Directors**

**Place: Mumbai**  
**Date: April 27, 2017**

**Harun R Khan**  
**Chairman**

**Annexure -1 to Directors' Report**

**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

**Nil**

- (a) Name(s) of the related party and nature of relationship: **N.A.**
- (b) Nature of contracts/arrangements/transactions **N.A.**
- (c) Duration of the contracts / arrangements/transactions **N.A.**
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any **N.A.**
- (e) Justification for entering into such contracts or arrangements or transactions **N.A.**
- (f) date(s) of approval by the Board **N.A.**
- (g) Amount paid as advances, if any: **N.A.**
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 **N.A.**

**2. Details of material contracts or arrangement or transactions at arm's length basis**

- (a) Name(s) of the related party and nature of relationship  
**Please see Annexure to AOC -2**
- (b) Nature of contracts/arrangements/transactions  
**Please see Annexure to AOC -2**
- (c) Duration of the contracts / arrangements/transactions  
**Please see Annexure to AOC -2**
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:  
**Please see Annexure to AOC -2**
- (e) Date(s) of approval by the Board, if any:  
**Approved by the Audit Committee on May 3, 2016 as all transactions are in the ordinary course of business and at arm's length basis.**
- (f) Amount paid as advances, if any: **Nil**

For National Securities Clearing Corporation Limited

Place: Mumbai

Date: April 27, 2017

Harun R Khan

Chairman

## ANNEXURE TO AOC-2

## (a) Names of the related parties and related party relationship

Sr. No.	Related Party	Nature of Relationship
1	National Stock Exchange of India Limited (NSE)	Holding Company
2	NSE IFSC Clearing Corporation Limited	Subsidiary Company
3	NSE Strategic Investment Corporation Limited	Fellow Subsidiary
4	NSEIT Limited	Fellow Subsidiary's
5	DotEx International Limited	Fellow Subsidiary's
6	India Index Services & Products Limited	Fellow Subsidiary's
7	NSE Infotech Services Limited	Fellow Subsidiary's
8	NSEIT (US) Inc.	Fellow Subsidiary's
9	Mr. T Venkata Rao (Managing Director)	Key Managerial Personnel
9	Mr. Jayakumar R (Company Secretary)	
10	Mr. Amit Amlani (Chief Financial Officer)	

## (b) Details of transaction (including service tax wherever levied) with parties are as follows :

Name of the Related	Nature of Transactions	Year ended 31-	year ended
National Stock Exchange of India Ltd.	• Clearing and Settlement charges received	114.48	112.04
	• Usage charges paid	17.83	16.25
	• Contribution received towards Core SGF	540.20	71.00
	• Reimbursement paid for expenses on staff on deputation	13.34	12.13
	• Reimbursement paid for other expenses incurred	45.10	41.47
	• Reimbursement received for services rendered	0.16	-
	• Space & Infrastructure Usage Charges paid	4.95	4.23
	• Dividend paid	157.50	146.25
	• Sale of Preference Shares	-	0.41
	• Sale of Equity Shares	-	0.52
	• Outstanding balance – (Credit) / Debit	(29.41)	(33.32)
NSE IFSC Clearing Corporation Limited	• Reimbursement paid for other expenses incurred	0.54	-
	• Investment in equity share capital	50.00	-
	• Outstanding balance – (Credit) / Debit	0.54	-
	• Investment in equity share capital	50.00	-
NSEIT Ltd.	• Repairs & Maintenance – Clearing & Computer	2.10	0.93
	• Outstanding balance – (Credit) / Debit	(1.34)	(0.19)

NSE Infotech Services	• Repairs & Maintenance – Clearing & Computer systems	7.67	6.13
	• Outstanding balance – (Credit) / Debit	(2.54)	(1.13)
Key Management Personnel	Gross remuneration including allowances, non-cash perquisites and contribution to Provident Fund and Superannuation Fund, etc.	2.93	2.55

**S. N. ANANTHASUBRAMANIAN & CO.**  
**COMPANY SECRETARIES**  
**FIRM REGISTRATION NO. P1991MH040400**

10/26, BRINDABAN, THANE – 400 601 Tel 25345648 / 2543 2704 /Fax 2539 0292 – email: [sna@snaco.net](mailto:sna@snaco.net); website [www.snaco.net](http://www.snaco.net)

To,  
The Members,  
**National Securities Clearing Corporation Limited**  
**CIN: U67120MH1995PLC092283**  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Bandra (E),  
Mumbai – 400051.

Our Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2017, of even date is to be read along with this letter.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

**Disclaimer**

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

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

**S N Ananthasubramanian**  
**Partner**  
**COP No. 1774**  
**Date: 18<sup>th</sup> April 2017**  
**Place: Thane**



**S. N. ANANTHASUBRAMANIAN & CO.**  
**COMPANY SECRETARIES**  
FIRM REGISTRATION NO. P1991MH040400

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10/26, BRINDABAN, THANE – 400 601 Tel 25345648 / 2543 2704 / email: [sna@snaco.net](mailto:sna@snaco.net); website [www.snaco.net](http://www.snaco.net)

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2017**

[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 Board of Directors,  
**National Securities Clearing Corporation Limited**  
**CIN: U67120MH1995PLC092283**  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Bandra (E),  
Mumbai – 400051.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **National Securities Clearing Corporation Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books and 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March 2017**, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books and papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31<sup>st</sup> March 2017 according to the provisions of:

**S. N. ANANTHASUBRAMANIAN & CO.**  
**COMPANY SECRETARIES**  
 FIRM REGISTRATION NO. P1991MH040400

10/26, BRINDABAN, THANE – 400 601 Tel 25345648 / 2543 2704 / email: [sna@snaco.net](mailto:sna@snaco.net); website [www.snaco.net](http://www.snaco.net)

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder and applicable provisions of the Companies Act, 1956 ;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (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 - **Not applicable as there is no Foreign Direct investment, Overseas Direct Investment and External Commercial Borrowings;**
- (v) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): **are not applicable for the reasons stated below.**
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - **Not applicable as the securities of the Company are not listed on any of the Stock Exchanges;**
  - b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not applicable as the Company has not issued any shares to the public during the Financial Year under review;**
  - c. Securities And Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **Not applicable as the Company has not issued any employee benefits during the Financial Year under review;**

**S. N. ANANTHASUBRAMANIAN & CO.**  
**COMPANY SECRETARIES**  
**FIRM REGISTRATION NO. P1991MH040400**

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10/26, BRINDABAN, THANE – 400 601 Tel 25345648 / 2543 2704 / email: [sna@snaco.net](mailto:sna@snaco.net); website [www.snaco.net](http://www.snaco.net)

- d. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable as the Company has not issued any debt securities which are listed during the Financial Year under review;**
  - e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the Financial Year under review;**
  - f. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable as the securities of the Company are not listed on any of the Stock Exchange and**
  - g. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable as the Company has not bought back any of its securities during the Financial Year under review.**
- (vii) The Company has identified and confirmed the following laws, as being specifically applicable to the company:
- 1. The Securities Contracts (Regulation) Act, 1956
  - 2. The Securities and Exchange Board of India Act, 1992
  - 3. The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012
  - 4. Rules, Regulations, Circulars, Orders, Notification, and Directives issued under the above statutes to the extent applicable.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards with respect to the Meetings of the Board of Directors (SS-1) and General Meeting (SS-2) issued by The Institute of Company Secretaries of India;

- ii. SEBI(Listing Obligations and Disclosure Requirement) Regulations, 2015 - **To the extent applicable as a Recognised Clearing Corporation pursuant to Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012.**

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 and Non Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors which took place during the period under review were carried out in compliance with the provisions of the applicable laws.
- Adequate Notice is given to all directors to schedule the Board Meetings (including Committees), agenda and detailed notes on agenda were sent atleast 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. The meeting of the Nomination & Remuneration Committee meeting held on 23<sup>rd</sup> November 2016 was held at a short notice however the meeting was attended by all Committee members.
- All decisions of the Board and Committees thereof were carried through with requisite majority.

**We further report that** based on the review of the Compliance mechanism established by the Company and on the basis of Compliance Certificates(s) issued by the Company Secretary/ Functional Heads and taken on record by the Audit Committee and Board of Directors at their meeting(s), we are of the opinion 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.

**S. N. ANANTHASUBRAMANIAN & CO.**  
**COMPANY SECRETARIES**  
FIRM REGISTRATION NO. P1991MH040400

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10/26, BRINDABAN, THANE – 400 601 Tel 25345648 / 2543 2704 / email: [sna@snaco.net](mailto:sna@snaco.net); website [www.snaco.net](http://www.snaco.net)

**We further report that during the review period, no specific events/actions except the following having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc. referred to above have taken place.**

- 1) Securities and Exchange Board of India vide its letter dated 28<sup>th</sup> September 2016 renewed the recognition granted to the Company for a period of one year commencing on 3<sup>rd</sup> October 2016 and ending on 2<sup>nd</sup> October 2017 and
- 2) Subject to approval of Securities and Exchange Board of India, members at their Extraordinary General Meeting held on 6<sup>th</sup> December 2016 approved alteration to the Articles of Association of the Company.

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

**S N Ananthasubramanian**  
**Partner**  
**COP No. 1774**

**Date: 18<sup>th</sup> April 2017**  
**Place: Thane**

**ANNEXURE 3 TO BOARD'S REPORT**

Form No. MGT-9 EXTRACT OF ANNUAL RETURN  
as on the financial year ended on March 31, 2017

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

## I. Registration and other details:

i	CIN	U67120MH1995PLC092283
ii	Registration Date	31 <sup>st</sup> August 1995
iii	Name of the Company	National Securities Clearing Corporation Limited
iv	Category / Sub-Category of the Company	Limited by shares / Indian Non-Govt. Co.
v	Address of the Registered office and contact details	Exchange Plaza, Plot C-1, Block G Bandra-Kurla Complex, Bandra (East) Mumbai-400 051 Tel: 022- 2659 8222, Fax : 022- 2659 8198
vi	Whether listed company (Yes /	No
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Ltd., C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai – 400 083 Tel. +91 22 4918 6270 Fax: +91 22 4918 6060 E-mail id: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a> Website: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a>

## II. Principal business activities of the company

All the Business activities contributing 10 % or more of the total turnover of the company are:-

Sl. No.	Name and Description of main products / services	NIC Code of the product / services	% to total turnover of the company
1	Processing & Clearing services of Securities	6619	29%

## III. Particulars of holding, subsidiary and associate companies

Sr. No	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	National Stock Exchange of India Limited Exchange Plaza, Plot C-1, Block G, Bandra-Kurla Complex, Bandra (East) Mumbai-400 051	U67120MH1992PLC069769	Holding company	100 %	2(46) read with 2(87) (ii) of the Companies Act, 2013
2	NSE IFSC Clearing Corporation Limited Unit No.46&47, GIFT Aspire One Business Centre, First Floor, Block 12, Road 1-D, Zone-1, GIFT-SEZ, Gandhinagar, Gujarat, PIN-382355	U65990GJ2016PLC094545	Subsidiary Company	100%	2(46) read with 2(87) (ii) of the Companies Act, 2013

## iv. Shareholding Pattern ( equity share capital breakup as % of total equity)

## i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter (s)	—	—	—	—	—	—	—	—	—
(1) Indian	—	—	—	—	—	—	—	—	—
a) Individual/ HUF	—	—	—	—	—	—	—	—	—
b) Central Govt.	—	—	—	—	—	—	—	—	—
c) State Govt.(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corp.	4,49,99,952	48	4,50,00,000	100%	4,49,99,952	48	4,50,00,000	100%	0
e) Banks/ FI	—	—	—	—	—	—	—	—	—
f) Any other	—	—	—	—	—	—	—	—	—
Subtotal A (1)	4,49,99,952	48	4,50,00,000	100%	4,49,99,952	48	4,50,00,000	100%	0
(2) Foreign	—	—	—	—	—	—	—	—	—
a) NRIs- Individuals	—	—	—	—	—	—	—	—	—
b) Other-Individuals	—	—	—	—	—	—	—	—	—

c) Bodies Corp.	—	—	—	—	—	—	—	—	—
d) Banks/ FI	—	—	—	—	—	—	—	—	—
e) Any other	—	—	—	—	—	—	—	—	—
Subtotal A (2):-	—	—	—	—	—	—	—	—	—
Total shareholding of Promoter (A)= A (1)+ A(2)	4,49,99,952	48	4,50,00,000	100%	4,49,99,952	48	4,50,00,000	100%	0
B. Public Shareholding	—	—	—	—	—	—	—	—	—
1. Institutions	—	—	—	—	—	—	—	—	—
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks/ FI	—	—	—	—	—	—	—	—	—
c) Central Govt.	—	—	—	—	—	—	—	—	—
d) State Govt. (s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIIs	—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others (specify)	—	—	—	—	—	—	—	—	—
Sub-total (B)(1):-	—	—	—	—	—	—	—	—	—

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions	—	—	—	—	—	—	—	—	—
a) Bodies Corp.	—	—	—	—	—	—	—	—	—
i) Indian	—	—	—	—	—	—	—	—	—
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals	—	—	—	—	—	—	—	—	—
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	—	—	—	—	—	—	—	—	—
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	—	—	—	—	—	—	—	—	—
c) Others (specify)	—	—	—	—	—	—	—	—	—



Sub-total (B)(2):-	—	—	—	—	—	—	—	—	—
Total Public Shareholding (B)=(B)(1)+ (B)(2)	—	—	—	—	—	—	—	—	—
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
<b>Grand Total (A+B+C)</b>	4,49,99,952	48	4,50,00,000	100%	4,49,99,952	48	4,50,00,000	100%	0

## ii) Shareholding of Promoters-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	National Stock Exchange of India Limited	4,50,00,000	100%	0	4,50,00,000	100%	0	0
	Total	4,50,00,000	100%	0	4,50,00,000	100%	0	0

## iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	No change	No change	No change	No change
2	Date-wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/sweat equity etc.):	No change	No change	No change	No change
3	At the end of the year	No change	No change	No change	No change

## iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and holders of GDRs and ADRs):

None. NSE is the sole shareholder holding 100% of equity shares in NSCCL

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	N.A.	N.A.	N.A.	N.A.
2	Date-wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	N.A.	N.A.	N.A.	N.A.
3	At the end of the year (or on the date of separation, if separated during the year)	N.A.	N.A.	N.A.	N.A.

## v) Shareholding of the Directors and Key Managerial Personnel: Nil

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	N.A.	N.A.	N.A.	N.A.
2	Date-wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	N.A.	N.A.	N.A.	N.A.
3	At the end of the year	N.A.	N.A.	N.A.	N.A.

## V. INDEBTEDNESS –

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	N.A.	N.A.	N.A.	N.A.
i) Principal Amount	N.A.	N.A.	N.A.	N.A.
ii) Interest due but not paid	N.A.	N.A.	N.A.	N.A.
iii) Interest accrued but not due	N.A.	N.A.	N.A.	N.A.

Total (i+ii+iii)	N.A.	N.A.	N.A.	N.A.
Change in Indebtedness during the financial year	N.A.	N.A.	N.A.	N.A.
* Addition	N.A.	N.A.	N.A.	N.A.
* Reduction	N.A.	N.A.	N.A.	N.A.
Net Change	N.A.	N.A.	N.A.	N.A.
Indebtedness at the end of the financial year	N.A.	N.A.	N.A.	N.A.
i) Principal Amount	N.A.	N.A.	N.A.	N.A.
ii) Interest due but not paid	N.A.	N.A.	N.A.	N.A.
iii) Interest accrued but not due	N.A.	N.A.	N.A.	N.A.
Total (i+ii+iii)	N.A.	N.A.	N.A.	N.A.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. In crores)

Sr. No.	Particulars of Remuneration	Mr. T. Venkata Rao, Managing Director	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income- tax Act, 1961	1.46	1.46
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.06	0.06
	© Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	—	—
2	Stock Option	—	—
3	Sweat Equity	—	—
4	Commission -as % of profit -others, specify...	—	—
5	Others, please specify (contribution to PF and other fund. Exempted allowances, tax paid by employer, withheld variable pay)	0.31	0.31
	Total (A)	1.83	1.83
	Ceiling as per the Act-5%	9.26	9.26
	Ceiling as per the Act-11%	20.38	20.38

## B. Remuneration to other directors

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors- Present	Mr. Harun R Khan	Mr. Salim Gangadhar an	Mr. Navin Kumar Maini	Mr. C VR Rajendran	
	Fee for attending board committee meetings	17,00,000	16,00,000	20,00,000	18,00,000	71,00,000
	Commission	—	—	—	—	—
	Others, please specify	—	—	—	—	—
	Total (1)	17,00,000	16,00,000	20,00,000	18,00,000	71,00,000

2	Other Non-Executive Directors-Present	Mr. Ravi Narain	-	-	-	-
	Fee for attending board committee meetings	21,00,000	-	-	-	21,00,000
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	21,00,000	-	-	-	21,00,000
3.	Former Non-Executive Directors	Mr. C M Vasudev	Mr. Anjan Barua	Mr. K R Ramamoorthy	Mr. L Ravi Sankar	
	Fee for attending board committee meetings	15,00,000	13,00,000	14,00,000	14,00,000.00	56,00,000
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (3)	15,00,000	13,00,000	14,00,000	14,00,000.00	56,00,000
4.	Former Non-Executive Directors	Mr. Sudhir Joshi	Ms. Chitra Ramkrishna			
	Fee for attending board committee meetings	12,00,000	-	-	-	12,00,000
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	12,00,000	-	-	-	12,00,000
	Total (B)=(1+2+3+4)	-	-	-	-	1,60,00,000
	Total Managerial Remuneration	-	-	-	-	1,60,00,000
	Overall Ceiling as per the Act	-	-	-	-	1,00,000 (per director per meeting)

## C. Remuneration To Key Managerial Personnel (Other than MD/MANAGER/WTD )

(Rs.in crores)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary	-	0.66	0.37	1.03
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0.02	-	0.02

	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify (Non-taxable Medical, PF/Pension contribution, allowable superannuation contribution (where applicable))	-	0.04	0.01	0.05
	Total	-	0.72	0.38	1.10

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Nil

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of Directors

Mumbai  
Date: April 27, 2017

Harun R Khan  
Chairman

## ANNEXURE - 4 TO BOARD'S REPORT

### Relevant extracts from Nomination and Remuneration policies of NSCCL

(a) Criteria for determining qualifications, positive attributes and independence of a director:

- Satisfaction of the 'fit & proper person criteria' stipulated under SCR (SECC) Regulations 2012 and other requirements as prescribed by SEBI from time to time.
- Assessment of the appointee against a range of criteria which includes, but not be limited to, qualifications, skills, diverse industry experience, background and other qualities relevant to the business of the Company and required to operate successfully in the position. Additionally, the Board may consider appointment of experts from various specialised fields such as finance, law, information technology, corporate strategy, marketing and business development, international business, operations management so as to bring diversified skill sets on board or succeed any outgoing director with the same expertise.
- The extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company.
- The nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment.
- Ability of the appointee to represent the company.
- Ability to work individually as well as a member of the Board and with the senior management.
- Influential communicator with power to convince other in a positive way.
- Ability to participate actively in deliberation and group processes.
- Strategic thinking and facilitation skills.
- Act impartially keeping in mind the interest of the company on priority basis.
- Criteria for determining independence.

(b) Policy on directors' remuneration:

- The remuneration / compensation / commission, etc. to be paid to Directors is determined by the Nomination & Remuneration Committee and recommended to the Board for approval.
- The remuneration / compensation / commission, etc. shall be subject to the approval of the shareholders of the Company, the Central Government and SEBI, wherever required. It shall be as per the statutory provisions of the Companies Act, 2013 read with the rules made thereunder for the time being in force. The requirements prescribed by SEBI from time to time in this regard shall be followed while determining the compensation payable to Directors.

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## **Annexure 5 to Board's Report**

### **Annual Report of CSR Activities 2016-17**

NSE is covered under the purview of Section 135 of the Companies Act 2013. Similarly many of its subsidiaries are also covered within the same. However, contribution to CSR by some of these Companies as required under Section 135 will be negligible. Moreover, there could be efforts at duplication if each individual Company undertakes CSR activities on its own and there would be difficulties in scaling up these activities. Hence, it has been decided by the Boards of the respective Companies in NSE that CSR efforts for the Group be undertaken commonly and the actual spent be allocated to the respective Companies in proportion to their legal obligations.

Therefore, a common CSR function for NSE and its subsidiaries has been created under NSE as a group resource and the actual CSR spend is proportionately allocated to the respective Companies. However the CSR Committees for these Companies are separate. A common CSR policy has been prepared and approved by respective CSR Committees and Boards.

**(1)** A brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken is given below.

#### **NSE CSR Vision**

NSE Group has been constantly working to improve the financial wellbeing of people at large through a committed approach to offer investment products that suits varied needs of people. It has improved access to financial markets for people across the country by introducing transparent and efficient systems, improved safety measures for investors, empowering investors through awareness and education on financial planning, investor protection and investment related issues.

Besides this, NSE Group has continuously endeavoured to integrate sustainable and responsible business practices through environment friendly measures such as recycling of waste, reducing paper, water and energy conservation, use of renewable sources of energy, eco-friendly infrastructure, gender diversity and inclusive workplace policies etc.

NSE Group further understands that the economic and social well-being of the community is closely interlinked to their habitats and environment. NSE Group strives to improve the quality of life of its identified beneficiaries towards creating inclusive societies, while meeting its social, economic and environmental responsibilities.

The key focus sectors identified by NSE Group for social intervention and impact, target the economically, socially and educationally disadvantaged and underprivileged sections of our population. The key change and impact

indicators in every programme strive to align with the nation's social development goals and the larger global sustainable development goals.

### **CSR Focus Areas Objectives and Goals**

The CSR objectives have been identified basis the larger mandate outlined in Section 135 of the Companies Act 2013 and CSR Rules 2014 as well as to meet NSE Group's community engagement aspirations.

NSE Group has currently identified three CSR core focus areas as issues of concern to be addressed in the developmental landscape in India. They are i) Primary Education, ii) Elder Care and iii) Sanitation & Safe Drinking Water. In addition, during times of natural calamities and disasters, NSE Group strives to provide speedy relief and assistance to affected geographies and communities through contributions to the Prime Minister's relief fund and emergency disbursements to NGOs.

The NSE Group CSR programmes seek to impact the most disadvantaged sections of the community by undertaking long term impactful programmes in education and elder care. Projects undertaken under these verticals will not be one-time activities but will be on a programme mode with a long term timeline to achieve pre-determined goals and impact.

In addition to the focal areas of social intervention, a number of internal CSR activities to engage and motivate employees to be socially responsible have been undertaken by the CSR Focus Group of NSE Group companies.

The core CSR focus verticals, are further detailed in the following sections.

#### **Primary Education**

The NSE Group CSR initiatives in Primary Education concentrate on bridging the literacy gaps of children aged between 5 -12 years from extremely disadvantaged communities who form the bottom rung of society. The programme outcomes will contribute to the holistic development of children which includes addressing their physical, mental and aspirational needs through supplementary and in-school programmes.

NSE Group has identified intervention in capacity building & training of teachers that will augment teacher-student ratio and directly impact the quality and quantity of attention that is currently provided per student. The aim is to improve reading, writing, critical thinking, arithmetic and problem-solving, application and behavioural skills and create a cadre of highly motivated teachers who become change agents.



The Primary Education programme modules are intensive, customized and highly individualistic in nature. Many of these programmes are model path breaking projects which are recognized as social and educational change agents. They are seen to be model prototypical templates that can be implemented in other areas / institutions as well. To cite an example, the TISS field action project Chunauti has been held by the Hon. High Court of Bombay to be a model project and a directive issued to implement it in the 19 Homes across Maharashtra.

### **Sanitation and Safe Drinking Water**

The initiatives in WASH (Water, Sanitation and Hygiene) programmes are aligned to the goals of the Swacch Bharat Mission and the Swacch Bharat Swacch Vidyalaya. Under this, NSE Group supports sanitation projects in the schools (WiNS – Wash in Schools), communities, and awareness building on sanitation, safe drinking water, solid waste management and WASH.

### **Elder Care**

Demographic Ageing is rapidly advancing with 1 in 6 Indians slated to be a senior citizen by 2050. This poses a huge set of challenges and stresses on the nation and society, which include a larger financially dependent population, increased demands on health care systems, social security, protection and management.

The area is challenging as this problem has not been taken up as an imminent issue. There are only a few well established NGOs and limited support from Government programmes. Projects considered under the elder care segment concentrate on enhancing the holistic well-being of the underprivileged ageing population by awareness of physical and mental health indicators, addressing elder abuse, loneliness, economic and financial independence and awareness of issues relating to the elderly.

### **Prime Minister's National Relief Fund**

From time to time various regions in India are affected by natural calamities such as floods, storms, earthquakes, etc. Emergency relief assistance is provided by the State Govt. & Central Govt. agencies, NGOs etc. and also through Prime Minister's National Relief Fund. NSE Group has taken up contribution to the 'Prime Minister's National Relief Fund' and emergency disbursements to NGOs to provide speedy relief to affected communities as one of the CSR focus areas in such circumstances if and when the need arises.

### **Selection Criteria of Projects**

The NSE Group CSR objectives have been identified basis the larger mandate of Sec. 135 of the Companies Act 2013 and the CSR rules 2014, which outlines the corporate social responsibility of companies. NSE Group has further defined the CSR interventions to be undertaken and laid down the criteria for selecting projects on a long term timeline to achieve outlined indicators to create a sustainable impact in identified communities.

The implementing agencies (NGOs) are selected after intense scrutiny and due diligence by NSE programme monitoring and evaluation (PME) partners. This includes legal & financial due diligence, conformation to guidelines prescribed in Sec.135, programme evaluation, past track record and so on.

The programme proposals go through a detailed scrutiny on various parameters such as type of beneficiaries, relevance of scope of work to thematic requirements, focus on the larger community, emphasis on training and capacity building, working with Government schemes, departments, sustainability of the intervention, innovativeness, uniqueness, scalability, replication of programmes, outputs, outcomes, plan for monitoring and evaluation, impact assessment and employee engagement opportunities.

After the first phase of programme implementation, NSE Group CSR team had developed a reference framework based on the FINITE model to bench mark the projects. F (Focused in location /approach and sector), Innovative (In design, concept and outcomes) Niche (Unique in approach, intervention and programmes) Impactful (in quantitative and qualitative programme outputs and outcomes) Tracked (in programme achievements, programme objectives involving NSE Group staff, NGOs, community and beneficiaries) Engaging (To all stakeholders community, company and beneficiaries due to uniqueness of methodology, engagements and tools).

The projects are selected on a number of parameters such as alignment to the CSR vision and CSR policy of NSE Group, focus verticals, geographical area being in backward districts, needs of the community, impact of programme, bottom rung beneficiaries, sustainability of the project after completion.

### **NSE CSR Focus Group**

In order to strengthen its CSR initiatives, a CSR Focus Group was formed in 2012. The members of the group were employees volunteering to contribute part of their time to undertake CSR activities internally in various activities with the help of NGO partners.

The group conducts/coordinates various social activities internally for employees such as encouraging volunteering for the NSE Group CSR initiatives and activities such as blood donation camps, organising awareness building programmes on solar power and sustainable lifestyles, recycling of waste paper, screening of documentaries on environmental & social issues, NGO-melas related to social entrepreneurship, education, health& environmental awareness including organising of guest lectures on social issues, nature awareness walks, observing National / International Days such as Children's Day, Women's Day, Water Day support of Earth Hour, etc.

