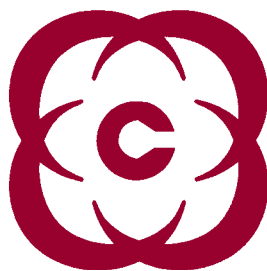


NATIONAL SECURITIES CLEARING CORPORATION LIMITED

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



TWENTY-THIRD ANNUAL REPORT 2017-18



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CORPORATE INFORMATION

BOARD OF DIRECTORS

| | | |
|-----------------------|---|-------------------|
| Mr. Harun R Khan | : | Chairman |
| Mr. Salim Gangadharan | | |
| Mr. Navin Kumar Maini | | |
| Mr. C VR Rajendran | | |
| Mrs. Bhagyam Ramani | | |
| Mr. J. Ravichandran | | |
| Mr. Vikram Kothari | : | Managing Director |

MANAGEMENT TEAM

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

| | | |
|--------------------------------|---|-----------------|
| CHIEF FINANCIAL OFFICER | : | Mr. Amit Amlani |
|--------------------------------|---|-----------------|

| | | |
|--------------------------|---|------------------|
| COMPANY SECRETARY | : | Mr. R. Jayakumar |
|--------------------------|---|------------------|

| | | |
|-----------------|---|--|
| AUDITORS | : | M/s. Khandelwal Jain & Co. Chartered Accountants 12-B, Baldota Bhavan, 5th Floor Maharshi Karve Road, Churchgate Mumbai - 400 020 |
|-----------------|---|--|

| | | |
|--------------------------|---|--|
| 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, L.B.S Marg, Vikroli (West) Mumbai – 400 083 |
|--|---|---|



BOARD'S REPORT

To,

The Members,

Your Directors have pleasure in presenting the Twenty-third Annual Report and Audited Accounts of the Company for the year ended March 31, 2018.

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, 246 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 ₹ 8,210.95 crores in 2017-18 compared to ₹ 5,967.59 crores in 2016-17. The average funds pay-in per settlement was ₹ 2,070.79 crores in 2017-18 compared to ₹ 1,650.90 crores in 2016-17. The average number of shares processed per settlement was about 3,873.22 lakhs in 2017-18 compared to 2,926.14 lakhs in 2016-17. Short deliveries per settlement averaged around 0.16% in 2017-18 as compared to 0.17% in 2016-17.

The highest trading volume of ₹ 55,926.87 crores was observed on October 26, 2017 and the highest deliverable value of ₹ 17,183.65 crores were observed on December 05, 2017. Percentage of number of shares deliverable to number of shares traded decreased to 25.68% in 2017-18 from 28.07% in 2016-17. Percentage of value of shares deliverable to value of shares traded decreased to 28.06% in 2017-18 from 29.61% in 2016-17.

The Core Settlement Guarantee Fund stood at ₹ 224.59 crores as on 31st March 2018. The details of settlements carried out by NSCCL are presented in Table No.01 below:-



Table No.01 : Settlement Statistics for 2017-2018 – Capital Market segment

| Month | Quantity of Shares Traded (in lakhs) | Quantity of Shares Deliverable (in 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-17 | 2,49,467.14 | 72,463.98 | 29.05 | 4,74,912.10 | 1,43,865.51 | 30.29 | 0.12 | 31,734.77 | 18 |
| May-17 | 2,89,353.48 | 78,718.37 | 27.20 | 5,81,636.73 | 1,66,371.45 | 28.60 | 0.13 | 39,228.17 | 22 |
| Jun-17 | 2,52,857.19 | 66,111.92 | 26.15 | 4,95,032.08 | 1,44,966.73 | 29.28 | 0.15 | 37,937.43 | 21 |
| Jul-17 | 3,16,019.11 | 85,405.24 | 27.03 | 5,37,173.44 | 1,55,963.53 | 29.03 | 0.23 | 39,435.67 | 21 |
| Aug-17 | 2,80,299.57 | 72,132.69 | 25.73 | 5,53,001.38 | 1,48,406.27 | 26.84 | 0.34 | 39,754.03 | 21 |
| Sep-17 | 2,92,471.57 | 77,362.03 | 26.45 | 5,89,711.53 | 1,64,302.54 | 27.86 | 0.14 | 40,163.60 | 21 |
| Oct-17 | 2,82,106.96 | 76,300.12 | 27.05 | 6,02,655.25 | 1,75,442.73 | 29.11 | 0.19 | 43,090.29 | 20 |
| Nov-17 | 3,55,488.26 | 92,837.16 | 26.12 | 7,22,943.47 | 2,01,297.85 | 27.84 | 0.11 | 48,046.50 | 22 |
| Dec-17 | 3,16,681.09 | 79,869.84 | 25.22 | 5,98,894.65 | 1,70,094.38 | 28.40 | 0.16 | 42,984.12 | 20 |
| Jan-18 | 4,81,298.31 | 1,12,157.24 | 23.30 | 8,14,868.04 | 2,18,612.05 | 26.83 | 0.11 | 54,847.11 | 22 |
| Feb-18 | 2,99,686.15 | 71,276.19 | 23.78 | 6,46,853.34 | 1,70,122.66 | 26.30 | 0.12 | 45,933.23 | 19 |
| Mar-18 | 2,95,122.88 | 68,177.35 | 23.10 | 5,81,104.97 | 1,60,447.62 | 27.61 | 0.13 | 46,260.25 | 19 |

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 2017-18, the volumes in SLBS increased by 56.41% from ₹ 11,936.76 crores in 2016-17 to ₹ 18,670.63 crores. As compared to previous year, during 2017-18, securities traded in SLBS increased from 185 to 242. As on March 31, 2018, there are 141 participants, 5 custodian-cum-participants and 5 custodians registered in SLBS.

1.3 Settlement - F&O segment

The period April 2017 - March 2018 witnessed an increase in the total amount settled. The total value of settlement increased from ₹ 96,777.87 crores in 2016-17 to ₹ 1,39,821.73 crores in 2017-18. The highest monthly settlement was ₹ 15,822.44 crores in the month of February, 2018. March, 2018 witnessed the highest monthly trading volumes of ₹ 1,74,56,825.61 crores while the highest daily trading volumes on NSE during this period was ₹ 17,50,208.42 crores, witnessed on January 25, 2018 with total of 1,88,06,663 contracts being traded.

The details of turnover and month-wise settlement values during the year April 01, 2017 to March 31, 2018 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-17 | 1,200.76 | 94,59,681.67 | 5,356.92 | 79.83 | 1,278.31 | 244.02 | 6,959.08 |
| May-17 | 1,485.213 | 1,18,81,402.37 | 10,259.50 | 394.85 | 1,239.48 | 192.70 | 12,086.53 |
| Jun-17 | 1,381.061 | 1,14,32,267.31 | 5,229.80 | 144.04 | 1,329.6 | 407.73 | 7,111.17 |
| Jul-17 | 1,449.856 | 1,21,92,440.98 | 6,552.16 | 162.87 | 1,649.59 | 143.75 | 8,508.37 |
| Aug-17 | 1,706.875 | 1,47,35,150.36 | 11,556.76 | 90.31 | 1,583.68 | 169.63 | 13,400.38 |
| Sep-17 | 1,584.816 | 1,35,50,360.69 | 9,253.98 | 145.17 | 1,443.76 | 153.22 | 10,996.13 |
| Oct-17 | 1,499.497 | 1,30,81,714.54 | 8,666.89 | 166.7 | 1,708.13 | 226.84 | 10,768.56 |
| Nov-17 | 1,729.442 | 1,54,51,468.66 | 9,469.04 | 362.52 | 1,347.12 | 155.08 | 11,333.76 |
| Dec-17 | 1,549.147 | 1,37,07,150.32 | 10,050.48 | 84.84 | 2,106.04 | 888.58 | 13,129.94 |
| Jan-18 | 1,747.254 | 1,60,09,778.99 | 12,301.49 | 193.78 | 1,932.36 | 215.68 | 14,643.31 |
| Feb-18 | 1,804.353 | 1,60,26,617.55 | 13,686.17 | 136.76 | 1,763.86 | 235.65 | 15,822.44 |
| Mar-18 | 2,000.511 | 1,74,56,825.61 | 13,073.89 | 251.28 | 1,559.58 | 177.31 | 15,062.06 |

As on March 31, 2018, the Core Settlement Guarantee Fund in F&O segment stood at ₹ 1617.45 Crore.

1.4 Settlement - Currency Derivatives segment

1.4.1 Currency Futures & Options

The year 2017-18 witnessed a decrease in the total settlement values from ₹ 6,874.22 crores in 2016-17 to ₹ 5,029.38 crores. The highest monthly settlement value was ₹ 638.26 crores in the month of September 2017. The highest trading value in Currency Futures on NSE during this period was ₹ 39,409.42 crores witnessed on September 27, 2017 with total of 59,20,966 contracts being traded and in Currency Options it was ₹ 31,726.30 crores, witnessed on September 21, 2017 with total of 48,95,953 contracts being traded.

The details of turnover and month-wise settlement values during the year April 01, 2017 to March 31, 2018 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-17 | 276.22 | 1,81,185.63 | 330.32 | 16.77 | 332.84 | 2,16,818.70 | 122.56 | 73.56 | 543.21 |
| May-17 | 277.52 | 1,82,960.46 | 417.36 | 3.27 | 323.40 | 2,10,162.05 | 95.93 | 35.33 | 551.89 |
| Jun-17 | 248.84 | 1,65,606.92 | 149.78 | 1.43 | 244.71 | 1,59,124.61 | 68.01 | 17.91 | 237.13 |
| Jul-17 | 239.05 | 1,58,914.59 | 189.17 | 8.06 | 251.52 | 1,63,563.67 | 77.01 | 29.33 | 303.58 |
| Aug-17 | 256.89 | 1,69,544.90 | 334.22 | 4.31 | 314.71 | 2,03,107.07 | 81.68 | 22.88 | 443.10 |
| Sep-17 | 418.00 | 2,77,485.90 | 425.26 | 24.03 | 430.97 | 2,80,138.32 | 121.72 | 67.25 | 638.26 |
| Oct-17 | 299.19 | 1,99,645.60 | 393.43 | 29.51 | 313.88 | 2,05,542.83 | 89.24 | 35.04 | 547.22 |
| Nov-17 | 401.66 | 2,67,316.24 | 246.65 | 5.26 | 350.68 | 2,28,860.91 | 63.10 | 37.79 | 352.79 |
| Dec-17 | 347.90 | 2,30,216.34 | 149.37 | 3.18 | 252.87 | 1,63,860.73 | 62.54 | 22.37 | 237.45 |
| Jan-18 | 402.59 | 2,66,266.45 | 264.61 | 1.59 | 334.85 | 2,14,896.56 | 52.57 | 22.28 | 341.05 |
| Feb-18 | 425.80 | 2,83,904.61 | 366.91 | 7.16 | 343.99 | 2,22,766.81 | 62.56 | 18.62 | 455.26 |
| Mar-18 | 310.69 | 2,12,638.03 | 302.99 | 14.02 | 250.90 | 1,63,974.23 | 51.82 | 9.63 | 378.45 |



1.4.2 Interest Rate Futures

The year 2017-18 witnessed a decrease in the total settlement values from ₹ 1,170.24 crores in 2016-17 to ₹ 812.92 crores. The highest monthly settlement value was ₹ 93.48 crores in the month of January 2018. The highest trading volume in Interest Rate Futures on NSE during this period was ₹ 6,437.95 crores witnessed on July 27, 2017 with total of 3,13,565 contracts being traded.

The details of turnover and month-wise settlement values during the year April 01, 2017 to March 31, 2018 are tabulated in Table No.04 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-17 | 15.96 | 32,824.36 | 75.89 | 1.78 |
| May-17 | 10.83 | 22,208.39 | 65.14 | 2.00 |
| Jun-17 | 12.98 | 26,851.83 | 56.66 | 1.53 |
| Jul-17 | 10.95 | 22,437.48 | 36.83 | 0.89 |
| Aug-17 | 10.57 | 21,572.85 | 38.93 | 0.31 |
| Sep-17 | 11.95 | 24,201.01 | 67.55 | 1.64 |
| Oct-17 | 12.51 | 25,041.39 | 54.01 | 0.89 |
| Nov-17 | 18.46 | 36,432.65 | 88.79 | 2.21 |
| Dec-17 | 15.89 | 30,861.92 | 60.69 | 7.88 |
| Jan-18 | 16.76 | 32,065.42 | 91.92 | 1.56 |
| Feb-18 | 12.71 | 23,710.73 | 83.06 | 4.12 |
| Mar-18 | 12.29 | 23,000.09 | 66.68 | 1.96 |

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

As on March 31, 2018, the Core Settlement Guarantee Fund in Currency Derivatives segment stood at ₹ 133.38 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

1.6.1 Over the Counter Trades

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 2017-18 stands at ₹ 4,795.70 crores, ₹ 4,187.82 crores and ₹ 3,022.18 crores respectively. The highest settlement value, during this period, of ₹ 34,969.19 crores (across all corporate debt instruments) was recorded on March 28, 2018.

The month-wise settlement statistics for corporate debt instruments are given in Table No. 5 below:

Table No. 5

| Month | No. of Settlement Days | Total No. of Trades Settled | Settled Value (in ₹ crores) | Average Daily Settlement Value (in ₹ crores) |
|--------|------------------------|-----------------------------|-----------------------------|--|
| Apr-17 | 18 | 5844 | 1,96,620.76 | 10,923.38 |
| May-17 | 21 | 6324 | 2,47,670.66 | 11,793.84 |
| Jun-17 | 21 | 7145 | 2,56,274.27 | 12,203.54 |
| Jul-17 | 21 | 6620 | 2,37,161.34 | 11,293.40 |
| Aug-17 | 20 | 5994 | 2,11,375.73 | 10,568.79 |
| Sep-17 | 21 | 6798 | 2,55,486.11 | 12,166.01 |
| Oct-17 | 19 | 5341 | 1,81,021.25 | 9,527.43 |
| Nov-17 | 22 | 6461 | 2,43,301.78 | 11,059.17 |
| Dec-17 | 19 | 6769 | 2,67,549.55 | 14,081.56 |
| Jan-18 | 22 | 6722 | 2,29,751.83 | 10,443.27 |
| Feb-18 | 18 | 5697 | 2,06,198.74 | 11,455.49 |
| Mar-18 | 19 | 9266 | 3,60,964.97 | 18,998.16 |

During the financial year 2017-18, NSCCL settled 1206 repo trades valuing ₹ 22,988.90 crores as compared to 629 repo trades valuing ₹ 15,647.40 crores settled in the previous year.



1.6.2 Exchange Traded

No trades were reported on the Exchange Traded Platform.

1.7 Mutual Fund Service System (MFSS)

As on March 31, 2018, 35 mutual fund houses with 6239 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, 2017 to March 31, 2018 was ₹ 22.96 crores. The highest settlement value was ₹ 43.84 crores and was observed on October 06, 2017.

(ii) Redemption

The average daily value of funds settled for redemption of mutual fund units for the period April 1, 2017 to March 31, 2018 was ₹ 13.78 crores. The highest settlement value was ₹ 79.55 crores and was observed on July 31, 2017.

1.8 New Initiatives and Developments

(i) Setting up of NSE IFSC Clearing Corporation Limited (NICCL) at GIFT CITY:

GIFT city, which is a special economic zone, host India's first international financial services center.

This proposed new exchange has intended to grow the financial market as well as expected to bring capital into India. Stock exchanges operating in the GIFT IFSC are permitted to offer trading in securities in any currency other than the Indian rupee. After SEBI approval, trading has been permitted in equity shares of companies incorporated outside of India, depository receipts, debt securities of eligible issuers, currency, index, interest rate and non-agriculture commodity derivatives and all categories of exchange traded products that are available for trading in stock exchanges in FATF/ IOSCO compliant jurisdiction.

NICCL is a wholly owned subsidiary of National Securities Clearing Corporation Limited (NSCCL). NICCL has received recognition as a Clearing Corporation under Regulation 4 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 and Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015.

NICCL has commenced its operations since June 05, 2017. NICCL currently acts as a clearing corporation for all the trades executed on NSE IFSC Limited, a wholly owned subsidiary of National Stock Exchange of India Limited (NSEIL). It has also put in place a comprehensive risk management framework to eliminate or mitigate risks. Risk containment measures include capital adequacy requirements of members, monitoring of member performance and track record, stringent margin requirements, real-time computation of positions/ margins and upfront collection of margins, imposition of various position limits and automatic disablement from trading when limits are breached etc. NICCL has adopted SPAN system for the purpose



of real time initial margin computation. The SPAN methodology has been adopted to take an integrated view of the risk involved in each individual portfolio.

It has adopted best practices and principles in order to ensure robust risk management systems in line with CPMI IOSCO Principles for Financial Market Infrastructures (PFMIs).

(ii) Message based funds settlement:

Prior to the message based funds settlement, NSCCL was having a file based interface as a channel of communication with its clearing banks. This file based channel was only way of communication with the banks for the settlement of funds across segments/services. This file based model was working well for all traditional products like cash, equity derivatives and currency derivatives segments. However with the increase in the reach and scope of settlement in various ancillary projects like MFSS, OFS, Tender offer / buy back/SGB, Non-competitive bidding, client direct pay-out, etc. there was a need to develop flexible model.

NSCCL has implemented SFMS mechanism for Mutual Funds Settlement System (MFSS) with 7 (out of total 13) clearing banks on-boarded. The efforts to on-board other clearing banks for SFMS are on-going. Simultaneously, SFMS mechanism shall be extended in other segments during FY 2018-19.

(iii) Direct pledge of securities

NSCCL accepts securities as an eligible form of collateral. NSCCL has appointed designated custodians ('Collateral Custodians').

The Clearing Members of NSCCL are required to open separate depository accounts, with Collateral Custodian(s) of its choice, to pledge the securities as collateral e.g. if the clearing member is desirous to pledge securities in all three segment-categories as well as SLBS with Collateral Custodian 'X', the clearing member is required to open 7 DEMAT accounts specifically earmarked for segment-category/ scheme. Then, the clearing member is required to place eligible securities in any of these 7 DEMAT accounts before initiating a pledge request from such account.

The existing set up, even though time tested and proven, has following issues:

- The clearing member is required to maintain segment-category-wise dedicated DEMAT accounts. As such, it's operationally inefficient. Also, if the clearing member is also a DP, opening these set of accounts with another DP (i.e. Collateral Custodian) does not give such clearing member an opportunity to leverage/ integrate in-house DP operations.
- The clearing member needs to map one-to-one DP instructions for segment-category combination. This multiplicity of instructions is error prone.
- NSCCL needs to wait for valuation files from the Collateral Custodian to adjust collateral benefit for the clearing members. As such, NSCCL does not have control over the process to give instantaneous benefit to the collateral deposited by the clearing member, if needed.



In order to address above issue, NSCCL has introduced “Direct Pledge” facility enabling clearing members to pledge the securities directly with NSCCL from their existing DP account via NSDL without involving Collateral Custodian(s).

(iv) Introduction of Cross Currency Future and Options:

On February 20, 2018, SEBI had given its approval to stock exchanges to introduce cross currency future and options on EUR-USD, GBP-USD and USD-JPY currency pairs along with the options on existing INR based currency pairs in Currency Derivatives segment.

NSE has launched the cross currency contracts from February 28, 2018.

(v) Introduction of NSCCL – MASS

NSCCL exchanges information pertaining to its various operations like clearing, settlement, risk management and collateral with its participants. This information is exchanged in the form of Graphical User Interface (GUI) provided by NSCCL and also file interface.

NSCCL maintains complex suite of applications to service this information. The applications are developed over last two decades and therefore, the services are fragmented and offer low flexibility. It also results into higher operational, maintenance and training costs.

Hence, there was a need to revamp the interface between NSCCL and its participants with the following objectives:

1. Consolidation:

Currently NSCCL has a large number of fragmented market facing applications developed over the years. There is a need to consolidate these for lower operational, maintenance and training overheads.

2. Enrichment:

There is a scope to provide more/ enhanced operational information and also to automate manual workflows that were evolved over the years to support new/ additional business processes. It is desired to extend control of their business processes to the participants to the extent possible.

3. Integration

NSCCL applications are isolated and need file upload/downloads or GUI entries to interact. It is desired to provide capabilities for seamless integration of member back-office and NSCCL applications to achieve straight-through processing.

With the above objectives, NSCCL has developed NSCCL-MASS application, which is released in a phased manner as following:-

Already released to production

- Banks – Collateral Confirmation / File sharing
- Margins Functionality – All Segments



Planned releases for 2018-19

- Clearing Function of Equity Derivative and Currency Derivative segment (NCMS)
- API for NCMS (Equity Derivatives)
- Clearing Function of cash segment (NCMS)
- Custodian Confirmation of Cash segment (NCIS)
- Collateral Interface for Members (CIM)
- API for NCMS (Currency Derivatives and Cash segment)

(vi) Do Not Exercise

In equity derivatives segment, options contract presently adopt European style of settlement and are cash settled. Prior to 'Do Not Exercise' facility, all long positions of in-the-money (ITM) options contracts were automatically getting exercised. As per the feedback received from market participants, the cost of exercise of options could at times be more than the actual pay-off resulting into losses to the option holder.

Based on the feedback from market participants and SEBI guidelines, a facility has been provided to the member to provide 'Do not Exercise' instruction on expiry day.

(vii) Review of SLB

Based on the feedback received from the stock exchanges and other market participants and in consultation with the Secondary Market Advisory Committee (SMAC), SEBI modified the framework for SLB. Accordingly following changes are implemented in SLB segment:-

1. Revision in the position limit for market participants.
2. Treatment of Corporate Action in case of AGM/EGM :

In the event of the corporate action, which is in nature of AGM/EGM, earlier all the contracts were mandatorily foreclosed. It was represented by market participants that mandatory foreclosure during the life of the contract may not be necessary as all lenders may not be interested in taking part in the AGM/EGM. Hence two separate sets of contracts were introduced as follows:

- Contracts which gets mandatorily foreclosed on the Ex-date in the event of AGM/EGM.
- Contracts which doesn't get foreclosed in the event of AGM/EGM.

3. Rollover facility:

Now members are provided a facility to Rollover a contract multiple times subject to condition i.e. the total duration of the contract does not exceed 12 months from the date of the original contract. Earlier for a maximum period of 3 months from the date of the original contract rollover was permitted.

(viii) Release of cash collateral to the designated secondary account

Prior to this facility, the release of cash collaterals was given only in the designated primary account of the clearing member. Based on feedback from market participants, NSCCL has provided an option to clearing members to provide a request for release of cash collateral



to their designated secondary account. The release of cash collateral to the designated secondary account is allowed to the extent of cash deposited during the day from the secondary account in the respective segment.

1.9 Other achievements

- (i) CRISIL has continued its highest corporate credit rating of 'AAA' to the National Securities Clearing Corporation Limited (NSCCL). 'AAA' rating indicates highest degree of safety regarding timely servicing of financial 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 tenth consecutive year.

- (ii) NSCCL has been granted recognition by European Securities & Markets Authority (ESMA) as a "third-country CCP" under Chapter 4 of the title III of the European Market Infrastructure Regulation (EMIR). Based on the ESMA recognition, entities in the European Union shall be able to consider NSCCL as "Qualified CCP" under the Basel III rules which would enable European based banks to continue to participate in the Indian Capital markets

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 5 new members in the F&O segment and 21 new members in Capital Market segment. In Currency Derivatives segment, 3 Clearing Members have been enabled.

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

2 Custodians in the Capital Market segment and 1 Professional Clearing member in F&O segment were enabled during 2017-18 through whom clients can settle their transactions.

(iii) Participants & custodians in SLBM

141 participants, 5 custodian-cum-participants and 5 custodians are registered in SLBM as on March 31, 2018.

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 Platform (NASDAQ)** - Based on the design study & workshops conducted with NASDAQ, gaps have been identified to create New Clearing & Settlement platform. Design and commercial documents have been received. Design study is in completion phase.
- **Unified Member Portal-Phase 1** - Revamp of interface between NSCCL and its participants. Facility for SSO(single sign on) and User Management, Consolidated Bank Portal and dashboard widgets and Micro service based architecture leading to iterative loose deployment and high availability.

2.2 Growth through New Products and Services

- **ICMTM(Intraday Crystallized Mark to Market)in CM segment** - In order to mitigate risk arising out of accumulation of crystallised obligations incurred on account of intra-day squaring off of positions, following changes were done:
- Monitoring of intra-day crystallized losses and blocking from the free collateral on a real-time basis for transactions which are subject to upfront margining;
- Calculating crystallized loss on the basis of weighted average prices of trades executed and putting members into risk reduction mode in case loss exceed free collateral available with the Clearing Corporation.
- **Funds pull facility for Highly Liquid (HLIQD) and Debt (DBTCR) Funds using Structured Financial Messaging System (SFMS) functionality** - As part of this change, member's settlement account for MFSS segment is now debited towards the pay in obligations for HLIQD and DBTCR orders via SFMS route. Reversal in case of shortages is also executed via SFMS.
- **Online Funds settlement** - Automation of the funds pay-out for liquid money market funds (MFSS) HLIQD and debt funds (DBTCR) market including reconciliation and exception handling has been implemented using Snorkel facility.
- **Exercise functionality for 'In The Money' Cash Settled Equity Options** - A facility has been provided to the options holder not to exercise long positions in "In the Money (ITM)" contract during final settlement. This is in addition to earlier functionality of determining an options contract as In-The-Money.
- **Mock on Production environment creation for Risk Management Systems** - Mock on production environments were set up for Online Risk Management of Cash Market, Futures & Options and Currency Derivative segments. Successfully completed Trading-Risk management online interface testing during monthly trading mocks for RISK FO, CD & CM systems.
- **SLBM(Securities Lending and Borrowing) Rollover** - Changes in the Clearing and Settlement and Risk systems were made to handle addition of 36 Contracts with new series in SLBM to



handle corporate actions of Annual General Meeting(AGM)/Extraordinary General Meeting (EGM)

- **Multiple Clearing banks** - Provision for the selection of bank (primary or secondary) through CIM for the cash release request to multiple clearing banks has been delivered.
- **SGB(sov​er​eign gold bond) Clearing and Settlement Process** - Changes were made in order to capture payment mode (digital/non-digital) and reflect the same in bid information provided to RBI and Member status report to avail the discount proposed by RBI for digital payments.
- **Change in prudential limits for Debt Mutual Funds** - Online Mutual Fund (OMF) units provided by member shall not exceed 35% of the Total Liquid Assets (TLA) for Debt OMF and Non-debt OMF will continue to have 25% of TLA limit.
- **C&S Penalty Billing on account of GST** - After the implementation of GST there was a need to charge 18% GST on the different penalties such as MWPL penalty, Position Violation penalty, Client Margin Reporting penalty, the project was aimed at doing the necessary changes in the code.
- **New Block deal** - New block deal sessions handled through changes in the Early Pay In (EPI) batch.
- **Direct pledge of securities with NSCCL** - Facility for NSCCL clearing members to pledge the securities directly with NSCCL.

3. Human Resources

3.1 Following developments have taken place in Human Resources / Employee Relations front in the Financial Year 2017-18:-

- 1) **Talent Management and Development:** During the Financial Year 2017-18, 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 organizational need.
- 2) **Employee Effectiveness Survey / Perception Study:** NSCCL has also conducted an Employee Effectiveness Survey in the FY 2017-18. The EES action plans are formulated by the respective teams and the implementation of EES action plans are monitored on a regular basis.
- 3) **Employee Relations:** The employee relations scenario has been harmonious throughout the period under consideration.

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

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 was done |
| 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 ₹ 158.83 crores as per particulars given in Table No.07 below: -

Table No.07

| Particulars | 2017-18 (₹ In crores) | 2016-17 (₹ In crores) |
|--|--------------------------|--------------------------|
| Income | 372.55 | 352.43 |
| Expenditure | 121.23 | 124.33 |
| Profit before tax | 251.32 | 228.10 |
| Provision for tax (including deferred tax) | 92.49 | 75.26 |
| Profit after tax | 158.83 | 152.84 |
| Less: Items that will not be reclassified to profit or loss | 0.35 | 0.61 |
| Add/(less): Income-tax relating to items that will not be reclassified to profit or loss | (0.12) | 0.21 |
| Total comprehensive income | 158.60 | 152.45 |
| Surplus brought forward from previous year | 144.21 | 219.80 |
| | 302.81 | 372.25 |
| Less: Dividend distributed (including DDT) during FY2017-18 & FY 2016-17 | 86.66 | 189.57 |
| Less: Contribution to core SGF (net of tax impact) | 158.53 | 24.55 |
| CSR Reserve reversed | 13.92 | - |
| Amount available for appropriation | 71.54 | 158.13 |
| Appropriations | | |
| Proposed Dividend | 36.00 | 72.00 |
| Corporate Dividend Tax | 7.40 | 14.66 |
| CSR Reserve | - | 13.92 |
| Balance carried to Balance Sheet | 28.14 | 57.55 |
| Total | 71.54 | 158.13 |

The profit after tax was at ₹ 158.83 crores as compared to ₹ 152.84 crores for the previous year. 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 ₹ 8/- per equity share for the year 2017-18 maintaining the payout ratio of around 60% (including dividend distribution tax).

