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**Innovation, collaboration, co-creation.**

The art of setting global benchmarks.



ANNUAL REPORT 2019-20



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## **Deepening India's investing culture**

At National Stock Exchange of India Limited, we are in business to take India ahead.

For more than a quarter of a century, we have been engaged in the overarching exercise to graduate India from legacy savings practices to investment in modern asset classes.

We have done so through a robust electronic interface, transaction speed, democratic investor access (irrespective of background, location or transaction size and standards) and cutting-edge technologies.

The result is NSE is playing an active role in building India's capital markets, deepening India's investing culture and improving the financial well-being of the world's second largest population cluster.



## Chairman's overview

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KEEPING UP WITH ITS PAST TREND, NSE HAS COMPLETED ONE MORE YEAR OF SUCCESSFUL GROWTH. IT GIVES ME IMMENSE PLEASURE TO SHARE WITH YOU SOME OF THE KEY HIGHLIGHTS FOR FISCAL 2020. I AM DELIGHTED TO SHARE THAT OVER THE LAST 25 YEARS, NSE HAS EMERGED AS AN INSTITUTION OF GREAT NATIONAL IMPORTANCE AND HAS SUCCESSFULLY PLAYED A CRITICAL ROLE IN TRANSFORMING INDIA'S CAPITAL MARKETS.

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Fiscal 2020 witnessed overall global slowdown amid the overhang arising from trade tensions between USA and China, elevated geopolitical uncertainty including Brexit, sluggish economic performance of some of the significant countries in Europe and Asia and the resultant overall weakening of the financial market sentiments.

This was further aggravated by the outbreak of COVID-19 which began in China in late 2019 and rapidly spread to the rest of the World, most notably in the US and Europe. The World Health Organization (WHO) has declared COVID 19 a 'pandemic'. Major global economies including India were overwhelmed towards the end of fiscal 2020 by the onset of the global Coronavirus pandemic that exacerbated already decelerating growth trends. Governments and policy makers worldwide have been responding to this unprecedented situation by announcing large-scale

fiscal and monetary stimuli to mitigate the economic and social impact caused by COVID-19.

In the above context, there has been overall slowdown in the country's GDP growth with GDP growth of around 4.2% for FY 20. Going forward most of the countries across the world are expected to witness negative growth in FY21.

It's heartening to note that in FY 20, NSE continued to maintain its leadership position both domestically as well as globally. Also, in these difficult times, NSE continued to be a responsible leader of the Indian corporate universe, keeping markets operational through the COVID-19 crisis and by contributing to national relief measures.

During FY 20, NSE enjoyed a market share of about 93% in the cash equities segment, almost 100% in the equity derivatives segment and about 60% in the currency derivatives segment.

Over the years, NSE has emerged as a prominent market infrastructure institution in the rapidly changing global marketplace. The business performance and recognition that NSE has garnered in all these years is beyond just the robust financial performance.

In this direction, it gives me immense pleasure to share with you that in the year 2019 NSE emerged as the largest derivatives exchange in the world based on the volume of contracts traded. NSE was also ranked as the 2nd largest exchange in the world in respect of contracts traded in the stock futures; it was ranked No. 1 in terms of contracts traded in index options and currency futures and options. In the cash equities segment, NSE was ranked 3rd largest in the world based on the number of trades in the year 2019.

NIFTY50, our flagship index, continued to evince significant traction among its peer group globally. As on March 31, 2020, NIFTY indices continued their market leadership position with 27 index funds and 57 ETFs in India being linked to these indices. The total Assets Under Management (AUM) of ETFs (equity and debt) and Index Funds linked to NIFTY indices in India was over ₹1.21 lakh crore. The total AUM of international ETFs linked to NIFTY indices was USD 676 million as on March 31, 2020.

Akin to its fundamental role of facilitating capital formation on the one hand and savings intermediation on the other, NSE continued to be the preferred venue for capital raising. With 1,949 companies listed on NSE with a market capitalisation of ₹112.43 trillion, NSE continued to be the premier exchange of the country. During fiscal 2020, the aggregate value of fund-raising via Initial Public Offerings (IPOs) was at ₹203.77 billion. Primary fund raising via privately placed debt securities was at a record ₹4,197.26 billion, with public issuance of debt securities contributing around ₹65.65 billion. The

commercial paper market continued to be vibrant with ₹4,229.96 billion of funds raised via commercial papers on NSE with maturity of less than one year.

NSE has been working towards providing a viable and sustainable option for the smaller companies to raise equity capital and provide an attractive alternate investment opportunity to the informed investor community. From conventional manufacturing companies to new age economy start-ups, NSE has always endeavoured to create a vibrant capital raising environment. NSE believes that Small and Medium Enterprises (SME) are crucial not only for economic growth, but also for employment and inclusive growth. As of March 31, 2020, there are 208 SME companies listed on NSE Emerge (SME Platform), of which 13 were listed during 2019-20 raising more than ₹1.74 billion and the market capitalisation of these companies is more than ₹92.20 billion.

During the year, NSE launched commodity futures on bullion and energy. The launch is yet another milestone for NSE.

Technology is the backbone of NSE's core infrastructure. It is both an enabler as well as a lever. NSE has always been a thought leader and is known for introducing innovative technologies. Speed, latency, resilience and security are four important tenets of our technology. During the year, many initiatives in these areas including projects surrounding enhanced customer experience have been undertaken to enhance the overall customer experience and to keep our technology platform efficient, robust and competitive. Embracing newer technologies such as Artificial Intelligence (AI), Block Chain etc., many initiatives / projects were successfully launched during the year. These projects spanned various themes such as strengthening of the fault tolerance posture of the infrastructure, surveillance and

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**GOING FORWARD, AS A COUNTRY, WE ARE WELL POSITIONED FOR GROWTH. AS STATED EARLIER, IT IS EXPECTED THAT INDIAN CAPITAL MARKETS WILL REMAIN ROBUST MAINLY DUE TO OVERALL POSITIVE ECONOMIC FUNDAMENTALS AND STABLE AND SUPPORTIVE POLICY ENVIRONMENT. THIS WILL ALSO PROVIDE FURTHER FILLIP TO THE GROWTH AND PARTICIPATION IN THE INDIAN CAPITAL MARKETS.**

regulatory compliance related, enhanced IT security, etc.

NSE Clearing Ltd (NCL) is one of the largest Central Counter Party (CCP) in the world in terms of number of trades cleared and settled and has global recognition like TC-CCP by ESMA. NCL has been regularly rated AAA by CRISIL for more than a decade now and is the strongest clearing corporation in the country with sound financial track record. It has a Core Settlement Guarantee Fund of more than ₹3,000 crore. During the year, NCL successfully implemented interoperability framework among Clearing Corporations which allows market participants to consolidate their clearing and settlement functions at a single CCP, irrespective of the stock exchanges on which the trades are executed. This is expected to lead to efficient allocation of capital for the market participants and thereby save costs.

Over the years, NSEIT Ltd. (NSEIT), a 100% subsidiary of NSE has expanded itself to serve the needs of a variety of customers in multiple areas such as software services and solutions, integrated IT security including cyber security services, IT infrastructure management services, digital examinations, Robotic Process Automation (RPA) etc. During the year, the NSEIT and NASDAQ partnership also grew significantly. NSEIT is also in the process of developing a trading portal and depository solution for a South East Asian Exchange.

During the year, NSEIT Ltd was awarded the “Emerging Partner of the Year 2019” award by Automation Anywhere in their flagship event “Imagine”. NSEIT’s DeX (Digital Examination Services) achieved Capability Maturity Model Integration (CMMI) Level 5 for Services certification.

Our subsidiaries NSE IFSC Limited (NSE IFSC) and NSE IFSC Clearing

Corporation Limited (NICCL) located at the International Financial Service Centre at GIFT City, Gujarat continued to run their operations seamlessly, with enhanced participation by the members. Recently, NSE IFSC has launched INR/USD derivatives contracts for trading at Gift City which was inaugurated by the Hon’ble Minister of Finance & Corporate Affairs Smt. Nirmala Sitharaman.

NICCL has been granted recognition by ESMA as a “Third-Country CCP” under EMIR, which would enable European based intermediaries to participate in GIFT IFSC. Further, NICCL has initiated the process for recognition as a Non-UK CCP under Temporary Recognition Regime (“TRR”). NICCL’s name has been included in the interim list of third country CCPs that will offer clearing services and activities in UK.

On the education and financial literacy front, NSE Academy Ltd. (NAL), which operates with a mission to promote financial literacy as a necessary life skill had significant accomplishments including partnerships with state and national school boards and schools, interactive courses on personal finance and certification programs as well as focused curriculum driven programmes for non-finance professionals. Towards this endeavour, NAL so far has empowered more than 57 lakh school students under its school financial literacy mission through tie ups with the School Education Department of Government of Tamil Nadu, Goa, Nagaland, Gujarat, Himachal Pradesh and Punjab. It also offers joint Post-Graduate programs in Financial Markets in collaboration with leading management institutes.

During the year, NAL launched “NSE Knowledge Hub” - a unique Artificial Intelligence (AI) powered learning platform specially created for financial learning and N-SMART – a

simulated market trading application which reproduces features of a live equity/derivative/currency derivatives market on trading terminals for students to practice and learn trading of securities without financial risk. During FY 20, it also entered into MOUs with several Indian and global institutions of high repute.

Investor awareness and spreading of basic financial literacy was an important agenda during FY20. NSE continued to conduct several investor awareness programmes by itself or in collaboration with other market constituents. It is heartening to note that over the last decade or so, NSE has conducted more than 20,000 seminars covering 600+ districts across the country reaching almost 1.2 million investors.

On the financial front, for FY 2019-20, the consolidated revenue of NSE Group was ₹3,897.52 crore (y-o-y increase of 11%). Of this, approximately 90% of the revenue was contributed by core operations. The Profit before tax was ₹2,525.25 crore and the Profit after Tax was ₹1,884.78 crore (y-o-y increase of 10%). Further, since the Company expects a positive outcome from the appeals in the colocation related matters and believes that the monetary liability in respect of the first and the second order and from the adjudication proceedings is not probable, no provision for any liability has been made in the financial statements as at March 31, 2020.

It is noteworthy that, for the year 2019-20, while the EBIDTA margin for the Group was 69%, the ratio of Profit after Tax to Revenue was 48%. The Return on Capital Employed (ROCE) was 25%. With this, NSE continues to be in the top decile amongst the leading exchanges globally in terms of financial performance.

The Company believes in creating long term value for its shareholders. Consistent with its Dividend Policy, during the year 2019-20, the Company

has distributed an interim dividend of 980% (i.e. ₹9.80 per share) and has recommended a final dividend of 1100% (i.e. ₹11 per share). With this, the total Dividend Pay-out stands at ₹20.80 per share with a Pay-out ratio of 60% of the Consolidated Net Profit available for distribution. On a standalone basis, the Dividend Pay Out ratio works out to 72% of the profits available for distribution.

NSE group has been at the forefront of being a socially responsible corporate citizen. It believes that a well-rounded institutional model needs to craft an equitable balance between its business imperatives and social good. During the year FY20, the Company has added environment sustainability and skill development & entrepreneurship as areas of focus in addition to the previously identified themes namely primary education, elder care, water, sanitation and hygiene. NSE Foundation, a CSR arm of the NSE group has undertaken several initiatives under these themes. It is noteworthy that in the last 5 years almost 8 lakh people have benefited through various CSR initiatives undertaken by the NSE group.

As stated, the Coronavirus (COVID 19) outbreak is an unprecedented global situation that all countries are dealing with in terms of its human and economic consequences. NSE is committed to supporting the government in the nation's battle against the pandemic and in providing assistance to alleviate the difficulties faced by the eco system due to COVID 19. As a part of its commitment, NSE group has contributed ₹26 crore towards PM Cares Fund and certain State Government funds for combatting the spread of COVID-19 in the country. In addition to this, employees of the NSE Group have also contributed one day's salary towards the PM Cares Fund for this purpose.

Going forward, as a country, we are well positioned for growth. As stated earlier, it is expected that

Indian Capital Markets will remain robust mainly due to overall positive economic fundamentals and stable and supportive policy environment. This will also provide further fillip to the growth and participation in the Indian capital markets.

In last 25 years, NSE has accomplished significant success. I am confident that, moving forward, with the continued support of all stakeholders, NSE will reach greater heights in the years to come.

I would like to express my sincere gratitude to all Board members for their commitment and valuable inputs. I would also like to take this opportunity to thank the government, regulators, all our shareholders and other stakeholders for their continued support and confidence in NSE. Last but not the least, I would like to congratulate and place on record my sincere appreciation to the employees for their relentless hard work and dedication over the years.

**G. C. Chaturvedi**  
*Chairman*

# The exciting world of National Stock Exchange of India Limited



## Robust network

NSE lists and trades securities on two markets: cash market and derivatives market. NSE's cash market can be categorised into the equity cash market for equities and equity-linked securities, and the debt cash market for fixed income securities. The derivatives market trades securities across equities, fixed income, currencies and commodities.



## Ethical pedigree

### Vision

To continue to be a leader, establish global presence and facilitate the financial wellbeing of people

### Purpose

Committed to improving the financial wellbeing of people.

### Values

Integrity, customer focused culture, passion for excellence, trust, respect and care for the individual.

## Service offerings

NSE offers comprehensive coverage of the Indian capital markets across asset classes (equity, fixed income and derivative and securities). The company's fully-integrated business model comprises exchange listing, trading services, clearing and settlement services, indices, market data feeds, technology solutions and financial education offerings. The company also oversees compliance by trading cum clearing members as well as listed companies with the exchange's rules and regulations. Its derivatives market offers trading opportunities in various forms of derivatives, such as futures and options on stocks and domestic and global indices, currency futures and options, interest rate futures and options and commodities future and options. The company's clearing corporation and subsidiary NCL provides clearing and settlement services for the exchange to support members throughout the lifecycle of a trade.



## Rich experience

Incorporated in 1992, NSE was recognised as a stock exchange by SEBI in April 1993 and commenced operations in 1994 and is ranked as the largest stock exchange in India in terms of total and average daily turnover for equity shares every year since 1995, based on SEBI data. It is the largest derivatives exchange globally and ranked second globally in terms of number of equity trades based on WFE report.



## Technology

NSE has a culture of innovation and proactive investment in technology. NSE was the first exchange in India to implement electronic or screen-based trading. NSE's pan-India highspeed network is supported by around 194255 terminals (count of terminals includes all activated terminals by the Exchange and as reported by the trading member for CM, FO, CD and CO segments) as of March 31, 2020.



## Infrastructure

NSE is headquartered at Exchange Plaza, Mumbai, with client-facing regional offices in Mumbai, Kolkata, Delhi, Chennai and Ahmedabad. In the last few years, NSE opened offices in Indore, Kanpur, Pune, Jaipur, Rajkot, Cochin, Hyderabad, Bangalore, Patna, Lucknow and Vadodara. NSE's proprietary technology infrastructure is at par with the best in the world in terms of size, scale and throughput. The standards set by NSE in terms of market practices, products, services and technologies have become industry benchmarks.



## Regulations

NSE is governed by SECC Regulations issued by SEBI, SEBI Act, various regulations/ circulars/ guidelines etc. issued there under, Regulations and By laws of NSE, RBI directives on forex trading, interest rate futures trading, debt securities trading, Prevention of Money Laundering Act and several other statutes that govern any employer/ corporate body in the country.



## Pioneering

NSE launched electronic, screen-based trading in 1994 and is a pioneer in technology and ensures the reliability and performance of its systems through a culture of innovation and investment in technology. NSE launched internet trading in 2000, electronic filing system for listed companies, direct market access, co-location facilities, a mutual fund trading platform in 2009 and mobile trading for investors in 2010.



## Market share

NSE began operations in 1994 and enjoys leading market shares (by total turnover) of 93.31% in equity cash trading, 99.90% in equity derivatives trading, 59.73% in currency derivatives trading, 86.72% in interest rate derivatives trading and 90.69% in ETFs trading for fiscal 2020.



## NSE subsidiary companies

**NSE Clearing Limited (NCL):** A wholly-owned subsidiary, it became the first clearing corporation to introduce settlement guarantees.

**NSE Investments Limited (NSEI):** A wholly-owned subsidiary, it was incorporated to inter alia make or hold all strategic investments in the equity shares and/ or other securities of NSE Group companies.

**NSE InfoTech Services Limited (NSE InfoTech):** A wholly-owned subsidiary of NSEI.

**NSE Indices Limited (NSE Indices):** A wholly-owned subsidiary of NSEI, it provides a variety of indices and index-related services and products.

**NSEIT Limited (NSEIT):** A wholly-

owned subsidiary of the NSEI, it is a turnkey provider of innovative business IT solutions.

**NSE Data & Analytics Limited (NDAL):** A wholly-owned subsidiary of NSEI, it offers data and info-vending products.

**NSEIT (US) Inc. (NSEIT US):** A wholly-owned subsidiary of NSEIT, it offers application, assessment, and infrastructure and security services, among others.

**NSE Academy Limited (NAL):** A wholly-owned subsidiary of NSEI, it offers educational programmes in the areas of banking, financial services, financial markets and financial literacy.

**NSE IFSC Limited (NSE IFSC):** A

wholly-owned subsidiary of NSE, it provides a platform for trading securities in IFSC.

**NSE IFSC Clearing Corporation Limited (NICCL):** A wholly-owned subsidiary of NCL, it provides clearing and settlement services in IFSC.

**NSE Foundation:** A subsidiary formed by NSE along with other seven subsidiaries, it is engaged in undertaking CSR activities of NSE Group.

**Aujas Networks Private Limited (Aujas):** 'NSEIT', wholly owned subsidiary of NSE, acquired a 96.84% stake in Aujas Networks Private Limited. It provides information security consulting and IT risk management services.

## Key products and services

Segments	Products and services	Customer group
Cash market	Products: Equities, ETF, MF, SLBS, OFS Services: Settlement Guarantee	Proprietary, retail and institutional participants - domestic and foreign
Derivatives	Products: Equity Derivatives (Index & Stock), Currency Derivatives, Interest Rate Derivatives, Derivatives on Global Indices and Volatility and Commodities Services: Settlement Guarantee	Proprietary, retail and institutional participants - domestic and foreign
Debt market	Products: Debt securities, Corporate bonds, Govt. securities & T bills Services: Clearing and Settlement, Risk Management, Connect to NSE, Corporate bond database	Proprietary, retail and institutional participants - domestic and foreign
Data and Information Vending	Products: NSE's online Real time Data Feed, 15-Min delayed, 5 minutes, 2 minutes and 1 minute Snapshot Data, EOD data, Historical Trade & order and Corporate Data Services: Providing data feed	Data vendors, researchers, TV channels, financial websites, software and algorithm developers
Index services	Products: Equity Index- NIFTY, NIFTY 100, NIFTY Bank indices etc. and Debt Index. Services: Index IP Licensing and Customised Index solution	AMCs, ETF issuers, insurers, NBFCs, investment banks, stock exchanges and AIF

# Milestones

## 1992-1993

- Was recognised as a stock exchange

## 1993-1994

- Launched the equity and wholesale debt market segments
- Commenced electronic or screen-based trading

## 1995-1996

- Created and administered a settlement fund
- Launched NIFTY 50 Index
- Commenced trading and settlement in dematerialised securities

## 1997-1998

- Established NSE Indices Limited (formerly known as India Index Services & Products Limited) a subsidiary, as a joint venture with CRISIL Limited to operate an indices business

## 2012-2013

- Launched the New Debt Segment (NDS)

## 2011-2012

- Commenced trading in index futures and options contracts on the FTSE 100 index
- Launched SME-specific EMERGE platform for the listing and trading of securities of SMEs

## 2010-2011

- Commenced trading in index futures and options on global indices, namely the S&P 500 and Dow Jones Industrial Average

## 2009-2010

- Launched NOW platform for mobile devices
- Launched trading in currency options

## 2013-2014

- Launched NMF-II platform for mutual funds
- Launched NBF II segment for interest rate futures
- Launched trading on India VIX index futures
- Commenced trading on NIFTY 50 (then known as CNX NIFTY) on the Osaka Exchange

## 2014-2015

- Entered into a memorandum of understanding to enhance co-operation with the London Stock Exchange Group
- Renamed CNX NIFTY to NIFTY 50

## 2015-2016

- Launched NIFTY 50 index futures trading on TAIFEX
- Launched platform for sovereign gold bond issuances
- Launched an electronic book-building platform for the private placement of debt securities

## 2016-2017

- Promoted NSE IFSC, the International Stock Exchange in India's first IFSC SEZ at GIFT City Gandhinagar

## 1998-1999

- Established NSEIT, a wholly-owned subsidiary and a global technology firm, that provides end-to-end technology solutions, including application services, infrastructure services, analytics as a service and IT-enabled services

## 1999-2000

- Incorporated NSE Data & Analytics Limited (formerly known as DotEx International Limited), a wholly-owned subsidiary, and consolidated the data and info-vending business under Data & Analytics Limited

## 2000-2001

- Launched index options based on the NIFTY 50 index (then known as S&P CNX NIFTY) for trading
- Launched single stock futures and options on listed securities

## 2001-2002

- Launched ETF listings

## 2008-2009

- Launched Mutual Fund Service System (MFSS)

## 2007-2008

- Became the first exchange in India to offer trading in Currency Futures
- Introduced the Securities Lending and Borrowing Scheme (SLBS)
- Launched the NOW platform for web-based trading

## 2005-2006

- Incorporated NSE InfoTech Ltd., a wholly-owned subsidiary for IT research and development

## 2004-2005

- Launched NIFTY Bank index derivatives

## 2017-2018

- Launched currency derivatives on Non-FCYINR pairs
- Launched NIFTY SME EMERGE Index and 72 fixed income and three hybrid indices
- Entered into a MOU with The Colombo Stock Exchange (CSE)

## 2018-2019

- Launched Commodity Derivatives segment, goBid Mobile app for government securities and Tri-Party Repo of Corporate Debt Securities.
- Weekly option on NIFTY 50 was launched
- E-voting for corporates
- NSE derivatives access was extended to US clients
- Signs Post-Trade Technology and Strategic Partnership Agreement with Nasdaq
- MoU with London Stock Exchange Group

## 2019-2020

- NSE launches new brand identity for NIFTY Indices
- Proposed NSE IFSC-SGX Connect receives regulatory dispensations
- NSE EMERGE achieves 200th SME listing milestone
- NSE Commodities Segment gets recognition from CBDT
- NSE opens Centre for Behavioral Science at IIMA
- Launch of Interest Rate Options on Government of India bonds
- NSE Indices launches Nifty BHARAT Bond Index Series
- NSE declared world's largest derivatives exchange 2019 by WFE
- NSE launches Request for Quote (RFQ) Platform in Debt Securities



## Awards and recognition

## 2019-20

- 2020 Best of the Best Award for being the Index provider of the year, India
- 2020 Best of the Best Award for ETF Index Provider of the year, India
- World's Largest Derivative Exchange in terms of contracts traded

## 2017-18

- FICCI CSR Award for Exemplary Innovation
- Capital Market: Vision 2020 – Best Stock Exchange of India
- 7<sup>th</sup> Annual Greentech HR Award 2017
- Golden Peacock Award for Corporate Social Responsibility
- ET NOW – CSR Leadership Award
- Green IT award
- India Achievers Awards, 2018 - NSE SME Driver of Entrepreneurship

- Datacenter Summit and Awards 2017 for Innovation

- Ranked among India's Top 50 companies to work for

- Recognised for being among the best in India's financial services industry

## 2016-17

- CII - Exim Bank Prize for Business Excellence
- Global Architecture Excellence Awards 2016 - New Service Offering Initiative

## 2015-16

- Golden Peacock Innovative Product / Service Award
- The Asian Banker Achievement Awards 2015 - Stock Exchange of the Year
- FOW Awards for Asia - Best New Technology Product - Market Surveillance

## 2018-19

- Innovative Practices Award 2018 on Sustainable Development Goals
- UN Global Compact Network India
- CSR Times Awards for Best Project in Education under the Corporate Foundation Category

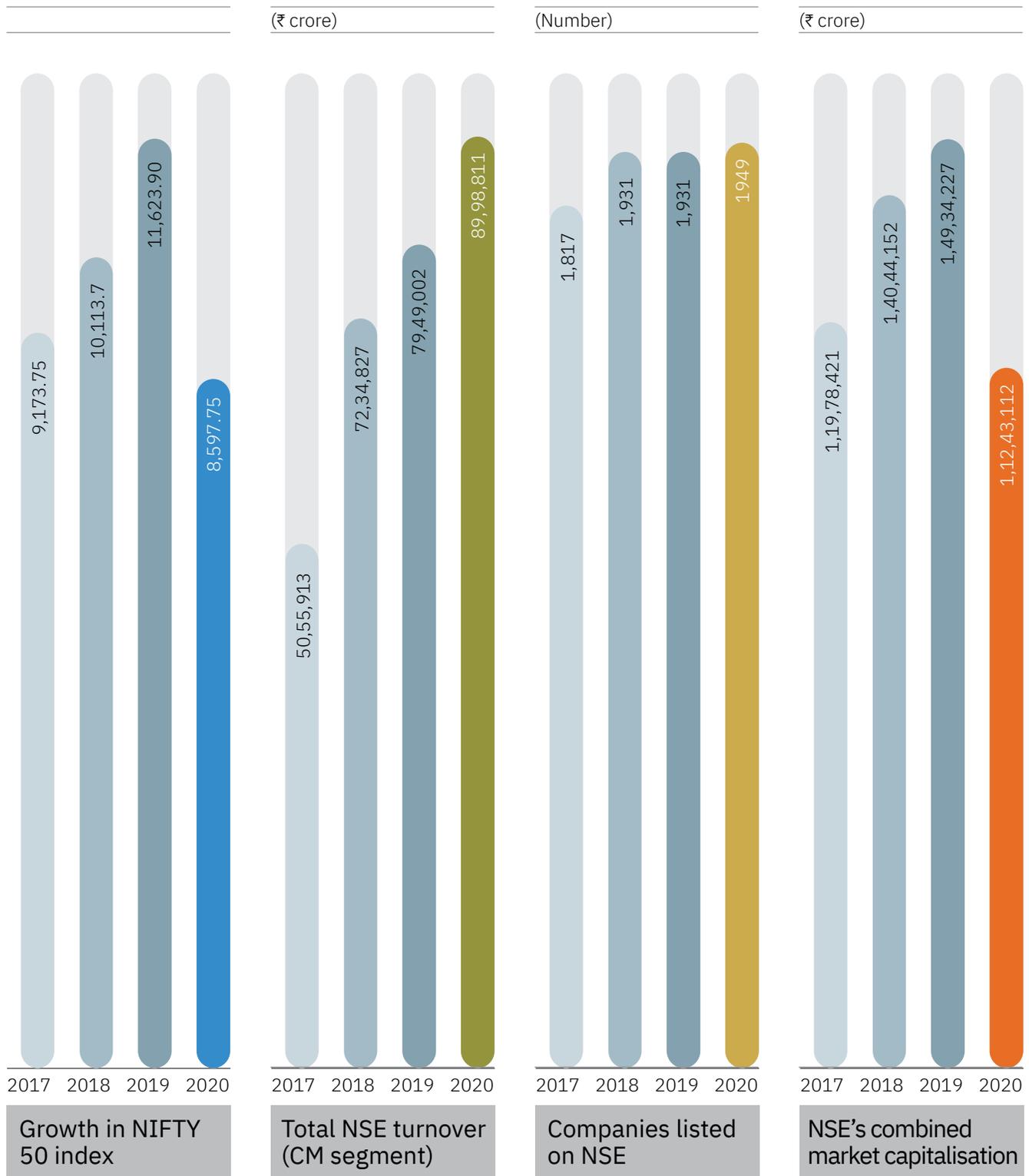
## 2014-15

- Futures and Options World Award for Indian Exchange of the Year
- Global Finance - Best Derivatives Providers Award 2014 for exchange performance
- CII-Exim Bank Prize for Business Excellence

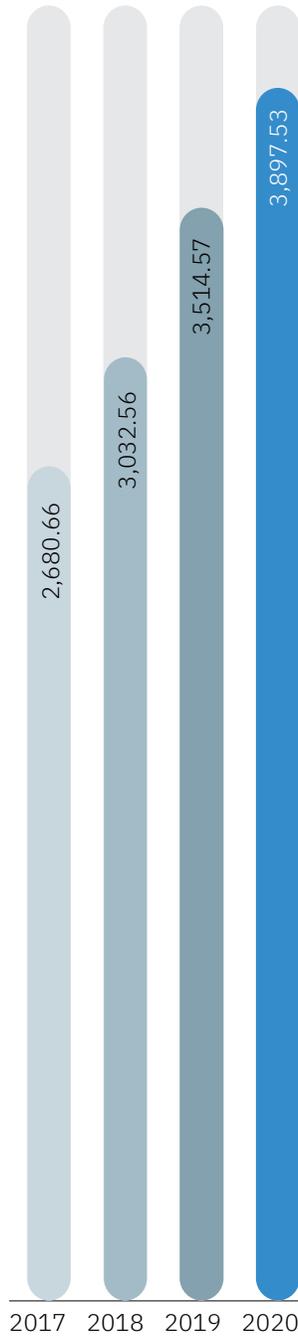
## 2013-14

- Capital Finance International - Best Stock Exchange Award, India

# Our growth in the past four years

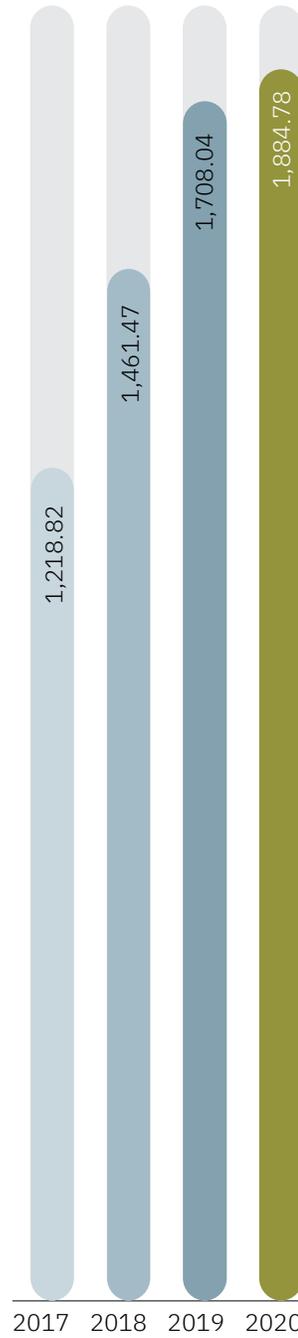


(₹ crore)



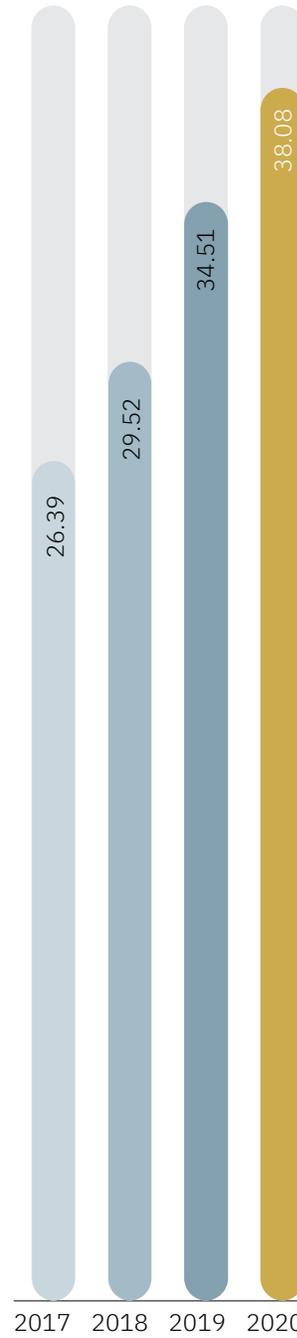
Total revenues

(₹ crore)



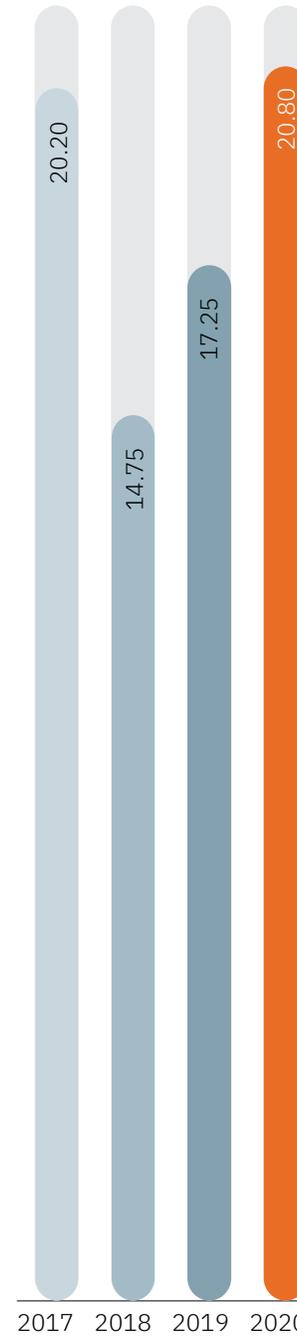
Profit after tax

(₹)



Earnings per share

(₹)



Dividend per share



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**NSE. More than an exchange; a solution instead.**

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## **NSE IS ONE OF INDIA'S MOST DEPENDABLE INSTITUTIONS FOCUSED ON TAKING THE COUNTRY'S INVESTING CULTURE AHEAD.**

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NSE is comprehensive: it offers complete single-stop coverage across asset classes (equity, fixed income and derivative securities). It offers more than a trading platform; it provides a fully-integrated solution comprising exchange listings, trading services, clearing and settlement services, indices, market data feeds, technology solutions and financial education offerings.

NSE provides investors the benefit of breadth and depth: it attracts all category of investors - from retail to institutional, domestic to international, traders, hedgers and those having rich and diverse view of the market, which generates large volumes, enhances liquidity and in doing so, facilitates efficient and credible price discovery. The result

is that investors are convinced that if a stock has been traded on NSE then the price must have been a faithful reflection of realities at that instant.

NSE protects: the exchange's trading technology and risk management framework offers faster and automated order execution. This reduces the cost impact for large trade orders, enhancing its cost-value proposition. It assumes the credit risk of each party to the trade, which is the risk that a clearing member defaults on its obligations in respect of the trade. Twenty-Four investor-service centers opened by NSE across the country cater to the needs of investors.

NSE celebrates transparency: the exchange's trading system

provides trade and post-trade information, enhancing investor trust and confidence. For instance, the best five buy and sell orders are displayed on the trading system; the total number of securities available for buying and selling is also displayed, empowering investors to gauge market depth; it features corporate announcements, results and actions on the trading system, enhancing informed decision making. Listed companies are provided with monthly trade statistics for all the securities of the company listed on the Exchange.

Through these benchmark-enhancing features, NSE represents a modern customer-centric and governance-committed face of India to the world.

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### **The NSE value proposition**

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## **NSE. Beyond an exchange; a brand for progress**



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## **NSE HAS HELPED TRANSFORM HOW INDIANS TRADE, TRANSACT AND TRUST THE INDIAN CAPITAL MARKET – A GAME-CHANGER**

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To assess the influence and impact of NSE on the Indian investing landscape, one needs to go back nearly three decades.

An investor could never be sure of the price at which the purchase or sale had been actually transacted. Stock exchange intermediaries operated like a private club, marked by low representation. Outcry trading was marked by physical engagement and a need to be located proximate to the stock exchange. The system comprised a large number of physical certificates that needed to be stored and ownership transferred. Clearing and settlement cycles would be long and often uncertain. The concept of risk management would be weak and vulnerable. Surveillance would be event-based. There was a dearth of information reporting, documentation and dissemination. The market was largely limited to equity trading.

NSE came into existence in 1992 with the objective to graduate India to the next level – across a number of fronts.

This is how NSE has helped take the investor's interests to a new level.

The exchange provides complete transparency in electronic matching. The exchange is not localised; it is pan-India. It connects the country through a single uniform exchange. It provides real-time risk management. It protects investor interests through guaranteed clearing & settlement cycles. It has facilitated complete dematerialisation replacing physical shares. It provides online and offline surveillance. It has emerged as the first-stop of corporate disclosures, empowering investors to take informed decisions. It has extended from equity trading to new segments (F&O, Currency & IRF, SLB and SME segments), widening choice and market. It provides real-time cross-margining, enhancing trading flexibility. Besides, NSE founded the NSE Academy, which promotes financial literacy across students, homemakers and non-finance professionals.

By playing the role of an enlightened forward-looking evangelist, NSE has helped transform India's deep-rooted savings tradition into an 'investment culture', taking the country ahead.

**IN 1992, NSE CAME INTO EXISTENCE TO CREATE AN ORDERLY MARKET PLACE. NOW, NSE IS ONE OF THE MOST CRITICAL MARKET INFRASTRUCTURE WHICH IS TURNING INDIA INTO A GLOBAL FINANCIAL POWERHOUSE.**



**NSE. Not just a passive platform. A dynamic game-changer instead**



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## **NSE HAS CONSISTENTLY FOLLOWED THE PHILOSOPHY THAT 'WHAT IS GOOD FOR INDIA IS GOOD FOR NSE'**

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NSE is not just engaged in providing a technology-driven platform that makes it easy for people to transact. It is engaged in deepening the culture of financial inclusion in India.

Historically, India has invested in physical assets. Traditionally, Indian households invested about 60% of their savings in physical assets like gold and real estate. Besides, insurance accounted for 18% of India's financial investment as against a mere 6% for shares and debentures. As an extension of this reality, India's retail investors constituted only approximately 13% of stock ownership in India; demat accounts were less than 10% of the number of banking accounts.

From a larger perspective, it is an irony that for years India was the fastest growing large economy and the fifth largest global economy with an investment sector well below the corresponding global average.

For instance, the market capitalisation-to-GDP ratio for India is approximately 53% compared to 136% in US, 75% for Korea and 68% for Malaysia as of Mar'20, indicating attractive headroom in India. Similarly, corporate bond

outstanding-to-GDP for India is 15% compared to 74% in US in 2019, according to the International Institute of Finance in its Global Debt Monitor. The mutual funds sector also showcased the longstanding under-penetration in India's investment culture. Indian mutual funds managed USD 356 billion AUM in March 2020 with a penetration of around 12.5% of GDP as against 161.3% in US. Further, India's equity AUM/GDP ratio is merely at 5.6%, which is significantly lower than 80.4% in US. Similarly, India's debt AUM/GDP ratio is around 3.0% compares with 33.8% in US over the same period. The extent of under-penetration can also be gauged from the number of outstanding mutual fund folios, which is around a seventh of the number of life insurance policies in India and one-eighth of number of savings accounts.

By putting investors first, NSE enjoys a market share of 93% of India's equity cash market, nearly 99.9% of equity derivatives and over 90% of all international inflows into the market.

**FROM A LARGER PERSPECTIVE, IT IS AN IRONY THAT FOR YEARS INDIA WAS THE FASTEST GROWING LARGE ECONOMY AND THE FIFTH LARGEST GLOBAL ECONOMY WITH AN INVESTMENT SECTOR WELL BELOW THE CORRESPONDING GLOBAL AVERAGE. NSE IS NOW CHANGING THE PARADIGM.**



**NSE. Extended beyond the routine; focused on innovation, collaboration and co-creation**

**IN A RAPIDLY CHANGING WORLD, ONE OF NSE'S BIGGEST ACHIEVEMENTS HAS BEEN THE CAPACITY TO STAY RELEVANT ACROSS TECHNOLOGY CYCLES.**

What makes the NSE story different is that the exchange did not outsource exchange software to a global company; the company developed proprietary technologies and has since depended completely on insourced capabilities to evolve and grow its business.

This capability has translated into distinctive customer-centric outcomes: the ability to respond with speed to market needs through changes in technologies; the ability to keep extending the frontier; the ability to moderate operational costs that has helped maximise customer value.

Since its inception, NSE kept itself abreast of emerging technologies, empowering its proactive extension into the next phase of its existence.

For instance, the exchange launched internet trading in 2000, which empowered

investors to transact directly. This disintermediation enhanced speed, safety, transparency and ease of transaction. In 2009, the exchange launched a platform for mutual fund trading and year later, launched a mobile trading platform, enhancing convenience.

NSE developed a proprietary National Exchange for Automated Trading, or NEAT, its screen-based trading system.

NSE enhanced its load balancing capability to handle scalability to process about a billion messages and 8-10 million & more equity trades every single day. In turn, this scale helped the company moderate transaction costs to possibly among the lowest in the world.

NSE leveraged a combination of advanced technologies to create effective real-time risk management and surveillance infrastructure that

is considered among the best global benchmarks.

NSE entered into collaborations with NASDAQ, London Stock Exchange and other leading exchanges to fuse technology with business insights that helped provide one of the most compelling investor opportunities.

NSE complemented applied technologies with an electronic filing system for listed companies, direct market access, centers and co-location services (facility owned and operated by NSE), certifications (ISO 20000).

The success of NSE's technology capability is reflected in its uptime of 99.999%, prompting the trust that 'If it is NSE, it must be always on.'

**NSE's trading platforms**

- National Exchange for Automated Trading (NEAT)
- Non-NEAT Front End Platform.
- DMA, Algorithmic trading and Co-location facility
- Other Platforms
- Risk Management Framework
- Recovery Time Objective (RTO) and Recovery Point Objective (RPO)

# Board of Directors



**Mr. Girish Chandra Chaturvedi** is the Chairman and Public Interest Director of your Company. He is a Retired IAS Officer of the Uttar Pradesh cadre from the 1977 batch. Mr. Chaturvedi has held key positions at the Central level – Government of India which includes Secretary, Ministry of Petroleum and Natural Gas and State Level - Government of Uttar Pradesh which includes as Secretary to the Chief Minister.

He has also served as a government nominee

director inter-alia on the boards of LIC, Canara Bank, Bank of Baroda, IDBI Bank Ltd and IDFC Ltd. He was the Chairman and Member of Warehousing Development and Regulatory Authority of India (Post retirement from the Indian Administrative Service) during 2014- 2018.

Mr. Girish Chandra Chaturvedi has pursued MSc Social Policy and Planning in Developing Countries from the London School of Economics, University of London, United Kingdom. He also holds the qualification of MSc Physics, First Class

Honours University of Allahabad, India and BSc (Physics; Mathematics; Statistics), First Class Honours University of Allahabad, India.

He is the Non-Executive Chairman & Independent Director of ICICI Bank Limited and is also a NCLT / Government appointed Director on the Board of Infrastructure Leasing and Financial Services (IL&FS). He has been associated with your Company since November 08, 2019.



**Mr. Vikram Limaye** is the Managing Director and CEO of your Company. Prior to joining NSE, he was the Managing Director & CEO of IDFC Limited, a diversified financial services conglomerate. He started his professional career with Arthur Andersen in Mumbai in 1987 while pursuing his Chartered Accountancy and worked in the audit and business advisory services groups of Arthur Andersen, Ernst & Young and the consumer banking group of Citibank before going to the US in 1994 to pursue a MBA. After completing his MBA, he worked on Wall Street in USA for 8 years with Credit

Suisse First Boston in a variety of roles in investment banking, capital markets, structured finance and credit portfolio management before returning to Mumbai, India in 2004.

He has contributed to various committees of government and industry associations on a range of topics surrounding infrastructure, economic policy, markets, trade, minority affairs etc. He has been a speaker at various domestic and international conferences and has been part of international government delegations for infrastructure and foreign direct investments into

India. Currently he is the Chairman of the Working Committee of the World Federation of Exchanges (WFE) and also a member of the Board of Directors of WFE.

He completed his Bachelors in Commerce from HR College of Commerce & Economics, Chartered Accountancy and a MBA in Finance and Multinational Management from The Wharton School of the University of Pennsylvania, USA.

He has been associated with your Company since July 17, 2017.



**Ms. Anuradha Rao** is a Public Interest Director of your Company. She is a former Deputy Managing Director, Strategy & Digital Banking, State Bank of India and was also the MD & CEO of SBI Mutual Funds.

She over the years and in various roles, drove strategies to establish SBI in leadership position in Mobile banking, IMPS, UPI, & Bharat QR., NETC and Metro/Transit solutions, NCMC technology adoption, Drove unique 3-pronged

Yono Project which provides: omnichannel banking services, Financial Superstore, Online Marketplace, establishing SBI as largest Home Loan lender, establishing SBI as largest Auto Loan lender and establishing SBI as leading player in the Private Employer Corporate Salary space.

Ms. Anuradha Rao has pursued Post Graduation from University of Hyderabad. She is also an Associate of the Indian

Institute of Bankers and an Alumni of CAFRAL.

She has been associated with your Company since November 08, 2019.



**Mr. K Narasimha Murthy** is a Public Interest Director of your Company.

Mr. K Narasimha Murthy, having brilliant academic record, getting ranks in both CA & ICWA courses entered the Profession of Cost & Management Accountancy in 1983. He is associated with the development of Cost & Management Information Systems for more than 175 Companies covering more than 50 Industries. In addition, he is closely associated with turning around of many large Corporates, focusing on systems improvement with Cost Reduction approach.

Earlier he was associated as a Director with Oil and Natural Gas Corporation Ltd. (2013-'16), IDBI Bank Ltd. (2001-'11), LIC Housing Finance Ltd.(2005-'15), UTI Bank Ltd.,(presently AXIS Bank) (1999-2004), Member Board of Supervision NABARD (2005-'15), Unit Trust of India (UTI) (2002-'03), IFCI Ltd. (2008-'09), STCI Finance Ltd. (Formerly Securities Trading Corporation of India Ltd.,) (2013-'19), AP State Finance Corporation (2009-'15), APIDC Ltd., Bombay Stock Exchange etc. and as Chairman of Expert Committee on Urban Co-op. Banks (UCBS) (2002) in A.P.

Recently he is appointed for conducting Quality Assurance Audit of Audit Control Systems in the IDBI Bank.

He has been associated with your Company since February 17, 2020.



**Prof. S Sudarshan** is a Public Interest Director of your Company.

Prof. S Sudarshan is presently a professor at Indian Institute of Technology, Bombay. He was a Visiting Researcher at Microsoft Research, Redmond WA and was also a Principal Investigator (Member of Technical Staff) in the Database Research group at AT&T Bell

Laboratories, Murray Hill, New Jersey.

Prof. S Sudarshan has pursued B. Tech (Computer Science) from Indian Institute of Technology Madras, MS (Computer Sciences) from University of Wisconsin-Madison, U.S.A and PhD (Computer Sciences) from University of Wisconsin-Madison, U.S.A.

He has been associated

with your Company since February 17, 2020.



**Ms. Mona Bhide** is a Public Interest Director of your Company.

She is the Managing Partner in Dave & Girish & Co., Advocates. Ms. Bhide has been in legal practice since the year 1989. Her practice at Dave & Girish & Co. Advocates revolves around corporate law, securities and banking transactions, capital markets, structured finance, securitisation, swaps, derivatives, mergers and acquisitions and restructuring, litigation and arbitration. Ms. Bhide is also advisor to various MNCs, banks and financial

institutions. She is also holding Directorships in GIC Housing Finance Limited, Vinati Organics Limited, Alliance of Business Lawyers and Datamatics Global Services Limited.

Ms. Bhide has worked with Sedgwick Deetert, Moran and Arnold, an international law firm in Chicago, USA. She has researched with the American Bar Foundation, at Chicago, USA on the topics like SEC Regulations, Conflicts of interest; and Globalisation of the legal profession. She had the privilege of representing and winning the arbitration

and the litigation for the ANZ Grindlay's Bank against NHB on the biggest ever securities scam played by Harshad Mehta.

She pursued her LL.B Degree from University of Mumbai. She also earned her LL.M Degree from Northwestern University, School of law, Chicago.

She has been associated with your Company since April 21, 2020.



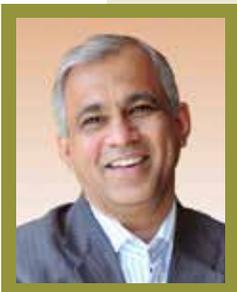
**Mr. Prakash Parthasarathy**

is a Shareholder Director of your Company. He is the Managing Partner of Sanctum Management Pte. Sanctum manages and advises families, their philanthropic institutions and global endowments and fiduciary institutions on long-term investment

initiatives. Prior to Sanctum, he was the founding Managing Partner & Chief Investment Officer of PremjiInvest, an investment office serving Azim Premji (Chairman, Wipro) and his Foundations. Mr. Prakash Parthasarathy joined as the founding CIO of PremjiInvest in 2006, was responsible

for the firm's strategy and operations across all asset classes in India, China and the US and led the Investment Committee of the firm.

He has been associated with your Company since May 30, 2012.



**Mr. Abhay Havaladar** is a Shareholder Director of your Company. He holds a Bachelor's degree in Electrical Engineering from the Mumbai University and a Master's degree in management from the London Business School. Previously, he was associated with

General Atlantic, a global growth equity firm as an Advisory Director. He was instrumental in establishing General Atlantic's India Office. He possesses a rich experience of investing in the Indian markets, including as a venture capitalist and growth investor. He is also

a Board member of the Society for Innovation and Entrepreneurship (SINE).

He has been associated with your Company since June 13, 2012.



**Ms. Sunita Sharma** is a Shareholder Director of your Company. She was Managing Director and Executive Director of Life Insurance Corporation of India from April 2017 to March 2019. She served as Managing Director, Chief Executive Officer and Executive Director of LIC Housing Finance Limited from November 5, 2013 until April 11, 2017.