### **Monitoring and Evaluation of CSR Initiatives**

Rigorous monitoring and evaluation processes ensure the success of the CSR programmes. NSE Group, through the Project Management and Evaluation

agencies (PMEs) such as Tata Institute of Social Sciences (TISS) and Samhita Social Ventures apply stringent criteria while selecting the NGO partner and the programmes. The projects have the key outcomes and other project specific indicators defined and the impact assessed in the projects undertaken.

The key indicators are tracked on a regular basis by frequent desk reviews, site visits, follow-ups, capacity building, quarterly programmatic and financial on site scrutiny and advice on organizational or programmatic corrections to ensure on ground impact and sustainability of the programme.

**Web-link for CSR Policy:**

[https://www.nscclindia.com/NSCCL/disclosures/resources/NSE\\_CSR\\_Policy.pdf](https://www.nscclindia.com/NSCCL/disclosures/resources/NSE_CSR_Policy.pdf)

**2.** The Composition of the CSR Committee of National Securities Clearing Corporation of India Limited (NSCCL): The current members of the Committee are Mr. Harun R Khan, Mr. Ravi Narain and Mr. T. Venkata Rao. Mr. Harun R Khan is the Chairman of the NSCCL CSR Committee.

**3.** Average net profit of NSCCL for last three financial years: The average net profit of NSCCL calculated pursuant to Section 135 read with Section 198 for last three Financial Years is Rs. 2,61,68,87,785

**4.** Prescribed CSR expenditure (2% of the amount as in item 3 above):  
Rs. 5,23,37,755.69

**5.** Details of CSR spend during the financial year 2016-17

(a) Total amount to be spent for the financial year 2016-17: Rs. 5,23,37,755.69

- (b)(i) Total amount already committed (cumulative): Rs. 9,26,59,257
- (ii) Total amount already disbursed/spent (cumulative): Rs. 2,70,36,083 (including for ongoing projects) of which Rs 1,97,55,107.72 was disbursed in the current financial year.
- (iii) Amount unspent for the financial year: Rs. 3,25,82,647.97  
Rs. 6,83,99,393.09 was committed during the year towards CSR projects with varied duration.

(c) Manner in which the amount spent during the financial year is detailed below.

NATIONAL SECURITIES CLEARING CORPORATION LIMITED

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the state and	Cumulative Amount outlay (Committed Budget)		Amount spent during FY 16 17 on projects or programs sub heads (1) Direct		Cumulative expenditure up to the reporting period		Amount spent Direct or through implementing agency	
				Outlay for the Group	Outlay for the Company	Spent by the Group	Spent by the Company	Spent by the Group	Spent by the company	Spent by the Group	Spent by the Company
1	Door Step School	Primary Education	Pune City, District- Pune, State- Maharashtra	11,44,100	2,34,138.21	-	-	10,28,950	2,05,385.50	10,28,950	2,05,385.50
2	Door Step School	Primary Education	Haveli- Mulashi Tehsil, District- Pune State- Maharashtra	42,07,000	8,60,955.71	42,692	7,350.19	30,83,952	6,15,547.10	30,83,952	6,15,547.10
3	Vikas Sahayog Pratishthan	Primary Education	District- Buldhana State- Maharashtra	36,26,700	7,42,198.26	1,78,874	30,796.37	36,11,700	7,13,722.73	36,11,700	7,13,722.73
4	Magic Bus India Foundation	Primary Education	Ulhasnagar City District- Thane State- Maharashtra	54,82,400	11,21,964.25	-	-	39,43,024	7,80,566.31	39,43,024	7,80,566.31
5	Tata Institute of Social Sciences	Primary Education	Mankhurd, Mumbai State- Maharashtra	37,35,690	7,64,502.89	-	-	30,67,902	6,10,135.37	30,67,902	6,10,135.37
6	All India Inst. Of Local Self Government	Primary Education	Thane and Pune State- Maharashtra	2,10,32,480	43,04,262.85	62,56,681	10,77,199.83	1,12,37,791	20,53,504.12	1,12,37,791	20,53,504.12
7	All India Inst. Of Local Self Government	Primary Education	Medha Dist- Satara State- Maharashtra	2,10,32,480	43,04,262.85	62,16,249	10,70,238.73	1,11,26,539	20,32,662.21	1,11,26,539	20,32,662.21
8	Dignity Foundation	Elder Care	Mumbai and Chennai State- Maharashtra and Tamilnadu	1,65,89,430	33,94,999.89	78,27,698	13,47,678.57	1,47,16,883	27,15,392.76	1,47,16,883	27,15,392.76
9	Door Step School- Urban	Primary Education	Pune City, District- Pune, State- Maharashtra	25,37,207	4,97,296.00	15,45,272	2,66,046.28	15,45,272	2,66,046.28	15,45,272	2,66,046.28
10	Door Step School- Rural	Primary Education	Haveli- Mulashi Tehsil, District- Pune State- Maharashtra	44,21,076	8,66,536.87	28,04,683	4,82,876.47	28,04,683	4,82,876.47	28,04,683	4,82,876.47
11	Vikas Sahayog Pratishthan - Saksham	Primary Education	District- Buldhana State- Maharashtra	59,26,950	11,61,690.21	56,52,532	9,73,184.74	56,52,532	9,73,184.74	56,52,532	9,73,184.74
12	Tata Institute of Social Sciences (Chunauti)	Primary Education	Mankhurd, Mumbai State- Maharashtra	47,35,248	9,28,115.01	37,00,703	6,37,142.38	37,00,703	6,37,142.38	37,00,703	6,37,142.38
13	Teach For India	Primary Education	Mumbai and Chennai	1,76,71,602	3463657.865	80,46,449	1385340.482	80,46,449	13,85,340.40	80,46,449	13,85,340.40
14	Family Welfare Agency	Elder Care	Lower Parel, Mumbai	82,41,200	16,15,286.33	27,66,921	476375.0657	27,66,921	4,76,375.06	27,66,921	4,76,375.06
15	Magic Bus India Foundation	Primary Education	Ulhasnagar, Maharashtra	1,45,56,190	25,06,109.13	56,70,609	9,76,297.02	56,70,609	9,76,297.02	56,70,609	9,76,297.02

NATIONAL SECURITIES CLEARING CORPORATION LIMITED

16	Paragon Charitable Trust	Primary Education	Mumbai	85,21,500	14,67,129.03	37,59,717	6,47,302.70	37,59,717	6,47,302.70	37,59,717	6,47,302.70
17	Door Step Schools Mumbai	Primary Education	Mumbai	1,14,00,000	19,62,714.42	44,44,645	7,65,225.34	44,44,645	7,65,225.34	44,44,645	7,65,225.34
18	Aid India	Primary Education	Tamilnadu	89,38,250	15,38,880.02	65,00,092	1119107.395	65,00,092	1119107.395	65,00,092	1119107.395
19	Pratham Education Foundation	Primary Education	Maharashtra	1,02,25,365	17,60,479.94	83,53,489	1438202.923	83,53,489	1438202.923	83,53,489	1438202.923
20	IIMPACT	Primary Education	West Bengal	1,05,00,000	18,07,763.28	26,04,250	448368.3361	26,04,250	448368.3361	26,04,250	448368.3361
21	Pradan	Primary Education	Jhabua, Mandla, Sagar	3,05,00,000	52,51,121.92	-	-	-	-	-	-
22	Foundation To Educate Girls Globally	Primary Education	Ajmer, Rajasthan	1,15,00,000	19,79,931.21	46,01,027	792149.3022	46,01,027	792149.3022	46,01,027	792149.3022
23	QUEST	Primary Education	Kalvan and Nashik	5,07,00,000	87,28,914.14	-	-	-	-	-	-
24	Developmental Association For Human Advancement (DEHAT)	Primary Education	Mihinpurwa block of Bahraich district	23,23,000	3,99,946.11	12,59,500	216845.5099	12,59,500	216845.5099	12,59,500	216845.5099
25	Helpage India	Elder Care	Ghatanji, Choutuppal, Kolaghat, Basantpur	5,51,00,000	94,86,453.04	48,82,915	840681.3761	48,82,915	8,40,681.38	48,82,915	8,40,681.38
26	Charities Aid Foundation India	Elder Care	Jharkhand	49,96,000	8,60,150.99	24,98,457	430154.1741	24,98,457	4,30,154.17	24,98,457	4,30,154.17
27	FINISH Society	Sanitation	Nashik	59,71,700	10,28,135.24	28,29,425	487136.2501	28,29,425	487136.2501	28,29,425	487136.2501
28	Americares India Foundation	Sanitation	Mumbai	79,92,916	13,76,123.82	33,21,167	571798.367	33,21,167	571798.367	33,21,167	571798.367
29	Youth For Unity And Voluntary Action (YUVA)	Sanitation	Nashik and Akola	1,04,63,000	18,01,393.07	27,38,500	471481.8809	27,38,500	471481.8809	27,38,500	471481.8809
30	Jal Seva Charitable Foundation	Sanitation	Dumka and Pakur Districts of Jharkhand State	2,73,00,000	47,00,184.53	4,01,300	69090.99098	4,01,300	69090.99098	4,01,300	69090.99098
31	WASH in Ashram Schools	Sanitation	Nashik District	9,70,00,000	1,67,00,289.37	-	-	-	-	-	-
32	Oxfam India	Disaster Relief	Bihar	80,40,000	13,84,230.17	70,00,000	1205175.522	70,00,000	1205175.522	70,00,000	1205175.522
33	Door Step School- Urban	Primary Education	Pune City, District- Pune, State- Maharashtra	29,00,000	4,99,287.00	-	-	-	-	-	-

34	Door Step School- Rural	Primary Education	Haveli- Mulashi Tehsil, District- Pune State- Maharashtra	44,19,346	7,60,869.66	-	-	-	-	-	-
35	Door Step School- Rural (Extension)	Primary Education		9,69,469	1,66,911.47	-	-	-	-	-	-
36	Vikas Sahayog Pratishthan	Primary Education	District- Buldhana State- Maharashtra	64,55,650	11,11,455.91	22,34,550	384717.8517	22,34,550	384717.8517	22,34,550	384717.8517
37	Tata Institute of Social Sciences (Chunauti)	Primary Education	Mankhurd, Mumbai State- Maharashtra	65,10,600	11,20,916.54	-	-	-	-	-	-
38	CSR Focus Group	Various Activities*	Mumbai, Maharashtra			3,22,917	55,595.97	15,14,532	2,89,677.33		
39	Capacity Building	Capacity Building	Mumbai, Maharashtra			41,11,711	7,07,904.78	83,99,626	15,61,145.84		
40	PME**	Project Monitoring	NA			21,70,224	3,73,643.00	21,70,224	3,73,643	21,70,224	3,73,643
				51,76,66,549	9,26,59,257.19	11,47,43,248	1,97,55,107.72	15,15,17,325	2,70,36,083.00	14,16,03,167	2,51,85,259

\*Activities undertaken by NSE CSR Focus Group covers Blood Donation Camp, NGO Melas for Children's Day, Environment Awareness, Swachha Bharat Drive. \*\*Project Monitoring and Evaluation.

## 6. Details of the Implementing Agencies

### Education

#### Magic Bus Foundation

Magic Bus Foundation has been working in the field of education for the past 17 years and is present across 23 States in India. They follow a sports and activity based learning model at school level for better enrolment and retention. Underprivileged youth from the community are trained as mentors to become role models for the younger children. Magic Bus believes in the concept of 'Childhood to Livelihood'. The programme provides vocational and employment generating skills to the youth to increase their employability and financial opportunity

The NSE Group S4 D (Sport for Development) Magic Bus programme which is nearing the second year of completion, trains and guides local community youth called Youth Mentors in Ulhasnagar, to deliver a quality supplementary education programme for 1700 primary school children (grade 3rd to 7th) in 10 Marathi medium municipal schools that focuses on academic performance, health, gender equality, reading and remedial classes for selected children with learning deficits. The 10 trained youth mentors implement the programme by using a specially created curriculum that uses sports and activities to improve attendance, life skills & values. The academic component of the

programme is implemented in collaboration with QUEST (an NGO that has done extensive work in pedagogy and capacity building in education).

This unique NSE Group programme uses sports and activities to create behavioural changes on issues such as gender equality, importance of education and thereby regular school attendance, leadership, cooperation and team spirit. The library programme encourages reading habits, exposure to visual mediums like books and charts, responsibility and leadership. In addition the objective of the supplementary remedial programme 'Saksham' is to get selected children with learning deficits in grade 5, 6 and 7, in the intervention areas to complete formal school system by giving them access to a quality education platform and a base to continue the secondary education. The majority of the children from the 10 municipal schools hail from the disadvantaged and marginalised communities with most children being first generation learners. Parents of these children are workers from the unorganized sectors such as construction workers, flower sellers, daily wage workers, domestic help, street vendors, etc. Based on the assessment scores, children are grouped according to the learning levels and 22 municipal teachers who have been specially trained in this method conduct a 1 hour remedial session every day. As a result of efforts by the Youth Mentors a total of 67 dropout children have been re-enrolled.

The efforts of NSE Group- Magic Bus S4D programme has been recognized by the Ulhasnagar Municipal Corporation and the NGO has been invited to be a part of the Ulhasnagar Child Protection Committee panel.

### **The Society for Door Step Schools (Rural)**

DSS was established in Mumbai in 1988 and later expanded to Pune in 1993 with the aim of addressing literacy amongst the marginalized sections of society. Door Step Schools (DSS) aims to bridge the divide between children from migrant and nomadic communities who constitute the fringes of urban societies. They are largely ignored by developmental policies and by social benefit schemes due to their migratory patterns. Due to lack of knowledge, documentation and frequent change of locations the children do not have access to the formal school systems. The DSS programme for children of such migrant communities offers facilities from cradle to crèche to class.

### **Door Step Schools (Urban)**

The NSE Group–DSS Urban Project titled Project Foundation is a literacy programme for children aged 6 -14 years of construction, migrant and seasonal labourers. The programme is nearing the second year of implementation. Educational Activity Centers (EAC) were started in 10 construction sites, literally bringing education to the doorstep of these children in Pune city. This is an attempt to include those children who fall through the gaps of formal systems due to frequent migration of their families. The emphasis is on assessing children who can be admitted to formal schools and putting into place a system that includes transportation and supplementary coaching so that attendance and performance improves. This reduces the risk of children being drawn into the child labour force and endeavours to provide

basic literacy and life skills. The project also tracks drop out children due to migration of the family to new construction sites and helps them get admitted in schools near the areas they have shifted to.

The project uses unique pedagogic tools to increase and maximize learning. Innovative teaching aids, songs, dance, paintings, drawings, and other activities make learning a fun activity. The project primarily tracks data to monitor the level of reading of the children. The project states that if a child attends the center regularly for 120 days he or she will be able to read the prescribed alphabets, words and small sentences in Marathi. A total cumulative number of 1000 children have benefited by this project.

Parental participation is an essential part of the community engagements. A comprehensive programme is chalked out for educating parents on their child's performance but also about child abuse, cleanliness and food habits. The programme keeps track of the children whose parents migrate to other places and gathers information about the newly migrated children so as to start the process of involving them into the DSS programme. A total number of 210 children have been tracked and 68 re-enrolled in schools.

### **Door Step Schools (Rural)**

The NSE Group–DSS Rural Project 'Project Grow with Books' is currently in Mulashi- Malawi taluka near Pune and is in the second year of implementation. The NSE Group- DSS rural project aims to bridge reading skills of 3400 children from 25 rural government zilla parishad schools

The community in this area comprises of small holding farmers, daily wage labourers and construction workers.

Reading is the fundamental process of education and the first step to literacy. While conducting school based study classes and running mobile libraries in communities, DSS observed the lack of reading skills of children studying in public schools. The NSE Group project 'Grow with Books' aims to enhance the reading ability of children from grade 1 - 7 enrolled in government schools, using specially selected books. The project is designed to enable 85% children from Grade 1 having an attendance of 80% or more to read their grade appropriate level. Other innovative activities included are colouring, story-telling and reading competitions, comprehension passages and learning activities for improvement in reading the composite letters/ words.

The NSE Group Programme comprises of 4 distinct modules for children from grade 1 to grade 7. First Steps Forward is a 45 minute reading session conducted for grade 1 every day. Reading Classes for grade 2 -4. Each session of 90 minute every week conducted by book fairies, Home lending library for grade 1 -7– This programme is only done in schools that already have reading classes in the lower grades to help strengthen the foundational reading skills. Bridge Classes for grades 2 - 4, children who are unable to read even grade 1 level text are included in these sessions.



### **Vikas Sahyog Pratishthan (VSP)**

Project SHAKSHM (Quality Education Initiative for Age Appropriate Learning) is a quality education project impacting 1500 children in government schools hailing from nomadic and notified tribes from 25 villages of Mehkar Block of Buldhana District, Maharashtra. The villages selected are especially migration prone and have a high number of VJNT tribes or nomadic tribes.

The project seeks to improve the language and numeracy of these children through use of innovative local pedagogic tools based on the NCERT curriculum and methodologies. It also aims to work with the communities to reduce dropout of children from schools due to seasonal migration. 25 Children's Learning Centres have been set up in schools or community spaces. Each centre has about 30 students who have been identified and grouped after baseline assessments. Volunteers have been hired from the community and trained to deliver the structured modules. Frequent assessments and testing ensure tracking of the impact.

In the second year a robust programme of engaging School Management Committees (SMC), community youth volunteers and women's groups has been put into place to decrease the dropout rates of children from the area. The project works directly with 80 volunteers, around 91 government teachers, 190 SMC members, 3500 parents and 350 youth group volunteers directly to achieve this. In all 8531 stakeholders are involved and impacted by this project.

Post the first year of implementation, on the request of the Government education department, teaching learning materials (TLM) was distributed to an additional 2000 children and training for around 90 teachers undertaken to supervise the children who had received the TLM.

The local volunteers who were trained under this project as teachers are invited to conduct classes in schools, they are even called as experts in block resource centres. The programme coordinators are being invited by the State Government department to provide inputs in the Pragat Shikshan Dhoran dialogue an initiative of the State Government to improve primary school education. 290 dropout children were tracked and 146 re-enrolled in schools under this project.

### **All India Institute of Local Self Government – AILSG (Urban Project)**

Founded in 1926, AILSG is one of the oldest NGOs in India and Asia. Its special focus is to work with the marginalised children from vulnerable communities- urban slums, remote rural and tribal areas, de-notified & nomadic tribes and those belonging to other disadvantaged sections – SC, ST, OBC, minorities etc.

The NSE Group project 'Serving and Enriching Education for Under-privileged Urban Children' is designed to improve access and quality of primary education to the children from disadvantaged sections, enhance the capacity

of stakeholders to deliver better quality of education to the disadvantaged children and to develop a holistic educational model for strengthening and enriching the demand side of Right to Education. The project areas are vulnerable slums in Pune and Thane districts and applies AILSG's globally recognized pioneering model of 'Children's Resource Center' or 'Shikshan Ranjan Kendra'. Currently the project is into the second year, this project has impacted 867 children in Pune and 817 in Thane respectively.

A Children's Resource Center (CRC) has been established at the community level in Thane and Pune with 18 committed and trained Shikshan-Mitras (SM) which has resulted in creating a conducive environment for holistic learning to supplement education, provide minimum age appropriate learning and ensure literacy levels. The sessions of supplementary and complementary learning at the CRC are conducted for 2 hours each in the mornings and evenings. The sessions continue in the afternoon and evening, depending upon the availability of the children. The sessions, which are held in community centres of slums in Pune and Thane, engage the students through dance and drama and include planned academic modules, life skills, health, hygiene and other topics. The programme based in the community thus has a strong connect with the community stakeholders as well as parents. The parents are direct participants in the children's literacy and growth. The Youth Mentors form the unique feature of this project.

#### **All India Institute of Local Self Government –AILSG (Rural Project)**

This Quality Education project is being implemented in Medha Tehsil of Satara Block and impacts 803 children and 1608 parents in over 16 villages. This is essentially a replication of the urban programme in the rural areas with the difference that the Children's Resource Centres are spread over 16 villages, eight of them being in tribal pockets with a number of children from khatkare tribal families who are indigenous primitive tribals, and are either landless unskilled farm labour or engaged in fishery and agricultural odd jobs. The financial levels, social and educational background of these groups make them particularly vulnerable. There is an overall poor quality of life and living with low application of health and hygiene practices such as sanitation and nutrition. Seasonal migration is common after Diwali and families move along with children to locations of employment. This adversely affects their learning attainments and continuation of education.

The project is delivered by youth mentors called Shikshan Mitras (SM's) who use activities, games, music and art to reinforce age appropriate learning outcomes and life skills in the children during the sessions at the Children Resource Centres (CRC). The sessions are conducted twice a day for two hours in the morning and evening and conducted in community spaces such as community halls, buildings or centres

#### **Project Chunauti**

NSE Group supports Project Chunauti – is a model project currently implemented by the Tata Institute of Social Sciences (TISS) in the MDC Home,

Mankhurd under supervision of the Mumbai High Court. This programme benefits 103 differently abled children.

Project Chunauti was started in response to the abuse and exploitation of mentally challenged orphan children in Mentally Deficient Children's (MDC) Homes in Thane and Panvel. These children are one of the most vulnerable groups, having neither family nor protection and been subject to abuse, trauma, malnutrition and neglect.

The objective of the project is to rehabilitate the mentally challenged children from the ordeal of various forms of abuse that they had undergone through an integrated and intensive counselling, education and basic life skills sessions. The main activities of the project include:

- Special education and vocational training within MDC Home and provide formal education through SSA and NIOS
- Therapeutic inputs such as counselling, life skills training, and occupational therapy
- Linkages to quality medical, counselling, educational and vocational services
- Documentation and knowledge dissemination

In the first year of implementation the focus was on establishing a model of quality care for children placed in MDC homes. In the second year of the project, the activities have continued in the MDC Mankhurd home, also the replication of the model in two more homes in Solapur and Aurangabad district have been undertaken.

The project is working to strengthen the existing government systems, organizational and delivery structures as well as processes and SOPs, to improve the quality of care given to the children placed in the homes. Towards this end, capacity building of the staff of the MDC Homes, officials at departmental levels is undertaken. With a view of ensuring sustainability, the project utilizes resources available through government schemes and is working to set up protocols and processes to ensure availability, implementation, monitoring. It is envisaged that once the model is in place for MDC Homes in Maharashtra the same can be taken to other States in India.

### **Teach For India**

The NSE Group-The Teach for India (TFI) programme is currently in its first year of support. The programme recruits outstanding college graduates and young professionals who commit two-years to teach full-time in under resourced schools and who become lifelong leaders working from within various sectors towards the pursuit of universalization of education. They act as mentors to students and catalysts to revitalize the educational system that lacks skill sets and a modern, professional approach to teaching.

NSE Group supports Teach for India 50 fellows in Mumbai and Chennai each who are attached with 8 schools each impacting 1500 students. Through this programme NSE Group supports Teach for India's vision to provide every child with an excellent education.

The project activities comprise recruitment and training of Fellows before the academic year begins, conferences, workshops, and refresher trainings throughout the year, and also assessments conducted by Teach for India - the beginning of year assessments, middle of the year assessments and end of the year assessments.

### **Aid India**

Aid India, founded in 1996 by a group of IIT and BITS alumni, has been implementing several education programmes across Tamil Nadu with a mission to ensure quality education for every child. Aid India works with Government schools, NGOs and village centers in over 15 districts of Tamil Nadu. The NSE Group project a part of the Aid India Eureka SuperKidz programme which aims to ensure quality education for 1500 children in Std. 3-7 to achieve basic skills in Tamil, Math, English and Science through an after school remedial education programme in groups of 25 to 30 children. The programme is currently run in 50 villages in Trichy, Tiruvallur and Vellore districts of Tamil Nadu.

The rationale behind Eureka Super Kidz Programme is equity in education, which is the basic need for a balanced society and for a secure future. A good quality education can make a difference to the lives of underprivileged children and it can decisively break their cycle of poverty with a good educational foundation. However, several of the villages are way behind the expected levels in education quality. For the NSE centres, special care has been taken to identify communities such as the Adi Draviders etc. which are on the fringes of educational development and initiate the project within these communities. The Iruvar tribes in Tiruvanamalai District have also been specifically identified and the learning centres set up to reach the lowest rung of society.

The objective of the NSE –Aid India programme which is in the first year of intervention, is to create a sustainable model to improve quality of education among rural underprivileged children by providing an enabling learning environment to ensure that for those children lagging in basic skills in grades 3-5 achieve minimum grade appropriate competencies in Tamil, Math and English and children in grades 6-8, achieve basic skills in Tamil, Math, English and Science through after school interventions. The project promotes sustainability by identifying local tutors who are trained to teach children in an effective manner with monetary contribution from the community so that the parents are invested in the progress.

### **Muktangan**

Muktangan schools have been conceived as an experimental school programme where the challenge is to provide a high standard of 'private' school education in a Government Municipal School. Muktangan works in 7 municipal schools in Lower Parel / Worli areas. Muktangan has to date, through its in-house teacher education centre trained over 600 teachers from the community with 453 currently working in 7 schools receiving professional development.

NSE Group – Mukhtangan project which is currently in the first year, supports two primary schools- Global Municipal Public School, Elphinstone and N. M. Joshi School, Lower Parel, which strive to facilitate better education for children from under-resourced communities. The project is embedded in the innovative teaching-learning model of Mukhtangan which defies the regular education in schools and teacher education colleges, driven by an exam oriented and rote learning cycle. The teachers themselves are from the community where the child resides and therefore stay invested in the educational progress. Further this serves to educate and empower groups of women to access career opportunities that would help them to be confident and independent. The focus is on how best the child can understand concepts through activities and interaction.

The objective is to provide students an inclusive school environment that encourages assimilation of learnings relevant to them and building life skills that will be critical to their future growth. Also, to holistically develop the students into confident, independent, creative and empathetic learners through a child-friendly pedagogy and building skills in the creative and performing arts while in parallel developing and encouraging women from the community to become teachers.

Student learnings are catalogued by class teachers and used as reference material for curriculum design during weekly subject and lesson planning meetings by teachers. Thus, ensuring continued development and innovations in the classroom. The average number of students per one class in government /aided schools is between 40 -60, but a Mukhtangan teacher caters to a group of not more than 15 students at a time ensuring that each child is given individual attention and support based on the continuous observation of the student's learning needs.

At present, 316 children (including 10 children who are diagnosed with learning difficulties) are enrolled in the Primary Sections of both the Mukhtangan schools and have equipped 33 teachers with regular subject pedagogy training sessions.

Over time, teachers have developed focus on how to enhance the child's perception and enable them to creatively apply theoretical knowledge in their daily life. For example if a child has to be taught about what an apple is, the child is asked to talk about what he/she thinks about it, the children will sing songs about it or might write stories about. The project has also been able to engage parent regularly through quarterly meetings. Nutritional requirements are also an important aspect of the project as along with the mid-day meal children are given fruits throughout the week.

### **Pratham Education Foundation**

Since its year of inception in 1995, Pratham Education Foundation has focused on the educational needs of the marginalized and disadvantaged children. Currently Pratham works in a total of 23 States and union territories across

India. The objective of the NSE Group -Pratham project is to improve learning levels in reading and arithmetic of children enrolled in primary grades especially Std. 3 -5 in a short duration of time. The programme is designed to develop early literacy and numeracy in children in Std. 1&2. Also, the programme aims to provide access to good quality books to all children in the targeted communities through a community library programme. The overall focus is to create a holistic learning environment for children in a community. A unique feature of the programme is that parents, especially mothers are also involved. The NSE Group project impacts around 14,000 children between 6 – 12 years in 140 communities in 6 cities of Maharashtra viz. Nagpur, Solapur, Nashik, Thane, Pimpri - Chinchwad and Aurangabad through library camps which includes 6460 children benefiting through the Learning camps and the School readiness programme.