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

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 secretarial review 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. On June 2, 2017, SEBI granted recognition to NICCL as Clearing Corporation under SCR (SECC) Regulations, 2012, for a period of one year commencing from May 29, 2017 to May 28, 2018.

Till March 31, 2018, NICCL has 6 clearing members (3 Trading cum Clearing Member and 3 Trading cum Self Clearing Member). Clearing Banks are the key link between clearing members and NICCL for funds settlement. Members are required to maintain and operate a clearing account with any one of the designated clearing banks empanelled with the Clearing Corporation. There are currently 4 clearing Banks empanelled with NICCL. The total value of settlement was US \$1061516.80 in 2017-18. The highest monthly settlement was recorded at US \$270938.15 in the month of January 2018. January 2018 witnessed the highest monthly trading volumes of US \$2023.48 million. As on March 31, 2018, the Core Settlement Guarantee Fund stood at US \$10,60,615.99. During the FY 2017-18, NICCL has incurred a loss of ₹ 894.26 lakhs. 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 2017-18, 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, 2018 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, Mr. C VR Rajendran and Mrs. Bhagyam Ramani fall under 'Public Interest Directors' category. Mr. J. Ravichandran falls under Shareholder Directors category. Mr. Vikram Kothari is the Managing Director of the Company.

Mrs. Bhagyam Ramani was nominated as Public Interest Director by SEBI effective from June 1, 2017. On November 17, 2017, SEBI approved the appointment of Mr. J. Ravichandran as director under Shareholder Directors category. Mr. J. Ravichandran retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

During the Financial Year 2017-18, Mr. Ravi Narain ceased to be a 'Shareholder Director' with effect from June 2, 2017.



During the FY 2017-18, Mr. T. Venkata Rao retired as the Managing Director of NSCCL on November 6, 2017. SEBI, on September 27, 2017 conveyed its no-objection to the appointment of Mr. Vikram Kothari as the Managing Director of NSCCL for a period of 3 years from the date he assumes office as Managing Director of NSCCL. Mr. Vikram Kothari assumed the office as Managing Director of NSCCL with effect from November 7, 2017.

The Board wishes to place on record its sincere appreciation and gratitude to Mr. Ravi Narain and Mr. T. Venkata Rao for their valuable contribution made during their tenure as Director and Managing Director respectively.

Except the change in Managing Director as Key Managerial Personnel (KMP) as stated above, there was no other change in the KMP of the Company.

5.2 NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board met eight times during the year on April 27, 2017, June 15, 2017, July 14, 2017, August 2, 2017, November 1, 2017, November 21, 2017, January 31, 2018 and February 26, 2018.

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, Mr. C VR Rajendran and Mrs. Bhagyam Ramani 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, 2018 in FY 2018-19.

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 Nomination & Remuneration Committee and the Board in their meetings held on January 31, 2018 discussed the methodology of evaluation of Board, Committees and Directors for the FY 2017-18 and decided that the evaluation for FY 2017-18 be carried out internally by adopting the following process:-

(a) Independent Directors to 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") to carry out the evaluation of every Director's performance. The NRC, while doing so, shall also take into account the inputs of review by Independent Directors;

(c) The Board to evaluate its performance, its Committees and each Director and while doing so, shall take 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 and in the manner specified above.

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., 31st March, 2018 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 is 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.

During the FY 2017-18, NSE Foundation, a section 8 company under the Companies Act, 2013, was incorporated on March 5, 2018, with NSE, NSCCL and its other six subsidiaries being the promoters, for undertaking CSR projects/activities on behalf of NSE Group. The funds earmarked by NSCCL and other NSE group companies for the purpose of undertaking CSR activities were transferred to NSE Foundation, thereby allowing the Foundation to undertake impactful and sustainable social programmes on behalf of NSCCL and other NSE group companies.



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. 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. Subsequently, Mr. Ravi Narain ceased to be member of the Audit Committee effective from June 2, 2017.

The Audit Committee was re-constituted on January 31, 2018. It currently comprises four Directors viz., Mr. Harun R Khan, Mr. C VR Rajendran, Mrs. Bhagyam Ramani and Mr. J. Ravichandran as its members with Mr. Harun R Khan as its Chairman. The Committee met four times during the year i.e., April 27, 2017, August 2, 2017, November 1, 2017 and January 31, 2018 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. Harun R Khan | 4 | 4 |
| Mr. N K Maini @ | 4 | 4 |
| Mr. Ravi Narain* | 1 | 1 |
| Mr. C VR Rajendran | 4 | 4 |
| Mrs. Bhagyam Ramani# | - | - |
| Mr. J. Ravichandran# | - | - |

* Ceased to be member effective from June 2, 2017. @ Ceased to be a member of the Committee w.e.f. January 31, 2018

Inducted as the member of the Committee by the Board on January 31, 2018 held after the conclusion of Audit Committee meeting



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. 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. Mr. Ravi Narain ceased to be member of NRC effective from June 2, 2017.

The NRC was subsequently re- constituted on January 31, 2018. It currently comprises three Directors viz., Mr. N.K.Maini, Mr. Harun R Khan, and Mr. J. Ravichandran as its members with Mr. N.K.Maini as its Chairman. The Committee met four times during the year i.e., April 27, 2017, July 14, 2017, August 2, 2017 and January 31, 2018 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:

| Name | Number of meetings held during the tenure of the member | Number of meetings attended |
|-------------------------|---|-----------------------------|
| Mr. N.K.Maini | 4 | 4 |
| Mr. Harun R Khan | 4 | 4 |
| Mr. Salim Gangadharan @ | 4 | 4 |
| Mr. Ravi Narain* | 1 | 1 |
| Mr. J. Ravichandran# | - | - |

@Ceased to be member of the Committee w.e.f. January 31, 2018. * Ceased to be a member of the Committee w.e.f. June 2, 2017

Inducted as the member of the Committee by the Board on January 31, 2018 held after the conclusion of NRC meeting.

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 if 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

9. AUDITORS

In the last Annual General Meeting (AGM) held on June 22, 2017, M/s. Khandelwal Jain & Co., Chartered Accountants [Firm Regn. No. 105049W] were appointed as the Statutory Auditors of the Company for a period of 5 years subject to the ratification by the Shareholders at every annual General Meeting.

The Auditors have furnished certificate stating that they fulfil the conditions prescribed under the Companies Act, 2013 and the Rules laid down thereunder and that they are fulfilling the eligibility requirements prescribed under the Companies Act, 2013 for continuing as Auditors. It is now proposed to seek members' approval for ratification of their appointment from the conclusion of 23rd AGM till the conclusion of 24th AGM. The Board recommends the proposal of ratification of their appointment as Auditors from the conclusion of 23rd AGM till the conclusion of 24th AGM to the members for their approval.

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:-

NSE and its group companies are aware that their business operations and use of natural resources has an impact on the environment. Being a responsible corporate citizen, it is NSE Group's vision to continuously reduce its carbon footprint, enhance environmental protection practices and promote sustainable business operations.

The NSE Group (which includes NSCCL) strives to :

- Minimize carbon/Water footprint and ensure sustainable business operations; Minimize pollution of all forms;
- Compliance with all local and national environmental legislation, regulations and codes of practice relevant to the industry sector in which it operates;



- Continual improvement in its environmental performance;

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

NSE Group 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. NSE Group focuses on improving the energy efficiency of operations, using renewable energy where viable and developing innovative solutions that enables the Company to significantly reduce its own carbon footprints. NSE Group conducts risks assessment study on periodic basis. Key environmental risks have been analysed and further actions are taken to mitigate the impacts of these risks.

NSE Group 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. NSE Group 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.

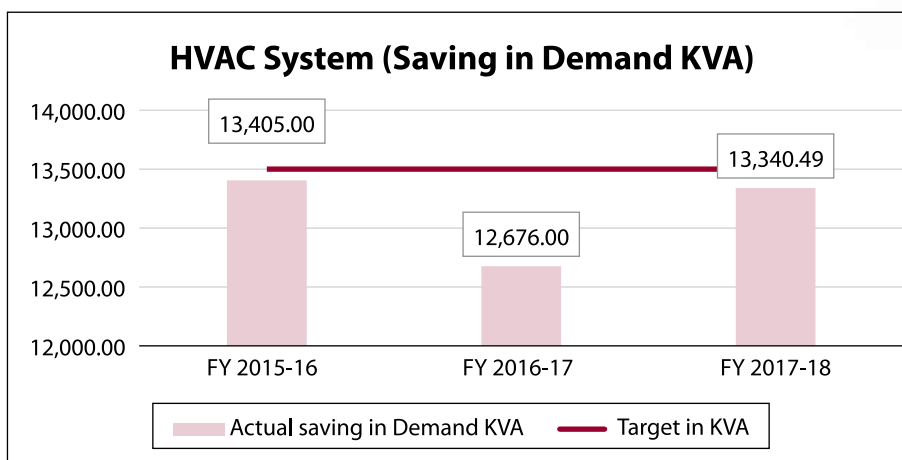
NSE Group has taken many initiatives to address the impact of climate change and has increased the focus on the renewable energy projects to shift to better and clean technology. NSE Group aims to minimise the impacts on environment by taking measures like measuring and reducing its carbon and water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

NSE Group 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

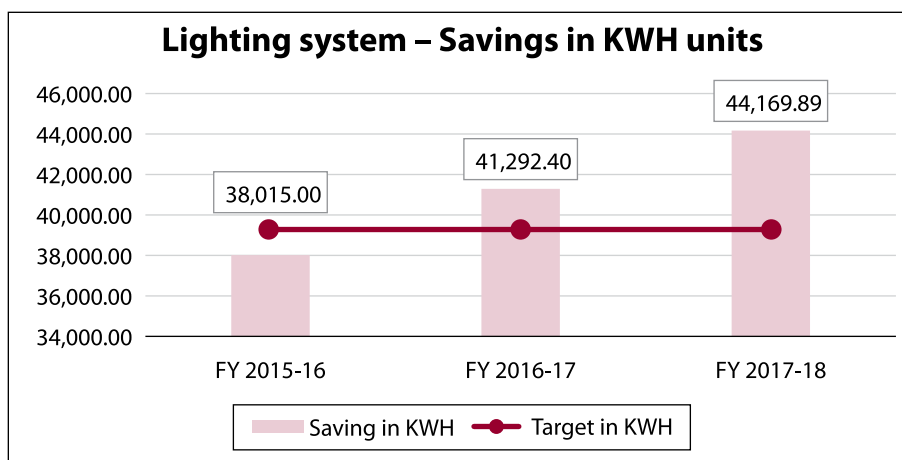
- **Thermal Energy Storage System:**

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 44,169/89 units was saved in the last year.



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

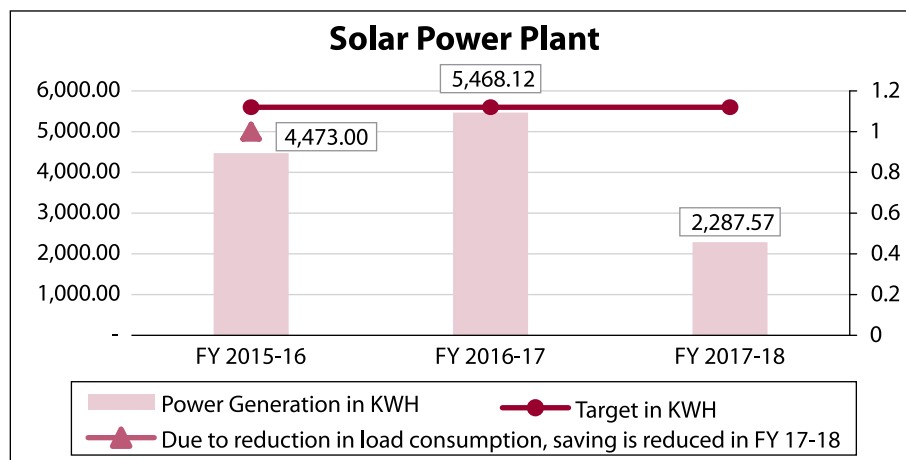
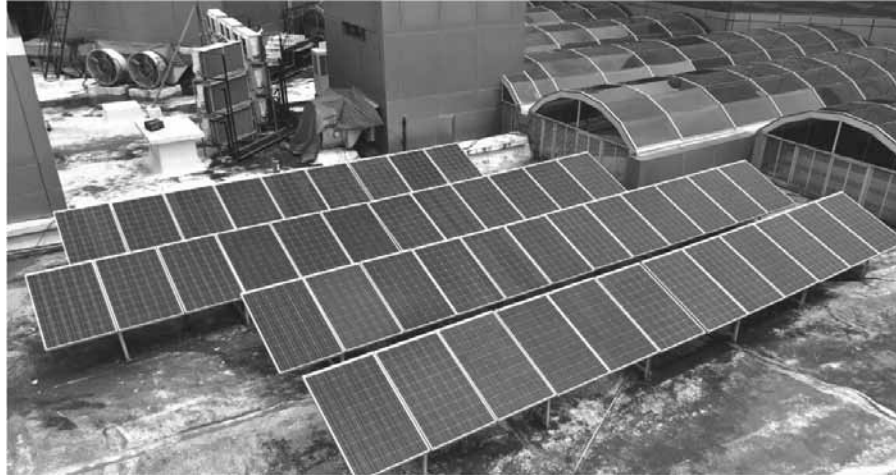
The lighting fixtures were installed with Electronic Ballast instead of conventional chokes. This helps to reduce the inductive load of the building in turn saving electricity. There were also CFLs used in passages and lobbies in place of incandescent lamps to reduce the power consumption.

- **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

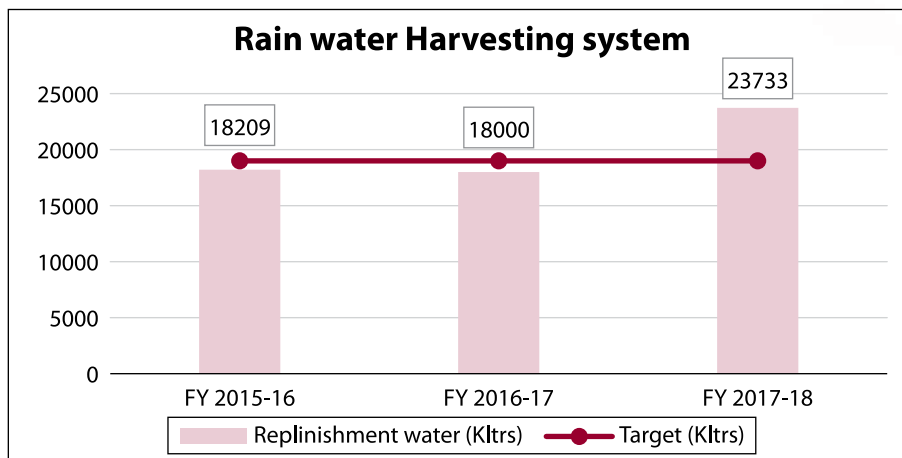


to cater the part of lighting load at Exchange Plaza. This way 2,287/57 units was saved in the last year.



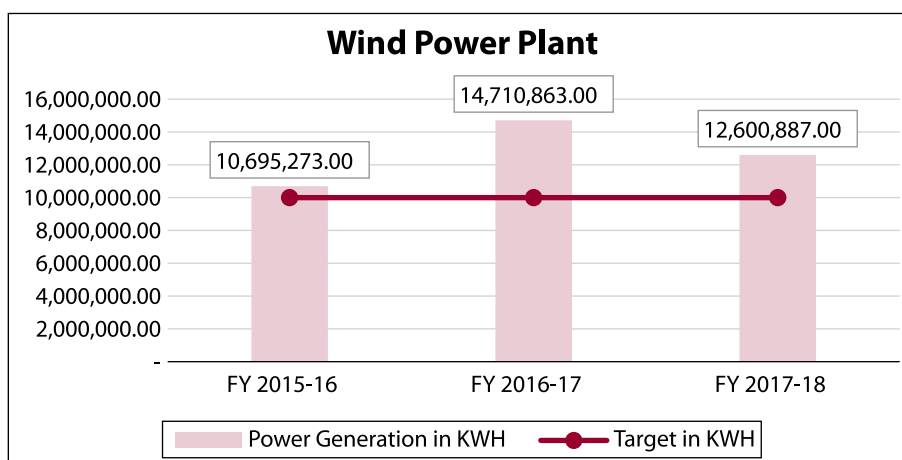
Rain Water Harvesting System:

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:

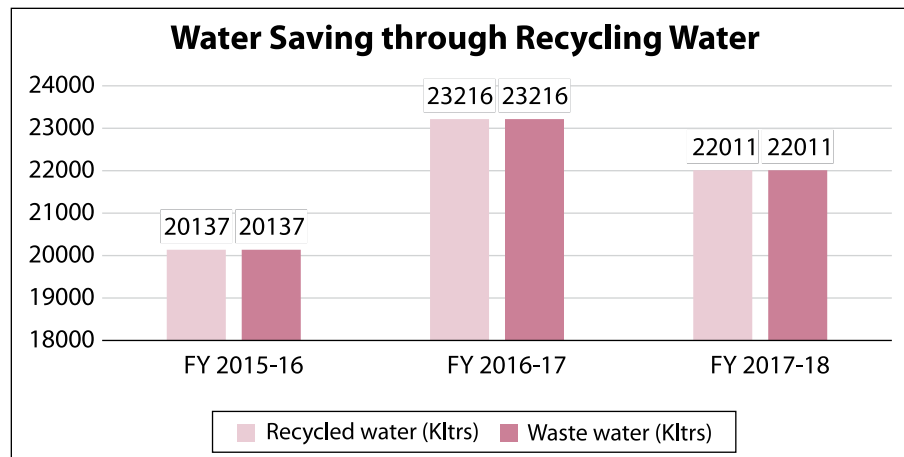
With a vision to reduce the consumption of electricity and carbon footprint, the wind power project (capacity 6.25 MW) was initiated at Satara in Maharashtra.





- **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. National Stock Exchange of India Limited (NSEIL) and its group companies seeks to address concerns over the management, handling and disposal of electronic waste generated by and in NSE premises as per statutory requirements and industry standards. The E-Waste Policy of NSEIL is applicable for all the NSE Group Companies. NSCCL 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 were no foreign exchange earnings during the year. However, the foreign exchange outgo towards revenue payments during the year was ₹ 0.76 Crores and Capital contribution to NSE IFSC Clearing Corporation Limited was ₹ 20 Crores.

11 PARTICULARS OF EMPLOYEES

As on March 31, 2018, there are 73 employees on the payroll of 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, 2018

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 April 27, 2017 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, 2018

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 |
| 3 | NSE Strategic investment Corporation Limited | Fellow Subsidiary |
| 4 | DotEx International Limited | Fellow Subsidiary's Subsidiary |
| 5 | NSE.IT 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 |
| 9 | NSE Foundation | Fellow Subsidiary |
| 10 | Mr. T Venkata Rao–Managing Director (upto 06.11.2017) Mr. Vikram Kothari–Managing Director (wef 07.11.2017) Mr. Harun R Khan –Director(wef September 08, 2016) Mr. Salim Gangadharan-Director(wef May 03, 2016) Mr. N.K Maini-Director (wef May 25, 2016) Mr. Ravi Narain-Director (upto June 02, 2017) Mr. C.V.R Rajendran- Director(w.e.f May 3, 2016) Mrs. Bhagyam Ramani–Director (w.e.f June 01, 2017) Mr. C.M .Vasudev (Director) upto 20-08-2016 Mr. Anjan Barua (Director) upto 20-08-2016 Mr. K.R Ramamoorthy(Director) upto 20-08-2016 Mr. L. Ravi Sankar(Director) upto 20-08-2016 Mr. Sudhir Joshi(Director) upto 20-08-2016 | Key Management personal/Directors |



National Securities Clearing Corporation Limited

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

(in crore)

| Name of the Related Party | Nature of Transactions | Year ended 31, March 2018 | Year ended 31, March 2017 |
|---|--|--|---|
| National Stock Exchange of India Ltd. | <ul style="list-style-type: none"> Clearing and Settlement charges Usage charges Reimbursement paid for expenses on staff on deputation Salary liability transferred Reimbursement paid for other expenses incurred Space & Infrastructure Usage Charges Contribution to Core SGF Reimbursement received for services Rendered Dividend | 141.7 18.73 5.66 4.36 46.89 5.51 284.40 0.96 72.00 | 114.48 17.83 13.34 - 45.10 4.95 540.20 0.16 157.5 |
| NSE IFSC Clearing Corporation Ltd | <ul style="list-style-type: none"> Investment in Equity Share Capital Reimbursement paid for other expenses incurred | 20.00 1.83 | 50.00 0.54 |
| NSE.IT Ltd. | <ul style="list-style-type: none"> Repairs & Maintenance – Clearing & Computer systems | 2.81 | 2.10 |
| NSE Infotech Services Limited | <ul style="list-style-type: none"> Repairs & Maintenance – Clearing & Computer systems | 10.66 | 7.67 |
| NSE Foundation | <ul style="list-style-type: none"> Investment in Equity Share Capital Contribution towards CSR Expenses | 0.06 18.71 | - - |
| Mr. T Venkata Rao - Managing Director (upto 06.11.2017) | <ul style="list-style-type: none"> Gross remuneration including allowances, non-cash perquisites and contribution to Provident Fund and Superannuation Fund etc. | 2.66 | 1.83 |
| Mr. Vikram Kothari- Managing Director (wef 07.11.2017) | <ul style="list-style-type: none"> Gross remuneration including allowances, non-cash perquisites and contribution to Provident Fund and Superannuation Fund etc. | 0.42 | - |
| Directors | <ul style="list-style-type: none"> Sitting Fees paid to Directors Mr. HR Khan Mr. Salim Gangadharan Mr. Navin Kumar Maini Mr Ravi Narain Mr. CVR Rajendran Mrs. Bhagyam Ramani Mr. C.M .Vasudev (Director) Mr. Anjan Barua (Director) Mr. Sudhir Joshi(Director) Mr. K.R Ramamoorthy(Director) Mr. L. Ravi Sankar(Director) | 0.42 0.36 0.36 0.06 0.31 0.15 - - - - - | 0.17 0.16 0.20 0.21 0.18 - 0.15 0.13 0.12 0.14 0.14 |



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 | Website www.snaco.net

To,

The Members,

National Securities Clearing Corporation Limited

CIN: U67120MH1995PLC092283

Exchange Plaza, C-1, Block G,

Bandra Kurla Complex,

Bandra (East),

Mumbai – 400051.

Our Secretarial Audit Report for the financial year ended 31st March 2018, 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
FCS 4206
COP No. 1774

Date: 18th April 2018

Place: Thane



Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2018

[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration 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 (East),
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 **31st March 2018**, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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 31st March 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act), 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;**
 - 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 Recognized 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, Circulars, Orders, Notifications and Directions, 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.

In respect of the following meetings, notes to the Agenda were sent through courier, seven days (as against nine days) in advance from the date of respective meetings:

- 1) 110th Board Meeting held on 27th April 2017;
- 2) 65th Audit Committee Meeting held on 27th April 2017;
- 3) 13th Nomination and Remuneration Committee Meeting held on 27th April 2017;
- 4) 4th Independent Directors Committee Meeting held on 27th April 2017.

In respect of the following meetings, Notice was issued for less than seven days and Agenda and notes to the Agenda were tabled at the meeting:

- 1) 112th Board meeting held on 14th July 2017;
- 2) 14th Nomination and remuneration committee held on 14th July 2017;

No Directors objected to the receipt of Notice and/or Agenda and notes to the Agenda at a shorter notice and all the Directors were present at the meetings.

- 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 Managing Director/ 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.

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) SEBI vide its letter dated 25th September 2017 renewed recognition granted to the Company for a period of three years commencing 3rd October 2017 and ending on 2nd October 2020.
- 2) Securities and Exchange Board of India vide its letter dated 6th June 2017 accorded its approval to the proposed Alteration to Articles of Association.

For S. N. ANANTHASUBRAMANIAN & CO.
Company Secretaries

S N Ananthasubramanian
Partner
FCS 4206
COP No. 1774

Date: 18th April 2018
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, 2018

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

I. Registration and other details:

| | | |
|-----|---|--|
| i | CIN | U67120MH1995PLC092283 |
| ii | Registration Date | 31 st 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) | 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, Vikroli (West) Mumbai – 400 083 Tel: 022 - 4918 6270, Fax : 022 - 4918 6060 |

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 / | % to total turnover of the company |
|--------|--|---------------------------|------------------------------------|
| 1 | Processing & Clearing services of Securities | 6619 | 33% |



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 | U67120MH 1992PLC069769 | Holding company | 100 % | 2(46) read with 2(87) (ii) of the Companies Act, 2013 |
| 2 | NSE IFSC Clearing Corporation Limited Unit nos. 46 to 47, GIFT Aspire One Business Centre, 1st Floor, Block 12, Road 1-D, Zone- 1, GIFT – SEZ, Gandhinagar Dist., Gujarat- 382355 | U65990GJ 2016PLC094545 | Subsidiary Company | 100% | 2(46) read with 2(87) (ii) of the Companies Act, 2013 |

IV. Shareholding Pattern (equity share capital break-up as % of total equity)

(i) Category-wise shareholding

| Category of Shareholders | 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 |



| Category of Shareholders | Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|--|-----------|--------------------|-------------------|---|-----------|--------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| B. Public Shareholding | – | – | – | – | – | – | – | – | – |
| 1. Institutions | – | – | – | – | – | – | – | – | – |
| a) Mutual Funds | – | – | – | – | – | – | – | – | – |
| b) Banks / FI | – | – | – | – | – | – | – | – | – |
| c) Central Govt. | – | – | – | – | – | – | – | – | – |
| d) State Govt. (s) | – | – | – | – | – | – | – | – | – |
| e) Venture Capital Funds | – | – | – | – | – | – | – | – | – |
| f) Insurance Companies | – | – | – | – | – | – | – | – | – |
| g) FIs | – | – | – | – | – | – | – | – | – |
| h) Foreign Venture Capital Funds | – | – | – | – | – | – | – | – | – |
| i) Others (specify) | – | – | – | – | – | – | – | – | – |
| Sub-total (B)(1):- | – | – | – | – | – | – | – | – | – |
| 2. Non-Institutions | – | – | – | – | – | – | – | – | – |
| a) Bodies Corp. | – | – | – | – | – | – | – | – | – |
| i) Indian | – | – | – | – | – | – | – | – | – |
| ii) Overseas | – | – | – | – | – | – | – | – | – |
| b) Individuals | – | – | – | – | – | – | – | – | – |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | – | – | – | – | – | – | – | – | – |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | – | – | – | – | – | – | – | – | – |
| c) Others (specify) | – | – | – | – | – | – | – | – | – |
| Sub-total (B)(2):- | – | – | – | – | – | – | – | – | – |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | – | – | – | – | – | – | – | – | – |
| C. Shares held by Custodian for GDRs & ADRs | – | – | – | – | – | – | – | – | – |
| Grand Total (A+B+C) | 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/sweatequityetc.): | 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):

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 payments- 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- NIL

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

| Sr. No. | Particulars of Remuneration | Mr. T. Venkata Rao, Managing Director | Mr. Vikram Kothari, Managing Director | Total Amount |
|---------|--|---------------------------------------|---------------------------------------|--------------|
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income- tax Act, 1961 | 2.33 | 0.40 | 2.73 |
| | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | 0.04 | 0.00 | 0.04 |
| | (c) Profits in lieu of salary under Section 17(3) of the 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) | 0.29 | 0.02 | 0.31 |
| | Total (A) | 2.66 | 0.42 | 3.08 |
| | Ceiling as per the Act-5% | | | 12.55 |
| | Ceiling as per the Act-11% | | | 27.61 |

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 Gangadharan | Mr. Navin Kumar Maini | Mr. C VR Rajendran | Mrs. Bhagyam Ramani | |
| | Fee for attending board & committee meetings | 42,00,000 | 36,00,000 | 36,00,000 | 31,00,000 | 15,00,000 | 1,60,00,000 |
| | Commission | – | – | – | – | – | – |
| | Others, please specify | – | – | – | – | – | – |
| | Total (1) | 42,00,000 | 36,00,000 | 36,00,000 | 31,00,000 | 15,00,000 | 1,60,00,000 |



| Sr. No. | Particulars of Remuneration | Name of Directors | | | | | Total Amount |
|---------|--|---------------------|---|---|---|---|--|
| 2 | Other Non-Executive Directors-Present | Mr. J. Ravichandran | - | - | - | - | - |
| | Fee for attending board & committee meetings | - | - | - | - | - | - |
| | Commission | - | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - | - |
| | Total (2) | | - | - | - | - | - |
| 3. | Former Non- Executive Director | Mr. Ravi Narain | - | - | - | | |
| | Fee for attending board & committee meetings | 6,00,000 | - | - | - | - | 6,00,000 |
| | Commission | - | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - | - |
| | Total (3) | 6,00,000 | - | - | - | - | 6,00,000 |
| | Total (B)=(1+2+3) | - | - | - | - | - | 1,66,00,000 |
| | Total Managerial Remuneration | | | | | | 1,66,00,000 |
| | Overall Ceiling as per the Act | | | | | | 1,00,000 (per director per meeting) |

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

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|---|--------------------------|-------------------|------|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | 0.68 | 0.51 | 1.19 |
| | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | - | 0.03 | - | 0.03 |
| | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |



| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|--|--------------------------|-------------------|------|-------|
| | | CEO | Company Secretary | CFO | Total |
| 4 | Commission | - | - | - | - |
| | - as % of profit | - | - | - | - |
| | others, specify... | - | - | - | - |
| 5 | Others, please specify (contribution to provident fund and other fund, exempted allowance) | - | 0.02 | 0.02 | 0.04 |
| | Total | - | 0.73 | 0.53 | 1.26 |

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

Place: Mumbai

Date: April 27, 2018

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.