She has worked with the Life Insurance Corporation of India where she was in different departments including housing finance and accounts. She has vast Experience in Insurance and Housing Finance. She has served in various positions at Life Insurance Corporation of India such as Secretary (Personnel and Industrial Relations), as an Executive

Director of P&GS and as its Chief of Personnel of Central Office. She has been a Non-Executive Director at Larsen & Toubro Limited since April 1, 2015. She holds a Master's Degree in Science from the University of Delhi, New Delhi.

She has been associated with NSE since October 19, 2016.

# Management discussion & analysis



Global economic activity witnessed a synchronised slowdown in 2019 amid growing trade tensions between the US and China and elevated geopolitical uncertainty including Brexit. Higher trade tariffs and prolonged trade policy uncertainty weighed on global trade and dampened investment prospects. Global growth prospects improved towards the end of 2019 with favourable developments on account of US-China trade negotiations and diminishing Brexit concerns.

The COVID-19 outbreak began in China in late 2019, rapidly spreading to the rest of the World, most notably in the US and Europe. Governments and policy makers worldwide have been responding by announcing large-scale fiscal and monetary stimuli to help mitigate the economic and social shock caused by COVID-19. Most countries across the world are expected to witness negative growth for FY 21.

## Indian Economic Overview

The Indian economy decelerated for the fourth consecutive year, with GDP growth in FY20 falling to 4.2%. The slowdown was led by a sharp deceleration in investment growth, reflecting a muted demand environment, weak business confidence, low capacity utilisation and tight financial conditions since mid-2018. The COVID-19 outbreak towards the end of the fiscal year further impacted the economic activity in the fourth quarter.

In FY20, the revised figure for the Centre's gross fiscal deficit as a share of GDP stood at 3.8% of GDP. On the positive side, India's external vulnerability has reduced further, with the

current account deficit expected to fall to near -1% of GDP in FY20. This, along with a surge in foreign exchange reserves to all-time high levels, bodes well for the Indian Rupee. The RBI started easing in early 2019 as a response to the widening negative output gap besides ensuring adequate liquidity in the system that had been impacted due to the NBFC crisis in 2018. A cut in the corporate tax rate and higher infrastructure spending provided further fillip to the economy.

RBI has announced a slew of measures including a steep cut in policy rates, injection of adequate liquidity using conventional as well as unconventional means, relief on

debt servicing and improvement in access to working capital, among others. The Government's ₹20 Trn 'Atmanirbhar Bharat' economic package that focuses on providing support to all crucial sectors and segments of the economy through structural reforms should further strengthen India's macroeconomic fundamentals, enhance ease of doing business, and bring in transparency and efficiency gains. The prospects of private investments ramping up in the medium-term remains significant, supported by lower corporate tax and lending rates. This bodes well for strong financial markets growth in terms of capital raising and inflows from domestic and foreign investors.

## Capital market scenario and its impact on NSE

FY 20 was a mixed bag for Indian equity markets. Tight financial conditions, weak economic growth on the domestic front kept investor sentiments muted; a prolonged US-China trade war and concerns about a no-deal Brexit weighed on the overall market performance, while a slew of fiscal (corporate tax cuts, infrastructure spending)

and monetary measures (rate cuts, easy liquidity) provided downside support.

Global markets, however, saw a huge downturn post the outbreak of Coronavirus in China in the later part of FY20. Global equities that had reached life-time highs in January 2020 corrected to bear market trajectory. India was no different, with the Market benchmark Nifty 50 falling by approx. 26%.

Even as foreign capital outflows surged towards the end of FY 20, domestic institutional flows remained strong, supported by steady retail flows through the Systematic Investment Plan (SIP) route. Monthly SIP inflows into domestic mutual funds have averaged at around ₹834 billion in FY20. Also, with around ₹800 billion raised through debt as well as equity from the primary market during FY20, it resulted in a robust y-o-y growth of 66%.

## Key government initiatives

- **Corporate tax cut:** The Government in September 2019 lowered the corporate tax rate from 30% to 22% for existing companies, accompanied by withdrawal of extant exemptions/incentives, effectively resulting in simplification of tax code.
- **National Infrastructure Pipeline:** The Government unveiled 'National Infrastructure Pipeline' in December 2019, providing a roadmap of infrastructure investments worth ₹102 trillion over the next five years.
- **PSU bank mergers and recapitalisation:** Government announced merger of 10 public sector banks (PSBs) into four large, financially stronger banks. The Government also provided an upfront capital infusion of ₹700 billion into PSBs to provide additional lending and liquidity support.

- **Liquidity support to NBFCs:** Liquidity crisis in the non-banking financial companies (NBFCs), following the default of a few NBFCs, hit the Indian economy last year. The Government took a host of measures to provide much needed support to NBFCs including additional liquidity support to housing finance companies by National Housing Bank. The Government also provided a one-time partial credit guarantee to PSBs for purchase of pooled assets of financially sound NBFCs to ease the flow of bank credit to NBFCs.
- **Funding support to stalled real estate projects:** The real estate sector was the most affected by the liquidity stress in the NBFC/HFC space owing to their rising dependence on non-banking avenues for funds. To alleviate the stress in the real estate sector, the Government established a Category-II alternate investment fund with a corpus of ₹250 billion to provide last mile funding to stalled real estate projects.

- **'Atmanirbhar Bharat' package to fight Coronavirus:** To mitigate the economic and social impact of rapidly spreading COVID-19, the Government announced a ₹20 Trn stimulus package (including measures announced by the RBI) focused on all crucial sectors and segments of the economy including MSMEs, Power, Agriculture and allied sectors, Coal, Defence, Civil Aviation, Healthcare, Education, and Public Sector Enterprises (PSEs).
- **Improving business ecosystem:** India further scaled from rank 77 to rank 63 as per Ease of Doing Business 2020 report of the World Bank.
- **Foreign Direct Investment:** India is one of the most open economies in the world, with almost 100% FDI permitted under the automatic route for most major sectors. Net Foreign direct investment was ~USD 39 billion in 2019.

## Outlook

An impending growth recovery in 2020-21 has been temporary derailed by the COVID-19 outbreak. GDP growth is expected to weaken further, in line with rest of the world, as disruptions in domestic and global supply chains hit business activity. India being largely a domestic-focussed economy is expected to perform better relative to its emerging market peers. Quick and effective policy response by the RBI coupled with fiscal measures announced by the Government will support the economy tide over a difficult but

temporary setback.

India's economic fundamentals remain strong, due to a stable inflation trajectory, low current account deficit, record-high forex reserves, consumption-driven demographics and India continues to be an attractive destination for investments. The private investment climate is expected to revive in the medium-term, supported by low interest rates, improvement in domestic demand and benefits from the corporate tax cut. Reforms proposed in the Government's package have the potential to

transform the agricultural sector raising farm incomes significantly and serve to introduce the Indian farmer as a competitor in the global agro-commodity markets. The shift towards embracing technological solutions, has gathered pace in the last few years, and could prove transformational. Strong economic growth over the medium to long term, technological innovations, robust risk management systems, strong domestic and international flows and a strong regulatory framework would continue to be the key drivers for the securities market.

## Risks and concerns

While the medium to long-term fundamentals of the Indian economy remain strong, the domestic capital market

and especially the inflow of foreign funds are susceptible to developments in the global economy. The Coronavirus outbreak is most likely to lead to a global recession and hence

remains a key risk. However, once the virus is contained, with well supported fiscal and monetary measures, the overall economic activity is expected to pick up.

## Financial performance (2019-20)

During FY 2019-20, total revenue increased by around 7% from ₹3,028.75 crore for FY 2018-19 to ₹3,229.89 crore for FY2019-20.

The total expenditure (including Contribution to Core Settlement Guarantee Fund) for FY 2019-20 was ₹1,175.21 crore as compared

to ₹985.38 crore for FY 2018-19, an increase of 19%.

The total profit before tax for FY 2019-20 was ₹2,054.68 crore as against ₹2,043.37 crore for FY 2018-19, an increase of around 1% over the previous year.

The total provision for tax (including deferred tax) for FY 2019-20 was ₹494.22 crore as

against ₹653.50 crore for FY2018-19, mainly due to reduction in corporate tax rate.

The total profit after tax for FY 2019-20 was ₹1,560.46 crore as against ₹1,389.87 crore for FY 2018-19, an increase of around 12% over the previous year.

## Operating revenues

**Transaction charges:** During the year, an upward trend continued with around 17% increase in the income from transaction charges from ₹2,034.07 crore for FY 2018-19 to ₹2,387.77 crore for FY 2019-20. The average daily turnover (billable) on the exchange during FY 2019-20 was ₹36,480 crore in the cash market (CM segment) as against ₹32,108 crore for FY 2018-19, indicating an increase of around 13.62%. In the Equity F&O segment, the average daily turnover (billable) for FY 2019-20 was ₹92,538 crore as against ₹91,009 crore for FY 2018-19, indicating an increase of around 1.68%. In the currency derivatives segment, the average daily turnover (billable) for FY 2019-20 was ₹19,835 crore as against ₹18,897 crore for FY 2018-19, indicating an increase of around 4.96%.

**Listing fees:** During the year, there was an increase of around 3% in the income from listing fees from ₹88.96 crore for FY2018-19 to ₹91.66 crore for FY2019-20. The exchange, as of March 31, 2020, had 1,949 listed companies. The total market capitalisation of these companies, as of March 31, 2020, stood at around ₹112.43 lakh crore.

**Book building fees:** During the year, the total book building fees increased to ₹11.01 crore for FY2019-20 from ₹9.69 crore for FY2018-19.

**Processing fees:** During the year, the total Processing fees reduced to ₹14.21 crore for FY 2019-20 from ₹17.41 crore for FY 2018-19 due to overall reduction in the fund raising activity in the primary market.

**Colocation charges:** During the

year, the total Colocation charges increased from ₹136.97 crore for FY 2018-19 to ₹166.14 crore for FY 2019-20 due to increase in occupancy of the racks and subscription of connectivity.

**Other Operating Income:** During the year, other operating income increased from ₹75.71 crore for FY2018-19 to ₹101.43 crore for FY2019-20.

**Interest and other investment income:** During the year, the total investment income decreased from ₹642.94 crore for FY 2018-19 to ₹440.85 crore for FY 2019-20 mainly due to mark to market loss in ETFs and balance funds as well as softening of yields due to reduction in interest rates.

**Other income:** During the year, other income reduced from ₹23 crore in FY 2018-19 to ₹16.82 crore for FY 2019-20.

## Expenditure

### IT and telecom expenses:

During FY 2019-20, total IT and telecom expenses (includes Repair & maintenance – trading & computer system, IT Management & Consultancy charges, Software expenses, Leased line charges, web trading related expenses and Network infrastructure management charges) were ₹222.30 crore as compared to ₹204.31 crore for FY 2018-19.

### Clearing and settlement

**charges:** NSE Clearing Limited (NCL) (formerly known as National Securities and Clearing Corporation Limited), a wholly owned subsidiary of the Exchange, carried out the clearing and settlement of the trades executed in the CM, F&O and CD segments. During the year, as prescribed by

SEBI interoperability framework among Clearing corporations was implemented which allows market participants to consolidate their clearing and settlement functions at a single Clearing Corporation, irrespective of the stock exchanges on which the trades are executed.

Consequent to the increase in income from transaction charges, the clearing and settlement charges for FY 2019-20 increased from ₹139.67 crore for FY2018-19 to ₹178.66 crore for FY2019-20.

**Employee cost:** The exchange values its human capital. To continue to provide best-in-class services to its members and other market participants, it is essential for the Company to attract and retain the best talent available. In this direction, the Company continues to take various initiatives

to follow best practices in HR and also keeps benchmarking with other forward-looking organisations. During FY 2019-20, the Company took a number of HR initiatives in the areas of employee development and training as well as various staff welfare measures. During the FY 2019-20, employee related expenses stood at ₹206.19 crore, which was ₹170.12 crore for FY2018-19.

**Depreciation:** Depreciation increased by around 12% from ₹118.07 crore for FY2018-19 to ₹132.40 crore for FY2019-20.

**Other expenses:** During the year, other expenses increased by around 6% from ₹353.21 crore for FY2018-19 to ₹373.58 crore for FY2019-20.

## Financial statement as on March 31, 2020

**Share capital:** The total paid-up capital of the Company, as on March 31, 2020, is ₹49.50 crore divided into 49,50,00,000 equity shares of Re.1 each.

**Reserves and surplus:** The total reserves and surplus, as on March 31, 2020, stood at ₹6,866.58 crore comprising securities premium of ₹35.50 crore, investor compensation reserve of ₹10 crore, staff welfare reserve of ₹1.50 crore, other reserves of ₹62.06 crore, and retained earnings account of ₹6,757.52 crore.

Thus, the total net worth of the Company, as on March 31, 2020, is ₹6,916.08 crore and book value is ₹139.72 per share.

### Deposits from members

**(Unsecured):** The total deposits from members, as on March 31, 2020, stood at ₹1,009.87 crore as against ₹1,036.32 crore as on March 31, 2019.

**Fixed assets:** The total gross block (including capital WIP), as on March 31, 2020, was ₹1,666.45 crore. Total accumulated depreciation up to March 31, 2020 was ₹1,018.18 crore. Net fixed assets (including capital WIP) were ₹648.27 crore. As part of the total investments in technology, during FY 2019-20, the total additions to fixed assets were ₹158.86 crore, mainly pertaining to the trading systems, computer systems, telecom equipment and computer software. Total deletions at cost

were ₹13.98 crore.

**Investments:** The prudential policy of the Company permits it to invest both long-term and short-term surplus funds into deposits of highly rated banks, bonds issued by the Central / State governments, institutions and various highly rated corporates, debt oriented schemes of high-performing mutual funds, ETFs and balanced funds. As on March 31, 2020, the total non-current investments were ₹3,085.65 crore as against ₹3,681.68 crore as on March 31, 2019. Current investments were ₹2,704.05 crore as on March 31, 2020, as against ₹2,201.91 crore as on March 31, 2019.



**Other non-current and current assets:**

Total other assets (non-current and current) as on March 31, 2020 stood at ₹2,682.67 crore, comprising interest accrued on investments and fixed deposits amounting to ₹20.59 crore, trade receivables amounting to ₹550.92 crore and cash and bank balances, fixed deposits and certificates of deposits amounting to ₹310.21 crore, Other current assets of ₹668.08 crore and non-current assets of ₹1,132.87 crore.

Other non-current and current liabilities: Total other liabilities (non-current and current), as on March 31, 2020, stood at

₹1,194.68 crore mainly comprising security deposits as per listing agreement amounting to ₹23.25 crore, securities transaction tax of ₹224.41 crore, provision for leave encashment of ₹15.78 crore, other current liabilities amounting to ₹833.84 crore and other non-current liabilities amounting to ₹97.40 crore.

**Taxation:** The total provision for tax (including deferred tax) for the year FY 2019-20 was ₹494.22 crore, as against ₹653.50 crore for the year FY 2018-19. During the year, the corporate tax rate was reduced from 34.944% to 24.095% comprising base rate

and surcharge and cess, Due to investments in various debt schemes of mutual funds, the effective tax rate for FY 2019-20 is 24.05%.

**Event occurring after the Balance Sheet date:**

The Directors have recommended the payment of a final dividend of ₹11/- per fully paid equity share. This proposed dividend is subject to approval of shareholders in the ensuing annual general meeting and if approved, would result in cash outflow of approximately ₹544.50 crore.



# Corporate Information

## Core Management Team

MR. VIKRAM LIMAYE	<i>MD &amp; CEO</i>
MR. J RAVICHANDRAN	<i>Group President</i>
MR. RAVI VARANASI	<i>Chief Business Development Officer</i>
MR. YATRIK VIN	<i>Chief Financial Officer</i>
MR. SOMASUNDARAM KS	<i>Chief Enterprise Risk &amp; Information Security Officer</i>
MS. PRIYA SUBBARAMAN	<i>Chief Regulatory Officer</i>
MR. SAUROV GHOSH	<i>Group Head - Human Resources</i>
MR. SHIV KUMAR BHASIN	<i>Chief Technology And Operations Officer</i>
MR. G SHENOY	<i>Chief Technology Officer</i>
MR. MAYUR SINDHWAD	<i>Chief Operating Officer - Trading</i>
MR. M VASUDEV RAO	<i>General Counsel</i>
MR. S MADHAVAN	<i>Company Secretary</i>

## Significant employees of our Subsidiaries

MR. MURALIDARAN N	<i>Managing Director &amp; CEO – NSEIT Limited</i>
MR. VIKRAM KOTHARI	<i>Managing Director – NSE Clearing Limited</i>
MR. MUKESH AGARWAL	<i>Managing Director – NSE Data &amp; Analytics Limited &amp; NSE Indices Limited</i>

## Other Information

<b>Auditors</b>	: Price Waterhouse & Co Chartered Accountants LLP Veer Savarkar Marg, Shivaji Park, Dadar (West) Mumbai - 400028
<b>Registered Office</b>	: “Exchange Plaza” Plot No. C-1, Block ‘G’, Bandra-Kurla Complex Bandra (East), Mumbai - 400051
<b>Registrar &amp; Transfer Agents</b>	: Link Intime India Private Limited C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai - 400083



**NATIONAL STOCK  
EXCHANGE**

**INTEGRATED  
REPORT 2019-20**

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## 1. About this report

This is our first Annual Integrated Report. The aim of this report is to provide a consolidated view of our multifaceted value creation proposition, with an emphasis on our strategy and performance across the economic, social and environmental parameters. This marks a milestone in our corporate reporting journey, and

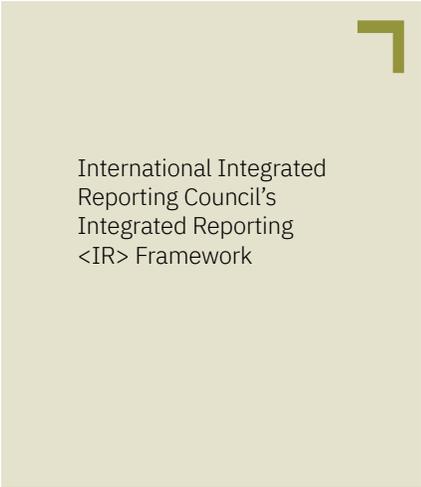
serves as a testament of our support to the Securities and Exchange Board of India's (SEBI's) recommendation in the circular dated 6.2.2017 (SEBI/HO/CFD/CMD/CIR/P/2017/10) that encourages the top 500 listed companies to adopt Integrated Reporting on a voluntary basis. Through this report, we hope to provide an impetus to our ecosystem

of partners, including listed companies, to embrace a holistic approach to value creation and corporate disclosures. Such an approach can play a crucial role in enabling efficient capital allocation and enhancing market stability.

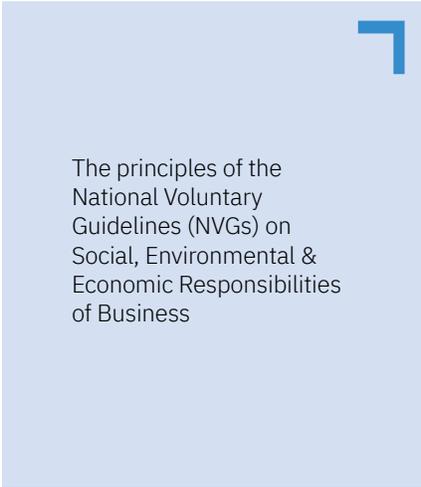
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### Referenced frameworks and guidelines:

This report has been prepared in line with the requirements of:



International Integrated Reporting Council's Integrated Reporting <IR> Framework



The principles of the National Voluntary Guidelines (NVGs) on Social, Environmental & Economic Responsibilities of Business



The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

This report is also aligned with the recommendations made in the publication titled 'How exchanges can embed sustainability within their operations', published by the United Nations Sustainable Stock Exchanges

(SSE) initiative, in collaboration with the World Federation of Exchanges (WFE). The standards put forth by the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) have been referenced for

devising Key Performance Indicators (KPIs) for material topics. Additionally, contributions to the United Nations Sustainable Development Goals (SDGs) have been mapped throughout this report.

### Report boundary and coverage:

The contents presented in this report pertain to National Stock Exchange of India Limited (NSE). We have incorporated insights on our wholly owned subsidiaries, to put into perspective key milestones achieved by NSE and present the operational synergies we share with our subsidiaries.

### Report structure and core elements:

As this report is aligned with the <IR> framework, emphasis has been placed on putting the performance in the context of our enabling environment, strategic intent and value creation process. Through the initial sections of the report, we introduce readers to our business model and strategic intent, followed by the focus areas or “material topics” that define the overarching contours of the report. These “material topics” have been bucketed into six distinct sections termed as “Capitals”, which are representative of our value creation pillars. Under each capital, our performance in the reporting period, our strategic intent and future

orientation have been showcased. The capital-specific narratives are followed by statutory disclosures.

### Reporting period:

The contents of this report showcase our performance, strategy and outlook for the reporting period FY 2019-20. We have represented historical information in certain sections of the report to showcase our value creation and growth over the years.

### Forward-looking statements:

This report contains forward-looking statements that represent our envisioned future orientation for the business. These statements are based on certain assumptions, and can be identified by the use of words such as “believe”, “estimates”, “anticipates”, “may”, “plan” and other words with similar connotation. These statements are solely representative of our expectations based on our experience, sectoral insight and assumptions, which may be incorrect in the future. Hence, these statements must not be used as a guarantee of future

performance, as the underlying assumptions could change materially in the future.

### Responsibility statement:

The collective minds and ideas of our senior management have been applied in defining the approach, structure, preparation and final presentation of this report. It has also been reviewed and appraised by them to ensure integrity of the data represented. They believe this report will provide an understanding of our integrated approach to value creation and the future orientation of business growth.

### Feedback:

We look forward to inputs that could enhance relatability to our disclosures, strengthen our value creation proposition and improve overall accessibility of the information represented. We also hope that this disclosure motivates more companies to adopt the <IR> framework in their corporate reporting disclosures to enable holistic evaluation of their performance. Feedback can be shared at [secretarialdept@nse.co.in](mailto:secretarialdept@nse.co.in).

## 2. About us

Building over 25 years of rich experience, we are India’s largest multi-asset stock exchange of national and global importance and acclaim. Our flagship index, NIFTY 50, is traded globally and has established itself as the pulse of India’s equity market. We are the world’s largest derivatives bourse by volume and the third largest

stock exchange globally, in terms of number of equity trades<sup>1</sup>.

We have endeavoured to bring in the best-in-class technology to India’s financial markets since inception. From pioneering electronic screen-based trading in India in the year 1994 to bringing derivatives trading and internet trading to traders in 2000, we have ensured Indian trading members

have access to cutting-edge and current trading technologies.

Our role in the market has been that of a facilitator and a regulator that ensures effective and fair market functioning. With an investor-centric approach fueled by innovation, we have made steady strides in building capabilities and a brand that investors trust.

### Vision

To continue to be a leader, establish global presence and trust, and facilitate the financial well-being of people.

### Purpose

Committed to the development of India’s capital markets, and improving the financial well-being of people

### Values

NSE is committed to the following core values:

- Integrity
- Stakeholder-focussed culture
- Passion for excellence
- Trust
- Respect and care for the individual

<sup>1</sup> <https://www.nseindia.com/products-services/about-equity-market>

### 3. Performance highlights

#### Financial Capital



#### Manufactured Capital



#### Human Capital



#### Intellectual Capital



#### Social and Relationship Capital



#### Natural Capital



## 4. Our business at a glance

### 4.1. Organisational overview

NSE was incorporated in 1992 and recognised by SEBI as a stock exchange in the year 1993. We became operational in 1994, and evolved into India's first demutualised electronic stock exchange, known for its market leadership position. Headquartered in Mumbai, we have become an integral part of India's capital markets over the past 25 years and have played a pivotal

role in transforming them.

We have a dedicated regulatory group that strives to ensure fair, transparent and effective market functioning. This group consists of teams that work on surveillance and investigation, member inspection and enforcement, membership compliance, investor services (including grievance redressal, arbitration and defaulter proceedings)

and functions relating to listing of companies and their compliance with prescribed requirements. Our dedicated approach, which combines innovation and a vision for equal opportunity with a culture of transparency and fair market functioning, is the crux of the relationship of trust we have forged with our stakeholders.

### Our product and service portfolio

Our focus has always been on enabling easy access to capital and providing an equal opportunity market platform towards stimulating the growth of the Indian economy. We have over 200 products and services that act as enablers for efficient functioning of the economy.

Our product and service portfolio can be broadly classified into cash market, derivatives, debt market, trading data and index services. Additionally, we also provide clearing and settlement services, thereby providing an end-to-end trading solution to our customers. By blending technology and innovative solutioning, we focus on enhancing investor experience through each of our product and service offerings.

Across our equity, debt and derivatives products, we provide our investors with current market reports, historical data and product information, along with real-time trading capabilities. We also have real-time cross margining, risk management, and online and offline surveillance capabilities that anchor our service delivery.

Segment	Products	Customers
Cash market	IPO, Institutional Placement Program, Mutual Funds, Sovereign Gold Bonds, ETFs, Listed Companies, OFS, Securities Lending & Borrowing Scheme, SME Platform (less than H25 Crores market capitalisation), Infrastructure Investment Trust (InvITs), Corporate Bonds, Government Securities, IGP (Innovators Growth Platform) and REITs	Proprietary, retail and institutional participants (domestic and foreign)
Derivatives	Stocks, Domestic Indices, Currency, Interest Rate and Commodity	
Debt market	Wholesale Market, Corporate Bond, Tri-Party Repo, Non-Competitive Bidding - Government Securities and Treasury Bills and Electronic Bidding Platform and CBRICS	
Trading data	Providing Trading (Real-time, Snapshot, End of Day, Historical), Corporate Filings and Corporate Bond Data Feeds	Data vendors, Investors, Banks, Researchers, Asset Management Companies (AMCs), Hedge Funds, TV Channels, Financial Websites, Software and Algorithm Developers, etc.
Index services	Compute, maintain & publish 225+ real-time / End-of-Day indices, covering equity and debt asset classes; Own and manage the 'NIFTY 50' – the flagship index of India; Provide index creation and maintenance service to other exchanges	AMCs, Insurance Companies, Investment Banks, Non-Banking Finance Companies, Stock Exchanges, Data Vendors, Alternate Investment Funds, etc.

## Our subsidiary companies

Over the past years, NSE group has been able to build a fully integrated business, encompassing exchange listings, trading services, clearing and settlement services, indices, market

data feeds, technology solutions and financial education offerings.

Our subsidiaries play an important role in supporting our operational endeavours and enhancing customer experience. For instance, this year, NSE

Clearing Limited made the pioneering move of enabling interoperability among clearing houses. This initiative contributes to enhancing investor experience and efficiency of clearing and settlement in the Indian financial markets.



## International acclaim

We have been able to gain visibility on the global stage with each passing year. This year, we were ranked first

in the derivative rankings of the World Federation of Exchange (WFE), cementing our leadership position. With 1,949 listed companies and a market

capitalisation of \$ 2.16 Tn, we have grown from strength to strength with the vision of growth and prosperity for India.

## NSE's Global Ranking

Product	Cash	Options	Futures
Total Equity Market - Number of trades (EOB)	3	-	-
Single Stock - Contracts traded	-	8	2
Index - Contracts traded	-	1	9
Currency - Contracts traded	-	1	1
Commodity - Contracts traded	-	-	25
Interest Rate - Contracts traded	-	10	8
Total Equity Market - Capital raised through IPO (Total)	14	-	-
Total Equity Market - Market Capitalisation	12	-	-
Total Equity Market - Number of listed companies	10	-	-
Total Equity Market - Number of new listings through IPO	10	-	-
Total Equity Market - Value traded (EOB Total)	11	-	-
Total Equity Market - Capital raised through IPO (Total)	14	-	-



## 5. Our approach to sustainable value creation

### 5.1. Stakeholder engagement and materiality assessment<sup>2</sup>

At NSE, we see our relationship with stakeholders as one of the key enablers of value creation and shared growth. Their perception of our value creation process helps us develop an insight of key issues (risks and opportunities) across the economic, social, governance and environmental spheres. Consequently, our strategic objectives and business success are largely influenced by our stakeholders. Establishing a continuous dialogue with our ecosystem of stakeholders, and accommodating and responding to their legitimate concerns is of utmost importance to us. To enable efficient stakeholder engagement, we have carefully mapped our critical internal and external stakeholders. Further, we ensure that they are promptly informed about any significant changes in our business strategy or operations through

our engagement mechanisms. This, coupled with clear, fair and transparent mechanisms, has earned us the trust of our stakeholders over the years.

#### List of internal stakeholders

1. NSE senior management & executive team
2. Employees from strategic team, tactical team, operational team, business team, legal & secretarial team
3. Employees engaged in clearing and settlement, technology, regulatory affairs, data vending, index service, education services

#### List of external stakeholders

1. Government of India
2. Regulatory bodies (SEBI & RBI)
3. Customers (trading members, including proprietary, retail and

institutional members, data vendors, listed companies, investors in the Indian capital markets)

4. Key partner service providers (TCS, Oracle, VMware, Airtel, NASDAQ)
5. Investors and shareholders
6. Market service providers (clearing banks, professional clearing members, custodians and depositories, data and information vendors, front and back office service providers, data analytics service providers, algo vendors)
7. Other exchanges (such as NASDAQ) and depositories
8. Society (students, NCFM candidates, participants of financial awareness programmes, local communities, NGO partners)
9. Academic institutions

<sup>2</sup>Information in line with BRR Principle 4, Question 1 and 2

Stakeholder group	Mode of engagement	Key interests and concerns	Initiatives undertaken to engage/interact with stakeholders
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Employee surveys and other regular interaction</li> </ul>	Welfare and career growth	<ul style="list-style-type: none"> <li>• Employee engagement initiatives and training and development</li> </ul>
<b>Regulators</b> Government of India, SEBI, RBI, PFRDA, EPFO, IRDA & WDRA	<ul style="list-style-type: none"> <li>• Periodic meetings</li> <li>• E-mails</li> <li>• Phone calls</li> </ul>	Policy matters Data requirements Communication and co-ordination with SEBI in its joint inspection Disciplined market development and operations	<ul style="list-style-type: none"> <li>• Periodic meetings with officials are scheduled to discuss various regulatory matters</li> <li>• Periodic sharing of information with regulators on compliance matters</li> <li>• Timely submission of information/ data</li> <li>• Sharing of half-yearly Risk-Based Supervision (RBS) information and weekly holding statements submitted by members</li> <li>• Active support and participation in joint inspections</li> <li>• Proactive engagement on development of cloud-based data sharing mechanism for joint inspections</li> <li>• Active participation in all events/ sessions organised by regulators</li> </ul>

Stakeholder group	Mode of engagement	Key interests and concerns	Initiatives undertaken to engage/ interact with stakeholders
<b>Customers</b> (Trading members, data vendors, listed companies, investors in Indian capital markets), Foreign portfolio investors	<ul style="list-style-type: none"> <li>Engagement through relationship managers</li> <li>One-on-one meetings</li> <li>Helpdesk</li> <li>Digital interface for all routine activities</li> <li>Group meetings / webinars</li> <li>Engagement with member associations</li> <li>Phone calls / E-mails</li> <li>Sales and marketing support</li> <li>Dealer / sales personnel skilling</li> <li>Joint customer engagement</li> <li>Inspections</li> <li>Compliance facilitation / training programmes</li> <li>Periodic compliance filings</li> </ul>	<p>Compliance and regulatory matters</p> <p>Providing a fair and equitable opportunity, and facilitating capital raising and trading</p> <p>Awareness on various compliance requirements and protection of funds and assets</p>	<ul style="list-style-type: none"> <li>Regular one-on-one meetings</li> <li>Periodic compliance training programmes</li> <li>Dedicated NSE investor website that can be used by investors for raising complaints<sup>3</sup></li> <li>Dedicated investor service cells that are established in various cities<sup>4</sup></li> <li>Member helpdesk for resolving enquiries</li> <li>Quarterly meetings with member associations</li> </ul>
<b>Key partner service providers</b> (TCS, Oracle, VMware, Airtel, NASDAQ)	<ul style="list-style-type: none"> <li>Video meetings, face-to-face meetings, E-mails</li> </ul>	<p>Adherence to delivery standards and timelines</p> <p>Providing technology resources</p>	<ul style="list-style-type: none"> <li>Technology conferences, webinars, trainings, meetings, weekly project calls</li> </ul>
<b>Investors and shareholders</b>	<ul style="list-style-type: none"> <li>On-ground investor awareness programs</li> <li>Educational programmes</li> <li>Electronic / social media campaigns on investor do's and don'ts</li> <li>E-mails / SMS confirmations</li> <li>Trade verification on website</li> <li>Data / info / portfolio management tools</li> </ul>	<p>Sustainability and resilience of financial performance and business operations</p>	<ul style="list-style-type: none"> <li>E-mails and periodic SMS alerts</li> <li>Periodic fair and transparent disclosure</li> <li>Shareholder/Investor presentations and meetings</li> </ul>
<b>Market service providers</b> (Clearing banks, professional clearing members, custodians & depositories, data and information vendors, front and back office service providers, data analytic service providers, algo vendors)	<ul style="list-style-type: none"> <li>APIs</li> <li>Digital interface for registration</li> <li>Group meetings</li> <li>Phone / E-mail support</li> </ul>	<p>High quality service and final output</p> <p>Technology upgradation</p> <p>Skilling and capacity-building</p>	<ul style="list-style-type: none"> <li>Periodic engagement through digital mode</li> </ul>
<b>Other exchanges and depositories</b>	<ul style="list-style-type: none"> <li>Periodic joint meetings</li> <li>E-mails</li> </ul>	<p>Information-sharing and discussion and coordination on regulatory matters and market development</p>	<ul style="list-style-type: none"> <li>Monthly and ad-hoc sharing of information on inspection matters and enforcement actions</li> <li>Periodic joint meeting with other exchanges and depositories on market development and regulatory matters</li> <li>Drafting of regulatory policies in consultation with other exchanges and depositories</li> </ul>
<b>Society</b> (Students, NCFM candidates, participants of financial awareness programmes, local communities, NGO partners)	<ul style="list-style-type: none"> <li>Focussed group engagement activities</li> <li>E-mails, phone calls and joint meetings</li> </ul>	<p>Effectiveness of CSR interventions</p> <p>Dynamic need assessment for programs</p> <p>Impact assessment studies</p>	<ul style="list-style-type: none"> <li>Capacity-building programmes</li> <li>Periodic engagement through calls, e-mails, in-person meetings and other digital channels</li> </ul>
<b>Academic institutions</b>	<ul style="list-style-type: none"> <li>Symposiums</li> <li>Round tables</li> <li>White papers</li> <li>Joint publishing activities, facilitated by digital tools and meetings</li> </ul>	<p>Quality research on capital markets and economy</p>	<ul style="list-style-type: none"> <li>MoU-based partnerships for facilitating research work</li> <li>Funding relevant work in research areas</li> </ul>

<sup>3</sup><https://investorhelpline.nseindia.com/NICEPLUS/>

<sup>4</sup>[https://www1.nseindia.com/invest/content/investor\\_serv\\_cell.htm](https://www1.nseindia.com/invest/content/investor_serv_cell.htm)

## Materiality assessment

Sustainability is embedded in our organisational culture and our business proposition has focussed on the holistic growth of the economy, since our inception. An integrated approach to decision-making and value creation is, hence, innate to our multifaceted business. It is important for us to clearly understand the impact we have and the value we create for the economy, society and the environment. Further, it is also imperative to understand factors that can substantively impact our ability to create value for our stakeholders. Through materiality assessment, we prioritise issues based on the magnitude and likelihood of potential impact on our value creation process, and our stakeholders' perceptions.



## Our approach to materiality assessment

Our materiality assessment is guided by industry trends and insights, macroeconomic environment and the organisational strategy and vision. Internal stakeholder consultations

and insight gained through external stakeholder consultations conducted on an ongoing basis have been leveraged to prioritise the identified material issues. The material topics identified represent issues that have a substantive impact on our value creation efforts.

We have defined Key Performance Indicators (KPIs) for each identified material issue to track, monitor and report progress. These KPIs also anchor future strategy ideation, to build organisational resilience and enhance value creation.

Material topic	KPI & SDGs in focus	Stakeholders in focus
<b>Economic performance</b>	<ul style="list-style-type: none"> <li>Direct economic value generated and distributed</li> </ul> <p><b>SDGs: Decent work and economic growth</b></p> 	<ul style="list-style-type: none"> <li>Customers</li> <li>Shareholders</li> <li>Internal stakeholders</li> <li>Investors</li> </ul>
<b>Indirect economic impact</b>	<ul style="list-style-type: none"> <li>SME-focussed initiatives and investments</li> <li>Infrastructure investments and services supported</li> <li>Significant indirect economic impacts</li> </ul> <p><b>SDGs: Decent work and economic growth; Industry, innovation and infrastructure</b></p>  	<ul style="list-style-type: none"> <li>Society</li> <li>Customers</li> <li>Regulatory bodies</li> </ul>
<b>Technology-driven infrastructural development</b>	<ul style="list-style-type: none"> <li>Investments made in fixed assets to enhance service delivery</li> <li>Infrastructure-based initiatives that enhance service reliability and quality</li> </ul> <p><b>SDGs: Industry, innovation and infrastructure</b></p> 	<ul style="list-style-type: none"> <li>Customers</li> <li>Shareholders</li> <li>Investors</li> <li>Service providers</li> </ul>

Material topic	KPI & SDGs in focus	Stakeholders in focus
<b>Technology and innovation</b>	<ul style="list-style-type: none"> <li>• Investments made in technology</li> <li>• Service outcomes of technological deployment</li> <li>• New products/services introduced and consequent impact on service delivery</li> <li>• Market uptake of new products</li> </ul> <p><b>SDGs: Industry, innovation and infrastructure</b></p> 	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Shareholders</li> <li>• Partner service providers</li> <li>• Investors</li> </ul>
<b>Managing business continuity and technology risks</b>	<ul style="list-style-type: none"> <li>• Description of efforts to prevent technological errors, security breaches and market disruptions</li> <li>• Number of data security breaches</li> <li>• Number of significant market disruptions and duration of downtime</li> <li>• Robust BCP plan</li> </ul> <p><b>SDGs: Industry, innovation and infrastructure</b></p> 	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Shareholders</li> <li>• Partner service providers</li> <li>• Investors</li> </ul>
<b>Ensuring market integrity and stability</b>	<ul style="list-style-type: none"> <li>• Initiatives linked to surveillance, investigation and enforcement</li> <li>• Initiatives linked to cybersecurity</li> <li>• Risk management</li> <li>• Number of data security breaches encountered in the reporting period</li> </ul> <p><b>SDGs: Industry, innovation and infrastructure; Peace, justice and strong institutions</b></p>  	<ul style="list-style-type: none"> <li>• Regulators</li> <li>• Customers</li> <li>• Investors</li> </ul>
<b>Employee wellbeing &amp; development</b>	<ul style="list-style-type: none"> <li>• Employee welfare initiatives and corresponding investments</li> <li>• Training and education: average hours of training per employee, programs for upgrading employee skills and transition assistance programs, percentage of employees receiving regular performance and career development reviews</li> </ul> <p><b>SDGs: Industry, innovation and infrastructure; Reduced inequalities</b></p>  	<ul style="list-style-type: none"> <li>• Employees</li> </ul>
<b>Promoting diversity</b>	<ul style="list-style-type: none"> <li>• Diversity and equal opportunity: diversity of governance bodies and employees</li> <li>• Diversity metrics by age and gender</li> </ul> <p><b>SDGs: Gender equality</b></p> 	<ul style="list-style-type: none"> <li>• Internal stakeholders</li> <li>• Investors</li> <li>• Society</li> </ul>

Material topic	KPI & SDGs in focus	Stakeholders in focus
<b>Community engagement</b>	<ul style="list-style-type: none"> <li>Investments made in community development</li> <li>Output of CSR initiatives</li> </ul> <p><b>SDGs: No poverty; Zero hunger; Good health and wellbeing; Quality education; Clean water and sanitation; Decent work and economic growth; Sustainable cities and communities; Climate action; Life on land; Partnerships for the goals</b></p> 	<ul style="list-style-type: none"> <li>Society</li> </ul>
<b>Collaborations and advocacy</b>	<ul style="list-style-type: none"> <li>Key collaboration and advocacy-linked initiatives and outcomes of the programmes</li> <li>Financial literacy and investment culture: number of investor awareness programmes and number of participants</li> </ul> <p><b>SDGs: Quality education; Industry, innovation and infrastructure; Responsible consumption and production; Climate action</b></p> 	<ul style="list-style-type: none"> <li>Customers</li> <li>Market Partners</li> <li>Service partners</li> <li>Investors</li> </ul>
<b>Climate change</b>	<ul style="list-style-type: none"> <li>Emissions</li> <li>Renewable energy adoption</li> </ul> <p><b>SDGs: Affordable and clean energy; Climate action</b></p> 	<ul style="list-style-type: none"> <li>Society</li> <li>Investors</li> </ul>
<b>Responsible resource management</b>	<ul style="list-style-type: none"> <li>Energy-saving initiatives</li> <li>Water recycled and reused</li> </ul> <p><b>SDGs: Responsible consumption and production</b></p> 	<ul style="list-style-type: none"> <li>Society</li> <li>Investors</li> </ul>
<b>Business ethics</b>	<ul style="list-style-type: none"> <li>Anti-corruption: anti-corruption policies and procedures, and confirmed incidents of corruption and actions taken</li> <li>Process to identify and assess conflicts of interest</li> <li>Amount of legal and regulatory fines and settlements associated with fraud, anti-trust, anti-competitive practices, market manipulation, malpractice or other business ethics violations</li> </ul> <p><b>SDGs: Peace, justice and strong institutions</b></p> 	<ul style="list-style-type: none"> <li>Regulators</li> <li>Customers</li> <li>Investors</li> <li>Internal stakeholders</li> </ul>

## 5.2. Our value creation pivots

At NSE, we take a balanced and future-oriented approach to business and value creation. Our value creation

process hinges on six key pillars, which have been termed “capitals” throughout this report. Each capital represents the stock of value that we have in various forms that are deployed

in our value creation process towards realising business objectives.

The six capitals are as illustrated below.

**Financial Capital**



Our share capital, retained earnings and other financial assets

**Manufactured Capital**



Our fixed infrastructural assets, encompassing our data centers and expansive technology infrastructure

**Intellectual Capital**



Our intangible assets, such as software, technologies, protocols & organisational knowledgebase

**Human Capital**



Our employees’ capabilities and experience

**Social and Relationship Capital**



Our invaluable relationships with our stakeholders and communities, built on trust and a collaboration-centric approach

**Natural Capital**



Natural resources that we are dependent on for our operational activities

The material topics identified through the process of stakeholder engagement and materiality have been bucketed under each of these capitals.

## 5.3. Our strategic focus areas

At NSE, we believe that the true value we create lies in the lives that we have been able to transform, and the change that we have been able to drive in India’s financial markets over the

years. At the core of our strategy is the vision to create new opportunities and stimulate economic progress. We have been at the forefront of developing India’s capital markets and bringing a best-in-class experience to our customers by integrating pioneering technologies in our service delivery.

Our focus has been on contributing to strengthening the fundamentals of our economy and stimulating efficient capital raising and capital allocation. Consequently, our core strategic focus stems from our purpose of “Committed to improve the financial wellbeing of people”.

### Our strategic focus

Expand capabilities to effectively cater to market participants across the risk-reward spectrum with an enhanced focus on financial inclusion and providing fair and equitable access

Catalyse India’s transition from a banking-based financing model to a capital market-based financing model, bolstered by innovative, market-driven products and deep and broad financial markets

Maintain and upgrade infrastructure and technology, thereby bringing pioneering technologies and innovations to India’s financial markets

Forge partnerships and collaborations for a sustainable business

Cultivate an agile, innovation-centric and collaborative work environment

Facilitate efficient capital allocation for large, small, medium enterprises and new-age technology companies

 <b>Strategic focus areas</b>	 <b>Focal points to understand key enablers of our strategic focus areas</b>	 <b>Capitals leveraged to align business to strategic focus areas</b>
1. Expand capabilities to effectively cater to market participants across the risk-reward spectrum with an enhanced focus on financial inclusion and providing fair and equitable access	<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Indirect economic impact</li> <li>• Collaboration and advocacy</li> <li>• Technology and innovation</li> <li>• Ensuring market integrity and stability</li> <li>• Technology-driven infrastructure development</li> <li>• Managing business continuity and technology risk</li> </ul>	Financial capital, Intellectual capital, Social and relationship capital, Manufactured capital
2. Catalyse India's transition from a banking-based financing model to a capital market-based financing model, bolstered by innovative, market-driven products and deep and broad financial markets	<ul style="list-style-type: none"> <li>• Collaboration and advocacy</li> <li>• Indirect economic impact</li> <li>• Technology and innovation</li> </ul>	Manufactured capital, Intellectual capital, Financial capital, Social and relationship capital
3. Maintain and upgrade infrastructure and technology, thereby bringing pioneering technologies and innovations to India's financial markets	<ul style="list-style-type: none"> <li>• Managing business continuity and technology risks</li> <li>• Ensuring market integrity and stability</li> <li>• Technology-driven infrastructure development</li> </ul>	Intellectual capital, Social and relationship capital, Manufactured capital
4. Forge partnerships and collaborations for a sustainable business	<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Collaboration and advocacy</li> <li>• Responsible resource management</li> </ul>	Social and relationship capital, Natural capital
5. Cultivate an agile, innovation-centric and collaborative work environment	<ul style="list-style-type: none"> <li>• Employee wellbeing and development</li> <li>• Promoting diversity</li> </ul>	Human capital, Intellectual capital
6. Facilitate efficient capital allocation for large, small, medium enterprises and new-age technology companies	<ul style="list-style-type: none"> <li>• Direct and indirect economic impact</li> <li>• Technology and innovation</li> <li>• Collaboration and advocacy</li> <li>• Ensuring market integrity and stability</li> <li>• Technology-driven infrastructure development</li> </ul>	Financial capital, Intellectual capital, Social and relationship capital, Manufactured capital

Our strategic priorities are rooted in our aspiration of emerging as a one-stop-shop for all the financial market needs of investors, issuers and intermediaries. We envision providing multi-asset class and multi-platform offerings that address all niche needs in the exchange-traded world. To augment our value creation proposition, our emphasis is on broadening and deepening markets and improving investor participation, both retail and institutional. We are

focussed on building a robust, low-latency, high-throughput, easy-to-use and customisable technology stack, which can be leveraged to achieve such market depth and coverage. Our strategy builds on our robust risk management system and an all-encompassing market quality assurance program, which are vital aspects of building confidence with our ecosystem of partners. Our risk management process is based on a panoramic and thorough

understanding of the risk landscape. Our risk management process is based on a programmatic approach that encompasses risk identification, prioritisation and mitigation. This is enabled by a cross-functional risk governance system. Details of our risk-linked management and governance can be found in the Board's Report and the Corporate Governance Report in subsequent sections.

## NSE strategy roadmap

### Short-term aspirations

- Consolidate and increase market share in cash market and currency derivatives, and maintain a leading market position in equity derivatives
- Enabling robust and consistent revenue growth
- Work towards investor base expansion
- Channelise resources to maintain leading position in derivatives global ranking
- Further strengthen market regulation and supervision
- Further strengthen our technology infrastructure from a robustness, availability and resilience standpoint
- Redesign high-impact areas to improve stakeholder experience, operational and cost efficiencies and organisational agility

### Strategic enablers in the short term

- Streamlined, easy-to-use, trouble-free and secure technology platform
- Joint marketing / sales effort, with members supported by insights from data analytics
- New product introductions
- More effective regulatory initiatives

### Medium-term aspirations

- Endeavour to increase domestic institutional market share in derivatives to match that of their market share in cash market
- Strengthen capabilities to remain the number one derivatives exchange in the world
- Emerge as a market leader in five commodity derivatives products
- Endeavour to bring corporate bond trading volumes to ~50% of government bond market volumes
- Expand market share in fixed income products and fixed income derivatives
- Consolidate expertise and market position to emerge as the preferred choice of venue to raise capital – equity and debt
- Develop our GIFT City international exchange

### Strategic enablers in the medium term

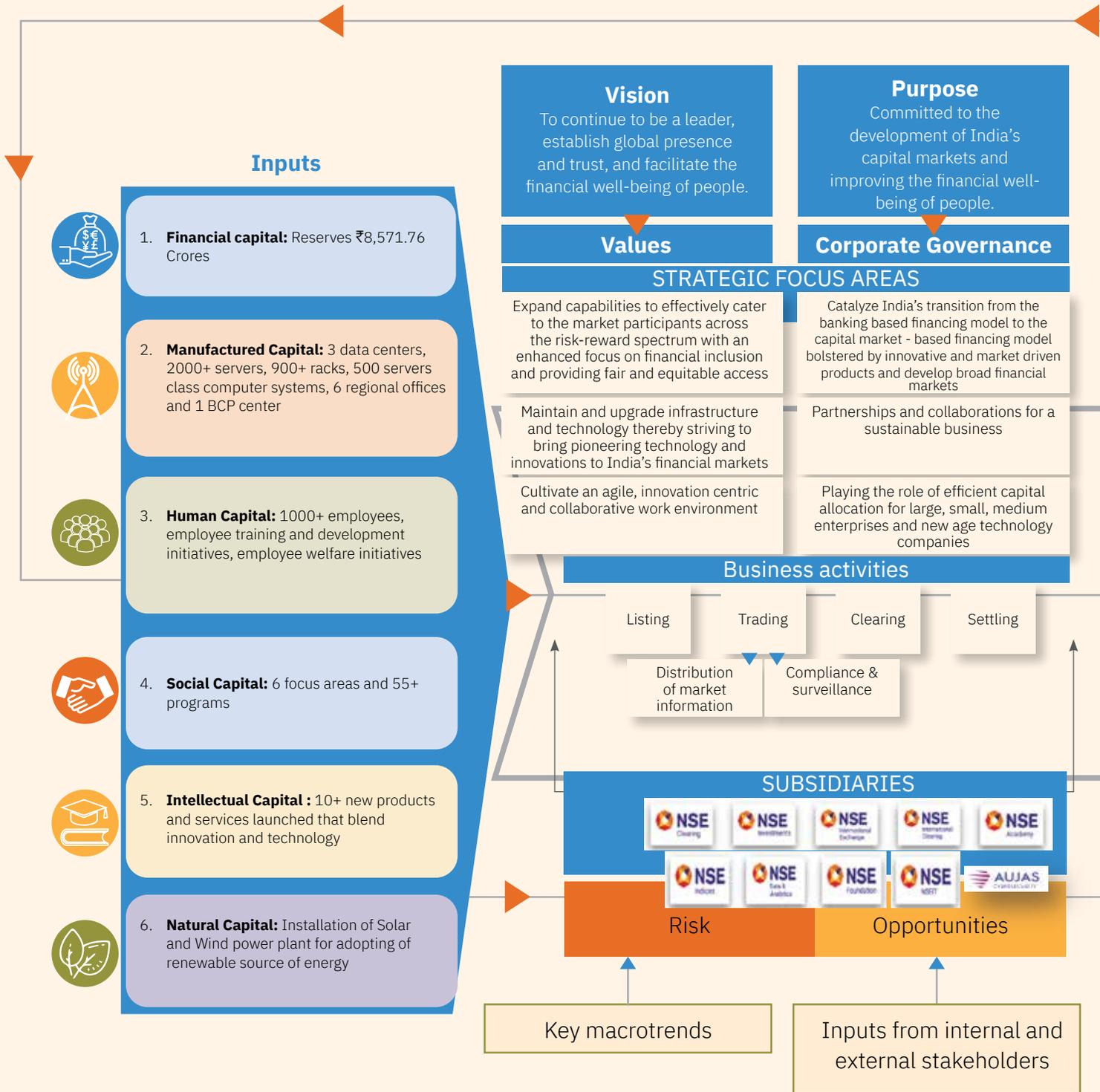
- Advocacy to bring in regulatory change
- Algo / colo / strategy trading capacity-building / skilling of dealers and clients
- Regulatory facilitation to streamline access of international traders
- Streamlining processes for capital raising
- Seamless digital platform for distribution of all financial products

### Long-term aspirations

- Envision to create ~25% revenues from non-transaction sources
- Within transaction revenues, work towards garnering 1/3rd to of the transaction revenue from non-equity cash market / equity derivatives
- Double market penetration (direct and indirect) from ~5% to ~10%.