There are three main programmes within this project. The 'School Readiness Programme' which is a year-long academic intervention to strengthen the foundation and decrease drop out from schools for children of grade 1 &2, 'Urban Learning Camps' for Grade 3 -7 which are 40 day camps where intensive academic support is given especially in Math and Language through a special technique called Combined Activities for Maximized Learning (CAMA). The third module is a Library Programme which encourages reading and attention through visual media. The 'School Readiness Programme' is conducted in a continuous Class Mode for 9 months for two hours a day for six days in a week. The 'Urban Learning Camps' programme is run in an intensive camp mode for 30-40 days spread across 3 months approximately for one to two hours a day. CAMA an intensive activity based approach, used in the readiness programme, focuses on a backward learning approach of simplifying words into letters through phonics. The focus is currently on reading in native language. In arithmetic, topics of number recognition, simple subtraction, addition and division are covered during the camps. Various activities through flash cards, story-telling, mind maps using materials like straws, currency notes etc. help strengthen basic reading and arithmetic skills in children.

## **IIMPACT**

IIMPACT Girls Education Project was started by the Alumni of IIM (A) 1978 batch. Under this project, IIMPACT has identified rural out-of-school girls in about 27 different locations of 11 States with low female participation in education. Starting with just 450 girls and 15 learning centers in 2004, today IIMPACT is running this project in over 1550 villages of India, and has covered over 55000 out-of-school girls in the primary education programme.

The NSE Group-IIMPACT Girl Child Education programme will benefit 3000 girl children in 100 learning centres in the backward districts of Purulia and Bankura districts in West Bengal.

The main objectives of the programme are to increase access and encourage enrolment to basic primary education, through community mobilization, for all girl children not in school and to provide high quality relevant education through the learning centres. The programme encourages and enables each

girl to become an independent thinker and self-learner through specially created programmes, activities and songs that make learning joyful and help transform the community especially the attitude towards the girl child thereby encouraging education and decreasing child marriages in villages.

The programme will be run in the community for 5 years till the first batch of children migrate to a formal upper primary school post which it will be handed over to the community after adequate awareness and capacity building programmes. With the support and help of the local community a door to door survey is undertaken to verify the number of out of school girls. Learning centres in the villages are established with a group size of 30 girls and parents are motivated to send girls to the centre so that no girl misses the opportunity to be educated.

The curriculum is enhanced with creative and meaningful Teaching-Learning Materials (TLM). To develop the capacity of the teachers who are from the community, intensive workshops and capacity building sessions including residential programmes are conducted. While setting up the learning centres the community is encouraged to contribute to making it efficient and child friendly. After the completion of the programme the community is encouraged to take up the learning centers and with the help of the trained volunteers administer the day to day activities. IIMPACT believes in developing strong relationship with parents, local leaders, Gram Panchayats and local leaders to encourage the community participation and ownership of the programme as well as to inculcate change in behaviour, thinking and attitudes of parents.

### **Foundation to Educate Girls Globally (Educate Girls)**

Founded in December 2007, Educate Girls aims to bridge the literacy gaps at primary education levels through quality education for out-of-school girls of low income families in educationally backward blocks. The organisation has its presence in 12,000+schools in over 8,000 villages across 9 districts of Rajasthan (Ajmer, Bhilwara, Bundi, Jalore, Jhalawar, Pali, Rajsamand, Sirohi, and Udaipur) and in 1 district of Madhya Pradesh (Jhabua). The programme focuses on enrolment, retention and learning outcomes with its innovative 'comprehensive model' that aligns with the principles of India's The Right of Children to Free and Compulsory Education Act [Right to Education Act (RTE)], 2009. Since inception, over 100,000 out of school (OOSG) girls have been enrolled, over 600,000 children have demonstrated improved learning outcomes and over 2.8 million children have cumulatively benefited from the programme model.

The NSE Group project supports the programme in 468 villages within 3 Blocks (Jawaja, Silora & Bhinai) of Ajmer district in Rajasthan. It aims at enrolment of girls who have dropped out of schools or have never enrolled, retention of girls in schools and ensure reduced drop-outs in grades 3, 4 and 5. The intended impact is to retain at least 85% of enrolled girls in school and improve learning outcomes for 4,950 children child in the educationally backward districts by strengthening the community.

A strong relationship with the government education departments, building youth volunteers from the community (Team Balika) and bringing about change in the mindset of parents and community members ensures the creation of an enabling environment which fosters and improves the girl child education both in the community and school. Thus, an attempt is made to tackle the root causes of the problem. On a wider note, this has far reaching consequences impacting prevalent customs such as child marriage and illiteracy of the girl child. A large team of empowered Team Balikas ensure the penetration and dissemination of progressive ideas which ultimately lead to women empowerment and to community development.

### **DEHAT (Development Association for Human Advancement)**

The NSE Group-DEHAT project 'Girls Empowerment through Education Training & Action'-GEETA is focused in 9 villages of Mihinpurwa block, Bahraich district in Uttar Pradesh and impacts the literacy deficiency of 800 tribal Tharu girls from 6 schools. In addition 1568 children in the age group of 6 – 14 years from other socially excluded communities are benefitted by the creative methodologies.

The highlight of the project is the SPICE (School Premises for Innovative and Creative Education) models. It uses the various building components in innovative ways which helps children and teachers in the process of teaching and learning apart from serving their usual function. Thus, in a school which has been conceived like this, a floor may no longer be just a floor, but a way to understand fractions, or window might become more than a usual window and let a child prepare for skills in writing Hindi alphabets, or a creatively designed corridor could help children to correctly estimate distances.

The project builds capacities of teachers and School Management Committees (SMCs) through training and community mobilization and in turn strengthens the demand side of education. When communities and SMCs are strengthened and made aware of their rights, local government and departments are bound to provide infrastructure and quality resources. The programme seeks to improve the level of education with emphasis on improved reading, writing and speaking skills, retention of girls in schools, increasing attendance, and reducing dropout rates. It provides a platform for children to engage with the community through Meena Manchs and other group leadership platforms. The SMC is strengthened to advocate the requirements of the school, especially that of infrastructure and resources by capacity building and handholding through the processes.

### **Elder Care**

#### **Dignity Foundation**

Dignity Foundation (DF) was founded in 1995 and began with the launch of a magazine for senior citizens, 'Dignity Dialogue'. The organisation has since launched a number of innovative signature programmes for senior citizens. Some of them are Loneliness mitigation centres, helpline for senior citizens, Dignity Second Careers, Dignity Companionship, Dignity Civic Services,



Dignity Computer Skills, Security with Dignity, Dance and Movement Therapy for Senior Citizens, Day-Care Centres and Dementia Day Care Centres. Dignity Foundation was instrumental in the launching of the Government of Maharashtra Senior Citizens Identity Card and Institute of Empowered and Productive Ageing at Yashada, Pune - a think- tank for the government to initiate policies for older persons in the state. The organisation is currently present in Ahmedabad, Pune, Kolkata, Bangalore and Chennai.

The NSE Group– DF project Integrated Social Support and Health Security for the Elderly in Mumbai and Chennai seeks to provide awareness and empowerment through health camps and programmes for 3685 disadvantaged senior citizens on issues of their health both mental and physical and their legal and social rights. The programme empowers them to take action to overcome their problems and deficiencies. In addition to this, DF Savings Card and Rations to poor senior citizens living alone also form an important part of the programme. The organization seeks to promote awareness through DF interventions such as Helpline for Elderly, Dementia Day Care Centre, rations for the BPL senior citizens who cannot afford even 1 meal a day. All activities were carried out in a focused manner in Worli, Jogeswari and Dharavi in Mumbai; Kannagi Nagar and Foreshore Estate Coastal Area in Chennai as Saidapet had undergone rehabilitation and resettlement after the Chennai floods.

In the second year based on the on -ground experience, the focus has been on holistic health workshops as well as individual and group counselling sessions rather than medical camps. The second year programmes were designed so as to have a more intensive engagement in the community through the 'Training Programme on Successful Ageing'. This allows a deeper understanding on issues faced by senior citizens as well as to engage in counselling and dialogue for change. The project has aimed at knowledge creation and awareness among the elderly regarding their social, psychological and physical well-being and healthy eating through 'Hamara Swasthya Hamare Haath'.

Dignity Foundation tied up with Vision Foundation of India under which, eye check-up camps were organized. Eight senior citizens from the from the NSE projects participated in the Action Summit on Sanitation organized by the UN body- Water Supply and Sanitation Coordination Council. They were the representative urban voices speaking out on the sanitation challenges of older-adults from low-income backgrounds in urban communities. Following the training programme on active ageing, there has been a demand from approximately 25% of the participants for organization of space and opportunities to meet on a regular basis. Dignity is currently in the process of forming them into small groups so that they can meet at least once/twice a week and engage in therapeutic activities. It is envisaged that in the long run that members of these groups will form the Senior Citizens Community Action Group. The programme has reached 3193 senior citizens through awareness camps, 992 through wellbeing enhancement workshops, 492 through rations

schemes and 3231 through savings programmes. Total 5068 senior citizens were part of the project in 2016-17.

### **Family Welfare Agency (FWA)**

FWA has been providing specialized day care services to the elderly since 1979, using a community based approach. The NSE Group project which is in the first year of intervention, is designed to provide holistic services for underprivileged senior citizens in the select wards of Mumbai in Parel and Worli through establishment of 'Elderly Enrichment Centres' (EEC). Under the project two centres have been created in F-North, and F-South, Sewree where a large number of slum and senior citizen population resides due to closure of the textile mills some decades back. The centres provide for physical and psychological well-being of senior citizens in the community and focuses on building communities which care for their senior citizens. It is also targeted towards those who are on the threshold of ageing related issues in the coming years. The aim of the project is to build an enriching community at the ward level to facilitate care of the elderly by addressing the needs of around 3000 senior citizens and their families directly.

The project engages with senior citizens – who are mobile, 60 years and above through outreach programmes and promotes group participation in activities conducted in the EEC. The elderly persons who are homebound, 55 years and above would be included through the community outreach services. Caregivers of senior citizens, members of the community such as youth, ground level ward officials, will play an important role in the awareness and attitudes to the needs and response of the family and community to the care of the elderly. This will enable a culture of understanding the problems of ageing, issues faced by the elderly, and in the process, prepare for aging themselves. The project incorporates activities and initiatives such as physical and mental health camps, legal guidance, recreational therapy, community support group development and building capacities of care givers of the homebound elderly.

A significant level of involvement has been achieved by forming community support groups and connecting with care givers or families of the senior citizens. The project is currently supported for a year and the centres has been providing in-bound and home-bound services to approximately 30 senior citizens on a daily basis. Moving forward, the activities would be focused to create sustainability in the community and amongst senior citizens by integrating them with various services available at public institutions.

### **Charities Aid Foundation**

Established in 1998, CAF India is a not-for-profit organisation working to build a society motivated to effective- giving which helps transform lives, and communities.

The NSE Group programme, Nation Supports Elderly (NSE) develops an innovative model to facilitate easy access social protection schemes with

special focus on pension for Elderly. The inclusive intervention model will cover three core elements– Access, Awareness and Advocacy. It is a pilot intervention in 5 selected villages of Karra block district Khunti, Jharkhand.

The rationale behind the programme was the loss or decrease in income sources and employment opportunities for senior citizens. With the increased relationship of financial status to well-being and the shift from an agrarian to a market economy which is increasingly driven by technology, there is a lack of platforms to channelize skill set of elderly, little awareness about government's social schemes for elderly and the high vulnerability of this section due to deteriorating health and high cost of treatment.

The pilot intervention is designed to reach out to approximately 5000 elderly in 5 selected villages of Karra Block and to provide financial awareness to help assist 1000 elders access government pension and other benefit schemes such as Integrated Programme For Older Persons (IPOP), a central sector scheme to improve the quality of life of the older persons, Indira Gandhi National Old Age Pension Scheme, Rashtriya Swasthya Bima Yojana (RSBY), by the Ministry of Labour and Employment, National Programme for Health Care of the Elderly (NPHCE), Citizens' Saving Scheme for ages 55-60 etc.

The programme which is based on the inclusive intervention model will broadly cover three core components: Social Support, Health and Economic Empowerment. This model starts by identifying specific needs of elderly and facilitates delivery of social protection schemes.

In the project, Vridh Sanghas are formed with representatives of elderly. This is meant to be the formal body of elderly to raise their voices, form their SHGs, set up enterprises, initiate income generation/livelihood activities etc. to sustain the efforts in the long term.

Creating awareness and educating elderly and their family members on social protection schemes is one of the most critical pillars of the programme which are facilitated through mid-media activities like nukkad-natak, folk media and public rallies etc. The awareness activities are integrated with the ongoing cultural activities, religious functions/fairs in rural areas to ensure family community and civil society organizations sensitized on ageing issues. The project also looks to publishing handbooks on various social protection schemes with coverage of schemes for aged persons

### **HelpAge India**

HelpAge has worked in the field of elder care since 1978. The philosophy of the organisation is that the elderly need to be seen as people who can contribute in an active manner to the economy and society and not as a dependent group.

The NSE Group -HelpAge Project Shraddha – Towards Active and Healthy Ageing has taken shape from a need for establishing an alternate scale-able model to mainstreaming elderly by restoring a sense of their own value,

strength and their inherent capacity to handle life's problems. Project Shraddha aims at promoting Active and Healthy Ageing among elderly through Self Help collectives in four blocks of four states: 1. Ghatanji (Yavatmal, Maharashtra) 2. Choutuppal (Nalgonda (now Pochampalli), Telangana) 3. Kolaghat (Purbi Midnapore, West Bengal) 4. Basantpur (Supaul, Bihar). Each of these areas were selected due to certain debilitating factors that increased the number of senior citizens in these villages.

The project is designed to benefit a cumulative number of around 20,000+ elderly, which includes livelihoods of 5600+ elderly through collectives of elderly and their federation, ensuring awareness and access to rights and entitlements for 8000+ elderly, access to Primary Medical Care and community managed health interventions for 11000+ elderly through health camps, cataract surgeries and assisted mobility with the help of knee braces. The project also seeks to establish an alternate model of working with elderly and build internal capacities within state to replicate/scale-up the project through the state governments and is based on the tested and established HelpAge India model of Social Protection. The model talks about two Key Variables – Vulnerability and Capacity (Empowerment). Hence, the Project would work to alleviate the vulnerability by working on the four manifestations and the cause of these. Enabling conditions in families and communities will be created to facilitate active ageing and for elderly, without becoming a 'burden' to their families and society.

The intended impact of the project is to improve (1) saving and financial decision making, (2) livelihood and self-employment opportunities through their own micro-enterprises and access to schemes and programmes, (3) access to bank credit mobilization –bank-able, (4) increased awareness involvement in decision-making and access to their rights & entitlements (5) change in perceptions, attitude and responses of younger family members & the communities they live in and (6) increased participation in local self-governance and decision making at the family and community levels. The project has awareness and capacity building activities inbuilt through IEC material, refresher trainings, Jan Sunvayi and orientation visits for key beneficiaries to other project locations.

## **Sanitation**

### **YUVA (Youth for Unity and Voluntary Action)**

Yuva works by empowering oppressed, marginalized and disadvantaged communities by facilitating their organizations and institutions towards building equal partnerships in the development process and ensuring the fulfilment of the citizen's right to live in security, dignity and peace. YUVA engages in critical partnership with the government at grass root levels to forge alliances with other actors of civil society such as people's movements, trade unions, women's group, academic institutions and the private sector to enable and strengthen the people's empowerment processes.

NSE Group has undertaken a school-based sanitation project aimed at improving access to sanitation in 30 schools in Akola and Nashik district. The rationale behind the project is that lack of adequate sanitation in schools is a critical barrier to school attendance, particularly for girls. Providing safe, private toilets will help girls stay in school – which can increase their future earnings and help break the cycle of poverty. The objective is to improve sanitation facilities in the selected 15 schools each of rural and peri urban Nashik and Akola. The estimated beneficiaries are 4200 school children.

The project targets improved infrastructure of public school toilets in selected areas, along with safe drinking water, positive behaviour change towards adoption of hygienic sanitation practices and methods, capacitating rural poor families to stake a claim for better sanitation facilities in their neighbourhoods and schools from the government and initiation of community led monitoring and maintenance of toilets.

The project indicators include conducting baseline study, meeting with stakeholders, analysing government schemes and development of IEC materials. Other than soft works, repair and renovation of existing toilets in 30 schools is the major component of this project. It will be handed over to the community for its maintenance by giving proper training and behaviour change communication.

### **Financial Inclusion Improves Sanitation and Health (FINISH) Society**

FINISH society was born out of FINISH programme initiated in 2009 by an Indian-Dutch consortium comprising financial institutions, insurance companies, NGOs, academic and government institutions from India and the Netherlands.

The project supported by NSE Group undertakes a holistic school-based sanitation project named Piloting Sustainable WASH and its operation and maintenance model for 9 diverse set of schools – urban, peri-urban and rural in the district of Nashik.

The rationale of the project is that even though Water, Sanitation and Hygiene for schools has been recognized as priority areas by Government of India, a lacunae in terms of providing infrastructural facilities and hygiene related education exists to ensure access to sustainable WASH practices. The objective is to support and facilitate construction of safe sanitation systems for communities in rural India through mobilizing demand and supply related measures including financial incentives for development.

The estimated beneficiaries are 5000 School Children. The programme focuses on creating awareness amongst children, adolescent girls, teachers and parents through properly designed behavioral change campaigns. Along with knowledge on aspects of safe water, sanitation and hygiene; toilets, hand wash units and incinerators will be augmented for enabling usage. This will also enable and engage local entrepreneurs, stakeholders and the end beneficiaries together in engaging them for providing O&M services. Project

activities includes technical feasibility and KAP study, formation and activation of SMC's and Child Cabinets, training the teachers in WASH, repair and renovation of toilets, water stations, incinerators and hand washing stations. It also includes 90-day continuous activity on hand washing with soap. Apart from IEC material distribution, Operation and Maintenance (O&M) support is also an important component of this programme for its sustainability.

### **AmeriCares India Foundation**

AmeriCares is a public charitable trust registered in 2006 at New Delhi providing medical aid in India and in neighbouring countries, irrespective of race, creed or political persuasion. Operations are spread over twenty one states and two union territories across India.

AmeriCares India Foundation, as an extension to the focus on disaster and health pursues the WASH programme that addresses sanitation needs of urban and rural poor thus improving the health and economic index of the beneficiary population. The NSE Group- AmeriCares programme impacts 10 schools and around 7000 children from municipal schools in Mumbai over a period of 1 year. The project looks to repair and renovate 100 toilet seats in 10 schools to ensure access to good sanitation facilities for students. To encourage good sanitation practices among the students of standard 1<sup>st</sup> to 8<sup>th</sup> in municipal schools and implement a strong behavioural change communication (BCC) programme using creative material and ensure hygienic best practices such as hand washing to shift ingrained unhealthy patterns. The BCC topics covered will be personal hygiene, menstrual hygiene, hand wash, clean sanitation practices, diarrhoea and vomiting and other such communicable diseases and Environment cleanliness

### **Jal Seva Charitable Foundation**

Since 1981 Jal Seva Charitable Foundation is working on the issue of access to safe drinking water and hygiene and sanitation. The programme in partnership with NSE Group, Swacch Vidyalaya, Swacch Aadat (Clean School, Clean Habits) plans to intervene in 312 rural government schools in Dumka and Pakur Districts of Jharkhand State. The objective is to improve WASH infrastructure in selected schools, raise awareness and ensure good hygiene practices amongst students, strengthen the school SMC's and communities to increase the demand for quality infrastructure from the relevant authorities in the schools and communities.

The programme intends 104 schools each year to ensure that children in these schools have access to basic facilities such as school toilets, safe drinking water, clean surroundings and basic information on hygiene including Menstrual Hygiene Management. Using children as vectors of change – Water Aid India and partners would try to integrate as much as possible Wash in School into community WASH programmes to foster improved hygiene at schools and in communities.

Through this initiative the programme intends to benefit around 27,200 students, 1,900 teaching staff, 5,000 school management committee members

and approximately 5,40,000 community members over a three-year period. Around 1,800 toilets would be renovated through the programme or by activating governmental funds for repair post a detailed infrastructural assessment.

Effort would be made to develop a teacher's training manual on hygiene and this module would be developed in consultation with Jharkhand Education Project Council (JEPC) for sensitizing the department on the issue and to develop partnership in rolling out the concept. Institutionalisation of the teacher's training hygiene sessions would be conducted during the mandated allotted schedule in the timetable.

The outcomes of teacher sessions with children in the form of behavioural change and other academic performance outcome would be captured and shared periodically with Sarva Siksha Abhiyan (SSA) and JEPC. Constant advocacy will be undertaken with the department to replicate the module across other schools in the district along with the life skill session being taken up in schools by SSA. Thus, institutionalizing hygiene session in life-skill session of schools.

It is expected towards the end of the project that the hygiene message will be mainstreamed in school curriculum leading to improved hygiene practices among children and their families. The outcomes of these good hygiene practices will result in less incidence of students falling sick due to hygiene related health issues.

## **7. The Reasons for Shortfall in Disbursal**

NSE Group has shifted the focus of the CSR intervention to the rural underprivileged in backward districts in some of the most neglected areas benefitting some of the most marginalised populations, therefore identifying new social projects alongside the implementation of selected projects is a comprehensive activity requiring time and coordination with various organizations. Whereas the budget for CSR activities committed by the industry has increased, the number of NGOs with robust system protocols and capacities to implement projects of scale on a pan India basis remain limited.

As most NSE Group projects involve strengthening of communities and working in government schools at the grass root levels in remote locations, coordinating with several stakeholders, governmental and non- governmental agencies in rural and backward districts is an elaborate time consuming activity. In addition to the above mentioned factors, a high standard of legal, financial and programmatic due diligence of implementation partners, approvals from government authorities and other formalities contribute to extended timelines thereby affecting timely disbursals.

In the first phase of project implementation, NSE Group has addressed the literacy deficits of more than 6200 extremely marginalized and disadvantaged

children who require intensive pedagogic and social interventions and made a positive impact on the lives of more than 3500 underprivileged senior citizens.

In the second phase, there has been a steady increase in the number of the projects as new projects in addition to the renewal of the ongoing projects for a second term have been part of it. The ongoing Educational and WASH projects of the second phase have impacted nearly 51,000 children in municipal and zilla parishad (ZP) schools. In addition more than 6500 senior citizens have been positively impacted through the elder care programmes.

Moreover, a number of new projects that were recently approved in the second phase have just commenced with the programme staff recruitment and baseline survey and the beneficiary numbers are expected to increase even more. Thus, it is evident that both the quantum of projects implemented and the direct beneficiaries has increased considerably over the past two years.

Year	Total Budgeted Amount (Rs. In Cr.)	Cumulative Budgeted Amount (Rs. In Cr.)	Committed Amount (Rs. In Cr.)	Cumulative Committed Amount (Rs. In Cr.)	Cumulative Committed/Committed Budget (Rs. In Cr.)
2014-15	5.73	5.73	1.57	1.57	27%
2015-16	5.66	11.39	0.85	2.43	21%
2016-17	5.23	16.62	6.84	9.27	59%

The CSR spend is also seen to have progressively increased since commencement of CSR activities. Further, the cumulative committed amount towards CSR projects has increased from 27% to 59% in the year FY 2016-17. The number is expected to increase substantially in the coming years. The Company remains committed to meet its CSR obligations on an annual basis to the extent feasible.

8. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

T. Venkata Rao  
Managing Director

Harun R Khan  
Chairman



## ANNEXURE 6 TO BOARD'S REPORT

### Report on Corporate Governance

#### I. Brief Statement on Company's Philosophy on Corporate Governance

Corporate Governance is the application of best management practices, compliance of law and commitment to values and ethical business conduct to achieve the Company's objective of enhancing shareholder value and effective discharge of its social responsibility. National Securities Clearing Corporation Limited ("NSCCL" or "the Company" or "Clearing Corporation") is a company incorporated under the Companies Act, 1956. NSCCL is also a recognised Clearing Corporation under Securities Contracts (Regulation) Act, 1956 read with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012. NSCCL is required to comply with Securities Contracts (Regulation) Act, 1956, the Rules and Regulations laid down thereunder and the directives and circulars issued by Securities and Exchange Board of India (SEBI) from time to time for the purpose of its governance. As per Regulation 35 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 [SCR(SECC) Regulations, 2012], the disclosure requirements and corporate governance norms as specified for listed companies are mutatis mutandis applicable to a recognised clearing corporation. In continuation of its pursuit to establish good corporate governance practice and for the information of its stakeholders, NSCCL is furnishing this Report for the financial year ended on 31st March, 2017.

#### II. Board of Directors

##### A. Composition of the Board and Category of Directors

As on March 31, 2017, the Board consists of 6 Directors of which 1 Director represent Shareholders, 4 are Public Interest Directors and 1 Managing Director. The Directors are chosen from among eminent persons or experts in the field of law, finance, accounting, taxation, information technology, economics, commerce, management, etc. None of the Directors of the Company are inter-se related with each other. The Chairman of the Board of Directors is a non-executive Director. With the approval of SEBI, the Company has appointed Mr. Harun R Khan, 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 Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

##### B. Number of Board Meetings

The Board of Directors met seven times during the year on May 03, 2016, July 20, 2016, August 19, 2016, October 27, 2016, November 23, 2016,

December 22, 2016 and January 31, 2017. The maximum gap between any two meetings was less than one hundred and twenty days.

### C. Directors' Attendance Record and Directorships held

As mandated by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Directors are neither members of more than ten Board level Committees or act as Chairperson of more than five such committees across all entities in which he or she is a Director. Table No.1 gives the details of the composition of the Board, attendance and details of Committee Membership and Committee Chairmanships.

Table No. 1

(1) Details of Directors along with the Directorship(s) and Chairmanship(s) or Membership(s) of Committees in other companies for the year 2016-17:

Name of the Director	Category	Attendance Particulars			No. of Directorships/Chairmanships and Committee Chairmanships / Memberships		
		Number of Board Meetings		Last AGM	Other Directorship(s)/ Chairmanship(s)*	Other Committee Membership(s)**	Other Committee Chairmanship (s) **
		Held	Attended				
Mr. Harun R Khan @	Public interest Director	4	4	N	-	-	-
Mr. Salim Gangadharan \$	Public interest Director	6	6	Y	2 (includes Part-time chairmanship in one Company)	-	-
Mr. Navin Kumar Maini #	Public interest Director	6	6	Y	3	-	-
Mr. Ravi Narain	Shareholder Director	7	6	Y	8	7	-
Mr. C VR Rajendran \$	Public interest Director	6	6	Y	1	-	-
Mr. T. Venkata Rao, Managing Director (w.e.f Aug. 7, 2014)	Executive Director	7	7	Y	1	-	-

Y= Yes; N=No

@ Member of the Board effective from September 8, 2016; \$ Member of the Board effective from May 3, 2016; # Member of the Board effective from May 25, 2016.

\* The Directorships/ Committee memberships held by Directors as mentioned above, do not include Directorships/Committee memberships of Section 8 Companies.

\*\* Memberships/Chairmanships of only the Audit Committee and Shareholders/Investors' Grievances Committee of all Public Companies have been considered.