ANNEXURE 5

Annual Report of the CSR activities FY 2017 -2018

NSE is covered under the purview of Section 135 of the Companies Act 2013. Similarly many of its subsidiaries are also covered within the purview of the above section.. However, contribution to CSR by some of these Companies as required under the Section 135 is 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. Therefore 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 spend 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 CSR Committees and Boards of the respective companies.

A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken is given below.

1. 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 therefore strives to integrate triangulated focus 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 triply 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.

(a) CSR Focus Areas, Objectives and Goals

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



NSE, has currently identified three CSR 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 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 are not one-time activities but are 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.

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

(b) Primary Education

The NSE Group CSR initiatives in Primary Education concentrate on bridging the literacy gaps of children aged between 5 -12 years from disadvantaged communities who form the bottom rung of society. The programme outcomes 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 Mumbai to be a model project and a directive issued to implement it in the 19 Homes across the state.

(c) Sanitation and Safe Drinking Water

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

(d) 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 few NGOs and limited support from Government programmes unlike education. Projects considered under the elder care segment concentrate on enhancing the holistic well-being of the underprivileged ageing population by awareness of mental and physical health indicators, addressing elder abuse, loneliness, economic and financial independence and awareness of issues relating to the elderly.

(e) 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 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, under the CSR policy.

(f) Selection Criteria of Projects

The NSE Group CSR objectives have been identified basis the larger mandate of the Sec. 135 of the Companies Act 2013 and the Companies (CSR Policy) 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 Group programme monitoring and evaluation (PME) partners. This includes, legal & financial due diligence, conformation to guidelines prescribed in Sec.135, programme evaluation, past track records 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**ocused (in location /approach and sector), **I**nnovative (In design, concept and outcomes) **N**iche (Unique in approach, intervention and programmes) **I**mpactful (in quantitative and qualitative programme outputs and outcomes) **T**racked (in programme achievements, programme objectives involving NSE staff, NGOs, community and beneficiaries) and **E**ngaging (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 located in backward districts, needs of the community, impact of the programme, bottom rung beneficiaries and sustainability of the project after completion.

(g) Monitoring and Evaluation of CSR Initiatives

Rigorous monitoring and evaluation processes ensure the success of the CSR programmes. NSE Group through empanelled Project Management and Evaluation agencies (PMEs) of repute and experience, apply stringent criteria while selecting the NGO partner and the programmes. The projects have the key indicators defined and impact assessed in the CSR projects undertaken.

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

(h) Projects undertaken by NSE Group CSR during the FY 2017-18

Education

I. Eureka SuperKidz

The educational project, a part of the Eureka SuperKidz programme is in its second year of implementation. The project benefits 2886 children in 100 villages in 6 districts: Cuddalore, Kanchipuram, Thiruvallur, Thiruvannamalai, Trichy and Vellore of Tamil Nadu to ensure quality education in Std. 3- 7 and achieve basic skills in Tamil, Math, English and Science through an after school remedial education programme in groups of 25 to 30 children. A key highlight of the project in the second year is the focus on the tribal hamlets and children in Thiruvannamalai. Through this project an effort is being made to help tribal children develop vocational skills and also teach the children about the indigenous tribal knowledge and culture through the Learning Labs programme. The Young Scholars program recognizes district level achievers and to provide them with skill building beyond the curriculum including robotics. The program has recognized and reached out to 260 achievers, predominantly girl children from 6 districts.

II. Education Activity Centre – Urban

The Project Foundation is a literacy programme for children aged 6 -14 years of construction, migrant and seasonal labourers in Pune bringing education to the doorstep of these children through the Educational Activity Centers (EAC). The programme is in the third year of implementation. 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 in place a system that includes transportation and supplementary coaching so that attendance and performance of those children 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.

A total cumulative number of 1000 children have benefited by this project over the past year. 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 programme. A total number of 132 children have been tracked and 76 re-enrolled in schools for Term III, period (April-December 2017).

III. **Grow with Books-Rural**

The Project 'Project Grow with Books' implemented in Mulashi taluka near Pune is in the third year of implementation. The NSE Group- 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.

The NSE Group Programme comprises of 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.

In end of Year 3 82% children from Grade 1 who had an attendance of 80% or more were able to read their standard level. 84% of Grade 2 children, 86% of Grade 3 children and 91% of Grade 4 children were able to read their standard level books.

IV. **School Partnership Programme - Mumbai**

There are 20 schools supported under the NSE Group project in the locality of Kurla, Mankurd, Govandi, Masjid Bunder, Crawford Market and Colaba. Most of the children come from low income families who have migrated to Mumbai in search of employment and a better life for their families. Parents of the children are usually daily wage or casual labourers, conservancy workers in the vicinity of the municipal waste dumping grounds and/or the Abattoir situated in that area.

It is for such children who are either first generation learners or academically backward, that Mumbai seeks to enhance their classroom transactions through 5 types of programmes that runs in the school

First Step Forward: This programme acclimatizes children of 5 years old and above who are admitted to standard 1 of the Municipal School.

Remedial Class in Language & Math Std 1-5: For the students in need of special attention.



Reading Promotion Programme Std 2-5: Ensures development of Children's linguistic competencies and vocabulary expansion

Bal samuah: Children class 5 -8 develop skills of leadership, cooperation and self-management. Bal samuah groups have been formed in 13 NSE Group selected schools.

In first year against 6000 children targeted in 20 MCGM Schools, the project could reach 8000 children in 19 BMC schools. Under remedial classes out of 718 children, 75% children have moved to the next level of literacy competency band. Reading Promotion Program 1320 children with more than 82% attendance were observed for their performance and have moved 2 levels up in their reading performance. In year 2, the project has benefitted all 20 MCGM schools with more than 7000 children.

V. Grow with Books- SMC

The NSE Group– SMC project is being conducted in 5 municipal schools of Pune where the Grow with Books programme is being implemented. The programme seeks to increase participation of school teachers in the reading class sessions and the third component is to create awareness among the School Management Committee regarding their roles and responsibilities so as to make it functional. The objective is to create a sustainable model where the SMC members strengthen and represent the voice of the community to demand quality educational services through the state delivery systems as well as participate in ensuring the delivery of upgraded services.

VI. Muktangan Primary School Programme

The NSE Group project which is currently in the second year, supports two primary schools, Globe Mill Passage Municipal School in Worli and the N. M. Joshi Marg Municipal School in Lower Parel. The community accessing these schools and teacher educational programs come from the under-served urban communities with many of them being first generation learners with virtually no exposure to English. This is significant as the urban slum population in the country is growing due to migration.

These schools have been conceived as an innovative & integrated programme of teacher and school education. The children experience a developmentally appropriate child friendly curriculum, with emphasis on the English language, and construction of knowledge by children through activities, individual attention continuous parent involvement and special educators help students with learning disabilities. The idea is to deliver this through teachers from the community as they would be invested in the educational progress of the children and showcase that the state run schools can deliver quality output to citizens with the right inputs.

At present, 315 Children (including 9 children who are diagnosed with learning difficulties) are enrolled in the Primary Sections of both the schools with 33 Community Teachers who have been trained at the Muktangan Education Resource Centre.



VII. Saksham

The NSE Group project- 'Saksham' in 18 Government run Ashramshalas under Nashik tribal project office in Nashik District. QUEST's Saksham is a level-based programme for Language and Mathematics for children in higher grades (5 -7 class) who lag behind basic competencies in Language and Math. It involves providing need-based input to children in an accelerated manner so that their basic literacy and mathematical competencies are enhanced. This is done by building the capacities of the teachers and of the Head Masters to monitor and mentor the programme so as to ensure sustainability in close collaboration with the tribal development department and through the on ground delivery by the Sikshan Mitras or trained volunteers.

The project is designed to benefit 54 teachers and head masters of these 18 Ashramshalas reaching 2700 students from Grades 5 to 7 in the 3 years term.

VIII. Rehli Shiksha Pahal Program (RSPP)

The NSE Group project - Transforming Learning Outcomes in Primary Schools of Educationally Backward Districts - Rehli Shiksha Pahal Program (RSPP) seeks to upgrade learning opportunities for 8000 elementary school students in 214 villages and 150 schools in the Raheli block of Sagar district. The area is drought prone with low income levels with large number of tribal and other landless labourers. The objectives of the project include evolving a support system for primary schools in Rehli block of Sagar, through community involvement and capacity building of teachers and Bal Mitras, creation and empowerment of School Management Committees (SMC's) to support the schools. Work closely with the Educational Administration in the block, to provide better training to teachers and capacity building of Cluster Academic Coordinators (CACs) to monitor and support teachers through CRCs for all schools in the block. The project seeks to work on a collaborative and participative model with community especially youth and women, organizations and institutions such as SMC to create a local ownership of the school, to strengthen the quality of education through capacity building and learning materials for students and teachers, with the government and other organizations such as Transform Rural India (TRI) platform, NRLM and others. In the first phase, a total of 40 schools with 850 students and capacity building of 40 Balmitras who will work in the school and community will be covered under this program.

IX. Girl Child Education Programme

The NSE Group Girl Child Education programme seeks to create 100 out -of- school learning centres in 100 villages of Purulia and Bankura Districts in West Bengal.. The programme follows a cyclical approach in which the child is engaged for 5 years to build a strong primary education foundation. This helps in enrolling them in regular schools and because of their conceptual proficiency, instances of drop out are reduced.

The project encourages children of the Sabar (kharia) and Santhal Paharia adivasi communities to join the learning centres. This project engages with the community at



every step to ensure sustainability of the initiative. The learning centres for example are set up with the help of the community in the spaces provided by them to promote ownership of the programme. The NSE Group project has reached 1627 girl children in Bankura and 1706 girl children in Purulia in its first year.

X. Learning Orbit for village Excellence in partnership

Learning Orbit for village Excellence brings together a diverse and dynamic pool of young people from the local and urban communities to create inspired and collaborative learning in government schools of Kotra and Gogunda. Kotra and Gogunda have low literacy levels. The objectives of the project are to increase the attendance, learning outcomes, personal and professional development of teachers, build aspirations in students to complete school education enable students with systems thinking abilities and provide mentorship to induce 'life preparedness' in students'. Civic engagement in the students is encouraged to promote grass-root dynamism and develop student and community leadership.

This transformation is done through Self Organized Integrated Learning Classrooms with integration of subjects through experiential lesson plans, where children design their learning and imbibe a culture of peer learning by exploring, questioning and failing. Teacher impact programmes and Learning Festivals – a space where children learn to love learning and are exposed to various creative mediums helping them to express and bring their ideas into reality through setting up Centers for Inspiration and Incubation where the community comes together owning a space where everyone dialogues to find solutions to problems the community faces, thereby making learning an evolving process.

The project in its first year of implementation began with 23 trained teaching fellows reaching out to more than 4000 children of the rural villages in 23 schools of Kotra and 7 schools of Gogunda.

XI. Student Teacher Empowerment Program

The program aims to empower students and teachers in the predominantly tribal and backward district of Sheopur in Madhya Pradesh. The program initiatives focus on empowering teachers to create better learning experiences, helping students improve in academics and building essential skills by engaging them in co-scholastic activities while at the same time ensuring a supportive environment through community engagement. The program endeavors to build systemic capabilities in teachers, the government and the community to take it forward.

Team orientation, baseline tests in all 40 schools, classroom makeover, teaching learning aids to create vibrant learning spaces have been completed. 4000 students and 80 teachers in 40 schools are being benefitted through this program which are delivered through Sikshan mitras recruited from the local community.



XII. Learning Enhancement Program for children in Disadvantaged Communities

The program which is in the second year, is designed to develop early literacy and numeracy in children of Std. 1&2. It seeks to improve learning levels in math and native language of children in Std. 3-8. The program provides access to good quality books to all children in the targeted communities through a community library program. The overall focus is to create a holistic learning environment for children in the community. A unique feature of the program is that parents, especially mothers are also involved. The NSE Group project impacts around 14,500+ children between 6 – 14 years in 120 communities in 5 cities of Maharashtra viz. Nagpur, Nashik, Thane, Pimpri - Chinchwad and Aurangabad through library camps which includes 11,000+ children benefiting through the support classes and parent education.

There are three main programs within this project which is run through 170 trained community volunteers mostly women. - Over 4000 parents were provided with material and instructed on how to apply this material to engage with their children as a part of Parent Education, Urban Read India Program & Support Classes takes a two-pronged approach by teaching basic foundational skills to children with age appropriate learning gaps introducing advanced level content with the aim of improving comprehension and writing abilities through Combined Activities for Maximized Learning methodology. Support Classes include academic intervention for Grades 3 to 8 for specific competencies based on children's learning needs in Language and Math as well as the library program that encourages reading and attention through visual media.

XIII. Project Chunauti

The Project Chunauti, a field action project of TISS was initiated in 2012 through the direction of the Mumbai High Court in response to the gross abuse and neglect of children in Mentally Disabled Children's (MDC) Homes in Maharashtra. Project Chunauti is an effort to promote and protect the rights of these intellectually disabled, orphan children who are the most vulnerable group in society. Earlier, there was no vision for the rehabilitation and social re- integration of such children in Maharashtra.

Project Chunauti has developed a rights-based model of intervention for mentally challenged, orphaned children with interventions like education, vocational training, counseling, development of individual care plans, training in life skills and efforts towards social reintegration into society.

In the last 2 years, the project has worked on replication of this model in 14 MDC Homes in 9 districts in the state of Maharashtra. As a result of various interventions by Project Chunauti, an improvement was observed in social skills and intellectual capacities in some of the children. It was realized that some of these children could be trained for independent living. Three girls were identified for training at Pratham's PACE center for vocational training in Aurangabad as they had the capacity to lead an independent life after completing their training. 6 more children (3 girls and 3 boys) have been identified for this training. Till date,



204 staff members from 14 MDC Homes have been trained on how to do assessments and how to make individual care plan for each child based on assessments. The replication process has benefitted 103 children in the Mankhurd home and 533 children and 60 older inmates from 14 MDC Homes in Maharashtra.

XIV. Educate Girls programme

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 been enrolled, retention of girls enrolled in schools and improving the learning outcomes of children studying in grades 3, 4 and 5.

In order to improve learning levels (numeracy and literacy), a curriculum is implemented in schools for children (both boys and girls) in grade 3, 4 and 5 with the use of specially designed kits called Gyan ka Pitara (GKP). GKP is currently being implemented in 236 schools of the NSE Group supported geography.

The intended impact of the project supported by NSE Group is to increase enrolment of girls in schools, retain at least 85% of enrolled girls in school and improve learning outcomes for over 4,900 children studying in grades 3-5. The programme is undertaken by a cadre of unpaid community volunteers called Team Balika associated with the organization. This programme has been able to enroll over 1,700 Out-of-school girls (OOSG) back in school across 3 blocks of Ajmer. Educate Girls has also formalized over 200 Bal Sabha (girls council) in upper primary schools and life skills training for over 2,700 girls is currently ongoing

XV. Primary Education Program / Fellow Sponsorship Program

NSE Group supports 60 Fellows in Mumbai and Chennai each who are attached with a total of 26 schools, impacting, 1800 students. Through this programme, NSE Group supports a mentoring programme placing qualified and educated youth in schools that lack modern management skills and processes.

Students are assessed on the Student Vision Scale which in addition to learning and improving the values & mindsets shapes how children choose to operate in the world and contribute towards making it better with better self- understanding. Emphasis is also placed on developing mastery in math and separate assessments are conducted for the same. The Fellow's leadership development journey is assessed on a fellow commitment which measures 3 commitments personal transformation, collective action and educational Equity.

A unique programme that evolved in Chennai was the partnership between Teach For India and AID India to increase the knowledge sharing between both organizations. This included the capacity building and training of the Aid India tutors along with their Block level trainers on the softer aspects of management, leadership skills and personal development, planning and key pedagogical skills including communication and coaching to encourage innovation, identify opportunities for TFI alumni placements.



XVI. Serving and Enriching Education for Under-privileged Urban Children

The NSE urban 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 the demand side of Right to Education. The project areas are vulnerable slums in Pune and Thane cities and applies the pioneering model of 'Children's Resource Center' (CRCs) or 'Shikshan Ranjan Kendra' that are established within the community thus bringing quality primary education within the reach of under-privileged children. There is special focus on education of girls and children from socially marginalized sections. The children are closely mentored by a cadre of trained Shikshan-Mitras (SM) or Youth Mentors which has resulted in creating a conducive environment for holistic learning to supplement education, provide minimum grade-appropriate learning and ensure literacy levels amongst the children through planned academic modules in addition to other life skills

Currently the project is into the third year and has impacted total 884 children in two community embedded centres at Thane and Pune where 94% children have attained grade-appropriate Reading Skills', 79% children have grade-appropriate 'Language Writing Skills' and 83% children have grade-appropriate 'Numeracy skills'. The project also tracks attendance and dropouts of the children.

XVII. Serving and Enriching Education for Under-privileged Rural Children

The project is essentially a replication of the urban programme in the rural areas of Satara District with the difference that the Children's Resource Centres (CRCs) are spread over 16 villages with 8 of them being in remote tribal hamlets. These tribal hamlets are home to 'Katkari' who are primitive tribes and are designated as 'Particularly Vulnerable Tribal Groups' (PVTG) in Maharashtra. Another extremely marginalized group is 'Denotified and Nomadic Tribes' (DNT) who are stigmatized and face severe geographical & social exclusion. They are also known as 'Vimukta Jati Nomadic Tribes' (VJNTs) in Maharashtra.

This Quality of Education project impacts 827 children especially the most vulnerable and hard to reach 115 'Katkari' and 219 DNT and VJNT children. The CRCs have played instrumental role in generating interest in learning amongst these children, bridging the learning deficits, identifying and showcasing talent especially in sports at the district level, linking them to sports scholarships and so on. The project is delivered by the cadre of 16 Youth Mentors called 'Shikshan Mitras'. The role of the Shikshan Mitras in integrating these marginalized sections within the larger communities is commendable and serves as a model for social and societal transformation at the village level. Due to the intense efforts at grass root level, significant improvement in age-appropriate learning is seen. 91% children have age-appropriate reading skills, 89% children have age-appropriate writing skills, and 87% children have age-appropriate numeracy skills with significant increase in attendance rates. .

**XVIII. Serving and Enriching Education to Under-privileged Urban Children in Bhiwandi-Nizampur and Malegaon**

The distinct feature of the project in Bhiwandi-Nizampur & Malegaon is its keen focus on the disadvantaged children from the minority community, many of whom are unskilled migrant workers working in the unorganized power loom industry. The successful implementation of the NSE Group supported Urban and Rural projects led to replication & expansion of the 'Children Resource Center' or 'Shikshan Ranjan Kendra' model in 2 of the most challenging urban settings of Bhiwandi-Nizampur & Malegaon. The 'Education Development Index' released by Government of Maharashtra & UNICEF ranked Bhiwandi-Nizampur third from the bottom and Malegaon fifth from the bottom depicting the precarious status of education which is marred with high drop outs and lower transition rate from primary to upper primary.

The project touches around 1638 most disadvantaged children. The Children Resource Centers are nested within the community and also in the schools. In a short period of 4 months, the project could achieve re-enrolment of 12 children in school and enabled extended support from the school in the form of school uniforms for these children from the Malegaon project.

XIX. Quality Education Program

The NSE Group Active Play Programme using S4D programme is nearing the third year of completion. It attempts to deliver a quality supplementary education programme for 1245 primary & Middle school children (grade 3rd to 7th) in 9 Marathi medium municipal schools that focuses on academic performance, health, hygiene, gender equality, leadership reading and remedial classes for children with learning deficits. These students are from the disadvantaged and marginalized communities with most of them being first generation learners. The 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 which bridges the learning deficit in grades 5, 6, & 7 is implemented in collaboration with QUEST (an NGO that has done extensive work in pedagogy and capacity building in education).

XX. GEETA- 'Girls Empowerment through Education Training and Action

NSE Group implemented the CSR educational project titled GEETA- 'Girls Empowerment through Education Training and Action' in Bahraich district of Uttar Pradesh. The project was implemented in 6 villages of Mihinpurwa block with special focus on school- going girls from the 'Tharu' community. The project period is April 2017 to March 2018.

The project worked on improving class room environment through implementation of SPICE approach in 6 schools and to enhance the learning experience of 700 girls belonging to local 'Tharu' and SC communities, and 800 children from other socially excluded groups.



XXI. Project Saksham: Quality Education for Age Appropriate Learning

The NSE Group project Saksham i.e. Quality Education for Age Appropriate Learning is in the third year of implementation and has impacted the learning levels of around 1500 children from government schools hailing from nomadic and notified tribes in 25 drought prone villages of Mehkar block of Buldana district in Maharashtra with high migratory patterns.

The intervention aims to build competencies through customised educational pedagogy using innovative low cost teaching aids based on NCERT curriculum, accessing and ensuring the support through the provisions of Right to Education Act 2009. The project is delivered by trained local youth who work in the learning centres as well as in the community. Through community led interventions ₹ 84 lakhs has been released for school development. On the request of the education department and teachers, additional children not covered under the project were identified and the learning material distributed after the training of close to 90 government school teachers who would then supervise them. 373 dropout children were tracked and 223 children were re-enrolled in schools under this initiative. In the third year additional WASH practices in 20 schools were implemented which included two Ashramshalas in the block.

XXII. Orientation of the Principals of the Adarsh Schools

The NSE Group principal training project conducted in Jaipur, aims to build the academic and leadership skills of the 2000 Principals of the Adarsh schools so that they can ensure effective implementation of the SIQE (State Initiative for Quality Education) programme and improve the quality of education delivered by their schools. The project also aims to create a resource group of 1200 Principals who can work as Key Resource Persons(KRP) for providing technical support to the teachers through teachers' trainings. The programme also seeks to build the capacities of the district level educational/ administrative officials (DIETs, DEEOs, etc) so that they can effectively manage and monitor the implementation of the SIQE programme in their respective districts, ensure monitoring of the programme through the Government at various levels and ensure through the implementation of the above processes to get the desired improvement in learning outcomes of the students.

XXIII. Project Prajwala- Education (Rajasthan)

This is a unique project designed by NSE Group CSR for the students of Kasturba Gandhi Balika Vidyalayas (KGBVs) in two states of Rajasthan and Madhya Pradesh(proposed). The students' KGBV scheme, a central flagship scheme of Sarva Siksha Abhiyan (SSA) was started with the objective of improving the education of girls in the blocks where the girls' literacy is lower than that of the national average and the Gender gap is higher. An increasing drop-out rate has been observed due to being first generation learners and the inability to cope with education at higher levels due to poor conceptual foundation.



The programme aims to:

- Strengthen the literacy and numeracy skills among girls studying in upper primary (6th to 8th) grades.
- Improve the learning outcomes of students in Math, Science and English through after school support and teachers' capacity building.
- Strengthen the participation of the School Management Committee for facilitating effective management of the schools/hostels.
- Strengthen the block and district level Government mechanisms to strengthen the academic support and monitoring of the schools/hostels.
- Positively impact the state policies and implementation plans for quality elementary education of the girls.

NSE CSR has signed an MoU with Rajasthan Council of Elementary Education (RCEE), Government of Rajasthan and. UNICEF is the technical advisor to both projects. There are 200+ KGBVs in Rajasthan located in the backward blocks of the State. NSE Group CSR is supporting the programme in all of them.

Through this programme intensive direct remedial classes will be given to 9000 girl students through community volunteers to establish desired age appropriate literacy level for around 5th. 1 teacher in each KGBV will be trained in remedial teaching in each of the selected schools- (master trainer). 270 community volunteers who would be the facilitators (3 community volunteers per school) will receive training in English, Science and Math for quality outputs in the education of girls studying in of 6th to 8th grades. 180 government officials of districts/ blocks (2 government officials per district) will also be oriented to the programme to build sustainability and continuity of the programme.

Sanitation Projects(Water, Sanitation and Hygiene- WASH)

XXIV. Project Prajwala -Swachh Balika, Swachh Vidyalaya: Validating Scalable Models for WASH in Schools

The NSE Group project Prajwala to improve the status of Water Sanitation and Hygiene facilities (WASH) in 200 Kasturba Gandhi Balika Vidyalaya (KGBV) in 33 districts of Rajasthan will impact around 60,000 girl children. Over a period of three years, the project aims to cover these 200 KGBVs through a partnership model with local NGOs where organizations like UNICEF will extend technical support and the education department of Rajasthan will provide systemic support. NSE CSR has signed MoU with Rajasthan Council of Elementary Education (RCEE), Government of Rajasthan for the same.

The key project objectives are retrofitted sanitation infrastructure, behaviour change communication (BCC) modules, capacity building and training and operations and management (O&M) protocols. This will thereby improve the usage and maintenance by providing training and capacity building, demonstration of best practices of hygiene on



menstrual hygiene management, hand washing, personal hygiene etc. to the immediate stakeholders of the KGBVs. The project would reach out to about 60,000 girl students residing in these schools.

XXV. Project Prajwala- Wash Compliant KGBVs (MP)

Project Prajwala- WASH project implemented in Madhya Pradesh is similar to the Rajasthan project. The main objectives of the 'WASH compliant KGBVs in Madhya Pradesh' project is to demonstrate fully compliant WASH facilities in KGBVs with behaviour change communication, training, capacity building directly and provide technical support to the government of Madhya Pradesh.

Ensure improved Knowledge, Attitude and Practices (KAP) among students and teachers on various aspects of WASH in the KGBVs.

Prepare a detailed report on the WASH status of the KGBVs which will include both the hardware (Infrastructure) and the software (knowledge, attitudes and practises) level of the KGBVs and serve as a baseline assessment reference for all stakeholders.

Support Rajya Shiksha Kendra (RSK), Government of Madhya Pradesh in augmenting WASH infrastructure to make the KGBVs WASH compliant.

Develop systems for Operation and Maintenance of WASH infrastructure in the KGBVs

Strengthen structures and processes in RSK to ensure sustainability of the intervention through institutionalisation of processes and filling the gaps in the current structures.

NSE has signed a MoU with Rajya Shiksha Kendra (RSK), Government of Madhya Pradesh for this project and the on ground implementation will be commencing soon. UNICEF is the technical advisor to this project. The intervention will take place in 200+ KGBVs reaching more than 28,000 children.