### Strategic enablers in the long term

- Organic / inorganic growth options in non-transaction revenue areas



## Outputs

1. **Financial capital:** EBITDA ₹2,706 Crores, PAT ₹1,885 Crores, Net worth ₹86,281 Crores
2. **Over 10,000 users** can trade real time by leveraging our current infrastructure. BCP center reducing switchover time to BCP and enabling smooth disaster response
3. **Human Capital:** 11000+ Man hours of training
4. **Social Capital:** 670000+ Beneficiaries
5. **Intellectual Capital:** Zero instances of data breaches
6. **Natural Capital:** Generation of total of 11000000+ kWh units of electricity from solar and wind source.

## Inputs

1. **Financial capital:** Maintained robust financial position supporting upward business growth and distributed total interim and final dividend of ₹20.80 per share
2. **Manufactured Capital:** Achieved higher geographic coverage and market penetration as a result of infrastructure build up linked initiatives
3. **Human Capital:** Enhanced workforce productivity through our dedicated approach towards employee training and development
4. **Social Capital:** Two new CSR focus areas have enabled a larger sphere of social impact
5. **Intellectual Capital:** Unique innovation blended product offering enabled us to reach the 30 lakh new investors in FY 2019-20
6. **Natural Capital:** Resource management and energy mix performance is aligned to Company's vision and is ready to take ambitious targets with respect to renewable energy adoption

## SDGs



## 6. Financial Capital

**Harnessing new opportunities to strengthen growth**  
**“We are focussed on areas that strengthen the growth prospects of our economy. Strong economic growth, in turn, plays a pivotal role in our business success.”**

Over the years, we have been able to maintain a strong financial position. This has been a result of innovative product and service offerings, coupled with enhanced market penetration and coverage of our services. Our financial management strategy is a blend of prudence and revenue generation, driven by the incorporation of innovation and cutting-edge technologies in our business model.

Taking a future-oriented approach, we focus on emerging opportunities and risks to ensure financial stability and sustainability. Our market success has been a product of our ability to stay relevant and develop novel offerings for our customers. Additionally, we have focussed on contributing to the overall growth of the financial ecosystem and the economy, as these are our key operational enablers. We, hence, focus on channelising our core capabilities to enhance financial inclusion and devise products and services that strengthen our future revenue pipeline, while providing a fillip to the economy. Our growth strategy focusses on opening the capital market for market players, irrespective of their scale and background. We are progressively deepening access to capital markets, and strengthening our relationship with customers across socioeconomic strata and operational scales. This diversification has been instrumental to our leadership position.

## Financial Capital at a Glance



### Strategic Focus

Ensure robust financial performance and cultivate business capabilities that ensure the long-term sustainability of value creation



### Strategic Enabler

Stimulate market development and diversified market participation, and product offerings that leverage cutting-edge technologies



### Our Governance Anchors

Committees: Audit Committee  
 Our values at play: Integrity, trust



### Material Topics

Financial performance  
 Indirect economic impact



### Performance Highlight

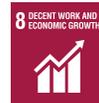
200+ companies listed on the SME platform  
 99.90% market share in equity derivative segment



### Prioritised Stakeholders

Shareholders, internal stakeholders, customers

SDGS in Focus



## UNDERSTANDING SYNERGIES AND CAPITAL INTERLINKAGES



### 6.1.1. Our financial performance

We have a consistent track record of strong financial performance. This year, we witnessed a strong financial position despite dampened macroeconomic conditions, reinforcing our consistent market leadership position. We gained substantial market share across the cash market and equity derivative markets.

For FY 2019-20, the consolidated revenue of NSE Group was ₹3,898 Crores (y-o-y growth of 11%). Approximately 90% of the revenue was contributed by core operations. The Profit Before Tax (PBT) was ₹2,525 Crores and the Profit after Tax (PAT) was ₹1,885 Crores (y-o-y growth of 10%). Our EBITDA margin stood at 69% and ratio of PAT to revenue was 48%. Earnings per share for FY 2019-20 were ₹38.08. This puts our financial

performance on par with leading stock exchanges worldwide. Aligned with our fiduciary responsibility of creating value for shareholders, we distributed total interim and final dividend of ₹20.80 per share in the reporting period.

Trading Segment	NSE market share
Cash Market	93.31%
Equity Derivatives	99.90%
Currency Derivatives	59.73%

### 6.1.2. Our approach to fuelling the growth engines of the economy

Stock exchanges play an indispensable role in vitalising financial and economic growth, by enabling the convergence between entities in need of capital and investors keen on deploying resources to make a financial gain. Hence, through our core business, we enable the growth of corporates and investors by facilitating a well-regulated financial resource mobilisation ecosystem. At NSE, we have been committed to devising products and services that amplify our overall economic impact. The foundational elements of our economic impact are enhanced inclusion, market transparency, instilling good corporate governance, and facilitation of efficient market transactions. We are an equal

opportunity platform, committed to bolstering the inclusion of more participants in India's capital market. Our thrust areas in this realm include the SME sector and retail investors. Stimulating the retail investor base<sup>5</sup> provides manifold benefits, including the opportunity for issuers to diversify their investor base. The impact of our SME-focused interventions goes beyond just capital mobilisation. By stimulating the SME sector, there is a substantial impact on job creation and broader value generation prospects for the economy.

#### SME EMERGE

The SME Emerge platform, launched in 2012, is an exemplar of our endeavour to support the transition of emerging businesses into India's financial markets. Through this platform, we

provide promising entrepreneurs access to capital, thereby unlocking the potential of these emerging businesses. These funds are mobilised by the SMEs to support capex, innovation and other investment requirements, with the end goal of achieving economies of scale. In FY 2019-20, the SME platform achieved the milestone of over 200 entities being listed on the platform.

Some of the key benefits that SMEs can reap through the platform include:

- Improved profile and greater visibility
- Enhanced credibility with various stakeholders like customers, vendors, lenders and employees
- Unlocking value of ESOPs to improve the ability to attract and retain talent
- Seamless migration to the main board after attaining the requisite scale

## NSE's Global Ranking

The SME platform in FY 2019-20			Key highlights
	FY 2019-20	FY 2018-19	
Number of companies listed on NSE Emerge (cumulative)	208	195	• 208 companies listed on the SME EMERGE platform
Number of new listings on the platform	13	62	• 30 companies migrated to main board
Mobilisation of capital through SME IPOs	₹ 174.67 Crores	₹ 1,048.56 Crores	• Total funds raised were INR 3,219 Crores
Number of companies that migrated on to the main board	24	3	• First FPO on SME platform in FY 2019-20

We have undertaken various initiatives to promote and support SME listing, such as reduction of listing fees, relaxed entry and reporting requirements and capacity-building programmes. While quarterly reporting is mandatory on the main board, half-yearly reporting as per the LODR Regulations has been mandated for the SME platform. Through these programmes, we aim to raise the awareness level among SMEs on the functioning of financial markets and the benefits of listing. We have also enabled SMEs to gain access to additional capital through IPO, FPO, Preferential and Rights, among others.

In FY 2019-20, we witnessed the first FPO on our SME Emerge platform, marking yet another milestone.

#### Our two key capacity-building<sup>6</sup> programmes for SMEs include :

1. NSE capital market awareness programme: This helps SMEs understand the capital market and various avenues for mobilising capital
2. Capital markets certification programme: This programme enables participants (mainly CFOs and compliance officers of the SMEs) understand pre- and post-listing regulatory processes and

the compliance obligations of listed companies

We have rolled out various initiatives to handhold SMEs in the IPO process by connecting them with the likes of merchant bankers and intermediaries. In our effort to enhance uptake of this platform, we have collaborated with various state governments and local bodies to stimulate the SME sectors in the respective geographies. In FY 2019-20, we entered into pacts with the governments of Gujarat and Haryana to give a boost to the SME sectors in these states.

<sup>5</sup> <https://economictimes.indiatimes.com/markets/stocks/news/the-rise-of-small-town-investors-in-indian-equity-markets/articleshow/71270423.cms?from=mdr>

<sup>6</sup> [https://www1.nseindia.com/merge/sme\\_brochure.pdf](https://www1.nseindia.com/merge/sme_brochure.pdf)

## 7. Manufactured capital

**Developing infrastructural prowess that enables operational excellence**

**“We consider strengthening our core operational backbone, comprising of our infrastructural base, imperative to embedding operational excellence and providing superior trading experiences to our customers.”**

Our innovation-centric approach is supported by sustained investments in infrastructure and hardware that are central to our service delivery. In our quest to sustain our position as the market leader, we consider it important to upgrade our infrastructure and develop capabilities to offset the impacts of service disruptions. We, hence, lay emphasis on adapting our infrastructure to unprecedented situations, thereby enhancing the reliability and integrity of our services.

The maintenance and upkeep of our extensive infrastructural assets is undertaken collaboratively by our in-house technology team, with the support of our vendors and service providers. Decisions pertaining to infrastructural upgradations, maintenance and investments is made through cross-functional consultation and senior management approval.

Our infrastructural base consists of our offices, data centres, network infrastructure, server rooms, computer systems and supporting infrastructure.

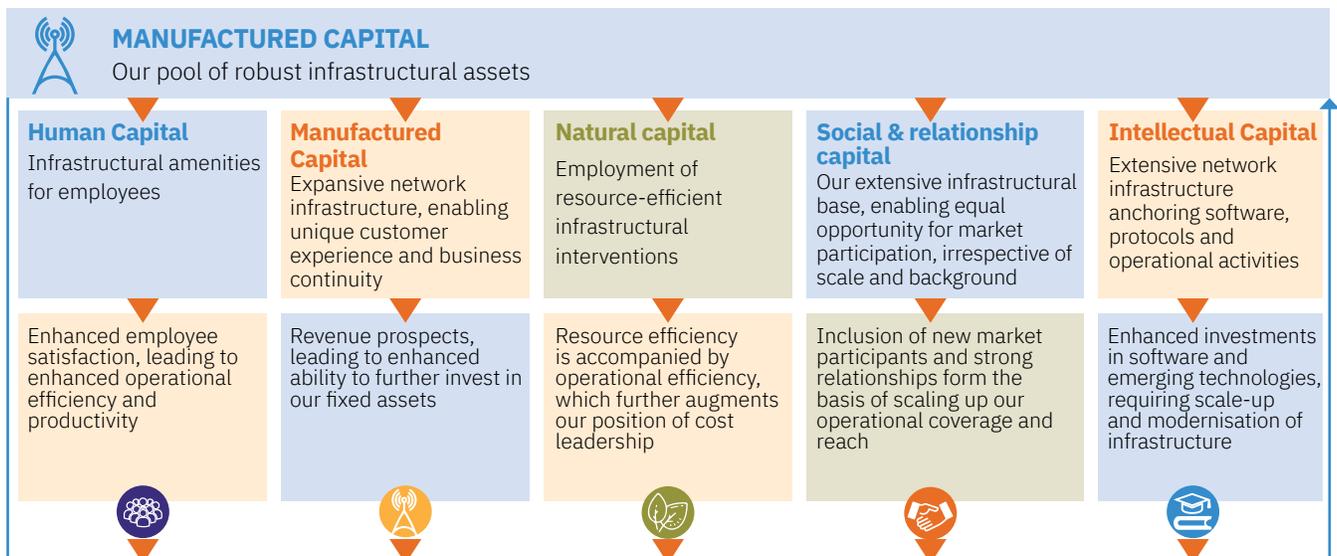
## Manufactured Capital at a Glance



SDGS in Focus



## UNDERSTANDING SYNERGIES AND CAPITAL INTERLINKAGES



### 7.1.1. Technology-driven infrastructural development

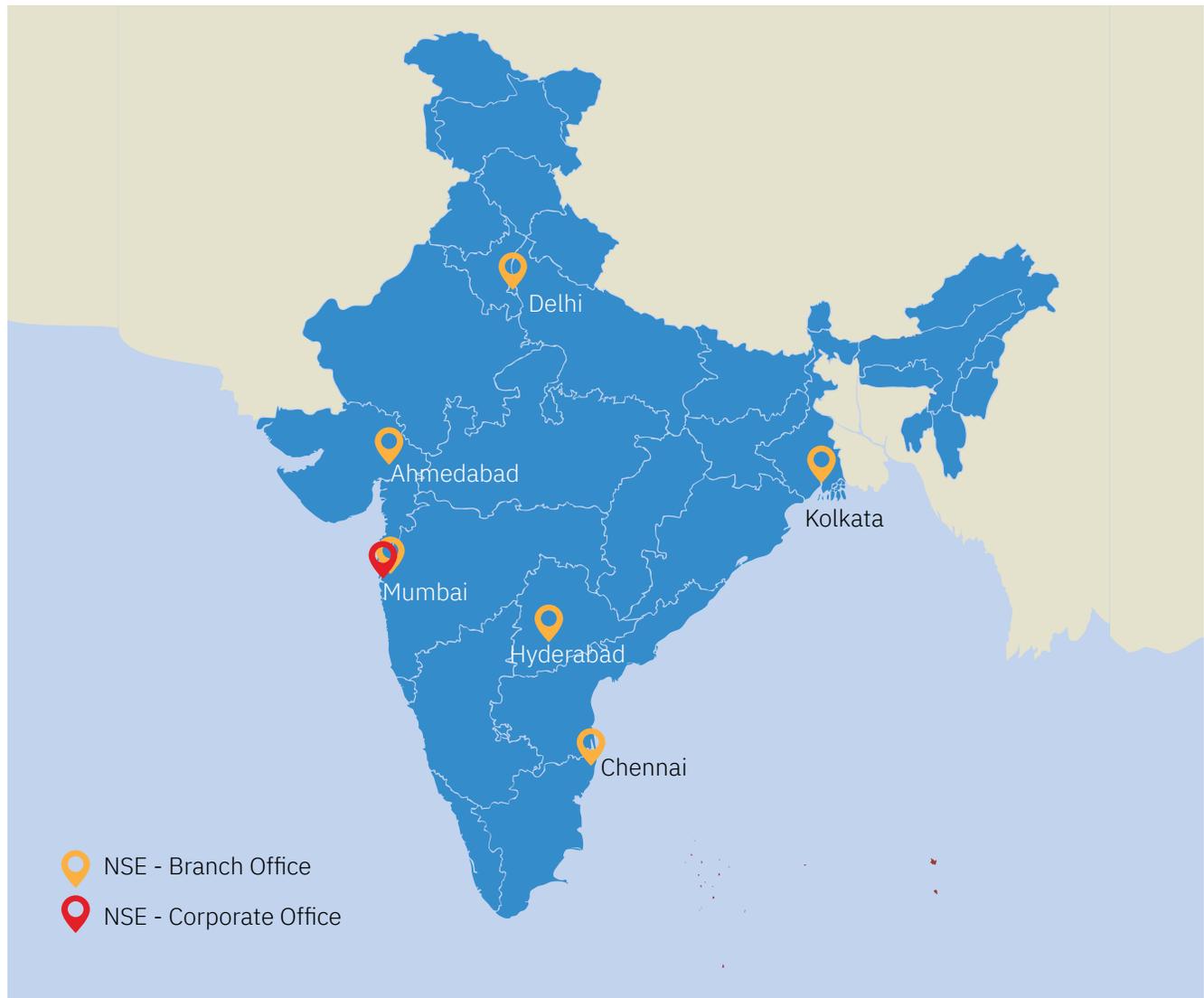
The high-speed network, which is a key enabler of our service architecture, is backed by leased lines. We have six regional offices spread across the country's geography.<sup>7</sup>Our offices in Mumbai, Delhi, Kolkata and Chennai are connected by dedicated corporate network lines that anchor real-time data and voice-enabled inter-office communication.

Aligned with the increased uptake of various services, we have stepped up our infrastructural capabilities to ensure redundancy to meet the ever-increasing

load, as our footprint expands. This, in turn, ensures operational readiness to cope with exigencies. Our hardware upgradation efforts are focussed on the ability to handle very large volumes of orders and trades; for instance, we can handle up to 15 million trades per day in our capital market segment<sup>8</sup>.

We host over 2,000 servers and 900+ racks, in addition to 3 data centres (2 in Mumbai and 1 in Chennai), equipped with 11,000+ kVA power backup. Our 500 server-class computer systems, encompassing non-stop fault-tolerant Stratus and UNIX servers, further enhance our operational capabilities.

Service reliability is a very important facet in our line of business. We have set up a dedicated BCP center in Chennai to reduce switchover time, and enable smooth disaster response. This interface has been regularly upgraded to keep abreast with the latest network technologies. Our current telecommunication network comprises of 3,000 leased lines, spanning the landscape of the whole nation. It is noteworthy that our network is the largest private wide area network in India. Over 10,000 users can trade in real time, owing to our current infrastructure.



<sup>7</sup> [https://www1.nseindia.com/global/content/about\\_us/trading\\_technology.htm](https://www1.nseindia.com/global/content/about_us/trading_technology.htm)

<sup>8</sup> [https://www1.nseindia.com/global/content/about\\_us/trading\\_technology.htm](https://www1.nseindia.com/global/content/about_us/trading_technology.htm)

## 8. Human Capital

### Stimulating growth & actualising aspirations

**“Passion, vibrance, agility and dedication are the defining characteristics of our workforce. Their innovation and collaboration-centric approach is at the heart of our operational success.”**

Our dedicated and versatile workforce is at the forefront of inculcating our organisational values in business operations. They are our greatest assets, and it is our constant endeavor to ensure their growth and satisfaction.

With a work environment that fosters collaboration, lateral thinking and innovative ideation, our employees create new possibilities for creating value. Our workforce management strategy focusses on preserving the essence of inclusive, collaborative and growth-oriented culture that we have built over the years. We believe that the multitude of perspectives and aspirations that diversity brings to our workforce has immense organisational value. Our strategy, hence, supports promoting diversity in our workforce, while ensuring each employee feels empowered and enlightened each day at work.

We have a dedicated Human Resource Management Team that oversees the smooth functioning of our workforce and ensures the professional and personal growth and wellbeing of our employees. We continuously review and upgrade our workforce management strategy to keep up with changing paradigms, work styles and unprecedented situations.

## Human Capital at a Glance



### Strategic Focus

Catalysing a cohesive and growth-oriented work environment that fosters inclusion and innovation.



### Strategic Enabler

Tailored and sustained initiatives and investments, focussing on all-round employee growth and development



### Our Governance Anchors

**Committees:** Ethics Committee, Internal Complaints Committee, Stakeholder Relationship Committee

**Policies:** Ethics, Remuneration, Employee Health and Wellness, Equal Opportunity Employer

**Values at play:** Integrity, customer-focussed culture, passion for excellence, trust, respect and care for the individual



### Thrust Areas

Employee wellbeing & development  
Promoting diversity



### Prioritised Stakeholders

Employees



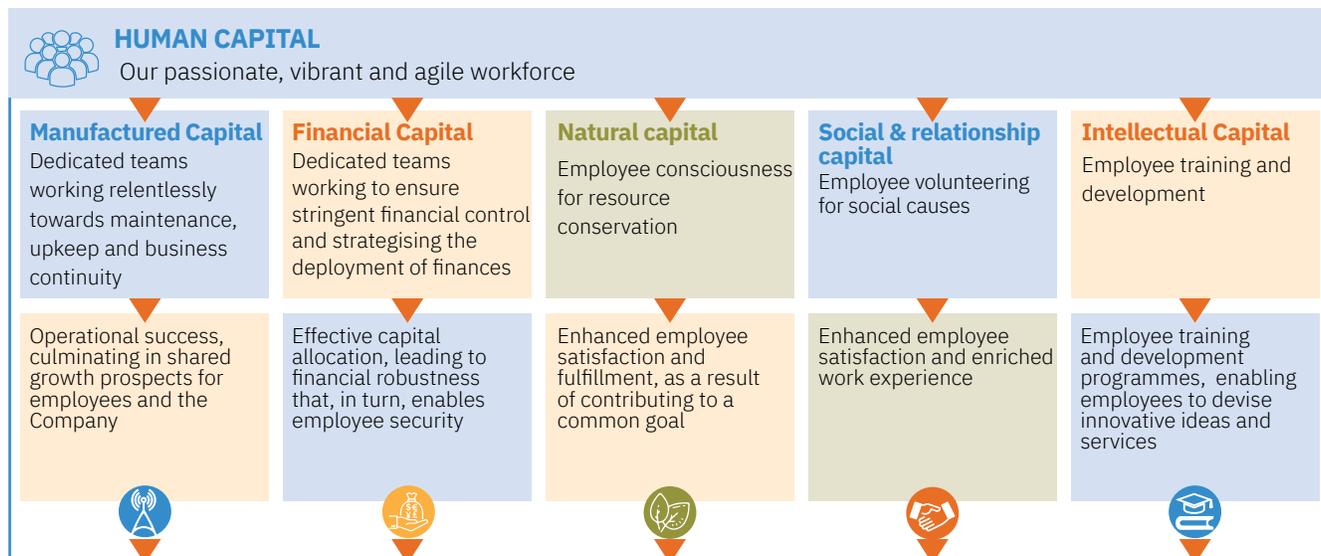
### Performance Highlight

- 1 Workforce strength of 1,101 employees
- 2 29% female employees in the workforce; all female employees who availed parental leave rejoined work
- 3 11,250 hours of employee training imparted

**SDGS in Focus**



## UNDERSTANDING SYNERGIES AND CAPITAL INTERLINKAGES



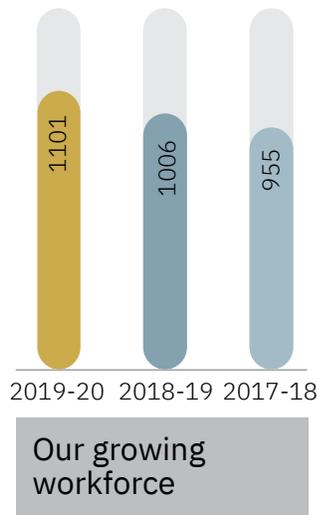
## Fostering diversity towards building an inspiring work environment

Our workforce has grown from strength to strength over the past 25 years. From our early days, we have been an equal opportunity employer with a commitment to enhance the diversity in our workforce. We have embedded

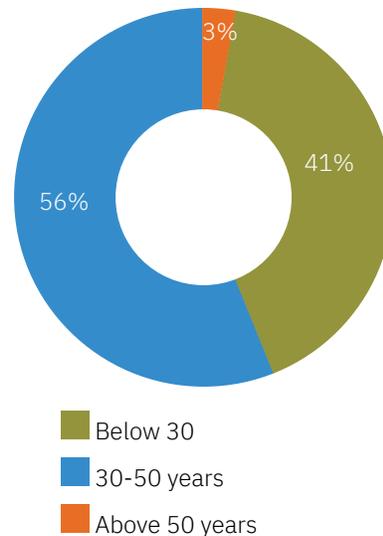
the values of equality, mutual respect and inclusivity in our entire employee management life cycle from hiring and retention to retirement. We comply with all applicable fair employment practices and equal opportunity laws in every state where we operate. Furthermore, we strictly prohibit discrimination against any employee

or applicant on the basis of language, race, colour, religion, gender, national origin, ethnicity, age, disability, marital status, sexual orientation, gender identity or any other category protected by law. Prospective candidates and employees are appraised purely on their merit, competence, knowledge and skills desirable for the role.

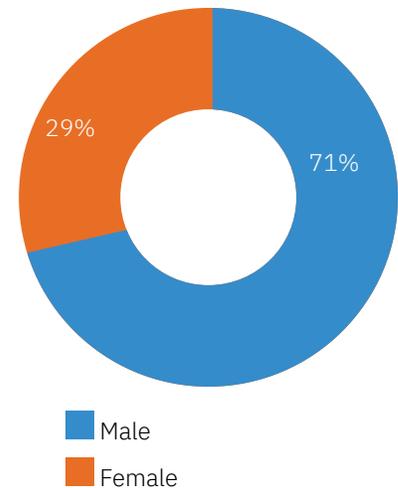
Number of employee



Workforce diversity by age group



Workforce diversity by gender



Total number of employees	By Age Group - FY 2019-20					
	<30 years		30-50 years		>50 years	
	Male	Female	Male	Female	Male	Female
Top Management - MD Directs	0	0	0	0	9	1
Senior Management - VP / SVP	0	0	40	8	10	2
Middle Management - AVP / CM	0	0	83	35	3	1
Junior Management - Below SM	298	150	328	119	12	2

### Ratio of the basic salary and remuneration of women to men for each employee category

Employee type	Female to male ratio of average CTC
Top Management	0.52
Senior Management	1.15
Middle Management	0.97
Junior Management	1.09

### Number of employees entitled to parental leave (FY 2019-20)

Male	Female
16	11
Total number of employees that took parental leave, by gender (FY - 2019-20)	
Male	Female
16	11
Number of employees who were due to return to work in the reporting period after parental leave ended (FY 2019-20)	
Male	Female
16	11
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender (FY - 2019-20)	
Male	Female
14 (21 employee availed Parental Leave in FY18-19)	9 (9 employee availed Parental Leave in FY18-19)

## Employee wellbeing & development<sup>9</sup>

The cornerstones of our employee development and welfare strategy encompasses employee engagement, welfare, learning and development initiatives. At NSE, we focus on providing each employee with a fulfilling and enriching work experience. We lay emphasis on their personal and professional growth, good health, security and fueling their journey towards their professional goals.

## Engaging with our talented and lively workforce

Coherence between personal goals and organisational goals is considered vital for the shared growth of employees and the business. We have a structured performance management process that is carried out annually to ensure an alignment between the two. The performance management process is conducted in three phases, which ensures transparency through structured conversations between the appraiser and employee. This gives each employee an in-depth understanding of their growth trajectory and the course of action. The employee, an appraiser, a reviewer and the HR Team are together involved in the appraisal process, ensuring checks, measures and fair assessment. Cross-functional alignment and senior management involvement are vital aspects of our performance management process to determine the performance-linked payouts for employees. In FY 2019-20, 89% of our workforce was covered by our annual appraisal process.

In terms of engagement, we have also developed multiple channels to understand and identify employees' perceptions, needs, aspirations

and expectations round the year. We conduct a biennial employee engagement survey; the last survey was conducted in FY 2018-19. The response rate of this survey was 98%; the scores for employee engagement and employee enablement were 68 each, against the general industry benchmark of 68 for employee engagement and 67 for employee enablement. The survey reports were shared with each of the functional HODs for their respective departments to further identify action plans and areas of improvement.

## Fuelling the growth of our employees

Our product and service offerings are shaped and transformed by our highly talented and engaged workforce. We are committed to equipping them with the required skills and know-how to enable them to channelise their energies towards organisational goals. Our learning and development strategy has been designed based on three critical inputs, viz. training need identification, linkage to the competency framework and the future skill needs arrived at through secondary research and benchmarking exercises. Post the need assessment phase, an instructor-led content design process is followed to develop curated content for the identified learning requirements. We adopt a job role and job level-based approach that enables targeted learning for role-holders across levels to enhance skills and capability. Most of the learning interventions are longitudinal programs to ensure continued learning engagement and build a learning culture across the organisation. We also encourage learning through participation in various conferences and summits in domains including,

but not limited to, cyber security, IT infrastructure, IP Licensing and the Prevention of Sexual Harassment (POSH), and hold company secretary and legal counsel summits, to name a few. Internally, we also organise training events on various technical skills, including AWS, business objects, tableau and project management, that add value to the business. This year, we spent approximately INR 1.15 Crores on employee training.

Our job role and job level programs can be broadly classified into functional skill development, leadership and managerial skills, and policy and compliance. Our skill upgradation programmes include functional trainings, technical trainings, and conferences and summits. In FY 2019-20, we spent INR 38 Lakhs towards skill upgradation programmes and INR 76.4 Lakhs in leadership skill-building programs. On the health and safety front, we rolled out sessions that included basic firefighting, comprising of an introduction to firefighting equipment that was followed by a practical hands-on session. Given our technology-driven approach, we continuously train our employees on various emerging and current technology-linked developments. In FY 2019-20, we conducted the Amazon Innovation Day among NSE management and technology leadership, and held a Gartner workshop for technology directions in 2020, to augment awareness on new technologies in our workforce. Additionally, we conducted focussed training programs on architecting and developing on AWS, Red Hat CloudForms Hybrid Cloud Management and Red Hat Satellite 6 Administration, among others.

<sup>9</sup> Information in line with BRR Principle 3, Question 8

Cadre	Programme	Programme objectives
Senior Management	Crucial Conversation	This is a two-day culture-building intervention that focusses on enhancing skills for creating alignment and agreement by fostering open dialogue amongst stakeholders. It covers issues related to high-stakes, emotional or risky topics to enable senior leaders surface the best ideas, make the highest-quality decisions and act on decisions with commitment.
Middle Management	STEP up	The longitudinal journey programme is designed specifically for the Asst. Vice President & Chief Manager role-holders, as this cadre is critical to build our pipeline of future leaders. The ten-day programme encompasses three modules, and is designed with 60:40 (current: future) skill requirements.
Junior Management – SM	Empower	The Senior Manager role is the first step to move from the role of an individual contributor to managing teams. The four-day programme (comprising of two modules of two days each) focusses on equipping the participants to managing oneself and teams more effectively.
Junior Management – AM, DM, Manager	SOAR	This programme is targeted for individual contributor roles, with a focus on execution and managing oneself. It helps participants understand the concept of ownership and accountability by managing themselves and improving their efficiency. This is one of the many technical and behavioural programmes that will be rolled out for this cadre.

Details of training hours (2019-20)	Employees at senior management level		Employees at middle management level		Employees at junior management level		Total hours
	Male	Female	Male	Female	Male	Female	
Skill upgradation	84	32	284	104	2840	1040	4384
Leadership skills	720	144	2214	864	1152	352	5446
Policy and compliance	6	0	13.5	6	225	109.5	360
Health and safety	56.35	10.35	86.25	27.6	607.2	272.55	1060.3

## Our approach to ensuring the wellbeing of our employees

Employee wellness is a critical part of our people agenda, and making employees feel safe and healthy is an important aspect of ensuring employee satisfaction and productivity. As part of the Employee Health and Wellness Policy, we provide Group Medical Insurance, Group Personal Accident Insurance and Group Term Life Insurance to our employees. The good health of our personnel also plays an indispensable role in workplace productivity. Our strategy focusses on all facets of health, including the physical, social and mental. We provide annual medical check-ups and in-house medical facilities

towards this end. Helping employees unwind and destress is important for their health. In line with this, we provide infrastructural facilities, such as recreation rooms comprising of a gymnasium facility, chess, table tennis, carrom, lecture hall and library, among much more. Television sets are mounted in the canteen for employee viewing. We also conduct guitar, kickboxing and yoga classes for our staff on a periodic basis.

### Human rights protection <sup>10</sup>

At NSE, we strongly believe in the fundamental and universal nature of human rights. We are committed to upholding the highest standards on human rights protection by adopting a proactive approach that goes beyond compliance. Our Sustainable

Development Policy, applicable to all our internal and external stakeholders, emboldens our vision for the protection of human rights. In line with this policy vision, we strictly prohibit child labour, forced labour and discrimination of any kind based on gender, caste, creed, religion, disability, marital status, pregnancy, culture, ancestry, socioeconomic status or any other parameter. We are an equal opportunity employer and create a work environment that supports mutual respect and empathy. We periodically train our employees to sensitise them on matters linked to the protection of human rights. This enables us to uphold our values on the protection of human rights in letter and in spirit.

<sup>10</sup> Information in line with BRR Principle 5, Question 1

## 9. Intellectual capital

### Redefining experiences & setting benchmarks

**“A technology-driven innovation-centric model is at the crux of our market leadership position. The relationship of trust we have built with the ecosystem of our stakeholders over the years is based on our conscientious approach to ensuring market transparency, stability, and ethical and fair market functioning”**

Businesses worldwide are undergoing transformational change with information, communication and network technologies reshaping the way in which industries operate. In this highly disruptive landscape, we have adopted an approach centred around agile incorporation of emerging technologies to equip Indian market participants with superior tools to handle their business. We have pioneered the technological transformation of India’s capital market functioning.

While we have translated our technology-centric approach to our competitive advantage, we are dedicated to ensuring fair and ethical functioning of the market. Our concerted efforts in this regard have been instrumental in making our brand synonymous with trust and safety.

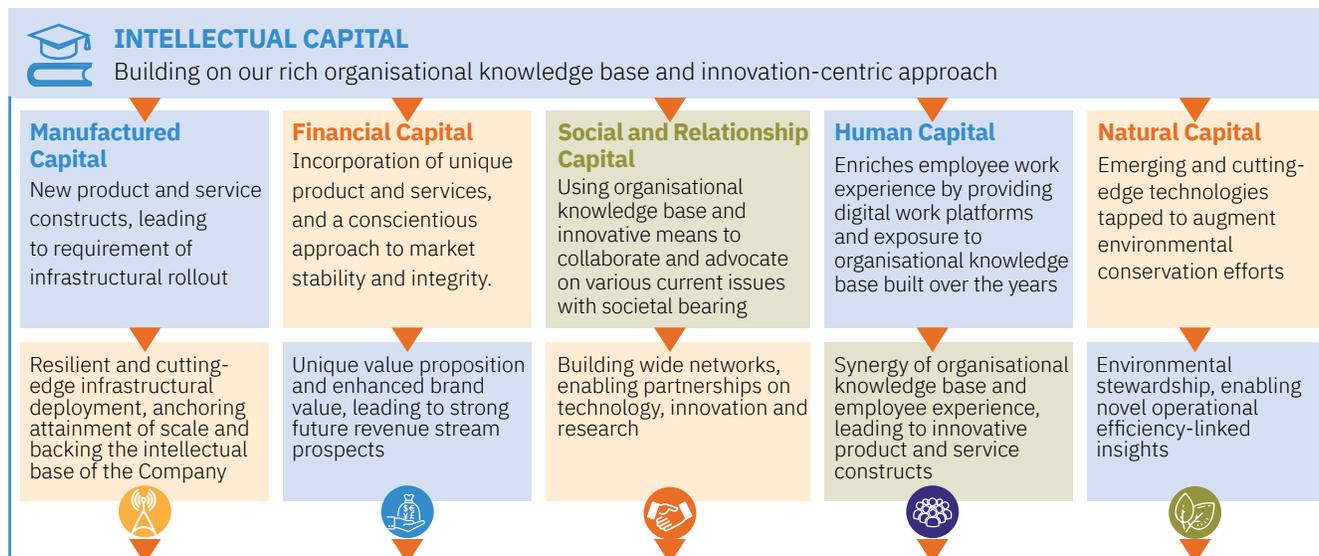
Our intellectual know-how encompasses our software, proprietary protocols, procedures, and years of knowledge and market insights that are leveraged to enhance the efficiency of India’s financial markets.

## Intellectual Capital at a Glance

 <h3>Strategic Focus</h3> <p>Devise a unique value proposition by blending technology, innovation and an approach that centers around transparency and integrity</p>	 <h3>Strategic Enabler</h3> <p>Sustained investments in emerging technologies, and blending innovation in supervisory practices</p>
 <h3>Our Governance Anchors</h3> <p>Committees: Standing Committee on Technology Advisory Committee, Regulatory Oversight Committee, Risk Management Committee, Member Selection Committee Policies: Business Continuity Policy Values at play: Integrity, passion for excellence, trust</p>	 <h3>Material Topics</h3> <p>Innovation and technology Market integrity and stability Business continuity and technology risk</p>
 <h3>Performance Highlight</h3> <ul style="list-style-type: none"> <li>• INR 50 Crores spent on technology-driven new products and services</li> <li>• No incidents of security breaches to critical systems</li> </ul>	 <h3>Prioritised Stakeholders</h3> <p>Customers, service partners, regulators</p>



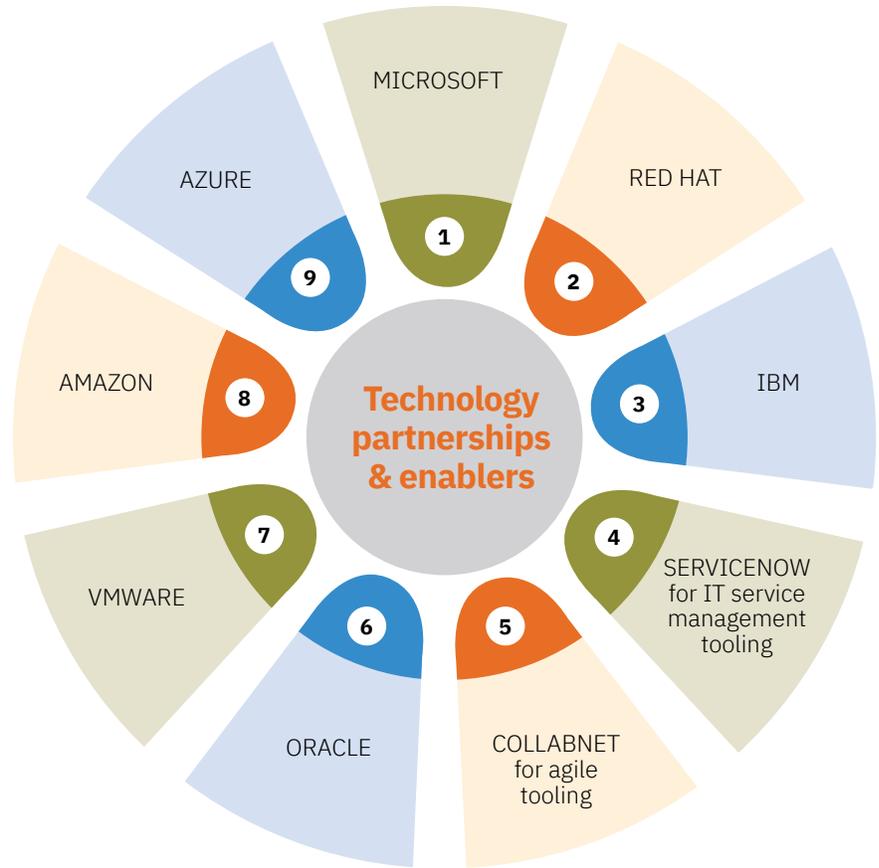
## UNDERSTANDING SYNERGIES AND CAPITAL INTERLINKAGES



## Technology and innovation

At NSE, we consider technology a vital enabler of accelerating business growth. We strive to transform our business by enhancing our technological prowess to emerge as a world-class digitally enabled company. Our technology-linked strategy pivots around “redesigning and reimagining” existing exchange touchpoints, in collaboration with external and internal stakeholders. Our partnership with industry-best vendors has been central to our technology-driven market edge. Some of our vendors are part of the Gartner top quadrants like Microsoft, Red Hat and IBM, among others.

Speed, latency, resilience and security are the foundational elements of our technology and innovation strategy. Our technology adoption roadmap prioritises technologies for incorporation in the short, medium and long term.



### Technologies prioritised for the short term

- Trading System on Commodity HW and New Software-Driven Resiliency Architecture
- Colocation Service Management Automation
- Auto-Provisioned Cloud (Azure, Amazon, etc.)
- API Sandboxes and Gateways and Internal APIs
- Digital Personal Financial Advisor
- Public Web APIs
- Social Media-Based Business Applications for Customer Service Interactions
- Blockchain Consortium - Settlement
- Mobile-First for Client Front Ends
- Full Life Cycle API Management
- Chat Bots



### Technologies prioritised for the medium and long term

- Blockchain-Based Digitisation of Processes
- Largest Private Cloud among MIIs
- Mobile Proximity Systems
- Mobile-Originated Business Process Systems
- Public Cloud for Core Systems
- IoT Apps
- Wearable Apps
- Private APIs
- IoT in Customer Service
- Mobile Imaging for Staff
- Enterprise Data Management Systems Using AI & ML

## Technology-linked strategic priorities

Our gamut of state-of-the-art applications includes National Exchange for Automated Trading (NEAT), the non-NEAT front-end platform DMA, algorithmic trading and co-location facility. This year, we were able to achieve zero pendency of Change Requirements (CRs) in Clearing, Surveillance and Enterprise Applications.

During FY 2019-20, some key technology-centred initiatives

undertaken included:

- Enablement of wireless option for last-mile member links connecting to POPs & Multi-Protocol Label Switching (MPLS). This initiative has enabled penetration to various member locations, reduced lead time, capex reduction and lower latency option as against VSAT.
- Various interventions led by automation and “real-time, straight-through processing” were rolled out. This led to cost savings

and reduced reliance on manual interventions, including automated publishing of price feeds on the websites. These initiatives have resulted in enhanced operational efficiency and digitisation.

- Matching engines were rationalised across asset classes to optimise operations for the trading architecture. This has led to optimisation of operations, infrastructure maintenance, cost and enhanced operational efficiency.

New projects undertaken in 2019-20	Rationale for rolling out this product/ service	Brief description of the product/ service	Outcomes linked to adoption of this new product/ service	Current market uptake of the product/service as on 31st March, 2020
Interoperability	New business product as per regulatory requirement	This initiative will enable traders to consolidate clearing and settlement at a single clearing corporation, irrespective of the stock exchange on which the trades were executed. The Financial Information Exchange (FIX) protocol has been deployed for exchange-CC communication.	Interoperability rolled out to members	Interoperability feature released in all segments
New NSE corporate website	Leverage NSE website as a platform for efficient dissemination of information and engagement, with all category of market participants and stakeholders, thereby facilitating awareness and development of Indian capital markets	Revamp of NSE corporate website for a: <ol style="list-style-type: none"> <li>1. Robust and scalable website, incorporating global best practices and infrastructure to provide data and information access in an easier and faster way</li> <li>2. Better content management process, operational efficiency and ease of maintenance</li> </ol>	Transition to new NSE website Higher website rankings in search Better stakeholder experience	Website released for all users; has shown an improvement in global ranking
New Index front end	Technology upgradation and modernisation	Revamp of existing Index front end to new web-based application using Python’s Django framework. This has automated certain business processes and decommissioned old VB6 front end.	Index system on latest technology	Users are utilising new front end to carry out business activities like applying Index EOD, Index BOD and corporate actions, for generating various types of reports
Rapid Mobile Application Development	Technology upgradation and modernisation	Rapid Mobile Application Development solutions evaluated, and PowWow SmartUX platform implemented to build mobile platform that drives mobile productivity.	Enabling an anytime, anywhere workforce that will improve access to information, process efficiency and lower the operational cost.	Nine business processes automated

New projects undertaken in 2019-20	Rationale for rolling out this product/ service	Brief description of the product/ service	Outcomes linked to adoption of this new product/ service	Current market uptake of the product/service as on 31st March, 2020
Intelligent IT operation management tool	IT operations improvement	Operations intelligence platform, ELK implemented to monitor server alert and support interactive decision-making by providing Data and Analytics about server parameters during operations monitoring.	Data analytics for operations monitoring	Server parameter dashboards released to IT operations teams
API-fication of trading	Microservice implementation	Purpose was to develop a sandbox platform for fintech/ startups, where their users / developers can access API portal and create innovative applications using NSE's exposed APIs. An API Gateway has been built, with more than 30 APIs available on the production for consumption by FinTechs.	API Sandboxes and Gateways Beta in November 2019 in Singapore Fintech Festival that brings NSE on the global roadmap of innovation, ready to work with FinTechs	Bengaluru-based capital market FinTech integrated with the exchange APIs, and test application launched for retail brokers to set alerts in mass manner
Real-Time analytics platform	Revenue generation for market data	Enhanced member ecosystem engagement, with the delivery of this value-added service. The real-time analytics disseminated by NSE Data and Analytics that would enable members to avail these ready analytics, saving on the costs of maintaining the analytics engine and the associated infrastructure and data.	Dissemination of real-time analytics, based on the capital markets (CMs) and derivatives (FO) tick-by-tick data.	Ten members onboarded on new platform
Enabling the interoperability process using blockchain technology	Blockchain technology	This initiative is aimed at replacing current interoperability between clearing corporations' DvP agents, using file-based data exchange mechanisms and blockchain technology.  Potential benefits of blockchain for interoperability include: <ul style="list-style-type: none"> <li>● Real-time dissemination of information</li> <li>● Reduced usage of files</li> <li>● Faster execution of settlement transactions</li> <li>● Reduced reconciliation</li> </ul>	This initiative will help bypass DvP agents in clearing process.	POC completed using R3 CORDA blockchain10



## Ensuring market integrity and stability

Our approach to ensuring market integrity is guided by regulatory directives, periodically shared by our key regulators such as the Ministry of Finance (Department of Economic Affairs - Capital Markets Division), SEBI and RBI. Being a leading securities market infrastructure institution in India, we have issued rules and regulations that must be complied with by our ecosystem of customers and partners. These regulations span member registration, securities listing, transaction monitoring, compliance by members with SEBI/RBI regulations and investor protection, among others.<sup>11</sup> Safety is an important operational tenet at NSE and we have, therefore, employed a multi-tiered risk management system that is constantly upgraded to pre-empt market failures. Our risk containment measures include capital adequacy requirements for members, monitoring member performance and track record, stringent margin requirements, online monitoring of member positions, and collateral and automatic disablement from trading when limits are breached.

We have established stringent supervisory practices backed

by our surveillance system to oversee compliance and ethical functioning of the market. We have also rolled out various pre-emptive surveillance measures for augmenting the robustness of our supervisory practices.<sup>12</sup> In accordance with our culture of putting the investor first, we have put into place various functionalities to help them make informed decisions. Our investor awareness building program is an important facet of our approach of instilling market stability.

In our quest to upgrade and strengthen our surveillance-linked capabilities, some of the key initiatives rolled out in FY 2019-20 were:

- a. **Market Replay:** This tool enables regeneration of the whole order book, allowing identification of any possible manipulation activity at the order level itself. Replay can be achieved either for T-day or historical days. The new module is highly configurable for user-specific analysis.
- b. **Member Surveillance Dashboard:** This dashboard flags orders and trades that are

abnormal in nature to trading members, by providing timely alerts. This allows trading members to analyse the anomalies and report any major observation in their analysis to us through the dashboard itself. Some key benefits of the Member Surveillance Dashboard include quick intimation to trading members on high-risk trade/alerts, record of complete trail of alerts from generation to closure, and enhanced operational efficiency resulting from the common communication platform between exchange and trading members.

We closely monitor the avenues that can strengthen our strategy of safeguarding market efficiency and transparency. Algorithmic trading across segments was noted to be in the range of 45% to 70% across various months in FY 2019-20. All our trading members are expected to comply with relevant regulatory requirements, in terms of timely and complete disclosures, covering various aspects of their business material to making investment decisions.



## Managing business continuity and technology risks

Building operational resilience is at the heart of our endeavour of providing seamless customer experience. We leverage technology to build resiliency and agility in our operations. At NSE, we employ a multipronged strategy, with effective risk management and business continuity management at the core to maneuver our business in a manner that minimises disruptions and maximises value creation for our stakeholders.