(2) Separation of Offices of Chairman & Chief Executive Officer

The Company has been following the principle of separation of the role of Chairman and the Chief Executive Officer. Mr. Harun R Khan is the Non-Executive Chairman of the Board. Mr. T. Venkata Rao is the Managing Director of the Company and is entrusted with the day to day management of the affairs of the Company. The Managing Director carries out his functions subject to superintendence, control and management of the Board of Directors of the Company.

**D. Responsibilities of the Board**

The Company conducts orientation programs for new Directors covering various operations of the Company so as to familiarise themselves with the various functions being carried out by the Company. The details of familiarization programmes imparted to independent directors are given in the Company's website at the following location:

[https://www.nscclindia.com/NSCCL/disclosures/resources/NSCCL\\_fp\\_directors\\_1.pdf](https://www.nscclindia.com/NSCCL/disclosures/resources/NSCCL_fp_directors_1.pdf)

The Company also provides training in various fields such as operation, risk management, compliance, information security etc. to every Public Interest Director each year. Every director inducted on the Board is well known in the financial services industry and has the ability to understand basic financial statements and information and related documents/papers.

The regular updates inter-alia provided by the Company to the Board includes the following:

- Annual capital and revenue budgets and updates
- Quarterly financial results
- Status report on the operations of different segments
- Minutes of the meetings of Audit Committee and other committees of the Board
- Details of joint ventures, etc.
- Details of foreign exchange exposures and the steps taken to limit the risk of adverse exchange rate movements.
- Other information, which is required to be placed before the Board as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is taken to the Board as and when the event occurs.

A quarterly report on compliance of various laws, rules and regulations, to which the Company is subjected, is placed before the Audit Committee for its review. The Audit Committee from time to time reviews the report and gives suggestions for improvement of compliance level/process. On its review, a consolidated report on a quarterly basis is placed before the Board at its subsequent meetings.

**E. Code of Conduct**

A code of conduct for Directors and Senior Management Personnel of the Company is framed. They have affirmed compliance with the Code of Conduct. As per the requirement of SEBI (Listing Obligations and

Disclosure Requirements) Regulations, 2015, the Code of Conduct, has been hosted on the website of the Company. The Managing Director of the Company has affirmed to the Board of Directors that the Code of Conduct has been complied by the Directors and senior management personnel and the same is attached herewith and forms part of Corporate Governance Report. As per the requirement of the SEBI (LODR) Regulations, 2015, the code of conduct, has been hosted on the website of the Company at [https://www.nscclindia.com/NSCCL/disclosures/resources/NSCCL\\_code\\_board.pdf](https://www.nscclindia.com/NSCCL/disclosures/resources/NSCCL_code_board.pdf)

#### **F. Independent Directors**

(1) Independent Directors on the Board of NSCCL are not less than 21 years in age and do not hold any shares in NSCCL.

##### **(2) Attributes**

The Company as a policy inducts only those persons as Independent Directors who have integrity, experience and expertise, foresight, managerial qualities and ability to read and understand financial statements.

##### **(3) Tenure**

The tenure of Independent Directors is in line with the directives issued by SEBI from time to time.

##### **(4) Freedom to Independent Directors**

The Company takes all possible efforts to enable the Independent Directors to perform their functions effectively. However, as per SEBI requirement, the elected directors shall not interfere in the day-to-day management of the Company particularly relating to the surveillance and risk management functions of the Company. The Company always strives to strike a balance between both the above requirements without compromising on compliance of such requirements.

#### **G. Remuneration of Directors**

In order to align compensation levels with market levels and at the same time attract, retain and motivate Directors of the quality required to run the company successfully, the compensation being paid to Managing Director is periodically reviewed and revised. The remuneration includes both fixed and variable components. The Company pays only sitting fee to its non-executive Directors. The terms and conditions of appointment of independent directors, Public Interest Directors and Shareholder Directors are governed by the provisions of the Companies Act, 2013 & Rules laid down thereunder, Securities Contracts (Regulation)(Stock Exchanges and Clearing Corporations) Regulations, 2012, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the circulars issued thereunder by SEBI. The terms and conditions of service in respect of the Managing Director of the Company are governed by the resolution passed by the shareholders, provisions of the Companies Act, 2013 & Rules laid down thereunder, Securities Contracts (Regulation)(Stock Exchanges and Clearing Corporations) Regulations, 2012 and the circulars issued thereunder by SEBI.

As per the terms of appointment, the non-executive directors are not eligible for severance pay or notice period. The Managing Director is not eligible for severance pay. The notice period for the Managing Director is three (03) months.

SEBI had laid down certain norms in terms of the compensation policy for the Key Management Personnel which are as under:-

- A. The variable pay component will not exceed one third of the total pay.
- B. 50 % of the variable pay will be paid on a deferred basis after 3 years.
- C. ESOPs and other equity linked instruments will not form part of the Compensation.
- D. The terms of compensation shall have malus and claw back arrangements

Accordingly, the Company has framed Remuneration policy in conformity with norms specified by SEBI for its employees which include Key Management Personnel and the Managing Director.

None of the Directors of the Company hold any shares or any convertible instruments in the Company.

The details of remuneration paid to Managing Director & CEO during FY 2016-17 are given in Table 2 below:-

Table No.02

(Rs.in crores)

Name & Designation	Salary & Allowances	Variable Pay	Perquisite s in cash or in kind	Contributi on to PF and other	Total
Mr. T. Venkata Rao, Managing Director	1.22	0.24	0.06	0.07	1.59

\* Excludes 50% of the Variable Pay to be paid on deferred basis after 3 years

The sitting fees paid to the Non-Executive Directors for attending the meetings of the Board and its Committees during the year is given in Table No.03 below:-

Table No.03

Name	Board meetings		Board Committees meetings		Total
	No. of meetings attended	Amount(R s.)	No. of meetings attended	Amount (Rs)	
Mr. Harun R Khan, Chairman	4	4,00,000	13	13,00,000	17,00,000
Mr. Salim Gangadharan	6	6,00,000	10	10,00,000	16,00,000
Mr. N K Maini	6	6,00,000	14	14,00,000	20,00,000
Mr. Ravi Narain	6	6,00,000	15	15,00,000	21,00,000

Mr. C VR Rajendran	6	6,00,000	12	12,00,000	18,00,000
Mr. C. M. Vasudev	3	3,00,000	12	12,00,000	15,00,000
Ms. Chitra Ramkrishna	5	-	-	-	-
Mr. Anjan Barua	3	3,00,000	10	10,00,000	13,00,000
Mr. Sudhir Joshi	3	3,00,000	9	9,00,000	12,00,000
Mr. K. R. Ramamoorthy	3	3,00,000	11	11,00,000	14,00,000
Mr. L. Ravi Sankar	3	3,00,000	11	11,00,000	14,00,000

### III. Committees of the Board

#### (A) Audit Committee

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial information to be provided to the shareholders and others, the systems of internal controls, which the management and the Board of Directors have established, financial reporting and the compliance process. The Committee maintains open communication with statutory auditors, internal auditors and operational auditors.

The Audit Committee reviews the reports of the internal auditors, operational auditors and statutory auditors. The terms of reference of Audit Committee shall be as per the provisions contained in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

The Audit Committee originally consisted of Mr. C.M. Vasudev, Mr. K R Ramamoorthy, Mr. Ravi Narain, Ms. Chitra Ramkrishna and Mr. L Ravi Sankar as its members. Subsequently, Mr. C.M. Vasudev, Mr. K R Ramamoorthy and Mr. L Ravi Sankar ceased to be members of the Audit Committee effective from August 20, 2016. Mr. N.K.Maini and Mr. C VR Rajendran have become members of Audit Committee effective from August 19, 2016. Mr. Harun R Khan has become member as well as Chairman of Audit Committee effective from September 20, 2016. Ms. Chitra Ramkrishna ceased to be its member effective from December 2, 2016.

The Audit Committee currently comprises four Directors viz., Mr. Harun R Khan, Mr. N.K.Maini, Mr. Ravi Narain and Mr. C VR Rajendran as its members with Mr. Harun R Khan as its Chairman. The Committee met six times during the year i.e., May 03, 2016, July 20, 2016, October 27, 2016, November 23, 2016, December 22, 2016 and January 31, 2017 respectively. The details of the attendance of members of the Audit Committee at their meetings held on the above dates are given in Table No.4 hereunder:-

**Table No.4:**

<b>Name</b>	<b>Number of meetings held during the tenure of the member</b>	<b>Number of meetings attended</b>
Mr. C.M. Vasudev*	2	2
Mr. K.R. Ramamoorthy*	2	2
Mr. Ravi Narain	6	6
Ms. Chitra Ramkrishna #	4	4
Mr. L Ravi Sankar*	2	2
Mr. Harun R Khan @	4	4
Mr. N K Maini \$	4	4
Mr. C VR Rajendran \$	4	4

\* Ceased to be members effective from August 20, 2016; #Ceased to be member effective from December 2, 2016.

\$ Members effective from August 19, 2016; @ Member effective from September 20, 2016.

The Officer responsible for the finance function and the representatives of the statutory auditors, internal auditors and operational auditors are regularly invited to the Audit Committee meetings. The Company Secretary is the Secretary to the Committee.

All members of the Audit Committee have requisite accounting and financial management expertise. Mr. C. M. Vasudev, Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on July 20, 2016 to answer shareholders queries.

(B) Nomination & Remuneration Committee (NRC)

The NRC laid down the policy for compensation of employees including key Management Personnel in terms of the compensation norms prescribed by the SEBI. The NRC also laid down performance evaluation criteria for the Board of Directors, individual directors (including independent directors) and Committees of the Board of Directors. As per SEBI Regulations, the Compensation Committee shall consist of majority of Public Interest Directors and shall be chaired by a Public Interest Director. Further, as per requirements of the Companies Act, 2013, the Company is required to constitute a Nomination and Remuneration Committee (NRC) consisting of three or more non-executive directors out of which not less than one-half shall be independent directors. The Chairman of NRC shall be different from Chairman of the Board.

The Nomination & Remuneration Committee (NRC) originally consisted of Mr. Anjan Barua Mr. C.M. Vasudev, Mr. Ravi Narain, Ms. Chitra Ramkrishna and Mr. L Ravi Sankar as its members. Mr. N.K.Maini and Mr. C VR Rajendran have become members of NRC effective from August 19, 2016. Subsequently, Mr. Anjan Barua, Mr. C.M. Vasudev and Mr. L. Ravisankar ceased to be members

of NRC effective from August 20, 2016. Mr. Harun R Khan has become member of NRC effective from September 20, 2016. Ms. Chitra Ramkrishna ceased to be its member effective from December 2, 2016.

The NRC currently comprises four Directors viz., Mr. N.K.Maini, Mr. Harun R Khan, Mr. Ravi Narain and Mr. Salim Gangadharan as its members with Mr. N.K.Maini as its Chairman. The Committee met four times during the year i.e., May 03, 2016, July 20, 2016, August 19, 2016 and November 23, 2016 respectively. The details of the attendance of members of NRC at their meetings held on the above dates are given in Table No.5 hereunder:-

**Table No.5:**

<b>Name</b>	<b>Number of meetings held during the year</b>	<b>Number of meetings attended</b>
Mr. Anjan Barua*	3	3
Mr. C.M.Vasudev*	3	3
Mr. Ravi Narain	3	3
Ms. Chitra Ramkrishna #	4	4
Mr. L. Ravi Sankar*	3	3
Mr. Salim Gangadharan \$	1	1
Mr. N.K.Maini \$	1	1
Mr. Harun R Khan @	1	1

\* Ceased to be members effective from August 20, 2016; #Ceased to be member effective from December 2, 2016.

\$ Members effective from August 19, 2016; @ Member effective from September 20, 2016.

Mr. Anjan Barua, the former Chairman of the Nomination & Remuneration Committee, attended the Annual General Meeting (AGM) held on July 20, 2016 to answer shareholders queries.

**(C) Risk Management Committee**

In terms of SEBI requirements, the Clearing Corporation is required to constitute a Risk Management Committee inter alia to formulate a detailed risk management policy. The Board has constituted Risk Management Committee to formulate risk (settlement related risks) management policy and to monitor its implementation. The Committee comprises three Directors viz., Mr. Salim Gangadharan, Mr. N.K.Maini and Mr. C VR Rajendran as its members. Mr. Salim Gangadharan is the Chairman of the Committee. During the year, the Committee met 3 times i.e., on May 3, 2016, July 20, 2016 and October 27, 2016. Besides the above, the Board has also constituted Risk Assessment and Review Committee to, inter-alia, review the strategic and business risk (non- settlement risks) and advise the Board with respect to the same. During the year, the Committee met 1 time i.e., on January 31, 2017.

**(D) Corporate Social Responsibility (CSR) Committee**

The Committee was constituted, inter alia, to formulate and recommend to the Board a Corporate Social Responsibility Policy, to recommend the amount of expenditure to be incurred on the activities, and to monitor the Corporate Social Responsibility Policy of the Company from time to time.



The CSR Committee consists of Mr. Harun R Khan, Mr. Ravi Narain and Mr. T Venkata Rao as its members with Mr. Harun R Khan as the Chairman. The CSR Committee met twice i.e., on May 3, 2016 and January 31, 2017 and all the members attended the meeting.

Besides the above, the Company also has constituted the following SEBI mandated Committees namely:

- (i) SEBI Mandated Committees
  - 1. Membership Selection Committee
  - 2. Defaulters Committee/SGF Utilisation Committee
  - 3. Sub-committee for monitoring compliance of suggestions given in SEBI Inspection Reports
  - 4. Public Interest Directors Committee
  - 5. Ethics Committee
  - 6. Advisory Committee
  - 7. Disciplinary Action Committee
  - 8. Grievance Redressal Committee
  - 9. Standing Committee on Technology
  - 10. Investor Service Committee
  - 11. Independent Oversight Committee of the governing board for Member Regulation (IOC- MR)
- (ii) Other Functional Committee(s):
  - 1. Pricing Committee

#### IV. Auditors

The Audit Committee considers the profile of the audit firms, qualifications and experience of partners auditing books and accounts of the Company, strengths and weaknesses, if any, of the audit firm and other related aspects and then recommends appointment of Auditor and the remuneration payable to them to the Board/shareholders. The Audit Committee also periodically discusses with the Auditors the annual audit programme and the depth and detailing of the audit plan to be undertaken by them.

The Board has appointed an external firm of Chartered Accountants as its internal auditor in order to ensure the independence and credibility of the internal audit process.

#### V. Secretarial Audit

The Company has engaged the services of M/s. S.N. Ananthasubramanian & Co., Practicing Company Secretaries, to conduct Secretarial Audit pursuant to the requirements of the Companies Act, 2013 and the rules laid down thereunder for the financial year ended 31<sup>st</sup> March, 2017. The report of the Secretarial Auditors is being placed before the Audit Committee and the Board. The Annual Report containing the Secretarial Audit Report is also circulated to the Shareholders of NSCCL.

#### VI. Management Discussion and Analysis

The Annual Report has a detailed report on Management Discussion and Analysis.

## VII. CEO/CFO certification

The Managing Director and CFO certification of the financial statements for the financial year 2016-17 is enclosed at the end of the report.

## VIII. General Shareholder Information

(A) Annual General Meeting: The 21st Annual General Meeting of the Company was held on Wednesday, July 20, 2016 at 2.30 p.m. at the Board Room, Fifth Floor, B-1 wing, Exchange Plaza, Plot C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai-400 051

(B) Financial year: 2015-16

(C) Dividend Payment date: July 22, 2016  
Proposed dividend for financial year 2016-17: within 5 days from the date of declaration by the shareholders at the ensuing AGM

(D) Registrar and Transfer Agent:

The address for communication and contact details of the Registrar and Transfer Agent are as under:

M/s. Link Intime India Pvt. Ltd, C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400083. Tel. 022-4918 6270

(E) Share Transfer system: The equity shares of NSCCL are in dematerialised form. Further, the ISIN of equity shares is suspended by NSCCL to prevent transfers not approved by NSCCL pursuant to Article 63 of its Articles of Association and to ensure compliance of the provisions of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012. Therefore, if and when application for approval of transfer is received adherence to compliance of SECC Regulations will be ensured.

(F) Distribution of shareholding: NSCCL is a wholly owned subsidiary of NSE. Accordingly, NSE holds 100% of the paid up equity share capital of NSCCL.

(G) Dematerialization of shares. The Company's shares are dematerialised.

(H) Address for correspondence: The Secretarial Department, National Securities Clearing Corporation Limited, Exchange Plaza, Plot No. C-1, "G" Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051. The Company is also having its branch offices at six locations namely Mumbai, Delhi, Kolkata, Chennai, Ahmedabad and Hyderabad. Shareholders are requested to intimate all changes pertaining to their Bank details, email addresses, Power of Attorney, change of name, change of address, contact details, etc., to their Depository Participants (DP).

(I) Compliance Officer- Ms. Himabindu V is the Compliance Officer of NSCCL.

## IX. Other Disclosures

### (1) Basis of related party transactions

The transactions with related parties are entered in the ordinary course of business and at arm's length price. The details of the related party transactions are disclosed in the Annual Report. The 'Policy on dealing with related party transactions' of the Company is available on the website of the Company at the following location: [http://www.nscclindia.com/NSCCL/disclosures/resources/NSCCL\\_Policy\\_on\\_Materiality\\_and\\_Dealing\\_with\\_Related\\_Party\\_Transactions.pdf](http://www.nscclindia.com/NSCCL/disclosures/resources/NSCCL_Policy_on_Materiality_and_Dealing_with_Related_Party_Transactions.pdf)

### (2) Details of non-compliance by the Company, penalties, strictures imposed on the Company by SEBI or any other statutory authority on any matter related to capital markets

None

### (3) Vigil mechanism / Whistle Blower Policy

The Company has established a mechanism for Directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the code of conduct or ethics policy. The Company also provides for adequate safeguards against victimisation of employees who avail of the mechanism and also allows direct access to the Chairman of the Audit Committee (for financial matters) or Chairman of the Ethics committee (for other matters) in exceptional cases. No personnel has been denied access to the audit committee. Details of the Policy have been disclosed on the website of the Company.

[https://www.nscclindia.com/NSCCL/disclosures/resources/NSCCL\\_dtls\\_VM.pdf](https://www.nscclindia.com/NSCCL/disclosures/resources/NSCCL_dtls_VM.pdf)

### (4) Compliance with the non-mandatory requirements [ Part E of Schedule II Regulation 27(1) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ]

In addition to the above, NSCCL also complies with non-mandatory requirements of Part E of Schedule II Regulation 27(1) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 like maintaining a Chairman's office at the Company's expense, reimbursement of expenses incurred by Chairman in performance of his duties, dissemination of financial results to the shareholders, unqualified financial statements, separate posts of chairperson and chief executive officer, etc.

### (5) Subsidiary Companies

As on 31st March 2017, NSCCL has one wholly owned subsidiary namely NSE IFSC Clearing Corporation Limited.

### (6) Disclosure of Accounting Treatment in the preparation of Financial Statements.

NSCCL follows the guidelines of Accounting Standards laid down by the

Central Government under the provisions of Section 133 of the Companies Act, 2013 in the preparation of its financial statements.

(7) Communication with Shareholders

The data related to quarterly and annual financial results, shareholding pattern, Board meetings, general meetings, the terms and conditions of appointment of independent directors, details of vigil mechanism, etc., are provided in the Company's web-site for the information of the shareholders at the following location: <http://www.nscclindia.com/#>

The Clearing Corporation disseminates all material information to its shareholders through periodical communications. The financial results are published periodically in the newspapers as per the requirements of SEBI (LODR) Regulations, 2015.

Annual Report: Annual report containing, inter alia, Audited Accounts, Board's Report, Report on Corporate Governance, Management Discussion & Analysis other material and related matters/ information is circulated to the shareholders and others entitled thereto.

(8) Redressal of shareholders' complaints

The Company is a wholly owned subsidiary of National Stock Exchange of India Limited. The Company did not receive any grievance from its shareholder(s) in respect by transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, etc. during the year.

**X General Body Meetings**

Location, date and time of the general meetings held in the last three years till March 31, 2017:-

Type of meeting	Date	Time	Venue	Special Resolution passed
Extra-Ordinary General Meeting	6-Dec-2016	11.30 a.m.	Board Room, Fifth Floor, B-1 Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra-Kurla Complex, Bandra	Alterations to Articles of Association of the Company
21 <sup>st</sup> Annual General Meeting	20-July-2016	02.30 p.m	Board Room, Fifth Floor, B-1 Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051	-

20th Annual General Meeting	19-Jun-15	12:30 p.m.	Board Room, Fifth Floor, B-1 Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051	Variation in terms and conditions of appointment of, and the remuneration payable to Mr. T. Venkata
19th Annual General Meeting	11-Jul-14	11:45 a.m	Conference Room, Ground Floor, Exchange Plaza, Plot C-1, Block G, Bandra Kurla Complex, Bandra	–
Extra-Ordinary General Meeting	05-Jun-14	5:15 p.m	Conference Room, Ground Floor, Exchange Plaza, Plot C-1, Block G, Bandra Kurla Complex, Bandra	Appointment of Managing Director
Extra-Ordinary General Meeting	28-Apr-14	12:45 p.m	Conference Room, Ground Floor, Exchange Plaza, Plot C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	Variation in the terms and conditions of appointment and remuneration payable to

The Company did not pass any resolution through postal ballot in the last year. The requirement of passing any resolution by postal ballot is not applicable to NSCCL as the number of shareholders of NSCCL is less than 200.

#### XI. Certificate on compliance of corporate governance norms

As required under SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, NSCCL has obtained Corporate Governance compliance certificate from a Practicing Company Secretary. The same is given as an Annexure to the Directors' Report.

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## **CODE OF CONDUCT**

### **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the code of conduct for the Financial Year 2016-17.

For the purpose of this declaration, Senior Management Personnel means Key Managerial personnel appointed under the Companies Act, 2013, Key Management Persons appointed under SCR (SECC) Regulations, 2012, Compliance Officer and Chief Information Security Officer as on March 31, 2017.

Date: April 13, 2017

Place: Mumbai

T. Venkata Rao

Managing Director

## Management Discussion & Analysis

During FY16-17, the global economy gained momentum on a long-awaited cyclical recovery in investment, manufacturing and trade, especially in advanced economies. Growth in the US picked up, as firms were more confident on future demand prospects and inventory drag reduced considerably (after five quarters). Even the UK witnessed solid growth, led by a revival in spending despite the impact of the June 2016 referendum in favour of leaving the European Union (Brexit). Surprisingly, activity picked up in Japan on strong net exports, while growth in Germany and Spain was also supported by strong domestic demand.

Emerging market and developing economies saw a mixed performance over the same period. While growth in China was better than expected on continued policy reform stimulus, activity weakened in some Latin American economies that have been mired in recession, such as Argentina and Brazil. In addition, geopolitical tension in the Middle East and Turkey threatened growth outlook, while firmer oil prices supported development in Russia.

India had been in the 'sweet spot' for last two years, although some domestic and global factors may pose major challenges ahead. As per the latest advanced estimates of GOP released by the Central Statistics Office, India's GOP is expected to grow at a rate of 7.1% in FY16-17, as against 7.9% in FY15-16. Supported by improved external trade balance, positive agricultural crop outlook and revision in civil servant wages, private consumption is the likely driving factor for the economy. The slowdown in investments clearly visible now (0.6% in FY16-17 vs. 6.1% in FY15-16) reflects the excess capacity in the system and the weak financial and corporate sector balance sheets. While agricultural growth has improved to 4.4% in FY16-17 from 0.8% in FY15-16, industry and services sector posted a weak performance with growth at 5.8% and 7.9% in FY16-17 respectively (compared to 8.2% and 9.8% in FY15-16 respectively).

Monthly inflation, as measured by the Consumer Price Index (CPI), has averaged slightly higher than RBI's medium-term target (4%) at 4.5% in FY16-17. Inflation has moderated in FY16-17 (as compared to 4.9% last year) mainly due to higher Kharif / Rabi crop production at 9.9%/6.3% (vs. -2.3%/-2.0% last year) and decline in pulses price, however, upside risk to inflation cannot be ruled out in FY17-18 led by the government wage hike, waning effects of the oil price collapse, and uncertainty surrounding the monsoon. These conditions have led the central bank to raise its FY18 inflation target (4.5% in H1 and 5% in H2). The sticky core inflation leaves limited room for further monetary easing even as manufacturing growth is expected to remain tepid. The recent data on CPI and lower pass through impact of GST however rekindle hopes of moderation of inflation.

The fiscal consolidation path remains on track, as the Government achieved its fiscal deficit target of 3.9% of GOP in FY15-16, and is well on its way to meet the lower fiscal deficit target of 3.5% of GOP in FY16-17. Further reduction in subsidies and tax reforms, including the implementation of the recently approved GST, would be needed to meet fiscal consolidation in the medium-term.

India's external account balance appears to be in a better position even after the redemption of Foreign Currency Non-Resident (FCNR) deposits in late 2016. The current account deficit (CAD) to GOP ratio has declined to approximately 1.1% in FY16-17 from 1.3% in FY15-16. India's trade deficit has also decreased by 10.5% in FY16-17 to USD 105 billion compared to USD 118 billion in the previous fiscal. This was primarily on account of a rise in exports to USD 274 billion from USD 262 during the same period. Meanwhile, imports remained largely unchanged at USD 380 billion for the year. Lower trade deficit coupled with modest growth in invisibles resulted in CAD remaining at comfortable levels.

India's foreign exchange reserves were at an all-time high of USD 370 billion at end-March 2017 (compared to USD 356 billion at end-March, 2016). As a result, the import cover ratio – an important indicator of a country's external sector vulnerability- has risen to 12 months.

### **Outlook**

The outlook for the Indian economy remains robust, even though slightly lower than anticipated, led by the temporary negative consumption shock resulting from cash shortages and payment disruptions due to the recent demonetisation. In the medium-term, the economy is expected to pick up pace on implementation of key reforms, loosening of supply-side bottlenecks and appropriate fiscal and monetary policies. In the recent World Economic Outlook (April 2017), the IMF has projected India to grow at 7.2% and 7.7% in FY17-18 and FY18-19 respectively, primarily supported by implementation of key structural reforms and the successful adoption of the long-awaited goods and services tax (GST).

### **Risks and concerns**

While the fundamentals of Indian Economy remain strong, the domestic capital market and especially the inflow of foreign funds are to a large extent susceptible to the developments in the global economy. However, with key policy changes and domestic growth expectations within the country and improvement in global economy these risks would be largely mitigated.

### **Internal control systems and their adequacy**

The Company has well established internal control systems commensurate with the size and nature of its business and are adequate to ensure compliance with various internal processes and procedures as well as with various statutory and legal requirements. The Company has appointed reputed firms of Chartered Accountants to review the effectiveness of the internal control systems and submits its observations, if any to the Audit Committee of the Board for its review / recommendations.



## Financials

The financial statements were prepared on a going concern basis and while preparing the annual accounts for the year ended March 31, 2017, the financial statements were prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which were measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance-with Ind AS 101 First time adoption of Indian Accounting Standards so as to give true and fair view of the state of affairs of the company at the end of the financial year i.e, March 31, 2017 and of the profits of the Company for the year ended March 31, 2017.

A well-known and reputed firm of Chartered Accountants performs the audit and they have confirmed that our practices are as stringent and complete as internationally.