XXVI. Improving Sanitation for rural schools in Maharashtra

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. The objective is to improve sanitation facilities in the selected 15 schools each of rural and peri urban Nasik 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.

XXVII. School Health project

The school health project which completed its one year intervention has impacted 10 schools and around 4000 children from municipal schools in the Western Suburbs



of Mumbai - Bandra, Andheri & Kandivali, over a period of 1 year. The project has been implemented with a two pronged approach, namely Health Education and Repair of Wash Facilities.

The children were exposed to Behavior Change Communication(BCC) to inculcate and encourage sanitation and hygiene practices in their day to day lives. This was done through the health education sessions for more than 2200 children through more than 75 BCC sessions. Further more than 500 adolescent girls were reached out with information on menstrual hygiene in the schools. The NSE Group project supported the repair and renovation of more than 70 toilets and drinking water facilities in 10 municipal schools in Mumbai to ensure access to good sanitation facilities for students. Various stakeholders in the schools such as the teachers, cleaning staff and parents were involved in the process apart from the students during the tenure of the project.

Further, under the project a provision has been made for making the toilet blocks user friendly for specially abled children. For example, the toilets have been equipped with a ramp to facilitate entry & exit and installation of grab bars inside the toilet blocks.

XXVIII. Piloting Sustainable WASH In School For Enabling Better Health, Hygiene And Environment

The NSE Group project in Nashik - Piloting Sustainable WASH is a holistic school-based sanitation project. It undertook operation and maintenance model for 9 diverse set of schools which were in urban, peri-urban and rural district of Nashik. The program impacts around 5000 children by providing improved infrastructure in the schools, focuses on creating awareness on good hygiene practices, adolescent girls, teachers and parents through properly designed behavioral change campaigns. Along with behaviour change, infrastructure facilities such as safe drinking water station, 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.

XXIX. Promoting WASH Compliant Ashramshalas

The NSE Group Project – Promoting WASH Compliant Ashramshalas is a model project for water, sanitation and hygiene (WASH) in Ashramshalas. Ashramshalas are residential schools run by the Tribal Development Department (TDD). These schools are usually located in remote areas offer a residential educational facility to children from disadvantaged tribal backgrounds especially if the parents seasonally migrate for work. A study undertaken by TDD and UNICEF revealed the gaps in the WASH infrastructure, behavior and practices of the Ashramshalas. The assessment also created indicators for benchmarking and star rated the Ashramshalas according to the facilities. Basis this WASH benchmarking and assessment report, NSE Group initiated the unique Promoting WASH Compliant Ashramshalas project in partnership with the Tribal Development Department along with technical support from UNICEF as a CSR initiative in the 0 and 1 star rated Ashramshals in an effort to bridge the



gaps outlined in the assessment and benchmarking study and raise the level of awareness, knowledge and practice of hygiene and sanitation. The NSE Group project rollout would be carried out in a phased manner starting with the lowest ranked Ashramshalas in the 5 districts of the Nashik ATC Additional Tribal Commissionerate (ATC) division. The project would impact around 70,000 students, around 2000 school staff and TDD officers.

The project looks into three major components: (1) Retrofitting of WASH infrastructure as per the Benchmarking and Assessment survey of Ashramshalas (2) Enhanced awareness, knowledge and behaviour change on the aspects of WASH by students, teachers, government officials of TDD and sanitation workers (3) Build or improve systems around operations and maintenance.

Since these are residential schools, additional components such as kitchen cleanliness and management, clothes wash stations, solid and liquid waste management innovative concepts such as block sharing of sanitation facilities so that maintenance is ensured by the students, buddy system, gender issues since the schools have both girls and boys, innovative concepts in low cost infrastructure such as water purifiers for clean drinking water, water pumps that can be operated by students in a fun way due to power shortages and so on.

In addition the project has created manuals for the behavior change, a detailed project report (DPR) of processes of infrastructure as well as manuals for operation and maintenance (O&M) and standardization of processes for implementing NGOs.

XXX. Swacch Vidyalaya, Swacch Aadat

The NSE Group supported programme, Swacch Vidyalaya, Swacch Aadat (Clean School, Clean Habits) was initiated with an aim to raise awareness and ensure good hygiene practices in government schools in Dumka and Pakur districts of Jharkhand. In a span of 3 years, this program intends to capacitate 312 schools (104 each year) with access to safe drinking water, clean toilets and clean surroundings along with basic information on hygiene including menstrual hygiene management (MHM) impacting at least 30,000 students.

The core objective of the programme is to improve water, sanitation, and hygiene (WASH) infrastructure in the selected government run schools, raise awareness and ensure good hygiene practices amongst students, strengthen the School Management Committees (SMCs) as well as the communities to increase the demand for quality infrastructure from the relevant authorities in the schools and communities. The project plans to develop a teacher's training manual on hygiene in consultation with Jharkhand Education Project Council (JEPC).

XXXI. Capacity building of Ashramshala Staff and TDD officials on WASH

The NSE Group Training programme will create a group of 250 Master trainers from 514 Government Ashramshalas in all 4 tribal Additional Commissionerate offices (ATC) through a well-structured training programme for 3 days for each batch of 50 attendees. Going



forward, the master trainers will in turn organize 2 days training at Government Ashramshala level for improvement of WASH Behaviour for students and staff and influencing the augmentation and creation of WASH facilities in all the Government Ashramshalas in Maharashtra

The main objectives of the training programme proposal is to design and develop schedules and modules for conducting training of trainers, develop training material build capacities so as to conduct trainings at the Ashramshala level of these master trainers.

Elder Care

XXXII. Nation Supports Elderly

The NSE Group programme, Nation Supports Elderly (NSE) develops an innovative model to facilitate easy access to social protection schemes with special focus on pension for Elderly. The inclusive intervention model covers three core elements– Access, Awareness and Advocacy. It is a pilot intervention in 25 selected villages of Karra block district Khunti, Jharkhand. The NSE Group project has completed the 1st year, in which the baseline was completed. The intervention is planned for approximately 5000 elderly in 25 selected villages of Karra Block. The project aims to provide financial awareness to them and assist 2500 elders to access government pension and other benefit schemes such as Integrated Programme For Older Persons (IPOP), Indira Gandhi National Old Age Pension Scheme, Rashtriya Swasthya Bima Yojana (RSBY) etc.

XXXIII. Elderly Care Program

The Elder Enrichment Centres Programme supported by NSE Group, is designed to provide holistic services for underprivileged senior citizens in the select wards of F-North (FN) and F-South (FS) Mumbai through establishment of 'Elderly Enrichment Centres' (EEC). The two centres have been created in Sewree (FS) and GTB Nagar (FN) which comprises of a large number of elderly population due to closure of the textile mills some decades back as well as those who belong to migrant communities respectively.

The centres provide for physical and psychological well-being of senior citizens in the community and focuses on building communities. 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 components of the programme include, Focus on health care – physical and mental, social, recreational, educational, and counselling. The initiatives are carried out through small group interactions, as well as individual guidance and support including home visits.

Also addressed are legal rights and awareness of government schemes, prevention of elder abuse campaigns within the community and established networks with local Community Based Organisation (CBOs) and senior citizens at various levels to prevent deterioration in their conditions. Loneliness and social issues are taken up through group activities, yoga, awareness talks on financial legal and preventive health measures.



XXXIV. Project Shraddha – Towards Active And Healthy Ageing

“Towards Active and Healthy Ageing” has taken shape from a need for establishing an alternate scalable 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. Pochampalli (Yadri, 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 locations.

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 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, (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 information education and communication (IEC) material, refresher trainings, Jan Sunvayi and orientation visits for key beneficiaries to other project locations.

XXXV. Project CLEAN (Climate & Livelihoods Enhancement And Nutrition)

NSE Group CSR has been supporting Project Shraddha. This partnership has already reached nearly 4632 elderly in 346 elders self help groups (ESHGs) that have set out on the path of self help and self reliance. It is estimated that the partnership would result in social, financial and livelihood inclusion of 5400+ elderly.

Adding a layer to the existing Shraddha project a livelihood inclusion project is being supported by NSE Group CSR. This not only provides livelihood opportunity to senior members of the ESHGs but also supports sustainable environmental protection, and enhancement of the nutrition intake of not just the Elderly but also for their immediate family.

The Elders Self Groups formed under the Shraddha Project will be provided with 27000 Fruit Crops under this project which will assist in the following:



- Income Generation: Fruit crops provide income even for untrained persons, with low levels of skill or land holding.
- Nutrition Upgrade: Fruit growing in kitchen garden helps families to consume fruits. The nutritional values of fruits are well known.
- Ecological Balance: Planting of trees helps to maintain ecological balance and to increase precipitations in the locality.

XXXVI. Rashtriya Netra Yagna

The NSE Group CSR project, as a part of the elder care focus, seeks to reduce treatable blindness for underprivileged elderly, prevent the occurrence of blindness through eye camps, and rehabilitate visually handicapped persons in the situations when permanent blindness cannot be cured. The programme would be conducted primarily in the areas where NSE Group elder care projects are being implemented or for the elderly in underprivileged communities and groups where NSE Group projects are located.

District Transformation Strategy

District transformation has been a tested model to demonstrate concentrated impact and social change in one particular region over a definite period of time. The district transformation plan offers opportunities to have focused, measurable outcomes and a balanced, integrated and meaningful development of a geographical zone.

A comprehensive study was undertaken with inputs from experts and other developmental organizations to align with the 'Transformation of Aspirational Districts' programme which identifies around 115 backward districts across all States using close to 49 indicators and 81 data points in 5 identified thematic areas.

After assessing the relevant indices for the focus areas of NSE Group CSR, availability of reputed NGOs to implement projects in these locations, past experience with NGOs in the blocks and districts, efficiency in managing projects and supervisory intervention from regional offices, four districts from four states, namely, Birbhum (West Bengal), Nandurbar (Maharashtra), Karauli (Rajasthan) and Ramanathapuram (Tamil Nadu) have been selected as priority districts for administering this initiative. As an initial start to the programme, structured interventions with measurable outcomes would be undertaken in Primary Education, Sanitation & Safe drinking water and Elder Care programmes. These will be implemented in one selected block and then scaled across all blocks in the districts. This would provide an initial insight and learning of ground level realities. In addition, feasibility of convergence of projects, sustainability of the programme, collaborations with the efforts of the government and other corporates can be evaluated before scale up.

The projects for the selected blocks are detailed below:

XXXVII. Project Alokito Shoishab (Enlightened Childhood)

Alokito Shoishab' (Enlightened Childhood) has commenced in Rajnagar block of Birbhum



district of West Bengal. The literacy rate of Rajnagar block is 59.44%. The project aims to enhance enrolment and attendance of children in school, strengthen the basic academic foundation of children of classes 1 and 2, enhance teacher's capacity, provide age appropriate life skills education, work and strengthen school management system and sensitize the community and government officials on issues related to children's rights and entitlements.

XXXVIII. Project EQUIP (Education Quality Improvement Project)

The NSE Group EQUIP Project (Education QUality Improvement Project) aims to ensure quality education through deeper engagement programs in government schools and in the villages through remedial classes after school interventions. The program will reach the most underprivileged sections in Mandapam block of Ramanathapuram district in TamilNadu.

Under the EQUIP project, 3000 children will be assisted to achieve the basic skills expected for their grade levels and will be motivated to stay in school through teaching methodology and skill based assessment methods. 100 Govt. school teachers will be trained and their capacities will be built to create positive and interactive sessions with children. 40 village communities will be empowered to get more involved in the education of their children and negotiate with the appropriate government functionaries for the betterment of the village schools. Parents and Schools Management Committees will be strengthened to better the functioning of Schools.

XXXIX. Improving Language and Numeracy skills in Primary schools of Sapotra Block in Karauli District of Rajasthan State.

The NSE Group block transformation education project, Shikshan aims to improve literacy and numeracy skills of 9665 children in primary and upper primary schools (Classes I to VIII) of Sapotra Block in Karauli District of Rajasthan

The project will bring about a positive change through remedial education support for 4833 children and capacity building of school management committee members, teachers, block and district level education officials. The project will take up advocacy with district and State level officials for leveraging resources and replicating good practices from the project across all schools in Karauli district.

XL. Working towards making Sapotra Block of Karauli district Open Defecation Free through Community and School based WASH interventions.

The project further will work towards making Sapotra block of Karauli district Open Defecation Free through community and school based WASH interventions.

Gaps and needs in WASH infrastructure will be assessed, at two levels namely village and at school. Based on the findings of the assessment, school level input plan will be developed and implemented. For anganwadi centres (AWCs) linkages with Swacch Bharat mission will be ensured for toilet construction in the centres in the first phase.



Rigorous behaviour change communication (BCC) activities will be undertaken at anganwadi level to train pre-schoolers, along with the anganwadi and ASHA workers on safe water, sanitation and hygiene practices with special emphasis on food hygiene to ensure hygienic meal for the pre-schoolers.

At school level, children WASH clubs would be formed and they will be oriented on safe water, sanitation and hygiene practices and personal hygiene. These children will act as peer educators and will further orient other children and also convey the message to the community and support in changing behaviour of the population. In addition special emphasis on food hygiene will be ensured for mid-day meal for the schoolers.

Community level awareness campaigns on safe water, sanitation and hygiene will be undertaken to trigger behaviour change including proper handling of drinking water, construction and use of toilet, safe disposal of waste (solid and liquid) as expected under Swachh Bharat Mission. They will be made aware about the different government schemes for construction of toilets.

XLI. Project for Open Defecation Free(ODF) sustainability in Nandurbar

NSE Group CSR has committed to support this project which focuses on block transformation for ODF sustainability and WASH compliant schools and Ashramshalas in the Nandurbar block.

This project would be implemented for a term of 3 years initially to:

- Ensure WASH compliant government schools with:
 - * WASH and hygiene facilities as per benchmarking standards (developed by UNICEF for residential tribal schools (Ashramshalas).
 - * As per the Swachh Vidyalaya guidelines in all ZP schools Ensure 100% ODF block by mobilizing government resources for 100% Individual Household Latrine (IHHL) construction and developing mechanisms for ensuring usage.

The project would build upon the existing work on Ashramshalas in Maharashtra along with the zilla parishad schools, other institutions such as Anganwadis and the community at a larger level. The interventions would reach 137 gram panchayats in Nandurbar block. The project would include both hardware and software components in 157 Zilla Parishad schools and 7 Ashramshalas impacting 33700 beneficiaries with access to Water, Sanitation and Hygiene in the first phase..

XLII. Project Swaccho – Nirapad Parivesh (Clean and Safe Environment)

NSE Group CSR, has conceptualized Swaccho – Nirapad Parivesh (Clean and Safe Environment), initiative in Rajnagar Block of Birbhum district (West Bengal). This initiative focuses on safe sanitation and sustained Open Defecation Free(ODF) status among communities and institutions in Rajnagar block.



This three-year initiative aims at retrofitting WASH facilities in all the government aided 118 primary schools, anganwadi centers and tribal schools/Ashramshalas along with establishing operations and maintenance system and institutional strengthening. The program will focus on work with the education department at the block and district level for sustainability of the services and create a path towards an exit strategy.

The program will strengthen the gram panchayats (Village Water and Sanitation Committees) for monitoring the usage of toilets by community members. Simultaneously, capacities of the local governance will be strengthened for sustained WASH (newly elected Panchayati Raj representatives) and their commitment for achieving the objectives of Swachh Bharat Mission.

XLIII. Project Aalambana

Aalambana envisages a three pronged approach to address the perceived needs of the elderly – social inclusion, economic (financial) inclusion and health inclusion. Another feature is the digital inclusion aligning with the Vision 2022 and Digital India programme of the Government of India.

The project would benefit 8300 senior citizens in 3 blocks: Rajnagar (West Bengal), Mandapam (TamilNadu) and Sapotra (Rajasthan).

The processes of inclusion of elderly would be through Elders Self Help Groups (ESHGs) and their higher order federations at the village and cluster level, over a period of four years.

These ESHGs would be mobilized, trained and capacitated to engage better with existing programmes and services apart from providing for livelihood assets/restoration support. Additionally, given the relative lack of primary health care access in rural areas, especially for the elderly, a community managed module for health care to manage chronic ailments with palliative care for the bed-ridden and destitute elderly is proposed to be institutionalized.

NSE CSR Focus Group

In order to strengthen its CSR initiatives, a CSR Focus Group was formed in 2012. The members of the group are 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 to encourage volunteering for the NSE 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.



NSE Foundation

With the rapid increase in the number of CSR projects, it was felt that a separate and focused entity in the form of a Section 8 Company was required to create a measurable impact and enter into collaborations with on ground implementation partners for scale up of programmes. Accordingly, NSE Foundation was incorporated as a company under Section 8 of the Companies Act, 2013 on 5th March 2018, to initiate, supervise and co-ordinate activities to implement the Corporate Social Responsibility policy of NSE and its Group Companies as mandated under the Companies Act, 2013. Further, approvals were received from the relevant tax authorities under (i) section 12A of the Income-tax Act, 1961 for registration as an entity for charitable purpose and (ii) section 80G of the Income-tax Act, 1961 as an eligible entity to receive contribution for charitable purpose from other entities. Going forward, the current CSR projects of NSE will be transferred to NSE Foundation and future CSR initiatives would be undertaken by the NSE Foundation.

Web-link for NSE Group CSR Policy:

https://www.nscclindia.com/NSCCL/disclosures/resources/NSE_CSR_Policy.pdf

2. The Composition of the CSR Committee of NSCCL: The current members of the Committee are Mr. Harun R Khan, Mr. N K Maini, Mr. J Ravichandran and Mr. Vikram Kothari. Mr. Harun R Khan is the Chairman of the NSCCL CSR Committee.
3. Average net profit of NSCCL for last three financial years (FY 2014-15, 2015-16 and FY 2016-17): The average net profit of NSCCL calculated pursuant to Section 135 read with Section 198 for last three Financial Years is ₹ 239,70,11,672.75
4. Prescribed CSR expenditure (2% of the amount as in item 3 above): ₹ 4,79,40,234/-.

Details of CSR spend of NSCCL during the financial year 2017-18

- (a) Total amount to be spent for the financial year 2017-18: ₹ 4,79,40,234/-
- (b)
 - (i) Total amount already committed (Cumulative- FY 2014-15 to FY 2017-18): ₹ 21,47,41,050/- out of which ₹ 12,20,81,793/- was committed during the year.
 - (ii)
 - a. Total amount already disbursed/spent (Cumulative- FY 2014-15 to FY 2017-18): ₹ 21,41,70,169/- (including for ongoing projects transferred to the NSE Foundation) of which ₹ 18,71,34,086/- was disbursed in the current financial year.
 - (iii) Amount unspent, if any for the financial year: ₹ Nil

Accordingly, an amount of ₹ 21,47,41,050/- has been already committed or disbursed during the financial years FY 2014-15 to FY 2017-18 against ₹ 21,41,70,169/- to be incurred on CSR activities during this period.

Note: The excess commitment amount of ₹ 5,70,881/- will be met out of allocation of subsequent years.



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

| 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 district where projects or programs was undertaken | Amount outlay (budget) project or programs wise | | Cumulative Amount outlay (Committed Budget) | | Amount spent during FY 17-18 on projects or programs sub heads (1) Direct expenditure on projects or programs (2) overheads | | Cumulative expenditure up to the reporting period | | Amount spent Direct or through implementing agency | | Implementing Agency |
|---------|---|--|---|---|------------------------|---|------------------------|---|----------------------|---|----------------------|--|----------------------|---|
| | | | | Outlay for the Group | Outlay for the Company | 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 | Education Activity Centre – Urban Pune | Primary Education | Pune City, District- Pune, State- Maharashtra | - | - | 11,44,100 | 2,34,138 | - | - | 10,28,950 | 2,05,386 | 10,28,950 | 2,05,386 | Door Step School |
| 2 | Project Grow With Books- Rural | Primary Education | Haveli- Mulashi Tehasil, District- Pune State- Maharashtra | - | - | 42,07,000 | 8,60,956 | - | - | 30,83,952 | 6,15,547 | 30,83,952 | 6,15,547 | Door Step School |
| 3 | Saksham- Quality Education for Age Appropriate Learning | Primary Education | District- Buldhana State- Maharashtra | - | - | 36,26,700 | 7,42,198 | - | - | 36,11,700 | 7,13,723 | 36,11,700 | 7,13,723 | Vikas Sahayog Pratishthan |
| 4 | Quality Education Program. | Primary Education | District- Thane State- Maharashtra | - | - | 54,82,400 | 11,21,964 | - | - | 39,43,024 | 7,80,566 | 39,43,024 | 7,80,566 | Magic Bus India Foundation |
| 5 | Project Chnauti | Primary Education | Mankhurd, Mumbai State- Maharashtra | - | - | 37,35,690 | 7,64,503 | - | - | 30,67,902 | 6,10,135 | 30,67,902 | 6,10,135 | Tata Institute of Social Sciences |
| 6 | Serving & Enriching Education To Under Privileged Children- Urban | Primary Education | Thane and Pune State- Maharashtra | - | - | 2,10,32,480 | 43,04,263 | 65,92,649 | - | 1,78,30,440 | 20,53,504 | 1,78,30,440 | 20,53,504 | All India Inst. Of Local Self Government |
| 7 | Serving & Enriching Education To Under Privileged Children- Rural | Primary Education | Medha Dist- Satara State- Maharashtra | - | - | 2,10,32,480 | 43,04,263 | 65,64,050 | - | 1,76,90,589 | 20,32,662 | 1,76,90,589 | 20,32,662 | All India Inst. Of Local Self Government |
| 8 | Integrated Social Assistance and Health Security for the Elderly | Elder Care | Mumbai and Chennai State- Maharashtra and Tamilnadu | - | - | 1,65,89,430 | 33,95,000 | - | - | 1,47,16,883 | 27,15,393 | 1,47,16,883 | 27,15,393 | Dignity Foundation |
| 9 | Education Activity Centre – Urban Pune | Primary Education | Pune City, District- Pune, State- Maharashtra | - | - | 25,37,207 | 4,97,296 | 3,53,769 | - | 18,99,041 | 2,66,046 | 18,99,041 | 2,66,046 | Door Step School- Urban |
| 10 | Project Grow With Books- Rural | Primary Education | Haveli- Mulashi Tehasil, District- Pune State- Maharashtra | - | - | 44,21,076 | 8,66,537 | 14,57,743 | - | 42,62,426 | 4,82,876 | 42,62,426 | 4,82,876 | Door Step School- Rural |
| 11 | Saksham- Quality Education for Age Appropriate Learning | Primary Education | District- Buldhana State- Maharashtra | - | - | 59,26,950 | 11,61,690 | 2,51,783 | - | 59,04,315 | 9,73,185 | 59,04,315 | 9,73,185 | Vikas Sahayog Pratishthan - Saksham |
| 12 | Project Chnauti | Primary Education | Mankhurd, Mumbai State- Maharashtra | - | - | 47,35,248 | 9,28,115 | - | - | 37,00,703 | 6,37,142 | 37,00,703 | 6,37,142 | Tata Institute of Social Sciences (Chnauti) |
| 13 | Primary Education Program / Fellow Sponsorship Program | Primary Education | Mumbai, MH and Chennai, TN | - | - | 1,76,71,602 | 34,63,658 | 75,03,385 | - | 1,55,49,834 | 13,85,340 | 1,55,49,834 | 13,85,340 | Teach For India |
| 14 | Elderly Care Program | Elder Care | Lower Parel, Mumbai | - | - | 82,41,200 | 16,15,286 | 13,40,739 | - | 41,07,660 | 4,76,375 | 41,07,660 | 4,76,375 | Family Welfare Agency |
| 15 | Quality Education Program. | Primary Education | District- Thane State- Maharashtra | - | - | 1,45,56,190 | 25,06,109 | 53,63,988 | - | 1,10,34,597 | 9,76,297 | 1,10,34,597 | 9,76,297 | Magic Bus India Foundation |
| 16 | Muktangan Primary School Programme | Primary Education | Mumbai, Maharashtra | - | - | 85,21,500 | 14,67,129 | 21,39,498 | - | 58,99,215 | 6,47,303 | 58,99,215 | 6,47,303 | Paragon Charitable Trust |
| 17 | School Partnership Programme | Primary Education | Mumbai, Maharashtra | - | - | 1,14,00,000 | 19,62,714 | - | - | 44,44,645 | 7,65,225 | 44,44,645 | 7,65,225 | Door Step Schools Mumbai |



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|---------|--|--|---|---|------------------------|---|------------------------|---|----------------------|---|----------------------|--|----------------------|---|
| | | | | Outlay for the Group | Outlay for the Company | 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 | |
| 18 | Eureka Superkidz | Primary Education | Cuddalore, Kanchipuram, Thiruvallur, Thiruvannamalai, Trichy and Vellore Dist., Tamil Nadu | - | - | 89,38,250 | 15,38,880 | 22,71,300 | - | 87,71,392 | 11,19,107 | 87,71,392 | 11,19,107 | Aid India |
| 19 | Every Child in School And Learning Well | Primary Education | Nagpur, Nashik, Thane, Pimpri - Chinchwad and Aurangabad Dist, Maharashtra | - | - | 1,02,25,365 | 17,60,480 | 6,09,355 | - | 89,62,844 | 14,38,203 | 89,62,844 | 14,38,203 | Pratham Education Foundation |
| 20 | Girl child educate programme | Primary Education | Purulia and Bankura Dist., West Bengal | - | - | 1,05,00,000 | 18,07,763 | 76,03,806 | - | 1,02,08,056 | 4,48,368 | 1,02,08,056 | 4,48,368 | IIMPACT |
| 21 | Rehli Shiksha Pahal Program (RSPP) | Primary Education | Dist. Sagar, Madhya Pradesh | - | - | 3,05,00,000 | 52,51,122 | 30,52,744 | - | 30,52,744 | - | 30,52,744 | - | Samavesh Society for Development and Governance |
| 22 | Educate Girls Program | Primary Education | Ajmer, Rajasthan | - | - | 1,15,00,000 | 19,79,931 | 52,87,447 | - | 98,88,474 | 7,92,149 | 98,88,474 | 7,92,149 | Foundation To Educate Girls Globally |
| 23 | Saksham | Primary Education | Kalvan and Nashik | - | - | 5,07,00,000 | 87,28,914 | 20,15,344 | - | 20,15,344 | - | 20,15,344 | - | QUEST |
| 24 | Girls Empowerment through education training & action-GEETA | Primary Education | Bahraich district, Uttar Pradesh | - | - | 23,23,000 | 3,99,946 | 6,46,017 | - | 19,05,517 | 2,16,846 | 19,05,517 | 2,16,846 | Developmental Association For Human Advancement (DEHAT) |
| 25 | Shradha - Towards Active And Healthy Ageing | Elder Care | 1. Yavatmal, Maharashtra 2. Nalgonda, Telangana, 3. Purbi Midnapore, West Bengal 4. Supaul, Bihar | - | - | 5,51,00,000 | 94,86,453 | 56,26,904 | - | 1,05,09,819 | 8,40,681 | 1,05,09,819 | 8,40,681 | Helpage India |
| 26 | Nation Supports Elderly | Elder Care | Jharkhand | - | - | 49,96,000 | 8,60,151 | - | - | 24,98,457 | 4,30,154 | 24,98,457 | 4,30,154 | Charities Aid Foundation India |
| 27 | Piloting Sustainable WASH In School For Enabling Better Health, Hygiene And Environment. | Sanitation | Nashik, Maharashtra | - | - | 59,71,700 | 10,28,135 | 22,07,535 | - | 50,36,960 | 4,87,136 | 50,36,960 | 4,87,136 | FINISH Society |
| 28 | School Health Project | Sanitation | Mumbai, Maharashtra | - | - | 79,92,916 | 13,76,124 | 44,99,770 | - | 78,20,937 | 5,71,798 | 78,20,937 | 5,71,798 | Americares India Foundation |
| 29 | Improving Sanitation for Rural Schools in Maharashtra | Sanitation | Nashik and Akola, Maharashtra | - | - | 1,04,63,000 | 18,01,393 | 58,78,566 | - | 86,17,066 | 4,71,482 | 86,17,066 | 4,71,482 | Youth For Unity And Voluntary Action (YUVA) |
| 30 | Swachh Vidyalaya, Swachh Aadat | Sanitation | Dumka and Pakur Districts, Jharkhand | - | - | 2,73,00,000 | 47,00,185 | 61,57,680 | - | 65,58,980 | 69,091 | 65,58,980 | 69,091 | Jai Seva Charitable Foundation |
| 31 | Promoting WASH Compliant Ashramshala, Maharashtra | Sanitation | Nashik District, Maharashtra | 2,24,00,000 | 40,09,141 | 11,94,00,000 | 2,07,09,430 | 2,14,94,637 | - | 2,14,94,637 | - | 2,14,94,637 | - | JSCF - WASH in Ashram Schools |
| 32 | Humanitarian Assistance For Flood Affected Communities In Bihar, India | Disaster Relief | Bihar | - | - | 80,40,000 | 13,84,230 | 7,84,641 | - | 77,84,641 | 12,05,176 | 77,84,641 | 12,05,176 | Oxfam India |