<sup>11</sup> [https://www1.nseindia.com/int\\_invest/content/regulatory\\_framework.htm](https://www1.nseindia.com/int_invest/content/regulatory_framework.htm)

<sup>12</sup> [https://www1.nseindia.com/invest/content/equities\\_surv\\_actions.htm](https://www1.nseindia.com/invest/content/equities_surv_actions.htm)



## Business continuity management

We recognise that the nature, magnitude and impact of some risks can be unprecedented and unavoidable. For such risks, we have an intricately devised, well-curated Business Continuity Management (BCM) strategy. Our BCP Policy provides guidelines for developing, maintaining and exercising the BCP, and ensures effective emergency response, resumption and recovery of operations and business activities,

in the event of a disaster. The policy is reviewed annually and approved by our Board of Directors. The BCP covers all our legal entities and serves as a single point of reference for effective response and recovery from disasters. It also encompasses the whole gamut of activities, including call tree, BCP process, and ensuring the availability of critical resources, roles and responsibilities of various BCP functional teams.

The BCP plan enables prompt decision-making, and rapid and cost-effective business recovery following a disaster.

We periodically test the BCP protocols vital for organisational disaster preparedness. We conduct BCP live sessions for two consecutive working days on a half-yearly basis, in addition to external drill sessions every quarter on a non-working day.



## Keeping India's financial markets live during COVID-19 pandemic

In early January 2020, the world began to grapple with a pandemic of an unprecedented nature, requiring extraordinary measures to save human lives worldwide. With social distancing being one of the vital measures to prevent the spread of the pandemic, corporates worldwide had to shift to remote working styles, enabled by collaborative digital work platforms. In our effort to ensure

uninterrupted operations of the stock market during the pandemic, we leveraged our technological prowess to enable remote working for our employees and ensure continuous operational functioning. We facilitated access to this for all our employees through various technological interventions. Some of our key personnel, whose on-site presence is pivotal for operations, were provided accommodation

close to our office premises in our primary and disaster response locations. We anchored complete transition of team meetings and collaborative work to audio and video conferencing. Frequent, targeted training sessions were also rolled out to familiarise employees with various features and functions of the interface tools.

## Technology risk management

Our approach to detecting and mitigating cyber security-linked risks include:

- Two-factor authentications on web applications – This improves the authentication security controls, thereby securing a member's credentials and accesses.
- Enhanced protection for websites

- from advanced cyber attacks – Advanced solutions have been implemented to protect our websites from newer threats arising from automated bots and dynamically generated domains.
- User and entity behavior analysis – This improves upon existing controls to detect anomalies

in user behavior and prevent authentication fraud.

- Several cyber intelligence-based controls have been implemented on existing solutions to detect and mitigate new-age threats.

In FY 2019-20, we did not observe any data security breaches to our critical systems.

## 10. Social and relationship capital

Joining hands together for sustainable wellbeing

**“We team up with several renowned organisations in our effort to uplift and enhance the existing social performance of our society and other stakeholders”**

Our role in society is defined by the services we provide. Our social and relationship capital comprises of several intangibles that have been developed and nurtured since the inception of the exchange. We continually invest in ensuring timely communication of relevant information to our stakeholders.<sup>13</sup> In our endeavour to enhance customer experience, mitigate risk and build their resilience, we conduct numerous training programmes and surveys to strengthen our relationship and value proposition for them. Importantly, our collaboration and advocacy not only strengthens our purpose, but also enables us to leverage our sphere of influence for social good and inclusive development.

We work collaboratively with partner organisations, selected on the basis of geographic proximity and focus area of work, to address topics related to the wellbeing of society. We work towards developing and supporting the most vulnerable sections of our nation, with particular emphasis on the youth and elderly. Through our holistic community programs, we seek inclusive growth and prosperity for all.

## Social and Relationship Capital at a Glance



## UNDERSTANDING SYNERGIES AND CAPITAL INTERLINKAGES



<sup>13</sup> Information in line with BRR Principle 4, Question 3

## 10.1 Customer-centric approach

Our customer service focusses on delivering the best. We have a Customer Responsibility Policy that demonstrates our commitment towards customer welfare and transparent disclosure of information. The Company maintains complete transparency with all our customers regarding all our services, risks involved, terms and conditions, including transaction charges and related information. Customer protection and delight are of paramount importance to our core business strategy. While we

empower our customers with tools and technologies, it is important that they are equipped with the relevant know-how to effectively translate our offerings into value. With this intent, our objective is to enable and secure the interests of our investors through education and capacity-building. The lack of awareness is a serious risk to our investors and the integrity of market functioning. Our training programmes majorly focus on enlightening investors on the basics of financial planning, investment, security market structure, regulations and services provided by the exchange. These sessions are conducted across the nation through the following affiliated bodies:

1. SEBI-registered investor associations
2. Defense, police and other administrative groups
3. Small-scale entrepreneurs
4. Gram panchayat & bachat gats
5. Institute of Chartered Accountants of India (ICAI), Institute of Company Secretaries of India (ICSI)
6. Rotary clubs, Lions groups, women's self-help groups, etc.
7. Artisans and tradeswomen
8. Schools and colleges
9. Corporates
10. Open programmes with the public

Details of Investor Awareness Programmes (IAPs) conducted are given below:

Financial year	Total No. of IAPs conducted	No. of cities Covered	No. of Participants
2019-20	3,649	985	1,89,221

IAPs conducted in Tier I, II and III cities:

Financial year	No. of cities covered	No. of Tier-I cities covered	No. of Tier-II cities covered	No. of Tier-III cities covered
2019-20	985	8	150	827

Apart from awareness programmes, we also conduct periodic satisfaction surveys to measure, track and benchmark NSE and our group companies' performance, and understand our stakeholders' aspirations, expectations and challenges. The survey and its study are conducted by the circulation of a questionnaire among our members, listed companies and other market participants. The smooth execution and analysis of this survey is supported by several functional teams and Kantar IMRB's Custsat Model. The findings of the survey were most recently presented in April 2019.<sup>14</sup>

We have a rigorous system, procedure and review mechanism to identify and comply with laws relating to marketing communications. We have a Code of Advertisements that ensures ethical branding and advertisement. Trading members of the exchange, while issuing advertisements in the

media, have to comply with the Code for Advertisements prescribed by the Exchange.

## 10.2 Collaborations and advocacy<sup>15</sup>

We believe that engaging and discussing topics that might be of concern to our stakeholders in the financial sector can expedite development, and lend support to existing systems and processes. We are engaged with several associations, chambers of commerce and industry and similar platforms that allows us to disseminate information, gather more knowledge, innovate, ideate and build deep and meaningful relations and networks with the entire industry.

NSE is a member of various associations, through which it supports activities aimed at the advancement and improvement of public good in the areas of governance, administration, social and economic reforms. Some of

the key trade associations are<sup>16</sup>:

1. All India Gem and Jewellery Domestic Council
2. All India Management Association
3. Asia Pacific Real Estate Association Limited
4. CFA Institute India Private Limited
5. Commodity Participants Association of India
6. Confederation of Indian Industry (CII)
7. Federation of Indian Chambers of Commerce and Industry (FICCI)
8. Indian School of Microfinance for Women
9. International Options Market Association (IOMA)
10. PHD Chamber of Commerce and Industry
11. Small & Medium Business Development Chamber of India
12. The Associated Chambers of Commerce and Industry of India.

<sup>14</sup> Information in line with BRR Principle 9, Question 4

<sup>15</sup> Information in line with BRR Principle 7, Question 2

<sup>16</sup> Information in line with BRR Principle 7, Question 1

- 13. The Associated Chambers of Commerce of India (ASSOCHAM)
- 14. The Foundation for Millennium Sustainable Development Goals
- 15. World Federation of Exchanges (WFE)
- 16. Futures Industry Association (FIA)
- 17. International Organization of

Securities Commissions (IOSCO) NSE actively interacts with several governing bodies of the nation's financial, securities and exchange sector. We are involved with governmental and regulatory bodies in providing support for the development of national policies. We organise and

contribute to several discussions, panels, round table conferences and seminars with the industry and regulators, and act as a catalyst in facilitating policies. At a global level, we are members of the Sustainable Stock Exchanges initiative, World Federation of Exchanges and IOSCO.

Our recent collaborations and advocacy linked activities are mentioned below:

### 1. YouTube

In today's era, digitisation has become a crucial component of a successful business. To connect with our stakeholders and update them on the current scenarios around finance and trade, we periodically upload videos that cater to their interests. The videos majorly focus on investor awareness, trades, funds and guides for beginners, to name a few. In the last financial year, more than 50 such videos were uploaded. Our YouTube channel had more than 45,000 subscribers as on 31st March 2020. It is a platform for our Company to provide more content-based updates on the challenges faced by an investor.

### 2. NSE Website

Our website hosts content related to stock exchanges and ongoing activities. The website is a one-stop destination for our stakeholders, where they can find everything related to their interests, such as equity market report, derivatives market report, debt market report, corporate filings, listings circulars, press releases and media coverage, among much more.



### 3. NSE Academy

It is important to exercise control over expenses and track finances the right way and understand how personal finance works. The NSE Academy is a platform that imparts financial education to new and future generations of investors. It promotes financial literacy as a necessary life skill, by partnering with state and national school boards and schools. With interactive courses on personal finance and certification programs, the academy teaches school children, homemakers and other non-finance professionals the value of investing, introduces Indian capital markets, and helps develop new market professionals. It offers programmes in several areas such as banking, financial services, markets

and literacy.

As part of financial literacy in schools, NSE Academy has a tie up with the Central Board of Secondary Education (CBSE) for conducting Financial Markets Management (FMM) course, as a vocational course under the National Skills Qualifications Framework (NSQF) for class IX, X, XI and XII. Every year, NSE Academy coordinates with the CBSE to conduct training programmes and awareness workshops for teachers and principals of schools across the country to promote the FMM course.

In our endeavour to increase financial literacy at schools, NAL has partnered with the School Education Department with six State

Boards, namely (i) Nagaland Board of School Education, Nagaland (ii) Gujarat Secondary and Higher Secondary Education Board, Gujarat (iii) Directorate of Higher Education, Himachal Pradesh (iv) Goa Board of Secondary and Higher Secondary Education, Goa (v) School Education Department, Government of Tamil Nadu and (vi) Punjab School Education Board, Punjab.

NSE Academy has embarked on an ambitious project to promote lifelong learning in the space of financial education, in addition to school and higher education initiatives. It is also providing professional learning to working executives through online and blended management development programmes.

#### 4. NSE Knowledge Hub for BFSI Industry

The NSE Knowledge Hub is a unique Artificial Intelligence-powered learning ecosystem to assist the Banking, Financial, Securities and Insurance (BFSI) sector in boosting the skills of their employees. It is also being leveraged by academic institutions to prepare future-ready talent, skilled for the financial services industry. The hub was inaugurated by Shri Piyush Goyal, Hon'ble Minister of Commerce and Industry and Minister of Railways.

#### 5. Launch of N-SMART

NSE Academy launched N-SMART on December 10, 2019. N-SMART is a simulated market trading application that reproduces the features of a live equity / derivative / currency derivatives market on trading terminals for students to practice and learn trading securities without financial risk.

#### 6. NSE-IEA Lecture on Financial Economics

Prof. Manoj Panda from the Institute of Economic Growth, New Delhi was the speaker for the fifth year of NSE-IEA lecture on 'Finance Commissions and State Welfare'. The lecture gave insight into how the Finance Commission is related to state welfare, and concluded on the note of how centre-state perspectives are critical for future growth of the nation, with the spirit of cooperative federalism.



The NSE-NYU Stern Initiative on the study of Indian financial markets is a joint venture of NSE and the Center for Global Economy and Business at the NYU Stern School

#### 7. NSE-NYU Stern School of Business Initiative for the Study of Indian Financial Markets

of Business. The initiative invites academics and scholars to submit research proposals for projects, including early-stage projects that are relevant for understanding the Indian financial sector and macroeconomic conditions.

Corporate governance refers to how transparently a corporation governs itself. It allows stakeholders to understand the roles and responsibilities of governing bodies in a company and, thus, streamlines the operations at corporations.

Corporate governance has several aspects that every business must adhere to, for optimum performance. The NSE-CECG, which was established in FY 2012-13, engages with listed companies on important governance issues. There were quarterly briefings this year on:

1. Caution: Independent Directors – Hairpin Turns Ahead!
2. The Audit Committee's Responsibility to the Auditor
3. Takeover and Corporate Governance in India

#### 8. NSE Market Pulse

Market Pulse, NSE's flagship publication, is a monthly review of all major market and macro events, with thought leadership articles, policy reviews, and tracking of key regulatory changes, apart from detailed data and analysis on macroeconomic indicators, trading activity and investor behaviour.



#### 9. Indian Securities Market, A Review (ISMR)

One of our annual flagship publications, ISMR provides detailed insight into the developments in the securities market in India.

## 10. Dr. R H Patil Memorial Lecture

This annual lecture features thought leaders of the highest caliber and reputation, as a fitting tribute to the memory of Dr. R H Patil, who was one of the most eminent leaders and institution-builders of the Indian financial services landscape. Prof. Robert F. Engle, a Nobel laureate in Economics, was the keynote speaker in 2019. This year's edition featured over 300 participants, including senior finance ministry officials, policymakers, market regulators, the leadership team from NSE, captains of India's corporate and financial markets, as well as leading Indian economists and media personnel.

## 11. NSE-ISB Trading Laboratory

The NSE-ISB Trading Laboratory was set up in FY 2013-14 at the Indian School of Business, with the aim of pursuing research on all forms of securities trading, investment and financial markets. The collaboration has resulted in the publication of a number of papers in top-notch journals, with relevant policy outcomes.

## Collaborations

### 1. Government of Haryana & NSE sign MoU to fuel growth of MSMEs in the state

Listing of companies helps them improve their finances by providing increased access to capital for expansion and growth. To enhance the growth of MSMEs in the state, we will be supporting the government by providing them with financial assistance through their listing on NSE's SME exchange platform. NSE also has similar arrangements with seven other states, namely Uttar Pradesh, Uttarakhand, Rajasthan, Punjab, Gujarat, Andhra Pradesh and Odisha.

### 2. NSE Foundation partners with Ramanathapuram administration for CSR initiatives

The Foundation has commenced focussed initiatives to implement impact-driven projects in four of the

NITI Aayog-recognised aspirational districts: Nandurbar (Maharashtra), Karauli (Rajasthan), Birbhum (West Bengal) and Ramanathapuram (Tamil Nadu). To improve the quality of life of the people in Tamil Nadu's Ramanathapuram district, we have undertaken a number of CSR programmes. These have helped ensure the quality of primary education, accessibility to safe drinking water, usable WASH facilities, empowerment and dignity of senior citizens and skill development for rural youth. The outcome of the various projects is to reduce regional disparities and improve human and social indicators of the district.

### 3. NSE joined global exchanges in ringing the bell to mark the celebration of World Investor Week

To mark the celebration of 2019 World Investor Week, NSE joined forces with

88 other global exchanges across the world through a special initiative called 'Ring the Bell for Financial Literacy'. The initiative aims to raise awareness about the importance of investor education and protection. We organised 200+ on-ground investor awareness programmes across tier-II and tier-III cities of the country to strengthen our engagement with communities.

### 4. Government of Gujarat and NSE join hands to promote and develop MSMEs in Gujarat

NSE supported the Gujarat government's efforts to enhance financing opportunities for MSMEs and understand the hedging of foreign exchange fluctuations for those enterprises engaged in imports and exports. The government has also decided to support the MSMEs financially by bearing a part of the expenses related to listing.

## 10.3 Community engagement (CSR)<sup>17</sup>

Social responsibility is a key element of our sustainability vision. We have established a group-level CSR Policy, which is available on our website. This policy elucidates our focus areas in the realm of social responsibility for the underserved rural and urban communities. We strive to

make positive contributions to the economic and social development of the nation. Towards this end, we are working to provide services that are accessible to all our customers, including disadvantaged groups, thereby enabling inclusive growth and equitable development.

Our Company has consistently complied with the mandate charted in Section 135 of the Companies

## NSE CSR Philosophy

"Growth and prosperity for all"

<sup>17</sup> Information in line with BRR Principle 8, Question 1

Act, 2013 and CSR Rules, 2014 by executing sustainable nation-building programmes for triple disadvantaged sections of the society.

Our CSR initiatives are accomplished and driven at the group level by the NSE Foundation. The Foundation's strong commitment to the 2030 Agenda for Sustainable Development aligns with and supports the Government of India's vision on national priorities.

In addition to the aforementioned core focus areas, programmes are also undertaken to mitigate the effects of natural calamities and other disasters, such as floods, cyclones, droughts and pandemics, and provide early relief and rehabilitation support in times of distress.

We have also founded a CSR Focus

Group, which aims to involve employees from various functions to engage in CSR efforts by way of volunteering. The group was created before the formalisation of CSR activities as a structured activity under the mandate of the CSR provisions in the Companies Act, 2013. The CSR Focus Group organises and executes several activities for social causes like blood donation camps, NGO melas related to social entrepreneurship, education, health awareness, environmental awareness, screening documentaries on environmental and social issues, organising guest lectures on social issues, nature awareness walks, contribution to disaster relief activities such as during Cyclone Fani in Odisha, and celebrating national and international observances like Children's Day and Women's Day, among others.

### Societal Mission

"To work towards improving the quality of life by fostering an inclusive society while meeting our social, economic and environmental responsibilities"



## CSR Focus Group in Action



operational efficiencies and scale for the programmes. Some of the major partners and agencies are listed below:

- NITI Aayog
- Odisha State Disaster Management Authority (OSDMA)
- Govt. of Maharashtra
- Govt. of Madhya Pradesh
- Govt. of Rajasthan
- Govt. of Kerala
- Govt. of Tamil Nadu
- Green Rameswaram Trust
- UNICEF
- International Centre for Clean Water (ICCW), IIT Madras
- Tata Trusts
- Tata Institute of Social Sciences (TISS)

The intervention programmes are designed over a long-term period of 3-5 years, in order to create a meaningful and sustainable impact on the lives of the beneficiaries and their communities. Planning of the programmes involves regular site visits and desk reviews by professional monitoring agencies, baseline studies, trainings and workshops. We also strategically involve our CSR focus stakeholder groups in our planned interventions wherever possible for enhancing PAN-organisational involvement.

Number of employees engaged in SFG activities

283 employees participated in awareness programmes, NGO connect, NGO melas, knowledge sessions and other events with institutions like UNICEF, CII and the Government of Maharashtra, held at the Exchange

Plaza and Western Regional Office.

Our partners play an indispensable role in ensuring the success of our community programs. Our strong collaborations with developmental, multilateral and governmental agencies who bring on board technical and sectoral expertise have led to

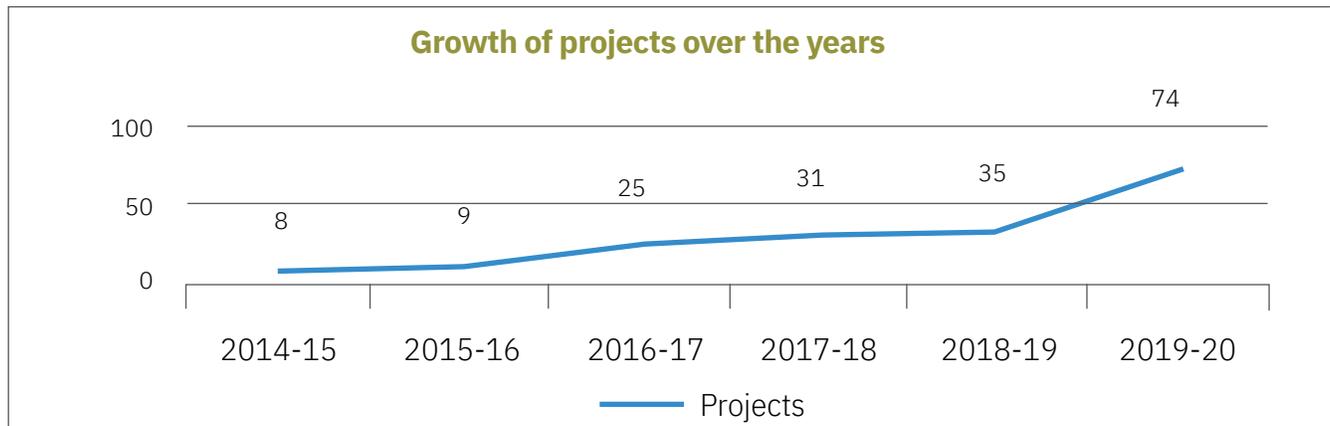
55

partners across focus areas

The impact of the programmes is evaluated at several levels. Monthly and quarterly field visits ensure concurrent and continuous evaluation of each programme. Meanwhile,

external programme evaluation agencies with expertise in CSR advisory are engaged to monitor our initiatives and evaluate their impact on a periodic basis.<sup>18</sup>

### Insights on CSR initiatives <sup>19</sup>



Total CSR spend for FY 2019-20:

**₹51,18,00,000**

States where the Company has taken initiatives:

Rajasthan, Madhya Pradesh, Maharashtra, Bihar, Jharkhand, Odisha, West Bengal, Telangana, Tamil Nadu, Kerala

Several of the district transformation projects being undertaken by us are aligned with NITI Aayog’s efforts for aspirational districts. Our initiatives are in line with government programmes and schemes like Sarva Shiksha Abhiyan, Swachh Bharat Abhiyan, National Rural Livelihood Mission and the Jal Jeevan Mission, to name a few. Our focus areas and programmes are mentioned below<sup>20</sup>:

#### 1. Primary Education

Quality education at the foundational level is essential, as it helps students achieve the basic knowledge, values and skillsets that set them up for success. We aim to improve access to quality education for students

in the age group of 6-12 years. We employ a multidimensional approach that ensures increased enrolment of children in schools, and addresses issues such as institutional strengthening, capacity-building, improved teaching methodologies and low attendance. The control and evaluation parameters for this focus area are re-enrolment at the elementary level, transition rate from primary to upper-primary level and language and numeracy score/ performance, in addition to re-constitution and training of the School Management Committee (SMC) for community ownership of the local school.

#### Goal:

- a) Enhance teacher-student ratio and provide focussed training and capacity-building for teachers
- b) Supporting holistic development of children by addressing the gaps in learning levels through supplementary and in-school programmes

#### 2. Elder Care

India is an ageing demography. It is predicted that one in six persons in India will be a senior citizen by 2050, making it imperative to address issues that affect this section of the society.

Our interventions are designed to strengthen their individual and

<sup>18</sup> Information in line with BRR Principle 8, Question 3

<sup>19</sup> Information in line with BRR Principle 8, Question 4

<sup>20</sup> Information in line with BRR Principle 8, Question 5

collective social, financial and health support systems.

**Goal:**

To improve the physical, social and mental wellbeing of the ageing population by improving access to livelihood; empowering senior citizens through the Elder Self-Help Groups (ESHGs) concept, healthcare interventions and elder enrichment centers in urban areas.

### 3. Sanitation and safe drinking water

Contaminated water and poor sanitation are linked to the transmission of several diseases. We make substantial contributions to long-term prevention and control measures for improving health and socioeconomic development, and respond to sanitation and safe drinking water-linked requirements of communities.

This focus area aligns with the Swachh Bharat Abhiyan, which is the biggest ever cleanliness drive to pave access for every person to sanitation facilities like toilets and solid and liquid waste disposal systems, in addition to facilitating area cleanliness and access to safe drinking water. Our company supports the retrofitting of sanitation facilities and provides improved access to safe drinking water, especially in schools. The control and evaluation parameters for this focus area are the percentage of schools with functional girls' toilets, schools with functional drinking water facilities, households with functional individual household toilets, and rural habitations with access to adequate potable water for household consumption.

**Goal:**

Retrofitting of sanitation facilities in schools and communities, access to and availability of safe drinking water points in schools, solid and liquid waste management, Behaviour Change

Communication (BCC) on sanitation, safe drinking water and health and hygiene.

### 4. Environmental Sustainability

Elements of the environment, such as air, water, soil, flora and fauna, have a delicate relationship in the environmental ecosystem. An imbalance of any one element can disturb the fine balance innate in our natural ecosystem. The world is facing a crisis due to pollution, groundwater depletion and loss of forests, among other occurrences. Presently, the world is witnessing a profound shift due to climate change, which is leading to a number of disasters that were once unimaginable. Many rural households are engaged in agriculture, where our community interventions are implemented, and they depend on natural resources like water and forest produce for their daily income, food, shelter and energy requirements.

We are members of the Sustainable Stock Exchanges initiative, which is a collaborative effort by various UN agencies. It works toward responsible investment in sustainable development and advancing corporate performance on environmental, social and governance issues.

As part of our group commitment to environmental conservation, we are adopting energy efficient solutions to reduce our carbon footprint. Our environmental conservation measures also include maximising the use of renewable energy, adoption of effective waste management strategies, engaging in watershed management, desilting of water bodies, and activities linked to sensitisation and awareness-building on environmental issues.

**Goal:**

a) We will work towards environmental sustainability, ecological balance, protection

of flora and fauna, agroforestry, conservation of natural resources and maintaining quality of soil, air and water through interventions such as tree plantation, renewable energy and other solutions, innovations, awareness programmes, social mobilisation, environmentally sustainable behaviour change programmes, environmental issues related to agriculture, capacity-building, research and advocacy measures.

b) Our Company will undertake and support several environmental protection and awareness programmes, especially related to water and soil conservation in the selected aspirational districts.

### 5. Skill Development and Entrepreneurship

Employment and employability are contributing factors to the growth of any economy. For a diverse country like India, entrepreneurship and skill development programs have an important role to play in solving the challenges arising as a result of unemployment. Focussed policy interventions and dedicated long-term financial outlays are key factors in addressing the challenges faced by this sector. Our programmes are aligned with the national goals outlined in the National Policy for Skill Development and Entrepreneurship, 2015, the National Skill Development Mission and other government schemes. Through these, we are aiming to facilitate short and long-term skill development, apprenticeship, vocational training, upskilling and entrepreneurship, and contribute to the outcomes envisaged under the universal Sustainable Development Goal 8 of decent work and economic growth.

**Goal:**

a) Provide support to the semi-literate, school dropouts, non-graduates through skill

development programmes.

- b) Increase employability of rural youth by training them in certain technical skills like carpentry, plumbing, masonry, electrical work, driving, cooking, tailoring, advanced agriculture, food and agro-processing.

## 6. Disaster Relief and Rehabilitation

Our nation has experienced several disasters in the recent past. To support our government and communities in times of crisis, we have extended humanitarian assistance to the affected communities through relief and rehabilitation measures. We supported

the nation during the following calamities:

- Kerala floods
- Gaja cyclone in Tamil Nadu
- Cyclone Fani in Odisha
- Maharashtra droughts and floods
- COVID-19 pandemic



### COVID- 19 pandemic relief

Several of our CSR projects have responded to the COVID-19 pandemic since February 2020, and the NSE Foundation, through NGO partners, reached out to the respective communities in the pre-lockdown phase that lasted from the third week of February to the third week of March. Our interventions during this period included capacity-building and training of field staff, as well as behavioural change and awareness in communities to ensure social distancing and personal hygiene measures. In the lockdown phase, relief activities were undertaken for vulnerable communities, especially the destitute elderly who do not have access to essential commodities like food and medicines. In education, innovative ways of reaching students through local radio and TV cable networks, social media groups and mobile phones have been initiated for uninterrupted learning.

The awareness campaign continued during the lockdown

to reinforce the messages on measures to be followed during COVID-19 through street and wall paintings, road art at junction points and other relevant locations. The project monitoring and evaluation agencies have undertaken partner connect initiatives and conducted multiple webinars with project partners to conduct trainings on addressing issues arising out of such unprecedented lockdown, in terms of project implementation and community outreach. The NGO partners were encouraged to relook at planning and strategy at both the organisational and programmatic level for the upcoming financial year.

To support the efforts of the government, a contribution amounting to INR 20 Crores has been made to the PM CARES Fund from the NSE Group CSR funds, along with a voluntary donation of one day's salary by the employees of NSE Group. Additionally, the Group contributed a sum of INR 6

Crores to the Chief Minister's Relief Fund of various states.

Since Mumbai has been one of the worst-affected cities in India, a project to supply and distribute PPE kits, N-95 masks and other medical supplies to designated government hospitals and fever clinics in slum settlements in Mumbai was also initiated. As a part of employee engagement activities, around 6,000 migrant workers and their families returning home on foot were given food kits and water to provide some succor on their long and arduous journeys.

Going forward, given the scale and nature of the pandemic, NSE Foundation will assess the evolving trends and make the necessary efforts to assist the state machinery through a proactive response from time to time.

For details about the CSR programs, please refer the Annual Report on CSR which forms part of the Board's report.

# 11. Natural capital

## Harmonising to enable environmental stewardship

**“Our committed approach to environmental conservation is a testament to our future-oriented approach and understanding of the whole spectrum of risks for the economy”**

We at NSE understand the importance of environmental protection and the role of stock exchanges in creating awareness among companies on this topic. This is visible in our aim to minimise the environmental footprint of our business operations. We are focussing on lowering our energy consumption, reducing waste generation, optimising usage of natural resources and lowering our carbon emissions specifically by switching to renewable energy.

To optimise our actions related to environmental protection and reduction of carbon footprint, we have incorporated an Environment Risk Management (ERM) system. This system analyses the environmental risks facing NSE, and ensures that the necessary actions are taken.

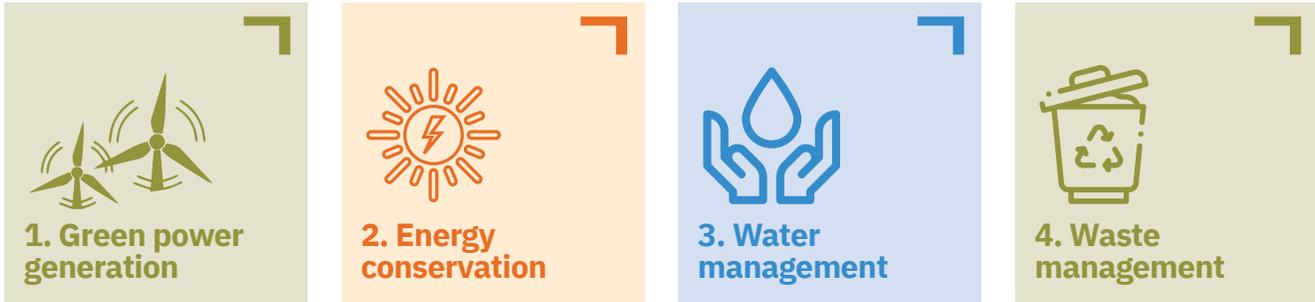
# Natural Capital at a Glance

 <b>Strategic Focus</b> Evolve operations to enable environmental conservation	 <b>Strategic Enabler</b> Active adoption of environmentally friendly practices that ensure reduction of environmental footprint, and an organisational ethos of resource conservation
 <b>Our Governance Anchors</b> Policies: Environment Health and Safety, E-waste	 <b>Material Topics</b> Green power generation, energy conservation, water management, waste management
 <b>Performance Highlight</b> Energy Conservation - 35,560 Electricity Units and 14,123 Demand kVA Water recycled - 21778 KL	 <b>Prioritised Stakeholders</b> External and internal stakeholders

SDGs in Focus



We have identified our focus areas and are taking active measures to reduce our environmental footprint. Our environmental focus areas are:<sup>21</sup>



These focus areas are incorporated in our strategy to ensure our every action is a step towards achieving a milestone. As we have a strong on-ground system, we have also ensured that all our stakeholders are aware of our focus areas and procedures, and we encourage them to follow the same in their daily operations. In this regard, we have incorporated a comprehensive environmental policy that elaborates on the focus of the Company towards sustainable growth. This policy is applicable to all relevant stakeholders and abiding by it is a mandatory requirement.<sup>22</sup> There have been no cases of non-compliance with

environmental rules and laws at NSE.

**NSE has undertaken the following major technological initiatives towards effective energy conservation:<sup>23</sup>**

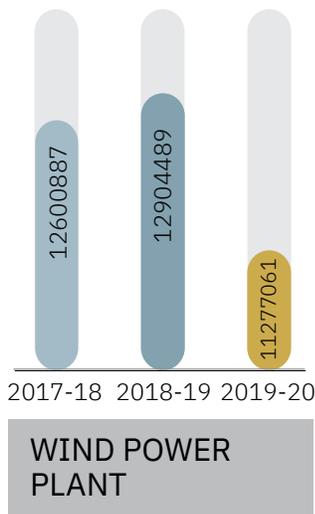
**1. Green power through renewable sources:**

**I. Wind power plant:**

NSE has commissioned a 6.25 MW (i.e. 5 nos. of 1.25 MW of Windmills) Wind Power Plant at Satara in Maharashtra in the year 2014. At wind power plants, the Wind Electric Generator (WEG) converts the kinetic energy available in the wind to electrical energy by using

a rotor, gearbox and generator. The operation of the plant goes hand in hand with the local electricity board. The plant is connected to the main power grid of the local electricity board. As per the Government of Maharashtra's renewable energy policy, the quantum of electricity generated through the wind power plant is fed to the grid, which is offset against the power consumption towards High Tension (HT) installation of the 'wind farmer' (which, in this case, is NSE) anywhere in that grid. Accordingly, the wind power plant in question has generated 1,12,77,061 electricity units in FY 2019-20.

Power Generation in KWH



**II. Solar power plant:**

A solar power plant with the capacity of 10 KW has been installed in the building to harness the solar power to cater to part of the lighting load at Exchange Plaza. This way, NSE has saved around 365 units in the last year.

**2. Energy conservation:**

**I. Lighting transformers and LED lights:**

Lighting transformers have been

introduced in the lighting feeders to regulate incoming power supply to reduce excess power consumption and enhance the life of the lighting fixtures. Additionally, LED lights have been introduced across the office area. These measures have saved around 35,560 units in FY 2019-20.

**II. Thermal energy storage system:**

A thermal energy storage system has been introduced in the air-conditioning (AC) system at Exchange Plaza. It was observed that most of the services (i.e. AC chillers, AHUs, lifts, lighting, PC, plumbing system, etc.) in the building were operated mainly during working hours. Amongst them, the AC chillers and equipment associated with them accounted for more than 30% of the

<sup>21</sup> In line with BRR principle 6, Question 3

<sup>22</sup> In line with BRR principle 6, Question 1

<sup>23</sup> In line with BRR principle 2, Question 2.ii. and principle 6, Question 2,5

total peak demand load. In view of this, NSE decided to reduce its demand load during peak hours by introducing the aforesaid plant in the existing AC system. In this system, the AC chillers are operated at night to form the “chill” (i.e. glycol water at a temperature below zero degree centigrade) that gets stored in a thermal storage tank. The next day, the stored chill is utilised through heat exchangers for air-conditioning the entire office area. On account of this, the services that were primarily operating during office hours

have been distributed and NSE had surrendered the extra power. Further to this intervention, NSE has saved around 14,123 demand kVA in FY 2019-20.

**III. Occupancy sensors:**

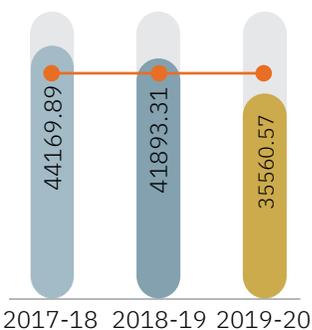
Motion/Occupancy sensors have been installed in the entire office area to operate the lights automatically, based on occupancy.

**IV. Building Management System:**

The Building Management System (BMS) had been installed at the

inception stage itself to enable NSE to operate the building’s services more effectively. By using BMS system, the Air Handling Units (AHU) of air-conditioning system are being operated (i.e. switching ON/OFF), as per the exact timetable scheduled for respective floors. It also helps NSE regulate the temperature of the workspace area well within a prescribed tolerance. With this effective operation and regulation of AHUs, electricity is being conserved on a day-to-day basis.

Saving in KWH



Lighting system- Savings in kWh

**V. Automatic Power Factor Control Units (APFCUs):**

APFCUs have been installed to improve the power factor (i.e. by counterbalancing the inductive load of the building with capacitive load) of the building’s entire electrical load. The power supplier regularly provides incentives in the form of discounts on the electricity bill on account of this.

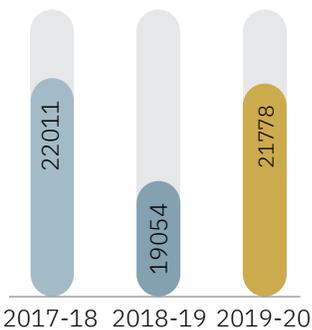
Our total power consumption from non-renewable sources of energy for FY 2019-20 was 1,26,606 GJ (i.e. 3.50 Crore KWh Units). The corresponding Carbon Dioxide (CO2) emission was 28,777.25 tonne of CO2 (tCO2). Additionally, the operation of our diesel generator set as stand-by power supply corresponded to an emission of 19.77 tCO2. Accordingly, the total CO2 emissions were 28,797 tCO2.

Our total power generation from renewable sources of energy during the reporting year was 40,599 GJ (i.e. 1.12 Crore KWh Units).

**3. Water management**

Water management is important, as water scarcity rises due to frequent droughts and overuse. Being a responsible organisation, we have taken proactive measures to manage the water at our offices. Water management is one of our key sustainability-linked thrust areas. We actively monitor our consumption to identify avenues to minimise its consumption. In our effort to reduce our reliance on fresh water from local water bodies, we also harvest rainwater on the campus. For the reporting year, we have consumed 41,281 KL of fresh water (municipality water).

Recycled water (Kltrs)



Water Savings through Recycling Water



Some of our key water conservation initiatives are as follows:

### **I. Sewage treatment plant**

This plant has been installed at the inception stage itself to enable NSE to reuse the building's domestic and flushing water (i.e. after treatment) for cooling towers associated with air-conditioning system and gardening purposes. This way, NSE has saved around 21,778 Kilo Litres of Water in the last year.

### **II. Rainwater harvesting**

Envisaging water scarcity in the future as well as taking present water shortages into account, a proper hydro-geological survey was conducted at Exchange Plaza to explore the possibility of harvesting the rainwater in the building's periphery. Following this survey and a feasibility assessment, a rainwater harvesting system has been installed, using which water is percolated into the soil in the Exchange Plaza campus.

## **4. Waste management<sup>24</sup>**

We believe in the philosophy of 'Reduce, Reuse and Recycle', and our waste management process is built on these tenets. We have incorporated a stringent mechanism to monitor our waste generation, and it is governed by relevant policies. Considering the nature of our business, we generate a significant amount of domestic waste and e-waste.

We have undertaken various initiatives as part of our waste management strategy, such as:

### **I. Vermiculture plant**

Compostable material like food waste collected from the canteen, garden organics, paper and cardboard are collected in one place. After shredding, the organic material gets loaded into the vermiculture plant for the decomposing process. Following a seven-day ongoing process, vermicompost or manure gets generated, and is used for gardening purposes. This way, NSE has generated around 780 KG of manure during the

reporting period.

### **II. E-waste management**

Our E-waste handling process is comprehensive, and our Premises and IT teams are responsible for the effective roll-out of our strategy. The team actively monitors the generation of E-waste items and ensures responsible disposal of the same. Collection and disposal of E-waste is done through vendors authorized by the State and Central Pollution Control Board. Due to the systems in place for proper waste handling and disposal, we have not received any fines or non-monetary sanctions for noncompliance with environmental laws and regulations in the reporting year. Our E-waste disposal for the reporting year was 10,862.25 KG.

With our comprehensive environmental management strategy, we aspire to set new benchmarks on environmental stewardship for our sector by sustaining concreted efforts across the spheres of energy, water and waste management.



<sup>24</sup> In line with BRR principle 2, question 5

<sup>24</sup> In line with BRR principle 6, Question 6,7

## 12. Business Responsibility Report

### SECTION A

1.	Corporate Identity Number (CIN) of the company	U67120MH1992PLC069769
2.	Name of the Company	National Stock Exchange of India Limited
3.	Registered address	Exchange Plaza, Plot C-1, Block 'G', Bandra Kurla Complex, Bandra (East), Mumbai-400 051
4.	Website	www.nseindia.com
5.	E-mail ID	secretarialdept@nse.co.in
6.	Financial Year reported	2019-20
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Sector: Infrastructure Company in the securities market industry Activity: Stock Exchange NIC Code: 6611 [As per National Industrial Classification Code 2008 – Ministry of Statistics and Programme Implementation]
8.	List three key products/services that the Company manufactures/provides (as in Balance Sheet)	Trading platform for securities Listing of securities Investor Education
9.	Total number of locations where business activity is undertaken by the Company	Number of International Locations (Provide details of major 5): None  Number of National Locations: 25 locations which include; Ahmedabad, Bengaluru, Chennai, Kochi, Delhi, Hyderabad, Indore, Jaipur, Kanpur, Kolkata, Mumbai, Pune, Lucknow, Patna, Vadodara, Dehradun, Bhubaneshwar, Chandigarh, Panaji, Ranchi, Guwahati, Raipur, Shimla, Jammu and Gandhinagar.
10.	Markets served by the Company	National

### SECTION B

1.	Paid up capital (INR in crores)	49.50 Crores
2.	Total Turnover (INR)	3,898 Crores
3.	Total profit after taxes (INR)	1,885 Crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after taxes (%)	3.17%
5.	List of activities in which expenditure in 4 above has been incurred	1. Primary education 2. Sanitation and safe drinking water 3. Elder care 4. Disaster relief and rehabilitation programmes

### SECTION C

#### 1. Does the Company have any Subsidiary Company/ Companies?

Yes, we have the following direct/indirect subsidiaries:

- a) NSE Clearing Limited
- b) NSE Investments Limited
- c) NSE Data and Analytics Limited
- d) NSE Indices Limited
- e) NSE IT Limited

- f) NSEIT US Inc.
- g) NSE Infotech Services Limited
- h) NSE Academy Limited
- i) NSE IFSC Limited
- j) NSE IFSC Clearing Corporation Limited
- k) NSE Foundation
- l) Aujas Networks Private Limited

**2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

Yes, all our subsidiaries participate in the BR initiatives undertaken by us. They also participate in the Group's BR activities and initiatives to the extent applicable. The provisions of CSR are not applicable to IFSC companies for five years from inception, as per the exemption given by the Ministry of Corporate Affairs.

**3. Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

Not Applicable

**SECTION D**

**1. Details of Director/Directors responsible for Business Responsibility**

a. Details of the Director/Director responsible for implementation of the Business Responsibility policy/policies

Name	DIN Number	Designation
Mr. Vikram Limaye	00488534	MD & CEO

b. Details of the Business Responsibility Head

Particulars	Details
DIN Number (if applicable)	00488534
Name	Mr. Vikram Limaye
Designation	MD & CEO
Telephone number	022-26598222
e-mail id	secretarialdept@nse.co.in

**2. Principle-wise (as per NVGs) BR Policy/ policies (Reply in Y/N)**

a) Answer the following questions with respect to every Principle (as defined by NVG) . Respond saying yes or no for every Principle

	Principle 1	Principle 2	Principle 3	Principle 4	Principle 5	Principle 6	Principle 7	Principle 8	Principle 9
Do you have a policy/ policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Does the policy conform to any national /international standards? If yes, specify?	Y*								

a) Answer the following questions with respect to every Principle (as defined by NVG) . Respond saying yes or no for every Principle

	Principle 1	Principle 2	Principle 3	Principle 4	Principle 5	Principle 6	Principle 7	Principle 8	Principle 9
Has the policy being approved by the Board? Has it been signed by MD/owner/CEO/appropriate Board Director?	Y**	Y**	Y**	Y**	Y**	Y**	Y**	Y**	Y**
Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Indicate the link for the policy to be viewed online.	Y***	Y***	Y***	Y***	Y***	Y***	Y***	Y***	Y***
Has the policy been formally communicated to all relevant internal and external stakeholders?	Y****	Y****	Y****	Y****	Y****	Y****	Y****	Y****	Y****
Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes, there is an internal framework and in-house structure established to implement the policies.								

\* The policies are developed and aligned with following standards prescribed by /under:

- Securities and Exchange Board of India
- Ministry of Corporate Affairs guidelines
- Applicable legal requirements
- SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- The Company's internal requirements, detailed consultations and research on the best practices adopted by peers and organisations across the industry.

\*\* The policies are approved by the Board and signed by the heads of the respective departments responsible for their implementation.

\*\*\* The policies are available on our internal portal, which can be made available on request.

\*\*\*\* The policies are available on the internal portal for all the internal stakeholders.

b) If the answer against any of the Principles is 'No' in the table above please explain the reason by marking a 'O' against the appropriate reason

	Principle 1	Principle 2	Principle 3	Principle 4	Principle 5	Principle 6	Principle 7	Principle 8	Principle 9
The company has not understood the Principles	-	-	-	-	-	-	-	-	-
The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
Any other reason (please specify)	-	-	-	-	-	-	-	-	-

#### 1. Governance related to BRR

##### a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The BR performance is evaluated annually.

##### b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes, the Company publishes annual BRR that covers the 9 NVGs and is available at <https://www.nseindia.com/investor-relations/annual-reports>.

#### Section E: Principle-Wise Performance

For each of the questions in this section the relevant section from the report will be mapped with a mention of the page number where the content can be found.

#### Principle 1 (P1): Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

##### 1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

Yes, our Code of Conduct and Vigil mechanism address issues related to ethics, bribery and corruption. These policies are applicable to all NSE Group companies.

##### 2. How many stakeholders' complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Categories	Year ended March 31, 2020	
	Companies	Trading Members
No of Complaints pending at the beginning of the year	440	1624
No. of Complaints received during the year	3713	24201
No. of Complaints redressed during the year	3841	17897
No. of Complaints pending at the end of the year	312	7928*

\* Out of 7,928 complaints pending, 7,245 complaints pertain to disabled members, against whom disciplinary proceedings are underway

Categories	Year ended March 31, 2020
No of Arbitration cases pending at the beginning of the year	109
No. of Arbitration cases received during the year	449
No. of Arbitration cases redressed during the year	423
No. of Arbitration cases pending at the end of the year	135

**Principle 2 (P2): Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

1. List up to 3 products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.

Thematic Indices:

1. NIFTY100 ESG Index
2. NIFTY100 Enhanced ESG Index
3. Green Bonds

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

i. Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?

NA

ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Natural Capital (Pg.77)

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

NA

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

NA

5. Does the Company have mechanism to recycle products and waste? If yes, what is the percentage of recycling waste and products?

Natural Capital (Pg.79)

**Principle 3 (P3): Businesses should promote the wellbeing of all employees**

1. Please indicate the total number of employees.

1,101

2. Please indicate the total number of employees hired on temporary/ consultants/casual basis.

48

3. Please indicate the number of permanent women employees.

318

4. Please indicate the number of permanent employees with disability.

Nil

5. Do you have an employee association that is recognised by management?

No

6. What percentage of your permanent employees are a member of this recognised employee association?

None

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Human capital, (Pg.58)

**Principle 4 (P4): Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantage vulnerable, and marginalised.**

1. Has the company mapped its internal and external stakeholders?

Our approach to sustainable value creation - Stakeholder engagement and materiality assessment (Pg. 42)

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders?

Our approach to sustainable value creation - Stakeholder engagement and materiality assessment (Pg.42)

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable, and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.

Yes, there are several initiatives conducted by us with other subsidiaries. For more details on them, please refer to Social and Relationship Capital (Pg.66)

**Principle 5 (P5): Businesses should respect and promote human rights.**

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?

Human Capital (Pg.59)

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

In FY 2019-20, there have been no

stakeholder complaints relating to violation of human rights.

**Principle 6 (P6): Business should respect, protect, and make efforts to restore the environment**

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

Natural Capital (Pg.77)

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?

Natural Capital (Pg.77)

3. Does the company identify and assess potential environmental risks?

Natural Capital (Pg.77)

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

NSE currently does not undertake any project in line with the Clean Development Mechanism.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N.

Natural Capital (Pg.77)

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Natural Capital (Pg.79)

7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Natural Capital (Pg.79)

**Principle 7 (P7): Businesses, when engaged in influencing public and regulatory policy, should do so in a**

**responsible manner**

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Social and Relationship Capital (Pg.67)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Social and Relationship Capital (Pg.67)

**Principle 8 (P8): Businesses should support inclusive growth and equitable development**

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Social and Relationship Capital (Pg. 70)

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/Government structures/any other organisation?

The programmes are undertaken through our group-level NSE Foundation

3. Have you done any impact assessment of your initiative?

Social and Relationship Capital (Pg.73)

4. What is your company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken?

Social and Relationship Capital (Pg.73)

5. Have you taken steps to ensure that this community development initiative is successfully adopted

**by the community?**

Social and Relationship Capital (Pg.73)

**Principle 9 (P9): Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

In FY 2019-20, 48 consumer cases are pending before various District, State and National Consumer Disputes Redressal Commissions. However, these cases are not very critical in nature.

2. Does the company display product information on the product label, over and above what is mandated as per local laws?

Not Applicable

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year?

SEBI, vide its order dated April 30, 2019 in the Colocation-Dark Fibre matter, has inter alia held NSE liable for the violation of the SEBI PFUTP Regulations. NSE has preferred an appeal before Hon'ble SAT, against the said SEBI order, which is pending for hearing.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Social and Relationship Capital (Pg.67)



# BOARD'S REPORT

To  
The Members,

Your Directors have pleasure in presenting the Twenty-Eighth Annual Report and Audited Financial Statements of the National Stock Exchange of India Limited (referred herein as the 'NSE' or 'your Company' or 'the Exchange') for the year ended March 31, 2020.

## 1. OPERATIONS AND MAJOR DEVELOPMENTS DURING THE YEAR

### 1.1 GLOBAL RANKINGS – EQUITY DERIVATIVES MARKET

#### 1.1.1 All products

NSE was ranked No.1 across all the Derivatives exchanges in the world based on the volume of contracts traded during the calendar year 2019.