### Financial performance (2016-17)

During the year 2016-17, the total revenue has increased by around 2.75% from Rs.342.98 crores for the year 2015-16 to Rs.352.43 crores for the year 2016-17.

The total expenditure for the year 2016-17 was Rs.124.33 crores as compared to Rs.79.20 crores for the year 2015-16, an increase of around 56.98% over the previous year.

The total Profit Before tax for the year 2016-17 was Rs.228.10 crores as against Rs.263.78 crores for the year 2015-16, decrease by around 13.52% over the previous year mainly on account of increase in other expenses from Rs.63.90 crs. to 105.32 crs.

The total Provision for tax (including deferred tax) for the year 2016-17 was Rs.75.26 crores as against Rs.89.97 crores for the year 2015-16.

The total Profit after tax for the year 2016-17 was Rs.152.84 crores as against Rs.173.81 crores for the year 2015-16, decrease by around 12.06% over the previous year.

The total Comprehensive Income for the year 2016-17 was Rs.152.45 crores as against Rs.173.76 crores for the year 2015-16, decrease by around 12.27% over the previous year.

## Operating Revenues

### Clearing & Settlement charges

National Securities and Clearing Corporation Limited (NSCCL), a wholly owned subsidiary of the National Stock Exchange of India (NSE), carries out the clearing and settlement of the trades executed in the CM, F&O and CD segments of NSE. The clearing & settlement charges for the year 2016-17 increased by around 1.47% from Rs.99.85 crores for the year 2015-16 to Rs.101.31 crores for the year 2016-17.

### Interest & Other Investment income

During the year 2016-17 the total investment income increased from Rs.233.64 crores for the year 2015-16 to Rs.234.71 crores for the year 2016-17.

### Other Operating Revenues

During the year 2016-17, the other operating revenues increased from Rs. 7.65 crores for the year 2015-16 to Rs.11.14 crores for the year 2016-17

## Expenditure

### Other expenses

During the year 2016-17 other expenses were at Rs. 105.32 crores including bad debt written off amounting Rs.24.10 as against the Other expenses of Rs.63.9 crores for the year 2015-16.

### Employee cost

Payments to and provision for employees related expenses includes the amount reimbursed by the company to The National Stock Exchange of India Limited (NSEIL) in respect of employees made available to the company. During the year 2016-17, the employee related expenses stood at Rs.16.3 crores which was Rs. 13 crores for the year 2015-16. For the year 2016-17, the total employee cost as a percentage to total income was 4.62% and as a percentage of expenditure was 13.11% which is comparable to the industry standards.

### Depreciation

Depreciation increased by around 17.82% from Rs.2.3 crores for the year 2015-16 to Rs.2.71 crores for the year 2016-17.

## Financial Statement as on March 31, 2017

## Share Capital

The total paid up capital of the Company as on March 31, 2017 is Rs. 45 crores divided in to 4,50,00,000 equity shares of Rs. 10 each.

## Reserves &amp; Surplus

The total other Equity as on March 31, 2017 is Rs.663.11 crores comprising General reserve of Rs.494.71 crores, Capital Redemption Reserve of Rs10.00 crores, CSR reserve 13.92 Crores and balance in P&L A/c of Rs.144.21 crores.

Thus the total Net worth of the Company as on March 31, 2016 is Rs.707.84 crores (excluding contribution to Core SGF) and Rs.1232.85 crores (including contribution to Core SGF) and the book value is Rs.157.30 per share (excluding contribution to Core SGF) and Rs.273.97 per share(including contribution to Core SGF)

## Core Settlement Guarantee Fund (Core SGF)

Securities and Exchange Board of India, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, interlia, has issued norms related to the computation and contribution to the Core Settlement Guarantee Fund by the Clearing Corporation (minimum 50%), Stock Exchange (minimum 25%) and members (maximum 25%). Further SEBI vide circular CIR/CFD/FAC/62/2016 dated May 05,2016 advised Stock Exchange to transfer 25% of its annual profits to Core SGF, accordingly total Core SGF as on March 31, 2017 is Rs.1684.95 crs comprising of Rs.525 Crs. contributed towards the Core Settlement Guarantee Fund (Core SGF) by NSCCL, an amount of Rs.263 Crs. received from NSE towards Core SGF, members contribution to Core SGF amounting to Rs.260 Crs. is utilised out of the amount received from NSE towards 25% of its annual profits upto March 2015 and the balance amount of 25% of Exchange profits amounting to Rs. 258.20 crs. is credited to Core SGF. In addition to the above Fines & penalties collected by NSCCL amounting to Rs.199.23 Crs. and an amount of Rs.179.52 Crs. being Income from investments of Core SGF funds have been credited to Core SGF.

## Deposits from members &amp; Clearing Banks (Unsecured)

The total deposits from members & Clearing Banks as on March 31, 2017 stood at Rs.687.6 crores as against Rs.576.7crores as on March 31,2016.

## Fixed Assets

Total Gross Block as on March 31, 2017 was Rs.40.02crores. Total Accumulated depreciation up to March 31, 2017 was Rs.34.62 crores. Net fixed Assets (including Capital W.I.P) were Rs.12.48 crores.

## Investments

The prudential policy of the Company permits to invest both long term and short term surplus funds in to deposits of highly rated banks, bonds issued by the Central / State governments, institutions and various corporates, debt oriented schemes of high performing mutual funds and select Exchange Traded Funds. As on March 31, 2017 the total non-current investments were Rs.50.00crores as against Rs. 170.87 crores as on March 31, 2016. Current investments were Rs.247.14 crores as on March 31, 2017 as against Rs.715.81 crores as on March 31, 2016, decrease of Rs. crores.

## Other Non-Current and Current Assets

Total other assets (non-current and current) as on March 31, 2017 stood at Rs.10430.07 crores mainly comprising of cash and bank balances in current and Fixed Deposits and certificates of deposits amounting to Rs.8623.23 crores, interest accrued on investments and Fixed Deposits amounting to Rs.88.59 crores, trade and other receivables amounting to Rs.7.38 crores.

## Other Non-Current and Current Liabilities

Total other liabilities (non-current and current) as on March 31, 2017 stood at Rs.7659.30 crores mainly comprising of Settlement Obligations payable Rs.4210.41 crores, Margins from Members Rs.3296.24 crores.

## Taxation

The total Provision for tax (including deferred tax) for the year 2016-17 was Rs.62.47 (net off tax on contribution to Core SGF) crores as against Rs.56.94 crores for the year 2015-16.

Events occurring after the balance sheet date.

There are no transactions of material nature that have occurred after March 31, 2017 which could have any impact on the financial performance of the Company for the year 2016-17.

## **CEO – CFO Certification**

**To,  
The Board of Directors  
National Securities Clearing Corporation Limited**

We, T Venkata Rao, Managing Director and Amit Amlani, Chief Financial Officer of the National Securities Clearing Corporation Limited hereby certify to the Board that:

- a. We have reviewed financial statements and the cash flow statement for the year ended on March 31, 2017 and that to the best of our knowledge and belief :
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit committee
  - i. significant changes, if any, in internal control over financial reporting during the year;
  - ii. significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Mumbai  
April 27, 2017

**T Venkata Rao**  
**Managing Director**

**Amit Amlani**  
**Chief Financial Officer**

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,  
The Members,  
National Securities Clearing Corporation Limited,  
CIN: U67120MH1995PLC092283  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex, Bandra (East),  
Mumbai 400 051

We have examined all relevant records of **National Securities Clearing Corporation Limited (the Company)** for the purpose of certifying compliance of the disclosure requirements and corporate governance norms as specified for the Listed Companies for the financial year ended **31<sup>st</sup> March 2017**. In terms of Regulation 35 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, the disclosure requirements and corporate governance norms as specified for listed companies have become *mutatis mutandis* applicable to a recognised Clearing Corporation. 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.

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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with disclosure requirements and corporate governance norms as specified for Listed Companies.

S. N. ANANTHASUBRAMANIAN & CO.  
Company Secretaries  
Firm Registration No. P1991MH040400

S.N. Ananthasubramanian  
Partner  
COP No. 1774

Date: April 26, 2017  
Place: Thane

**ANNEXURE TO DIRECTORS' REPORT  
STATEMENT PURSUANT TO RULE 5(2) OF THE  
COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

Sr. No.	Name & Qualifications	Age in years	Designation/ Nature of	Remuneration Received		Experience (No. of)	Date of Commencement of	Last Employment
				Gross	Net			
1	Mr. T Venkata Rao # B.Com., LL.B, PGDBA	59	Managing Director	1,54,40,411	90,47,918	35	April 1, 2015	Head - NSCCL, National Stock Exchange of India Limited
2	Mr Natarajan Ramasamy # @ CFA, FRM	57	Head-Risk Analysis & Operations	1,06,99,257	60,61,390	32	December 1, 2016	Head - Clearing & Settlement, National Stock Exchange of India Limited
3	Ms. Rana Usman # ~ B.Com, PGDBM	47	Head - Clearing & Settlement	98,72,860	67,65,709	22	December 1, 2016	Sr. Asst. Vice President, National Stock Exchange of India Limited -
4	Mr. Ravindra Bathula #@ LL.B.	47	Head -Legal	78,89,294	51,66,492	23	December 1, 2016	General Counsel, National Stock Exchange of India Limited
5	Mr R Jayakumar M.A. FCS, LL.B	50	Company Secretary	72,06,245	48,54,704	26	December 5, 1995	Asst. Manager, Raymond Synthetics Limited
6	Mr Huzefa Mahuvawala # @ ACA	38	Head- Risk Management	75,14,880	48,34,876	17	December 1, 2016	Asst. Vice President, National Stock Exchange of India Limited
7	Mr. Nilesh Tinaikar MMS	44	Assistant Vice President	54,28,777	37,48,512	22	August 1, 1996	Asst. Accountant, M/s. S. S. Rane & Co.
8	Ms. Hima Bindu Vakkalanka, MBA	43	Compliance Officer	54,14,762	35,59,836	20	July 7, 1997	Executive, Parag Parikh Financial Services Limited
9	Dr.V. R. Narasimhan M. Com., ACS, MBA, Ph.D	60	Chief Regulatory Officer	50,63,354	32,22,356	33	May 30, 2013	Sr. Vice President, Kotak Mahindra Bank Limited
10	Mr.Umesh Agroya ~ B.E.	44	Head - CISO	10,58,725	7,53,806	20	December 1, 2016	NSE Infotech Services Ltd. Asst. Vice President

**Notes**

- Gross Remuneration includes Salary and other benefits, Company's contribution to Provident Fund, Pension, Superannuation Fund, taxable value of perquisites etc. Net remuneration represents gross remuneration less Company's contribution to provident, pension and superannuation funds, taxable value of perquisites, profession tax and income tax. Where applicable, the amounts also include certain allowances accrued during previous year(s) but claimed in the current year.
- Besides the above, leave encashment amounting to Rs.4,49,622, Rs.4,98,871 and Rs.3,05,461 was paid to Mr. T Venkata Rao, Mr. Huzefa Mahuvawala and Ms. Hima Bindu Vakkalanka respectively.
- Employees, whose names were marked with # are Key Management Personnel under SCR(SECC) Regulations, 2012 of SEBI. Their remuneration excludes 50% of their Variable Pay to be paid on deferred basis after three years.
- Mr. T. Venkata Rao was appointed as Managing Director for a period of three years with effect from August 7, 2014.
- None of the employees mentioned above is a relative of any Director.
- The above employees, except Mr. T. Venkata Rao and employees whose names have been marked with @, were on deputation basis from the Company's holding company i.e. National Stock Exchange of India Limited (NSEIL) and the proportionate remuneration mentioned above in respect of them has been reimbursed to NSEIL by the Company and hence also included in the Rule 5(2) statement of the holding company.
- Employee whose name has been marked with @ was on deputation basis upto 30.11.2016 from the Company's holding company i.e. National Stock Exchange of India Limited (NSEIL) and the proportionate remuneration out of the above in respect of them has been reimbursed to NSEIL by the Company and hence also included in the Rule 5(2) statement of the holding company. Employees whose names have been marked with ~ were employed with the Company for part of the year
- None of the above employees is holding any equity share in the company within the meaning of clause (iii) of sub-rule 2 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- The Company does not have any Employees Stock Option Plan (ESOP) Scheme for its employees.

## ANNEXURE 7 (II) TO BOARD'S REPORT

### DISCLOSURES PURSUANT TO SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The disclosures pertaining to remuneration in terms of Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as per the details provided below.

**(i) Ratio of Remuneration of each director to the median remuneration of the employees of the Company for the Financial year**

The ratio of remuneration of the Managing Director to the median remuneration of the employees of the Company for the financial year is 16.97 X

**(ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial year**

The percentage increase in remuneration of Managing Director, Company Secretary and Chief Financial Officer in the financial year is around 15%, 6% and 12% respectively.

**(iii) The percentage increase in the median remuneration of employees in the Financial year**

The percentage increase in the median remuneration of employees in the financial year is around -7.06%. The remuneration under points (i) to (ix) of these disclosures (except viii), excludes 50% of variable pay, payable to Key Managerial Personnel (defined as per the Companies Act, 2013) on a deferred basis as per SEBI norms and accumulated leave encashment, where applicable.

**(iv) The number of permanent employees on the rolls of the Company**

As on March 31, 2017, there are 69 employees who worked with the Company in both the financial years.

**(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

Apart from performance /potential based normal increment there was no other additional salary revision was given in FY 2016-17.

**(vi) Affirmation that the remuneration is as per the remuneration policy of the Company.**

The remuneration is as per the remuneration policy of the Company.

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#### Business Responsibility Report

As a green initiative, the Business Responsibility Report is given on the Company's Website at the following address:

[https://www.nscclindia.com/NSCCL/disclosures/nsccl\\_dis\\_other\\_dis.htm](https://www.nscclindia.com/NSCCL/disclosures/nsccl_dis_other_dis.htm)



## INDEPENDENT AUDITOR'S REPORT

### To the Members of National Securities Clearing Corporation Limited

#### Report on the Ind AS Financial Statements

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

#### Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the (state of affairs) financial position, profit or loss (financial performance including other comprehensive income) cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements

that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

### Opinion

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

### Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, 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, Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid Ind AS financial statements read with Note 35 (1) thereto comply with the Indian Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 34 on Contingent Liabilities to the Ind AS financial statements;

(ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(iv) The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016.

#### **Other Matters**

The Company had prepared the financial statements for the year ended March 31, 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we had issued unmodified audit opinion dated May 03, 2016. These financial statements have been adjusted for the differences in the accounting principles adopted on transition to Ind AS, which also have been audited by us. Our opinion is not modified in respect of this matter.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W/W100048

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**Sumant Sakhardande**

Partner

Membership No. 034828

Mumbai: April 27, 2017

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of National Securities Clearing Corporation Limited on the financial statements for the year ended March 31, 2017

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) During the year, the fixed assets of the Company have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) The Company does not hold any immovable property. Accordingly the provision stated in Paragraph 3(i)(c) of the Order is not applicable.
- (ii) As informed, the Company does not have inventories. Accordingly, the provisions stated in paragraph 3(ii)(a), 3(ii)(b) and 3(ii)(c) of the Order are not applicable.
- (iii) As informed, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of Section 148 of the Act and the rules framed there under.
- (vii)
  - (a) (i) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it. and
  - (b)(ii) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the information and explanation given to us, the dues outstanding with respect to, income tax, sales tax, service tax, value added tax, customs duty, excise duty on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs. (In Crores)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax and Interest Thereon	0.06	F.Y. 1996-97	Joint Commissioner of Income Tax
		1.30	F.Y. 2010-11 & F.Y. 2011-12	Commissioner of Income Tax-Appeals

- (viii) The Company has neither obtained any loan or borrowing from financial institution/bank/government nor issued by any debentures. Accordingly, the provision stated in paragraph 3 (viii) of the Order is not applicable.
- (ix) The Company has neither raised money by way of public issue offer nor has obtained any term loans. Therefore, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) According to the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.

- (xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No. 103523W/W100048

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Sumant Sakhardande  
Partner  
Membership No. 034828

Mumbai: April 27, 2017

## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of National Securities Clearing Corporation Limited on the financial statements for the year ended March 31, 2017

### **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 Clearing Corporation Limited ("the Company") as of March 31, 2017 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 ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W/W100048

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Sumant Sakhardande

Partner

Membership No.034828

Mumbai: April 27, 2017



NATIONAL SECURITIES CLEARING CORPORATION LIMITED

BALANCE SHEET AS AT MARCH 31, 2017

(Rs.in Crores)

Particulars	Note No.	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
<b>I ASSETS</b>				
<b>1 Non-current Assets</b>				
a Property, Plant and Equipments	2	3.40	4.81	2.77
b Capital work-in-progress	2	2.84	0.62	-
c Other Intangible Assets	3	2.01	1.92	0.49
d Intangible assets under development	3	4.23	0.41	-
e Financial assets				
i Investments	4	50.00	170.87	178.59
ii Non-current bank balances	5	409.35	208.82	222.43
iii Other Financial assets	6	50.48	25.42	10.29
		522.32	412.87	414.57
f Income tax assets (net)	15	12.37	5.69	7.32
g Other Non -current assets	7	0.15	0.11	0.03
<b>Total Non-current Assets</b>		<b>534.84</b>	<b>418.68</b>	<b>421.92</b>
<b>2 Investments -Core Settlement Guarantee Fund</b>	11	<b>1,684.95</b>	<b>997.31</b>	<b>675.48</b>
<b>3 Current Assets</b>				
a Financial Assets				
i Investments	8	247.14	715.81	400.92
ii Trade and other receivables	9	7.38	20.00	36.79
iii Cash and Cash equivalents	10	7,701.12	2,788.89	2,178.55
iv Bank balances other than cash and cash equivalents	5	512.75	139.77	387.81
v Other Financial assets	6	44.59	72.96	251.74
		8,512.98	3,737.43	3,255.81
b Other current assets	7	6.92	6.33	4.85
<b>Total Current Assets</b>		<b>8,519.90</b>	<b>3,743.76</b>	<b>3,260.66</b>
<b>TOTAL ASSETS</b>		<b>10,739.69</b>	<b>5,159.74</b>	<b>4,358.06</b>
<b>II EQUITY AND LIABILITIES</b>				
<b>1 Equity</b>				
a Equity Share capital	12	45.00	45.00	45.00
b Other Equity	12	662.84	724.51	836.78
<b>Total Equity</b>		<b>707.84</b>	<b>769.51</b>	<b>881.78</b>
<b>2 Core Settlement Guarantee Fund (Core SGF )</b>	27	<b>1,684.95</b>	<b>997.31</b>	<b>675.48</b>
<b>Liabilities</b>				
<b>3 Non-current liabilities</b>				
a Provisions	19	1.99	0.62	-
b Deferred tax liabilities (Net)	13	0.70	6.04	2.10
<b>Total Non-current Liabilities</b>		<b>2.69</b>	<b>6.66</b>	<b>2.10</b>
<b>4 Current Liabilities</b>				
a Financial Liabilities				
i Deposits	16	687.60	576.70	570.10
ii Trade payable to ;	17	-	-	-
Micro, Small & Medium Enterprises.				
Others		38.95	36.39	26.94
iii Other financial liabilities	17	7,523.53	2,743.31	2,170.39
		8,250.09	3,356.40	2,767.43
b Provisions	19	2.79	0.37	-
c Income tax liabilities (net)	14	77.02	3.86	6.32
d Other current liabilities	18	14.32	25.64	24.95
<b>Total Current Liabilities</b>		<b>8,344.21</b>	<b>3,386.26</b>	<b>2,798.70</b>
<b>Total Liabilities</b>		<b>10,031.85</b>	<b>4,390.23</b>	<b>3,476.29</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,739.69</b>	<b>5,159.74</b>	<b>4,358.06</b>

Summary of significant accounting policies 1

The accompanying notes are an integral part of the financial statements.

This is the Balance sheet referred to in our report of even date

For HARIBHAKTI & CO. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

For and on behalf of the Board of Directors

HARUN R KHAN

Chairman

[ DIN :07456806 ]

T VENKATA RAO

Managing Director

[ DIN :06832502 ]

SUMANT SAKHARDANDE

Partner

Membership No.034828

Place : Mumbai

Date : April 27, 2017

R. JAYAKUMAR

Company Secretary

AMIT AMLANI

Chief Financial Officer

## STATEMENT OF PROFIT &amp; LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Rs.in Crores)

Particulars	Notes	For the year ended 31.03.2017	For the year ended 31.03.2016
<b>Income</b>			
Revenue from operations	20	267.03	277.24
Other income	21	85.40	65.74
<b>Total Income</b>		<b>352.43</b>	<b>342.98</b>
<b>Expenses</b>			
Employee benefits expense	22	16.30	13.00
Depreciation and amortisation expense	2	2.71	2.30
Other expenses	23	105.32	63.90
<b>Total Expenses</b>		<b>124.33</b>	<b>79.20</b>
<b>Profit before tax</b>		228.10	263.78
Less : Tax expenses			
Current tax	13	79.91	86.00
Tax for earlier year		0.48	-
Deferred tax	13	(5.13)	3.97
<b>Total tax expenses</b>		<b>75.26</b>	<b>89.97</b>
<b>Profit for the year (A)</b>		<b>152.84</b>	<b>173.81</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of post-employment benefit obligations		(0.61)	(0.08)
<b>Income tax relating to items that will not be reclassified to profit or loss</b>			
Tax Remeasurements of post-employment benefit obligations		0.21	0.02
<b>Total Other Comprehensive Income for the year (B)</b>		<b>(0.40)</b>	<b>(0.05)</b>
<b>Total Comprehensive Income for the year (A+B)</b>		<b>152.45</b>	<b>173.76</b>
<b>Earnings per Equity Share ( FV Rs. 10 each ) ( before contributions to Core SGF )</b>			
Basic and Diluted ( Rs.)	32	33.97	38.63

The accompanying notes are an integral part of the financial statements.

This is the Statement of Profit & loss referred to in our report of even date

For HARIBHAKTI & CO. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

For and on behalf of the Board of Directors

SUMANT SAKHARDANDE

Partner

Membership No.034828

HARUN R KHAN

Chairman

[ DIN :07456806 ]

T VENKATA RAO

Managing Director

[ DIN :06832502 ]

Place : Mumbai

Date : April 27, 2017

R. JAYAKUMAR

Company Secretary

AMIT AMLANI

Chief Financial Officer

## NATIONAL SECURITIES CLEARING CORPORATION LIMITED

## STATEMENT OF CHANGES IN EQUITY

## (A) Equity Share Capital

	(Rs.in Crores)
Balance as at 01.04.2015	45
changes in equity share capital during the period	-
Balance as at 31.03.2016	45
changes in equity share capital during the period	-
Balance as at 31.03.2017	45

## (B) Other Equity

	Reserves and Surplus				(Rs.in Crores)
	Capital Reserve	General reserve	CSR reserve	Retained Earnings	Total
Balance at the 01.04.2015	10.00	494.71	-	332.06	836.78
Profit for the year				173.81	173.81
Other Comprehensive Income				(0.05)	(0.05)
Contribution to core SGF				(143.00)	(143.00)
Tax on contribution to Core SGF				33.00	33.00
Transaction with owners in their capacity as owners					
Dividend paid				(146.25)	(146.25)
Dividend Distribution Tax				(29.77)	(29.77)
Balance at the 31.03.2016	10.00	494.71	-	219.80	724.51
Balance at the 01.04.2016	10.00	494.71	-	219.80	724.51
Profit for the year				152.84	152.84
Other Comprehensive Income				(0.40)	(0.40)
Amount transferred from Retained earnings to CSR Reserve			13.92	(13.92)	
Contribution to core SGF				(37.12)	(37.12)
Tax on contribution to Core SGF				12.57	12.57
Transaction with owners in their capacity as owners					
Dividends paid				(157.50)	(157.50)
Dividend Distribution Tax				(32.07)	(32.07)
Balance as at 31.03.2017	10.00	494.71	13.92	144.21	662.84
Summary of significant accounting policies					
The accompanying notes are an integral part of the financial statements.					

This is the statement of changes in equity referred to in our report of even date

For HARIBHAKTI & CO. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

For and on behalf of the Board of Directors

HARUN R KHAN

Chairman

[ DIN :07456806 ]

T VENKATA RAO

Managing Director

[ DIN :06832502 ]

SUMANT SAKHARDANDE

Partner

Membership No.034828

Place : Mumbai

Date : April 27, 2017

R. JAYAKUMAR

Company Secretary

AMIT AMLANI

Chief Financial Officer

**NATIONAL SECURITIES CLEARING CORPORATION LIMITED**

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2017**

	Rs. in Crores	
	For the year ended 31.03.2017	For the year ended 31.03.2016
<b>A) CASHFLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT BEFORE TAX</b>	<b>228.10</b>	<b>263.78</b>
<b>Add/(Less) :- Adjustments for :</b>		
- Depreciation	2.71	2.30
- Fair valuation gain	(6.87)	(11.95)
- Interest Income from financial assets at amortised cost	(14.79)	(25.15)
- Interest income on Bank deposit	(13.82)	(6.64)
- Re-measurement of defined benefits plans	(0.61)	(0.08)
- (Profit)/Loss on sale/redemption of current investments	(44.64)	(25.13)
- Amortisation of Premium / Discount on Govt/Debt Securities	-	(0.05)
- Dividend on Investment	-	(0.15)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL</b>	<b>150.08</b>	<b>196.94</b>
<b>Adjustments for :</b>		
Decrease in Trade Receivable	12.62	16.79
Increase in trade payables	2.56	9.45
Decrease in other financial assets	40.40	42.06
Increase in Other Assets	(0.64)	(1.55)
Increase in Other Financial Liabilities	4,780.22	573.12
Increase in Provision	3.78	0.79
Increase /(Decrease) in Other Liabilities	(11.32)	0.69
Proceed of Deposit from Trading member / applicant	175.21	129.88
Refund of deposit from trading members / applicant	(64.31)	(123.26)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>5,088.60</b>	<b>844.91</b>
Direct Taxes paid (Net of Refunds)	(1.34)	(53.82)
<b>NET CASH FROM OPERATING ACTIVITIES - Total (A)</b>	<b>5,087.26</b>	<b>791.09</b>
<b>B) CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipments/ Capital work-in-progress	(7.43)	(6.81)
Interest received	(8.48)	56.68
(Increase)/Decrease in Fixed deposit	(573.52)	261.65
(Increase)/Decrease in Investment	641.05	(270.09)
Increase in Core SGF Investment	(649.11)	(292.79)
Dividend on Investment	-	0.15
<b>NET CASH USED IN INVESTING ACTIVITIES - Total (B)</b>	<b>(597.50)</b>	<b>(251.20)</b>
<b>C) CASHFLOW FROM FINANCING ACTIVITIES</b>		
Dividend Paid (inclusive of corporate dividend tax)	(189.57)	(176.02)
Contribution to Core SGF	612.01	246.47
<b>NET CASH FROM FINANCING ACTIVITIES - Total (C)</b>	<b>422.45</b>	<b>70.45</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>4,912.22</b>	<b>610.33</b>
<b>CASH AND CASH EQUIVALENTS : OPENING BALANCE</b>	<b>2,788.89</b>	<b>2,178.55</b>
<b>CLOSING CASH AND CASH EQUIVALENTS : CLOSING BALANCE</b>	<b>7,701.12</b>	<b>2,788.89</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>	<b>4,912.23</b>	<b>610.33</b>

**Notes to Cash Flow Statement :**

- Cash and Cash equivalent represent bank balances and balances in fixed deposit accounts.
- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind-AS 7 on Statement of Cash Flow notified under Companies (Indian Accounting Standards)
- Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current period classification / disclosure.