National Securities Clearing Corporation Limited

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|---------|--|--|---|---|------------------------|---|------------------------|---|----------------------|---|----------------------|--|----------------------|--|
| | | | | Outlay for the Group | Outlay for the Company | 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 | |
| 33 | Education Activity Centre – Urban Pune | Primary Education | Pune City, District- Pune, State- Maharashtra | - | - | 29,00,000 | 4,99,287 | 23,52,513 | - | 23,52,513 | - | 23,52,513 | - | Door Step School- Urban |
| 34 | Project Grow With Books- Rural | Primary Education | Haveli- Mulashi Tehasil, District- Pune State- Maharashtra | - | - | 44,19,346 | 7,60,870 | 35,22,453 | - | 35,22,453 | - | 35,22,453 | - | Door Step School- Rural |
| 35 | Project Grow with Books – SMC | Primary Education | Haveli- Mulashi Tehasil, District- Pune State- Maharashtra | - | - | 9,69,469 | 1,66,911 | 6,33,817 | - | 6,33,817 | - | 6,33,817 | - | Door Step School- SMC |
| 36 | Saksham- Quality Education for Age Appropriate Learning | Primary Education | District- Buldhana State- Maharashtra | - | - | 64,55,650 | 11,11,456 | 39,02,874 | - | 61,37,424 | 3,84,718 | 61,37,424 | 3,84,718 | Vikas Sahayog Pratishthan |
| 37 | Project Chunaoti | Primary Education | Mankhurd, Mumbai State- Maharashtra | - | - | 65,10,600 | 11,20,917 | 29,26,892 | - | 29,26,892 | - | 29,26,892 | - | Tata Institute of Social Sciences (Chunaoti) |
| 38 | Orientation of the Principals of the Adarsh Schools | Primary Education | Jaipur State- Rajasthan | 1,20,00,000 | 21,47,754 | 1,20,00,000 | 21,47,754 | 79,39,136 | - | 79,39,136 | - | 79,39,136 | - | Bodh Shiksha Samiti |
| 39 | Project Chunaoti | Primary Education | MDC homes of Maharashtra and Delhi | 8,00,00,000 | 1,43,18,361 | 8,00,00,000 | 1,43,18,361 | - | - | - | - | - | - | Tata Institute of Social Sciences (Chunaoti) |
| 40 | Project Prajwal- Wash Compliant KGBVs (MP) | Sanitation | All KGBV Madhya Pradesh | 4,52,17,211 | 80,92,954 | 4,52,17,211 | 80,92,954 | - | - | - | - | - | - | Jal Seva Charitable Foundation |
| 41 | Project Prajwal- Swachh Balika, Swachh Vidyalaya: Validating Scalable Models for WASH in Schools | Sanitation | All KGBV Rajasthan | 4,52,17,211 | 80,92,954 | 4,52,17,211 | 80,92,954 | 52,23,622 | - | 52,23,622 | - | 52,23,622 | - | Centre for Education |
| 42 | Eureka Superkidz | Primary Education | Cuddalore, Kanchipuram, Thiruvallur, Thiruvannamalai, Trichy and Vellore Dist., Tamil Nadu | 2,68,97,200 | 48,14,048 | 2,68,97,200 | 48,14,048 | 1,05,44,414 | - | 1,05,44,414 | - | 1,05,44,414 | - | Aid India |
| 43 | Learning Enhancement Program for children in Disadvantaged Communities | Primary Education | Nagpur, Nashik, Thane, Pimpri - Chinchwad and Aurangabad Dist, Maharashtra | 1,98,00,000 | 35,43,794 | 1,98,00,000 | 35,43,794 | 47,82,814 | - | 47,82,814 | - | 47,82,814 | - | Pratham Education Foundation |
| 44 | Primary Education Program / Fellow Sponsorship Program | Primary Education | Mumbai, MH and Chennai, TN | 4,36,00,000 | 78,03,507 | 4,36,00,000 | 78,03,507 | 1,43,81,268 | - | 1,43,81,268 | - | 1,43,81,268 | - | Teach For India |
| 45 | School Partnership Programme | Primary Education | Mumbai, Maharashtra | 2,10,00,000 | 37,58,570 | 2,10,00,000 | 37,58,570 | 28,56,863 | - | 28,56,863 | - | 28,56,863 | - | Door Step Schools Mumbai |
| 46 | Muktangan Primary School Programme | Primary Education | Mumbai, Maharashtra | 88,51,500 | 15,84,237 | 88,51,500 | 15,84,237 | 40,10,460 | - | 40,10,460 | - | 40,10,460 | - | Paragon Charitable Trust |
| 47 | Elderly Care Program | Elder Care | Lower Parel, Mumbai | 1,24,00,000 | 22,19,346 | 1,24,00,000 | 22,19,346 | 20,06,886 | - | 20,06,886 | - | 20,06,886 | - | Family Welfare Agency |



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|---------|--|--|---|---|------------------------|---|------------------------|---|----------------------|---|----------------------|--|----------------------|--|
| | | | | Outlay for the Group | Outlay for the Company | 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 | |
| 48 | Serving and Enriching Education to Under-privileged Urban Children in Bhiwandi-Nizampur and Malegaon | Primary Education | Malegaon and Bhiwandi Maharashtra | 3,20,94,144 | 57,44,194 | 3,20,94,144 | 57,44,194 | 47,27,126 | - | 47,27,126 | - | 47,27,126 | - | All India Inst. Of Local Self Government |
| 49 | Project Prajwala - Education in KGBVs | Primary Education | All KGBV Rajasthan | 5,91,00,000 | 1,05,77,689 | 5,91,00,000 | 1,05,77,689 | 61,30,875 | - | 61,30,875 | - | 61,30,875 | - | Both Shiksha Samiti |
| 50 | Student Teacher Empowerment Program | Primary Education | Sheopur, Madhya Pradesh | 2,63,55,000 | 47,17,005 | 2,63,55,000 | 47,17,005 | 37,81,261 | - | 37,81,261 | - | 37,81,261 | - | Learning Links Foundation |
| 51 | Project Learning Orbit for Village Excellence in partnership | Primary Education | Udaipur, Rajasthan | 2,47,00,000 | 44,20,794 | 2,47,00,000 | 44,20,794 | 50,21,222 | - | 50,21,222 | - | 50,21,222 | - | Jatan sansthan |
| 52 | Rashtriya Netra Yagna | Elder Care | 22 District across 11 state | 1,20,00,000 | 21,47,754 | 1,20,00,000 | 21,47,754 | 30,00,000 | - | 30,00,000 | - | 30,00,000 | - | Vision Foundation India |
| 53 | Capacity Building of Ashramshala staff and TDD officials on WASH | Sanitation | Nashik, Maharashtra | 24,70,000 | 4,42,079 | 24,70,000 | 4,42,079 | 15,00,000 | - | 15,00,000 | - | 15,00,000 | - | Sanskar Wahini Gram Vikas Shikshan Sanstha |
| 54 | Girl child educate programme | Primary Education | Purulia and Bankura Dist., West Bengal | 4,50,00,000 | 80,54,078 | 4,50,00,000 | 80,54,078 | - | - | - | - | - | - | IIMPACT |
| 55 | Educate Girls Program | Primary Education | Ajmer, Rajasthan | 2,60,00,000 | 46,53,467 | 2,60,00,000 | 46,53,467 | - | - | - | - | - | - | Foundation To Educate Girls Globally |
| 56 | Improving Language and Numeracy skills in Primary schools of Sapotra Block in Karauli District of Rajasthan State. | Primary Education | Block Sapotra, District Karauli, Rajasthan | 88,67,000 | 15,87,011 | 88,67,000 | 15,87,011 | 33,25,125 | - | 33,25,125 | - | 33,25,125 | - | Plan International (India Chapter) |
| 57 | Project Alokito Shoishab (Enlightened Childhood) | Primary Education | Block Rajnagar, District Birbhum, West Bengal | 34,30,000 | 6,13,900 | 34,30,000 | 6,13,900 | 17,15,000 | - | 17,15,000 | - | 17,15,000 | - | Child in Need Institute (CINI) |
| 58 | Project EQUIP (Education Quality Improvement Project) | Primary Education | Block Mandapam, District Ramanathapuram, Tamilnadu | 1,56,00,000 | 27,92,080 | 1,56,00,000 | 27,92,080 | 44,49,900 | - | 44,49,900 | - | 44,49,900 | - | Aid India |
| 59 | Working towards making Sapotra Block of Karauli district Open Defecation Free | Sanitation | Block Sapotra, District Karauli, Rajasthan | 1,04,00,000 | 18,61,387 | 1,04,00,000 | 18,61,387 | 39,00,000 | - | 39,00,000 | - | 39,00,000 | - | Plan International (India Chapter) |
| 60 | Swaccho - Nirapad Parivesh (Clean and Safe) | Sanitation | Block Rajnagar, District Birbhum, West Bengal | 77,00,000 | 13,78,142 | 77,00,000 | 13,78,142 | 28,87,500 | - | 28,87,500 | - | 28,87,500 | - | Water For People |
| 61 | Project for ODF sustainability in Nandurbar | Sanitation | Nandurbar Dist. Maharashtra | 1,30,00,000 | 23,26,734 | 1,30,00,000 | 23,26,734 | - | - | - | - | - | - | Jal Seva Charitable Foundation |



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 district where projects or programs were undertaken | Amount outlay (budget) project or programs wise | | Cumulative Amount outlay (Committed Budget) | | Amount spent during FY 17-18 on projects or programs sub heads (1) Direct expenditure on projects or programs (2) overheads | | Cumulative expenditure up to the reporting period | | Amount spent Direct or through implementing agency | | Implementing Agency |
|---------|--|---|--|---|------------------------|---|------------------------|---|----------------------|---|----------------------|--|----------------------|---------------------|
| | | | | Outlay for the Group | Outlay for the Company | 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 | |
| 62 | Aalambana – Towards Active and Healthy Ageing | Elder Care | Block Rajnagar West Bengal, Block Mandapam TamilNadu and Block Sapotra Rajasthan | 3,21,00,000 | 57,45,242 | 3,21,00,000 | 57,45,242 | 96,95,925 | - | 96,95,925 | - | 96,95,925 | - | Helpage India |
| 63 | Project Prajwala - Education in KGBVs | Primary Education | All KGBV Madhya Pradesh | 2,34,00,000 | 41,88,121 | 2,34,00,000 | 41,88,121 | - | - | - | - | - | - | Bodh Shiksha Samiti |
| 64 | Project "CLEAN" (Climate & Livelihoods Enhancement and Nutrition) for Elders | Elder Care | 1. Yavatmal, Maharashtra 2. Nalgonda, Telangana, 3. Purbi Midnapore, West Bengal 4. Supaul, Bihar | 25,00,000 | 4,47,449 | 25,00,000 | 4,47,449 | 18,75,000 | - | 18,75,000 | - | 18,75,000 | - | Helpage India |
| 65 | Contribution to NSE Foundation | Various sectors covered by Schedule VII of the Companies Act, 2013. as included in NSE Group CSR Policy | Pan India | - | - | - | - | 82,55,70,427 | 18,71,34,086 | 82,55,70,427 | 18,71,34,086 | 82,55,70,427 | 18,71,34,086 | NSE Foundation |
| 66 | CSR Focus Group | Various Activities* | Mumbai, Maharashtra | - | - | - | - | 17,00,930 | - | 32,15,462 | 2,89,677 | - | - | |
| 67 | Capacity Building | Capacity Building | Mumbai, Maharashtra | - | - | - | - | 48,09,645 | - | 1,32,09,271 | 15,61,146 | - | - | |
| 68 | PME** | Project Monitoring | NA | - | - | - | - | 45,33,453 | - | 67,03,676 | 3,73,643 | 67,03,676 | 3,73,643 | |
| | | | | 68,20,99,265 | 12,20,81,793 | 1,19,97,65,814 | 21,47,41,050 | 1,05,34,10,750 | 18,71,34,086 | 1,20,49,28,075 | 21,41,70,169 | 1,18,85,03,343 | 21,23,19,345 | |

* 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.

Note: During the year 2017-18, NSE Group (which includes NSCCL) incorporated NSE Foundation to undertake CSR activities for NSE Group. NSE Foundation will carry on various CSR activities on behalf of NSCCL also. NSCCL contributes the amount as prescribed under the provisions of the Companies Act, 2013 to NSE Foundation to be spent towards CSR activities from time to time. The CSR committee of NSCCL shall monitor the CSR activities undertaken & implemented by NSE Foundation. NSE Foundation will provide periodic update on the progress of the CSR projects, fund utilization/ accounts statement and an annual report of CSR activities.

Accordingly, NSCCL has contributed ₹ 13.92Crores pertaining to unspent CSR amount up to March 2017 and an amount of ₹ 4.79Crores (being 2% of the average profit of past 3 years pertaining to current year) for the current year (FY 2017-18) aggregating to ₹ 18.71Crores to NSE Foundation to be spent on various CSR activities as stated in the Group CSR policy which has been adopted by the Company as Company's CSR policy. An amount of ₹ 21.47Crores has been already committed or disbursed during the financial years, FY 2014-15 to FY 2017-18, against ₹ 21.41Crores to be incurred on CSR activities during this period. The excess commitment amount of ₹ 0.06Crores will be met out of allocation of subsequent years.

At NSE Group level, during the FY 2017-18, ₹ 22.78Crores was disbursed towards the various CSR projects and ₹ 68.20Crores has been committed.

6. The Reasons for Shortfall in Disbursal

NSE Group undertakes numerous interventions to improve the status of Primary Education, Elder Care and Water, Sanitation and Hygiene (WASH) interventions in some of the most backward districts of our country. The interventions benefit the extremely marginalised populations in remote locations such as tribal communities.



In the initial stages of implementation, the off take on the social projects due to the advent of the Sec 135 mandate was slow due to various reasons such as knowledge of the sector, internal capacity of the CSR department, NSE CSR selection guidelines for programmes / NGOs, a high standard of legal, financial and programmatic due diligence by NSE, approvals from government authorities and other formalities thereby affecting timely disbursements due to extended timelines. However, in the subsequent years, the number of projects, the expenditure towards the projects and the number of beneficiaries impacted has undergone a quantum increase.

Subsequently, a comprehensive exercise was undertaken to identify large projects in alignment with the various government schemes that can be scaled up easily such as the combined WASH and literacy intervention in the 400+ Kasturba Gandhi Balika Vidyalayas (KGBVs) for girl students in educationally backward blocks of Rajasthan and Madhya Pradesh and a similar integrated project in Tribal Ashramshalas (residential schools for tribal children) which are run by the Tribal Development Department in Maharashtra. This would ensure the sustainability through institutionalization of the project and ensure that children from triple disadvantaged communities, who are in dire need of usable facilities which are provided by the Government in remote locations, have access to the same. In addition, four backward districts have been selected under the Transformation of the 115 Aspirational Districts programme. Within this programme, in the first phase, four blocks have been selected for intervention in alignment with the core focus areas of the NSE CSR policy i.e. Primary Education, Elder Care and Sanitation and Clean Drinking Water.

In FY 2017-18, the CSR budget for NSCCL was ₹ 4.79 Crores; ₹ 18.71 Crores has been the expenditure on approved CSR projects in the current financial year which amounts to 100% of the allocated CSR budget for FY 2017-18. This includes the wholly committed unspent amounts of the previous years transferred to NSE Foundation, a Section 8 Company incorporated with the objective of implementing the CSR plan of NSCCL and the group subsidiaries as per the guidelines enshrined in the NSE Group CSR policy. The amount thus transferred will be released periodically for the current projects on attaining the defined milestones. The Company remains committed to meet its CSR obligations on an annual basis to the extent feasible and contribute to the social and equitable development of the Nation.

Further, an amount of ₹ 21.47 Crores has already been committed or disbursed by NSCCL during FY 2014-15 to FY 2017-18, against ₹ 21.41 Crores was to be incurred on CSR activities during this period. The excess commitment amount of ₹ 0.06 Crores will be met out of the allocation of subsequent years.

As noted above, during the year under report out of the amount of ₹ 4.79 Crores being the amount required to be spent to implement the Corporate Social Responsibility Policy of the Company in the manner laid down in sub-section (5) of section 135 of the Companies Act 2013, the actual expenditure works out to ₹ 18.71 Crores leaving a shortfall of ₹ Nil which is 100% of the amount to be spent. Further, the second proviso to sub-section (5) of section 135 requires the company to specify the reasons for not spending the amount i.e. the shortfall between the actual expenditure and the amount required to be spent. The brief discussion below seeks to provide the required explanation.

The manner in which the CSR policy has evolved since its inception, the NSE Group has so far undertaken a set of interventions to improve the status of Primary education, Elder Care and Water, Sanitation and Hygiene (WASH) interventions in some of the most backward districts of our country. In order to make the interventions sustainable and to make a discernible impact the interventions have continued over



the years. It is well documented that the initial physical progress and absorptive capacity of financial investment is slow in such sectors due to limitations imposed by geography and the dearth of physical and human resources at the level of scene of action. It may not be out of place to mention here that even the state intervention in the same areas of activities, utilisation of funds has been a major challenge.

It may further be added that the Company and the Group, being mindful of maintaining highest standards of operational efficiency, financial propriety and the need to ensure delivery of end-products and outcomes of the highest quality, has also given precedence to sustainability over mechanical achievement of financial thresholds. That initial lessons have been learnt and there is steady improvement in making up on the gap would be evident from the following simplified statement:

| Financial Year | Utilisation of CSR Funds (as % of amount required to be spent) |
|----------------|--|
| 2014-15 | 3.02% |
| 2015-16 | 9.81% |
| 2016-17 | 37.75% |
| 2017-18 | 100% |

Mention may also be made to the fact that as on date there is 'committed expenditure' of ₹ 21.41 Crores where disbursement could have taken place were it the intention to somehow meet the requirement of section 135 (5), this amount would have been shown as 'spent'. It is, however, the policy of the NSE Group to spend when expenditure is due and not to park the funds creating illusory expenditure – the outcome of this approach should reflect in the actual disbursements during 2018–19. The decision of the Group to establish a Foundation (in the form of a 'Company with Charitable Objectives' under section 8 of the Companies Act) to carry out implementation and supervision of the CSR policies of the Group Companies was also actuated by a resolve inter alia to speed up the operations under the CSR policy and so that the statutory financial thresholds are achieved without compromising the integrity of the delivery system.

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

| | |
|-------------------------------------|---|
| Vikram Kothari Managing Director | Harun R Khan Chairman, CSR Committee |
|-------------------------------------|---|



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 March 31, 2018.

II. Board of Directors

A. Composition of the Board and Category of Directors

As on March 31, 2018, the Board consists of 7 Directors of which one is Shareholder Director, five are Public Interest Directors and the remaining one is 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 eight times during the year on April 27, 2017, June 15, 2017, July 14, 2017, August 2, 2017, November 1, 2017, November 21, 2017, January 31, 2018 and February 26, 2018. 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 companies for the year 2017-18:

| Name of the Director | Category | Attendance Particulars | | | No. of Directorships/Chairmanships and Committee Chairmanships / Memberships | | |
|--|--------------------------|--|----------|----------|--|--|---|
| | | Number of Board Meetings during the year | | Last AGM | Directorship(s) / Chairmanship(s)* [Reg.25(1) of SEBI LODR Regulations] | Committee Membership(s)** [Reg.26(1) of SEBI LODR Regulations] | Committee Chairmanship (s) ** [Reg.26(1) of SEBI LODR Regulations]] |
| | | Held | Attended | | | | |
| Mr. Harun R Khan | Public interest Director | 8 | 8 | Y | 3 | 2 | 1 |
| Mr. Salim Gangadharan | Public interest Director | 8 | 8 | Y | 2 | - | - |
| Mr. Navin Kumar Maini | Public interest Director | 8 | 8 | Y | 1 | - | - |
| Mr. CVR Rajendran | Public interest Director | 8 | 8 | N | 1 | 2 | - |
| Mrs. Bhagyam Ramani (appointed w.e.f June 1, 2017) | Public interest Director | 8 | 7 | N | 5 | 6 | - |
| Mr. J. Ravichandran (appointed w.e.f November 17, 2017) | Shareholder Director | 8 | 2 | N | 1 | 2 | - |
| Mr. Vikram Kothari, Managing Director (appointed w.e.f Nov. 7, 2017) | Executive Director | 8 | 3 | N | 1 | — | — |

Y= Yes; N=No

* 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.

NOTE: Mr. Ravi Narain ceased to be a Director w.e.f. June 2, 2017. He attended one meeting held during his tenure. Mr. T. Venkata Rao retired as the Managing Director of the Company on November 6, 2017. He attended all the 5 meetings held during his tenure.



(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. Vikram Kothari 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/Familiarisation_programme.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, if any 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. Besides the above, the compliance certificate as envisaged in Regulation 17 of SEBI (LODR) Regulations, 2015 is also provided to the Board by the Managing Director and the Chief Financial Officer.



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

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 compensation policy 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 during FY 2017-18 are given in Table No. 2 below:-

Table No.02

(₹ in crores)

| Name & Designation | Salary & Allowances | Variable Pay | Perquisites in cash or in kind | Contribution to PF and other | Total |
|---|---------------------|--------------|--------------------------------|------------------------------|-------|
| Mr. T. Venkata Rao (Managing Director)** | 2.08 | 0.25 | 0.04 | 0.04 | 2.41 |
| Mr. Vikram Kothari Managing Director# | 0.40 | - | - | 0.02 | 0.42 |

** Excludes 50% of the Variable Pay of ₹ 0.25 crores to be paid on deferred basis after 3 years

@ Ceased to be the Managing Director of NSCCL w.e.f. end of office hours of November 6, 2017

Assumed office as Managing Director of NSCCL w.e.f. November 7, 2017

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 (₹) | No. of meetings attended | Amount (₹) | |
| Mr. Harun R Khan, Chairman | 8 | 800000 | 34 | 3400000 | 4200000 |
| Mr. Salim Gangadharan | 8 | 800000 | 28 | 2800000 | 3600000 |
| Mr. N K Maini | 8 | 800000 | 28 | 2800000 | 3600000 |
| Mr. C VR Rajendran | 8 | 800000 | 23 | 2300000 | 3100000 |
| Mrs. Bhagyam Ramani | 7 | 700000 | 8 | 800000 | 1500000 |
| Mr. Ravi Narain | 1 | 100000 | 5 | 500000 | 600000 |

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, statutory auditors and secretarial 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. 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. Subsequently, Mr. Ravi Narain ceased to be member of the Audit Committee effective from June 2, 2017.

The Audit Committee was further re-constituted on January 31, 2018 and it currently comprises four Directors viz., Mr. Harun R Khan, Mr. C VR Rajendran, Mrs. Bhagyam Ramani and Mr. J. Ravichandran as its members with Mr. Harun R Khan as its Chairman. The Committee met four times during the year i.e., April 27, 2017, August 2, 2017, November 1, 2017 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:

| Name | Number of meetings held during the tenure of the member | Number of meetings attended |
|----------------------|---|-----------------------------|
| Mr. Harun R Khan | 4 | 4 |
| Mr. N K Maini @ | 4 | 4 |
| Mr. Ravi Narain* | 1 | 1 |
| Mr. C VR Rajendran | 4 | 4 |
| Mrs. Bhagyam Ramani# | - | - |
| Mr. J. Ravichandran# | - | - |

* Ceased to be member effective from June 2, 2017. @ Ceased to be a member of the Committee w.e.f. January 31, 2018

Inducted as the member of the Committee by the Board on January 31, 2018 held after the conclusion of Audit Committee meeting

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. Harun R Khan, Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on June 22, 2017 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 NRC was constituted by the Board for the purpose of discharging its functions required under both the Companies Act, 2013 and under SEBI requirements.

The Nomination & Remuneration Committee (NRC) originally consisted of 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. Mr. Ravi Narain ceased to be member of NRC effective from June 2, 2017. Subsequently, Mr. J. Ravichandran became a member of NRC effective from January 31, 2018.

The NRC was subsequently re-constituted on January 31, 2018 and it currently comprises three Directors viz., Mr. N.K.Maini, Mr. Harun R Khan, and Mr. J. Ravichandran as its members with



Mr. N.K.Maini as its Chairman. The Committee met four times during the year i.e., April 27, 2017, July 14, 2017, August 2, 2017 and January 31, 2018 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:

| Name | Number of meetings held during the tenure of the member | Number of meetings attended |
|------------------------|---|-----------------------------|
| Mr. N.K.Maini | 4 | 4 |
| Mr. Harun R Khan | 4 | 4 |
| Mr. Salim Gangadharan@ | 4 | 4 |
| Mr. Ravi Narain* | 1 | 1 |
| Mr. J. Ravichandran# | - | - |

@ Ceased to be member of the Committee w.e.f. January 31, 2018. * Ceased to be a member of the Committee w.e.f. June 2, 2017

Inducted as the member of the Committee by the Board on January 31, 2018 held after the conclusion of NRC meeting

Mr. N. K. Maini, the Chairman of the Nomination & Remuneration Committee, attended the Annual General Meeting (AGM) held on June 22, 2017 to answer shareholders queries.

The Information regarding the performance evaluation criteria of Independent Directors is covered in the Board's Report.

(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 originally comprised 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. Subsequently, the Risk Management Committee was reconstituted on January 31, 2018 comprising Mr. Salim Gangadharan, Mr.C VR Rajendran and Mrs. Bhagyam Ramani as its members with Mr. Salim Gangadharan as its Chairman. During the year, the Committee met 4 times i.e., on April 6, 2017, August 2, 2017, November 21, 2017 and January 31, 2018 and all the members attended the meeting. 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, 2018 and all the members attended the meeting.



(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 originally consisted of Mr. Harun R Khan, Mr. Ravi Narain and Mr. T Venkata Rao as its members with Mr. Harun R Khan as its Chairman. Mr. Ravi Narain and Mr. T. Venkata Rao ceased to be its members w.e.f. June 2, 2017 and November 6, 2017 respectively. Mrs. Bhagyam Ramani was inducted as its member w.e.f. June 15, 2018. The Committee was subsequently re-constituted on January 31, 2018. The CSR Committee currently consists of Mr. Harun R Khan, Mr. N. K. Maini, Mr. J. Ravichandran and Mr. Vikram Kothari as its members with Mr. Harun R Khan as its Chairman. The CSR Committee met 3 times i.e., on April 27, 2017, August 2, 2017 and November 1, 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 March 31, 2018. 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 2017-18 is enclosed at the end of the report.

VIII. General Shareholder Information

- (A) Annual General Meeting: The 22nd Annual General Meeting of the Company was held on Thursday, June 22, 2017 at 4.15 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: 2016-17
- (C) Dividend Payment date: June 23, 2018
Proposed dividend for financial year 2017-18: 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- Mr. Ravindra Mohan Bathula is the Chief 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

- (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

- (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 prescribed under 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 2018, 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, 2018:-

| Type of meeting | Date | Time | Venue | Special Resolution passed |
|--------------------------------|-----------------|-----------|---|---|
| Extra-Ordinary General Meeting | 22-August- 2017 | 11 a.m. | Board Room, Fifth Floor, B-1 Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra- Kurla Complex, Bandra(East), Mumbai – 400 051 | – |
| Extra-Ordinary General Meeting | 17- July- 2017 | 3.00 p.m. | Board Room, Fifth Floor, B-1 Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra- Kurla Complex, Bandra(East), Mumbai – 400 051 | Extension of term of Appointment of Mr. T. Venkata Rao as Managing Director |



| Type of meeting | Date | Time | Venue | Special Resolution passed |
|---|---------------|------------|--|--|
| 22 nd Annual General Meeting | 22-June- 2017 | 4.15 p.m. | Board Room, Fifth Floor, B-1 Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra- Kurla Complex, Bandra(East), Mumbai –400 051 | – |
| 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(East), Mumbai – 400 051 | Alterations to Articles of Association of the Company |
| 21 st 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 | – |
| 20 th 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 Rao. |

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.