Table 1

Figure in Millions

Sr no	Exchange	Country	Number of Contracts traded during 2019
1	NSE	India	5960.63
2	CME Group	USA	4830.04
3	B3 SA Brasil Bolsa Balco	Brazil	3880.62
4	Intercontinental Exchange	USA	2256.76
5	EUREX	EU	1947.14

Source: FIA rankings based on number of contracts traded and/ or cleared between Jan – Dec 2019

<https://www.fia.org/articles/2019-market-data-derivatives-volume-grows-bric-bric>

#### 1.1.2 Stock Futures

For the calendar year 2019, NSE was ranked as the 2nd largest exchange in the world in terms of number of contracts traded in single stock futures.

Table 2

Figure in Millions

Sr no	Exchange	Number of Contracts traded during 2019
1	Korea Exchange	616.95
2	NSE	254.38
3	Deutsche Boerse AG	232.23
4	Moscow Exchange	205.90
5	Borsa Istanbul	196.63

Source: WFE Statistics

<https://www.world-exchanges.org/our-work/articles/wfe-2019-derivatives-report>

### 1.1.3 Index Options

For the calendar year 2019, NSE was ranked as the No.1 exchange in the world in terms of number of contracts traded in index options.

**Table 3** Figure in Millions

Sr no	Exchange	Number of Contracts traded during 2019
1	NSE	4155.12
2	Korea Exchange	668.78
3	CBOE Global Markets	474.32
4	Deutsche Boerse AG	431.58
5	Taiwan Futures Exchange	170.19

Source: WFE Statistics

<https://www.world-exchanges.org/our-work/articles/wfe-2019-derivatives-report>

Bank Nifty and Nifty Index options ranked as 1st and 3rd among the top 50 Futures and Options Contracts traded globally during the calendar year 2019.

(Source: [www.futuresindustry.org](http://www.futuresindustry.org) rankings based on number of contracts traded or cleared between Jan 19 -Dec 19)

<https://www.fia.org/resources/global-futures-and-options-trading-reaches-record-level-2019>

### 1.1.4 Currency Futures

For the calendar year 2019, NSE was ranked No.1 exchange in the world in terms of number of contracts traded in currency futures.

**Table 4** Figure in Millions

Sr no	Exchange	Number of Contracts traded during 2019
1	NSE	617.57
2	B3 SA Brasil Bolsa Balco	441.20
3	Moscow Exchange	438.67
4	BSE Limited	385.90
5	CME Group	204.32

Source: WFE Statistics

<https://www.world-exchanges.org/our-work/statistics>

### 1.1.5 Currency Options

During the calendar year 2019, NSE was ranked No. 1 exchange in the world in terms of number of contracts traded in currency options.

**Table 5** Figure in Millions

Sr no	Exchange	Number of Contracts traded during 2019
1	NSE	649.00
2	BSE LIMITED	597.16
3	Johannesburg Stock Exchange	27.20
4	Moscow Exchange	22.57
5	CME Group	12.89

Source: WFE Statistics

<https://www.world-exchanges.org/our-work/statistics>



## 1.2 GLOBAL RANKINGS-CAPITAL MARKET

In the Capital Market segment, NSE was ranked 3rd in the world based on the number of trades during the calendar year 2019.

Table 6

Sr. no.	Exchange	No. of Trades (in Thousands)
1	Shenzhen Stock Exchange	49,16,107.82
2	Shanghai Stock Exchange	32,34,957.42
3	<b>NSE</b>	<b>26,41,653.37</b>
4	Korea Exchange	25,95,795.30
5	Nasdaq – US	21,98,488.36

Source: WFE

<https://www.world-exchanges.org/our-work/statistics>

## 1.3 Commodity Derivatives

During the year 2019-20, NSE Commodity Derivatives segment witnessed a total turnover of ₹8,216.89 crores with a 19% increase in the average monthly turnover compared to FY 2018-19. During FY 2019-20, physical settlement of more than 4000 Kgs (16+ Kgs of Gold and 4110 Kgs of Silver) was handled aggregating to ₹8.79 crores.

During the year under review, Central Board of Direct Taxes, based on the NSE's application, recognized NSE as a 'Recognized Association' for transactions in commodity derivative segment under the Income Tax Act, 1961.

## 1.4 Membership at NSE

27 new members (1 in CM, F&O, CD and Debt segments; 11 in CM, F&O and CD segments; 11 in CM and F&O segments; 1 in F&O and CD segments; 1 in CM segment; 2 in F&O segment) were registered during the Financial Year 2019-20.

The Exchange also granted additional segment membership to 11 members during the Financial Year 2019-20.

Table 7 shows the membership details for the Financial Year 2019-20:

Category	CM Segment	F&O Segment	CD Segment	Debt Segment	Composite membership (CM, F&O, CDS and Debt)*	Total Members*
SEBI registered trading members	24	26	13	1	1,224	1,373
Members registered in additional segments	2	2	3	4		
Authorised persons*	98,267	93,231	26,257	Nil		
Surrender of membership	12	12	21	0		

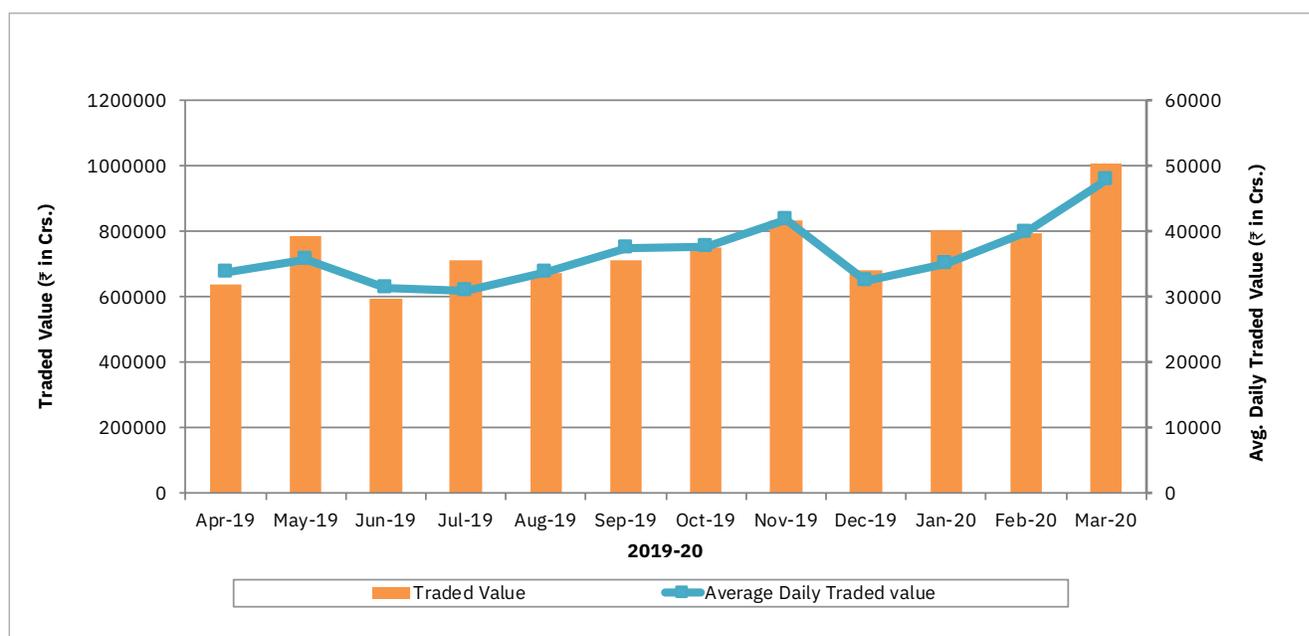
\* Data as on March 31, 2020

### 1.5 CAPITAL MARKET (CM SEGMENT)

The total turnover of CM segment in the year 2019-20 was ₹89,98,811 crores as compared to ₹79,49,002 crores in the year 2018-19, showing an increase of 13.21%. The average daily traded value in 2019-20 was ₹36,463 crores as compared to ₹32,182 crores in 2018-19.

As on March 31, 2020, the number of listed companies available for trading was 1882 compared to 1884 at the end of March 31, 2019.

Figure 1: Month-wise Turnover and Average Daily Turnover in CM segment



The changes in turnover statistics over the preceding year are presented in Table 8.

Table 8 Turnover Statistics on CM segment

Sr. No.	Details	2019-20	2018-19	% Rise/ (Fall) in 2019-20
1	Total Number of trades (In lakhs)	31,460	28,532	10.26
2	Total number of shares traded (in lakhs)	46,74,057	37,49,977	24.64
3	Total Turnover (₹ in Crs.)	89,98,811	79,49,002	13.21
4	Market Capitalization at the end of year (₹ in Crs.)	1,12,43,112	1,49,34,227	-24.72
5	Turnover of NIFTY 50 Securities (₹ in Crs.)	50,79,976	38,31,129	32.60
6	Total number of listed companies for trading.	1,882	1,884	-0.11

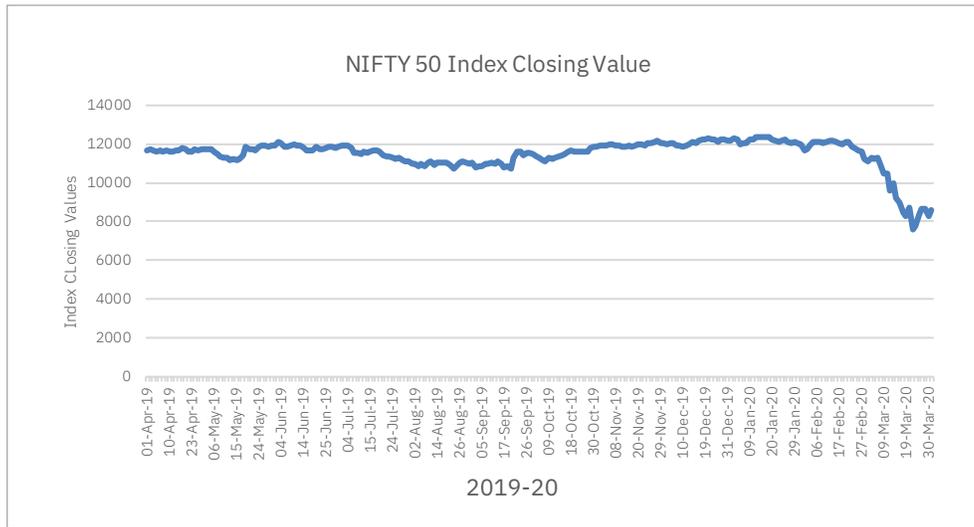


### 1.5.1 Index movement

NIFTY 50 saw a downward movement of 26.32% moving from 11,669.15 to 8,597.75 over the financial year 2019-20. During the year 2019-20, the NIFTY 50 touched a high of 12,362.30 on January 14, 2020 and low of 7,610.25 on March 23, 2020. Movement of NIFTY 50 is shown in Figure 2.

The turnover of NIFTY 50 securities was ₹50,79,976.34 Crs. in the year 2019-20 as compared to ₹38,31,129.74 Crs. in the previous year. The contribution of NIFTY 50 securities turnover to total turnover during the year 2019-20 was 56.45% compared to 48.20% in the year 2018-19.

Figure 2: NIFTY 50 Index movement



### 1.5.2 Market Capitalization

The market capitalization of securities available for trading on CM segment has decreased by 24.72% during 2019-20 from ₹1,49,34,227 Crs. as on March 31, 2019 to ₹1,12,43,112 Crs. as on March 31, 2020. Out of total market capitalization of ₹1,12,43,112 Crs. as on March 31, 2020, ₹1,84,081 Crs. was contributed by newly listed securities. The market capitalization growth is shown in Figure 3.

Figure 3: Market Capitalization during the year 2019-20

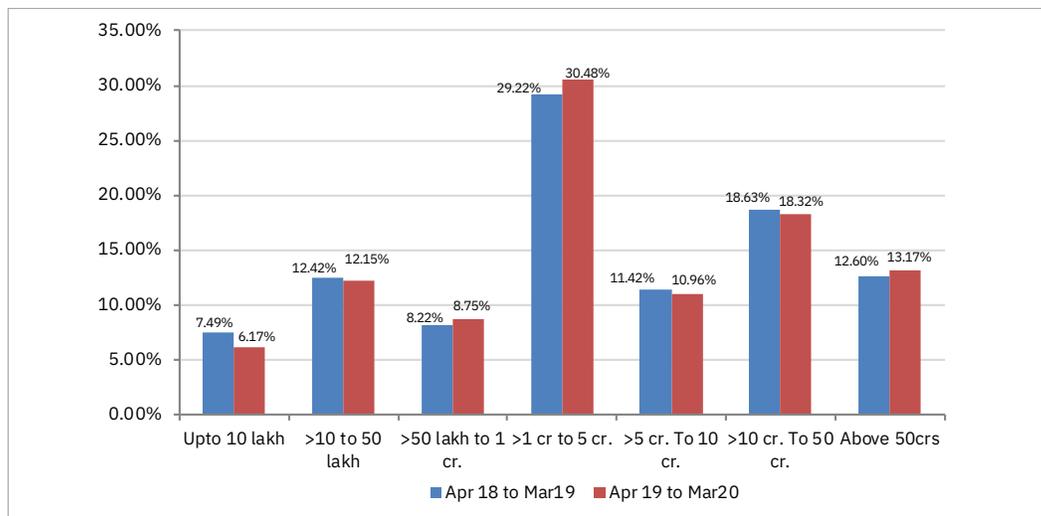


### 1.5.3 Distribution of Turnover

#### Turnover-wise distribution of trading members

In 2019-20, 31% of the trading members had an average daily turnover of more than ₹10 Crs. in cash market and 73% of the trading members had an average daily turnover of ₹1 crore or more.

Figure 4: Average Daily Turnover-wise distribution of TMs (In ₹)



### 1.5.4 Capital raising

Table 9

Fund Raising Across Primary Market Products - FY 2019-20	
Product	Amount (₹ in Crs.)
IPO – Equity	20,370
Electronic Book Building Debt	2,47,467
Commercial Papers Listed	4,26,423
Privately Placed Bonds Listed	4,19,726
IPO – Debt	6,565
REITs	4,750
InVITs	2,300

### 1.5.5 New Developments in Capital Market during the year 2019-20

In the year 2019-20, various new developments have been initiated by the Exchange. The details of the same are given below: -

#### April 2019 – Prevention of Self Trade Mechanism

Exchange had revised the applicable provisions to further strengthen Self-Trade Prevention (STP) mechanism.

#### April 2019 – Release of “NEAT Adaptor”

Exchange released “NEAT Adaptor” application & discontinued TAP application for facilitating login through Exchange provided NEAT frontend.

#### June 2019 –Interoperability among Clearing Corporations

Exchange issued circular informing members for various functional changes in the Trading Platform due to Interoperability among Clearing Corporations.

#### December 2019 – ENIT Mobile Application

Exchange launched a mobile based application for members to facilitate various requests like user unlocking and password reset.

#### February 2020 – E-OFS Platform

Exchange had issued circular regarding migration of NEAT based OFS application to web-based platform.

#### February 2020 - Trading in Rights Entitlement

Exchange issued circular for informing members, trading parameters for trading Rights Entitlement in the Capital Market Segment.

### 1.5.6 New developments in Listing

#### I. Listing of Commercial Papers:

On October 22, 2019, SEBI laid down the framework for listing of Commercial Papers (CP). Exchange collaborated with SEBI to issue guidance to issuers on practical aspects. An application filing module on NSE’s Electronic Application Processing System (NEAPS) was provided to issuers to facilitate listing of commercial papers within



prescribed timelines. Issuers can track the status of their applications online. CPs are listed and made available for trading, effective the same day in cases wherein the issuer applies within the stipulated timeline. All CP issuances listed during the day are notified to the market through a Circular issued by the Exchange.

CPs listed on the Exchange during the period November 27, 2019 to March 31, 2020:

Issuers	No of Issues*	Number of ISINs	Amount (₹ in Crs.)
105	1022	925	4,26,423

\* Includes re-issuances under existing ISINs.

## II. Alerts to investors

As a proactive measure, NSE continues to send an email alert to the shareholders of the listed companies alerting them on non-compliance and impending suspension of the listed company in which they hold shares. The alert is sent to the email address of the shareholders registered in the Depository System. NSE is of the firm belief that shareholders will find immense value in these alerts.

### 1.6 FUTURES AND OPTIONS SEGMENT

The financial year 2019-20 witnessed 6.6% increase in turnover and 62.20% increase in number of contracts traded compared to 2018-19. However, daily average open interest decreased by 9.26%. The average contribution of proprietary category decreased to 24.87% in 2019-20 from 25.64% in 2018-19.

#### 1.6.1 Turnover records achieved in the F&O segment during 2019-20:

Table 10

Category	Total	Date of Record
Index Futures Traded Value (₹ in Crs.)	86,029.81	20-Sep-2019
Index Options Premium Traded Value (₹ in Crs.)	14,574.19	19-Mar-2020
Stock Options Premium Traded Value (₹ in Crs.)	2,151.27	18-Mar-2020

#### 1.6.2 Basic Statistics of the F&O segment:

Table 11

Particulars	Daily Average Traded Value (₹ in Crs.)	Daily Average Number of Contracts	Open Interest (₹ in Crs.) End of Period	Open Interest to Daily average traded value Ratio
Apr'19 to Jun'19	92,259	18,163,291	2,67,843	2.9
Jul'19 to Sep'19	99,199	2,16,60,833	3,01,170	3.04
Oct'19 to Dec'19	92,751	2,05,43,696	3,23,904	3.49
Jan'20 to Mar'20	1,06,530	2,26,76,463	1,62,045	1.52
2019-20	97,820	2,07,98,495	1,62,045	1.66
2018-19	91,008	1,27,61,300	2,87,032	3.15
% Change	7.49	62	-44	

1.6.3 A graphical presentation of monthly product-wise contribution is given below:

Figure 5



1.6.4 Institutional, Proprietary and Other Investors – Turnover Analysis:

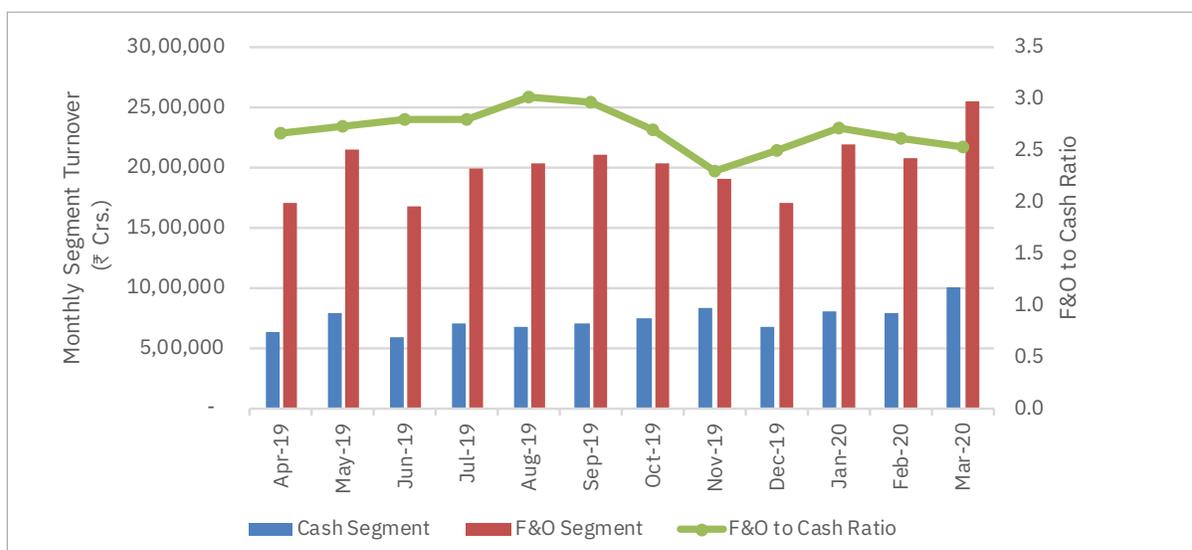
Table 12

Sr. no	Year	Institutional		Proprietary		Others	
		Average Gross Traded Value (in ₹)	Percentage Contribution	Average Gross Traded Value (in ₹)	Percentage Contribution	Average Gross Traded Value (in ₹)	Percentage Contribution
1	2018-19	1,19,38,505	26.45%	1,15,73,180	25.64%	2,16,28,386	47.91%
2	2019-20	1,32,51,907	28.99%	1,13,70,144	24.87%	2,10,91,754	46.14%

1.6.5 Comparative analysis of the Traded Value in the F&O segment with the Cash segment:

Figure 6

The ratio of F&O segment turnover (premium value is considered in case of Options) to cash segment turnover was 2.84 times for the year 2019-20 as compared to 2.90 times for the year 2018-19.





1.6.6 Product-wise Basic Statistics:

Table 13

Table 13A - Daily Average Number of Contracts (in lakhs)

Product	Stock Futures	Index Futures	Stock Options	Index Options
Apr'19 to Jun'19	10.4	3.3	7.5	160.5
Jul'19 to Sep'19	10.7	4.0	8.7	193.1
Oct'19 to Dec'19	10.6	3.3	8.3	183.3
Jan'20 to Mar'20	10.0	4.7	7.6	204.4
2019-20	10.4	3.8	8.0	185.7
2018-19	10.3	2.8	7.5	107.0
% Change	1.13	36.29	6.52	73.62

Table 13B - Daily Average Open Interest (Contracts in lakhs)

Product	Stock Futures	Index Futures	Stock Options	Index Options
Apr'19 to Jun'19	19.0	3.7	5.5	20.6
Jul'19 to Sep'19	19.1	3.6	5.7	20.7
Oct'19 to Dec'19	20.0	2.9	6.2	21.0
Jan'20 to Mar'20	18.6	2.8	5.5	22.1
2019-20	19.2	3.2	5.7	21.1
2018-19	19.0	4.1	5.8	22.5
% Change	0.93	-21.89	-1.57	-6.41

1.6.7 TOP 5 TRADED SYMBOLS in F & O segment

Figure 7 – Top 5 symbols in equity futures

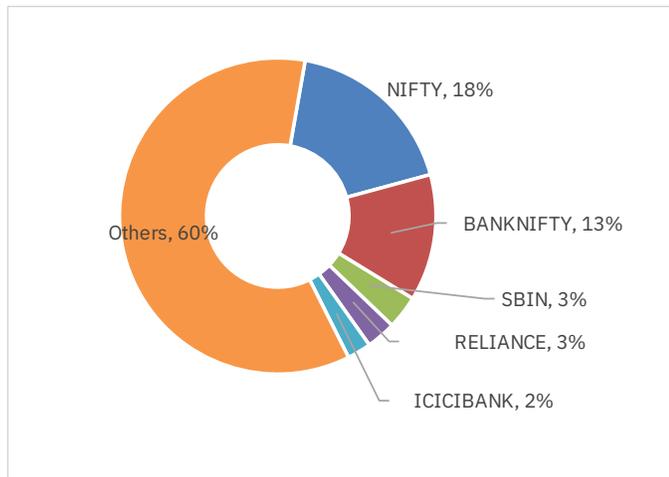
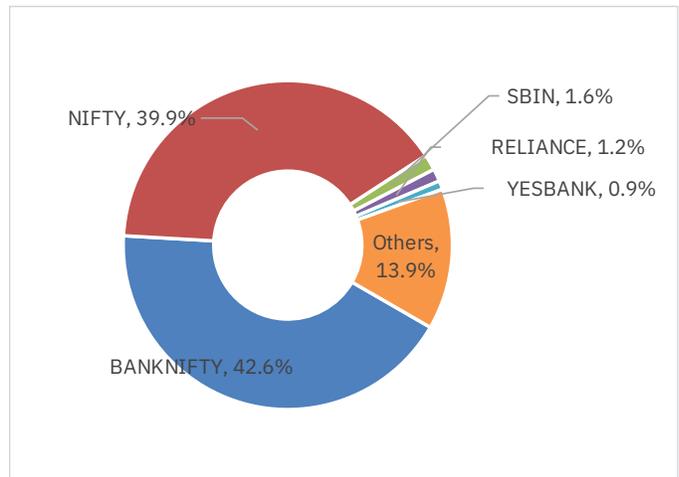


Figure 8: Top 5 Symbols in equity options



### 1.6.8 New Developments in Equity Derivatives Segment during the year 2019-20

In the year 2019-20, various new developments have been initiated by the Exchange. The details of the same are given below: -

#### April 2019 – Prevention of Self Trade Mechanism

Exchange had revised the applicable provisions to further strengthen Self-Trade Prevention (STP) mechanism.

#### April 2019 – Release of “NEAT Adaptor”

Exchange released “NEAT Adaptor” application & discontinued TAP application for facilitating login through Exchange provided NEAT frontend.

#### June 2019 – Interoperability among Clearing Corporations

Exchange issued circular informing members for various functional changes in the Trading Platform due to Interoperability among Clearing Corporations.

#### December 2019 – ENIT Mobile Application

Exchange launched a mobile based application for members to facilitate various requests like user unlocking and password reset.

#### March 2020 – Operating Range to Futures Contracts

Based on SEBI guidelines, Exchange issued a circular for making an additional provision of 15 minutes cooling period before relaxing dynamic price band for Stocks and Index Futures Contracts.

### 1.7 CURRENCY DERIVATIVES SEGMENT

Financial year 2019-20 witnessed an increase in currency derivatives (Currency Futures and Options) turnover.

Average daily turnover in currency derivatives increased by 9.85% and stood at ₹21,109.79 Crs. in 2019-20 compared to ₹19,216.22 Crs. in 2018-19.

Daily average number of contracts increased by 11.84% in 2019-20 and stood at 55,15,482 contracts as compared to 49,31,622 contracts traded in 2018-19.

Daily average open interest increased by 6.76% in 2019-20 as compared to what was observed last year during 2018-19.

Total number of members enabled in currency derivative segment has declined to 548 for the year 2019-20 as compared to 582 for the year 2018-19.

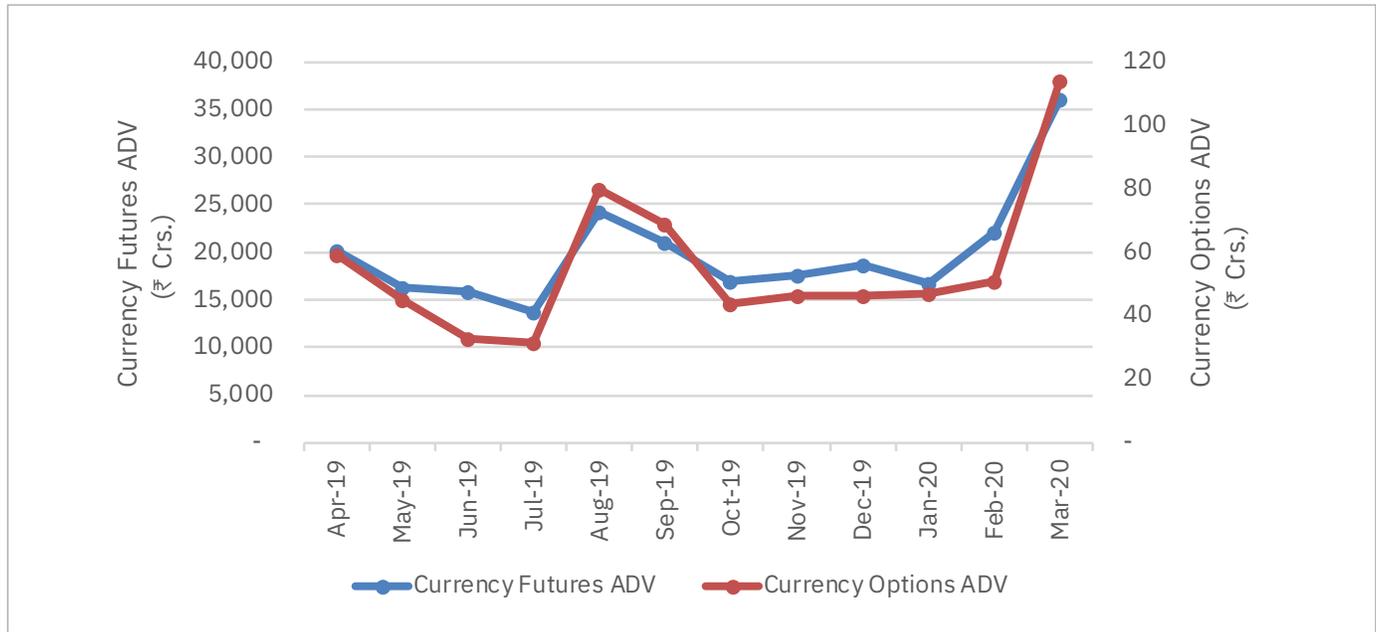
Currency Futures: Average daily turnover in Currency futures for the financial year 2019-20 increased by 9.91% and stood at ₹21,054.86 Crs. as compared to ₹19,156.08 Crs. seen in 2018-19. Futures trading constituted 51.34% of the total turnover in the segment. USD-INR currency pair was the most traded futures contract. Average market share of NSE in currency futures stood at 64.20% in 2019-20.

Currency Options: Average daily turnover in currency options decreased by 8.68% in 2019-20 and stood at ₹54.92 Crs. compared to ₹60.15 Crs. observed during 2018-19. The average market share of NSE in currency options stood at 82.14% in 2019-20.

Interest Rate Futures: Average daily turnover in Interest Rate Futures for the financial year 2019-20 increased by 47.03% and stood at ₹1,484.82 Crs. as compared to ₹1,009.91 Crs. in 2018-19. The daily average open interest increased by 94.50% and stood at 1,62,113 contracts as compared to 83,350 contracts in the previous year.



Figure 9: Currency Futures and Options Turnover



**1.7.1 New Developments in Currency Derivatives Segment during the year 2019-20**

In year 2019-20, various new developments have been initiated by the Exchange. The details of the same are given below: -

**August 2019 – Interoperability among Clearing Corporations**

Exchange issued circular informing members of various functional changes in the Trading Platform due to Interoperability among Clearing Corporations.

**December 2019: Introduction of Interest Rate Options**

Exchange has issued a circular informing members about introduction of trading in Interest Rate Option contracts.

**December 2019 – ENIT Mobile Application**

Exchange launched a mobile based application for members to facilitate various requests like user unlocking and password reset.

**1.8 DEBT MARKET SEGMENT**

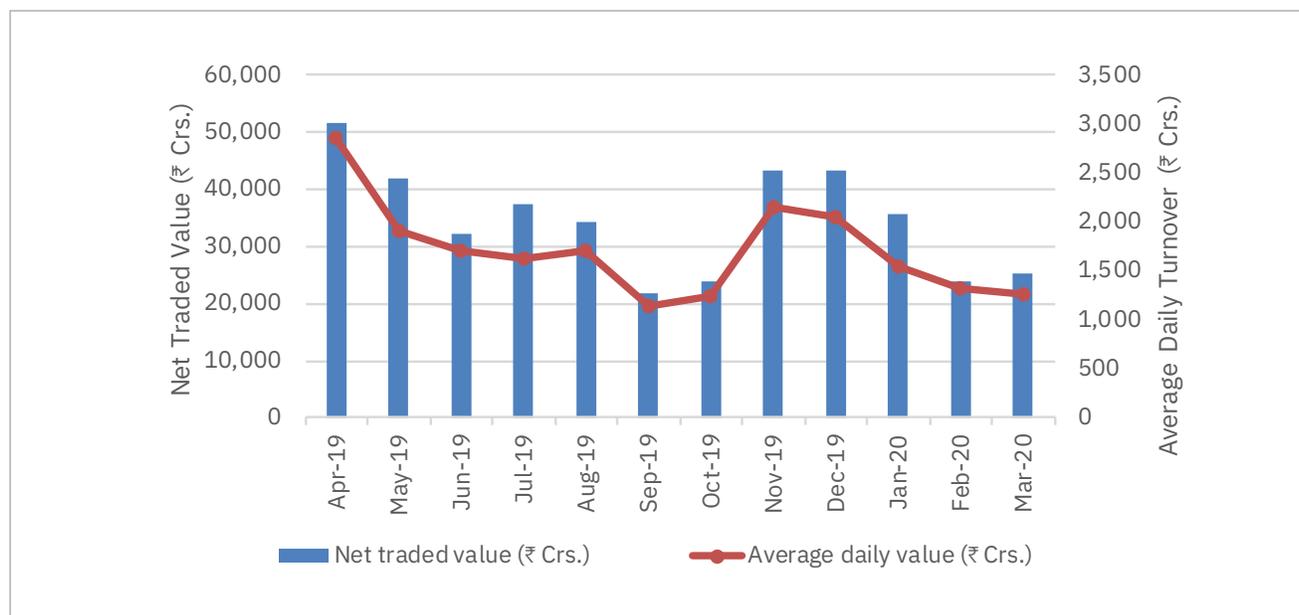
To cater to the unique characteristics of the debt market, NSE has launched the Debt Segment dedicated to Debt Securities on May, 2013. The Debt Segment facilitates the Negotiated Trade Reporting Platform (NTRP) and the Anonymous Order Matching Platform. In June 2018, NSE introduced Tri-Party Repo on corporate debt securities in the Debt Segment.

The Debt Segment Order Matching platform facilitates buying and selling of debt securities in a transparent manner on anonymous order driven trading platform along with guaranteed settlement.

Tri-Party Repo on corporate debt securities provides market participants an opportunity to borrow against the securities and provides short term liquidity to participants. Availability of tri-party repo can increase demand for corporate bonds and may provide a boost to much needed liquidity in the corporate bond market.

The turnover on Debt segment increased in the financial year 2019-2020 by 17.3% from an average daily turnover of ₹1,461 Crs. in 2018-19 to ₹1,714 Crs. in 2019-20.

Figure 10: Turnover on Debt segment - 2019-20



The transactions in dated Government securities form a substantial share in the Debt segment with 86.83% in 2019-2020. The market capitalization of the Debt segment has witnessed a constant increase in the number of securities available for trading on this segment. The total market capitalization of the securities available for trading on Debt segment stood at ₹95,70,055 Crs. as on March 31, 2020.

Table 14: Trades in Debt segment

Particulars	2019-2020	2018-2019
Number of Trades	7,177	8,341
Average monthly number of trades	598	695
Average daily number of trades	30	34
Average Trade Value (₹ in Crs.)	57.80	42.40
Average Daily Turnover (₹ in Crs.)	1,714.06	1,461.51
Turnover (₹ in Crs.)	4,14,827.92	3,53,684.35
Number of Active Scrips	1,372	1,485
Number of Active members	23	24



### 1.8.1 Securities Profile

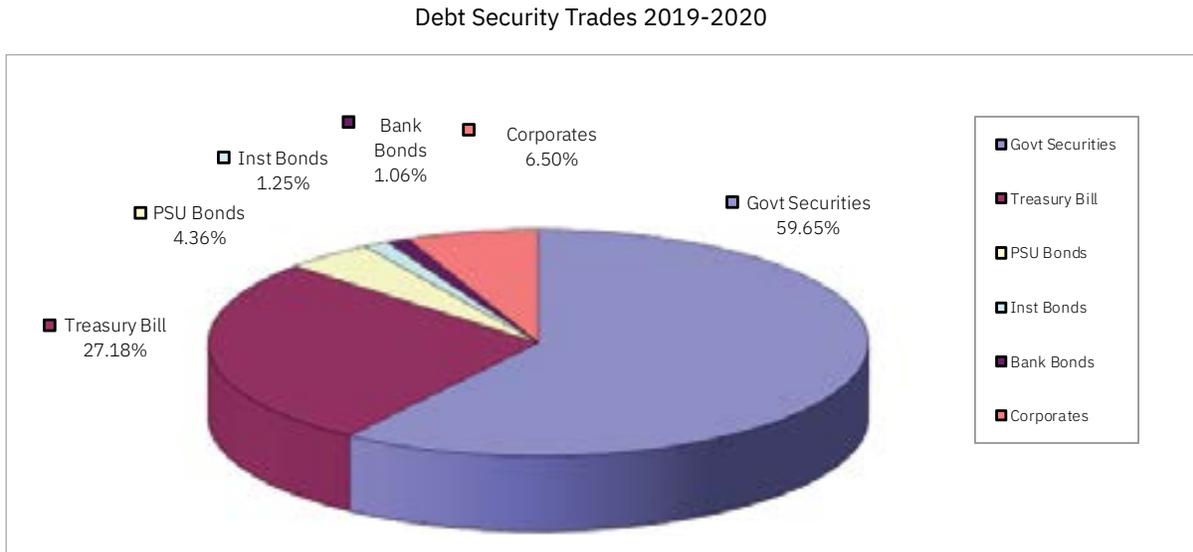
The turnover of Government securities in the Debt segment increased by 40.84% during 2019-20. Its share in total turnover increased from 52.44% in 2018-19 to 59.65% in 2019-20. The share of Treasury Bills increased from 19.87% in 2018-19 to 27.18% in 2019-20. The turnover of Non-Government securities in Debt segment decreased by 44.19% during 2019-20. During 2019-2020, the share of Non-Government Securities in total turnover decreased to 13.18% as compared to 27.69% in 2018-2019.

Table 15 and Figure 12 represent security-wise distribution of turnover.

Table 15: Security-wise Distribution of Turnover

Securities	2019-20		2018-19	
	Turnover (₹ in Crs.)	% of Turnover	Turnover (₹ in Crs.)	% of Turnover
Government Securities	2,47,427.69	59.65	1,85,445.94	52.44
T-Bills	1,12,743.22	27.18	70,285.56	19.87
PSU Bonds	18,102.39	4.36	30,645.15	8.67
Institutional Bonds	5,204.00	1.25	12,747.30	3.60
Bank Bonds	4,407.00	1.06	4,487.20	1.27
Corporate Bonds	26,943.62	6.50	50,048.19	14.15
<b>Total</b>	<b>4,14,827.92</b>	<b>100.00</b>	<b>3,53,684.35</b>	<b>100.00</b>

Figure 11: Security wise Distribution of Turnover



### 1.8.2 Issuances in Debt Segment

2071 securities were listed during the financial year 2019-20. As at end of March 2020, 7889 securities were available for trading on the Debt segment. Details of Issuance in Debt are provided in Table 16.

Table 16: Issuance in Debt Segment

Financial Year	No. of New Securities Listed	Total No. of Securities (at year end)	Market Capitalisation (at year end ₹ in Crs.)
2004-05	1299	3097	14,61,734.37
2005-06	564	3177	15,67,573.81
2006-07	661	3252	17,84,800.57
2007-08	856	3566	21,23,346.28
2008-09	1026	3954	28,48,315.50

Financial Year	No. of New Securities Listed	Total No. of Securities (at year end)	Market Capitalisation (at year end ₹ in Crs.)
2009-10	959	4140	31,65,929.48
2010-11	1080	4479	35,94,877.15
2011-12	1508	5148	42,72,736.48
2012-13	1707	5782	49,28,331.79
2013-14	1304	5952	51,28,733.33
2014-15	1694	6546	57,39,272.61
2015-16	1905	7089	59,65,056.31
2016-17	1815	8083	66,11,683.72
2017-18	1637	8111	72,67,229.57
2018-19	1150	7742	81,40,887.79
2019-20	2071	7889	95,70,055.03

### 1.8.3 Market Capitalization

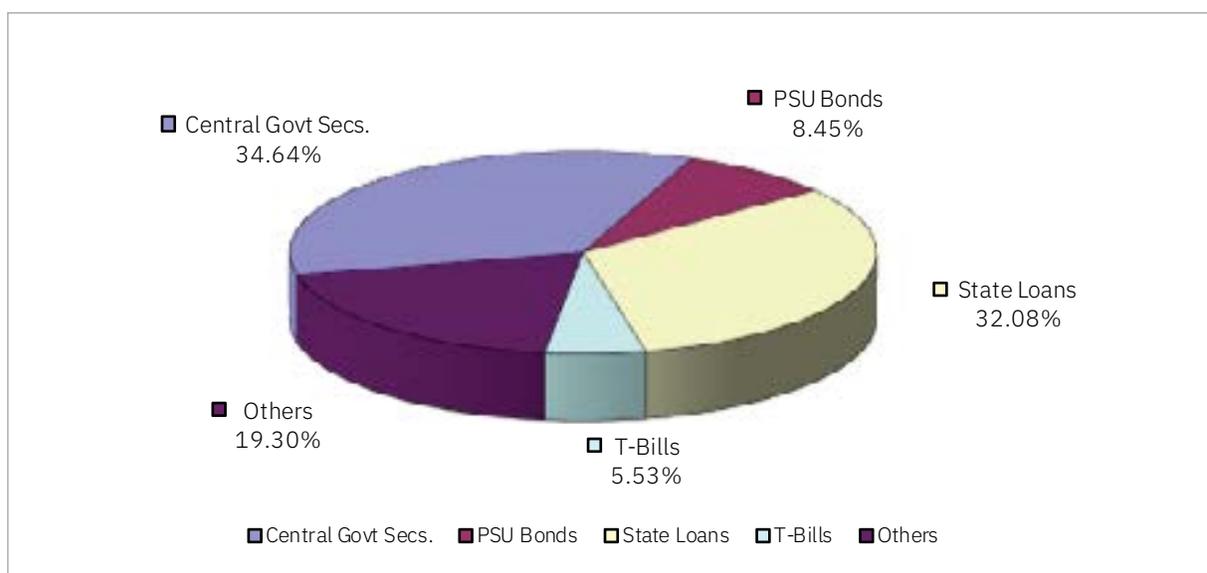
The total Market capitalization of the securities available for trading in Debt segment increased to ₹95,70,055.03 Crs. in 2019-20 from ₹81,40,887.79 Crs. in the previous year registering a growth of 17.56%. The Central Government securities accounted for the largest share of the market capitalization with 34.64% while Non-Government Securities accounted for 27.75%. The composition of the market capitalization of various securities in the Debt segment is presented in Table 17.

Table 17: Market Capitalization of Debt segment

Securities	As on March 2020		As on March 2019	
	Market Cap. (₹ in Crs.)	% of Turnover	Market Cap. (₹ in Crs.)	% of Turnover
Central Government Secs.	33,14,773.48	34.64	26,83,552.37	32.96
PSU Bonds	8,09,011.11	8.45	6,75,224.44	8.29
State Loans	30,69,980.47	32.08	25,59,873.53	31.44
T-Bills	5,29,399.82	5.53	5,22,072.45	6.41
Others	18,46,890.16	19.30	17,00,165.01	20.90
<b>Total</b>	<b>95,70,055.03</b>	<b>100.00</b>	<b>81,40,887.79</b>	<b>100.00</b>

Figure 12: Market Capitalization of Debt segment

Market Capitalisation As on March 31, 2020





### 1.8.4 Corporate Bond Market

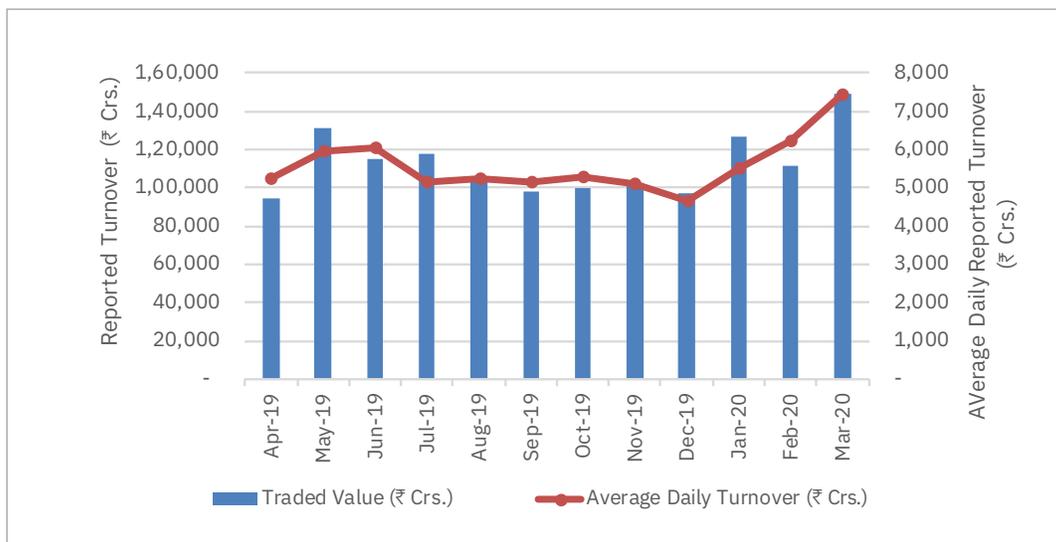
Currently, for reporting trades in corporate bonds, Exchange provides two platforms namely Debt Segment and CBRICS. The average daily traded value reported for corporate bond for 2019-2020 was ₹5,573.89 Crs. (Debt Segment & CBRICS) as compared to ₹5,137.25 Crs. for 2018-19 with an average of around 304 trades being reported on a daily basis as compared to 262 trades for 2018-19.

Turnover of Corporate Bond is presented in Table 18 and Figure 14.

Table 18: Corporate Bond Turnover

Corporate Bond Turnover	2019-2020	2018-2019	%Change
Total Turnover (₹ in Crs.)	13,48,882.34	12,43,215.03	8.50
Average Daily Turnover (₹ in Crs.)	5,573.89	5,137.25	8.50
Total Number of Trades	73,588	63,346	16.17
Average Daily Trades	304	262	16.03

Figure 13: Corporate Bond Turnover for FY 2019-2020



### 1.8.5 New Products & Services and New Developments during the year 2019-20 for Debt Market

#### 1. State Development Loans Subscription through Exchange

On November 18, 2019, NSE introduced facilitation of subscription to State Development Loans (SDLs) through its e-Gsec platform to enable retail participation through the non-competitive bidding (NCB) route.

The NCB facility was introduced by the Reserve Bank of India (RBI) to encourage retail participation in the primary market for Government securities and SDLs. The RBI conducts auctions for SDLs on a weekly basis where 10% of the notified amount is allotted for eligible investors under the scheme for non-competitive bidding. NSE acts as facilitator in NCB to aggregate

the bids received from the retail investors and submits a single bid to RBI. Retail investors can place their bids through trading members of NSE.

#### 2. Interest Rate Options

On December 09, 2019, NSE launched interest rate options on 10-year Government of India bonds. With this launch, NSE has added one more instrument to the fixed income derivatives asset class. Interest rate options provide institutional investors the ability to manage risk through a non-linear product which is otherwise not available to them. Market participants can use options to trade and hedge interest rate risk on a transparent platform.

With different categories of investors being allowed to participate from day one such as banks, primary dealers, foreign portfolio investors, corporates, etc., it is likely to bring the same depth, breadth and efficiency that other asset classes have to this product.

### **3. Request For Quote Platform for debt market**

On February 4, 2020, NSE launched 'Request For Quote' Platform for execution and settlement of trades which will allow market participants to transact in debt securities. NSE has developed this platform to cater to the specialized requirements of the bond market. The platform retains the critical features of a typical voice market like choice to disclose identity, requesting quotes from selected participants, negotiating yield, setting the expiry time of the quote, while recording the entire deal negotiation process for audit and compliance.

The NSE RFQ platform has the technological advantage of disseminating market information in a timely manner to market at large. Once a deal is executed on the RFQ platform, it will automatically go for reporting and settlement with an exception of CP / CD where existing reporting and settlement processes are followed. The NSE RFQ Platform can be accessed by eligible participants namely all regulated entities, listed corporates, institutional investors etc. The NSE RFQ Platform is expected to increase the market activity in the debt markets along with bringing in required pre-trade transparency.

### **4. Inclusion of 'AA' securities in tri-party repo**

On October 01, 2019, NSE added AA rated securities under the list of eligible securities as collateral in tri-party repo with the objective of deepening the corporate bond markets. Earlier, NSE was offering AAA rated securities on its online web-based anonymous order matching & multi-lateral trading platform to facilitate tri-party repo transactions.

NSE, acting as the tri-party agent provides services like collateral selection, payment and settlement, custody and management during the life cycle of the transaction. The settlement of repo transactions are guaranteed by NSE Clearing. Repo on corporate debt provides opportunity to borrow against the securities and provides short-term liquidity to participants.

#### **2.1 SERVICES TO INVESTORS**

During the year 2019-20, the Exchange dealt with 16,364 investor complaints against trading members and companies (excludes complaints against defaulter/expelled trading members) and facilitated 568 arbitration and appellate arbitration cases.

The Exchange has twenty-four Investor Service Centers at Mumbai, Chennai, Kolkata, New Delhi, Ahmedabad, Hyderabad, Indore, Kanpur, Pune, Bangalore, Jaipur, Vadodara, Patna, Lucknow, Chandigarh, Dehradun, Kochi, Guwahati, Bhubaneswar, Ranchi, Panaji, Raipur, Jammu and Shimla to facilitate query resolution, complaint resolution and to provide arbitration facilities. The Exchange has empanelled 167 Arbitrators and 138 IGRP members across 24 centers.

In the endeavor to increase the convenience to investors and trading members for filing complaints and arbitration matters, the Exchange provides online complaint filing interface viz. NSE Investor Centre 'NICE Plus'. This also enables the investors to file claim against members who are declared defaulter / expelled. All investors registered on the above portal can file complaints, arbitration against active members of the exchange and claims against the defaulter / expelled member.

A welcome SMS and email is sent to all new investors whose Unique Client Code details are uploaded by trading members on the Exchange. Further, on a daily basis, the Exchange also sends SMS and email to all clients who have traded for that day providing them the details of their trade as per the Exchange for investors to be able to verify the trades that they have placed. Further, the Exchange has sent (or sends) an advisory message to safeguard interest of investors via SMS and email.

As directed by SEBI under enhanced supervision of trading members, trading members upload the funds and securities balances of their clients at the end of every month. These balances are sent to the respective investors through SMS and email for their information.