This is the statement of cash flow referred to in our report of even date.

**For HARIBHAKTI & CO. LLP**

**Chartered Accountants**

**ICAI Firm Registration No.103523W / W100048**

**For and on behalf of the Board of Directors**

**HARUN R KHAN**

**Chairman**

**[ DIN :07456806 ]**

**T VENKATA RAO**

**Managing Director**

**[ DIN :06832502 ]**

**SUMANT SAKHARDANDE**

**Partner**

**Membership No.034828**

Place : Mumbai

Date : April 27, 2017

**R. JAYAKUMAR**

**Company Secretary**

**AMIT AMLANI**

**Chief Financial Officer**

## Background and Significant Accounting Policies

### Background

The National Securities Clearing Corporation Ltd. (NSCCL), a wholly owned subsidiary of NSE, was incorporated in August 1995. It was the first clearing corporation to be established in the country and also the first clearing corporation in the country to introduce settlement guarantee. It was set up to bring and sustain confidence in clearing and settlement of securities, to promote and maintain, short and consistent settlement cycles, to provide counter-party risk guarantee, and to operate a tight risk containment system.

### Note 1: Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years / periods presented, unless otherwise stated.

#### (a) Basis of preparation

##### (i) Compliance with Ind AS

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in note 35.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

##### (ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that is measured at fair value, and
- defined benefit plans - plan assets measured at fair

#### (b) Foreign currency translation and transactions

##### (i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian currency (INR), which is the Company's functional and presentation currency.

##### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

**(c) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of allowances, incentives, service taxes and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised in the period when the service is provided as per arrangements/agreements with the customers. The sources of revenue are:

- (i) Clearing and Settlement charges, IT & support charges and processing charges are recognized on accrual basis as and when the services are rendered.;
- (ii) In respect of Members who have been declared as defaulters by the Company all amounts (dues) remaining to be recovered, net of available security and insurance cover available if any, till the date of being declared as defaulters are written off as bad debts. All subsequent recoveries are accounted when received.  
Shortages arising after the date of declaration of default are written off as bad debts in the year in which it arises, after exhausting all remedies including forfeiture of securities and insurance cover available if any.  
Other overdue amounts are provided for as doubtful debts or are written off as bad debts, if the same are considered doubtful/irrecoverable in the opinion of the management.
- (iii) Penal Charges, in the year of declaration of default, in respect of shortages due from the respective member, are booked to the extent such charges are recoverable.
- (iv) Other insurance claims are accounted on accrual basis when the claims become due and payable.
- (v) Income excludes applicable taxes and other levies

**(d) Income taxes**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**(e) Leases**

*As a lessee*

Leases of property, plant and equipment, including land where the Company, as lessee, has substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**(f) Impairment of assets**

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**(g) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Restricted cash:

Other bank balances comprise of Fixed deposits with maturity of more than three months and less than twelve months, other financial assets contains Fixed deposits with maturity of more than one year. This deposits are restricted balance and with lien for advances received from issuer of securities and advance received from defaulting members.

#### (h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### (i) Investments and other financial assets

##### (i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

##### (ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.



- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

#### *Equity instruments*

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### *(iii) Impairment of financial assets*

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### *(iv) De-recognition of financial assets*

A financial asset is de-recognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

*(v) Income recognition***Interest income**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

**Dividends**

Dividends are recognised in profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the group, and the amount of the dividend can be reliably measured.

**(j) Financial liabilities***(i) Initial recognition and measurement*

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

*(ii) Subsequent measurement*

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

*(iii) Derecognition*

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

**(k) Derivatives**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

**(l) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**(m) Property, plant and equipment (including CWIP)**

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

*Transition to Ind AS*

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

*Depreciation methods, estimated useful lives and residual value*

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

Furniture and fixture	5 to 10 years
Office equipment	4 to 5 years
Electrical equipment	10 years
Computer systems office automation	3 years
Computer systems – others	4 years
Computer software	4 years
Telecommunication systems	4 years
Clearing and Settlement Systems	4 years

The property, plant and equipment including land acquired under finance leases is depreciated over the asset's useful life or the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

Depreciation on assets purchased / disposed off during the year is provided on pro rata basis with reference to the date of additions / deductions.

Fixed assets whose aggregate cost is Rs. 5,000 or less are depreciated fully in the year of acquisition.

**(n) Intangible assets**

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

Standard packaged software products are written off in the year of purchase.

Computer software is amortised over a period of 4 years.

#### *Transition to Ind AS*

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value the deemed cost of intangible assets.

#### **(o) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### **(p) Provisions**

Provisions for legal claims and discounts/incentives are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions for restructuring are recognised by the Company when it has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that the Company will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

*Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.*

*The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.*

**(q) Contingent Liabilities**

*Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.*

**(r) Employee benefits**

*(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are the amounts expected to be paid when the liabilities are settled. Short term employee benefits are recognised in statement of profit and loss in the year in which the related service is rendered. The liabilities are presented as current employee benefit obligations in the balance sheet.

*(ii) Other long-term employee benefit obligations*

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

*(iii) Post-employment obligations*

The group operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity, and
- (b) defined contribution plans such as provident fund and superannuation.

**Gratuity obligations**

The Holding company has maintained a Group Gratuity Cum Life Assurance Scheme with the Life Insurance Corporation of India (LIC) towards which it annually contributes a sum determined by LIC. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of

plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

#### *Defined contribution plans*

##### *Provident fund*

*Provident Fund:* The company is registered with Regional Provident Fund Office, Bandra, Mumbai, and both the employee and the employer make monthly contribution equal to 12% of the employee's basic salary respectively.

##### *Superannuation*

*Superannuation* benefits for employees designated as chief managers and above are covered by group policies with the Life Insurance Corporation of India maintained by the Holding Company. The contribution payable for the year is charged to revenue. There are no other obligations other than the annual contribution payable..

#### *(iv) Bonus plans*

1. The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.
2. SEBI has laid down certain norms in terms of the compensation policy for the key management personnel which are as under :
  - A. The variable pay component will not exceed one third of the total pay.
  - B. 50% of the variable pay will be paid on a deferred basis after three years.

#### **(s) Contributed equity**

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **(t) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

#### **(u) Earnings per share**

##### *(v) Basic earnings per share*

Basic earnings per share is calculated by dividing:

- *the profit attributable to owners of the group*
- *by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.*

*(ii) Diluted earnings per share*

*Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:*

- *the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and*
- *the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.*

**(v) Rounding of amounts**

*All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores as per the requirement of Schedule III, unless otherwise stated.*

**CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

*The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.*

***The areas involving critical estimates or judgements are:***

*Estimation of current tax expense and payable Note 13 and 14*

*Estimated useful life of intangible asset Note 3*

*Estimation of defined benefit obligation Note 26*

*Estimation of fair values of contingent liabilities refer Note 34*

*Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.*

## Note 2: Property Plant and Equipment

(Rs. in Crores)

	OFFICE EQUIPMENTS	FURNITURE AND FIXTURES	COMPUTER SYS - OFF AUTOM	TELECOM MUNICATI ON SYSTEMS	CLEARING AND SETTLEMEN T SYSTEM	Total	Capital Work in Progress
<b>Year ended March 31, 2016</b>							
Deemed cost as at 01.04.2015	-	0.01	-	0.00	2.76	2.77	-
<b>Gross carrying amount</b>							
Opening gross carrying amount	0.01	0.06	0.34	0.05	26.88	27.34	-
Additions	-	-	0.02	-	3.70	3.72	0.62
Disposals	-	-	-	-	-	-	-
<b>Closing gross carrying amount</b>	<b>0.01</b>	<b>0.06</b>	<b>0.36</b>	<b>0.05</b>	<b>30.58</b>	<b>31.06</b>	<b>0.62</b>
<b>Accumulated depreciation</b>							
Opening accumulated depreciation	0.01	0.05	0.34	0.05	24.12	24.57	-
Depreciation for the year	-	-	-	-	1.68	1.69	-
Disposals	-	-	-	-	-	-	-
<b>Closing accumulated depreciation</b>	<b>0.01</b>	<b>0.05</b>	<b>0.34</b>	<b>0.05</b>	<b>25.80</b>	<b>26.26</b>	<b>-</b>
<b>Net carrying amount</b>	<b>(0.00)</b>	<b>0.01</b>	<b>0.02</b>	<b>0.00</b>	<b>4.78</b>	<b>4.81</b>	<b>0.62</b>
<b>Year ended March 31, 2017</b>							
<b>Gross carrying amount</b>							
Opening gross carrying amount	0.01	0.06	0.36	0.05	30.58	31.06	0.62
Additions	0.00	-	0.11	-	0.59	0.70	2.77
Disposals	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	0.55
<b>Closing gross carrying amount</b>	<b>0.01</b>	<b>0.06</b>	<b>0.47</b>	<b>0.05</b>	<b>31.17</b>	<b>31.76</b>	<b>2.84</b>
<b>Accumulated depreciation</b>							
Opening accumulated depreciation	0.01	0.05	0.34	0.05	25.80	26.25	-
Depreciation for the year	-	-	0.03	-	2.08	2.11	-
Disposals	-	-	-	-	-	-	-
<b>Closing accumulated depreciation</b>	<b>0.01</b>	<b>0.05</b>	<b>0.37</b>	<b>0.05</b>	<b>27.88</b>	<b>28.36</b>	<b>-</b>
<b>Net carrying amount</b>	<b>(0.00)</b>	<b>0.01</b>	<b>0.10</b>	<b>0.00</b>	<b>3.29</b>	<b>3.40</b>	<b>2.84</b>



## Note 3: intangible Assets

(Rs. in Crores)

	COMPUTER SOFTWARE	Intangible assets under development
<b>Year ended March 31, 2016</b>		
Deemed cost as at 01.04.2015	0.49	-
<b>Gross carrying amount</b>		
Opening gross carrying amount	5.54	-
Additions	2.05	0.41
Disposals	-	-
<b>Closing gross carrying amount</b>	<b>7.59</b>	<b>0.41</b>
<b>Accumulated Amortisation and impairment</b>		
Opening accumulated Amortisation	5.05	-
Amortisation for the year	0.62	-
Disposals	-	-
<b>Closing amortization</b>	<b>5.67</b>	<b>-</b>
<b>Net carrying amount</b>	<b>1.92</b>	<b>0.41</b>
<b>Year ended March 31, 2017</b>		
<b>Gross carrying amount</b>		
Opening gross carrying amount	7.59	0.41
Additions	0.68	3.87
Disposals	-	0.05
<b>Closing gross carrying amount</b>	<b>8.27</b>	<b>4.23</b>
<b>Accumulated Amortisation and impairment</b>		
Opening accumulated Amortisation	5.67	-
Amortisation for the year	0.59	-
Disposals	-	-
<b>Closing amortization</b>	<b>6.26</b>	<b>-</b>
<b>Net carrying amount</b>	<b>2.01</b>	<b>4.23</b>

Significant estimate: Useful life of intangible assets under development

The Company has completed the development of software that is used to in its various business processes. As at 31 March 2017, the net carrying amount of this software was Rs. 2.01 crores (31 March 2016: Rs.1.92 crores, 01 April 2015: Rs.0.49 crores). The Company estimates the useful life of the software to be 4 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 4 years, depending on technical innovations and competitor actions.

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Note No. 4 NON CURRENT INVESTMENTS

	31.03.2017		31.03.2016		01.04.2015	
	Number of Units	(Rs. in Crores)	Number of Units	(Rs. in Crores)	Number of Units	(Rs. in Crores)
<b>1 Investment at Cost :</b>						
<b>Investment in equity instruments (fully paid up)</b>						
<b>Unquoted equity instruments</b>						
<b>In subsidiary companies</b>						
NSE IFSC Clearing Corporation Limited	5,00,00,000	50.00	-	-	4,13,022	0.41
NSE Strategic Investment Corporation Limited	-	-	-	-	-	-
<b>Total equity instruments</b>		50.00		-		0.41
<b>Investments in preference shares (fully paid up)</b>						
<b>Unquoted preference shares</b>						
<b>In subsidiary company</b>						
6% Non-Cumulative Compulsorily Convertible Preference Shares Of Nse Strategic Investment Corporation Limited	-	-	-	-	4,12,972	0.41
<b>Total preference shares</b>		-		-		0.41
<b>2 Investment at FVPL :</b>						
<b>Investment in exchange traded funds</b>						
<b>Quoted exchange traded funds</b>						
Goldman Sachs Nifty Exchange Traded Scheme - Inf732E01011	-	-	3,34,737	26.49	1,47,555	12.55
<b>Total exchange traded funds</b>		-		26.49		12.55
<b>3 Investment at amortised cost :</b>						
<b>Investment in bonds</b>						
<b>Quoted bonds</b>						
<b>Taxfree bonds</b>						
7.18 % Indian Railway Finance Corpn Ltd - Tranche 1 - Series 1 - 19 Feb 2023	-	-	1,50,000	15.50	1,50,000	15.50
7.51% Hudco Taxfree Bonds - 16Feb2028	-	-	1,00,000	10.43	-	-
8.41% Ntpc Limited - 04 Dec 2023	-	-	79,162	8.11	79,162	8.11
7.93 % Rural Electrification Corpn Ltd - Tranche 1 - Series 1 - 27 Mar 2022	-	-	61,238	6.49	61,238	6.49
8.20% Power Finance Corporation Limited - Tranche 1 - Series 1 - 01 Feb 2022	-	-	42,718	4.43	42,718	4.43
8.00 % Indian Railway Finance Corpn Ltd - Tranche 1 - Series 1 - 23 Feb 2022	-	-	32,626	3.38	32,626	3.38
8.09% - Power Finance Corporation - Series 80 A - 25 Nov 2021	-	-	500	5.14	500	5.14
7.28% National Highways Authority Of India Sep 2030	-	-	300	31.26	-	-
20% National Highways Authority Of India - Tranche 1 - Series 1 - 25 Jan 2022	-	-	86	0.01	86	0.01
19% Indian Railway Finance Corporation Ltd - 31 Jul 2025	-	-	50	5.24	-	-
46% Rural Electrification Corporation Limited - Non Convertible Bonds - 2028	-	-	50	5.25	50	5.25
<b>Total taxfree bonds</b>		-		95.25		48.31
<b>(i) Taxable bonds</b>						
8.70% Power Grid Corporation Of India Limited 15-Jul-2018	-	-	50	5.23	50	5.19
8.82% Rural Electrification Corporation Limited - Sr 114 - 12 Apr 2023	-	-	100	10.63	100	10.60
8.80% Power Grid Corporation Of India Limited - 13 Mar 2023	-	-	100	9.68	100	9.64
8.70% Power Grid Corporation Of India Limited 15-Jul-2023	-	-	50	5.10	50	5.07
<b>Total taxable bonds</b>		-		30.63		30.51
<b>II Investment in debentures</b>						
<b>Quoted debentures</b>						
9.65% IIFs Financial Services Limited - Deb - 18 Sep 2017	-	-	30,000	3.15	30,000	3.15
9.10% Hdb Financial Services Limited - Ncd - 29 Dec 2017	-	-	150	15.34	150	15.34
10.18% Lic Housing Finance - Deb - 19-Sep-2016	-	-	-	-	200	21.25
9.06% Hdb Financial Services Limited - Deb - 20 Jun 2016	-	-	-	-	150	15.35
10.05% Hdb Financial Services Limited - Ncd 10-Feb-2017	-	-	-	-	100	10.14
10.60% Lic Housing Finance - Deb - 06-Sept-2016	-	-	-	-	50	5.37
9.15% Housing Development Finance Corporation Ltd - Ncd - Sr K028 - 03 Apr 2016	-	-	-	-	50	5.42
68% Tata Sons Limited - Deb - 10-Jan-2017	-	-	-	-	50	5.11
7.6% Hdfc - Deb - 10-Oct-2016	-	-	-	-	50	5.25
<b>Total quoted debentures</b>		-		18.49		86.38
<b>Total non-current investments</b>		50.00		170.87		178.59
Aggregate amount of quoted investments and market value thereof		-		174.00		190.43
Aggregate amount of unquoted investments		50.00		-		0.82
Aggregate amount of impairment in the value of Investments		-		-		-

## 5 Other bank balances

	Non-current			Current		
	31.03.2017	31.03.2016	01.04.2015	31.03.2017	31.03.2016	01.04.2015
	(Rs. in Crores)			(Rs. in Crores)		
Deposits with original maturity for more than 12 months	409.35	208.82	222.43	447.24	96.40	377.82
Earmarked Deposits with original maturity for more than 12 months	667.25	18.52	-	380.36	80.00	-
Deposits with original maturity for more than 3 months but less than 12 months	-	-	-	65.51	43.37	9.99
Earmarked Deposits with original maturity for more than 3 months but less than 12 months	-	-	-	493.92	161.53	170
<b>Total</b>	<b>1,076.60</b>	<b>227.34</b>	<b>222.43</b>	<b>1,387.03</b>	<b>381.30</b>	<b>557.81</b>
<b>Less :</b>						
Amount disclosed under Core SGF Investments (note 11)	667.25	18.52	-	874.28	241.53	170.00
<b>Total</b>	<b>409.35</b>	<b>208.82</b>	<b>222.43</b>	<b>512.75</b>	<b>139.77</b>	<b>387.81</b>

## 6 Others Financial Assets

	Non-current			Current		
	31.03.2017	31.03.2016	01.04.2015	31.03.2017	31.03.2016	01.04.2015
	(Rs. in Crores)			(Rs. in Crores)		
<b>Advances recoverable in cash</b>						
Unsecured, considered good	-	-	-	0.07	0.04	0.01
<b>Other loans and advances</b>						
Security Deposits	0.22	0.12	0.12	-	-	-
<b>Others</b>						
Interest accrued on Bank deposits	50.26	25.30	10.17	38.34	26.21	66.25
Receivable From members towards Core SGF	-	-	-	-	16.42	113.10
Other receivables	-	-	-	6.18	30.29	72.38
<b>Total</b>	<b>50.48</b>	<b>25.42</b>	<b>10.29</b>	<b>44.59</b>	<b>72.96</b>	<b>251.74</b>

## 7 Others Assets

	Non-current			Current		
	31.03.2017	31.03.2016	01.04.2015	31.03.2017	31.03.2016	01.04.2015
	(Rs. in Crores)			(Rs. in Crores)		
Capital advances	0.15	0.11	0.03	-	-	-
Advance to suppliers	-	-	-	0.01	0.01	-
Balances with Service tax authorities	-	-	-	6.73	6.19	4.39
Prepaid expenses	-	-	-	0.18	0.13	0.46
<b>Total</b>	<b>0.15</b>	<b>0.11</b>	<b>0.03</b>	<b>6.92</b>	<b>6.33</b>	<b>4.85</b>

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Note No. 8 CURRENT INVESTMENTS

	31.03.2017			31.03.2016			01.04.2015		
	Number of Units	Rs. In crores		Number of Units	Rs. In crores		Number of Units	Rs. In crores	
	(Figures in bracket indicates amount earmarked towards Core SGF)								
<b>1 Investment at amortised cost :</b>									
<b>I Investment in debentures</b>									
<b>Quoted debentures</b>									
10.18% Lic Housing Finance - Deb - 19-Sep-2016	-	-	-	200	21.14	-	-	-	-
9.06% Hdb Financial Services Limited - Deb - 20 Dec2016	-	-	-	150	15.35	-	-	-	-
10.05% Hdb Financial Services Limited - Ncd 10-Feb-2017	-	-	-	100	10.14	-	-	-	-
10.23% Shriram Transport Finance Company Limited - 03 Jul 2016	-	-	-	100	10.28	-	-	-	-
9% Shriram Transport Finance Company Limited - Deb - 17 Jun 2016	-	-	-	100	10.25	-	-	-	-
9.40% Tata Motors Finance Limited - 10 Jun 2016	-	-	-	100	10.75	-	-	-	-
10.60% Lic Housing Finance - Deb - 06-Sept-2016	-	-	-	50	5.32	-	-	-	-
9.15% Housing Development Finance Corporation Ltd - Ncd - Sr K028 - 03 Apr 2016	-	-	-	50	5.46	-	-	-	-
9.68% Tata Sons Limited - Deb - 10-Jan-2017	-	-	-	50	5.11	-	-	-	-
9.75% Hdfe - Deb - 10-Oct-2016	-	-	-	50	5.24	-	-	-	-
9.30% Tata Sons Limited - Deb - 24 Dec 2015	-	-	-	-	-	-	500	5.13	-
9.85% Housing Development Finance Corporation Limited - Sr J005 - 05 Jun 2015	-	-	-	-	-	-	500	5.41	-
10.40% Tata Motors Finance Limited - Txb - 22 May 2015	-	-	-	-	-	-	400	43.55	-
10.80 Dewan Housing Finance Corporation Ltd - Deb - 05 Dec 2015	-	-	-	-	-	-	350	36.42	-
9.93% Tata Capital Financial Services Limited 31 Jul 2015	-	-	-	-	-	-	200	21.33	-
9.70% Housing Development Finance Corporation Ltd - Ncd 16 Apr 2015	-	-	-	-	-	-	150	16.39	-
9.985 % Tata Motors Finance Limited - Deb - 26-Oct-2015	-	-	-	-	-	-	100	10.43	-
9.60% Housing Development Finance Corporation Limited - Sr J 021 - 07 Aug 2015	-	-	-	-	-	-	100	10.64	-
11.10% Fullerton India Credit Comapny Limited - Deb - 04 Sep 2015	-	-	-	-	-	-	50	5.34	-
9.50% Hdb Financial Services Limited - 22 Dec 2015	-	-	-	-	-	-	50	5.00	-
<b>Total quoted debentures</b>		-	-		99.04	-		159.63	-
<b>B) Invetsment in bonds</b>									
<b>Quoted bonds</b>									
<b>(i) Taxfree bonds</b>									
6.05% Indian Railway Finance Corporation Limited - Series 73 - 20 Dec 2015	-	-	-	-	-	-	50	5.14	-
<b>Total taxfree bonds</b>								5.14	
<b>(ii) Taxable bonds</b>									
9.35% Indian Oil Corporation Limited - 30 Apr 2017	-	-	-	-	-	-	50	16.06	-
<b>Total taxable bonds</b>		-			-			16.06	
<b>2 Investment at FVPL</b>									
<b>II Investment in mutual funds</b>									
<b>Un-quoted Investments In mutual funds</b>									
Dhfl Pramerica Insta Cash Plus Fund - Direct – Growth	24,33,797	51.42	-	-	-	-	0	0.02	-
Icici Prudential Liquid - Direct Plan - Growth	21,36,790	51.44	-	-	-	-	1,842	0.04	-
L&T Liquid Fund - Direct - Growth	2,30,674	51.44	-	690	0.14	-	-	-	-
Tata Liquid Fund Direct Plan - Growth	1,71,456	51.43	-	-	-	-	699	0.18	-
Reliance Liquid Fund - Cash Plan - Direct - Growth	1,57,069	41.22	-	-	-	-	73,599	16.59	-
Uti Liquid Fund - Cash Plan -Direct- Growth	694	0.18	-	-	-	-	-	-	-
Idfc Money Manager - Treasury Plan - Direct - Growth	-	-	-	6,08,57,673	147.06	(111.94)	1,12,97,903	25.07	-

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	31.03.2017			31.03.2016			01.04.2015		
	Number of	Rs. In crores		Number of	Rs. In crores		Number of	Rs. In crores	
	Units			Units			Units		
	<b>(Figures in bracket indicates amount earmarked towards Core SGF)</b>								
Icici Prudential Ultra Short Term Plan - Direct - Growth	-	-	-	6,06,36,490	94.63	(19.72)	32,82,371	4.70	-
Reliance Medium Term Fund - Direct - Growth	-	-	-	3,52,07,074	111.73	(16.66)	-	-	-
L&T Ultra Short Term Fund - Direct - Growth	-	-	-	2,75,74,189	68.42	(9.21)	-	-	-
Jpmorgan India Liquid Fund - Direct - Growth	-	-	-	2,28,32,954	44.72	(44.72)	3,57,82,823	65.08	(39.11)
Dhfi Pramerica Ultra Short Term Fund - Direct Plan - Growth	-	-	-	1,60,50,554	29.51	-	-	-	-
Kotak Treasury Advantage Fund - Direct - Growth	-	-	-	62,88,965	15.32	-	-	-	-
Icici Prudential Flexible Income Plan - Growth - Direct	-	-	-	37,94,968	108.91	(108.91)	-	-	-
Dsp Blackrock Ultra Short Term Fund - Direct - Growth	-	-	-	27,45,593	3.02	-	-	-	-
Birla Sun Life Savings Fund - Direct - Growth	-	-	-	24,00,678	70.54	(70.54)	-	-	-
Birla Sun Life Cash Manager - Direct - Growth	-	-	-	13,93,221	51.94	(11.98)	-	-	-
Uti Floating Rate Fund - Stp - Direct - Growth	-	-	-	8,11,762	202.25	(62.58)	-	-	-
Jm High Liquidity Fund - Direct Growth	-	-	-	7,79,100	3.23	-	7,63,159	2.92	-
Axis Treasury Advantage Fund - Growth - Direct Plan	-	-	-	7,73,083	131.86	(46.82)	-	-	-
Religare Invesco Ultra Short Term Fund - Direct - Growth	-	-	-	4,35,484	91.79	(91.79)	-	-	-
Baroda Pioneer Treasury Advantage Fund Plan B - Growth	-	-	-	2,13,783	37.51	(4.82)	71,306	11.43	-
Reliance Liquid Fund - Tp - Direct - Growth	-	-	-	1,52,232	56.23	(56.23)	-	-	-
Icici Prudential Money Market Fund - Direct - Growth	-	-	-	1,06,161	2.22	(2.22)	902	0.02	-
Lic Nomura Mf Liquid Fund - Direct - Growth	-	-	-	32,749	9.00	(8.97)	114	0.03	-
L&T Cash Fund - Direct Plan - Growth	-	-	-	25,975	3.18	-	-	-	-
Kotak Liquid Scheme - Plan A - Direct - Growth	-	-	-	10,250	3.15	(3.15)	9	0.00	-
Hdfc Liquid Fund - Direct - Growth	-	-	-	693	0.21	-	-	-	-
Uti Floating Rate Fund - Stp - Direct - Growth Lien Marked	-	-	-	684	0.17	-	-	-	-
Religare Invesco Liquid Fund - Direct - Growth	-	-	-	634	0.13	-	-	-	-
Axis Liquid Fund - Direct - Growth	-	-	-	536	0.09	-	32,254	5.00	-
Kotak Floater - Short Term - Direct - Growth	-	-	-	190	0.05	-	-	-	-
Templeton India Ultra Short Bond Fund - Direct Plan - Growth	-	-	-	-	-	-	2,22,70,721	41.35	-
Hdfc Fmp 91 D Feb 2015 (I)	-	-	-	-	-	-	1,00,00,000	10.00	-
Icici Prudential Flexible Income - Direct Plan - Daily Dividend - Reinvestment	-	-	-	-	-	-	96,39,975	101.93	(101.93)
Jpmorgan India Liquid Fund - Daily Dividend - Direct Plan	-	-	-	-	-	-	81,25,475	8.13	(8.13)
Birla Sun Life Savings Fund - Direct - Daily Dividend Reinvest	-	-	-	-	-	-	59,25,332	59.43	(59.43)
Religare Invesco Ultra Short Term Fund - Dir - Daily Dividend Reinvestment	-	-	-	-	-	-	13,59,960	138.44	(138.44)
Reliance Liquid Fund - Tp - Direct Plan - Daily Dividend	-	-	-	-	-	-	5,03,086	76.91	(76.91)
Templeton India - Tma - Daily Dividend - Direct Plan	-	-	-	-	-	-	2,36,668	23.71	(23.71)
Sundaram Money Fund - Direct Plan - Growth	-	-	-	-	-	-	2,14,395	0.63	-
Icici Prudential Money Market Fund - Direct - Daily Dividend Reinvestment	-	-	-	-	-	-	2,08,814	2.09	(2.09)
Templeton India Tma - Direct - Growth	-	-	-	-	-	-	80,875	16.90	-
Boi Axa Liquid Fund- Direct Plan - Growth	-	-	-	-	-	-	31,038	5.00	-
Kotak Liquid Scheme - Plan A - Direct - Daily Dividend	-	-	-	-	-	-	24,269	2.97	(2.97)
Dws Treasury Fund - Cash - Direct - Growth	-	-	-	-	-	-	1,247	0.02	-
<b>Total mutual fund</b>		<b>247.14</b>	<b>-</b>		<b>1,287.02</b>	<b>(670.25)</b>		<b>618.59</b>	<b>(452.72)</b>
<b>E) Commercial Paper</b>									
Tata Capital Limited	-	-	-	-	-	-	500	24.27	-
Bajaj Finance Limited	-	-	-	-	-	-	600	29.96	-
<b>Total commercial paper</b>							<b>1,100</b>	<b>54.23</b>	<b>-</b>
<b>Total current investments</b>		<b>247.14</b>	<b>-</b>		<b>1,386.06</b>	<b>(670.25)</b>		<b>853.64</b>	<b>(452.72)</b>
Aggregate amount of quoted investments and market value thereof		-	-		99.25	-		185.34	-
Aggregate amount of unquoted investments		247.14	-		1,287.02	-		672.81	-
<b>Aggregate amount of impairment in the value of investments</b>		-	-		-	-		-	-

**Unsecured, considered good**

Receivable from related parties (Refer to Note No. 31)

Others

Current		
31.03.2017	31.03.2016	01.04.2015
(Rs. in Crores)		
0.54	-	-
6.84	20.00	36.79
7.38	20.00	36.79

## 10 Cash and cash equivalents

In current accounts

Deposits held for the purpose of meeting short term cash commitments\*

Earmarked Deposits with original maturity of less than three months

Cash on hand

Less :

Amount disclosed under Core SGF Investments (note 11)

Total

Current		
31.03.2017	31.03.2016	01.04.2015
(Rs. in Crores)		
805.42	189.33	80.94
6,952.26	2,640.35	2,096.89
16.92	16.20	51.92
-	-	-
7,774.59	2,845.88	2,229.76
73.47	56.99	51.21
7,701.12	2,788.89	2,178.55

Details of Specified Bank Notes ("SBN") held and transacted during the period 08/11/2016 to 30/12/2016 as provided below as per Notification No GSR 308 ( E ) dated March 30, 2017 :

	SBNs	Other denominated Notes	Total
Closing cash in hand as on 08.11.2016	NIL	NIL	NIL
(+) Permitted receipts	NIL	NIL	NIL
(-) Permitted payments	NIL	NIL	NIL
(-) Amount deposited in Banks	NIL	NIL	NIL
Closing cash in hand as on 30.12.2016	NIL	NIL	NIL

For the above purpose, SBN shall mean the bank notes of denominations of the old series of the value of five hundred rupees and one thousand rupees which ceased to be legal tender through the Ministry of Finance, Department of Economic Affairs vide notification No .S.O. 3407(E), dated the 8th November, 2016

## 11 Core SGF Investments

Mutual Funds

Fixed Deposits

Cash and cash equivalents

Accrued Interest

Current		
31.03.2017	31.03.2016	01.04.2015
(Rs. in Crores)		
-	670.25	452.72
1,541.53	260.05	170.00
73.47	56.99	51.21
69.95	10.02	1.55
1,684.95	997.31	675.48

## 12A Share Capital

Authorised

4,50,00,000 (Previous Year :4,50,00,000) Equity Shares of Rs 10 each.