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 2017-18.

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, Chief Compliance Officer and Chief Information Security Officer as on March 31, 2018.

Date: April 27, 2018

Place: Mumbai

Vikram Kothari

Managing Director



MANAGEMENT DISCUSSION & ANALYSIS

Economic & Business Environment

Global economic activity, after remaining 'too low for too long' following the global financial crisis that began in 2008 and after a particularly uninspiring 2016, began to pick up in the first quarter of 2017 and has continued to strengthen as the year progressed. The global output growth seen in 2017 is considered firm and the recovery decisive. The world output growth strengthened to 3.8% in 2017 (from 3.2% in the previous year), on the back of a notable rebound in global trade and investments. This was the fastest growth seen since 2011. Among the advanced economies, the upswing has been spectacular for quite a few, led by a stronger-than-expected investment spending, which had remained weak since the 2008-09 global financial crisis and was particularly subdued in 2016. The US economy, for example, is expanded by 2.3% in 2017, up from 1.5% in 2016. Although the US economy ended 2017 on a slightly weak note, it bounced back in Q1 of 2018. The euro area recovery too has gathered strength in 2017, with a consistent fall in unemployment rate and rising consumer confidence. The Japanese economy registered the eight consecutive quarters of growth in Q4 2017; however, weak manufacturing PMI points to a slow start in 2018.

The emerging and developing economies grew by 4.8% in 2017, more than double the rate at which the advanced economies are expected to grow. Among the major emerging market economies, China's estimated growth for 2017 (6.9%) is broadly at the same level as in 2016. Growth in China was supported by a resurgence in net exports and strong private consumption, while the investment growth slowed down. In contrast, the economies of commodity exporting countries (notably Brazil, Russia, etc.) that had earlier experienced sharp investment and import contractions during the 2015-16 commodity price downturn, experienced a significant rebound, led by higher fixed investment growth. The Russian economy continued to recover in Q1 2018; industrial production expanded in Jan-Feb, while exports grew at a robust pace. In South Africa, leading indicators, viz., the manufacturing PMI and business confidence, improved in Q1.

Deceleration in India's economic growth continued for the second consecutive year. The advanced estimates of GDP released by Central Statistics Office (CSO) shows that growth is expected to slow down to 6.6% in 2017-18 from 7.1% seen in 2016-17. The slowdown primarily reflected sluggish private consumption growth, which moderated to 6% as the implementation of the Goods and Services tax (GST) had a transient effect. Net exports were also a drag on the economy, as imports surged on higher crude oil prices, while exports declined, partly led by the GST-related working capital disruptions. Government expenditure, however, provided sustained support to the aggregate demand at 10+% growth for two consecutive years. Meanwhile, gross fixed capital formation turned around in Q2 and accelerated in Q3, reflecting early signs of a sustained expansion in capital goods production and a modest revival in construction activity.

Monthly inflation, as measured by the Consumer Price Index (CPI) averaged at 3.6% in FY17-18 is well within RBI's comfort zone. Compared to last year inflation moderated this year mainly due to a decline in vegetable prices and the continued deflation in pulses, despite an uptick in fuel and housing inflation, primarily due to increasing international oil prices. RBI has projected CPI inflation for 2018-19 at 4.7-5.1 per cent in H1:2018-19

On fiscal deficit front, estimate for FY17-18 has been revised to 3.5% of GDP (from budgeted figure of 3.2% of GDP), indicating a deviation from the fiscal consolidation path. This was mainly because of a shortfall in collection of indirect tax (related to the initial implementation issues of GST) and non-tax revenue. However, this is partly



made up through higher direct tax collections and higher disinvestment receipts than targeted. Despite the fiscal slippage in FY 18, the Government has accepted the proposal of the Fiscal Reform and Budget Management (FRBM) Committee to central government debt to GDP ratio to 40% by 2022-23. It has however proposed an amendment to the FRBM Act, proposing to do away with revenue deficit targets.

The current account deficit (CAD) to GDP ratio is close to 1.9% of GDP in the first three quarters of FY17-18 (as compared to 0.7% of GDP seen in FY16-17). The primary reason for the rising current account deficit is the widening gap between the merchandise export and imports. Buoyant capital flows, however, have provided comfort to the balance of payments (BoP) account, with the result that India's foreign exchange reserves reached an all-time high of USD 424 billion at end-March 2018 (compared to USD 370 billion at end-March, 2017).

Outlook

The outlook for the Indian economy remains robust, with several factors expected to accelerate the pace of the economy. Firstly, there are clear signs of an investment revival, as reflected in the sustained increase in capital goods production and rising imports. Secondly, global growth has improved which should further encourage exports and boost fresh investments. And thirdly, the 2018 monsoons are likely to be normal (as projected by the Indian Meteorological Department) providing some optimism on agriculture and inflation outlook.

In the recent World Economic Outlook (April 2018), the IMF has projected India to grow at 7.4% and 7.8% in FY18-19 and FY19-20 respectively, supported by strong private consumption as well as fading transitory effects of the demonetization initiative and the implementation of the GST.

The outlook for Indian capital markets is robust mainly due to overall positive economic and political environment, the Indian economy is expected to pick up pace on implementation of key structural reforms, appropriate fiscal and monetary policies. Further, there has been an increase in the number of Foreign Portfolio Investors (FPIs) registered with SEBI during FY 2017-18 and their continued interest in Indian equity & bonds. The Capital markets have also witnessed increasing domestic demand especially through the mutual fund Systematic Investment Plan (SIP) route.

Risks

However, key macroeconomic risks remain, as listed below:

Global Risks:

1. Rapid tightening of financial conditions with the closing of output gaps and monetary policy normalization
2. Worsening of trade tensions and the imposition of broader barriers to cross-border trade would not only take a direct toll on economic activity, but would also weaken confidence with further adverse repercussions
3. Risks of a shift toward protectionist policies
4. Climate change, geopolitical strains and cybersecurity breaches pose additional threats to the global outlook

Domestic Risks:

1. Continued rise in non-performing assets in the banking sector
2. Upcoming general elections could have an impact on the policy agenda



3. Uncertainty around GST
4. Risks of deficient monsoons could have a significant impact on agricultural produce
5. Volatility in international crude oil prices could impact inflation

Financials

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013, Generally Accepted Accounting Principles (GAAP) in India and as per the applicable Accounting Standards laid down by the Institute of Chartered Accountants of India and as notified under the Companies Act, 2013. 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 (2017-18)

During the year 2017-18, the total revenue has increased by around 5.71% from ₹ 352.43 crores for the year 2016-17 to ₹ 372.55 crores for the year 2017-18.

The total expenditure for the year 2017-18 was ₹ 121.23 crores as compared to ₹ 124.33 crores for the year 2016-17, a decrease of around 2.50% over the previous year.

The total Profit Before tax for the year 2017-18 was ₹ 251.32 crores as against ₹ 228.10 crores for the year 2016-17, increased by around 10.18% over the previous year.

The total Provision for tax (including deferred tax) for the year 2017-18 was ₹ 92.49 crores as against ₹ 75.26 crores for the year 2016-17.

The total Profit after tax for the year 2017-18 was ₹ 158.83 crores as against ₹ 152.84 crores for the year 2016-17, increase by around 3.92% over the previous year.

The total Comprehensive Income for the year 2017-18 was ₹ 158.60 crores as against ₹ 152.45 crores for the year 2016-17, increase by around 4.03% 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 2017-18 increased by around 20.91% from ₹ 101.31 crores for the year 2016-17 to ₹ 122.49 crores for the year 2017-18.

Interest & Other Investment income

During the year 2017-18 the total investment income increased from ₹ 219.92 crores for the year 2016-17 to ₹ 233.75 crores for the year 2017-18.

Other Operating Revenues

During the year 2017-18, the other operating revenues increased from ₹ 11.21 crores for the year 2016-17 to ₹ 14.28 crores for the year 2017-18.



Expenditure

Other expenses

During the year 2017-18 other expenses were at ₹ 100.63 crores including CSR expenditure of ₹ 18.71 crores as against the Other expenses of ₹ 105.32 including bad debt written off amounting ₹ 24.10 crores for the year 2016-17 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 2017-18, the employee related expenses stood at ₹ 17.22 crores which was ₹ 16.30 crores for the year 2016-17. For the year 2017-18, the total employee cost as a percentage to total income was 4.62% and as a percentage of expenditure was 14.20% which is comparable to the industry standards.

Depreciation

Depreciation increased by around 24.72% from ₹ 2.71 crores for the year 2016-17 to ₹ 3.37 crores for the year 2017-18.

Financial Statement as on March 31, 2018

Share Capital

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

Reserves & Surplus

The total other Equity as on March 31, 2018 is ₹ 576.25 crores comprising General reserve of ₹ 494.71 crores, Capital Redemption Reserve of ₹ 10.00 crores and balance in P&L A/c of ₹ 71.54 crores. Thus the total Net worth of the Company as on March 31, 2018 is ₹ 621.25 crores (excluding contribution to Core SGF) and ₹ 1338.25 crores (including contribution to Core SGF) and the book value is ₹ 138.06 per share (excluding contribution to Core SGF) and ₹ 297.39 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 Minimum Required Contribution (MRC) 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, 2018 is ₹ 2,414.32 crores comprising of: a) ₹ 717 crore contributed by NSCCL by appropriating reserves / profits b) ₹ 359 crore received from NSE towards Core SGF. c) Member's contribution to Core SGF amounting to ₹ 356 crore is utilised out of the amount received from NSE towards 25% of its annual profits upto August 2015 d) The balance amount of 25% of Exchange profits amounting to ₹ 350.59 crore is credited to Core SGF e) ₹ 31 crores, ₹ 15 ,crores and ₹ 16, crores adjusted towards incremental requirement of Minimum Required Corpus (MRC) from the interest accrual on the cash contribution by NSCCL, NSE and NSE's Contribution on behalf of members respectively. In addition to the above, Fines & penalties collected by NSCCL amounting to ₹ 302.68 crore and an amount of ₹ 267.05 crore (Net off ₹ 62crores adjusted towards incremental requirement of Minimum Required Corpus (MRC) as per



SEBI letter reference no. SEBI/HO/MRD/DRMNP/OW/P/2018/4559/1 dated February 12, 2018) being Income from investments of Core SGF funds have been credited to Core SGF.

NSCCL's own contribution to Core SGF for the quarter and year ended March 31, 2018 amounting to ₹ Nil and ₹192 crore, respectively, (for the quarter ended December 31, 2017 ₹ 48 crore, for the quarter and year ended March 31, 2017 ₹ Nil and ₹ 37.12 crore) have been appropriated out of profits.

Deposits from members & Clearing Banks (Unsecured)

The total deposits from members & Clearing Banks as on March 31, 2018 stood at ₹ 768.14 crores as against ₹ 687.60 crores as on March 31, 2017.

Fixed Assets

Total Gross Block as on March 31, 2018 was ₹ 46.28 crores. Total Accumulated depreciation up to March 31, 2018 was ₹ 37.58 crores. Net fixed Assets (including Capital W.I.P) were ₹ 16.16 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, 2018 the total non-current investments were ₹ 70.00 crores as against ₹ 50 crores as on March 31, 2017. Current investments were ₹ 327.05 crores as on March 31, 2018 as against ₹ 247.14 crores as on March 31, 2017, increase of ₹ 79.91 crores.

Other Non-Current and Current Assets

Total other assets (non-current and current) as on March 31, 2018 stood at ₹ 9078.35 crores mainly comprising of cash and bank balances in current and Fixed Deposits and certificates of deposits amounting to ₹ 8984.83 crores, interest accrued on investments and Fixed Deposits amounting to ₹ 75.17 crores, trade and other receivables amounting to ₹ 18.35 crores.

Other Non-Current and Current Liabilities

Total other liabilities (non-current and current) as on March 31, 2018 stood at ₹ 5687.84 crores mainly comprising of Settlement Obligations payable ₹ 4260.21 crores, Margins from Members ₹ 1278.41 crores.

Taxation

The total Provision for tax (including deferred tax) for the year 2017-18 was ₹ 92.49 (net off tax on contribution to Core SGF) crores as against ₹ 75.26 crores for the year 2016-17.

Events occurring after the balance sheet date.

There are no transactions of material nature that have occurred after March 31, 2018 which could have any impact on the financial performance of the Company for the year 2017-18.



CEO – CFO CERTIFICATION

To,

The Board of Directors

National Securities Clearing Corporation Limited

We, Vikram Kothari, 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, 2018 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, 2018

Vikram Kothari
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 400051

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 **31st March 2018**. 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.

For S. N. ANANTHASUBRAMANIAN & CO.
Company Secretaries

S. N. ANANTHASUBRAMANIAN
Partner
FCS: 4206
COP No. 1774

Date: 27th April, 2018
Place: Thane

**ANNEXURE 7(I) 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 Duties | Remuneration Received (₹) | | Experience (No. of years) | Date of Commencement of Employment | Last Employment |
|---------|--|--------------|--|---------------------------|---------|---------------------------|------------------------------------|--|
| | | | | Gross | Net | | | |
| 1 | Mr. T Venkata Rao # B.Com., LL.B, PGDBA | 60 | Managing Director | 13609747 | 7116528 | 36 | April 1, 2015 | Head - NSCCL National Stock Exchange of India Limited |
| 2 | Mr. Vikram Kothari # CA ICWA. | 47 | Managing Director | 4200611 | 2992876 | 22 | November 7, 2017 | Executive Director J P Morgan Chase Bank |
| 3 | Dr.V. R. Narasimhan\$ M. Com., ACS, MBA, Ph.D | 61 | Chief Regulatory Officer | 3130774 | 2418129 | 34 | May 30, 2013 | Sr. Vice President, Kotak Mahindra Bank Ltd. |
| 4 | Mr Natarajan Ramasamy # CFA, FRM | 58 | Head-Risk Analysis & Operations | 10711484 | 5742659 | 33 | December 1, 2016 | Head - Clearing & Settlement National Stock Exchange of India Limited |
| 5 | Mr. Ravindra Bathula # LL.B. | 48 | General Counsel & Chief Compliance Officer | 8521854 | 5360080 | 24 | December 1, 2016 | General Counsel National Stock Exchange of India Ltd. |
| 9 | Ms. Rana Usman # B.Com, PGDBM | 48 | Head - Clearing & Settlement | 9495400 | 6233186 | 23 | December 1, 2016 | Sr. Asst. Vice President National Stock Exchange of India Limited |
| 10 | Mr R Jayakumar @ M.A., FCS, LL.B | 51 | Company Secretary | 7331800 | 4748250 | 27 | September 1, 2017 | Assistant Vice President National Stock Exchange of India Limited |
| 8 | Mr Huzefa Mahuvawala # ACA | 39 | Assistant Vice President | 8187944 | 5199799 | 18 | December 1, 2016 | Asst. Vice President National Stock Exchange of India Limited |
| 11 | Mr. Nilesh Tinaikar @ MMS | 45 | Assistant Vice President | 3531862 | 2314482 | 23 | September 1, 2017 | Asst. Vice President National Stock Exchange of India Limited |
| 10 | Ms. Hima Bindu Vakkalanka @ MBA | 44 | Chief Information Security Officer | 6519220 | 4177834 | 21 | September 1, 2017 | Asst. Vice President National Stock Exchange of India Limited |
| 11 | Mr. Amit Amlani @ MBA DBM | 41 | Chief Manager | 5285032 | 3852649 | 18 | September 1, 2017 | Chief Manager National Stock Exchange of India Limited |

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 ₹ 4028318 and ₹ 223562 was paid to Mr. T Venkata Rao and Mr. Nilesh Tinaikar respectively. Mr. T Venkata Rao was also paid ₹ 6509300 towards gratuity.
- Mr. T Venkata Rao was the Managing Director upto November 6, 2017.
- Employees, whose names are 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. Vikram Kothari was appointed as Managing Director for a period of three years with effect from November 7, 2017.
- None of the employees mentioned above is a relative of any Director.
- Employees other than whose name has been marked with \$ are in permanent employment of the company on contractual basis governed by the employment terms & conditions and service rules.
- Employee whose name has been marked with @ was on deputation basis upto 31.08.2017 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. These employees are in permanent employment of the company on contractual basis governed by the employment terms & conditions and service rules from 01.09.2017.
- 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 13.33 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 8%, 8% 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 18.12%. The remuneration under points (i) to (v) of these disclosures (except iv), 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, 2018, there are 73 employees on the rolls of the Company.

(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 based normal increment there was no other additional salary revision given in FY 2017-18.

(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.

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/resources/Business_Responsibility_Report_2018.pdf



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, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (together hereinafter referred to as "Ind AS Financial Statements").

Management's Responsibility for the Ind AS Financial Statements

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

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

Auditor's Responsibility

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

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

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

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

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



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
 - (e) on the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 34 to the Ind AS financial statements;
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 35 to the Ind AS financial statements;
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company – Refer Note 36 to the Ind AS financial statements;

For Khandelwal Jain & Co
Chartered Accountants
Firm's Registration No. 105049W
(Narendra Jain)
Partner
Membership No. 048725

Place : Mumbai
Date : April 27, 2018



ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF NATIONAL SECURITIES CLEARING CORPORATION LIMITED

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statement for the year ended March 31, 2018. We report that:

- i)
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
 - b) The Company has physically verified the fixed assets in accordance with a program of verification which in our opinion provides for physical verification of all fixed assets at reasonable intervals. We have been informed that no material discrepancies were noticed on such verification.
 - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable property in its name.
- ii) The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of clause 3(ii) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi) The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii)
 - a) According to the information and explanations given to us and on the basis of records examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other statutory dues, wherever applicable. According to the records of the Company, there were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
 - b) According to the information and explanations given to us, the dues of Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Custom, Duty of Excise and Value Added Tax which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

| Sr. No. | Name of the Statue | Nature of the Dues | Period to which the amount related (Financial Year) | Amount (₹ in crores) | Forum where dispute is pending |
|---------|----------------------|---------------------------------|---|----------------------|----------------------------------|
| 1. | Income Tax Act, 1961 | Income Tax and Interest thereon | 1996-1997 | 0.06 | Joint Commissioner of Income Tax |



| Sr. No. | Name of the Statute | Nature of the Dues | Period to which the amount related (Financial Year) | Amount (₹ in crores) | Forum where dispute is pending |
|---------|----------------------|---------------------------------|---|----------------------|--------------------------------------|
| 2. | Income Tax Act, 1961 | Income Tax and Interest thereon | 2010-2011 | 0.86 | Commissioner of Income Tax (Appeals) |
| 3. | Income Tax Act, 1961 | Income Tax and Interest thereon | 2011-2012 | 0.44 | Commissioner of Income Tax (Appeals) |

- viii) The Company has not taken any loan from banks, financial institutions or government and the Company has not issued any debentures. Therefore, the provisions of clause 3(viii) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- ix) The Company has not taken any term loans and has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause 3(ix) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and section 188 of the Act, where applicable and details of such transactions have been disclosed in the Ind AS Financial Statements as required by the applicable Indian Accounting Standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause 3(xiv) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore, the provisions of clause 3(xv) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Khandelwal Jain & Co
Chartered Accountants
Firm's Registration No. 105049W
(Narendra Jain)
Partner
Membership No. 048725

Place : Mumbai
Date : April 27, 2018



ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF NATIONAL SECURITIES CLEARING CORPORATION LIMITED

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

We have audited the internal financial controls over financial reporting of NATIONAL SECURITIES CLEARING CORPORATION LIMITED ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Khandelwal Jain & Co
Chartered Accountants
Firm's Registration No. 105049W
(Narendra Jain)
Partner
Membership No. 048725

Place : Mumbai
Date : April 27, 2018



BALANCE SHEET AS AT MARCH 31, 2018

(₹ in Crores)

| | Particulars | Note No. | As at 31.03.2018 | As at 31.03.2017 |
|-----|--|----------|------------------|------------------|
| I | ASSETS | | | |
| 1 | Non-current Assets | | | |
| a | Property, Plant and Equipments | 2 | 4.28 | 3.40 |
| b | Capital work-in-progress | 2 | 4.15 | 2.84 |
| c | Other Intangible Assets | 3 | 4.42 | 2.01 |
| d | Intangible assets under development | 3 | 3.30 | 4.23 |
| e | Financial assets | | | |
| i | Investments | 4 | 70.00 | 50.00 |
| ii | Non-current bank balances | 5 | 182.74 | 409.35 |
| iii | Other Financial assets | 6 | 14.11 | 50.48 |
| | | | 283.00 | 522.31 |
| f | Income tax assets (net) | 15 | 20.19 | 12.37 |
| g | Other Non -current assets | 7 | 0.06 | 0.15 |
| | Total Non-current Assets | | 303.25 | 534.83 |
| 2 | Investments -Core Settlement Guarantee Fund | 11 | 2,414.32 | 1,684.95 |
| 3 | Current Assets | | | |
| a | Financial Assets | | | |
| i | Investments | 8 | 327.05 | 247.14 |
| ii | Trade and other receivables | 9 | 18.35 | 7.38 |
| iii | Cash and Cash equivalents | 10 | 5,793.86 | 7,684.21 |
| iv | Bank balances other than cash and cash equivalents | 5 | 566.03 | 529.66 |
| v | Other Financial assets | 6 | 61.39 | 38.40 |
| | | | 6,766.68 | 8,506.79 |
| b | Other current assets | 7 | 7.31 | 13.12 |
| | Total Current Assets | | 6,773.99 | 8,519.91 |
| | TOTAL ASSETS | | 9,491.56 | 10,739.69 |
| II | EQUITY AND LIABILITIES | | | |
| 1 | Equity | | | |
| a | Equity Share capital | 12 (a) | 45.00 | 45.00 |
| b | Other Equity | 12 (b) | 576.25 | 662.84 |
| | Total Equity | | 621.25 | 707.84 |
| 2 | Core Settlement Guarantee Fund (Core SGF) | 27 | 2,414.32 | 1,684.95 |
| 3 | Non-current liabilities | | | |
| a | Provisions | 19 | 4.86 | 1.99 |
| b | Deferred tax liabilities (Net) | 13 (c) | 6.04 | 0.70 |
| | Total Non-current Liabilities | | 10.90 | 2.69 |
| 4 | Current Liabilities | | | |
| a | Financial Liabilities | | | |
| i | Deposits | 16 | 768.14 | 687.60 |
| ii | Trade payable to ; Micro, Small & Medium Enterprises. | 17 | - | - |
| | Others | | 10.78 | 36.19 |
| iii | Other financial liabilities | 17 | 5,561.29 | 7,526.80 |
| | | | 6,340.21 | 8,250.59 |
| b | Provisions | 19 | 6.12 | 2.79 |
| c | Income tax liabilities (net) | 14 | 79.91 | 77.02 |
| d | Other current liabilities | 18 | 18.85 | 13.81 |
| | Total Current Liabilities | | 6,445.09 | 8,344.21 |
| | Total Liabilities | | 8,870.31 | 10,031.85 |
| | TOTAL EQUITY AND LIABILITIES | | 9,491.56 | 10,739.69 |

Summary of significant accounting policies
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 Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No : 105049W

For and on behalf of the Board of Directors

HARUN R KHAN
Chairman [DIN :07456806]

VIKRAM KOTHARI
Managing Director [DIN : 07898773]

NARENDRA JAIN
Partner
Membership No.: 048725

Place : Mumbai
Date : April 27, 2018

R. JAYAKUMAR
Company Secretary

AMIT AMLANI
Chief Financial Officer

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2018**

(₹ in Crores)

| Particulars | Notes | For the year ended 31.03.2018 | For the year ended 31.03.2017 |
|---|-------|----------------------------------|----------------------------------|
| Income | | | |
| Revenue from operations | 20 | 312.68 | 267.11 |
| Other income | 21 | 59.87 | 85.32 |
| Total Income | | 372.55 | 352.43 |
| Expenses | | | |
| Employee benefits expense | 22 | 17.22 | 16.30 |
| Depreciation and amortisation expense | 2 & 3 | 3.38 | 2.71 |
| Other expenses | 23 | 100.63 | 105.32 |
| Total Expenses | | 121.23 | 124.33 |
| Profit before tax | | 251.32 | 228.10 |
| Less : Tax expenses | | | |
| Current tax | 13 | 87.03 | 79.91 |
| Tax for earlier year | | | 0.48 |
| Deferred tax | 13 | 5.46 | (5.13) |
| Total tax expenses | | 92.49 | 75.26 |
| Profit for the year (A) | | 158.83 | 152.84 |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurements of post-employment benefit obligations | | (0.35) | (0.61) |
| Income tax relating to items that will not be reclassified to profit or loss | | | |
| Tax Remeasurements of post-employment benefit obligations | | 0.12 | 0.21 |
| Total Other Comprehensive Income for the year (B) | | (0.23) | (0.40) |
| Total Comprehensive Income for the year (A+B) | | 158.60 | 152.45 |
| Earnings per Equity Share (FV ₹ 10 each) (before contributions to Core SGF) | | | |
| Basic and Diluted (₹) | 31 | 35.30 | 33.97 |
| Summary of significant accounting policies | 1 | | |
| 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 Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No : 105049W

For and on behalf of the Board of Directors

HARUN R KHAN
Chairman
[DIN :07456806]

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

NARENDRA JAIN
Partner
Membership No.: 048725

Place : Mumbai
Date : April 27, 2018

R. JAYAKUMAR
Company Secretary

AMIT AMLANI
Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018****(A) Equity Share Capital**

| | (₹ in Crores) |
|---|---------------|
| Balance as at 01.04.2016 | 45 |
| changes in equity share capital during the period | - |
| Balance as at 31.03.2017 | 45 |
| changes in equity share capital during the period | - |
| Balance as at 31.03.2018 | 45 |

(B) Other Equity

| | Reserves and Surplus | | | | | (₹ in Crores) |
|---|----------------------|-----------------|-------------|-------------------|----------|---------------|
| | Capital Reserve | General reserve | CSR reserve | Retained Earnings | Total | |
| 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 (Refer to Note No. 39) | | | 13.92 | (13.92) | - | |
| Contribution to core SGF (Refer Note No. 27) | | | | (37.12) | (37.12) | |
| Tax on contribution to Core SGF | | | | 12.57 | 12.57 | |
| Transaction with owners in their capacity as owners | | | | | | |
| Dividend paid | | | | (157.50) | (157.50) | |
| Dividend Distribution Tax | | | | (32.07) | (32.07) | |
| Balance at the 31.03.2017 | 10.00 | 494.71 | 13.92 | 144.21 | 662.84 | |
| Balance at the 01.04.2017 | 10.00 | 494.71 | 13.92 | 144.21 | 662.84 | |
| Profit for the year | | | | 158.83 | 158.83 | |
| Other Comprehensive Income | | | | (0.23) | (0.23) | |
| Amount transferred from Retained earnings to CSR Reserve (Refer to Note No. 39) | | | (13.92) | 13.92 | - | |
| Contribution to core SGF (Refer Note No. 27) | | | | (192.00) | (192.00) | |
| Tax on contribution to Core SGF | | | | 33.47 | 33.47 | |
| Transaction with owners in their capacity as owners | | | | | | |
| Dividends paid | | | | (72.00) | (72.00) | |
| Dividend Distribution Tax | | | | (14.66) | (14.66) | |
| Balance as at 31.03.2018 | 10.00 | 494.71 | - | 71.54 | 576.25 | |

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 Khandelwal Jain & Co.