The exchange has acted on the decision taken during the Surveillance meeting held at SEBI that, a cautionary SMS be sent to investors on monthly basis to beware and not fall prey to unsolicited tips and take informed decision while investing.

As directed by SEBI, Exchanges are required to conduct training for Arbitrators across Exchanges. 7 regions out of 24 regions were allocated to NSE for conducting familiarization programs for Arbitrators during the financial year 2019-20. NSE has organised familiarization programs for all 7 regions.

#### **2.2 SURVEILLANCE AT NSE**

The Exchange has a state-of-the-art Surveillance system. The system has the capacity to sift through millions of orders, trades and client information, to generate meaningful actionable alerts.



Towards continuous endeavour to improve the quality of analysis under the NewGen Surveillance System, the new module of Market Replay was released last year. An additional feature of this release was the integration of the Social Media module to this system. Market Replay is replica of the current trading system and helps to reconstruct the order and trade book, tick by tick, to identify aberrations in trading, if any.

A model for doing What-if analysis was also released as a tool for investigation. This tool enables the analyst to scrutinize the impact of an identified order in the order book. The analyst can see the impact of removal/modification/insertion of an order, in the orderbook.

During the course of the year, the Exchange has submitted 47 investigation reports to SEBI on various manipulations, which include Insider Trading, Front Running and Price volume manipulation.

Exchange has also implemented an early warning system for Listed Companies. Apart from financial parameters, non-financial parameters are tracked, including Director resignations, Auditor's resignations/qualifications, significant change in shareholding, credit downgrade, changing profile of financing of the company, loan defaults, convictions in court, delay in submission of statutory filings etc. The tracking is also done for the group companies of the listed companies.

### **3. RESEARCH AND THOUGHT LEADERSHIP INITIATIVES IN FY 2019-20**

NSE's collaboration with top-notch global and domestic research institutions has enabled it to support research in diverse fields in the area of finance such as corporate governance, empirical finance, securities markets and market microstructure, among others. Wider dissemination of NSE's research efforts as well as regular deliberations via panel discussions and seminars have helped drive policy advocacy at a broader level. Some of the initiatives conducted in the year 2019-20 are listed below:

**3.1 Seminars, Conferences and Panel Discussions:** In the year 2019-20, the Economic Policy and Research (EPR) department continued to organise seminars, conferences and panel discussions on financial markets, corporate governance and macroeconomic issues.

**3.1.1. NSE-New York University Stern School Conference:** NSE's joint initiative with New York University's Stern School of

Business for the study of Indian financial markets saw its seventh annual conference in December 2019. Spanning over two days, the conference entailed presentations and deliberations on eight academic/policy papers, a panel discussion on the role of fiscal and monetary policy in the Indian context and keynote speeches by luminaries on macroeconomics and finance. For the first time ever, the event also had a guidance session for management students by Prof. Kose John, Charles William Gerstenberg Professor of Banking and Finance at the Stern School of Business, New York University.

**3.1.2. The second edition of the Dr. R. H. Patil Memorial Lecture:** Hosted annually by the NSE in honour of its founding managing director—saw Prof. Robert Engle of New York University, winner of the 2003 Nobel Prize in Economics, address the nature of rising geopolitical risk in recent times and attempt the measurement of a phenomenon that affects all financial assets at the same time through a metric called GEOVOL. Prof. Engle illustrated the behaviour of this indicator across major global events over the past three decades, juxtaposed with market movements, and pointed to a potential overestimation of global risk using conventional measurements.

**3.1.3 NSE-IMF World Economic Outlook Conference:** NSE collaborated with International Monetary Fund (IMF) to organise a conference on the Fund's flagship publications—the World Economic Outlook (WEO) and the accompanying Regional Economic Outlook (REO) for Asia and the Pacific—released in October 2019. The event included a presentation by Dr. Anne-Marie Gulde, Deputy Director, Asia Pacific, and Dr. Luis Breuer, Senior Resident Representative—India, Nepal and Bhutan on the key takeaways from the reports, followed by a high-powered panel discussion examining implications for India.

**3.1.4 ESG Initiative with CFA Institute:** NSE continued its efforts in the area of corporate governance by collaborating with the Chartered Financial Analyst (CFA) Institute on a workshop on Portfolio Management and a roundtable on ESG (Environment, Social and Governance) Investment in January 2020. While the workshop saw participation from various securities market professionals including mutual funds, portfolio management services, investment banks and brokerage houses, among others as well as CFA charter holders aspiring to become fund managers, the roundtable saw deliberations between eminent ESG experts.

**3.1.5 Other events:** Continuing its efforts on conducting discussions on pertinent macroeconomic issues, NSE organised a panel discussion post the release of the final FY20 Union Budget in July, 2019 with a distinguished group of market experts.

At the 100th annual conference of the Indian Economic Association (IEA) held in December 2019, NSE invited Prof. Manoj Panda, the RBI Chair Professor at the Institute of Economic Growth, to deliver the NSE Annual Lecture.

NSE also invited Prof. Yesha Yadav of Vanderbilt Law School to deliver a talk on her research paper on the role of too-big-to-fail shareholders.

### **3.2 RESEARCH COLLABORATIONS**

NSE has been collaborating with renowned global and domestic research institutions over the years to support research in the areas of empirical finance and corporate governance.

During the year, NSE entered into an agreement with Indian Institute of Management Ahmedabad (IIM-A) to set up a Centre of research and excellence at the institute's campus for conducting cutting edge applied research on behavioural science in India, named as the "NSE Centre for Behavioural Science in Finance, Economics and Marketing". Apart from IIM-A, NSE is closely working with the Indian Institute of Corporate Affairs (IICA) in the area of corporate governance and with the Indian Council for Research in International Economic Relations (ICRIER) on developing agricultural markets in India.

### **3.3 QUARTERLY BRIEFINGS UNDER THE AEGIS OF THE NSE – CENTRE FOR EXCELLENCE IN CORPORATE GOVERNANCE (NSE-CECG)**

To project NSE as a 'thought leader' in corporate governance and engage with its listed companies on important governance issues, the NSE Centre for Excellence in Corporate Governance (NSE-CECG) was established in 2012-13. Under its aegis, four issues of Quarterly Briefings were released and disseminated to a large audience including brokers, researchers, directors

of listed companies and senior SEBI/Government officials in 2019-20.

### **3.4 PUBLICATIONS OF NSE**

NSE's flagship publication, NSE Market Pulse, a monthly review of the financial markets and economy, was completely revamped during the year. The report is widely distributed and includes analysis on all major macro data releases and events, thematic pieces on the economy or markets, insights from relevant academic research in financial markets, market performance across asset classes, important statistics from the primary and secondary markets and domestic and global policy developments. The Indian Securities Market Review (ISMR) is the annual flagship publication of NSE that reviews recent developments in the securities market in India.

The EPR Department now covers major macro/market events with commentary disseminated through reports that are widely circulated, and also available on the NSE portal. It has also been actively participating in multiple professional surveys conducted by the RBI (RBI Survey of Professional Forecasters), Japan Centre of Economic Research and World Federation of Exchanges.

Apart from the Market Pulse and the ISMR, the year also saw commencement of a quarterly publication titled 'India Ownership Tracker' that examines shareholding patterns and trends in Indian companies listed on the NSE, in addition to the quarterly corporate earnings tracker of NIFTY 50 and NIFTY 500 companies. As part of its thematic research initiatives, the Department also attempted a deep-dive into investment in the Indian economy over the last two decades from three relatively independent perspectives, viz., National Accounts (top-down view), analysis of large projects (the on-the-ground story) and analyst estimates of the top listed companies.

In addition to these publications, edited transcripts and 'White Paper Series' of the NSE-NYU conference were also circulated among various stakeholders in the securities market and published on the NSE's portal.



#### 4.1 FINANCIAL RESULTS

The working of NSE during the year has resulted in a net profit after tax of ₹1,560.46 Crs. on standalone basis and ₹1,884.78 Crs. on a consolidated basis, as per particulars given below:

Table 19:

(₹ in Crs.)

Particulars	NSE (Standalone)		NSE (Consolidated)	
	2019-20	2018-19	2019-20	2018-19
Income	3,229.89	3,028.75	3,897.52	3,514.57
Expenditure	1,113.13	985.38	1,422.76	1,215.13
Profit before, share of net profits of investments accounted for using equity method, profit on sale of investments in associates, contribution to Core Settlement Guarantee Fund and tax	2,116.76	2,043.37	2,474.76	2,299.44
Add: Share of net profit of associates and joint ventures accounted by using equity method	-	-	112.57	107.03
Profit before, profit on sale of investments in associates, contribution to Core Settlement Guarantee Fund and tax	2,116.76	2,043.37	2,587.33	2,406.47
Add: Profit on sale of investment in associate	-	-	-	169.74
Less: Contribution to Core Settlement Guarantee Fund (Core SGF)	62.08	-	62.08	-
Profit before tax	2,054.68	2,043.37	2,525.25	2,576.21
Tax expenses (including deferred tax)	(494.22)	(653.50)	(640.47)	(868.17)
Profit after tax	1,560.46	1,389.87	1,884.78	1,708.04
Surplus brought forward from previous year	6,333.94	5,921.26	7,738.76	7,300.06
Add / Less: Other comprehensive income	6.71	0.18	12.03	5.07
Less: Dividend Paid (Including Dividend Distribution Tax)	(1,034.53)	(977.36)	(1,062.18)	(1,014.47)
Less: Appropriation to Core SGF (Net of Tax)	-	-	(0.51)	(11.30)
Less: Appropriation to SGF Commodity derivative	-	-	-	(250.00)
Less: Contribution to IPFT	-	-	-	(0.01)
Less: Non-Controlling Interest on acquisition of subsidiary	-	-	(0.39)	1.37
Balance carried to Balance Sheet	6,866.58	6,333.94	8,572.49	7,738.76
Earnings per share (EPS)				
Basic and Diluted	31.52	28.08	38.08	34.51

#### 4.2.1 Result of Operations and the State of Company's Affairs

On a standalone basis, the total income of the Company increased to ₹3,229.89 Crs. from ₹3,028.75 Crs. in the previous year and the profit after tax stood at ₹1,560.46 Crs. as against ₹1,389.87 Crs. in the previous year.

On a consolidated basis, the total income of the Company increased to ₹3,897.52 Crs. from ₹3,514.57 Crs. in the previous year and the profit after tax stood at ₹1,884.78 Crs. as against ₹1,708.04 Crs. of the previous year.

#### 4.2.2 Colocation and related matters

Securities and Exchange Board of India ('SEBI') had directed the Company to carry out an investigation including forensic examination by independent external agencies in respect of certain aspects of NSE's Colocation facility. NSE had from time to time complied with the stipulations prescribed by SEBI including submitting to SEBI the reports prepared by independent external agencies relating to the Colocation matter.

SEBI had earlier directed that, pending completion of the investigation to the satisfaction of SEBI, all revenues emanating from colocation facility including the transaction charges on the trades executed through colocation facility be placed in a separate bank account. Accordingly, such transfers are made from time to time. As on March 31, 2020, an amount of ₹3,606.73 Crs. was transferred to a separate bank account.

SEBI, vide its letter dated April 30, 2019 had returned the Consent Application filed by NSE and had passed orders in respect of the three show cause notices pertaining to NSE Colocation facility, dark fibre and governance and conflict of interest matter. Under the first order, it had passed a direction on NSE inter alia to disgorge an amount of ₹624.89 Crs., along with interest at the rate of 12% per annum from April 01, 2014 till the actual date of payment, which has since been remitted by NSE to an interest bearing account as per the interim order of the Securities Appellate Tribunal (SAT), and certain non-monetary and restrictive directions prohibiting NSE from raising funds from the market, through issuance of equity, debt or other securities for a period of six months from the date of the order. In the second order, it had passed a direction to deposit a sum of ₹62.58 Crs. along with interest at the rate of 12% per annum from September 11, 2015 till the actual date of payment, which has since been remitted by NSE to an interest bearing account as per the interim order of SAT, along with other non-monetary and restrictive directions and in the third order it had passed

certain non-monetary and remedial directions on NSE. NSE preferred an appeal in all the said three orders before the SAT. The said appeals are pending for final hearing, except for the colocation matter, which has been heard by SAT and is reserved for orders.

Additionally, NSE also received Adjudication notices covering the above three orders which are currently pending before SEBI.

NSE is in receipt of SEBI Show Cause Notice dated October 9, 2019 and a Supplementary notice dated December 16, 2019 in relation to certain alleged irregularities in the appointment of Chief Strategic Advisor and his re-designation as 'Group Operating Officer and Advisor to MD' by the former MD and CEO and the sharing of certain internal information pertaining to NSE with an alleged third party by the former MD & CEO. NSE has sought inspection of records from SEBI in the matter and in the meanwhile also filed a Settlement Application. SEBI response in this regard is awaited.

#### 4.2.3 Update on SEBI Letter on CAMS

NSE received a letter dated February 04, 2020 from SEBI, inter alia, stating that it did not seek SEBI's permission for acquisition of stake in Computer Age Management Services Limited (CAMS) in 2013, through its wholly owned subsidiary NSE Investments Limited (formerly NSE Strategic Investment Corporation Limited) and that it has resulted in violation of SECC Regulations. In the same letter, SEBI also directed NSE to divest its entire stake in CAMS within a period of 1 year; withdraw its directorship in CAMS and not to exercise voting rights and avail any corporate benefits in respect of the shareholding. SEBI has further stated that this is without prejudice to any other action that SEBI may initiate for non-compliance within the Regulation 38(2) of SECC Regulations, 2018 read with Regulation 41(3) of SECC Regulations, 2012. Pursuant to the same, NSE has withdrawn its Nominee Directors in CAMS. During the year under review, NSE Investments Ltd (NSEI) decided to offer 12.51% stake in CAMS in their proposed IPO. The company is looking to divest its remaining stake in CAMS as well. CAMS has filed the DRHP with SEBI for OFS and listing of shares.

#### 4.2.4 NOW platform

NSE through its step-down subsidiary NSE Data & Analytics Limited (NSE Data) offered NOW Platform, a shared CTCL facility to its members. During the year under review, in order to create operational synergies, the NOW platform was transferred by NSE Data, to NSE with effect from October 1, 2019 after



seeking necessary approvals from the Board of Directors of the respective Companies. Over the last few years, exchanges world over have stepped back from providing front-end software and have started publishing APIs for the ecosystem to develop customised solutions that suit each brokerage's needs. In line with this global trend, NSE has started publishing simplified APIs for members / developers to build appropriate solutions for brokerages and it believes it should also step back from providing trading front-ends. Accordingly, in line with global trends and our earlier decision to discontinue NEAT, it was decided to stop providing NOW trading platform to its members. SEBI and the members have been informed about the same.

### 4.3 SHARE CAPITAL

During the year under review, the Issued, Subscribed and Paid-up equity share capital of NSE was ₹49.50 Crs. divided into 49.50 crore equity shares of the face value of Re.1 each. During the year, the Company has not issued any shares or convertible securities.

#### 4.4.1 Dividend

The dividend policy as adopted by NSE inter-alia states that the declaration and payment of dividend will be recommended by the Board and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, particularly the Companies Act, 2013, the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Listing Regulations) and SECC Regulations. The dividend payable depends on a number of internal as well as external factors, including inter-alia capital requirements, earnings, contractual restrictions, applicable legal restrictions, volatility in the capital markets, the overall financial position of the Company, uncertainty in the economic conditions and changes in the rate of dividend distribution tax.

Subject to the applicable statutory provisions and to retain Shareholders' confidence in the Company, NSE intends to have a total dividend payout (including dividend distribution tax and other taxes, cess, levies, if any relating to the dividend) of around 60% of its consolidated profit, net of tax, for the relevant financial year, subject to the aforementioned factors and such other factors as may be decided by the Board from time to time. The dividend policy is available on the website of NSE.

During the year under review, the Board had declared and paid an Interim dividend of ₹9.80 (980%) per equity share (on the face value of Re. 1 each) for which the record date was fixed as November 15, 2019 and the said amount was paid to the

Shareholders of NSE on November 20, 2019 and November 22, 2019. The total Interim dividend outflow was ₹584.81 Crs. (including dividend distribution tax of ₹99.71 Crs.).

The Board of Directors at their meeting held on June 25, 2020 recommended the payment of final dividend at ₹11 per equity share (on the face value of Re. 1/- each) for the year 2019-20. The final dividend outflow shall amount to ₹544.50 Crs.. The payment of final dividend is subject to the approval of the members which is being sought at the forthcoming Annual General Meeting. The final dividend so declared shall be paid to those members whose names appear in the Register of Members of NSE as on September 11, 2020, being the date fixed for eligibility for the purpose of the final dividend.

With the payment of interim dividend and proposed final dividend, the total equity dividend for the year 2019-20 (including dividend tax) shall aggregate to ₹1,129.31 Crs..

#### 4.4.2 Unpaid Dividend

Consequent to Life Insurance Corporation's (LIC) acquisition of 51% controlling stake in IDBI Bank, the shareholding threshold of 49% for Trading Member / Clearing Member / their associates (TM/CM) in NSE as required in SECC Regulations 2018, was breached and increased to 53.89%. NSE had informed SEBI about the same. Hence, SEBI directed LIC to divest its shareholding in NSE by 4.89% so as to reduce the TM/CM shareholding in NSE to 49% within a period of twelve months from the date of fall in public shareholding of NSE i.e. December 28, 2018. NSE was also advised to inter-alia freeze LIC's voting rights and all corporate action in respect of 4.89% till the time the same was divested.

During the year under review, NSE had declared final dividend for FY 2018-19 and interim dividend for FY 2019-20 and the respective dividend amounts were deposited in separate dividend accounts and were paid to all eligible shareholders except to LIC to the extent of 4.89% shares which were held in abeyance as per SEBI directions. Accordingly, final dividend for FY 2018-19 amounting to ₹19,36,44,000/- and interim dividend for FY 2019-20 amounting to ₹23,72,13,900/- to be paid to LIC had been transferred by NSE to the respective unpaid dividend accounts. Further, upon request of LIC to mitigate the interest loss and following SEBI's no objection, an arrangement has been worked out with the dividend banker for the unpaid dividend amounts on behalf of LIC.

Upon LIC's request to SEBI, SEBI has granted additional time of eight months to LIC for divestment of the 4.89% stake i.e. from December 27, 2019.

#### 4.5 TRANSFER TO RESERVES

The Company has not transferred any amount to the Reserves. The entire amount of profits post appropriation is retained in the profit and loss account.

#### 4.6 PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 COMPANIES ACT, 2013

No loan or guarantee was given to any person during the year. The investments made during the year are in accordance with the provisions of the Companies Act, 2013. The particulars of Investments made during the financial year are set out in the Notes to Accounts which form part of this Annual Report.

#### 4.7 PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/transactions entered during the financial year with related parties were on an arm's length basis and in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations. There are no materially significant Related Party Transactions entered into with the Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of NSE at large.

All Related Party Transactions are placed before the Audit Committee for its approval. The transactions with related parties are also reviewed by the Board on a quarterly basis.

NSE has adopted a Policy on Related Party transactions as approved by the Board, which is uploaded on the Company's website. (weblink: [https://archives.nseindia.com/global/content/about\\_us/PolicyonMaterialityandDealingwithRelatedPartyTransactions.pdf](https://archives.nseindia.com/global/content/about_us/PolicyonMaterialityandDealingwithRelatedPartyTransactions.pdf))

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

#### 4.8 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 of your Company. Such processes are well documented with comprehensive and well defined Standard Operating Procedures (SOPs) which inter-alia include financial controls in the form of maker-checker, strict adherence to a financial delegation made by the Board at various levels, systemic controls, information security

controls as well as role-based access controls, etc. Such controls are periodically reviewed for change management in the eventualities of the introduction of new processes / change in processes, change in systems, change in personnel handling the activities, etc. Such controls are independently reviewed by the internal auditors / operational reviewers of your Company. Internal Auditors, Operation reviewer and Independent Practising Company Secretary also review the compliances by your Company of applicable laws on a quarterly basis.

The observations, if any, of the internal auditors, operations reviewer and the compliance report issued by an independent practicing company secretary are also presented to the Audit Committee every quarter.

The Statutory Auditors have issued a report on Internal Financial Controls as per the guidelines issued by the Institute of Chartered Accountants of India and no observation noted.

#### 4.9 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

NSE has 12 (direct and indirect) subsidiaries (11 in India and 1 abroad) as on March 31, 2020.

NSE has adopted a Policy for determining Material Subsidiaries which is available on the website.

(weblink: [https://archives.nseindia.com/global/content/about\\_us/PolicyonDeterminingMaterialsubsidiaries.pdf](https://archives.nseindia.com/global/content/about_us/PolicyonDeterminingMaterialsubsidiaries.pdf)).

Report on Performance & Financial position of the Subsidiaries:

The highlights on performance and financial position of your Company's subsidiaries (included in the consolidated financial statement for FY 2019-20) are as under:

##### 4.9.1 NSE Clearing Limited (NCL)

NCL, wholly owned subsidiary of your Company carries on the business of, inter-alia, clearing and settlement of shares, other securities and instruments traded and regulates and manages dealings in securities and instruments. The paid-up share capital of NCL as on March 31, 2020 stood at ₹45 Crs.

During the financial year 2019-20, NCL earned a net profit after tax of ₹213.28 Crs. as compared to net profit after tax of ₹172.52 Crs. for the financial year 2018-19. The Board of NCL has recommended a dividend of ₹20 per equity share of ₹10 each for the year 2019-20. The payment of the dividend is subject to the approval of the members which is being sought at the forthcoming Annual General Meeting of NCL.

NSE Clearing Limited has introduced Interoperability among



Clearing Corporations for Cash Market from July 01, 2019, Equity Derivatives from July 29, 2019 and Currency Derivatives segment from August 19, 2019. Interoperability among Clearing Corporations allows market participants to consolidate their clearing and settlement functions at a single CCP, irrespective of the Stock Exchanges on which the trades are executed. It is expected to lead to efficient allocation of capital for the market participants.

**CM Segment:** NCL successfully continued its track record of completing all settlements in a timely manner. During the period under review, 247 rolling settlements were handled in dematerialised mode. The average value of securities handled per settlement was ₹8,410.26 Crs. in 2019-20. The average funds pay-in per settlement was ₹2,431.53 Crs. in 2019-20. The average number of shares processed per settlement was about 4,322.21 lakhs in 2019-20. Short deliveries per settlement averaged around 0.08% in 2019-20. The Core Settlement Guarantee Fund stood at ₹302.11 Crs. for the month of March 2020.

**F&O Segment:** The total value of settlement was ₹1,94,844.51 Crs. in 2019-20. The highest monthly settlement was ₹48,493.22 Crs. in the month of March 2020. January 2020 witnessed the highest monthly trading volumes of ₹3,85,82,697.27 Crs. The Core Settlement Guarantee Fund for F&O Segment stood at ₹2,211.84 crores for the month of March 2020.

NSE Clearing has implemented the physical settlement in equity derivatives segment. The total value of securities settlement and funds settlement was ₹44,209.04 crores & ₹23,116.93 crores respectively for the period April 2019 – March 2020.

**Currency Derivatives segment:** The total value of settlement was ₹11,209.86 crores in 2019-20. The highest monthly settlement value was ₹3,741.60 crores in the month of March 2020. The highest traded value in Currency Futures on NSE Clearing during this period was ₹73,523.58 crores witnessed on March 19, 2020 with total of 97,28,280 contracts being traded and in Currency Options it was ₹85,763.06 crores, witnessed on January 03, 2020 with total of 1,20,01,719 contracts being traded.

The highest trading volume in Interest Rate Futures during this period was ₹6,116.09 crores witnessed on August 29, 2019 with total of 2,92,499 contracts being traded and in Interest Rate Options it was ₹705.24 crores, witnessed on March 11,

2020 with total of 34,450 contracts being traded.

The Core Settlement Guarantee Fund for Currency Derivatives Segment stood at ₹168.40 crores for the month of March 2020.

**Securities Lending and Borrowing segment:** NSE Clearing is an Approved Intermediary (AI) for SLBS with SEBI. In 2019-20, the volumes in SLBS decreased by 11.92% from ₹30,593.78 crores in 2018-19 to ₹26,945.70 crores in 2019-20. As compared to previous year, during 2019-20, securities traded in SLBS increased from 283 to 291. As on March 31, 2020, there are 232 participants, 6 custodian-cum-participants and 4 custodians registered in SLBS.

**Mutual Fund Service System (MFSS):** As on March 31, 2020, 38 mutual fund houses with 13,979 schemes were enabled under the revised MFSS scheme. The average daily value of funds settled for subscription of mutual fund units for financial year 2019-20 was ₹23.57 Crs. The average daily value of funds settled for redemption of mutual fund units for financial year 2019-20 was ₹38.02 crores.

**Corporate Debt Instruments:** NSE Clearing Limited (NCL) provides DVP-1 based settlement for OTC trades in Corporate Bonds, Repo in Corporate Bonds, Commercial Papers (CP) and Certificate of Deposits (CD). The average daily settlement value at NSE Clearing for OTC trades in Corporate Bonds, Commercial Papers (CP) and Certificate of Deposits (CD) during the financial year 2019-20 was ₹5,779.79 crores, ₹3,459.59 crores and ₹3,663.73 crores respectively. The highest settlement value during this period of ₹33,558.32 crores (across all corporate debt instruments) was recorded on April 03, 2019. During the financial year 2019-20, NCL settled 1123 repo trades on corporate bonds valued at ₹1,53,484.65 crores.

#### 4.9.2. NSE Investments Limited (NSEI)

NSEI, wholly owned subsidiary of your Company has its main objective to make or hold all strategic investments in the equity shares and/or other securities of various group companies. The paid-up share capital of NSEI as on March 31, 2020 stood at ₹825.99 crores, comprising of about 41.30 crore equity shares of ₹10 each and about ₹41.29 crores 6% Non-cumulative Compulsorily Convertible Preference Shares (NCCPS) of ₹10 each.

During the year under review, NSEI did not infuse any additional funds in any of its subsidiaries. Among the associates, NSE Investments subscribed to the rights issue offered (partly paid up equity shares offered at face value) by Receivables exchange

of India Limited (RXIL). The initial infusion towards first call was ₹3.75 crores (50% of the face value) upfront, balance is payable after 1 year. NSE Investments' stake remains unchanged at 30%.

During the year under review, NSE Investments' equity holding in one of its associates, Power Exchange of India Limited (PXIL), increased to 34.21% from 30.95% on account of conversion of Optionally Convertible Cumulative Preference shares (OCCPS) to equity shares at face value. The conversion was post receiving an approval from the CERC (Central Electricity Regulatory Commission) vide order dated 4th April 2019, permitting PXIL to convert its existing preference shares into equity shares.

During the year under review, NSE Investments decided to offer 12.51% stake in Computer Age Management Systems in their proposed IPO. NSE Investments also sold the entire stake in GST Networks Limited (GSTN), a section 8 company, where it held 10% stake. The consideration amount of ₹1 crore was received for the same at the end of financial year and the share transfer is in process.

During the financial year 2019-20, NSEI earned revenues of ₹108.91 crores as compared to revenues of ₹313.73 crores in financial year 2018-19. NSEI earned a net profit after tax of ₹124.67 crores in 2019-20 as compared to net profit after tax of ₹268.94 crores for the financial year in 2018-19. The Board of NSE Investments Ltd has declared and paid an Interim Dividend of ₹0.60/- per equity share and ₹0.60/- per NCCPS for the financial year 2019-20. Also, the Board of NSEI has recommended a final dividend of ₹0.80/- per equity share for the year 2019-20. The payment of the final dividend is subject to Shareholder's approval.

#### 4.9.3. NSE Indices Limited

NSE Indices Limited (NSE Indices), a step-down subsidiary of NSE, is 100% owned by NSEI, provides index (under the brand "Nifty") and index related services to various stock exchanges, asset management companies, insurance companies, investment banks and other financial institutions across the globe. Apart from being used for launch of index linked funds/ Exchange Traded Funds (ETFs) and trading of index based derivative contracts, the NIFTY indices are also being used by the asset management companies for benchmarking the performance of their fund schemes.

The paid-up share capital of NSE Indices as on March 31, 2020 was ₹1.30 Crs comprising 13 lakhs equity shares of ₹10 each. Nifty Indices continued to be the primary provider of indices and related products and services to various participants in

the Indian Capital Market. The NIFTY 50 Futures traded on NSE recorded a turnover of ₹77,58,764.21 Crs in the financial year 2019-20 as compared to a turnover of ₹64,79,520.67 Crs in the financial year 2018-19, thus registering an increase of 19.74%. Premium Turnover of NIFTY 50 Options traded on NSE increased to ₹10,41,867.63 Crs in the financial year 2019-20 from ₹6,30,712.81 Crs in the financial year 2018-19, registering an increase of 65.19%.

As on March 31, 2020, 27 index funds and 57 ETFs in India were linked to the Nifty indices. The total Asset under Management (AUM) of ETFs (equity and debt) and Index Funds linked to Nifty indices in India was ₹1,21,522 Crs as on March 31, 2020 as compared to ₹1,09,727 Crs as on March 31, 2019. Total size of ETF (equity and debt) market in India has grown by 8.5% to ₹1,46,392 Crs as on March 31, 2020 compared to ₹1,34,965 Crs as on March 31, 2019. As on March 31, 2020, 11 ETFs linked to NIFTY indices have been issued by international ETF issuers (7 on Nifty 50, 2 on Nifty50 2x Leverage, 1 on Nifty50 1x inverse and 1 on Nifty50 Equal Weight).

The total AUM of International ETFs linked to Nifty Indices was USD 676 Million as on March 31, 2020 as compared to USD 1100 Million as on March 31, 2019.

India's maiden corporate bond ETF – the BHARAT Bond ETF, an initiative by Department of Investment and Public Asset Management (DIPAM), Government of India, was very successful and listed on NSE. NSE Indices worked with DIPAM and other stakeholders in conceptualization of the BHARAT Bond ETF and the underlying indices, the Nifty BHARAT Bond index series, tracked by the Bharat Bond ETF. The BHARAT Bond ETF has paved the way for increasing retail participation in the corporate bond markets which in turn will help in strengthening and deepening of India's corporate bond market.

During the financial year 2019-20, NSE Indices earned net profit after tax of ₹90.69 crores as compared to net profit after tax of ₹55.37 crores in the financial year 2018-19. The Board of NSE Indices recommended a dividend of ₹630/- per equity share for the financial year 2019-20. The payment of dividend is subject to the approval of the members which is being sought at the forthcoming Annual General Meeting of NSE Indices.

#### Other Key Developments:

The Company has a licensing agreement with SGX for NIFTY 50, NIFTY Bank and three other equity indices for trading of derivatives products on these indices on Singapore Stock Exchange (SGX) which was terminated vide notice dated 12th February 2018 pursuant to the joint press release by the Indian



exchanges on February 09, 2018.

Subsequently, SGX issued a circular dated April 11, 2018 for the launch of three new contracts called SGX India Futures, SGX Options on SGX India Futures and SGX India Bank Futures which were replica of our contracts. To prevent such launch, Company filed a petition before the Hon'ble Bombay High Court on May 21, 2018 against SGX seeking urgent interim reliefs against the marketing, promotion and launch of these three new contracts. The Hon'ble High Court granted an ad-interim injunction against the launch of the said new derivative contracts by SGX. Thereafter on May 29, 2018, the Court passed a consent order and referred the matter for arbitration to the sole arbitration of Mr. Justice S.J. Vazifdar (Retd.)

NSE & SGX are parallelly in discussion for a proposed collaboration in NSE IFSC Ltd. at GIFT city Gujarat and therefore an application under Section 29A of Arbitration and Conciliation Act, 1996 was filed before the Hon'ble Bombay High Court seeking extension of time granted to learned Arbitrator, wherein the Hon'ble Court was pleased to allow the application and extended the time limit of arbitration until 31st December, 2022 with further power to the learned sole Arbitrator to extend the said time limit by a further six months should the learned Sole Arbitrator find that necessary.

#### 4.9.4 NSE Infotech Services Limited (NSE Infotech)

NSE Infotech, a step-down subsidiary of NSE is 100% owned by NSEI. The paid-up share capital of NSE Infotech as on March 31, 2020 stood at ₹5 lakhs.

During the financial year 2019-20, NSE Infotech earned a net profit after tax of ₹43.97 lakhs as compared to net loss after tax of ₹242.82 lakhs incurred during the financial year 2018-19. The Board of directors, in their meeting on June 18, 2020, proposed a dividend of ₹400/- per equity share for the Financial Year 2019-20 out of the reserve as on March 31, 2020. The proposal is subject to the approval of shareholders at the Annual General Meeting. The total dividend amounted to ₹2 crores.

#### 4.9.5 NSEIT Limited (NSEIT)

NSEIT, a step-down subsidiary of NSE, whose 100% of share capital is held by NSEI, carries on the business of, inter alia, designing, developing, maintaining, marketing, buying, importing and exporting, licensing and implementing computer software and hardware. As on March 31, 2020, the issued, subscribed and paid-up share capital of the Company was ₹1,10,00,00,100 comprising of 1,00,00,010 equity shares of ₹10/- each amounting to ₹10,00,00,100 and 1,00,00,000, 7%,

Seven Years, Cumulative Redeemable Preference Shares of ₹100/- each amounting to ₹1,00,00,00,000.

During the financial year 2019-20, NSEIT earned a net profit after tax of ₹18.33 crores as compared to net profit after tax of ₹34.14 crores for the financial year 2018-19. The revenue of NSEIT grew by 2% to ₹281.89 crores in the financial year 2019-20, as compared to ₹276.04 crores in the financial year 2018-19. The Board of NSEIT recommended a dividend of Re 1/- per equity share and 7% on the Cumulative Redeemable Preference Shares of ₹100/- each, for the financial year 2019-20. The payment of dividend is subject to the approval of the members which is being sought at the forthcoming Annual General Meeting of NSEIT.

#### Initiatives, Operations and Major Events during the year

NSEIT was awarded the "Emerging Partner of the Year 2019" award by Automation Anywhere, one of the leading Enterprise Robotic Process automation (RPA) solution product vendors, in their flagship event "Imagine" held in Bengaluru, India.

During the year, the NSEIT and NASDAQ partnership grew significantly. The NSEIT team started working jointly with NASDAQ on multiple projects. NSEIT is also developing a trading portal and depository solution for a South East Asian Exchange. Further, many new clients have been added to the Company's Software Services business unit. These additions have been in line with the strategic direction to move up the value chain by offering end-to-end technology services. The client mix includes leading insurance companies, banks (Private, Public and Co-operative), NBFCs, regulatory institutions and Government organizations. Some of the critical projects include digitization of financial instruments and automation of manual processes in insurance and banking.

NSEIT has identified Application and Infrastructure Modernization, Data & Analytics and Business Transformation as the focus areas. Keeping this in mind, dedicated teams are carved out to help businesses achieve their business objectives. NSEIT is looking to cement stronger skills in automation of operations including DevOps, containerization and Cloud Migration.

DEX (Digital Examination Services) unit of the Company successfully completed 73.34 lakhs candidate's recruitment drive for Railway Police and this helped the organisation to position itself as a large examination capability player with Government recruitments. Subsequent to this, DEX executed a complex Paramedical Recruitment for Railways with significant customer satisfaction and with superior technology capabilities.

With e-governance of Tamil Nadu, NSEIT has started working with multiple government departments and successfully delivered multiple projects. Besides these, the division has won good number of multiyear annuity contracts with government departments.

DEX achieved Capability Maturity Model Integration (CMMI) Level 5 for Services certification. It has also developed an Authoring Tool. NSEIT's growth in the Online Examination space continued at a good pace. It is now among the top 2 players in the Online Examination Industry.

#### 4.9.6 NSE Data & Analytics Limited (NDAL) (formerly known as DotEx International Limited)

NSE Data & Analytics Limited (NDAL), a step-down subsidiary of NSE, is 100% owned by NSEI and carries on the following businesses:

- Infofeed - Dissemination of NSE's trading data.
- Neat on Web (NOW) - Shared CTCL platform for the trading members across exchange segments.
- Know Your Customer (KYC) Registration Agency (KRA).
- Managed Service Provider for Central KYC Registry (CKYCR) to Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI).

The paid-up share capital of NDAL as on March 31, 2020 was ₹9 crores comprising of 90 lakh equity shares of ₹10 each. During FY 2019-20, NDAL on-boarded a number of new clients in India as well as international markets. The implementation of non-display policy was again a focus area for the year and a number of new clients signed up under non-display policy during the year. NDAL started providing daily security level bond pricing for 10,000 plus securities including G-Secs, SDLs, Corporate Bonds, CPs, CDs and T-Bills using an in-house developed Bond Pricing Tool. It also did a soft launch of NSE FixedIn, a web based fixed income analytics platform in January 2020. NDAL is providing real-time bond valuations for NSE's Bond RFQ platform launched during the year. NDAL also launched one analytical product (Real time Market Data Analytics) which is created using real time tick by tick market data.

As on March 31, 2020, 4,284 entities have gone live and have uploaded 21.36 crore KYC records on Central KYC Registry (CKYCR). There has been a surge in the volume of records with 11.22 crore records being uploaded during the financial year 2019-20. On account of the synergies between NOW and

NSEIL's operations, the existing NOW and new generation NOW 2.0 application under development were transferred to NSEIL w.e.f. October 01, 2019. During the financial year 2019-20, NDAL earned net profit after tax of ₹53.99 crores as compared to net profit after tax of ₹48.95 crores in the financial year 2018-19. The Board of NSE Data recommended a dividend of ₹12/- per equity share for the financial year 2019-20. The payment of dividend is subject to the approval of the members which is being sought at the forthcoming Annual General Meeting of NDAL.

#### 4.9.7. NSE Academy Limited (NAL)

NSE Academy Ltd. (NAL), whose mission is to promote financial literacy as a necessary life skill, is a step-down subsidiary of NSE with 100% share capital held by NSEI. NSE Academy's initiatives include partnerships with state and national school boards and schools, interactive courses on personal finance, certification programs, teaching school children, homemakers and other non-finance professionals the value of investing, providing introduction to the Indian capital markets and helping to develop new market professionals. The paid-up capital of NAL as on March 31, 2020 stood at ₹10 crores comprising of 1 crore equity shares of ₹10 each.

#### Key Initiatives/Developments during the year 2019-20:

- NSE Knowledge Hub: The formal launch of 'The NSE Knowledge Hub' was held on January 6, 2020 at the hands of Shri Piyush Goyal, Minister of Commerce and Industries, Minister of Railways, Government of India. 'The NSE Knowledge Hub', is a unique Artificial Intelligence (AI) powered learning platform specially created for financial learning and to assist the BFSI sector in enhancing skills for their employees and helping academic institutions in preparing future ready talent skilled for the financial services industry.
- N-SMART was launched on December 10, 2019. NSMART is a simulated market trading application which reproduces features of a live equity/derivative/currency derivatives market on trading terminals for students to translate their theoretical knowledge into a live market like environment and to hone their skills in investing / trading securities in a controlled environment.
- MoU signed with Deakin University, Australia, for creating joint program / learning services and non-award graduate programs in India.



- MoU signed with NIIT Limited for creating post graduate programs in BFSI Industry.
- MoU signed with Institute of Mergers and Acquisitions, Switzerland for online programs / learning services.
- Partnered with SDA Bocconi Asia Center in order to provide International Executive Master in Business (IEMB) participants the exposure to some of the cutting-edge topics in finance which will be relevant for aspiring BFSI Industry leaders in India.
- Collaborated with Pandit Deendayal Petroleum University (PDPU), Gandhinagar to introduce NSE Knowledge Hub, an AI enabled online learning experience platform, to its students.
- Collaborated with 13 organisations / educational institutions to provide NSMART – simulated market trading application.
- NSE Academy as Knowledge Partner in collaboration with Australian Trade and Investment Commission (Austrade) organized Australia-India Business Exchange 2020.
- NSE Academy in collaboration with Deakin University, Australia organised ‘Future Ready Skills’ round table discussion.
- NSE Academy in collaboration with University of Chicago organised session on ‘Leveraging Social Capital in Leadership’ by Dr. John Burrows, Senior Lecturer, University of Chicago’s Harris School of Public Policy.

During the financial year 2019-20, NAL earned profit of ₹1.64 crores as compared to profit (after tax) of ₹1.56 crores for the financial year 2018-19.

#### 4.9.8. NSE IFSC Limited (NSE IFSC)

NSE IFSC, a wholly owned subsidiary of NSE, commenced operations as a Stock Exchange in GIFT City, Gandhinagar, Gujarat on June 5, 2017 after receiving approval from SEBI vide its letter dated June 2, 2017 granting recognition as Stock Exchange for a period of one year effective from May 29, 2017. Subsequently, SEBI renewed the recognition to NSE IFSC until May 28, 2020. Recently, NSE IFSC received further extension of its recognition till May 28, 2021 from SEBI. Paid-up capital of NSE IFSC as on March 31, 2020, stood at ₹125 crores comprising of 12.5 crores equity shares of ₹10 each.

As on March 31, 2020, NSE IFSC has 47 registered trading members and 30 members enabled for trading. NSE IFSC has

introduced trading in the following asset classes: Equity Index Derivatives, Indian Stock Derivatives, Global Stock Derivatives, Commodity Derivatives and Currency Derivatives.

The aggregate turnover for 2019-20 was USD 24.81 billion.

NSE IFSC Limited has initiated series of measures to build liquidity in various products classes and broad base participation on the Exchange. As part of the endeavour, the Exchange has introduced Liquidity Enhancement Schemes for various products including Futures & Options on NIFTY 50 and NIFTY BANK and Futures on Indian Stocks.

NSE IFSC has been engaged with SGX for setting up a connect structure which will allow SGX participants to trade Nifty derivatives, initially, on NSE IFSC. Initial regulatory facilitation from Regulators in India and Singapore has been received. Detailed operational requirements including AML related facilitations are being worked on with a view to operationalise the connect structure.

Honourable Finance Minister of India inaugurated the launch of INR-USD derivatives products on NSE IFSC on May 8, 2020.

For the financial year 2019-20, NSE IFSC incurred a loss of ₹33.71 crores as compared to loss (after tax) of ₹37.59 crores for the financial year 2018-19.

SEBI has prescribed and shared a Cyber Capability Index (CCI) to gauge the cyber security preparedness of MIIs. Based on SEBI guidelines, CCI score for NSE IFSC, for the quarter ending March 2020 was 89.34 and the same has been submitted to SEBI, after placing before NSE IFSC Standing Committee on Technology and NSE IFSC Board.

#### 4.9.9 NSE IFSC Clearing Corporation Limited (NICCL)

NICCL, a step-down subsidiary of NSE, wherein 100% share capital is held by NSE Clearing Limited, a wholly owned subsidiary of NSE, commenced operations as Clearing Corporation in GIFT City, Gandhinagar, Gujarat, India, with effect from June 05, 2017, after receiving approval from SEBI.

Subsequently, SEBI renewed the recognition of NICCL till May 28, 2020 which is further extended till May 28, 2021. Paid-up share capital of NICCL as on March 31, 2020, was ₹80 crores comprising 8 crore equity shares of ₹10 each.

NICCL clears and settles trades executed on NSE IFSC. NICCL has the following types of clearing memberships – Professional Clearing Member, Trading Cum Clearing Member and Trading Cum Self Clearing Member. NICCL has put in place a robust and comprehensive Risk Management System.

As on March 31, 2020, NICCL has 7 clearing members (3 Trading cum Clearing Members and 4 Trading cum Self Clearing Members). 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. During the financial year 2019-20, NICCL incurred a loss of ₹6.25 crores as compared to loss (after tax) of ₹6.25 crores for the financial year 2018-19.

Initiatives and major events during the year ended March 31, 2020:

Regulatory Updates:

- RBI and SEBI have allowed Rupee derivatives (with settlement in foreign currency) to be traded in International Financial Services Centres (IFSCs), starting with Exchange Traded Currency Derivatives (ETCD) on January, 20, 2020.

NSE IFSC / NICCL introduced INR-USD contracts (INRUSD & QINRUSD) at IFSC on May 8, 2020.

- SEBI has relaxed net worth requirement for NICCL to ₹50 Crs. (as compared to minimum of ₹100 crore after 3 years of operations) or Risk-Based Capital whichever is higher for a period of one year till June 05, 2021.
- SEBI has prescribed and shared a Cyber Capability Index (CCI) to gauge the cyber security preparedness of MIIs. Based on SEBI guidelines CCI score for NICCL, for the quarter ending March 2020 was 89.15 and the same has been submitted to SEBI, after placing before NICCL Standing Committee on Technology and NICCL Board.
- NICCL has been granted recognition by ESMA as a “Third-Country CCP” under EMIR. This recognition of NICCL would enable intermediaries based in Europe to participate in GIFT IFSC through NICCL.
- NICCL has submitted its application for recognition as a Non-UK CCP under Temporary Recognition Regime (“TRR”). NICCL’s name has been included in the interim list of third country CCPs that will offer clearing services and activities in UK.

#### 4.9.10 NSEIT (US) Inc. (“NSEIT US”)

NSEIT US, a step-down subsidiary, whose 100% share capital is held by NSEIT is involved in the business of, inter alia, providing information technology and information technology enabled services. With the strong presence of Aujas in US,

cross selling opportunities are being explored in IT services area and IT offshore delivery centers (ODC) in India. NSEIT is also developing security product with Aujas and the same is expected to be taken to US market in FY2021. Based on these initiatives, a 3 Year Go To Market (GTM) plan is put in to ramp up US as a Market.

During the financial year 2019-20, NSEIT US incurred loss of ₹0.46 crores as compared to net loss of ₹6.62 crores during the financial year 2018-19.

#### 4.9.11 NSE Foundation

NSE Foundation, a section 8 Company under the Companies Act, 2013 was incorporated on March 5, 2018 by NSE and seven of its subsidiaries 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. The CSR projects earlier undertaken by NSE were then assigned to be taken forward by NSE Foundation which has since then further expanded the number of projects implemented.

The paid-up share capital of NSE Foundation as on March 31, 2020 was ₹5 lakhs comprising of 50,000 equity shares of ₹10 each.

During the financial year 2019-20, excess of expenditure over income of NSE Foundation was ₹541.78 lakhs as compared to the excess of income over expenditure of ₹257.04 lakhs during the financial year 2018-19.

The financial results indicate contribution received and the amount expended for charitable purposes and other administrative expenditures. The balance carried to Balance Sheet indicates the amount available for future expenditures towards the said purposes against which an amount of ₹17,635.59 lakhs is already committed.

#### 4.9.12 Aujas Networks Private Limited (Aujas)

Aujas, a global cybersecurity company is a step-down subsidiary of NSE, whose 96.84% share capital is held by NSEIT which inter alia, provides information security consulting and IT risk management services with operations in India, the Middle East and North America. The service portfolio includes information risk advisory, identity and access management, threat management and security analytics.

The paid-up share capital of Aujas as on March 31, 2020, was ₹26.78 crores comprising of 26,78,04,036 equity shares of ₹1 each.



During the financial year 2019-20, Aujas incurred loss of ₹5.65 crores as compared to restated loss of ₹4.26 crores during the financial year 2018-19.

Post-acquisition, Aujas went through a re-branding exercise during the year by positioning itself as “Engineers of Cybersecurity Transformation” and unveiled a new logo. All three regions in which Aujas operates (India, North America and the Middle East) grew with 60% booking increase over the previous year. The annuity business, an important indicator for this company, grew to 75% of the total booking. Managed security services, a focus area grew over 300% in terms of bookings over previous year.

A new service line, CSE (Cloud Security Engineering) was created to offer security solutions for the cloud and from the cloud. Aujas platforms – ACS (Code Sign) and RDM (Registered Device Management) have been enhanced during the year. NSEIT and Aujas engineering teams are working together for building platforms like the PALM (Platform for Access Lifecycle Management) with customer acquisitions expected from FY 2021 onwards.

The Security Operations Centre (SoC) in Bangalore is fully operational while regional delivery centres / capability have been setup in Riyadh, Saudi Arabia and Ottawa, Canada. Additional office has been setup in Dallas, Texas. The Next Gen Cyber Defence Centre (CDC) for Managed Detect and Response (MDR) services is being setup in Mumbai, which would be operational in H1 FY 2021. These capability enhancement initiatives are expected to yield significant new opportunities and business growth in FY2021.

#### 4.9.13 Associate and Joint Venture companies

National Securities Depository Limited (NSDL) is an associate of NSE in which NSE presently holds 24% of the equity share capital. NSE also continues to hold equity investment in BFSI Sector Skill Council of India.

Further, NSDL E-Governance Infrastructure Limited, Power Exchange India Limited (PXIL) and Receivables Exchange of India Limited are associates of NSEI, a wholly owned subsidiary of NSE.

NSEI continues to hold equity shares in Market Simplified India Limited.

NSEI also has equity investments in Goods and Services Tax Network (GSTN). During the year under review, in view of the proposal of the GST Council to convert the entity, GSTN, into a 100% Government owned entity by transferring 51% Equity

Shares held by Non-Government Institutions to the centre/ states equally, the shares held by NSE Investments Limited in GSTN were offered to the Government and the consideration amount was received for the same at the end of financial year. The transfer of shares is in process.

#### 4.10 DEPOSITS

Your 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.

##### 4.11.1 Risk Management

Your Company has in place a Board approved Enterprise Risk Management Framework that is well supported by Risk Governance structures, Risk Policies and a detailed Risk Measurement and Monitoring Framework. Your company has established 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 the controls and mitigation plans that are in place to reduce the overall risk exposure for your Company and the residual impact thereof.

Your Company has a Risk Management Committee, a subcommittee of the Board and Management level Risk Committees that meet periodically to review the efficacy and adequacy of your Company’s Enterprise Risk Management Framework on an ongoing basis and also to review the controls and mitigation plans that are put in place to reduce the overall impact of the various risks.