Issued, Subscribed and Paid-up

4,50,00,000 (Previous Year :4,50,00,000) Equity Shares of Rs 10 each fully paid up.

(all the above shares are held by the holding company- National Stock Exchange of India Limited and its nominees)

Total

Current		
31.03.2017	31.03.2016	01.04.2015
(Rs. in Crores)		
45.00	45.00	45.00
45.00	45.00	45.00
45.00	45.00	45.00

Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date

Particulars	Aggregate No. of Shares			
	2016-17	2015-16	2014-15	2013-14
Equity Shares	-	-	-	-
Fully paid up by way of Bonus Shares	-	-	-	-

There is no movement either in the number of shares or in amount between previous year and current year.

The company has only one class of equity shares having a per value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## Details of shareholders holding more than 5% share in the company

National Stock Exchange of India Limited and its nominees

31.03.2017		31.03.2016		01.04.2015	
No.	% holding	No.	% holding	No.	% holding
45000000	100%	45000000	100%	45000000	100%

## Capital management

The Company considers the following components of its Balance Sheet to be managed capital:

Total equity (as shown in the balance sheet). - retained profit, other reserves, share capital

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company aims to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The Company is not subject to financial covenants in any of its significant financing agreements.

The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods. Refer note 12B for the final and interim dividends declared and paid.

## Compliance with externally imposed capital requirements:

Capital requirement of Company is regulated by Securities And Exchange Board of India (SEBI). As per SEBI notification dated April 02, 2012, Clearing corporation shall have a minimum net worth of Rs. 300 crores at all times. Minimum requirement of Net worth is maintained through out the year March 31, 2017

## Note 12 b: Other equity

(B) Other Equity	Reserves and Surplus				(Rs.in Crores)
	Capital Reserve	General reserve	CSR reserve	Retained Earnings	Total
<b>Balance at the 01.04.2015</b>	<b>10.00</b>	<b>494.71</b>	<b>-</b>	<b>332.06</b>	<b>836.78</b>
<b>Changes in accounting policy</b>					
Profit for the Period				173.81	173.81
Other Comprehensive Income				(0.05)	(0.40)
Amount transferred from Retained earnings to CSR			-	-	-
Reserve				(143.00)	(143.00)
Contribution to core SGF				33.00	33.00
Tax on contribution to Core SGF				(146.25)	(146.25)
Dividends paid				(29.77)	(29.77)
Dividend Distribution Tax					
<b>Balance as at 31.03.2016</b>	<b>10.00</b>	<b>494.71</b>	<b>-</b>	<b>219.80</b>	<b>724.51</b>
<b>Balance at the 01.04.2016</b>	<b>10.00</b>	<b>494.71</b>	<b>-</b>	<b>219.80</b>	<b>724.51</b>
Profit for the Period				152.84	152.84
Other Comprehensive Income				(0.40)	(0.40)
Total Comprehensive Income for the period				-	-
Amount transferred from Retained earnings to CSR			13.92	(13.92)	-
Reserve (Refer to Note No. 39 )				(37.12)	(37.12)
Contribution to core SGF				12.57	12.57
Tax on contribution to Core SGF				(157.50)	(157.50)
Dividends paid #				(32.07)	(32.07)
Dividend Distribution Tax					
<b>Balance as at 31.03.2017</b>	<b>10.00</b>	<b>494.71</b>	<b>13.92</b>	<b>144.21</b>	<b>662.84</b>

The Board of directors, in their meeting on April 27, 2017, proposed a dividend of Rs.16.00 per equity share. The proposal is subject to the approval of shareholders at the Annual General Meeting. The total dividend proposed for the year ended March 31, 2017 amounted to Rs.72.00 crores excluding Dividend Distribution Tax.

# During the year ended March 31, 2017, the amount of per share dividend recognized as distribution to equity shareholders was Rs.35/- per equity share. The dividend paid during the year ended March 31, 2017 amounted to Rs.157.50 crore excluding Dividend Distribution Tax of Rs.32.07 crores.

## a) The major components of income tax expense statement of profit and loss

## Statement of profit and loss

## Current Tax

Current tax on profit for the period  
Adjustment for current tax of prior periods

## Total current tax expense

## Deferred tax expense (income)

Decrease (increase) in deferred tax assets  
(Decrease) increase in deferred tax liabilities  
Total deferred tax expense (benefit)

## Total for statement of profit and loss

## OCI section

Related to items recognised in OCI during the year:  
Re-measurement of the defined benefit (liability) / asset

Income tax charged to Other Comprehensive Income

31.03.2017	31.03.2016
(Rs. in Crores)	
79.91	86.00
0.48	
80.39	86.00
(1.36)	(0.18)
(3.77)	4.15
(5.13)	3.97
75.26	89.96
31.03.2017	31.03.2016
(Rs. in Crores)	
0.21	0.02
0.21	0.02

## b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

	31.03.2017	31.03.2016
	(Rs. in Crores)	
Profit before income tax expense	228.10	263.78
Tax rate (%)	34.61%	33.99%
Tax at the Indian Tax Rate	78.94	89.66
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Dividend income	-	-
Interest on tax free bonds	(2.23)	(1.89)
Expenditure related to exempt income	0.34	0.16
Net (gain)/loss on financial assets mandatorily measured at fair value through profit or loss - Exchange traded fund	(0.36)	-
(Profit) / Loss on sale of investments taxed at other than Statutory rate	(2.63)	(0.02)
Short Provision for previous years	0.48	
Others	0.72	2.06
Income Tax Expense	75.26	89.96

## c) Income tax asset/(liability) at the end of the period

Particulars	31.03.2017	31.03.2016	01/04/2015
	(Rs. in Crores)		
Opening balance	1.84	1.00	(1.79)
Income tax paid / (refund)	1.34	53.84	74.65
Current income tax payable for the period / year	(79.91)	(86.00)	(73.86)
Provision for tax for earlier years	(0.48)	-	-
Tax on contribution to Core SGF	12.57	33.00	-
Net Income tax asset/(liability) at the end of year/period (I)	(64.65)	1.84	(1.00)

## d) Deferred tax liabilities (net)

The balance comprises temporary differences attributable to:

Particulars	31.03.2017	31.03.2016	01.04.2015
<b>Deferred income tax assets</b>			
Property, plant and equipment and investment property	1.05		
Provision for leave encashment			
Financial Assets at Fair Value through OCI	-		
Financial Assets at Fair Value through profit and Loss			
Others	0.27	0.03	
Total deferred tax assets (a)	1.32	0.03	-
<b>Deferred income tax liabilities</b>			
Property, plant and equipment and investment property		0.28	0.47
Financial Assets at Fair Value through OCI			
Financial Assets at Fair Value through profit and Loss	2.02	5.79	1.63
Others			
Total deferred tax liabilities (b)	2.02	6.07	2.10
Net Deferred Tax Assets / (Liabilities) (a)-(b)	(0.70)	(6.04)	(2.10)

## e) Movement in Deferred Tax Assets

Particulars	Property, plant and equipment	Financial Assets at Fair Value through profit and Loss	Financial Assets at Fair Value through OCI	Others	Total
(Rs. in Crores)					
At 01 April 2015	(0.47)	-	-	-	(0.47)
Charged / (Credited)					
- to profit or loss	0.19	-	-	-	0.19
- to other comprehensive income	-	-	-	0.03	0.03
- to transfer from other reserves to retained earning	-	-	-	-	-
At 31st March 2016	(0.28)	-	-	0.03	(0.25)
Charged / (Credited)					
- to profit or loss	1.33	-	-	0.03	1.36
- to other comprehensive income	-	-	-	0.21	0.21
- to transfer from other reserves to retained earning	-	-	-	-	-
At 31st March 2017	1.05	-	-	0.27	1.32



**NATIONAL SECURITIES CLEARING CORPORATION LIMITED**

**7) Movement in Deferred Tax liabilities**

Particulars	Property, plant and equipment	Financial Assets at Fair Value through profit and Loss	Financial Assets at Fair Value through OCI	Others	(Rs. in Crores) Total
<b>At 01 April 2015</b>		1.64	-	-	1.64
Charged / (Credited)					
- to profit or loss	-	4.15	-	-	4.15
- to other comprehensive income	-	-	-	-	-
- to transfer from other reserves to retained earning	-	-	-	-	-
<b>At 31st March 2016</b>		5.79	-	-	5.79
Charged / (Credited)					
- to profit or loss		(3.77)	-	-	(3.77)
- to other comprehensive income		-	-	-	-
- to transfer from other reserves to retained earning		-	-	-	-
<b>At 31st March 2017</b>		2.02	-	-	2.02

**14 Current tax liabilities (net)**

Income Tax (Net of Advances)

Fringe Benefit Tax (Net of Advances)

Wealth Tax (Net of Advances)

31.03.2017	31.03.2016	01.04.2015
(Rs. in Crores)		
77.00	3.85	6.31
0.02	0.01	0.01
<b>77.02</b>	<b>3.86</b>	<b>6.32</b>

**15 Current tax assets (net)**

Income Tax paid including TDS (Net of Provisions)

Fringe Benefit Tax (Net of Provisions)

Wealth Tax (Net of Provisions)

31.03.2017	31.03.2016	01.04.2015
(Rs. in Crores)		
12.35	5.67	7.30
0.02	0.02	0.02
<b>12.37</b>	<b>5.69</b>	<b>7.32</b>

**16 Deposits (Unsecured)**

Security Deposit from Clearing Members

Security Deposit in lieu of Bank Guarantee/securities

Deposits from applicants for membership

Deposits from Clearing Banks

**Total**

Current		
31.03.2017	31.03.2016	01.04.2015
(Rs. in Crores)		
324.68	287.52	317.19
66.89	63.36	64.29
2.98	2.27	3.07
<b>293.05</b>	<b>223.55</b>	<b>185.55</b>
<b>687.60</b>	<b>576.70</b>	<b>570.10</b>

**17 Other financial liabilities**

**Trade payables**

Trade payables

Trade payables to related parties (ref to Note No.31)

**Others**

Margins From Members

Settlement Obligations payable

Other liabilities

Current		
31.03.2017	31.03.2016	01.04.2015
(Rs. in Crores)		
5.67	1.75	1.14
33.29	34.64	25.79
<b>38.95</b>	<b>36.39</b>	<b>26.94</b>
3,296.24	863.53	508.75
4,210.41	1,865.18	1,640.59
16.88	14.60	21.05
<b>7,523.53</b>	<b>2,743.31</b>	<b>2,170.39</b>
<b>7,562.48</b>	<b>2,779.70</b>	<b>2,197.33</b>

Trade payables include outstanding amounts of Rs. NIL (Previous Year: Rs. NIL) (including Interest of Rs. Nil, (Previous Year Rs. Nil) payable to Micro, Small & Medium Enterprises. Total outstanding dues to Micro, Small & Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

**18 Other current liabilities**

Statutory payments

Amount payable into Core SGF

Advances from debtors

Current		
31.03.2017	31.03.2016	01.04.2015
(Rs. in Crores)		
7.64	5.80	4.88
6.19	19.39	19.68
0.49	0.45	0.39
<b>14.32</b>	<b>25.64</b>	<b>24.95</b>

**19 Provision employee benefits**

Provisions for Leave encashments

Provision for Gratuity

Provision for variable pay and other allowances

Non-current		
31.03.2017	31.03.2016	01.04.2015
(Rs. in Crores)		
-	-	-
1.17	0.42	-
0.82	0.20	-
<b>1.99</b>	<b>0.62</b>	<b>-</b>

Current		
31.03.2017	31.03.2016	01.04.2015
(Rs. in Crores)		
0.95	0.32	-
0.70	0.01	-
1.14	0.03	-
<b>2.79</b>	<b>0.37</b>	<b>-</b>

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**Revenue from operations**

(Rs. in Crores)

For the year ended 31.03.2017	For the year ended 31.03.2016
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**Sale of Services**

Clearing & Settlement Charges	101.31	99.85
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**Other operating revenues**

Connect to NSE Services	3.89	3.50
Interest received	154.58	164.62
Fair valuation gain	-	5.12
SLB settlement Charges	1.73	
Processing Charges	5.52	4.15
<b>Total</b>	<b>267.03</b>	<b>277.24</b>

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**Other income and other gains/(losses)****Other income**

Interest income from financial assets at amortised cost

- Short Term	5.92	16.85
- Long Term	8.87	8.30
Interest Income :		
On Bank Deposits	13.82	6.64
On Income Tax Refund	5.17	1.76
On Others	0.01	0.01
	33.79	33.56

Dividend income

- Short Term	-	0.15
Miscellaneous Income	0.10	0.07
	33.89	33.78

**Other gains/(losses)**

Net gain on financial assets mandatorily measured at Fair Value through Profit or Loss	6.87	6.83
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Net gain on sale of investments mandatorily measured at Fair Value through Profit or Loss	44.64	25.13
	51.51	31.96

**Total**

	85.40	65.74
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**Employee benefits expenses**

Salaries, wages and bonus	14.69	11.85
Contribution to provident and other fund	0.66	0.44
Employees welfare expenses	0.95	0.71
<b>Total</b>	<b>16.30</b>	<b>13.00</b>

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**Other expenses**

Space & Infrastructure Usage Charges	4.32	3.72
Common Usage Expenses	15.59	14.29
Insurance Premium	0.06	0.06
Printing, Stationery & Consumables	0.58	0.65
Auditors' Remuneration (refer note below)	0.13	0.13
Professional fees	4.13	4.60
Repairs & Maintenance :		
- On Building	0.24	0.12
- On Computer systems	17.71	16.12
- Others	0.22	0.20
IT Management & Consultancy Charges	5.84	4.72
Software Expenses	11.86	6.49
Directors' Sitting fees	0.43	0.31
Electricity expenses	3.23	3.13
Rates and Taxes	0.02	0.01
CSR expenses	2.12	0.55
Bad debts written off (Refer to Note No. 28)	24.10	
Other expenses	14.73	8.80

**Total**

	105.32	63.90
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**Note :****Payment to auditor \*****As auditor :**

Audit fees	0.09	0.09
Other services	0.04	0.04
<b>Total</b>	<b>0.13</b>	<b>0.13</b>

\*Above payment does not include payments of Rs. 0.13 crores towards audit of financial statement for the purpose of proposed IPO of NSEIL, which is reimbursed from NSEIL.

- 24 Expenditure in foreign currency :  
Travelling Expenses: Rs. 0.04 Crores (Previous Year ended March 31, 2016 :Rs. 0.01 Crores )  
Others : Rs. 0.18 Crores (Previous Year ended March 31, 2016 : Rs. 0.05 Crs)
- 25 Payments to and provision for employees includes the amount reimbursed by the company to The National Stock Exchange of India Limited (NSEIL) in respect of employees made available to the company. Accordingly, necessary provisions as required for all retirement benefits and other long term employee benefits as per Ind AS 19 - Employee Benefits issued by the Accounting Standards Board (ASB), are carried out by NSEIL in respect of employees made available to the company.
- 26 Disclosure under Ind As 119 on Employee Benefits notified under Rule 7 of the Companies (Accounts) Rules, 2015
- i) Defined Benefit Plan :  
Provident Fund: Company has contributed Rs. 0.09 Crores towards Provident Fund during the year ended March 31, 2017 to Employee Provident Fund Organisation.
- Gratuity: The company provides for gratuity for employees as per Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of Gratuity is payable on retirement/termination of the employee's last drawn basic salary per month multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contribution to recognised funds with Life Insurance Corporation of India (LIC).

**A Balance Sheet**

- (i) The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the period are as follows:

	(Rs. in Crores )	
	31.03.2017	31.03.2016
Liability at the beginning of the year	0.44	-
Interest cost	0.03	0.03
Current service Cost	0.03	-
Transfers	0.77	0.33
Benefits paid	-	-
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	0.14	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	0.23	-
Actuarial (gains)/losses on obligations - due to experience	0.23	0.08
Liability at the end of the year	1.87	0.43

- (ii) The net liability disclosed above relates to funded plans are as follows:

	(Rs. in Crores )	
	31.03.2017	31.03.2016
Fair value of plan assets as at the end of the year	-	-
Liability as at the end of the year	(1.87)	(0.43)
Net (liability) / asset	(1.87)	(0.43)

- (iii) Balance sheet reconciliation

	(Rs. in Crores )	
	31.03.2017	31.03.2016
Opening net liability	0.44	-
Expenses recognized in Statement of Profit or Loss	0.06	0.03
Expenses recognized in OCI	0.60	0.08
Net (liability)/asset transfer in	0.77	0.33
Employers contribution	-	-
Amount recognised in the Balance Sheet	1.87	0.43

**B Statement of Profit & Loss**

	(Rs. in Crores )	
	31.03.2017	31.03.2016
Net interest cost for current period	0.03	0.03
Interest cost	0.03	0.03
Interest income	-	-
Net interest cost for current period	0.03	0.03

	(Rs. in Crores )	
	31.03.2017	31.03.2016
Expenses recognised in the Statement of Profit & Loss	0.03	-
Current service cost	0.03	-
Net interest cost	0.03	0.03
Expenses recognised in the Statement of Profit & Loss	0.06	0.03

	(Rs. in Crores )	
	31.03.2017	31.03.2016
Expenses recognised in the Other Comprehensive Income	-	-
Re-measurement	-	-
Expected return on plan assets	-	-
Actuarial (gain) or loss	0.61	0.08
Net (income)/expense for the period recognized in OCI	0.61	0.08

**C Sensitivity Analysis**

	(Rs. in Crores )	
	31.03.2017	31.03.2016
Projected Benefit Obligation on Current Assumptions	1.87	0.44
Delta Effect of +1% Change in Rate of Discounting	(0.07)	-
Delta Effect of -1% Change in Rate of Discounting	0.08	-
Delta Effect of +1% Change in Rate of Salary Increase	0.08	-
Delta Effect of -1% Change in Rate of Salary Increase	(0.07)	-
Delta Effect of +1% Change in Rate of Employee Turnover	(0.01)	-
Delta Effect of +1% Change in Rate of Employee Turnover	0.01	-

**D Significant actuarial assumptions are as follows:**

	31.03.2017	31.03.2016
Discount rate	6.77%	7.36%
Rate of return on plan assets	N.A.	N.A.
Salary escalation	8.00%	5.00%
Attrition rate	12.00%	2.00%

- 27 Securities and Exchange Board of India, vide circular CIR/MRD/DMNP/25/2014 dated August 27, 2014, inter alia, has issued norms related to the computation and contribution to the Core Settlement Guarantee Fund by the Clearing Corporation (minimum 50%), Stock Exchange (minimum 25%) and members (maximum 25%). Further SEBI vide circular CIR/CFD/FAC/62/2016 dated May 05, 2016 advised Stock Exchange to transfer 25% of its annual profits to Core SGF.

Details of Core SGF as on March 31, 2017 are as follows :

	(Rs. in Crores )				
	CM	FO	CD	Debt	Total
Details of MRC of Core SGF					
NSCCL own contribution	74.00	401.00	47.00	3.00	525.00
Contribution by NSE on behalf of Member	37.00	200.00	23.00	-	260.00
Contribution by NSE	37.00	201.00	24.00	1.00	263.00
Total	148.00	802.00	94.00	4.00	1,048.00

Out of the above the details of the Cash contributions and investment of the same are as follows :

	(Rs. in Crores )					
	CM	FO	CD	Debt	Other	Total
i Contribution to Corpus of Core SGF						
a NSCCL own contribution	74.00	401.00	47.00	3.00	-	525.00
b Contribution by NSE on behalf of Member	37.00	200.00	23.00	-	-	260.00
c Contribution by NSE	37.00	201.00	24.00	1.00	258.20	521.20
1 Total (a+b+c+d)	148.00	802.00	94.00	4.00	258.20	1,306.20
2 Penalty*	27.61	157.43	14.19	-	-	199.23
3 Income on Investments*	26.54	123.91	15.54	0.44	13.09	179.52
Grand Total (1+2+3)	202.14	1,083.35	123.73	4.44	271.29	1,684.95
ii Details of Investment						
1 Mutual Funds						
2 Fixed Deposit with Banks	167.41	1,007.67	109.44	2.88	254.13	1,541.53
3 Flexi Fixed Deposits	26.37	31.19	9.33	-	3.07	69.97

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4	Balance in Bank Accounts	-	-	0.79	1.44	1.26	3.49
5	Accrued interest	8.36	44.48	4.17	0.11	12.82	69.95
	<b>Grand Total (1+2+3+4+5)</b>	<b>202.14</b>	<b>1,083.35</b>	<b>123.73</b>	<b>4.44</b>	<b>271.29</b>	<b>1,884.95</b>

\* Net of applicable corporate tax Rs. 9.38 Crores, if any, on cash basis.

28 During the period, dues amounting to Rs.24.10 crs. (Previous period Rs.72.38 crs.) pertaining to a defaulter member, after netting off available deposits and collaterals in the form of securities available with the company have been written off as bad debts, the same had earlier been appropriated from the amount of Rs. 527.20 crs. received as contribution to the Settlement Guarantee Fund from National Stock Exchange of India Limited under the Securities Contracts (Regulations) (SECC) Regulations, 2013 and as per circular CIR/CFD/FAC/82/2016 dated May 05,2016. Further the above mentioned amount has been transferred to Core Settlement guarantee Fund (Core SGF).

29 In the opinion of the management, as the Company's operations comprise of only facilitating Clearing & Settlement in securities and the activities incidental thereto within India, the disclosures required in terms of Indian Accounting Standard (Ind AS)-108 - 'Operating Segments' are not applicable.

## Major Customer

Revenue from one major customer is Rs. 99.55 crores (previous year Rs.98.35 crores) which is more than 10% of the total revenue of the Company.

30 In compliance with Indian Accounting Standard (Ind AS)-24 - 'Related Party Disclosures' notified under section 133 of the Act read with Companies (Accounting Standards) Rules 2015, the required disclosures are given in the table below.