Chartered Accountants

Firm Registration No : 105049W

NARENDRA JAIN

Partner

Membership No.: 048725

Place : Mumbai

Date : April 27, 2018

For and on behalf of the Board of Directors

HARUN R KHAN

Chairman

[DIN :07456806]

VIKRAM KOTHARI

Managing Director

[DIN : 07898773]

R. JAYAKUMAR

Company Secretary

AMIT AMLANI

Chief Financial Officer



STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2018

₹ in Crores

| | For the year ended 31.03.2018 | For the year ended 31.03.2017 |
|---|----------------------------------|----------------------------------|
| A) CASHFLOW FROM OPERATING ACTIVITIES | | |
| NET PROFIT BEFORE TAX | 251.32 | 228.10 |
| Add/(Less) :- Adjustments for : | | |
| - Depreciation | 3.38 | 2.71 |
| - Net gain on financial assets mandatorily measured at Fair Value through Profit or Loss | (13.61) | (6.49) |
| - Compensation paid to Investors debited to Investor compensation reserve | | |
| - Interest Income from financial assets at amortised cost | - | (14.79) |
| - Interest income on Bank deposit | (42.73) | (13.82) |
| - Re-measurement of defined benefits plans | (0.35) | (0.61) |
| - Net gain on sale of investments mandatorily measured at Fair Value through Profit or Loss | (3.51) | (45.02) |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 194.50 | 150.09 |
| Adjustments for : | | |
| Decrease/(Increase) in Trade Receivable | (10.96) | 12.62 |
| Increase / (Decrease) in Trade payables | (25.41) | 2.56 |
| Decrease/(Increase) in other financial assets | (0.03) | 40.40 |
| Decrease/(Increase) in Other Assets | 5.90 | (0.64) |
| Increase / (Decrease) in Other Financial Liabilities | (1,963.97) | 4,780.24 |
| Increase / (Decrease) in Provision | 6.21 | 3.78 |
| Increase /(Decrease) in Other Liabilities | 5.04 | (11.32) |
| Proceed of Deposit from Trading member / applicant | 182.30 | 175.21 |
| Refund of deposit from trading members / applicant | (101.76) | (64.31) |
| CASH GENERATED FROM OPERATIONS | (1,708.18) | 5,088.63 |
| Contribution to Core SGF | (192.00) | (37.12) |
| Direct Taxes paid (Net of Refunds) | (58.51) | (1.34) |
| NET CASH FROM OPERATING ACTIVITIES - Total (A) | (1,958.69) | 5,050.18 |



₹ in Crores

| | For the year ended 31.03.2018 | For the year ended 31.03.2017 |
|---|----------------------------------|----------------------------------|
| B) CASHFLOW FROM INVESTING ACTIVITIES | | |
| Investment in Equity Share Capital of Subsidiary | (20.00) | (50.00) |
| Purchase of Property, Plant and Equipment's/ Capital work-in-progress | (8.60) | (7.43) |
| Interest received | 56.16 | (8.48) |
| (Increase)/Decrease in Fixed deposit | 190.24 | (574.23) |
| Purchases of Investment | (250.92) | (840.93) |
| Sale of Investment | 188.12 | 1,531.98 |
| NET CASH USED IN INVESTING ACTIVITIES - Total (B) | 155.00 | 50.91 |
| C) CASHFLOW FROM FINANCING ACTIVITIES | | |
| Dividend Paid (inclusive of corporate dividend tax) | (86.66) | (189.57) |
| NET CASH FROM FINANCING ACTIVITIES - Total (C) | (86.66) | (189.57) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | (1,890.35) | 4,911.52 |
| CASH AND CASH EQUIVALENTS : OPENING BALANCE | 7,684.21 | 2,772.69 |
| CLOSING CASH AND CASH EQUIVALENTS : CLOSING BALANCE | 5,793.86 | 7,684.21 |
| NET INCREASE IN CASH AND CASH EQUIVALENT | (1,890.35) | 4,911.52 |

Notes to Cash Flow Statement :

- 1 Cash and Cash equivalent represent bank balances and balances in fixed deposit accounts.
- 2 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) Rules, 2015
- 3 Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year classification / disclosure.

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

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No : 105049W

NARENDRA JAIN
Partner
Membership No.: 048725

Place : Mumbai
Date : April 27, 2018

For and on behalf of the Board of Directors

HARUN R KHAN
Chairman
[DIN :07456806]

R. JAYAKUMAR
Company Secretary

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

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 Ind As financial statements. These policies have been consistently applied to all the years 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 Amendments thereto.

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.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax.



The company recognizes MAT credit available as an asset only to the extent there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT Credit is allowed to be carried forward. In the year in which the Company recognizes MAT Credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the sufficient period.

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. These do not include bank balances earmarked/restricted for specific purposes.

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.

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 ₹ 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.

(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. Contingent liabilities are not disclosed in case the possibility of an outflow of resources embodying economic benefits is remote.

(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 Company 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.

(iv) 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..

(v) 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) Core Settlement Guarantee Funds

As per SEBI vide circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014 every recognised clearing corporation shall establish and maintain a Fund for each segment, to guarantee the settlement of trades executed in that respective segment of a recognised stock exchange. The Clearing Corporation shall have a fund called Core SGF for each segment of each Recognised Stock Exchange to guarantee the settlement of trades executed in the respective segment of the Stock Exchange. In the event of a clearing member(member) failing to honour settlement commitments, the Core SGF shall be used to fulfil the obligations of that member and complete the settlement without affecting the normal settlement process. The Core SGF shall be contributed by National Securities Clearing Corporation Ltd (NSCCL), National Stock Exchange of India Ltd and the clearing members, in a manner as prescribed by SEBI. This fund is represented by earmarked Core SGF investments. The income earned on such investments is credited to the respective contributor's funds and adjusted towards incremental requirement of Minimum Required Corpus (MRC) as per SEBI letter reference no. SEBI/HO/MRD/DRMNP/OW/P/2018/4559/1 dated February 12, 2018. Penalties and fines levied by the Company are transferred to Core SGF as Other Contributions.

(t) 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.

(u) 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.

(v) Earnings per share

(i) 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.

(w) 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.

(x) 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 33

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.

(y) Recent Accounting Pronouncement:

i) Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115, Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard replaces Ind AS 18 Revenue and Ind AS 11 Construction contracts and related appendices.

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The new standard is mandatory for financial years commencing on or after 1 April 2018 and



early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company is in the process of assessing the detailed impact of Ind AS 115. Presently, the Company is not able to reasonably estimate the impact that application of Ind AS 115 is expected to have on its financial statements, except that adoption of Ind AS 115 is not expected to significantly change the timing of the Company's revenue recognition for services.

ii) Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. Company is evaluating the impact of this amendment on its financial statements.



2 Property Plant and Equipment

(₹ in Crores)

| | OFFICE EQUIP- MENTS | FUR- NITURE AND FIX- TURES | COM- PUTER SYS - OFF AUTOM | TELE- COM- MUNI- CATION SYSTEMS | CLEAR- ING AND SETTLE- MENT SYSTEM | Total | Capital Work in Progress |
|---|---------------------------|-------------------------------------|-------------------------------------|---|--|--------------|--------------------------------|
| Year ended March 31 , 2017 | | | | | | | |
| Gross carrying amount | | | | | | | |
| 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) |
| Closing gross carrying amount | 0.01 | 0.06 | 0.47 | 0.05 | 31.17 | 31.76 | 2.84 |
| Accumulated depreciation | | | | | | | |
| 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 | - | - | - | - | - | - | - |
| Closing accumulated depreciation | 0.01 | 0.05 | 0.37 | 0.05 | 27.88 | 28.36 | - |
| Net carrying amount | (0.00) | 0.01 | 0.10 | 0.00 | 3.29 | 3.40 | 2.84 |
| Year ended March 31, 2018 | | | | | | | |
| Gross carrying amount | | | | | | | |
| Opening gross carrying amount | 0.01 | 0.06 | 0.47 | 0.05 | 31.17 | 31.76 | 2.84 |
| Additions | 0.00 | - | - | - | 2.79 | 2.79 | 4.10 |
| Disposals | - | - | - | - | (0.42) | (0.42) | - |
| Transfers | - | - | - | - | - | - | (2.79) |
| Closing gross carrying amount | 0.01 | 0.06 | 0.47 | 0.05 | 33.54 | 34.13 | 4.15 |
| Accumulated depreciation | | | | | | | |
| Opening accumulated depreciation | 0.01 | 0.05 | 0.37 | 0.05 | 27.88 | 28.36 | - |
| Depreciation for the year | 0.00 | 0.01 | 0.05 | - | 1.85 | 1.91 | - |
| Disposals | - | - | - | - | (0.42) | (0.42) | - |
| Closing accumulated depreciation | 0.01 | 0.06 | 0.42 | 0.05 | 29.31 | 29.85 | - |
| Net carrying amount | 0.00 | - | 0.05 | - | 4.23 | 4.28 | 4.15 |



3 Intangible Assets

(₹ in Crores)

| | COMPUTER SOFTWARE | Intangible assets under development |
|--|-------------------|-------------------------------------|
| Year ended March 31 , 2017 | | |
| Gross carrying amount | | |
| Opening gross carrying amount | 7.59 | 0.41 |
| Additions | 0.68 | 3.87 |
| Disposals | - | - |
| Transfers | - | (0.05) |
| Closing gross carrying amount | 8.27 | 4.23 |
| Accumulated Amortisation and impairment | | |
| Opening accumulated Amortisation | 5.67 | - |
| Amortisation for the year | 0.59 | - |
| Disposals | - | - |
| Closing amortization | 6.26 | - |
| Net carrying amount | 2.01 | 4.23 |
| Year ended March 31, 2018 | | |
| Gross carrying amount | | |
| Opening gross carrying amount | 8.27 | 4.23 |
| Additions | 3.88 | 2.95 |
| Disposals | - | (3.88) |
| Closing gross carrying amount | 12.15 | 3.30 |
| Accumulated Amortisation and impairment | | |
| Opening accumulated Amortisation | 6.26 | - |
| Amortisation for the year | 1.47 | - |
| Disposals | - | - |
| Closing amortization | 7.73 | - |
| Net carrying amount | 4.42 | 3.30 |

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 2018, the net carrying amount of this software was ₹ 4.42 crores (31 March 2017: ₹ 2.01 crore). 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.



4 NON CURRENT INVESTMENTS

| | 31.03.2018 | | 31.03.2017 | |
|---|-----------------|---------------|-----------------|---------------|
| | Number of Units | (₹ in Crores) | Number of Units | (₹ in Crores) |
| I Investment in equity instruments (fully paid up) | | | | |
| Unquoted equity instruments at cost | | | | |
| In subsidiary companies | | | | |
| NSE IFSC Clearing Corporation Limited | 70,000,000 | 70.00 | 50,000,000 | 50.00 |
| In Others | | | | |
| NSE Foundation (refer note below) | 6,000 | _* | | |
| Total equity instruments | | 70.00 | | 50.00 |
| Total non-current investments | | 70.00 | | 50.00 |
| Aggregate amount of quoted investments and market value thereof | | - | | - |
| Aggregate amount of unquoted investments | | 70.00 | | 50.00 |

* Re 1/-

NSE Foundation is incorporated under section 8 of the Companies Act, 2013 and intends to apply its profits, if any, or other income in promoting its objects and any payment of dividend to its members is prohibited. Accordingly, the investment in the company has been written down to Re. 1/-. Accordingly, the Company has written off investment in NSE Foundation amounting to ₹ 59,999/- and the same has been debited to the Statement of Profit and Loss.

5 Other bank balances

| | Non-current | | Current | |
|--|---------------|-----------------|-----------------|-----------------|
| | 31.03.2018 | 31.03.2017 | 31.03.2018 | 31.03.2017 |
| | (₹ in Crores) | | (₹ in Crores) | |
| Deposits with original maturity for more than 12 months | 182.74 | 409.35 | 491.99 | 447.24 |
| Earmarked Deposits with original maturity for more than 12 months | 754.53 | 667.25 | 1,121.23 | 380.36 |
| Deposits with original maturity for more than 3 months but less than 12 months | - | - | 56.31 | 65.51 |
| Earmarked Deposits with original maturity for more than 3 months but less than 12 months | - | - | 136.00 | 493.92 |
| Earmarked Deposits with original maturity less than 12 months* | | | 17.73 | 16.92 |
| Total | 937.27 | 1,076.60 | 1,823.26 | 1,403.94 |
| Less : | | | | |
| Amount disclosed under Core SGF Investments (note 11) | 754.53 | 667.25 | 1,257.23 | 874.28 |
| Total | 182.74 | 409.35 | 566.03 | 529.66 |

* Earmarked towards withheld payouts.



6 Others Financial Assets

| | Non-current | | Current | |
|-------------------------------------|---------------|--------------|---------------|--------------|
| | 31.03.2018 | 31.03.2017 | 31.03.2018 | 31.03.2017 |
| | (₹ in Crores) | | (₹ in Crores) | |
| Advances recoverable in cash | | | | |
| Unsecured, considered good | - | - | 0.11 | 0.07 |
| Other loans and advances | | | | |
| Security Deposits | 0.22 | 0.22 | - | - |
| Others | | | | |
| Interest accrued on Bank deposits | 13.89 | 50.26 | 61.28 | 38.34 |
| Total | 14.11 | 50.48 | 61.39 | 38.40 |

7 Others Assets

| | Non-current | | Current | |
|---------------------------------------|---------------|-------------|---------------|--------------|
| | 31.03.2018 | 31.03.2017 | 31.03.2018 | 31.03.2017 |
| | (₹ in Crores) | | (₹ in Crores) | |
| Capital advances | - | 0.15 | | |
| Advance to suppliers | - | - | 0.01 | 0.01 |
| Balances with GST authorities | - | - | 0.75 | - |
| Balances with Service tax authorities | - | - | - | 6.74 |
| Other receivable* | - | - | 6.18 | 6.18 |
| Prepaid expenses | 0.06 | - | 0.37 | 0.18 |
| Total | 0.06 | 0.15 | 7.31 | 13.12 |

* Other receivable is Deposits with court pursuant to Supreme court directives . (refer note 33 (ii))

8 CURRENT INVESTMENTS



| | 31.03.2018 | | 31.03.2017 | |
|--|-----------------|---------------|-----------------|---------------|
| | Number of Units | ₹ In crores | Number of Units | ₹ In crores |
| I Investment in mutual funds | | | | |
| Un-quoted investments in mutual funds at FVPL | | | | |
| Dhfl Pramerica Insta Cash Plus Fund - Direct – Growth | - | - | 2,433,797 | 51.42 |
| Icici Prudential Liquid - Direct Plan - Growth | - | - | 2,136,790 | 51.44 |
| L&T Liquid Fund - Direct - Growth | 251,986 | 60.05 | 230,674 | 51.44 |
| Tata Liquid Fund Direct Plan - Growth | 81,194 | 26.01 | 171,456 | 51.43 |
| Reliance Liquid Fund - Cash Plan - Direct - Growth | 157,069 | 44.09 | 157,069 | 41.22 |
| Uti Liquid Fund - Cash Plan -Direct- Growth | 694 | 0.20 | 694 | 0.18 |
| Axis Liquid Fund - Direct – Growth – Lien Mark | 1,840 | 0.35 | - | - |
| JM High Liquidity Fund - Direct Growth | 11,069,512 | 52.66 | - | - |
| JM High Liquidity - Direct – Growth – Lien Mark | 74,539 | 0.35 | - | - |
| UTI Money Market - Direct Plan - Growth | 333,066 | 64.94 | - | - |
| Franklin India Treasury Management Account - Super Institutional Plan- Direct Growth | 76,651 | 19.92 | - | - |
| Axis Liquid Fund -Direct - Growth | 224,037 | 43.18 | - | - |
| Mirae Asset Cash Management Fund – Direct Plan – Growth | 55,591 | 10.19 | - | - |
| Kotak Liquid Fund – Direct – Growth | 14,462 | 5.09 | - | - |
| Total mutual fund | | 327.05 | | 247.14 |
| Total current investments | | 327.05 | | 247.14 |
| Aggregate amount of quoted investments and market value thereof | | - | | - |
| Aggregate amount of unquoted investments | | 327.05 | | 247.14 |

9 Trade and other receivables

| | Current | |
|--|---------------|-------------|
| | 31.03.2018 | 31.03.2017 |
| | (₹ in Crores) | |
| Unsecured, considered good | | |
| Receivable from related parties (Refer to Note No. 30) | 10.62 | 0.54 |
| Others | 7.73 | 6.84 |
| | 18.35 | 7.38 |

10 Cash and cash equivalents



In current accounts

Deposits held for the purpose of meeting short term cash commitments*

Cash on hand

Less :

Amount disclosed under Core SGF Investments (note 11)

Total

| Current | |
|---------------|------------|
| 31.03.2018 | 31.03.2017 |
| (₹ in Crores) | |
| 1,267.07 | 805.42 |
| 4,791.97 | 6,952.26 |
| - | - |
| 6,059.04 | 7,757.68 |
| 265.18 | 73.47 |
| 5,793.86 | 7,684.21 |

11 Core SGF investments

Fixed Deposits

Cash and cash equivalents

Accrued interest

| Current | |
|---------------|------------|
| 31.03.2018 | 31.03.2017 |
| (₹ in Crores) | |
| 2,011.76 | 1,541.53 |
| 265.18 | 73.47 |
| 137.38 | 69.95 |
| 2,414.32 | 1,684.95 |

12 (a) Share Capital

Authorised

4,50,00,000 (Previous Year :4,50,00,000) Equity Shares of ₹ 10 each.

Issued, Subscribed and Paid-up

4,50,00,000 (Previous Year :4,50,00,000) Equity Shares of ₹ 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

| 31.03.2018 | 31.03.2017 |
|---------------|------------|
| (₹ in Crores) | |
| 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 preceeding the reporting date**

| Particulars | Aggregate No. of Shares | | | | |
|--------------------------------------|-------------------------|---------|---------|---------|---------|
| | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
| 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 par value of ₹ 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

| | 31.03.2018 | | 31.03.2017 | |
|---|------------|-----------|------------|-----------|
| | No. | % holding | No. | % holding |
| National Stock Exchange of India Limited and its nominees | 45,000,000 | 100% | 45,000,000 | 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 Securities Contracts (Regulation) (Stock Exchanges And Clearing Corporations) Regulations, 2012, Clearing corporation shall have a minimum net worth of ₹ 300 crores at all times. Minimum requirement of Net worth is maintained through out the year ended March 31, 2018

12 (b) Other equity

| | (₹ in Crores) | | | | |
|--|----------------------|-----------------|--------------|-------------------|---------------|
| | Reserves and Surplus | | | | Total |
| | Capital Reserve | General reserve | CSR reserve | Retained Earnings | |
| Balance at the 01.04.2016 | 10.00 | 494.71 | - | 219.80 | 724.51 |
| Changes in accounting policy | | | | | |
| Profit for the Year | | | | 152.84 | 152.84 |
| Other Comprehensive Income | | | | (0.40) | (0.23) |
| Amount transferred from Retained earnings to CSR Reserve (Refer to Note No. 39) | | | 13.92 | (13.92) | - |
| Contribution to core SGF (Refer Note No. 27) | | | | (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 |
| Balance at the 01.04.2017 | 10.00 | 494.71 | 13.92 | 144.21 | 662.84 |
| Profit for the Year | | | | 158.83 | 158.83 |
| Other Comprehensive Income | | | | (0.23) | (0.23) |
| Amount transferred from Retained earnings to CSR Reserve (Refer to Note No.39) | | | (13.92) | 13.92 | - |
| Contribution to core SGF (Refer Note No. 27) | | | | (192.00) | (192.00) |
| Tax on contribution to Core SGF | | | | 33.47 | 33.47 |
| Transaction with owners in their capacity as owners | | | | | |
| Dividends paid # | | | | (72.00) | (72.00) |
| Dividend Distribution Tax | | | | (14.66) | (14.66) |
| Balance as at 31.03.2018 | 10.00 | 494.71 | - | 71.54 | 576.25 |

The Board of directors, in their meeting on April 27, 2018, proposed a dividend of ₹ 8.00 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, 2018 amounted to ₹ 36.00 crores excluding Dividend Distribution Tax.

During the year ended March 31, 2018, the amount of per share dividend recognized as distribution to equity shareholders was ₹ 16/- per equity share. The dividend paid during the year ended March 31, 2018 amounted to ₹ 72.00 crore excluding Dividend Distribution Tax of ₹ 14.66 crores.



13 Income Tax

a) The major components of income tax expense statement of profit and loss

| | 31.03.2018 | 31.03.2017 |
|---|---------------|---------------|
| | (₹ in Crores) | |
| <u>Statement of profit and loss</u> | | |
| <u>Current Tax</u> | | |
| Current tax on profit for the period | 87.03 | 79.91 |
| Adjustment for current tax of prior periods | | 0.48 |
| Total current tax expense | 87.03 | 80.39 |
| <u>Deferred tax expense (income)</u> | | |
| Decrease (increase) in deferred tax assets | 0.94 | (1.36) |
| (Decrease) increase in deferred tax liabilities | 4.52 | (3.77) |
| Total deferred tax expense (benefit) | 5.46 | (5.13) |
| Total for statement of profit and loss | 92.49 | 75.26 |
| | 31.03.2018 | 31.03.2017 |
| | (₹ in Crores) | |
| <u>OCI section</u> | | |
| Related to items recognised in OCI during in the year: | | |
| Re-measurement of the defined benefit (liability) / asset | 0.12 | 0.21 |
| Income tax charged to Other Comprehensive Income | 0.12 | 0.21 |

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

| | 31.03.2018 | 31.03.2017 |
|---|---------------|--------------|
| | (₹ in Crores) | |
| Profit before income tax expense | 251.32 | 228.10 |
| Tax rate (%) | 34.61% | 34.61% |
| Tax at the Indian Tax Rate | 86.98 | 78.94 |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income | | |
| Interest on tax free bonds | - | (2.23) |
| Expenditure related to exempt income | - | 0.34 |
| 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 | 1.26 | (2.63) |
| Contribution to NSE Foundation towards CSR | 3.24 | - |
| Short Provision for previous years | - | 0.48 |
| Others | 1.01 | 0.72 |
| Income Tax Expense | 92.49 | 75.26 |



c) Deferred tax liabilities (net)

The balance comprises temporary differences attributable to:

Particulars

| | 31.03.2018 | 31.03.2017 |
|--|---------------|---------------|
| | (₹ in Crores) | |
| Deferred income tax assets | | |
| Property, plant and equipment and investment property | - | 1.05 |
| Financial Assets at Fair Value through OCI | - | - |
| Financial Assets at Fair Value through profit and Loss | | |
| Others | 0.50 | 0.27 |
| Total deferred tax assets (a) | 0.50 | 1.32 |
| Deferred income tax liabilities | | |
| Property, plant and equipment and investment property | 0.65 | |
| Financial Assets at Fair Value through OCI | | |
| Financial Assets at Fair Value through profit and Loss | 5.89 | 2.02 |
| Others | - | |
| Total deferred tax liabilities (b) | 6.54 | 2.02 |
| Net Deferred Tax Assets /(Liabilities) (a)-(b) | (6.04) | (0.70) |

d) Movement in Deferred Tax Assets

| | (₹ in Crores) | | | | |
|---|-------------------------------|--|--|-------------|---------------|
| Particulars | Property, plant and equipment | Financial Assets at Fair Value through profit and Loss | Financial Assets at Fair Value through OCI | Others | Total |
| At 01 April 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 |
| Charged / (Credited) | | | | | |
| - to profit or loss | (1.05) | - | - | 0.11 | (0.94) |
| - to other comprehensive income | - | - | - | 0.12 | 0.12 |
| - to transfer from other reserves to retained earning | - | - | - | - | - |
| At 31st March 2018 | - | - | - | 0.50 | 0.50 |



e) Movement in Deferred Tax liabilities

| Particulars | (₹ in Crores) | | | | |
|---|-------------------------------|--|--|--------|--------|
| | Property, plant and equipment | Financial Assets at Fair Value through profit and Loss | Financial Assets at Fair Value through OCI | Others | Total |
| At 01 April 2016 | - | 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 | - | - | - | - | - |
| At 31st March 2017 | - | 2.02 | - | - | 2.02 |
| Charged / (Credited) | | | | | |
| - to profit or loss | 0.65 | 3.87 | - | - | 4.52 |
| - to other comprehensive income | - | - | - | - | - |
| - to transfer from other reserves to retained earning | - | - | - | - | - |
| At 31st March 2018 | 0.65 | 5.89 | - | - | 6.54 |

14 Current tax liabilities (net)

| | 31.03.2018 | 31.03.2017 |
|--------------------------------------|---------------|--------------|
| | (₹ in Crores) | |
| Income Tax (Net of Advances) | 79.89 | 77.00 |
| Fringe Benefit Tax (Net of Advances) | 0.02 | 0.02 |
| Wealth Tax (Net of Advances) | | |
| | 79.91 | 77.02 |

15 Current tax assets (net)

| | 31.03.2018 | 31.03.2017 |
|---|---------------|--------------|
| | (₹ in Crores) | |
| Income Tax paid including TDS (Net of Provisions) | 20.17 | 12.35 |
| Fringe Benefit Tax (Net of Provisions) | 0.02 | 0.02 |
| | 20.19 | 12.37 |

**16 Deposits (Unsecured)**

| | Current | |
|---|---------------|---------------|
| | 31.03.2018 | 31.03.2017 |
| | (₹ in Crores) | |
| Security Deposit from Clearing Members | 320.60 | 324.68 |
| Security Deposit in lieu of Bank Guarantee/securities | 67.93 | 66.89 |
| Deposits from applicants for membership | 2.48 | 2.98 |
| Deposits from Clearing Banks | 377.13 | 293.05 |
| Total | 768.14 | 687.60 |

17 Other financial liabilities

| | Current | |
|---|-----------------|-----------------|
| | 31.03.2018 | 31.03.2017 |
| | (₹ in Crores) | |
| Trade payables | | |
| Trade payables | 6.09 | 2.91 |
| Trade payables to related parties (ref to Note No.30) | 4.69 | 33.29 |
| | 10.78 | 36.19 |
| Others | | |
| Margins From Members | 1,278.41 | 3,296.24 |
| Settlement Obligations payable | 4,260.21 | 4,210.41 |
| Creditor for Capital Expenditure | 1.22 | 2.76 |
| Other liabilities | 21.45 | 17.39 |
| | 5,561.29 | 7,526.80 |
| | 5,572.07 | 7,562.99 |

Trade payables include outstanding amounts of ₹ NIL (Previous Year: ₹ NIL) (including interest of ₹ Nil, (Previous Year ₹ 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

| | Current | |
|------------------------------|---------------|--------------|
| | 31.03.2018 | 31.03.2017 |
| | (₹ in Crores) | |
| Statutory payments | 5.73 | 7.14 |
| Amount payable into Core SGF | 12.41 | 6.19 |
| Advances from debtors | 0.71 | 0.48 |
| | 18.85 | 13.81 |



19 Provision employee benefits

| | Non-current | | Current | |
|---|---------------|------------|---------------|------------|
| | 31.03.2018 | 31.03.2017 | 31.03.2018 | 31.03.2017 |
| | (₹ in Crores) | | (₹ in Crores) | |
| Provisions for Leave encashments | - | - | 2.12 | 0.95 |
| Provision for Gratuity | 3.28 | 1.17 | 0.43 | 0.70 |
| Provision for variable pay and other allowances | 1.58 | 0.82 | 3.57 | 1.14 |
| | 4.86 | 1.99 | 6.12 | 2.79 |

20 Revenue from operations

| | (₹ in Crores) | |
|---------------------------------|-------------------------------|-------------------------------|
| | For the year ended 31.03.2018 | For the year ended 31.03.2017 |
| Sale of Services | | |
| Clearing & Settlement Charges | 122.49 | 101.31 |
| Other operating revenues | | |
| Connect to NSE Services | 4.24 | 3.89 |
| Interest received | 175.91 | 154.58 |
| SLB settlement Charges | 1.64 | 1.73 |
| Processing Charges | 8.40 | 5.59 |
| Total | 312.68 | 267.11 |

21 Other income and other gains/(losses)

| | | |
|---|-------|-------|
| Other income | | |
| Interest income from financial assets at amortised cost | | |
| - Short Term | - | 5.92 |
| - Long Term | - | 8.87 |
| Interest Income : | | |
| On Bank Deposits | 42.73 | 13.82 |
| On Income Tax Refund | - | 5.17 |
| On Others | 0.00 | 0.01 |
| | 42.73 | 33.79 |
| Miscellaneous Income | 0.02 | 0.02 |
| | 42.75 | 33.81 |
| Other gains/(losses) | | |
| Net gain on financial assets mandatorily measured at Fair Value through Profit or Loss | 13.61 | 6.49 |
| Net gain on sale of investments mandatorily measured at Fair Value through Profit or Loss | 3.51 | 45.02 |
| | 17.11 | 51.51 |
| Total | 59.87 | 85.32 |



22 Employee benefits expenses

| | For the year ended 31.03.2018 | For the year ended 31.03.2017 |
|--|-------------------------------------|-------------------------------------|
| Salaries, wages and bonus | 15.91 | 14.69 |
| Contribution to provident and other fund | 0.54 | 0.66 |
| Employees welfare expenses | 0.77 | 0.95 |
| Total | 17.22 | 16.30 |

23 Other expenses

| | | |
|---|---------------|---------------|
| Space & Infrastructure Usage Charges | 4.70 | 4.32 |
| Common Usage Expenses | 15.97 | 15.59 |
| Insurance Premium | 0.14 | 0.06 |
| Printing, Stationery & Consumables | 0.47 | 0.58 |
| Auditors' Remuneration (refer note below) | 0.25 | 0.13 |
| Professional fees | 2.16 | 4.13 |
| Repairs & Maintenance : | | |
| - On Building | 0.18 | 0.24 |
| - On Computer systems | 28.62 | 17.71 |
| - Others | 0.21 | 0.22 |
| IT Management & Consultancy Charges | 6.16 | 5.84 |
| Software Expenses | 7.32 | 11.86 |
| Directors' Sitting fees | 0.40 | 0.43 |
| Electricity expenses | 3.27 | 3.23 |
| Rates and Taxes | 0.00 | 0.02 |
| Cost of investments written off (Refer to Note No.4) | 0.01 | - |
| Contribution to NSE foundation towards CSR (Refer to Note No.39) | 18.71 | - |
| CSR expenses | - | 2.12 |
| Bad debts written off (Refer to Note No.29) | - | 24.10 |
| Other expenses | 12.07 | 14.73 |
| Total | 100.63 | 105.32 |
| Note : | | |
| Payment to auditor * | | |
| As auditor : | | |
| Audit fees | 0.10 | 0.09 |
| Tax audit fee | 0.04 | - |
| Limited review | 0.04 | 0.04 |
| In other capacity | | |
| Taxation matters | 0.06 | - |
| Other services | 0.01 | - |
| Total | 0.25 | 0.13 |

24 **Expenditure in foreign currency :**

Travelling Expenses: ₹ 0.60 Crores (Previous Year ended March 31, 2017 : ₹ 0.04 Crores)

Others: ₹ 0.16 Crores (Previous Year ended March 31, 2017 : ₹ 0.18 Crores)

Capital payments : Equity Contribution of ₹ 20 crores in wholly own Subsidiary Set up in special economic Zone(SEZ) .