During the fiscal year, the Risk Management Committee and the Board reviewed the Risk Policies, Terms of Reference of Management level Risk Committees and Risk Metrics and Dashboards.

With respect to Cyber and Information Security Risk, your Company has implemented state-of-the-art cyber security architecture, controls and solutions. Your Company has adopted the SEBI mandated cyber security framework for the design and operations of controls that defend us from advanced cyber-attacks. Your Company is an ISO 27001:2013 certified organization, demonstrating mature cyber security posture in design and effectiveness.

The Board had appointed M/s Haribhakti and Co LLP as Cyber Security auditors for the period April 2019 to September 2019 and M/s Grant Thornton India LLP as Cyber Security auditors for the period October 2019 to March, 2020.

During the year under review, no major security incidents or breaches were observed.

During the year, your Company has been notified as a Critical Information Infrastructure by Ministry of Finance, Govt. of India, under the aegis of National Critical Information Infrastructure Protection Center (NCIIPC).

#### 4.11.2 NSE Technology

Information Technology has been the backbone of the success of NSE. NSE is a pioneer in technology and ensures the reliability and performance of its systems through our culture of innovation and investment in technology. NSE has regularly upgraded its information technology systems and infrastructure, with the over-arching goal of achieving higher capacity and lower latency, stability and availability, improving market efficiency and transparency, enhancing user access and providing flexibility for future business growth and market needs. The various application systems that NSE uses for its trading as well clearing and settlement, surveillance and other operations form the backbone of the Exchange framework.

Our systems are constantly monitored and required to meet specific performance criteria such as predictable response times for critical business transactions, latency, capacity and expected current, future and peak load.

Technology vision and strategy drives technology initiatives and constant upgradation; apart from this, new business needs, regulatory requirements, advisories and information security reviews/audits, and recommendations from OEMs drive the technology upgrades. Quarterly, CTO office keeps reviewing the technology trends in the market, state of technology in the organization, and updates the roadmap.

NSE Technology leadership team along with CTOO prepares the roadmap of technology for short term and long term in consultation with all departments and as per vision of NSE. Exploring new technologies and conducting POC for feasibility in NSE is done by technology team with their technology partners. Vision & Roadmap of technology for NSE is approved by Standing Committee on Technology (SCOT) and the Board.

#### System Audit

The Board had appointed M/s Grant Thornton India LLP to conduct the system audit for the period from 1st October 2019 to 31st March, 2020.

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

There were no material changes and commitments affecting the financial position of your Company which have occurred between the end of the financial period to which the Financial Statements relate and the date of this Report.

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

During the year under review, there were no significant or material orders passed by the Regulators or Courts or Tribunal which would impact the going concern status of your Company and its future operation.

#### 4.14.1 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 Statutory Auditors appointed under Section 139 of the Companies Act, 2013 in their report. Hence the need for explanations or comments by the Board does not arise. The report of the Statutory Auditors form part of the financial statements.

#### 4.14.2 Reporting of frauds by auditors

During the year under review, neither the statutory auditors nor the secretarial auditors has reported to the Audit Committee under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against NSE by its officers or employees, the details of which would need to be mentioned in this Board's report.

#### 4.15 UPDATE ON LISTING

SEBI, vide its letter dated February 5, 2019, inter alia communicated that as per the SEBI ICDR Regulations 2018, any decrease in the number of shares offered for sale by more than 50% would require the fresh filing of offer document with SEBI and hence, the DRHP filed was being returned. During the year under review, necessary steps were initiated including to return the shares held in the escrow account of the 12 Selling shareholders aggregating to 10.07% of the Capital.

SEBI in its order with respect to the colocation technology matter passed certain directions inter alia prohibiting NSE from



raising funds from the market, through issuance of equity, debt or other securities for a period of six months from the date of the said order, being April 30, 2019. The said prohibition had expired on October 30, 2019. During the year under review, NSE requested SEBI to convey its no-objection to enable it to proceed with its IPO plan and for filing the DRHP. Response from SEBI is awaited.

#### 4.16 EXTRACT OF THE ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013, Extract of the Annual Return for the financial year ended on March 31, 2020 is enclosed as Annexure 2 to this report.

### 5. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of your Company and its subsidiaries, prepared in accordance with Indian Accounting Standard 110 issued by the Institute of Chartered Accountants of India, form part of the Annual Report and are reflected in the consolidated financial statements of your Company. Pursuant to Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of the subsidiary companies is attached to the financial statements in Form AOC-1. Your Company will make available the said financial statements and related detailed information of the subsidiary companies upon the request by any member of your Company or its subsidiary companies. These financial statements will also be kept open for inspection by any member at the Registered Office of your Company and its subsidiary companies.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the financial statements of your Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of your Company.

### 6. HUMAN RESOURCES

Following developments have taken place on the Human Resources / Employee Relations front in the financial year 2019-20:

**1. Learning and Development (L&D) and Talent Management:**  
In FY 19-20, major progress was made in L&D and Talent Management. The key initiatives taken under L&D and Talent Management were as follows: -

Learning and Development: To design and deploy a structured learning road map focussed on skill and

capability building to enhance individual and collective knowledge, skills and behaviours for the workforce across levels.

In L&D, role and level-based interventions were designed basis 3 vital inputs viz. training need identification taken from various stakeholders, competency framework of NSE and the future skill needs, and behaviours researched linked to the business strategy. External benchmarking on learning and partner empanelment was factored in for content design and delivery. All the programs were designed keeping in mind the 60:40 principle wherein 60% of learning would be targeted to enhance existing skill needs and 40% of learning to develop skills linked to future needs.

A shift in the learning approach was implemented by moving from a module based program approach to longitudinal learning journeys focusing on both role & functional skill building. In addition, each learning intervention has been designed to ensure a continuous engagement in terms of pre-work and post work, check-ins and webinars.

Talent Management and Succession planning - To identify and develop a leadership pipeline for NSE.

In the talent space, a detailed talent management process was put in place. Phase 1 of the initiative covered the top 3 levels of the organisation hierarchy. Talent conversations for all roles in these job levels were conducted with a 2-pronged approach of identifying critical roles and assessing potential talent to develop the leadership pipeline as per the succession planning framework. Development road maps to build and strengthen the leadership pipeline have been initiated through a 70:20:10 principle consisting of a) in-house and on the job learning like role enhancement, bridge roles, projects and assignments etc. b) classroom-based development through customized learning interventions and learning opportunity through external flagship programs and c) post learning actionable, development feedback and conversations with learning partners and senior faculties.

**2. Employee Engagement Initiatives:**

Based on findings of the Employee Effectiveness Survey conducted in FY 2018-19 on employee engagement and enablement, action plans were formulated and implemented in discussion with the leadership team and Functional Heads. Learning and Development, Career

Planning and Employee Recognition were the three key focus areas linked to the survey findings.

A flagship Employee Recognition program was implemented in FY 2019-20. Recognitions have been broadly classified in 2 categories - Individual and Team awards which are bestowed on the employee/es on Quarterly / Biannual basis. The objective of the program is to recognize and reward ideas, actions and behaviors that will accelerate NSEIL's journey to continue to be a leader and role model across its functions and businesses. Over and above recognizing functional contributions, the recognition program also recognizes demonstrated behaviors of employees on organization culture levers e.g. Ownership & Accountability, Customer Service etc.

Some of the other employee engagement activities conducted by the Company are NSE's participation in TATA Mumbai Marathon, annual picnic with family & annual day event. A state-of-the-art recreation facility has been created for employees offering employees options on health and fitness and recreation and sports. Various engagement options have been made available for employees e.g. Gymnasium, Yoga Classes, Kick Boxing, Guitar with trainers, Chess, Table Tennis, Carom etc. A library enabled with both physical and digital access to reading has also been provided in the recreation facility. Employee Assistance Program and various staff welfare initiatives are also held on a periodic basis to further enhance the employee engagement levels in the company.

### 3. Employee Relations:

Employee relations have been harmonious throughout the period under consideration.

#### Succession policy

Your Company has formulated a policy on succession planning for the Board and Senior Management Personnel for orderly succession to the Board and the Senior Management.

Mr. Saurov Ghosh is the 'Group Head – HR' of NSE.

### 6.1 DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The disclosures required to be made under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 are given in the following table 20:

**Table 20:**

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 ninety days	Not Applicable
4	Number of workshops or awareness programs against sexual harassment carried out	Awareness program for all employees and online training on POSH was conducted for all employees.
5	Nature of action taken by the employer	Not Applicable

NSE has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### Key initiatives with respect to Stakeholder relationship, Environment, Sustainability, Health and Safety

#### COVID-19

The Coronavirus (COVID-19) outbreak is an unprecedented global situation that all countries are dealing with in terms of its human and economic consequences. The World Health Organization (WHO) has declared COVID-19 a 'pandemic'. The Government of India and various state governments have been putting in place several measures including instituting a complete "lockdown" to combat the spread and transmission of the virus.

NSE is committed to supporting the government in the nation's battle against the pandemic and in providing assistance to alleviate the difficulties faced by the eco system due to COVID-19. As a part of its commitment, NSE group has contributed ₹26 crores towards PM Cares Fund and certain State Government funds for combating the spread of COVID-19 virus in the country. In addition to this, many employees of the NSE Group also separately contributed one day's salary towards the PM Cares Fund for this purpose.

MCA had issued an advisory on preventive measures to contain the spread of COVID-19. A new web-based form called CAR (Company Affirmation of Readiness Towards COVID-19) on a voluntary basis was deployed by MCA on 23rd March, 2020. NSE has reported its compliance and confirmed its readiness towards COVID-19 in FORM CAR (Companies Affirmation of Readiness Towards COVID-19).



The measures taken by NSE to deal with COVID -19 included initiatives inter-alia such as:

- (i) Being classified as essential services, only critical staff (with sufficient redundancies/backups) required to run the Exchange worked onsite and the other staff adopted Work from Home model.
- (ii) Sufficient arrangements were made by the Exchange to ensure that the risk of infection to critical staff working on premises are minimised, including stay, transport arrangements, etc.
- (iii) Stringent measures were put in place to ensure safety of employees on premises like regular temperature checking, containment zone checking, periodic cleaning/sanitisation, ensuring social distancing norms, use of sanitisers/masks, etc. The Exchange is fully compliant with all guidelines by Ministry of Health and Family Welfare issued from time to time.

#### **7.1 DIRECTORS AND KEY MANAGERIAL PERSONNEL**

As per the provisions of SECC Regulations, the Governing Board of every recognised stock exchange shall include (a) Public Interest Directors (PID); (b) Shareholder Directors; and (c) Managing Director.

Mr. Girish Chandra Chaturvedi, Chairman of the Board, Ms. Anuradha Rao, Mr. K Narasimha Murthy, Prof. S Sudarshan and Ms. Mona Bhide are 'Public Interest Directors' while Mr. Abhay Havaladar, Mr. Prakash Parthasarathy and Ms. Sunita Sharma are 'Shareholder Directors'. Mr. Vikram Limaye is the Managing Director & CEO of your Company and is included in the category of 'Shareholder Director'.

During the year under review, Ms. Dharmishta Raval resigned as Public Interest Director with effect from August 31, 2019. The Board placed on record its appreciation for her valuable contributions.

The nominations of Mr. Girish Chandra Chaturvedi (DIN: 00110996) and Ms. Anuradha Rao (DIN: 07597195) as the PIDs, conveyed by SEBI vide its letter dated October 31, 2019, were made with effect from November 8, 2019 by the Board.

The nominations of Mr. K Narasimha Murthy (DIN: 00023046) and Prof. S Sudarshan (DIN: 08636735) were approved by SEBI on February 17, 2020 and noted by the Board. Mr. T V Mohandas Pai, Mr. Dinesh Kanabar and Mr. Naved Masood ceased to be PIDs with effect from February 17, 2020 in terms of the aforesaid SEBI's letter. The Board placed on record its

appreciation for their valuable contributions during their tenure as PIDs of NSE.

Mr. Girish Chandra Chaturvedi was elected as Chairman by the Board on December 02, 2019 and approved by SEBI on December 06, 2019.

SEBI vide its letter dated April 21, 2020 approved nomination of Ms. Mona Bhide (DIN: 05203026) as the Public Interest Director of the Company and the same became effective from that date.

The appointment of all the PIDs is for a period of 3 years from their respective effective appointment dates.

In terms of Section 152 of the Companies Act, 2013, Ms. Sunita Sharma (DIN: 02949529), Shareholder Director retired by rotation and was re-appointed as a Director under "Shareholder Director" category at the 27th Annual General Meeting (AGM) held on August 2, 2019 subject to the approval of SEBI. Subsequently, SEBI approved her re-appointment as a "Shareholder Director" vide its letter dated February 17, 2020.

In terms of Section 152 of the Companies Act, 2013, Mr. Abhay Havaladar retires by rotation at the ensuing AGM. In terms of SEBI Letter dated February 17, 2020, NSE is advised not to forward the names of Mr. Abhay Havaladar and Mr. Prakash Parthasarathy for re-appointment to the NSE Board as and when appointment is due. The Board of Directors have proposed to the shareholders in the ensuing Annual General Meeting to resolve not to fill up the vacancy in place of Mr. Abhay Havaladar.

The composition of the Board is in conformity with the Companies Act, 2013 and SECC Regulations, enjoining specified combination of Executive, Non-Executive and Public Interest Directors with at least one Independent Women Director. The Chairman of the Board is a Non- Executive Director and is not related to the MD & CEO in conformity with SEBI Listing Regulations.

The Ministry of Corporate Affairs (MCA) has vide amendment to the Companies (Appointment and Qualification of Directors) Rules, 2014 mandated KYC of all the Directors through the e-form DIR-3 KYC. All Directors of NSE have complied with the aforesaid requirement.

Pursuant to Section 203 of the Companies Act, 2013, the Key Managerial Personnel of your Company are Mr. Vikram Limaye, Managing Director & CEO, Mr. Yatrik Vin, Chief Financial Officer (CFO) and Mr. S. Madhavan, Company Secretary.

Pursuant to SECC Regulations, the Key Management Personnel of your Company as of March 31, 2020 are Mr. Vikram Limaye, Managing Director & CEO, Mr. J Ravichandran - Group President, Mr. Yatrik Vin – CFO, Mr. S Madhavan – Company Secretary, Mr. Vasudev Rao – General Counsel, Mr. Ravi Varanasi – Chief Business Development Officer, Mr. G. M. Shenoy - Chief Technology Officer, Mr. Shiv Kumar Bhasin - Chief Technology & Operations Officer, Ms. Priya Subbaraman – Chief Regulatory Officer, Mr. K S Somasundaram – Chief Enterprise Risk and Information Security Officer , Mr. Mayur Sindhvad – Chief Operating Officer – Trade Operations , Mr. Avishkar Naik – Head, Listing Compliance , Mr. Saurov Ghosh – Group Head – Human Resource, Mr. M Sheshadri - Head – Cyber Security & Information Security , Mr. Mukesh Agarwal – Managing Director – NSE Data & Analytics Limited and NSE Indices Limited, Mr. Vikram Kothari – Managing Director – NSE Clearing Limited, Mr. N. Muralidaran – Managing Director & CEO – NSE IT Limited, Mr. Dinesh Soni – SVP – Regulatory and Ms. Nisha Subhash - SVP – Regulatory.

## 7.2 BOARD AND COMMITTEES

Nine meetings of the Board were held during the year. For details of the meeting of the Board, please refer to the Corporate Governance Report, which forms part of this report.

Details of the composition of Committees of the Board, meetings held, attendance of the Directors at such meetings and other relevant details are given in the Corporate Governance Report forming part of this Report.

Re-constitution of various SEBI mandated committees

During the year, certain Mandatory / Statutory Committees were reconstituted pursuant to changes in the composition of the Governing Board and to be in line with the regulatory requirements. Accordingly, in terms of SECC Regulations, 2018, Companies Act, 2013 and SEBI (LODR), Regulations before 2015, the Committees have been appropriately re-constituted:

- a) Functional Committees:
  - i) Member and Core Settlement Guarantee Fund Committee (MCSGFC)
  - ii) Grievance redressal committee (formerly known as Investor Grievance Redressal committee)
  - iii) Nomination and Remuneration committee
- b) Oversight committees:
  - i) Standing Committee on Technology

- ii) Advisory Committee
- iii) Regulatory Oversight Committee
- iv) Risk Management Committee

In terms of SEBI circular dated February 23, 2017:

- a. Investor Protection Fund Trust (IPFT)

In terms of SEBI circular dated August 7, 2019:

Product Advisory Committees

In terms of Companies Act, 2013 and SEBI (LODR), 2015:

- a. Corporate Social Responsibility Committee (CSR)
- b. Stakeholders Relationship Committee (SRC)
- c. Audit Committee

## 7.3 DECLARATION BY INDEPENDENT DIRECTORS

As per SECC Regulations, SEBI has the powers to nominate Public Interest Director (PID) on the Board of Exchanges. PID means an Independent Director, representing the interests of investors in the securities market and who is not having any association, directly or indirectly, which is in conflict with his role. PIDs have a fixed tenure and the approval of shareholders for their appointment is not necessary.

In terms of SECC Regulations, SEBI had nominated Mr. Girish Chandra Chaturvedi, Ms. Anuradha Rao, Mr. K Narasimha Murthy, Prof. S Sudarshan and Ms. Mona Bhide as Public Interest Directors.

All the PIDs have given declaration of independence as required under the applicable laws as well as confirmation that he/ she is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his / her ability to discharge his / her duties with an objective independent judgement and without any external influence. The enrollment of all PIDs in the Databank being maintained by Indian Institute of Corporate Affairs to qualify as an Independent Director has been completed and they have all furnished the declaration affirming their compliance with the relevant provisions of Companies ( Appointment & Qualification of Directors ) Rules along with the Declaration of Independence.

In the opinion of the Board, all the aforesaid Independent Directors possess the requisite expertise and experience and are the persons with integrity.



#### **7.4 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, NSE has framed a policy on the appointment of Directors and Senior Management Personnel and a policy on Nomination and Remuneration of Directors and Key Management Persons identified under SECC Regulations and under the Companies Act, 2013. The Nomination and Remuneration Policy of NSE is attached as Annexure - 3 and the same is uploaded on NSE's website (weblink: [https://archives.nseindia.com/global/content/investor\\_rel/Nomination\\_and\\_Appointment\\_of\\_Directors\\_and\\_Senior\\_Management.pdf](https://archives.nseindia.com/global/content/investor_rel/Nomination_and_Appointment_of_Directors_and_Senior_Management.pdf) and [https://archives.nseindia.com/global/content/about\\_us/Remuneration\\_Policy.pdf](https://archives.nseindia.com/global/content/about_us/Remuneration_Policy.pdf)).

#### **7.5 PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS (ID)**

Pursuant to the provisions of the Companies Act, 2013, Listing Regulations and SEBI Guidance Note on Board evaluation issued on January 5, 2017 and SEBI circular of February 5, 2019 on Performance review of Public Interest Directors, the Board has carried out an annual evaluation of its own performance and that of its Committees and Individual Directors as of year ended March, 2020. This was undertaken internally.

During the year under review, the Board of NSE, based on the recommendations of the NRC formulated and adopted the performance evaluation guidelines for MD & CEO and process for selection and appointment of Key Management Personnel (KMP) at NSE.

The composition of the Board as on March 31, 2020 comprised of Mr. Girish Chandra Chaturvedi, Chairman (ID), Mr. Vikram Limaye, MD & CEO, Ms. Anuradha Rao (ID), Mr. K Narasimha Murthy (ID), Prof. S Sudarshan (ID), Mr. Abhay Havaladar, Mr. Prakash Parthasarthy and Ms. Sunita Sharma.

All the Independent Directors/PIDs of the company are newly/recently appointed members. The appointments of Mr. Girish Chandra Chaturvedi and Ms. Anuradha Rao were effective from November 8, 2019. The appointments of Prof. S Sudarshan and Mr. K Narasimha Murthy were effective from February 17, 2020. Mr. Girish Chandra Chaturvedi was appointed as the Chairman effective December 6, 2019. Until then, the post of the Chairman was vacant since resignation of the previous Chairman on January 11, 2019 and Chairman was elected from the PIDs for each Board meeting.

Ms. Sunita Sharma, Shareholder Director was re-appointed at the 27th AGM held on August 2, 2019 and subsequently SEBI approved her re-appointment as a Shareholder Director vide its letter dated February 17, 2020.

Given the aforesaid circumstances, the personal attendance/interactions amongst the Directors was limited for major part of the year and in that context, the performance evaluation was carried out.

The Performance evaluation criteria of the Board, its Committees, Individual Directors, the Chairperson and PID is attached herewith as Annexure-4 and is available on your Company's website [www.nseindia.com](http://www.nseindia.com).

The criteria for performance evaluation of the Board included aspects like Board composition, shared vision and strategy, the effectiveness of Board processes, information and functioning, etc. The criteria for performance evaluation of Committees of the Board included aspects like the composition of Committees, the effectiveness of Committee meetings, etc. The criteria for performance evaluation of the individual Directors include acting independently and in the best interests of the Company, aspects on contribution to the Board and Committee meetings like devoting sufficient time to his/her role and responsibilities at Board meetings and playing an active role in the activities of each committee on which he/she serves, etc. Peer assessment of Directors, based on parameters such as participation and contribution to Board deliberations, ability to guide the Company in key matters, and knowledge and understanding of relevant areas were sought by the Board for individual feedback.

The evaluation exercise in terms of Schedule IV of the Companies Act, 2013 was carried out in a separate meeting of Independent Directors held on March 24, 2020. The performance of all the Directors was evaluated by the entire Board except the person being evaluated. The performance of the Committees was evaluated by the Board. The Board also carried out the evaluation of their own performance apart from its Committees and individual Directors.

#### **7.6 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 judgements and estimates that are reasonable and prudent so as to give a

true and fair view of the state of affairs of NSE at the end of the financial year i.e., 31st March, 2020 and of the profits of NSE 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 NSE 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.

## 8. CORPORATE SOCIAL RESPONSIBILITY

NSE is covered under the purview of Section 135 of the Companies Act 2013. Similarly, many of its subsidiaries are also covered. A common CSR policy was adopted by NSE and its subsidiaries to avoid duplication of functions and enable scaling up of activities.

During the year 2019-20, ₹30.84 Crs. was 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 and the actual amount transferred to NSE Foundation towards approved projects was ₹30.84 Crs., which is 100% of the amount to be spent at the NSE level. During the year 2019-20, NSE Foundation spent the entire amount of ₹30.84 Crs. towards the approved CSR projects.

The CSR policy is available on your Company's website [www.nseindia.com](http://www.nseindia.com). 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.

## 9. CORPORATE GOVERNANCE

Disclosure pertaining to resources committed towards strengthening regulatory functions and towards ensuring compliance with regulatory requirements, backed by an activity based accounting and applicable to the recognised stock exchange, forming part of this report, is as under:

The Company has dedicated resources to manage the regulatory / compliance functions i.e. Membership compliance, Inspection, Enforcement, Surveillance, Investigation, Investor services (including grievance redressal, arbitration and defaulter proceedings) and functions relating to listing of companies and their compliance with prescribed requirements. There are 243 resources in these functions in various designations.

The Company has invested in state-of-the-art technology for its surveillance function and has developed internal systems to manage its regulatory functions.

The Company's inspection and enforcement departments are focused on investor protection and market integrity through effective supervision of trading members and consequent enforcement action. This requires continuous enhancements in supervisory practices to make them more effective and forward looking. During the year, the department has introduced several member related initiatives in this regard.

The Company also conducts various investor awareness seminars across India. To cater to the needs of investors, NSE has established Investor Services Cell at Mumbai, Chennai, Kolkata, New Delhi, Ahmedabad, Hyderabad, Indore, Kanpur, Pune, Bangalore, Jaipur, Vadodara, Patna, Lucknow, Chandigarh, Dehradun, Kochi, Guwahati, Bhubaneswar, Ranchi, Panaji, Raipur, Jammu and Shimla.

The Investor Services Cell facilitates resolution of complaints of investors against listed corporate entities and trading members.

The Investor Services Cell also renders administrative assistance to arbitration proceedings in respect of cases admitted for arbitration under the Exchange's Framework.

Further, various committees (which are subcommittees of the Board) oversee regulatory functions and these committees comprise of members of the Board and external experts as required.



A report on corporate governance for the financial year 2019-20 is furnished as part of the Annual Report as Annexure-6. The certificate from a Practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated in Listing Regulations is obtained.

### 10. Integrated Report

NSE has always taken steps in line with its core vision of being a leader in the industry. Guided by this thinking, your company has taken a paradigm shift from compliance-based reporting to governance-based reporting by introduction of the Integrated Report (IR) for the first time from the year 2019-2020. The IR is focused on giving a holistic assessment on the integration of the Company’s strategic objectives, risk and performance, both financial as well as non-financial, to demonstrate its commitment towards value creation for its shareholders. Your company intends to ensure that the content of the Integrated Report serves as a communication tool that clearly conveys the company activities to create value for its shareholders in the long term.

The Integrated Reporting is robust and contains details such as the organisation’s strategy and governance framework. The Integrated Report for the year 2019 - 2020 is presented in a separate section, forming part of the Annual Report and also hosted on the Company’s website at [www.nseindia.com](http://www.nseindia.com).

### 11. BUSINESS RESPONSIBILITY REPORT

The Securities and Exchange Board of India (‘SEBI’) under Regulation 34(2)(f) of Listing Regulations, 2015 read with National Guidelines on Responsible Business Conduct issued by Ministry of Corporate Affairs requires companies to present a Business Responsibility Report (‘BRR’) to its stakeholders in the prescribed format.

As stipulated under the Listing Regulations, the Business Responsibility Report (BRR), describing initiatives taken by NSE from an environmental, social and governance perspective, in the prescribed format form part of the Integrated Report and the same is also hosted on NSE’s website [www.nseindia.com](http://www.nseindia.com).

### 12. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management’s Discussion and Analysis Report in respect of NSE’s financials for the year ended March 31, 2020 is presented in a separate section forming part of the Annual Report.

### 13. VIGIL MECHANISM / WHISTLE BLOWER POLICY

NSE has put in place a “Whistle Blower Policy” as per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

This Whistle Blower Policy deals with complaints (“protected disclosures”) such as financial or operational mismanagement/irregularities, preferential treatment to certain stakeholders, conflict of Interest, violation of legal or regulatory provisions, etc., or in respect of Employee misconduct such as bribery and corruption, management instances of unethical behaviour, actual or suspected, fraud or violation of the Code of Ethics of NSE. The complaints could be against employees or other stakeholders including trading members, listed companies, vendors, consultants, service providers, business partners, and clients of trading members or any other third party associated with the Company.

All Protected Disclosures in relation to an Employee shall be investigated by the Ethics Counselor. While constituting the investigation team to deal with Complaints in relation to an Employee, the Ethics Counselor shall consider the designation / level of the Employees who are directly or indirectly alleged in the Protected Disclosure:

Designation	Complaint to be Screened by	Final Disposal by
Executive Vice President and Above	Ethics Counsellor and MD&CEO	Chairman of Regulatory Oversight Committee
Chief Financial Officer (“CFO”)	MD & CEO	Audit Committee
Ethics Counselor	MD & CEO	Regulatory Oversight Committee
MD&CEO	Chairman of Regulatory Oversight Committee	
Employee below the level of Executive Vice President	A panel comprising of the Chief Regulatory Officer, the Chief Financial Officer, the Group President and the Ethics Counsellor	MD&CEO

Protected disclosure can be physically sent or mailed at an email id, which shall be accessed by the Ethics Counsellor/Panel of 4 members for examining Whistle Blower Complaints/members of the Regulatory Oversight Committee (as applicable).

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 the 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 will be submitted to the Chairman of the Regulatory Oversight Committee/Audit committee on a regular basis about the receipt of Protected Disclosures, the results of investigations and the action initiated with regard to the same.

As per the requirement of Listing Regulations, details of Vigil Mechanism is provided on your Company's website at <https://www.nseindia.com/regulations/exchange-disclosures-details-of-vigil-mechanism>

During the year under review, the Vigil Mechanism /Whistle Blower Policy were amended owing to recent developments.

#### **Review of existing Charters / Terms of reference for the mandatory committees of the Board**

During the year under review, NSE reviewed the existing Charters / Terms of Reference of the mandatory committees of the Board.

#### **14.1 STATUTORY AUDITORS**

M/s. Price Waterhouse & Co, Chartered Accountants, LLP, (ICAI Registration No.304026E/ E300009) were appointed as the Statutory Auditors of the Company for a period of 5 (five) years from the conclusion of 24th Annual General Meeting, i.e., September 16, 2016 till the conclusion of 29th Annual General Meeting.

In continuation of its term of appointment, the said Audit Firm carried on the Statutory Audit of the Company for the financial year ended 31st March, 2020.

The Board at its meeting held on June 25, 2020 noted the eligibility certificate of M/s Price Waterhouse & Co. Chartered Accountants LLP, that they are eligible to continue to act as the statutory auditor of the Company for FY 2020-2021 as required under Section 139 of the Companies Act, 2013. The Board further noted that the requirement of seeking ratification of the members for the continuance of their appointment has been withdrawn consequent upon the changes made by the Companies (Amendment) Act, 2017 with effect from May 07, 2018. Hence, the resolution seeking ratification of the members for their appointment is not being placed at the ensuing Annual General Meeting.

The Statutory Auditors' Report for the Financial Year 2019 -20 does not contain any qualification, reservation or adverse remarks.

#### **14.2 SECRETARIAL AUDIT**

The Board, on the recommendations of the Audit Committee, had appointed M/s. BNP & Associates, Company Secretaries, to conduct the Secretarial Audit pursuant to the requirements of the Companies Act, 2013 and the rules laid down thereunder for the financial year ended 31st March, 2020. The Report of the Secretarial Audit is annexed herewith as Annexure 7. The Secretarial Audit Report does not contain any qualifications, reservation, adverse remarks or disclaimer.

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings' have been duly complied with by your Company.

#### **14.3 COST AUDIT**

The requirements relating to a disclosure as to maintenance of cost records as specified by the Central Government under section 148 of the Companies Act, 2013 is not required to be made by the Company and accordingly such accounts and records are not made and maintained.

#### **14.4 UNAUDITED SUB SEGMENT REPORT**

NSE operates only in one Business Segment i.e. facilitating trading in securities and the activities incidental thereto within India, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments". Necessary disclosure in this regard is part of notes to the annual accounts as approved by the Statutory Auditors of the Company.

Nevertheless, NSE has engaged M/s. Khandelwal Jain & Co., Chartered Accountants to review the sub segments on a quarterly basis for Capital Market (CM), F&O, Currency Derivatives (CD) and Wholesale Debt Market segments and have issued the unaudited sub segment report along with the limited review report.

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

#### **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:**

NSE has undertaken the following major technological initiatives towards effective energy conservation, namely:

- i. **Green Power through Wind Power Plant:**  
NSE has commissioned the 6.25 MW (i.e. 5 nos. of 1.25 MW



of Wind Mills) Wind Power Plant at Satara in Maharashtra in the year 2014. In Wind Power Plant, the Wind Electric Generator (WEG) converts the Kinetic Energy available in the Wind to Electrical Energy by using a Rotor, Gearbox and Generator. With regard to the operation of Wind Power Plant, it goes hand-in-hand with the Local Electricity Board. The Plant is connected to the Main Power Grid of the Local Electricity Board. As per renewable energy policy of Govt. of Maharashtra, the quantum of electricity generated through the Wind Power Plant is fed to the grid, which gets set off against the power consumption towards High Tension (HT) installation of the 'Wind farmer' (which in this case is NSE) anywhere in that grid. Accordingly, the aforesaid Wind Power Plant has generated 1,12,77,061 electricity units in the last year.

**ii. Thermal Energy Storage System:**

Thermal Energy Storage System has been introduced in the Air-conditioning (AC) System at Exchange Plaza. It was observed that most of the Services (i.e. AC Chillers, AHU's, Lifts, Lighting, PC, Plumbing System, etc.) in the building were operated mainly during office / day hours. Amongst them, the AC Chillers and its associated equipments used to consume more than 30% of the total peak demand load. In view of this, NSE had decided to reduce its demand load during peak hours by introducing the aforesaid plant in the existing AC System. In this system, the AC Chillers are being operated at night hours to form the "Chill" (i.e. Glycol Water at a temperature below zero degree centigrade) which gets stored in a Thermal Storage Tank. The next day, the stored Chill is being utilised through Heat Exchangers for air-conditioning the entire Office area. On account of this, the Services which were operating mainly during office hours have been distributed and NSE had surrendered the extra power. This way, NSE has saved around 14,123 Demand KVA in the last year.

**iii. Building Management System:**

The Building Management System (BMS) had been installed at the inception stage itself to enable NSE to operate the Building's Services more effectively. By using BMS System, the Air Handling Units (AHU) of air-conditioning system are being operated (i.e. switching ON /OFF) as per the exact time table scheduled for respective floors. It also helps NSE to regulate / control the temperature of the workspace area well within a prescribed tolerance. With this effective operation and regulation of AHU's, electricity is being

conserved on a day-to-day basis.

**iv. Occupancy Sensors:**

Motion/Occupancy Sensors have been installed at the entire Office areas to operate the Lights automatically based on the occupancy in the respective areas.

**v. Lighting Transformer and LED Lights:**

Lighting Transformers have been introduced in the lighting feeders to regulate incoming power supply which reduces excess power consumption and enhances the life of the luminaries. Additionally, LED Lights have been introduced across entire Office area. These measures have saved around 35,560 units in the last year.

**vi. Automatic Power Factor Control Units:**

The Automatic Power Factor Control Units have been installed to improve the power factor (i.e. by counter balancing the inductive load of the building with capacitive load) of the entire electrical load of the Building. Power Supplier gives incentives i.e. by passing certain discount in the electricity bill on account of this regularly.

**vii. Solar Power Plant:**

The Solar Power Plant of the capacity of 10 KW has been installed in the building which harnesses the Solar Power to cater to part of the lighting load at Exchange Plaza. This way NSE has saved around 365 units in the last year.

**viii. Rain Water Harvesting System:**

Envisaging water scarcity in future as well as present water shortages, a proper Hydro - Geological survey was conducted at Exchange Plaza to explore the possibility of harvesting the rain water in the periphery of Exchange Plaza. Accordingly, post survey and feasibility, Rain Water Harvesting System has been installed. By using this System, water is percolated into the soil in the Exchange Plaza campus.

**ix. Vermiculture Plant:**

The compostable material like food waste collected from Canteen, Garden Organics and Paper and Cardboard gets collected at one place. Post shredding, the aforesaid organic material gets loaded into Vermiculture plant for the decomposing process. Post 7 days of an on-going process, vermicompost / manure get generated and is being used for Gardening purposes. This way NSE has generated around 780 Kg of manure in the last year.

x. **Sewerage Treatment Plant:**

This plant has been installed at the inception stage itself to enable NSE to reuse building's domestic and flushing water (i.e. after treatment) for its Cooling Towers associated with Air-conditioning System and for Gardening purposes every day. This way NSE has saved around 21,778 Kilo litre of Water in the last year.

**Foreign Exchange earnings/outgo during the year under review**

Foreign exchange earnings during the year was Nil and Foreign exchange outgo during the year was ₹24.52 crores.

**16. PARTICULARS OF EMPLOYEES**

A Statement of Particulars of Employees covered under the provisions of Rule 5 (2) & (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed herewith as Annexure-8(i)&(ii). The ratio of compensation paid to each key management personnel, vis-a-vis. median of compensation paid to all employees of NSE is enclosed herewith as Annexure-9.

**17. ACKNOWLEDGMENT**

Your Directors are grateful for the support and co-operation extended by the Government of India, Securities and Exchange Board of India and Reserve Bank of India. Your Directors would also like to place on record their sincere appreciation of the support provided by the shareholders and also their deep appreciation of the contribution made by the employees at all levels to the continued growth of your Company. The Directors regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic. Your Directors appreciate and value the contribution made by every employee of NSE.

For and on behalf of the Board of Directors

Girish Chandra Chaturvedi

Chairman

DIN: 00110996

Date: June 25, 2020



## ANNEXURE 1 TO BOARD'S REPORT

### Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangement 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:

- (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 of the Companies Act, 2013: **N.A.**

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

In terms of policy on Related Party Transactions of the Company, transactions, whether individually or taken together with previous transactions with a related party

during a financial year, where exceeds ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company are considered as material related party transactions. Accordingly, the following information is furnished.

- (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: **On-going transactions (Continuous)**
- (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: The transactions are on arms' length basis and in ordinary course of business and so the approval of the Board for this purpose is not required.
- (f) Amount paid as advances, if any: **NIL**

For and on behalf of the Board of Directors

Girish Chandra Chaturvedi  
Chairman  
DIN: 00110996

Date: June 25, 2020

## Annexure to AOC-2

(a) Names of the related parties and related party relationships

Sr. No.	Related Party	Nature of Relationship	Principal Activities	% Holding
1	NSE Clearing Limited (formerly known as National Securities Clearing Corporation Limited)	Subsidiary Company	Clearing and Settlement	100%

(b) Details of transactions (including service tax / GST as levied) with related parties are as follows :

(₹ in Crs.)

Name of the Related Party	Nature of Transactions	Year ended 31.03.2020	Year ended 31.03.2019
NSE Clearing Limited (formerly known as National Securities Clearing Corporation Limited)	Usage charges received	21.70	20.01
	Usage charges paid for interoperability	1.66	-
	Space and Infrastructure usage charges received	5.29	10.74
	Reimbursement received for expenses on staff on deputation	11.66	9.50
	Reimbursement received for other expenses incurred	39.67	37.32
	Reimbursement paid for CAMS Charges	0.38	0.91
	Dividend received	81	36.00
	Clearing and Settlement charges paid	200.87	164.81
	Closing balance (Credit)/Debit	(0.07)	9.20

For and on behalf of the Board of Directors

Girish Chandra Chaturvedi  
Chairman  
DIN: 00110996

Date: June 25, 2020



## ANNEXURE 2 TO BOARD'S REPORT

### Form No. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2020

[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	U67120MH1992PLC069769
ii	Registration Date	27th November, 1992
iii	Name of the Company	National Stock Exchange of India 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-400 051 022-2659 8222 (tel.) 022-2659 8198 (Fax)
vi	Whether listed company (Yes/No)	No
vii	Name, Address & Contact details of Registrar & Transfer Agent, if any	Link Intime India Pvt. Ltd C – 101, 247 Park, LBS Marg, Vikhroli West, Mumbai – 400 083 Tel. No. + 91 22 49186000 and Fax No. +91 22 49186060

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products/services	NIC Code of the Product / service	% to total turnover of the company
1	Recognised stock exchange providing financial market operational services	9971	87.69%

#### 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	NSE Clearing Limited Exchange Plaza, Plot C-1, Block 'G', Bandra-Kurla Complex, Bandra East Mumbai - 400051	U67120MH1995PLC092283	Subsidiary Company	100%	2(87) (ii)
2	NSE Investments Limited Exchange Plaza, Plot C-1, Block 'G', Bandra-Kurla Complex, Bandra East Mumbai - 400051	U65999MH2013PLC240078	Subsidiary Company	100%	2(87) (ii)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
3	NSE Indices Limited Exchange Plaza, Plot C-1, Block 'G', Bandra-Kurla Complex, Bandra East Mumbai - 400051	U73100MH1998PLC114976	Subsidiary Company	100%	2(87) (ii)
4	NSEIT Limited Ground floor, Trade Globe, Sir M V Road, Andheri Kurla Road, Andheri East Mumbai- 400059	U72200MH1999PLC122456	Subsidiary Company	100%	2(87) (ii)
5	NSE Data & Analytics Limited Exchange Plaza, Plot C-1, Block 'G', Bandra-Kurla Complex, Bandra East Mumbai - 400051	U72900MH2000PLC126952	Subsidiary Company	100%	2(87) (ii)
6	NSE Infotech Services Limited Exchange Plaza, Plot C-1, Block 'G', Bandra-Kurla Complex, Bandra East Mumbai - 400051	U72900MH2006PLC163468	Subsidiary Company	100%	2(87) (ii)
7	Computer Age Management Services Ltd. New No.10, Old No.178, M.G.R.Salai, Nungambakkam, Chennai – 600034 (upto February 04, 2020)	U65910TN1988PTC015757	Associate	37.5%	2(6)
8	Market Simplified India Ltd. 13th Floor, Zenith Building, ASCENDAS International Tech Park, CSIR Road, Taramani, Chennai-600113	U72900TN2000PLC045869	Associate	30%	2(6)
9	NSDL E-Governance Infrastructure Ltd. 1st Floor, Times Tower, Kamala Mills Compound, Lower Parel, Mumbai-400013	U72900MH1995PLC095642	Associate	25.05%	2(6)
10	Power Exchange India Ltd. Unit No.901, 9th floor, Sumer Plaza, Marol Maroshi, Andheri East, Mumbai 400059	U74900MH2008PLC179152	Associate	34.21%	2(6)
11	National Securities Depository Limited 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai Mumbai-400013	U74120MH2012PLC230380	Associate	24.00%	2(6)
12	Receivables Exchange of India Limited Trade Centre (Vatika Business Centre), First Floor (Unit No.2), Office No.14, BKC, Bandra (East) Mumbai - 400051	U67190MH2016PLC273522	Associate	30.00%	2(6)
13	BFSI Sector Skill Council of India 25th Floor, P.J. Towers Dalal Street, Fort, Mumbai-400001	U80904MH2011NPL222074	Associate	49.00%	2(6)
14	NSE Academy Limited Exchange Plaza, Plot C-1, Block 'G', Bandra-Kurla Complex, Bandra East Mumbai - 400051	U67190MH2016PLC274239	Subsidiary Company	100%	2(87) (ii)
15	NSEIT (US), Inc. 2010 Crow Canyon Place, Suit 107, San Ramon CA 94583	-	Subsidiary Company	100%	2(87) (ii)
16	NSE IFSC Ltd. Unit-1201, Brigade International Financial Centre 12th Floor, Block-14, Road 1C, Zone-1, Gift SEZ, Gift City, Gandhinagar Gujarat - 382355	U65100GJ2016PLC094517	Subsidiary Company	100%	2(87) (ii)



Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
17	NSE IFSC Clearing Corporation Ltd. Unit-1202, Brigade International Financial Centre 12th Floor, Block-14, Road 1C, Zone-1, GIFT SEZ, GIFT CITY, Gandhinagar Gujarat- 382355	U65990GJ2016PLC094545	Subsidiary Company	100%	2(87) (ii)
18	NSE Foundation Exchange Plaza, Plot C-1, Block 'G', Bandra-Kurla Complex, Bandra East Mumbai – 400051	U74999MH2018NPL305854	Subsidiary Company	100%	2(87) (ii)
19	Aujas Networks Private Limited No.595, 4th Floor, 15th Cross, 1st Phase, Outer Ring Road, J P Nagar, Bangalore - 560078	U72200KA2008PTC045218	Subsidiary Company	96.84%	2(87) (ii)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

##### I) CATEGORY-WISE SHARE HOLDING

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2019)			No. of Shares held at the end of the year (As on 31.03.2020)			% Change during the year
	Demat	Total	% of Total Shares	Demat	Total	% of Total Shares	
<b>A. PUBLIC SHAREHOLDING</b>							
<b>(1) Institutions</b>							
a) Mutual Funds	-	-	-	-	-	-	-
b) Banks/FI	4,94,10,093	4,94,10,093	9.98	2,93,89,129	2,93,89,129	5.94	-4.04
c) Central Govt.	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-
e) Venture Capital Funds	2,37,43,292	2,37,43,292	4.80	2,80,68,042	2,80,68,042	5.67	0.87
f) Insurance Companies	8,35,88,500	8,35,88,500	16.89	8,12,88,500	8,12,88,500	16.42	-0.47
g) FPI	6,38,09,422	6,38,09,422	12.89	5,99,76,422	5,99,76,422	12.12	-0.77
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-
i) Others (specify) Foreign Direct Investments	17,81,06,863	17,81,06,863	35.98	18,19,39,863	18,19,39,863	36.76	0.78
<b>Sub-total(A)(1):</b>	<b>39,86,58,170</b>	<b>39,86,58,170</b>	<b>80.54</b>	<b>38,06,61,956</b>	<b>38,06,61,956</b>	<b>76.91</b>	<b>-3.63</b>
<b>(2) Non – Institutions</b>							
a) Bodies Corp.	8,57,88,872	8,57,88,872	17.33	8,72,03,804	8,72,03,804	17.61	0.28
b) Individuals							
i) Individual shareholders holding nominal share capital upto ₹1 lakh	14,37,232	14,37,232	0.29	50,17,201	50,17,201	1.06	0.77
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	66,19,674	66,19,674	1.34	1,82,15,487	1,82,15,487	3.68	2.34
c) Others (specify)							
i)HUF	21,052	21,052	0.004	26,552	26,552	0.01	0.006
ii)Trust	24,75,000	24,75,000	0.50	38,75,000	38,75,000	0.78	0.28
<b>Sub-total(A)(2):</b>	<b>9,63,41,830</b>	<b>9,63,41,830</b>	<b>19.46</b>	<b>11,43,38,044</b>	<b>11,43,38,044</b>	<b>23.10</b>	<b>3.63</b>

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2019)			No. of Shares held at the end of the year (As on 31.03.2020)			% Change during the year
	Demat	Total	% of Total Shares	Demat	Total	% of Total Shares	
Total Public Shareholding (A)= (A) (1)+(A)(2)	495000000	495000000	100	495000000	495000000	100	-
B. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-
Grand Total (A+B)	495000000	495000000	100	495000000	495000000	100	-

## II) SHAREHOLDING OF PROMOTERS

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding 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	
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

## III) CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE)

SN	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
	At the beginning of the year	N.A.	N.A.	N.A.	N.A.
	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.
	At the end of the year	N.A.	N.A.	N.A.	N.A.

## IV) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):

SN	Name	Shareholding at the beginning of the year		Date-wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. Allotment/transfer/ bonus/sweat equity)			Cumulative shareholding during the year (01-04-19 to 31-03-2020)	
		No. of shares at the beginning (01-04-19)	% of total shares of the company	Date	Increase (I)/ Decrease (D) in shareholding	Reason	No. of shares	% of total shares of the company
1	Life Insurance Corporation of India	61913500	12.51	-	-	-	61913500	12.51
2(i)	Aranda Investments (Mauritius) PTE. Ltd	24750000	5.00	-	-	-	24750000	5.00
2(ii)	Veracity Investments Limited, Mauritius	24750000	5.00	-	-	-	24750000	5.00



SN	Name	Shareholding at the beginning of the year		Date-wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. Allotment/transfer/bonus/sweat equity)			Cumulative shareholding during the year (01-04-19 to 31-03-2020)			
		No. of shares at the beginning (01-04-19)	% of total shares of the company	Date	Increase (I)/ Decrease (D) in shareholding	Reason	No. of shares	% of total shares of the company		
3	Stock Holding Corporation of India Limited	22000000	4.44	-	-	-	22000000	4.44		
4	State Bank of India	21859160	4.42				21859160	4.42		
				08-06-2019	2439750(D)	Sale of Shares	19419410	3.92		
				25-02-2020	1450000(D)	Sale of Shares	17969410	3.62		
5	SBI Capital Markets Ltd.	21450000	4.33	-	-	-	21450000	4.33		
6	GAGIL FDI Limited	18752382	3.78	-	-	-	18752382	3.78		
7	SAIF II SE Investments Mauritius Limited, Mauritius	17590000	3.55	-	-	-	17590000	3.55		
8(i)	GS Strategic Investments Limited, Mauritius	14850000	3.00	-	-	-	14850000	3.00		
8(ii)	MS Strategic (Mauritius) Limited	14850000	3.00	-	-	-	14850000	3.00		
8(iii)	PI Opportunity Fund	14850000	3.00	-	-	-	14850000	3.00		
8(iv)	Tiger Global Five Holdings	14850000	3.00				14850000	3.00		
				20/11/2019	3500000(D)	Sale of Shares	11350000	2.29		
9	Acacia Banyan Partners	12375000	2.50	-	-	-	12375000	2.50		
10(i)	IFCI Limited	12066871	2.44				12066871	2.44		
				17/12/2019	50491(D)	Sale of Shares	12016380	2.43		
				20/12/2019	8791880(D)	Sale of Shares	3224500	0.65		
				23/12/2019	248100(D)	Sale of Shares	2976400	0.60		
				26/12/2019	25000(D)	Sale of Shares	2951400	0.59		
				30/12/2019	150000(D)	Sale of Shares	2801400	0.57		
				03/01/2020	1461400(D)	Sale of Shares	1340000	0.27		
				08/01/2020	350000(D)	Sale of Shares	990000	0.20		
				20/01/2020	150000(D)	Sale of Shares	840000	0.17		
				27/01/2020	50000(D)	Sale of Shares	790000	0.16		
				28/01/2020	100000(D)	Sale of Shares	690000	0.14		
29/01/2020	275000(D)	Sale of Shares	415000	0.08						
04/02/2020	250000(D)	Sale of shares	165000	0.03						
10/02/2020	65000(D)	Sale of shares	100000	0.02						
11/02/2020	100000(D)	Sale of shares	0	0.00						
10(ii)	DVI Fund Mauritius Limited	9900000	2.00	-	-	-	9900000	2.00		

**V) SHAREHOLDING OF THE DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

SN	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
	At the beginning of the year	N.A.	N.A.	N.A.	N.A.
	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.
	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
<b>Indebtedness at the beginning of the financial year</b>	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
<b>Total (i+ii+iii)</b>	N.A	N.A	N.A	N.A
<b>Change in Indebtedness during the financial year</b>	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
<b>Net Change</b>	N.A	N.A	N.A	N.A
<b>Indebtedness at the end of the financial year</b>	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
<b>Total (i+ii+iii)</b>	N.A	N.A	N.A	N.A



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:

Sr. No.	Particulars of Remuneration	Managing Director & CEO Mr. Vikram Limaye (₹ in Crs.)
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	9.17
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.01
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	
	- as % of profit	
	- others, specify	-
5	Others, please specify (contribution to PF and other fund. Exempted allowances, tax paid by employer, withheld variable pay)	0.26
	<b>Total (A)</b>	<b>9.44</b>

#### Note:

Ceiling as per the Companies Act, 2013: As approved by the Shareholders under Section 196 & 197 read with schedule V

### B. REMUNERATION TO OTHER DIRECTORS:

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
1	Independent Directors	Mr. Girish Chandra Chaturvedi <sup>#</sup>	Ms. Anuradha Rao <sup>#</sup>	Mr. K Narasimha Murthy <sup>##</sup>	Prof. S Sudarshan <sup>##</sup>	Mr. Naved Masood <sup>*</sup>	Ms. Dharmishta Raval <sup>**</sup>	
	Fee for attending Board and Committee meetings	9,25,000	7,00,000	5,00,000	4,25,000	30,25,000	13,75,000	
	Commission	-	-	-	-	-	-	
	Others, please specify	-	-	-	-	-	-	
	<b>Total (1)</b>	9,25,000	7,00,000	5,00,000	4,25,000	30,25,000	13,75,000	69,50,000
2	Other Non-Executive Directors	Mr. Dinesh Kanabar <sup>*</sup>	Mr. T.V. Mohandas Pai <sup>*</sup>	Ms. Sunita Sharma	Mr. Prakash Parthasarathy	Mr. Abhay Havaladar		
	Fee for attending board, committee meetings	28,75,000	23,50,000	6,75,000	14,00,000	15,75,000		
	Commission	-	-	-	-	-		
	Others, please specify	-	-	-	-	-		
	<b>Total (2)</b>	28,75,000	23,50,000	6,75,000	14,00,000	15,75,000		88,75,000
	<b>Total (B)=(1+2)</b>							1,58,25,000
3	<b>Total Managerial Remuneration</b>							1,58,25,000
	Overall Ceiling as per the Companies Act, 2013: Siting Fees	₹1 lakh per Director per meeting						

\*Mr. Dinesh Kanabar, Mr. Naved Masood & Mr. T.V. Mohandas Pai ceased to be the Public Interest Director(s) with effect from February 17, 2020.