## 31 (a) Names of the related parties and related party relationship

Sr. No.	Related Party	Nature of Relationship
1	National Stock Exchange of India Limited (NSE)	Holding Company
2	NSE IFSC Clearing Corporation Ltd	Subsidiary
3	NSE Strategic Investment Corporation Limited	Fellow Subsidiary
4	NSE IT Limited	Fellow Subsidiary's Subsidiary
5	DotEx International Limited	Fellow Subsidiary's Subsidiary
6	India Index Services & Products Limited	Fellow Subsidiary's Subsidiary
7	NSE Infotech Services Limited	Fellow Subsidiary's Subsidiary
8	NSE IT (US) Inc.	Fellow Subsidiary's Subsidiary's Subsidiary
9	Mr. T Venkata Rao (Managing Director)	Key Managerial Personnel
10	Mr. Harun R Khan (Director)	Key Managerial Personnel
11	Mr. Salim Gangadharan (Director)	Key Managerial Personnel
12	Mr. N. K. Maini (Director)	Key Managerial Personnel
13	Mr. Ravi Narain (Director)	Key Managerial Personnel
14	Mr. C. V. R. Rajendran (Director)	Key Managerial Personnel
15	Mr. C. M. Vasudev (Director)	Key Managerial Personnel
16	Ms. Chitra Ramkrishna (Director)	Key Managerial Personnel
17	Mr. Anjan Barua (Director)	Key Managerial Personnel
18	Mr. Sudhir Joshi (Director)	Key Managerial Personnel
19	Mr. K. R. Ramamoorthy (Director)	Key Managerial Personnel
20	Mr. L. Ravi Sankar (Director)	Key Managerial Personnel

## (b) Details of transaction (including service tax wherever levied) with parties are as follows :

		(Rs. in Crores)	
Name of the Related Party	Nature of Transactions	Year ended 31.03.2017	Year ended 31.03.2016
National Stock Exchange of India Ltd.	* Clearing and Settlement charges received	114.48	112.04
	* Usage charges paid	17.83	16.25
	* Contribution received towards Core SGF	540.20	71
	* Reimbursement paid for expenses on staff on deputation	13.34	12.13
	* Reimbursement paid for other expenses incurred	45.10	41.47
	* Reimbursement received for services Rendered	0.16	-
	* Space & Infrastructure usage Charges paid	4.95	4.23
	* Reimbursement received for IPO Expenses	0.15	-
	* Dividend paid	157.50	146.25
	* Sale of Equity Shares	-	0.52
	* Sale of Preference Shares	-	0.41
	* Outstanding balance - (Credit) / Debit	(29.41)	(33.32)
NSE IFSC Clearing Corporation Ltd	* Reimbursement paid for other expenses incurred	0.54	-
	* Investment in Equity Share Capital	50.00	-
	* Outstanding balance - (Credit) / Debit	0.54	-
	* Investment in Equity Share Capital	50.00	-
NSE IT Ltd.	* Repairs & Maintenance - Clearing & Computer systems	2.10	0.93
	* Outstanding balance - (Credit) / Debit	(1.34)	(0.19)
NSE Infotech Services Limited	* Repairs & Maintenance - Clearing & Computer systems	7.67	6.13
	* Outstanding balance - (Credit) / Debit	(2.54)	(1.13)
Key Management Personnel	Gross remuneration including allowances, non-cash perquisites and contribution to Provident Fund and Superannuation Fund etc.	1.83	1.46
Key Management Personnel	Sitting fees paid to directors	1.60	1.04

No commitments made during the years to associate concerns and vice versa

32 In accordance with Indian Accounting Standard (Ind AS) 33 - 'Earning per Share' issued by the Institute of Chartered Accountants of India, the required disclosure is given below.  
Basic and diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year, by weighted average number of equity shares outstanding during the year.

	Year ended 31.03.2017	Year ended 31.03.2016
Net Profit attributable to Shareholders (Rs. in Crores)*	152.84	173.81
Weighted Average number of equity shares issued No. (in Crores)	4.5	4.5
Basic earnings per share of Rs. 10/- each (in Rs.)	33.97	38.63

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earning per share of the Company remain the same. There are no instruments (including contingently issuable shares) issued that could potentially dilute basic earnings per share in the future.

33 **Capital and other commitments :**  
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs.1.81 crores (Previous Year :Rs. 0.10 crores)

## 34 Contingent liabilities and Commitments :

- Claims against company not acknowledged as debts: Rs.6.74 Crores (Previous Year : Rs. 6.59 Crores)
- A suit has been filed against the Company for damages / compensation amounting to Rs.152.57 Crores (Previous Year : Rs. 152.57 Crores) along with interest thereon and has been disputed by the Company. As per the legal opinion received, the possibility of the claim being awarded against the Company is remote.
- On account of disputed demand of Income tax Rs.2.58 Crores (Previous Year : Rs.2.58 Crores)

Accordingly based on the legal opinion received by the company, Company is of the view that the above matters are not likely to have any impact on financial position of the Company.

The Company's pending litigations comprise of claims against the Company and proceedings pending with Statutory and Tax Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position (Refer note no 26 for details on contingent liabilities)

**Note 35 - Statement of Reconciliation between the Indian GAAP and Ind AS****Note 1 First time adoption of Ind AS**

These are the Company's first financial statement prepare in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the the year ended March 31 , 2016 and in the preparation of comparative Balance sheet as at March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

**A. Exemptions and exceptions availed**

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Previous GAAP to Ind AS.

**A.1 Ind AS optional exemptions****A.1.1 Deemed cost**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its plant and equipment, intangible assets and investment property at their Previous GAAP carrying value.

**A.1.2 Designation of previously recognised financial instruments**

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS.

The Company has elected to apply this exemption for its investment in equity instruments.

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/arrangements.

**A.2 Ind AS mandatory exceptions****A.2.1 Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made in for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Previous GAAP:

- Investment in mutual funds / Exchange Traded Funds carried at FVPL:

**A.2.2 Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Accordingly, classification and measurement of bonds, debentures, government securities, commercial papers, certificate of deposits has been based on the facts and circumstances that exist at the date of transition to Ind AS.

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

- A. Reconciliation of Equity as at April 1, 2015 and as at March 31, 2016
- B. Reconciliation of Statement of Profit and Loss for the year ended 31st March, 2016
- C. There is no impact on cash flows from operating, investing and financing activities for the year ended March 31, 2016 on account of transition to Ind AS.

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A

**Reconciliation of total equity as at 31st March 2016 and 1st April 15** (Rs. in Crores)

	Note to first-time adoption	31.03.2016	01.04.2015
<b>Total equity (shareholder's fund) as per previous GAAP</b>		<b>568.98</b>	<b>702.66</b>
<b>Ind AS Adjustments:</b>			
Proposed dividend	4	189.57	176.02
Fair valuation of investments through profit and loss account	2	16.64	4.88
Amortisation of debt instruments	2	0.05	(0.15)
Provision for Tax for earlier year			
Tax effects of above adjustments	3	(5.73)	(1.63)
<b>Total adjustments</b>		<b>200.53</b>	<b>179.12</b>
<b>Total equity as per Ind AS</b>		<b>769.51</b>	<b>881.78</b>

B

**Reconciliation of total comprehensive income** (Rs. in Crores)

	Note to first-time adoption	For the year ended 31.03.2016
<b>Profit after tax as per previous GAAP</b>		<b>165.89</b>
<b>Adjustments:</b>		
Fair valuation of Investments through profit and loss account	2	11.95
Amortisation of debt instruments	2	0.05
Provision for Tax for earlier year		
Re-measurement of the defined benefit obligation	5	0.08
Tax effects of adjustments on Profit & Loss	3	(4.15)
<b>Profit after tax as per Ind AS</b>		<b>173.81</b>
<b>Other Comprehensive Income</b>		
Total Other Comprehensive Income, net of tax	8	(0.05)
<b>Total Comprehensive Income as per Ind AS</b>		<b>173.76</b>

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Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from Previous GAAP to Ind AS.

**A Reconciliation of equity as at date of transition (1 April 2015)**

		Rs. in Crores		
	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
<b>ASSETS</b>				
<b>1 Non-current assets</b>				
a Property, Plant and Equipments		2.77		2.77
b Capital work-on-progress				-
c Other Intangible assets		0.49		0.49
d Intangible assets under development				-
e Financial Assets				-
i Investments	2	178.49	0.10	178.59
ii Deposits				
ii Non-current bank balances		222.43		222.43
iii Other Financial Assets		10.28	-	10.28
f Deferred Tax Assets (Net )		-		-
g Income tax assets (net)		7.33		7.33
h Other non-current assets		0.03		0.03
<b>Total non-current assets</b>		<b>421.81</b>	<b>0.10</b>	<b>421.91</b>
<b>2 Core SGF investmements</b>	2	<b>673.11</b>	<b>2.36</b>	<b>675.48</b>
<b>3 Current assets</b>				
a Financial Assets				-
i Investments	2	396.29	4.63	400.92
ii Trade receivable		36.79		36.79
iii Cash and Cash equivalents		2,178.55		2,178.55
iv Bank balances other than cash and cash equivalents		387.81		387.81
v Other Financial Assets		251.75	-	251.75
b Other current assets		4.85		4.85
<b>Total current assets</b>		<b>3,256.05</b>	<b>4.63</b>	<b>3,260.67</b>
<b>TOTAL ASSETS</b>		<b>4,350.96</b>	<b>7.09</b>	<b>4,358.06</b>
<b>EQUITY AND LIABILITIES</b>				
<b>(A) EQUITY</b>				
a Equity Share capital		45.00		45.00
b Other Equity	2,3,4,5,6,7	657.66	179.11	836.78
<b>Total Equity</b>		<b>702.66</b>	<b>179.11</b>	<b>881.78</b>
<b>(B) LIABILITIES</b>				
<b>1 Non-current liabilities</b>				
a Deferred tax liabilities (Net)	3	0.47	1.64	2.10
<b>Total non-current liabilities</b>		<b>0.47</b>	<b>1.64</b>	<b>2.10</b>
<b>2 Core Settlement Guarantee Fund (Core SGF )</b>	2	<b>673.11</b>	<b>2.36</b>	<b>675.47</b>
<b>3 Current liabilities</b>				
a Financial Liabilities				
i Deposits (Unsecured)		570.10		570.10
ii Trade payable		26.94		26.94
iii Other financial liabilities (Other than Provisions in (b) below)		2,170.39		2,170.39
b Provisions	4	176.02	(176.02)	-
c Other current liabilities		24.95		24.95
d Income Tax Liabilities (Net)		6.32		6.32
<b>Total current liabilities</b>		<b>2,974.72</b>	<b>(176.02)</b>	<b>2,798.70</b>
<b>Total liabilities</b>		<b>3,648.29</b>	<b>(172.02)</b>	<b>3,476.27</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,350.95</b>	<b>7.09</b>	<b>4,358.06</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note



## Reconciliation of equity as at 31st March 2016

Rs. in Crores				
	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
<b>ASSETS</b>				
<b>1 Non-current assets</b>				
a Property, Plant and Equipments		4.81		4.81
b Capital work-on-progress		0.62		0.62
c Other Intangible assets		1.92		1.92
d Intangible assets under development		0.41		0.41
e Financial Assets				-
i Investments	2	170.88	(0.01)	170.87
ii Deposits				
ii Non-current bank balances		208.82		208.82
iii Other Financial Assets		25.42	-	25.42
f Deferred Tax Assets (Net )		-		-
g Income tax assets (net)		5.69		5.69
h Other non-current assets		0.11		0.11
Total non-current assets		<b>418.68</b>	<b>(0.01)</b>	<b>418.67</b>
<b>2 Core sgf investments</b>		<b>965.89</b>	<b>31.42</b>	<b>997.31</b>
<b>3 Current assets</b>				
a Financial Assets				-
i Investments	2	699.11	16.69	715.81
ii Trade receivable		20.00		20.00
iii Cash and Cash equivalents		2,788.89		2,788.89
iv Bank balances other than cash and cash equivalents		139.77		139.77
v Other Financial Assets		72.96	-	72.96
b Other current assets		6.32		6.32
Total current assets		<b>3,727.06</b>	<b>16.69</b>	<b>3,743.76</b>
<b>TOTAL ASSETS</b>		<b>5,111.63</b>	<b>48.10</b>	<b>5,159.74</b>
<b>EQUITY AND LIABILITIES</b>				
<b>(A) EQUITY</b>				
a Equity Share capital		45.00		45.00
b Other Equity	2,3,4,5,6,7,8	523.98	200.53	724.51
Total Equity		<b>568.98</b>	<b>200.53</b>	<b>769.51</b>
<b>(B) LIABILITIES</b>				
<b>1 Non-current liabilities</b>				
a Provisions		0.62	-	0.62
b Deferred tax liabilities (Net)	3	0.29	5.76	6.04
Total non-current liabilities		<b>0.91</b>	<b>5.76</b>	<b>6.67</b>
<b>2 Core Settlement Guarantee Fund (Core SGF )</b>	<b>2</b>	<b>965.88</b>	<b>31.42</b>	<b>997.31</b>
<b>3 Current liabilities</b>				
a Financial Liabilities				
i Deposits (Unsecured)		576.70		576.70
ii Trade payable		36.39		36.39
iii Other financial liabilities		2,743.30		2,743.30
b Provisions	4	189.96	(189.60)	0.36
c Other current liabilities		25.64		25.64
d Income Tax Liabilities (Net)	5	3.86		3.86
Total current liabilities		<b>3,575.85</b>	<b>(189.60)</b>	<b>3,386.26</b>
Total liabilities		<b>3,576.75</b>	<b>(152.42)</b>	<b>4,390.22</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,111.63</b>	<b>48.10</b>	<b>5,159.74</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note

## B Reconciliation of total comprehensive income for the year ended March 31, 2016

Rs. in Crores

	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
<b>Income</b>				
Revenue from operations	2	272.09	5.15	277.24
Other income	2	58.89	6.85	65.74
<b>Total Income</b>		330.98	12.00	342.98
<b>Expenses</b>				
Employee benefits expense	5	13.07	(0.08)	13.00
Finance Cost				-
Clearing & Settlement charge				-
Repairs & maintenance - computers, trading & telecommunication systems				-
Depreciation and amortisation expense		2.30		2.30
Other expenses		63.90		63.90
<b>Total Expenses</b>		79.28	(0.08)	79.21
<b>Profit before tax</b>		251.70	12.08	263.77
Less : Tax expenses				
Current tax		86.00		86.00
Deferred tax	3	0.19	4.15	3.97
<b>Total tax expenses</b>		85.81	4.15	89.97
<b>Profit after tax (A)</b>		165.89	7.93	173.81
<b>Other Comprehensive Income</b>				
Items that will not be reclassified to profit or loss				-
Re-measurement of the defined benefit liability / asset	5 ,8		(0.08)	(0.08)
Equity instruments through Other Comprehensive Income				-
Income tax relating to items that will not be reclassified to profit or loss				-
Re-measurement of the defined benefit liability / asset	5		0.03	0.03
<b>Total Other Comprehensive Income (B)</b>		-	(0.05)	(0.05)
<b>Total Comprehensive Income (A+B)</b>		165.89	7.88	173.76

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note

**Note 2: Investments****Mutual funds**

Under the Previous GAAP, investments in and mutual funds and debt instruments were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments (other than equity instruments designated as at FVOCI) have been recognised in other equity as at the date of transition i.e. April 1, 2015 and subsequently in the profit or loss for the years ended March 31, 2016

Under the Previous GAAP, Core SGF investments stated at cost and profit realized on sale or redemption of Investment is credited to Core Settlement Guarantee Fund , Under Ind AS these investments are required to be measured at fair value. The resulting fair value changes of these investments have been credited to Core Settlement Guarantee Fund.

Mutual funds and equity instruments	Increase/(Decrease) Balance Sheet Impact		Increase/(Decrease) Total Comprehensive Income Impact
	As at April 1, 2015	As at March 31, 2016	For the year ended March 2016
Investments (Current)	4.72	16.69	
Investments (Non - Current)	0.16	0.05	
Core Settlement Guarantee Fund (Core SGF )	2.36	31.42	
<b>Total</b>	<b>7.24</b>	<b>48.16</b>	
Other Equity (Retained earnings)	4.87	16.74	
Core Settlement Guarantee Fund (Core SGF )	2.36	31.42	
Other operating income (Profit and loss)			5.15
Other income (Profit and loss)			6.76
<b>Total</b>	<b>7.24</b>	<b>48.16</b>	<b>11.90</b>

### Investments in Debt instruments

Under Previous GAAP, the investments in debentures, government securities (G-Sec), commercial papers and bond are measured at cost or market value, whichever is lower.

- a. Investments in Government Securities - Under Ind AS, the Company has designated Government Securities (G-Sec) as fair value through other comprehensive income (FVOCI). Accordingly, these investments are required to be measured at fair value. At the date of transition to Ind AS i.e. April 1, 2015 for the purpose of Restated Financial Information, difference between the instrument's fair value and Previous GAAP carrying amount has been recognised in other equity (Retained earnings for interest income component and Debt instruments through Other Comprehensive Income for fair value change). Interest income and fair value changes are recognised in the statement of profit and loss and other comprehensive income, respectively.
- b. Under Ind AS, the Company has designated debenture, commercial papers, certificate of deposits and bonds at amortised cost. Difference between the instruments's amortised value and Previous GAAP carrying amount has been recognised in other equity and subsequently in the statement of profit or loss.

Investments in Debt instruments	Increase/(Decrease) Balance Sheet Impact		Total Comprehensive Income Impact Increase/(Decrease)
	As at April 1, 2015	As at March 31, 2016	For the year ended March 2016
Investments (Current)	-0.06	-0.07	
Investments (Non - Current)	-0.09	0.01	
<b>Total</b>	<b>-0.15</b>	<b>-0.06</b>	
Other Equity (Retained earnings)	-0.15	-0.06	
Other income (Amortization charge)			
Other income (profit and loss)			0.10
Other comprehensive income (net of tax)			
<b>Total</b>	<b>-0.15</b>	<b>-0.06</b>	<b>0.10</b>

### Note 3: Deferred tax

Under Previous GAAP, deferred taxes are recognised for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognised using the balance sheet for future tax consequences of temporary

differences between the carrying value of assets and liabilities and their respective tax bases. Also deferred tax asset shall be recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

#### **Note 4: Proposed dividend**

Under the Previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend including dividend distribution tax was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend including dividend distribution tax included under provisions has been reversed with corresponding adjustment to in other equity. Consequent to the above, Total equity has increased for each of the respective years as follows:

	(Rs. in crores)	
	<b>For the year 01.04.2015</b>	<b>For the year 31.03.2016</b>
Total Equity	176.02	189.57

#### **Note 5: Re-measurement of post-employment benefit obligations**

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the Previous GAAP, these re-measurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 increased by Rs. 0.08 Cr.

#### **Note 7: Retained Earnings**

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

#### **Note 8: Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss includes re-measurements of defined benefit plans. The concept of other comprehensive income did not exist under Previous GAAP.

## (I) Fair Value Hierarchy:

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value and are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three level prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial Assets and Liabilities measured at Fair Value - recurring fair Value measurements At 31 March,2017	Notes	Level 1	Level 2	Level 3	Total 31 March,2017
<b>Financial Assets</b>					
<i>Financial Investments at FVPL</i>					
Mutual Fund - Growth Plan	8	247.14	-	-	247.14
<b>Total Financial Assets</b>		247.14	-	-	247.14

Assets and Liabilities which are measured at Amortised Cost for which - recurring fair Value measurements At 31 March,2017	Notes	Level 1	Level 2	Level 3	Total 31 March,2017
<b>Financial Assets</b>					
<i>Investments</i>					
Fixed Deposit	5 & 11	-	2,596.16	-	2,596.16
<b>Total Financial Assets</b>	-	-	2,596.16	-	2,596.16

Financial Assets and Liabilities measured at Fair Value - recurring fair Value measurements At 31 March, 2016	Notes	Level 1	Level 2	Level 3	Total 31 March,2016
<b>Financial Assets</b>					
<i>Financial Investments at FVPL</i>					
Mutual Fund - Growth Plan	8	1,287.02	-	-	1,287.02
Exchange Traded Funds	4	26.49	-	-	26.49
<b>Total Financial Assets</b>		1,313.50	-	-	1,313.50

Assets and Liabilities which are measured at Amortised Cost for which - recurring fair Value measurements At March 31, 2016	Notes	Level 1	Level 2	Level 3	Total 31 March,2016
<b>Financial Assets</b>					
<i>Investments</i>					
Debentures	8	-	117.91	-	117.91
Taxable Bonds	4 & 8	-	32.20	-	32.20
Taxfree Bonds	4 & 8	-	96.66	-	96.66
Fixed Deposit	5 & 11	-	677.77	-	677.77
<b>Total Financial Assets</b>		-	924.54	-	924.54

Financial Assets and Liabilities measured at Fair Value - recurring fair Value measurements At April 1, 2015	Notes	Level 1	Level 2	Level 3	Total 31 March,2015
<b>Financial Assets</b>					
<i>Financial Investments at FVPL</i>					
Mutual Fund - Growth Plan	8	618.59	-	-	618.59
Exchange Traded Funds	4	12.55	-	-	12.55
<b>Total Financial Assets</b>		631.14	-	-	631.14

Assets and Liabilities which are measured at Amortised Cost for which - recurring fair Value measurements At April 1, 2015	Notes	Level 1	Level 2	Level 3	Total 31 March,2015
<b>Financial Assets</b>					
<i>Investments</i>					
Debentures	8	-	247.64	-	247.64
Taxable Bonds	4 & 8	-	48.31	-	48.31
Taxfree Bonds	4 & 8	-	63.29	-	63.29
Commercial Paper	4	-	54.23	-	54.23
Fixed Deposit	5 & 11	-	909.58	-	909.58
<b>Total Financial Assets</b>		-	1,323.05	-	1,323.05

The fair value of financial instruments as referred to in note above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements). The categories used are as follows :

- Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, exchange traded funds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, debentures, government securities and commercial papers) is determined using FIMMDA valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

There are no transfers between levels 1 and 2 during the period. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy level as at the end of reporting period.

## (II) Valuation technique used to determine fair value :

Specific valuation techniques used to value financial instruments include:

- 1) The use of quoted market prices or dealer quotes for similar instruments in case of quoted equity shares, exchange traded funds and mutual funds.
- 2) The fair value of the unlisted equity instruments is determined using the price / book multiple (P/B) multiple approach.
- 3) All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, where the fair values have been determined as per 2 above.

## (III) Fair value measurements using significant unobservable inputs (level 3)

No item falling in level 3 during the restated period.

**(iv) Valuation processes :**

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO).

**B Financial Instruments by category**

	31-Mar-17		31-Mar-16		01-Apr-15	
	FVPL	Amortised Cost	FVPL	Amortised Cost	FVPL	Amortised Cost
<b>Financial Assets</b>						
Investments						
Equity Instruments	-					0.83
Debentures	-			117.54		246.01
Taxable Bonds	-			30.63		46.57
Taxfree Bonds	-			95.25		53.45
Commercial Paper	-			-	54.23	
Fixed Deposits	-	2,596.16		675.72		908.57
Mutual Funds	247.14		1,287.02		618.59	-
Exchange Traded Funds			26.49		12.55	-
Trade receivables		7.38		20.00		36.79
Cash and Cash equivalents		7,701.12		2,788.89		2,178.55
Other financial assets		95.07		98.38		262.03
<b>Total financial assets</b>	<b>247.14</b>	<b>10,399.74</b>	<b>1,313.50</b>	<b>3,826.41</b>	<b>685.37</b>	<b>3,732.79</b>

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Assessment & Review Committee (RARC), which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The RARC is supported by Treasury department among others, that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Treasury department activities are designed to:

- protect the Company's financial results and position from financial risks
- maintain market risks within acceptable parameters, while optimising returns; and
- protect the Company's financial investments, while maximising returns.

The Treasury department is responsible to maximise the return on companies internally generated funds.

#### A MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintains a conservative funding and investment strategy, with a positive cash balance throughout the year ended 31st March, 2017 and 31st March, 2016. This was the result of cash generated from operating activities and investing activities to provide the funds to service the financial liabilities on a day-to-day basis.

The Company's treasury department regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated by the operating entities, over and above the amount required for working capital management and other operational requirements, is retained as cash equivalents (to the extent required), other highly liquid investments and excess is invested in interest bearing term deposits and other highly marketable debt investments including the government securities with appropriate maturities to optimise the returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.

	Carrying amount	Payable on demand	Less than 3 months	3-6 months	6-12 months	More than 12 months	Total
<b>As at March 31, 2017</b>							
Trade payables	38.95		38.95				38.95
Deposits	687.60	687.60					687.60
Defaulters fund pending claims							-
Other liabilities	7,523.53	7,523.53					7,523.53
<b>As at March 31, 2016</b>							
Trade payables	36.39		36.39				36.39
Deposits	576.70	576.70					576.70
Other liabilities	2743.31	2743.31					2,743.31

#### B MANAGEMENT OF MARKET RISK

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
<b>1. PRICE RISK</b>		
The Company is mainly exposed to the price risk due to its investment in mutual funds and exchange traded funds. The price risk arises due to uncertainties about the future market values of these investments.	In order to manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio in accordance with the limits set by the risk management policies.	As an estimation of the approximate impact of price risk, with respect to mutual funds and exchange traded funds, the Company has calculated the impact as follows.
At 31st March, 2017, the exposure to price risk due to investment in mutual funds amounted to Rs. 247.14 crores (March 31, 2016: Rs. 1287.02 crores and March 31, 2015 : Rs. 618.59 crores).	The Treasury department maintains a list of approved financial instruments. The use of any new investment must be approved by the Chief Financial Officer.	For mutual funds, a 0.25% increase in prices would have led to approximately an additional Rs. 0.62 crores gain in the Statement of Profit and Loss (2015-16: Rs. 3.22 crores gain and 2014-15: Rs. 1.55 crores). A 0.25% decrease in prices would have led to an equal but opposite effect.

#### C MANAGEMENT OF CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

##### Trade and other receivables

Concentrations of credit risk with respect to trade receivables are limited, due to the Company's customer base being large and diverse and also on account of member's deposits kept by the company as collateral which can be utilised in case of member default. Further, amount lying in Core settlement Guarantee fund (CSGF) is available for utilisation in case of settlement default by member. All trade receivables are reviewed and assessed for default on a quarterly basis.

Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low.

Revenue from top customer is account for 98% (Previous Year 98%)

##### Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks, investments in commercial papers, government securities, investments in mutual funds and exchange traded funds. The Company has diversified portfolio of investment with various number of counter-parties which have secure credit ratings hence the risk is reduced. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Company's Treasury department.

The Company's maximum exposure to credit risk as at March 31, 2017, 2016 and April 01, 2015 is the carrying value of each class of financial assets as disclosed in note no. 4,5,6,8 10 and 11.



# NATIONAL SECURITIES CLEARING CORPORATION LIMITED

38 As per the Section 135 of the Act, every Company having networth of Rs. 500 crores or more or a Turnover of Rs. 1000 crores or more or a Net Profit of Rs. 5 crores or more during any financial year is required to spend atleast 2% of its Average Net Profit made during the immediately 3 preceding financial years on the Corporate Social Responsibility (CSR) activities. Gross amount required to be spent by the Company is Rs. 5.23 Crores (Previous Year Rs.5.65 Crores ) and amount actually spent is Rs.2.12 Crores (Previous Year Rs.0.55 Crores) , the details of which is as given below:

FY 2016-17 (Rs. in Crores )

	Construction /acquisition of any asset	On purposes other than above
In Cash	-	1.98
Yet to be paid in cash	-	-
Total	-	1.98

FY 2015-16 (Rs. in Crores )

	Construction /acquisition of any asset	On purposes other than above
In Cash	-	0.55
Yet to be paid in cash	-	-
Total	-	0.55

During the year, the company has created CSR Reserve to undertake CSR activities and has transferred unspent amount from Retained earnings to CSR Reserve. The unspent amount is the shortfall in amount required to be spent by the Company as per the Companies Act, 2013 and amount actually spent.( refer to Note No. 12b)

	(Rs.in Crores)		
Corporate Social Responsibility (CSR) :	31.03.2017	31.03.2017	01.04.2015
Gross amount required to be spent by the Company on Corporate Social Responsibility activities	5.23	5.66	5.73
Amount spent during the year towards primary education, elder care, etc (Purpose other than Construction / acquisition of any asset)	1.98	0.55	0.17
Amount transferred from Retained earnings to CSR Reserve	13.92	-	-

39 Previous year figures have been regrouped / reclassified wherever necessary.

**For HARIBHAKTI & CO. LLP**  
Chartered Accountants  
ICAI Firm Registration No.103523W / W100048

**SUMANT SAKHARDANDE**  
Partner  
Membership No.034828

Place : Mumbai  
Date : April 27, 2017

**For and on behalf of the Board of Directors**

**HARUN R KHAN**  
Chairman  
[ DIN :07456806 ]

**T VENKATA RAO**  
Managing Director  
[ DIN :06832502 ]

**R. JAYAKUMAR**  
Company Secretary

**AMIT AMLANI**  
Chief Financial Officer