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 upto August 31, 2017. Accordingly, necessary provisions as required for all retirement benefits and other long term employee benefits as per Ind AS 19 - Employee Benefits as notified under Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended , was carried out by NSEIL in respect of employees made available to the company upto August 31, 2017. Subsequently ,w.e.f. September, 2017, liability towards all retirement benefits and other long term employee benefits was transferred to the company along with the employees.

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 ₹ 0.29 Crores (previous year : ₹ 0.09 crores) towards Provident Fund during the year ended March 31, 2018 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.

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:**

| | (₹ in Crores) | |
|--|----------------|------------|
| | 31.03.2018 | 31.03.2017 |
| Liability at the beginning of the year | 1.87 | 0.44 |
| Interest cost | 0.13 | 0.03 |
| Current service Cost | 0.07 | 0.03 |
| Transfers | 2.43 | 0.77 |
| Benefits paid | (0.82) | - |
| Actuarial (gains)/losses on obligations - due to change in demographic assumptions | - | 0.14 |
| Actuarial (gains)/losses on obligations - due to change in financial assumptions | (0.20) | 0.23 |
| Actuarial (gains)/losses on obligations - due to experience | 0.23 | 0.23 |
| Liability at the end of the year | 3.71 | 1.87 |



(ii) The net liability disclosed above relates to funded plans are as follows:

| | (₹ in Crores) | |
|---|----------------|---------------|
| | 31.03.2018 | 31.03.2017 |
| Fair value of plan assets as at the end of the year | - | - |
| Liability as at the end of the year | (3.71) | (1.87) |
| Net (liability) / asset | (3.71) | (1.87) |

(iii) Balance sheet reconciliation

| | (₹ in Crores) | |
|--|----------------|-------------|
| | 31.03.2018 | 31.03.2017 |
| Opening net liability | 1.87 | 0.44 |
| Expenses recognized in Statement of Profit or Loss | 0.20 | 0.06 |
| Expenses recognized in OCI | 0.03 | 0.60 |
| Net (liability)/asset transfer in | 2.43 | 0.77 |
| Employers contribution | (0.82) | - |
| Amount recognised in the Balance Sheet | 3.71 | 1.87 |

B Statement of Profit & Loss

| | (₹ in Crores) | |
|---|----------------|-------------|
| | 31.03.2018 | 31.03.2017 |
| (i) Net interest cost for current period | | |
| Interest cost | 0.13 | 0.03 |
| Interest income | - | - |
| Net interest cost for current period | 0.13 | 0.03 |

| | (₹ in Crores) | |
|---|----------------|-------------|
| | 31.03.2018 | 31.03.2017 |
| (ii) Expenses recognised in the Statement of Profit & Loss | | |
| Current service cost | 0.07 | 0.03 |
| Net interest cost | 0.13 | 0.03 |
| Expenses recognised in the Statement of Profit & Loss | 0.20 | 0.06 |

| | (₹ in Crores) | |
|--|----------------|-------------|
| | 31.03.2018 | 31.03.2017 |
| (iii) Expenses recognised in the Other Comprehensive Income | | |
| Re-measurement | | |
| Expected return on plan assets | - | - |
| Actuarial (gain) or loss | 0.03 | 0.61 |
| Net (income)/expense for the period recognized in OCI | 0.03 | 0.61 |



| C | Sensitivity Analysis | (₹ in Crores) | |
|---|---|---------------|------------|
| | | 31.03.2018 | 31.03.2017 |
| | Projected Benefit Obligation on Current Assumptions | 3.71 | 1.87 |
| | Delta Effect of +1% Change in Rate of Discounting | (0.20) | (0.07) |
| | Delta Effect of -1% Change in Rate of Discounting | 0.23 | 0.08 |
| | Delta Effect of +1% Change in Rate of Salary Increase | 0.22 | 0.08 |
| | Delta Effect of -1% Change in Rate of Salary Increase | (0.20) | (0.07) |
| | Delta Effect of +1% Change in Rate of Employee Turnover | (0.01) | (0.01) |
| | Delta Effect of +1% Change in Rate of Employee Turnover | 0.01 | 0.01 |
| D | Significant actuarial assumptions are as follows: | 31.03.2018 | 31.03.2017 |
| | | | |
| | Discount rate | 7.68% | 6.77% |
| | Rate of return on plan assets | N.A. | N.A. |
| | Salary escalation | 8.00% | 8.00% |
| | Attrition rate | 12.00% | 12.00% |
| E | Maturity Analysis of Projected Benefit Obligation: From the Employer | 31.03.2018 | 31.03.2017 |
| | | | |
| | Projected Benefits Payable in Future Years From the Date of Reporting | | |
| | 1st Following Year | 0.43 | 0.69 |
| | 2nd Following Year | 0.41 | 0.15 |
| | 3rd Following Year | 0.45 | 0.15 |
| | 4th Following Year | 0.38 | 0.22 |
| | 5th Following Year | 0.36 | 0.15 |
| | Sum of Years 6 To 10 | 1.74 | 0.70 |

- 27 Securities and Exchange Board of India, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, interalia, 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,

I Details of Core SGF as on March 31, 2018 are as follows :

| (₹ in Crores) | | | | | |
|---|---------------|-----------------|--------------|-------------|-----------------|
| Details of MRC of Core SGF | CM | FO | CD | Debt | Total |
| NSCCL own contribution | 74.00 | 593.00 | 47.00 | 3.00 | 717.00 |
| Interest Adjusted towards NSCCL's Contribution | | 31.00 | | | 31.00 |
| Contribution by NSE on behalf of Member | 37.00 | 296.00 | 23.00 | - | 356.00 |
| Interest Adjusted towards member's Contribution | | 16.00 | | | 16.00 |
| Contribution by NSE | 37.00 | 297.00 | 24.00 | 1.00 | 359.00 |
| Interest Adjusted towards NSE's Contribution | | 15.00 | | | 15.00 |
| Total | 148.00 | 1,248.00 | 94.00 | 4.00 | 1,494.00 |
| Previous Year | 148.00 | 802.00 | 94.00 | 4.00 | 1,048.00 |



II Details of Core SGF as on March 31 ,2017 are as follows :

| I | Contribution to Corpus of Core SGF | CM | FO | CD | Debt | Other | Total |
|----------|---|---------------|-----------------|---------------|-------------|---------------|-----------------|
| 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 |

III Contribution made during the year 2017-18

(₹ in Crores)

| Contribution during the year | CM | FO | CD | Debt | Other # | Total |
|--|----------|---------------|----------|----------|--------------|---------------|
| NSCCL own contribution | | | | | | |
| Direct Contribution | - | 192.00 | - | - | - | 192.00 |
| Adjusted from Interest Income ** | - | 31.00 | - | - | - | 31.00 |
| Total | - | 223.00 | - | - | - | 223.00 |
| Contribution by NSE on behalf of Member | | | | | | - |
| Direct Contribution | - | - | - | - | - | |
| Contribution adjusted from NSE | - | 96.00 | - | - | - | 96.00 |
| Adjusted from Interest Income ** | - | 16.00 | - | - | - | 16.00 |
| Total | - | 112.00 | - | - | - | 112.00 |
| Contribution by NSE | | | | | | |
| Direct Contribution | - | - | - | - | 284.40 | 284.40 |
| Adjusted against NSE's Own and member's contribution | - | - | - | - | (192.00) | (192.00) |
| Contribution adjusted from NSE | - | 96.00 | - | - | - | 96.00 |
| Adjusted from Interest Income ** | - | 15.00 | - | - | - | 15.00 |
| Total | | 111.00 | - | - | 92.40 | 203.40 |
| Income during the period (Net Off adjustment towards MRC) ** | | | | | | |
| Penalty | 12.01 | 88.36 | 3.08 | - | - | 103.45 |
| Income on Investments | 15.37 | 35.65 | 9.33 | 0.24 | 26.94 | 87.54 |



IV Details of Core SGF a on March 31, 2018 are as follows :

Out of the above the details of the Cash contributions and investment of the same are as follows :

(₹ in Crores)

| I | Contribution to Corpus of Core SGF | CM | FO | CD | Debt | Other # | Total |
|---|--|---------------|-----------------|---------------|-------------|---------------|-----------------|
| a | NSCCL own contribution | 74.00 | 624.00 | 47.00 | 3.00 | | 748.00 |
| b | Contribution by NSE on behalf of Member | 37.00 | 312.00 | 23.00 | - | - | 372.00 |
| c | Contribution by NSE | 37.00 | 312.00 | 24.00 | 1.00 | 350.59 | 724.59 |
| 1 | Total (a+b+c+d) | 148.00 | 1,248.00 | 94.00 | 4.00 | 350.59 | 1,844.59 |
| 2 | Penalty* | 39.62 | 245.80 | 17.27 | - | - | 302.68 |
| 3 | Income on Investments (After allocation towards MRC)* | 41.91 | 159.57 | 24.87 | 0.68 | 40.03 | 267.05 |
| | Grand Total (1+2+3) | 229.53 | 1,653.36 | 136.14 | 4.68 | 390.62 | 2,414.32 |

| II | Details of Investment | CM | FO | CD | Debt | Other | Total |
|----|--------------------------------|---------------|-----------------|---------------|-------------|---------------|-----------------|
| 1 | Mutual Funds | | | | | | - |
| 2 | Fixed Deposit with Banks | 181.22 | 1,353.03 | 110.13 | 2.88 | 364.50 | 2,011.76 |
| 3 | Flexi Fixed Deposits | 20.22 | 211.82 | 9.86 | - | 3.07 | 244.97 |
| 4 | Balance in Bank Accounts | 8.48 | - | 7.30 | 1.46 | 2.98 | 20.22 |
| 5 | Accrued interest | 19.61 | 88.52 | 8.84 | 0.34 | 20.07 | 137.38 |
| | Grand Total (1+2+3+4+5) | 229.53 | 1,653.36 | 136.14 | 4.68 | 390.62 | 2,414.32 |
| | Previous year | 202.14 | 1,083.35 | 123.73 | 4.44 | 271.29 | 1,684.95 |

* Net of applicable corporate tax ₹ 9.38 Crores , if any, on cash basis.

Other contribution is balance amount of transfer from NSE pertain to 25% of NSE's Annual profits as contribution to Core SGF . SEBI vide circular CIR/CFD/FAC/62/2016 dated May 05, 2016 advised Stock Exchange to transfer 25% of its annual profits upto August 2015 to Core SGF and utilise the same for contribution required by Members and NSE.

** SEBI vide its letter reference no. SEBI/HO/MRD/DRMNP/OW/P/2018/4559/1 dated February 12, 2018 has clarified that "Clearing Corporations may adjust incremental requirement of Minimum Required Corpus (MRC) against the interest accrual on the cash contribution of respective contributors before taking additional contribution from them

- 28 Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of the Company. The Company operates only in one Business Segment i.e. facilitating Clearing & Settlement in securities and the activities incidental thereto within India, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

Major Customer

Revenue from one major customer is ₹ 120.55 crores (previous year ₹ 99.55 crores) which is more than 10% of the total revenue of the Company.



- 29 During the previous year , dues amounting to ₹ 24.10 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 ₹ 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/62/2016 dated May 05, 2016. Further the above mentioned amount has been transferred to Core Settlement guarantee Fund (Core SGF).
- 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:

(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 Foundation | Fellow Subsidiary |
| 5 | NSE.IT Limited | Fellow Subsidiary's Subsidiary |
| 6 | DotEx International Limited | Fellow Subsidiary's Subsidiary |
| 7 | India Index Services & Products Limited | Fellow Subsidiary's Subsidiary |
| 8 | NSE Infotech Services Limited | Fellow Subsidiary's Subsidiary |
| 9 | NSE.IT (US) Inc. | Fellow Subsidiary's Subsidiary's Subsidiary |
| 10 | Mr. T Venkata Rao (Managing Director) (Upto 06.11.2017) | Key Managerial Personnel |
| 11 | Mr. Vikram kothari (Managing Director) (w.e.f. 07.11.2017) | Key Managerial Personnel |
| 12 | Mr. Anjan Barua (Director)(upto 20.08.2016) | Key Managerial Personnel |
| 13 | Ms.Bhagyam Ramani(Director)(w.e.f. 01.06.2017) | Key Managerial Personnel |
| 14 | Mr. C VR Rajendran(Director) (w.e.f. 03.05.2016) | Key Managerial Personnel |
| 15 | Mr. C.M .Vasudev (Director)(upto 20.08.2016) | Key Managerial Personnel |
| 16 | Mr. Harun R Khan (Director) (w.e.f. 20.09.2016) | Key Managerial Personnel |
| 17 | Mr. K.R Ramamoorthy(Director)(upto 20.08.2016) | Key Managerial Personnel |
| 18 | Mr. L. Ravi Shankar(Director)(upto 20.08.2016) | Key Managerial Personnel |
| 19 | Mr. Salim Gangadharan(Director) (w.e.f. 19.08.2016) | Key Managerial Personnel |
| 20 | Mr. Sudhir Joshi(Director)(upto 20.08.2016) | Key Managerial Personnel |
| 21 | Mr.N K Maini (Director)(w.e.f. 19.08.2016) | Key Managerial Personnel |
| 22 | Mr.Ravi Narain (Director)(upto 02.06.2017) | Key Managerial Personnel |



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

| (₹ in Crores) | | | |
|---------------------------------------|--|-----------------------|-----------------------|
| Name of the Related Party | Nature of Transactions | Year ended 31.03.2018 | Year ended 31.03.2017 |
| National Stock Exchange of India Ltd. | • Clearing and Settlement charges received | 141.70 | 114.48 |
| | • Usage charges paid | 18.73 | 17.83 |
| | • Contribution received towards Core SGF | 284.40 | 540.2 |
| | • Reimbursement paid for expenses on staff on deputation | 5.66 | 13.34 |
| | • Salary Liability transferred | 4.36 | |
| | • Reimbursement paid for other expenses incurred | 46.89 | 45.10 |
| | • Reimbursement received for services Rendered | 0.96 | 0.16 |
| | • Space & Infrastructure usage Charges paid | 5.51 | 4.95 |
| | • Reimbursement received for IPO Expenses | - | 0.15 |
| | • Dividend paid | 72.00 | 157.50 |
| | • Sale of Equity Shares | - | - |
| | • Sale of Preference Shares | - | - |
| | • Outstanding balance – (Credit) / Debit | 8.24 | (29.41) |
| NSE IFSC Clearing Corporation Ltd | • Reimbursement paid for other expenses incurred | 1.83 | 0.54 |
| | • Investment in Equity Share Capital | 20.00 | 50.00 |
| | • Outstanding balance – (Credit) / Debit | 2.38 | 0.54 |
| | • Investment in Equity Share Capital | 70.00 | 50.00 |
| NSE.IT Ltd. | • Repairs & Maintenance – Clearing & Computer systems | 2.81 | 2.10 |
| | • Outstanding balance – (Credit) / Debit | (1.76) | (1.34) |
| NSE Infotech Services Limited | • Repairs & Maintenance – Clearing & Computer systems | 10.66 | 7.67 |
| | • Outstanding balance – (Credit) / Debit | (2.93) | (2.54) |
| NSE Foundation | • Investment in Equity Share Capital | 0.01 | - |
| | • Contribution towards CSR | 18.71 | - |
| | • Outstanding balance – (Credit) / Debit | - | - |



| (₹ in Crores) | | | |
|--|-------------------------------|-----------------------|-----------------------|
| Name of the Related Party | Nature of Transactions | Year ended 31.03.2018 | Year ended 31.03.2017 |
| Key Management Personnel (Mr. T Venkata Rao - Managing Director) (Upto 06.11.2017) | Short term employee Benefits* | 1.69 | 1.48 |
| | Post - employment Benefits# | 0.73 | 0.11 |
| | Long term employee Benefits* | 0.25 | 0.24 |
| Key Management Personnel (Mr. Vikram Kothari- Managing Director) (From 07.11.2017) | Short term employee Benefits | 0.40 | |
| | Post - employment Benefits ** | 0.02 | - |
| | Long term employee Benefits | - | |

* Includes amount paid towards Leave encashment, Medical allowance & Leave Travel allowance.

Includes amount paid towards Gratuity.

\$ Includes 50% of the variable pay payable after 3 years subject to certain conditions.

** As the liabilities for define benefits plan are provided on actuarial basis for the Company as a whole, the amount pertaining to key managerial person are not included.

No commitments made during the years to associate concerns and vice versa

- 31 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 31.03.2018 | Year ended 31.03.2017 |
|--|-----------------------|-----------------------|
| Net Profit attributable to Shareholders (₹ In Crores)* | 158.83 | 152.84 |
| Weighted Average number of equity shares issued No. (in Crores) | 4.5 | 4.5 |
| Earnings per share of ₹ 10/- each (in ₹) (Basic and diluted) | 35.30 | 33.97 |

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.

- 32 **Capital and other commitments :**

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for ₹ 0.57 crores (Previous Year : ₹ 1.81 crores) and other Commitments ₹ 1.65 crores (Previous Year :NIL)

**33 Contingent liabilities and Commitments :**

- (i) Claims against company not acknowledged as debts: ₹ 6.74 Crores (Previous Year : ₹ 6.74 Crores)
- (ii) A suit has been filed against the Company for damages / compensation amounting to ₹ 152.57 Crores (Previous Year : ₹ 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.
- (iii) On account of disputed demand of Income tax ₹ 4.95 Crores (Previous Year : ₹ 2.58 Crores) and Show Cause cum demand of Service tax ₹ 44.20 Crores plus interest and penalty, as applicable being disputed by the Company. (Previous Year : ₹ NIL)

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.

- 34 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, whenever 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 .33)
- 35 In accordance with the relevant provisions of the Companies Act, 2013, the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses as of March 31, 2018 and March 31, 2017.
- 36 For the year ended March 31, 2018 and March 31, 2017, the Company is not required to transfer any amount into the Investor Education & Protection Fund as required under relevant provisions of the Companies Act, 2013.

37 A Fair value measurement**(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.

₹ In crores

| Financial Assets and Liabilities measured at Fair Value - recurring fair Value measurements At 31 March,2018 | Notes | Level 1 | Level 2 | Level 3 | Total 31 March, 2018 |
|--|-------|---------|---------|---------|----------------------|
| Financial Assets | | | | | |
| Financial Investments at FVPL | | | | | |
| Mutual Fund - Growth Plan | 8 | 327.05 | - | - | 327.05 |
| Total Financial Assets | | 327.05 | - | - | 327.05 |



| Assets and Liabilities which are measured at Amortised Cost for which - recurring fair Value measurements At 31 March,2018 | Notes | Level 1 | Level 2 | Level 3 | Total 31 March, 2017 |
|--|-------|---------|-----------------|---------|----------------------|
| Financial Assets | | | | | |
| Investments | | | | | |
| Fixed Deposit | 5 | - | 2,926.18 | - | 2,926.18 |
| Total Financial Assets | | - | 2,926.18 | - | 2,926.18 |

| 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 |
|---|-------|---------|---------|---------|----------------------|
| Financial Assets | | | | | |
| Financial Investments at FVPL | | | | | |
| Mutual Fund - Growth Plan | 8 | 247.14 | - | - | 247.14 |
| Total Financial Assets | | 247.14 | - | - | 247.14 |

| Assets and Liabilities which are measured at Amortised Cost for which - recurring fair Value measurements At March 31, 2017 | Notes | Level 1 | Level 2 | Level 3 | Total 31 March, 2017 |
|---|-------|---------|-----------------|---------|----------------------|
| Financial Assets | | | | | |
| Investments | | | | | |
| Fixed Deposit | 5 | - | 2,613.08 | - | 2,613.08 |
| Total Financial Assets | | - | 2,613.08 | - | 2,613.08 |

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

₹ In crores

| | 31-Mar-18 | | 31-Mar-17 | |
|-------------------------------|---------------|-----------------|---------------|------------------|
| | FVPL | Amortised Cost | FVPL | Amortised Cost |
| Financial Assets | | | | |
| Investments | | | | |
| Fixed Deposits | - | 2,926.18 | - | 2,613.08 |
| Mutual Funds | 327.05 | | 247.14 | |
| Trade receivables | | 18.35 | | 7.38 |
| Cash and Cash equivalents | | 5,793.86 | | 7,684.21 |
| Other financial assets | | 75.49 | | 88.88 |
| Total financial assets | 327.05 | 8,813.88 | 247.14 | 10,393.55 |



38 FINANCIAL RISK MANAGEMENT

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 |
|----------------------------------|-----------------|-------------------|--------------------|------------|-------------|---------------------|----------|
| As at March 31, 2018 | | | | | | | |
| Trade payables | 10.78 | - | 10.78 | - | - | - | 10.78 |
| Deposits | 768.14 | 768.14 | - | - | - | - | 768.14 |
| Creditor for Capital Expenditure | 1.22 | - | 1.22 | - | - | - | 1.22 |
| Margins From Members | 1,278.41 | 1,278.41 | - | - | - | - | 1,278.41 |
| Settlement Obligations payable | 4,260.21 | 4,260.21 | - | - | - | - | 4,260.21 |
| Other liabilities | 21.45 | - | 21.45 | - | - | - | 21.45 |
| As at March 31, 2017 | | | | | | | |
| Trade payables | 36.19 | - | 36.19 | - | - | - | 36.19 |
| Deposits | 687.60 | 687.60 | - | - | - | - | 687.60 |
| Creditor for Capital Expenditure | 2.76 | - | 2.76 | - | - | - | 2.76 |
| Margins From Members | 3,296.24 | 3,296.24 | - | - | - | - | 3,296.24 |
| Settlement Obligations payable | 4,210.41 | 4,210.41 | - | - | - | - | 4,210.41 |
| Other liabilities | 17.39 | - | 17.39 | - | - | - | 21.45 |

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 |
|---|---|---|
| 1. PRICE RISK | | |
| <p>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.</p> <p>At 31st March, 2018, the exposure to price risk due to investment in mutual funds amounted to ₹ 327.05 crores (March 31, 2017: ₹ 247.14 crores).</p> | <p>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.</p> <p>The Treasury department maintains a list of approved financial instruments. The use of any new investment must be approved by the Chief Financial Officer.</p> | <p>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.</p> <p>For mutual funds, a 0.25% increase in prices would have led to approximately an additional ₹ 0.82 crores gain in the Statement of Profit and Loss (Previous year : ₹ 0.62 crores) . A 0.25% decrease in prices would have led to an equal but opposite effect.</p> |

**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, 2018 and March 31, 2017 is the carrying value of each class of financial assets as disclosed in note no. 4,5,6,8 10 and 11.

- 39 a) As per Section 135 of the Act, every Company having net worth of ₹ 500 crores or more or a Turnover of ₹ 1000 crores or more or a Net Profit of ₹ 5 crores or more during any financial year is required to spend at least 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 ₹ 4.79 Crores (Previous Year ₹ 5.23 Crores) .the details of spending is as given below:
- b) Amount spent / contribution to NSE Foundation towards CSR during the year on:

| | | | ₹ In crores | | |
|-------------|---|----------------|-------------|------------------------|-------|
| Particulars | | | In Cash | Yet to be paid in Cash | Total |
| i | Construction / acquisition of any asset | Current Year | - | - | - |
| | | Previous Year | - | - | - |
| ii | On purposes other than (i) above (through Contribution to NSE Foundation) | Current Year * | 18.71 | - | 18.71 |
| | On purposes other than (i) above | Previous Year | 1.98 | - | 1.98 |

* During the year, NSE Group incorporated NSE Foundation to undertake CSR activities for the Group.



National Securities Clearing Corporation Limited

Accordingly, the Company has contributed ₹ 13.92 crores pertaining to unspent CSR amount upto March 2017 and an amount of ₹ 4.79 crores for the current year aggregating to ₹ 18.71 crores to NSE Foundation to be spent on CSR activities as stated in the Group CSR policy which has been adopted by the Company as Company's CSR policy .

Accordingly, the unspent amount pertaining to CSR upto March 2017 amounting to ₹ 13.92 crores which was transferred to CSR Reserve by way of appropriation from the retained earnings has been transferred back from the CSR reserve to retained earnings.

40 Previous year figures have been regrouped / reclassified wherever necessary.

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No : 105049W

NARENDRA JAIN
Partner
Membership No.: 048725

Place : Mumbai
Date : April 27, 2018

For and on behalf of the Board of Directors

HARUN R KHAN
Chairman
[DIN :07456806]

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

R. JAYAKUMAR
Company Secretary

AMIT AMLANI
Chief Financial Officer



Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

1. Sl. No.: 1
2. Name of the subsidiary:- **NSE IFSC Clearing Corporation Limited**
3. The date since when subsidiary was acquired:- **02-December 2016**
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period:-
Similiar
5. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries:- **Reporting currency is Rupees.**
6. Share capital:- **Rs. 70.00 Crs.**
7. Reserves and surplus:- **Rs. -18.38 Crs.**
8. Total assets:- **Rs. 75.35 Crs.**
9. Total Liabilities:- **Rs. 75.35 Crs.**
10. Investments:- **Nil**
11. Turnover:- **Nil**
12. Profit before taxation:- **Rs. -8.94 Crs.**
13. Provision for taxation:- **Nil**
14. Profit after taxation:- **Rs. -8.94 Crs.**
15. Proposed Dividend:- **Nil**
16. Extent of shareholding (in percentage):- **100%**

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations (If any)
2. Names of subsidiaries which have been liquidated or sold during the year (If any)



Part B Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| Name of Associates or Joint Ventures | Name 1 | Name 2 | Name 3 |
|--|-----------|-----------|-----------|
| 1. Latest audited Balance Sheet Date | N/A | N/A | N/A |
| 2. Date on which the Associate or Joint Venture was associated or acquired | | | |
| 3. Shares of Associate or Joint Ventures held by the company on the year end | | | |
| No. | | | |
| Amount of Investment in Associates or Joint Venture | | | |
| Extent of Holding (in percentage) | | | |
| 4. Description of how there is significant influence | | | |
| 5. Reason why the associate/joint venture is not consolidated | | | |
| 6. Networth attributable to shareholding as per latest audited Balance Sheet | | | |
| 7. Profit or Loss for the year | | | |
| i. Considered in Consolidation | | | |
| ii. Not Considered in Consolidation | | | |

- Names of associates or joint ventures which are yet to commence operations. (If any)
- Names of associates or joint ventures which have been liquidated or sold during the year. (If any)