\*\*Ms. Dharmishta Raval ceased to be the Director with effect from 31st August 2019.

<sup>#</sup>Mr. Girish Chandra Chaturvedi & Ms. Anuradha Rao were appointed as Public Interest Directors with effect from November 08, 2019

<sup>##</sup> Mr. K Narasimha Murthy & Prof S Sudarshan were appointed as Public Interest Directors with effect from February 17, 2020.

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL (OTHER THAN MD/MANAGER/WTD) :**

(₹ in Crs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Yatrik Vin (CFO)	Mr. S Madhavan(CS)	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.42	1.02	3.44
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.38	0.01	0.39
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	
2	Stock Option	-	-	
3	Sweat Equity	-	-	
4	Commission	-	-	
	- as % of profit	-	-	
	- others, specify...	-	-	
5	Others, please specify (contribution to Provident Fund and other Fund, exempted allowances, Tax paid by employer, withheld variable pay)	0.15	0.03	0.18
	<b>Total</b>	<b>2.95</b>	<b>1.06</b>	<b>4.01</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

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)
<b>A. COMPANY</b>					
Penalty					
Punishment			--NIL--		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			--NIL--		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			--NIL--		
Compounding					

For and on behalf of the Board of Directors

Girish Chandra Chaturvedi

Chairman

DIN: 00110996

Date: June 25, 2020



## ANNEXURE 3 TO BOARD'S REPORT

### National Stock Exchange of India Limited

## POLICY FOR NOMINATION AND APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

### 1. INTRODUCTION

National Stock Exchange of India Limited (hereinafter referred to as "NSE" or "the company") is governed by the Companies Act, 2013 and rules notified thereunder, the Securities Contracts (Regulation) Act, 1956 read with rules notified thereunder and the Securities Contract (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (hereinafter referred to as "SCR (SECC) Regulations, 2018") including disclosure requirements and corporate governance norms as specified for listed companies to the extent applicable to stock exchanges.

Pursuant to Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Board of Directors of NSE is mandated to constitute a Nomination and Remuneration Committee which shall, amongst other things, formulate the criteria for determining qualifications, positive attributes and independence of a Director and criteria for identifying persons who may be appointed in senior management and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees. Regulation 27 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (SECC Regulations) also mandates constitution of NRC to inter alia determine the compensation of key management personnel in terms of compensation policy framed in accordance with the norms specified therein.,

### 2. OBJECTIVE

The Company aims to achieve a balance of merit, experience and skills amongst its Directors and Senior Management Personnel. The objectives of this Policy are:

- (a) formulate the criteria for determining qualifications, positive attributes and independence of a director;
- (b) recommend to the Board a policy relating to the remuneration for the directors, senior management (including key managerial personnel) and other employees;
- (c) determine the composition of the Board of Directors and the sub-committees of the Board and addressing issues of Board diversity; devising a policy on diversity of Board of Directors;
- (d) ensure that appropriate procedures are in place to assess Board membership needs and Board effectiveness;
- (e) identify persons who are qualified to become directors;
- (f) recommend to the Board appointment and removal of Directors in accordance with policy and criteria laid down;
- (g) Formulation of criteria for evaluation of performance for Independent Directors and Board of Directors;
- (h) recommend on the extension or continuation of the term of appointment of independent director on the basis of performance evaluation of independent directors;
- (i) decide on the Annual Performance Linked Pay (variable pay) payable to Managing Director & CEO and to approve annual increase in the Total Pay payable to Managing Director & CEO;
- (j) assist the Board's overall responsibility relating to executive compensation and recommend to the Board appropriate compensation packages for Whole-time Directors and Senior Management personnel in such a manner so as to attract and retain best available personnel for position of substantial responsibility with the Company;
- (k) lay down criteria for personnel who may be appointed in Senior Management;
- (l) identify persons who may be appointed in Senior Management in accordance with the Policy and criteria laid down;
- (m) recommend to the Board appointment and removal of personnel in Senior Management in accordance with Policy and criteria laid down;
- (n) recommend to the board, all remuneration, in whatever form, payable to senior management
- (o) approve release of variable pay of KMPs under SEBI Regulations withheld earlier;

- (p) to approve Variable Pay and Fixed Pay of KMPs under SEBI Regulations;
- (q) review, approve and aid the Board in succession and emergency preparedness plan for key executives;
- (r) determine the tenure of KMPs under SEBI Regulations appointed in Regulatory departments;
- (s) specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
- (t) Identifying Key management personnel, other than personnel as specifically provided in its definition under SECC Regulations, 2018
- (u) Laying down the policy for compensation of key management personnel in terms of the compensation norms prescribed by SEBI.
- (v) Determining the compensation of KMPs in terms of the compensation policy.
- (w) Determining the tenure of a key management personnel, other than a director, to be posted in a regulatory department.
- (x) Selecting the Managing Director.
- (y) Framing & reviewing the performance review policy to carry out evaluation of every director's performance, including that of Public Interest Director (PID).
- (z) Recommending whether to extend the term of appointment of the PID.
- (aa) Besides the above, it will also discharge the function as Nomination & Remuneration Committee under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 as amended from time to time
- Act, 2013 and/or as per regulation 2(j) of SCR (SECC), Regulation, 2018.
- v. "Public Interest Director" means an independent director as defined under SCR (SECC) Regulations, 2018.
- vi. "Shareholder Director" means a non- executive director as defined under SCR (SECC) Regulations, 2018;
- vii. "Managing Director" means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.
- Explanation.-For the purposes of this clause, the power to do administrative acts of a routine nature when so authorized by the Board such as the power to affix the common seal of the company to any document or to draw and endorse any cheque on the account of the company in any bank or to draw and endorse any negotiable instrument or to sign any certificate of share or to direct registration of transfer of any share, shall not be deemed to be included within the substantial powers of management.
- viii. "Nomination and Remuneration Committee" or "the Committee" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013, Listing Regulations and Regulation 27 of SCR (SECC) Regulations, 2018.
- ix. "Policy" means this "Nomination Policy."
- x. The term "Senior Management" means officers / personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the chief executive officer/ managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer. This will include the KMP's under the Companies Act, 2013 and those identified by the NRC from time to time.
- xi. "Whole-time director" includes a director in the whole-time employment of the company;
- Words and definitions not defined herein, shall have the same meaning as provided in the Companies Act, 2013

### 3. DEFINITIONS

- i. "Board of Directors" or "Board" shall mean the collective body of directors of NSE;
- ii. "Director" means a director appointed to the Board of NSE;
- iii. "Independent Director" shall have the meaning as defined under the Companies Act, 2013 read with relevant rules and listing Regulations.
- iv. "Key Managerial Personnel / Key Management Persons" means as defined under Section 2(51) of the Companies



read with relevant rules, Listing Regulations and SCR (SECC) Regulations 2018 or other relevant provisions as may be applicable.

#### 4. INTERPRETATION:

In any circumstance where the terms of this Policy differ from any existing or enacted law, rule, regulation governing the Company, the law, rule or regulation will take precedence over the provision of this Policy.

#### 5. POSITIVE ATTRIBUTES AND QUALIFICATIONS OF DIRECTORS

When recommending a candidate for appointment as Director, the Committee will have regard to the following qualifications and positive attributes:

- i. the appointee should satisfy the 'fit & proper criteria' as stipulated under SCR (SECC) Regulations, 2018 (refer Annexure A) and other requirements as prescribed by SEBI from time to time.
- ii. assessing the appointee against a range of criteria which includes, but not be limited to, qualifications, skills, industry experience, background and other qualities required to operate successfully in the position;
- iii. 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; in case of Senior Management their contribution towards effectiveness of the organization as whole would be considered;
- iv. 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;
- v. ability of the appointee to represent the company;
- vi. ability to work individually as well as a member of the Board and with the senior management;
- vii. influential communicator with power to convince others in a positive way;
- viii. ability to participate actively in deliberation and group processes;
- ix. have strategic thinking and facilitation skills;

- x. act impartially keeping in mind the interest of the company on priority basis;
- xi. Does not hold Directorship in more than 20 companies (including private and public limited companies) or 10 public limited companies incorporated in India or such other number of companies as may be prescribed from time to time;
- xii. Has attained minimum age of 25 years and is not older than 70 years or such other age as may be prescribed from time to time; Provided that appointment of a person who has attained the age of seventy years may be made by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person. Under SECC Regulations, the maximum age limit of MD is 65 years.
- xiii. Personal specifications:
  - Educational qualification;
  - Experience of management in a diverse organization;
  - Interpersonal, communication and representational skills;
  - Demonstrable leadership skills;
  - Commitment to high standards of ethics, personal integrity and probity;
  - Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;

#### 6. COMPOSITION OF BOARD UNDER SECC REGULATIONS

The Committee shall take into account the following while deciding the composition of the Board and its size: -

The Board of NSE shall include:

- a. Shareholders Directors
- b. Public interest Directors; and,
- c. Managing Director.

The Board from time to time keeping in mind the corporate structure, may frame guidelines governing the composition of Board which shall inter-alia be subject to the following: -

- The number of public interest directors shall not be lesser than the number of shareholder directors.

- The managing director shall be included in the category of shareholder directors.
- The appointment and tenure of Shareholder Director would be governed by the applicable provisions of the Companies Act and shall be with the prior approval of the SEBI.
- Any employee of a recognised stock exchange or recognised clearing corporation may be appointed on the governing board in addition to the managing director and such director shall be deemed to be a shareholder director.
- Chairperson shall be elected by the Governing Board from amongst the Public interest Directors and shall be subject to the prior approval of SEBI.
- No trading member or clearing member, or their associates and agents, shall be on the Board.
- Person who is a director in an entity, that itself is a trading member or clearing member or has associate(s) as trading member(s) or clearing member(s) shall be deemed to be a clearing member or trading member.

Provided a person shall not be deemed to be clearing member and / or trading member or their associate, if he/she is on the board of a public financial institution or bank which is in public sector, or which either has no identifiable ultimate promoter, or the ultimate promoter is in public sector or has well diversified shareholding, and such Public Financial Institution or Bank or its associate is a clearing member and / or trading member.

Provided further that the independent directors of the associates of Public Financial Institution or Bank in public sector, who are clearing member and/or trading member and where the majority shareholding is that of such Public Financial Institution or bank in the public sector, shall not be deemed to be a clearing member and / or trading member for the purpose of sub-regulation (6).

- No foreign portfolio investor shall have any representation in the Board.
- The public interest directors on the Board shall be nominated by the SEBI.
- The Public Interest Director shall be eligible to become a Shareholder director only after a cooling off period of 3 years after ceasing to be a Public Interest Director.
- A Public Interest Director on the board of the Company shall not act simultaneously as director on the board of its

subsidiary or on the board of any other recognized stock exchange or recognized clearing corporation or depository or on the board of Subsidiary of such other recognized stock exchange or recognized clearing corporation or depository.

- A Public Interest Director on the board of the Company shall not act simultaneously as a Member on more than five statutory committees under SECC Regulations of the Company.

#### **7. COMPOSITION OF BOARD AS PER SEBI (LODR) REGULATION, 2015**

- The Board of Directors shall have an optimum combination of Executive and Non-Executive Directors with at least one Woman Director and not less than fifty percent of the board of directors shall comprise of Non-Executive Directors;
- Where the Chairperson of the board of directors is a non-executive director, at least one-third of the board of directors shall comprise of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors.

Provided that where the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, at least half of the board of directors of the listed entity shall consist of independent directors.

Explanation: -

For the purpose of this clause, the expression - “related to any promoter” shall have the following meaning:

- if the promoter is a listed entity, its directors other than the independent directors, its employees or its nominees shall be deemed to be related to it;
- if the promoter is an unlisted entity, its directors, its employees or its nominees shall be deemed to be related to it.

#### **8. COMPOSITION OF BOARD AS PER COMPANIES ACT, 2013**

- The Board of directors of the top 1000 listed entities and the top 2000 listed entities (with effect from April 1, 2020) shall comprise of not less than six directors.
- With effect from April 1, 2022, the top 500 listed entities shall ensure that the Chairperson of the board of such listed entity shall -



- (a) be a non-executive director;
- (b) not be related to the Managing Director or the Chief Executive Officer as per the definition of the term “relative” defined under the Companies Act, 2013.
- Section 149 of the Act prescribes that every public limited company shall have at least 3 Directors and provides for appointment of up to fifteen Directors without seeking approval of shareholders. It also prescribes that all listed companies shall have at least one woman director. Section 149 (3) of the Act provides that there should be at least one Director who should have stayed in India for a period of not less than 182 days during the financial year.
- The Board of directors of the top 500 listed entities shall have at least one independent woman director and the Board of directors of the top 1000 listed entities shall have at least one independent woman director by April 1, 2020.

#### 9. INDEPENDENCE OF A DIRECTOR

The Independent Director shall enroll his / her name in the Databank, being maintained by Indian Institute of Corporate Affairs at Manesar or such other Institutions as may be notified by Ministry of Corporate Affairs from time to time, to qualify as an Independent Director and shall submit a declaration of compliance to the Board each time he submits the declaration as required under section 149 (7) of the Companies Act.

The key role of an Independent Director is to provide an unbiased, varied and experienced perspective to the Board. While evaluating the candidature of a Director, the Committee reviews the criteria for determining Independence as stipulated under the Companies Act 2013, Listing Regulations and other applicable regulations or guidelines.

The Committee takes a broad perspective with respect to Independence and takes into consideration not only the dealings, transactions, relationships with the concerned Individual Director but also with relatives, entities and organizations affiliated to it.

The Committee, along with the Board, regularly reviews the skill, characteristics required from the Board & Individual Directors. One of the prime objectives of this exercise is to identify competency gaps in the Board and make suitable recommendations. The objective is to have a board of diverse background and experience in business, technology, governance and areas that are relevant for NSE.

Besides considering all other qualifications with regards to talent, relevant professional experience, proven track record of performance and achievement, ethics and integrity, ability to bring in fresh and independent perspectives, sector specific experience and expertise, the Committee objectively evaluates whether an individual can dispassionately discharge the statutory functions of a Director as enshrined in the Companies Act 2013, SCR (SECC) Regulations, 2018 and Listing Regulations.

#### 10. DISQUALIFICATIONS FOR APPOINTMENT OF DIRECTORS

Pursuant to section 164 of the Companies Act, 2013, a person shall not be eligible for appointment as a Director of a company if:

- a. He is of unsound mind and stands so declared by a competent court;
- b. He is an undischarged insolvent;
- c. He has applied to be adjudicated as an insolvent and his application is pending;
- d. He has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence.

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company;

- a) An order disqualifying him for appointment as a director has been passed by a court or tribunal and the order is in force;
- b) He has not paid any calls in respect of any shares of the company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
- c) He has been convicted of the offence dealing with related party transactions under section 188 at any time during the preceding five years; or
- d) He has not complied with sub-section (3) of section 152.

No person who is or has been a director of a company which:

- a) Has not filed financial statements or annual returns for any continuous period of three financial years; or

- b) Has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more shall be eligible to be reappointed as a director of that company or appointed in other company for a period of five years from the date on which the said company fails to do so.

### 11. TERM / TENURE:

#### a. Managing Director/Whole-time Director:

- Under the Companies Act, 2013:  
The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term of not less than 3 years and not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term. Managing Director/ Whole -time director can hold office upto 70 years of age.

Provided that the appointment of a person who has attained the age of 70 years may be made by passing special resolution at the meeting of shareholders.

- Under SCR (SECC) Regulations, 2018  
The appointment of Managing Director shall be for a term not exceeding 5 years, provided further that, a person may be appointed as the Managing Director for a maximum of two terms not exceeding 5 years each, subject to a maximum age limit of 65 years.

The Managing director shall not—

- be a shareholder or an associate of a shareholder of a recognised stock exchange or recognised clearing corporation or shareholder of an associate of a recognised stock exchange or recognised clearing corporation, as the case may be;
- be a trading member or a clearing member or his associate and agent or shareholder of a trading member or clearing member or shareholder of an associate and agent of a trading member or a clearing member; or
- hold any position concurrently in the subsidiary of a recognised stock exchange or a recognised clearing corporation or in any other entity associated with a recognised stock exchange or a recognised clearing corporation:

Provided that the Managing Director may be appointed on the governing board, but not as Managing Director, of the subsidiary of a recognised stock exchange or a recognised clearing corporation.

#### b. Independent Director:

- Under Companies Act, 2013

An Independent Director shall hold office for a term up to 5 consecutive years. Further, no Independent Director shall hold office for more than 2 consecutive terms but shall be eligible for appointment after the expiration of 3 years of ceasing to become an Independent Director.

- Under Listing Regulations

Regulation 25(2) states that the maximum tenure of Independent Directors shall be in accordance with the Companies Act, 2013 and rules made thereunder in this regard, from time to time.

- Under SECC Regulations

Public Interest directors (who are essentially Independent Directors) shall be nominated for a term of 3 years extendable by another term of 3 years subject to performance review in the manner as specified by SEBI. This is however subject to a maximum age limit of seventy five years.

### 12. EVALUATION:

The NRC shall by itself or through the Board or an independent external agency as prescribed in the Board Evaluation Policy, carry out evaluation of performance of the Board/Committee(s), Individual Directors and Chairman at regular interval (yearly) and review implementation and compliance.

### 13. BOARD DIVERSITY

The Board shall consist of such number of Directors, including at least one woman Director, as is necessary to effectively manage the Company of its size. The Board shall have an appropriate combination of Executive and Non-Executive Directors. The Committee will lead the process for Board appointments. All Board appointments will be based on meritocracy in the context of the skills, diverse experience, independence and knowledge which the Board as a whole requires to be effective. The candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board. NSE believes that increased diversity in Board is associated with better financial performance, greater innovation and has a positive impact on the Company.



#### 14. FOR EXECUTIVE DIRECTOR

- The Executive Director shall be appointed as per the applicable provisions of the Companies Act, 2013, SCR (SECC) regulations, 2018, Listing Regulations and rules made thereunder.
- The person to be appointed will be assessed against a range of criteria which shall include but shall not be limited to qualifications, skills, industry experience, fit & proper, background and other attributes required for the said position.
- The Executive Director shall have all the powers and authorities as prescribed by the Board of Directors and as provided in the Articles of Association and applicable provisions of the Act. Executive Director will be overall in-charge of the business, administration and other affairs of the Company subject to the superintendence, control and directions of the Board of Directors and he shall guide, control and supervise the employees of the Company, their functions, the business carried on by the Company and all administrative matters.

#### 15. FOR NON- EXECUTIVE DIRECTOR

The Company aims to achieve a balance of merit, experience and skills amongst its Directors and Senior Management. The objectives of this Policy are:

- a. To formulate the criteria for identifying the persons who are qualified to become directors and such persons who may be appointed as the Senior Management Personnel of the Company.
- b. To guide the Board in relation to the appointment and removal of directors and Senior Management.
- c. To determine the qualifications, positive attributes and independence of a director and to ensure Board Diversity and implementation of succession planning in the Company.

#### 16. GUIDING FACTORS TO BE CONSIDERED WHILE APPOINTING PIDS:

- i. Qualification in the area of law, finance, accounting, economics, management, administration, or any other area relevant to the financial markets.

- ii. Atleast one person shall be inducted having experience and background in finance/ accounts who may preferably be inducted in the audit committee.
- iii. Persons currently holding positions of trust and responsibility in reputed organisations or person who have retired from such positions.
- iv. Persons who are likely to have interested positions in commercial contracts and financial affairs of stock exchanges, may preferably be excluded. Persons who are regular traders/ speculators in the market or are Director in the Board of the Promoter entity of the Stock Exchange or Clearing Corporation, shall be excluded.

#### 17. FAMILIARIZATION PROGRAM FOR DIRECTORS

The Company shall provide an orientation to new Directors and continuing education/training to all its Directors, and shall periodically provide materials or briefing sessions for all Directors on subjects that would assist them in discharging their duties. Each new Director shall spend reasonable time for briefings by senior management on the Company's operations, its material subsidiaries, strategic plans, its financial statements, its key policies and practices and other details as may be desired by the Director.

The Company shall provide at least seven days of training to every Public Interest Director each year.

#### 18. CRITERIA FOR APPOINTMENT OF SENIOR MANAGEMENT

The following attributes shall be taken into consideration for selecting suitable candidates for appointment as senior management:

- i. The Senior Management should satisfy the "Fit and Proper Person" criteria as prescribed by SCR (SECC) Regulations, 2018 (Refer Annexure A);
- ii. Assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, industry experience, background and other qualities as may be required to operate successfully in the position;

- iii. Contribution towards effectiveness of the organisation as a whole;
- iv. ability of the appointee to represent the company;
- v. ability to work individually as well as part of team of senior management;
- vi. influential communicator with power to convince other in a positive way;
- vii. ability to participate actively in deliberation and group processes;
- viii. have strategic thinking and facilitation skills;
- ix. act impartially keeping in mind the interest of the company on priority basis;
- x. Profile shall include:
  - Educational qualification;
  - Experience of management in a diverse organization;
  - Interpersonal, communication and representational skills;
  - Demonstrable leadership skills;
  - Commitment to high standards of ethics, personal integrity and probity;
  - Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace.

The Management from time to time shall identify the level, designation and names of Key Management/Managerial Persons

under SCR (SECC) Regulations, 2018 & Companies Act and / or persons who forms part of Senior Management and recommend the same to Nomination & Remuneration Committee for its approval. The Managing Director is empowered to identify the candidates in the Senior Management in terms of the criteria prescribed herein and recommend their appointment to the Committee.

#### **19. SUCCESSION PLANNING**

The Committee shall review, approve and aid the Board in succession and emergency preparedness plan for key executives as may be identified from time to time. The abovementioned criteria may be applied for such identification and evaluation.

#### **20. REPORTING TO THE BOARD**

The Chairman of the Committee shall report to the Board on material matters arising at the Committee meetings and, where applicable, shall present the Committee's recommendations to the Board for its approval.

#### **21. AMENDMENT**

Any amendment or modification in the Companies Act, 2013, SCRA, 1956, SCR (SECC) Regulations, 2018, Rules, Regulations and directives issued under the respective statutes (which include Listing Regulations) and any other applicable provision relating to Nomination and Remuneration Committee shall automatically be applicable to the Company.

#### **22. REVIEW OF THE POLICY**

This Policy shall be reviewed by the Committee periodically, presently once in 2 years, unless an earlier review required to ensure that it meets the regulatory requirements or latest industry practice or both.



## ANNEXURE A

### FIT AND PROPER CRITERIA UNDER SCR (SECC) REGULATIONS

A person shall be deemed to be a fit and proper person if:

- (A) such person has a general reputation and record of fairness and integrity, including but not limited to-
  - i. financial integrity;
  - ii. good reputation and character; and
  - iii. honesty;
- (B) such person has not incurred any of the following disqualifications.
  - i. the person, or any of its whole time directors or managing partners, has been convicted by a court for any offence involving moral turpitude or any economic offence or any offence against the securities laws;
  - ii. an order for winding up has been passed against the person;
  - iii. the person, or any of its whole time directors or managing partners, has been declared insolvent and has not been discharged;
  - iv. an order, restraining, prohibiting or debarring the person, or any of its whole time directors or managing partners, from dealing in securities or from accessing the securities market, has been passed by the Board or any other regulator authority, and a period of three years from the date of the expiry of the period specified in the order has not elapsed;
  - v. any other order against the person, or any of its whole time directors or managing partners, which has a bearing on the securities market, has been passed by the Board or any other regulatory authority, and a period of three years from the date of the order has not elapsed;
  - vi. the Board has initiated recovery proceedings under the SEBI Act, 1992 and are pending;
  - vii. the person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;
  - viii. the person is financially not sound or has been categorized as a willful defaulter; and
  - ix. any other disqualification as specified by SEBI.
- (c) If any question arises as to whether a person is a fit and proper person, the Board's (i.e. SEBI's) decision on such question shall be final

## ANNEXURE 3 TO BOARD'S REPORT

### National Stock Exchange of India Limited REMUNERATION POLICY

#### 1. INTRODUCTION

National Stock Exchange of India Limited (hereinafter referred to as "NSE" or "the company") is governed by the Companies Act, 2013 and rules notified thereunder: the Securities Contracts (Regulation) Act, 1956 read with rules notified thereunder and the Securities Contract (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (hereinafter referred to as "SCR (SECC) Regulations, 2018") including disclosure requirements and corporate governance norms as specified for listed companies to the extent applicable to stock exchanges.

Section 178 of the Companies Act, 2013 and SCR (SECC) Regulations, 2018 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) prescribe that the Nomination and Remuneration Committee shall recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees. Regulation 27 of the SECC Regulation mandates that the Compensation Policy for the Key Management Personnel of Stock Exchange shall be in accordance with the norms specified by SEBI.

Accordingly, the Committee hereby recommends to the Board of Directors of NSE, a policy relating to remuneration for the Directors, Key Managerial Personnel and other employees.

#### 2. DEFINITIONS

- i. "Board of Directors" or "Board" shall mean the collective body of directors of NSE;
- ii. "Director" means a director appointed on the Board of NSE;
- iii. "Public Interest Director" means an Independent Director, representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of the Securities and Exchange Board of India ("SEBI"), is in conflict with his role;
- iv. "Independent Director" shall have the meaning as defined under the Companies Act, 2013 read with relevant rules and the Listing Regulations;
- v. "Key Managerial Personnel (KMP)"
  - A. under Companies Act, 2013 means-

- a) Managing Director or Chief Executive Officer ("CEO") or Manager;
- b) Company Secretary,
- c) Whole-time Director;
- d) Chief Financial Officer; and
- e) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- f) such other officer as may be prescribed.

B. under SCR (SECC) Regulations, 2018:

includes a person serving as head of any department or in such senior executive position that stands higher in hierarchy to the head(s) of the department(s) in the recognised stock exchange or the recognised clearing corporation, or any person who directly reports to Chief Executive Officer or to the director on the governing board of the recognised stock exchange or recognised clearing corporation, or any person upto two levels below the Chief Executive Officer or managing director, or any other person as may be identified by its Nomination and Remuneration Committee.

- vi. "Managing Director" means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.

Explanation.-For the purposes of this clause, the power to do administrative acts of a routine nature when so authorized by the Board such as the power to affix the common seal of the company to any document or to draw and endorse any cheque on the account of the company in any bank or to draw and endorse any negotiable instrument or to sign any certificate of share or to direct registration of transfer of any share, shall not be deemed to be included within the substantial powers of management;



- vii. “Nomination and Remuneration Committee” or “Committee” shall mean a Committee of Board of NSE, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013, Listing Regulations and Regulation 27 of SCR (SECC) Regulations, 2018.
- viii. “Policy” means this Remuneration Policy.
- ix. The term “Senior Management” includes such persons identified by the NRC / Board from time to time in terms of the Companies Act, 2013 and Listing Regulations.
- x. “Whole-time director” includes a director in the whole-time employment of the company.

Words and definitions not defined herein, shall have the same meaning as provided in the Companies Act, 2013 read with relevant rules, Listing regulations and SCR (SECC) Regulations, 2018 or other relevant provisions; as may be applicable.

### 3. INTERPRETATION

In any circumstance where the terms of this Policy differ from any existing or enacted law, rule or regulation governing the Company, the law, rule or regulation will take precedence over the provision of this Policy.

### 4. OBJECTIVES

The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management. The objectives of this policy are:

- (a) To lay down a policy for payment of remuneration to the Directors, Key Managerial Personnel, Senior Management and other employees of NSE;
- (b) To assist the Board on determination of remuneration payable to the Directors, Key Managerial Personnel, Senior Management and other employees of NSE;
- (c) To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (d) To ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- (e) To ensure that the remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

### 5. FACTORS TO BE CONSIDERED UNDER THE REMUNERATION POLICY:

- a. financial condition / health of the Company
- b. average levels of compensation payable to employees in similar ranks,
- c. shall not contain any provisions regarding incentives to take excessive risks over the short term,
- d. revenues, net profit of the Company,
- e. comparable to the industry standards,
- f. role and responsibilities of the Key Management Personnel,
- g. periodic review

### 6. REMUNERATION OF DIRECTORS, KMP AND SENIOR MANAGEMENT:

- i. The remuneration / compensation / commission, etc. to be paid to Directors will be determined by the 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, 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, if any, prescribed by SEBI from time to time in this regard shall be followed while determining the compensation payable to Directors, KMP and Senior Management.
- ii. The remuneration / compensation / commission to be paid to the KMP shall be approved by the Committee. For KMP’s under Companies Act, 2013, 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. For KMP’s under SCR (SECC) Regulations, 2018, the requirements prescribed by SEBI from time to time in this regard shall be followed while determining the compensation payable to them, which shall be determined by the Committee. For those Senior Management, compensation payable shall be recommended by the Committee to the Board for its approval.
- iii. The Committee shall lay down compensation policy of the Company from time to time in accordance with market practice and the Company philosophy subject to SEBI norms, as may be applicable.
- iv. The annual compensation shall consist of a fixed component and a variable component. The variable component shall not exceed one third of the total pay in respect of KMPs under SCR (SECC) Regulations, 2018.

- v. ESOPs and other equity linked instruments shall not be offered or provided as part of the compensation for the Key Management Personnel in terms of SCR (SECC) Regulations, 2018.

The following factors shall be considered while fixing compensation package for the employees: performance, potential, qualification, experience, expertise, role, responsibilities, level of employees, inflation, attraction and retention of talent, market benchmark, size and complexities of operation, financial condition and health of the Company, etc.

- vi. Incentive to take excessive risks over the short term shall be discouraged.

## 7. REMUNERATION CRITERIA FOR THE BOARD

For Executive Directors:

### a) Base Compensation (fixed salaries)

- Must be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities, which may include salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices.

### b) Variable salary:

- The Company may structure any portion of remuneration as variable in the form of commission/bonus or otherwise, linked to rewards on the achievement of Company's and individual performance, fulfillment of specified improvement targets or attainment of certain financial or other objectives set by the Board. The amount payable shall be determined by the Committee/Board, based on performance against pre-determined financial and non-financial metrics.
- As per Section 197 of the Companies Act, 2013, the total managerial remuneration payable by the Company to its directors, including Managing Director and Whole Time Director, and its Manager in respect of any financial year shall not exceed 11% of net profits of the Company computed in the manner laid down in Section 198 in the manner as prescribed under the Act except that the Remuneration shall not be deducted from the gross profits.
- The Company may authorize the payment of remuneration upto 5% of the net profits of the Company to its any one Managing Director/Whole

Time Director/Manager and 10% percent in case of more than one such official. The Company can exceed these limits only by passing a special resolution at the general meeting.

- The Company with the approval of the shareholders may authorize the payment of remuneration exceeding 11% of the net profits of the company, subject to the provisions of Schedule V of the Act.
- The net profits for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Act.
- The Whole-time Director/Executive Director shall not be entitled to sitting fees as per the provisions of the Act.
- The Whole-time Director/Executive Director shall be governed by HR policies as applicable to the other employees of the Company.

For Non- Executive Directors/ Independent Directors/ Public Interest Directors:

- The Non-executive/Independent Directors/ Public Interest Directors of the Company are entitled to sitting fees for attending the meetings of the Board or Committees thereof.
- All fees / compensation, if any paid to non-executive directors, including Independent Directors, shall be fixed by the Board of Directors within the limits as prescribed under the Act and shall require prior approval of shareholders, however, the requirement of obtaining prior approval of shareholders shall not apply to payment of sitting fees to non-executive directors, if made within the limits prescribed under the Act.
- The reimbursement of expenses for attending the Board and other Committee meetings including travelling, boarding and lodging expenses, shall be paid by the Company.
- Commission may be paid to the Non- Executive Directors/Independent Directors/Public Interest Directors within the limits prescribed under the Act i.e. not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Act and with the prior approval of the Shareholders of the Company. The Board shall however, have the authority to determine the manner and proportion in which the amount be distributed amongst the Non- Executive Directors and Independent Directors.



- Shareholders approval by way of special resolution is required for the following:
  - a. Appointment of a person who has attained the age of 75 years or continues to be appointed as a Non-Executive Director
  - b. Annual remuneration payable to single non-executive director exceeds 50% of the total annual remuneration payable to all Non-Executive Directors

**For Key Managerial Personnel (KMP) and Senior Management**

- The remuneration of the Key Managerial Personnel and Senior Management shall be determined, after considering the following key factors:
  - a) The level and composition of remuneration that should be reasonable and sufficient to attract, retain and motivate directors/executives and should be in line with the industry practice aimed at promoting the short term and long term interests and performance of the company.
  - b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
  - c) Remuneration will involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The Appointment along with remuneration of KMP under Companies Act, 2013 shall be approved by the NRC and the Board. The appointment and remuneration of KMP's under SCR (SECC) Regulations, 2018 shall be approved by the NRC. The appointment and remuneration of Senior Management as identified by NRC / Board from time to time shall be approved and recommended by the NRC for approval of the Board. Any subsequent increments to the Senior Management under Companies Act, 2013, Listing Regulations and MD & CEO direct reports shall be approved and recommended by the NRC and Board.

- The variable pay component shall not exceed 1/3rd of total pay and 50% of the variable pay in respect of the KMPs under SCR (SECC) Regulations, 2018 in respect of each financial year shall be paid to the employee

concerned on completion of 3 years from the last date of the respective financial year. However, as a malus arrangement, the said amount or any part thereof in respect of a financial year may be prevented from being paid by the compensation committee, after providing an opportunity of being heard to the concerned KMP, in case of fraud, misfeasance, misappropriation or excessive risk taking by the concerned employee intentionally causing financial loss to the company.

- The KMPs under SCR (SECC) Regulations, 2018 are also covered under a claw back arrangement under which the compensation committee may require an employee to return previously paid or vested remuneration partially or fully, after providing an opportunity of being heard to the concerned KMP, under the following circumstances namely fraud, misfeasance, misappropriation and intentionally causing financial loss to the company. The claw back is exercisable within a period of three years from the end of financial year in which the remuneration was paid or vested. The claw back is not exercisable in respect of retiral benefits accrued to KMPs.

**8. REPORTING TO THE BOARD**

The Chairman of the Committee shall report to the Board on material matters arising at the Committee meetings and, where applicable, shall present the Committee's recommendations to the Board for its approval.

**9. AMENDMENT**

Any amendment or modification in the Companies Act, 2013, SCRA, 1956, SCR (SECC) Regulations, 2018, Rules, Regulations and directives issued under the respective statutes (which include Listing Regulations) and any other applicable provision relating to the remuneration / compensation / commission, etc. shall automatically be applicable to this Policy.

**10. DISCLOSURE**

This policy shall be placed on the Company's website in accordance with provisions of the Companies Act, 2013 and Listing Regulations and the salient features of the policy, if any, shall be disclosed in the Board's report.

**11. REVIEW OF THE POLICY**

This Policy shall be reviewed by the Nomination and Remuneration committee periodically, presently once in 2 years, unless an earlier review is required to ensure that it meets the regulatory requirements or latest industry practice or both.

## ANNEXURE 4 TO BOARD'S REPORT

### PERFORMANCE EVALUATION CRITERIA

#### Criteria for performance evaluation of the Board, its Committees, Individual Directors, the Chairperson and PID's

##### **I. GUIDING PRINCIPLES FOR PERFORMANCE EVALUATION OF THE BOARD**

###### **A. Governance related**

- Corporate Governance standards adopted by the Board and its implementation.
- Understanding roles and responsibilities of Directors.
- Code of conduct and Ethics and adherence thereto.
- Independence of Board functioning.
- Commitment to highest ethical standards of integrity and probity.

###### **B. Business related**

- Understanding of the objectives, values, vision and business of the Company.
- Provision of entrepreneurial leadership.
- Setting up of Company's strategic aims and financial goals.
- 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.
- Strategic and business risk evaluation, assessment and timely action.

###### **C. Others**

- Adequacy of number and length of meetings, commensurate with the size and nature of Company's business.
- Robustness of financial controls and risk management systems.
- Board processes for ensuring optimum size, composition, diversity and delegation of authority.
- Accountability for decisions taken.
- Adequate reporting mechanism to stakeholders and redressal of their grievances.
- Engagement with the executive management (formal or informal) on issues/concerns having effect on the Company's functioning.

##### **II. GUIDING PRINCIPLES FOR PERFORMANCE EVALUATION OF COMMITTEES**

In addition to the principles stated above for evaluation of Board to the extent applicable to the respective committee, constructive recommendations made by the Committee(s) to the Board may also be kept in mind.

##### **III. GUIDING PRINCIPLES FOR PERFORMANCE EVALUATION OF INDIVIDUAL DIRECTORS**

The individual director's performance may be 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., may also be taken into account.

##### **IV. GUIDING PRINCIPLES FOR PERFORMANCE EVALUATION OF CHAIRPERSON**

In addition to the above, the following principles may be kept in mind while evaluating the performance of the Chairman:

- Efficient leadership qualities and determination of delivery of the Company's strategy.
- Guidance to Board for formulation of annual work plan against agreed objectives and goals.
- Ensuring adequate flow of information to all Directors on any issue where a decision is required.
- Enhancing of Company's image in dealings with major stakeholders.

##### **V. GUIDING PRINCIPLES FOR PERFORMANCE EVALUATION OF THE PID'S**

- a. **Qualifications:** The PID's qualification in area of law, finance, accounting, economics, management, administration or another area relevant to the financial markets, including any recent updates in this regard.



- b. **Experience:** The PID's prior experience in area of law, finance, accounting, economics, management, administration or any other area relevant to the financial markets, including any recent updates in this regard.
- c. **Knowledge and Competency:**
  - Whether the PID has sufficient understanding and knowledge of the entity in which it operates and the applicable regulatory norms.
  - Whether the PID has sufficient understanding of the role, responsibilities and obligations of PID under the relevant regulatory norms.
  - How the PID fares across different competencies as identified for effective functioning of Board of the concerned MII.
  - Whether the PID has sufficient understanding of the risk attached with the business structure.
- d. **Fulfilment of functions:**
  - Whether the PID understands and fulfils the functions as assigned to him/her by the Board and the regulatory norms.
  - Whether the PID gives views and opinion on various regulatory matters when comments are invited by SEBI through various means.
- e. **Ability to function as a team:**
  - Whether the PID is able to function as an effective team member.
  - Whether the PID listens attentively to the contributions of others and gives adequate weightage to the views and perception of other Board members.
  - Whether the PID shares good interpersonal relationship with other directors.
- f. **Initiative:**
  - Whether the PID actively takes initiative with respect to various areas.
  - Whether the PID insists on receiving information necessary for decision making.
  - Whether the concerned PID keeps himself well informed about the functioning of MII and the external environment in which it operates.
- Whether the PID remains updated in terms of developments taking place in regulatory areas.
- Whether the PID has identified any important issues concerning any matter which may involve conflict of interest for the concerned MII, or may have significant impact on their functioning, or may not be in the interest of securities market, and whether the PID reported same to SEBI.
- Whether the PID appropriately deals with critical matters.
- g. **Availability and attendance:**

Whether the PID is available for meetings of the Board and attends the meeting of Governing board and Committees regularly and timely, without delay. It must be ensured that the concerned PID hasn't remained absent for three consecutive meetings of the governing board and has attended seventy five per cent of the total meetings of the governing board in each calendar year; failing which the PID shall be liable to vacate office.
- h. **Commitment**

Whether the PID is adequately committed to the Board and the MII.
- i. **Contribution:**
  - Whether the PID has contributed effectively to the entity and in the Board meetings.
  - Whether the PID participates in the proceedings of Board meetings keeping in mind the interests of various stakeholders.
  - Whether the PID actively deliberates and contributes on proposed business propositions and strategic decisions taking into consideration pros and cons of such propositions, long term outlook, business goals, cost-benefit analysis, etc.
- j. **Integrity:**
  - Whether the PID demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.).
  - Whether the PID strictly adheres to the provisions of the SEBI SECC Regulations, 2018 and any other regulatory provision, as applicable, along-with the code of conduct and code of ethics prescribed under other applicable regulatory norms

- Whether disclosures such as dealing in securities and other regulatory disclosures are provided by the PID on timely basis.
- Confirmation on the PID being a Fit & Proper person.
- Confirmation that the PID doesn't disclose confidential information, including technologies, unpublished price sensitive information, unless such disclosure is expressly approved by the Board of directors or required under the applicable laws.

**k. Independence:**

- Whether the PID is independent from the entity and the other directors and there is no conflict of interest.
- Confirmation as to non-association of the PID with relevant MII and its members.
- Whether the PID keeps regulators informed of material developments in the concerned MIIs functioning, from time to time.

**l. Independent views and judgment:**

- Whether the PID exercises his/ her own judgment and voices opinion freely.
- Whether the PID's participation in decisions taken during meetings are unbiased, based on ethical judgment and are in strict conformity to the applicable regulatory norms.
- Whether the PID raises his/her concern if anything is observed contrary to regulatory norms and the expected norms of ethical conduct.
- Whether the PID is committed to ensure that there is fairness and integrity in MIIs system, in letter as well as spirit.

**VI. PROCESS FOR PERFORMANCE EVALUATION**

The following process may be adopted for performance evaluation:

- (a) Independent Directors may at their meeting, review the performance of the Chairperson, the Non-Independent Directors and the Board as a whole;
- (b) The NRC or Board or the Independent External Person may, carry out the evaluation of every Director's performance, the Board and the Committees. The NRC or Board or the Independent external agency, while doing so, may also

take into account the inputs of review by Independent Directors;

**A. Process of Evaluation by the Independent Directors / PIDs**

The Independent Directors / PIDs may review the performance of the Chairperson, the Non- Independent Directors and the Board as a whole. In the meeting, the Independent Directors may like to consider the following while carrying out performance evaluation of:

**I. Chairperson:**

- In-depth knowledge of the industry and business.
- Enjoys trust and confidence of Board members.
- Ensuring that every Board member has an opportunity to be heard and to present his/her views without any constraint.
- Encouragement to Independent Directors to bring diverse perspectives on the table.
- Ensuring that Directors are fully informed as possible on any issue where decision is required.
- Efficient leadership qualities and determination of delivery of the Company's strategy.
- Guidance to Board for formulation of annual work plan against agreed objectives and goals.
- Ensuring adequate flow of information to all Directors on any issue where a decision is required.
- Enhancing of Company's image in dealings with major stakeholders.

**II. Non-independent Directors:**

**(i) Managing Director and Chief Executive Officer**

- Long-term vision for the Company and business acumen.
- Entrepreneurial leadership to the Company and its business segments and setting up of strategic vision.
- Clear understanding of Company's business, industry dynamics, competitive trends including global trends and inherent business and operational risks.
- Willingness to experiment and adopt innovative strategies for changing the Company's business landscape.



- Execution of policies and procedures put in place by the Board.

**(ii) Shareholder Directors**

- Places company's interest ahead of personal interest.
- Protection of stakeholders' interest.
- Protection and enhancement of Company's brand value and goodwill and delegation of authority and responsibility.
- Alignment of day-to-day functioning with the strategic aims and financial goals of the Company.
- Exercise of duties with due and reasonable care, skill, diligence and independent judgment.

**(iii) Board of Directors:**

- Corporate Governance standards adopted by the Board such as board composition, board diversity etc.
- Independence in functioning and decision making.
- Commitment to highest ethical standards of integrity and probity.
- Provision for entrepreneurial leadership.
- Effective guidance for setting up and achieving the strategic aims and financial goals of the Company.
- Implementation and periodic review of policies and procedures for risk management, financial controls and statutory compliance.
- Number and adequacy of meetings, discussion on strategic matters having substantial effect on the functioning of the Company.
- Accountability for decisions taken.
- Stakeholder relationship management.
- Engagement with executive management (formal or informal) on issues/concerns having effect on the Company's functioning and adequacy on flow of information to the Board.
- Ensuring necessary financial and human resource support to achieve Company's objectives.

**B. Process of Evaluation by Board / NRC/ External Agency**

The Board / NRC/ External Agency may evaluate the performance of the Board as a whole, the Board Committees and the Individual Directors as defined in the Board Evaluation Policy ('the Policy') considering the following:

**i. Board of Directors:**

- Corporate Governance standards adopted by the Board such as board composition, board diversity etc.
- Independence in functioning and decision making.
- Commitment to highest ethical standards of integrity and probity.
- Provision for entrepreneurial leadership.
- Effective guidance for setting up and achieving the strategic aims and financial goals of the Company.
- Implementation and periodic review of policies and procedures for risk management, financial controls and statutory compliance.
- Number and adequacy of meetings discussion on strategic matters having substantial effect on the functioning of the Company.
- Accountability for decisions taken.
- Stakeholder relationship management.
- Engagement with executive management (formal or informal) on issues/concerns having effect on the Company's functioning and adequacy on flow of information to the Board.
- Ensuring necessary financial and human resource support to achieve Company's objectives.

**ii. Board Committees:**

- Constructive recommendations made to the Board from time to time.
- Engagement with executive management (formal or informal) on information required by the Committee to effectively discharge its statutory responsibilities.

iii. **Individual Directors:**

- Understanding of roles, responsibilities, regulatory systems, laws and regulations applicable to the Company and performance of duties in an independent and objective manner.
- Understanding of objectives, values, vision and business of the Company.
- Level of participation and devotion of time to Board meetings and Committee meetings, if any.
- Skills, knowledge, experience, application of subject matter expertise.
- Adherence to Code of Conduct and Code of Ethics of the Company.
- Disclosure of conflict of interest or material pecuniary relationships with the Company, its subsidiaries and associates or any proposed contract or arrangement.
- Engagement with executive management for efficient discharge of responsibilities.

While carrying out performance evaluation as above, the Board may take into account the inputs received, if any, from the review by NRC, if any, and the review by Independent Directors.

iv. **Public Interest Directors (PIDs):**

- a. Board shall evaluate the performance of each PID, on an annual basis at the end of every financial year.

- b. PID's shall also be subject to external evaluation during their last year of the term in a company, by a management or a human resources consulting firm. The consultant shall take into consideration the performance of the PID for the entire tenure served in a given company, at least up to 4 months before expiry of his/her term. In order to avoid any bias or conflict of interest, external consultant should not be a related party or associated with the company, the concerned PID or any other governing board members.
- c. The performance review of PID's should be carried out in fair and objective manner and the review should be recorded with clarity and verifiable facts in a standardized format covering all the relevant criteria/aspects.

While evaluating conflict of interest of a PID, the governing board of MII shall also take into consideration provisions of Clause 2(d) of Schedule II Part H of SECC Regulations, 2018 under the head 'Public Interest Director'; and conflict of interest, if any, of any PIDs should be disclosed to SEBI by the governing board with their comments/ views.



## ANNEXURE 5 TO BOARD'S REPORT

### ANNUAL REPORT OF THE CSR ACTIVITIES FY 2019 -2020

#### 1. NSE GROUP CSR VISION

NSE Group works to improve the financial wellbeing of people at large through a committed approach to offer investment products that suit the varied needs of people. It has improved access to financial markets for people across the country by the introduction of 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.

NSE Group further understands that the economic and social well-being of the community is closely interlinked to their habitats and the environment. NSE Group 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 impact the triple disadvantaged 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 Section 135 of the Companies Act 2013 and Companies (CSR Policy) Rules 2014 as well as to meet NSE's community engagement aspirations.

NSE Group has currently identified five CSR areas as issues of concern to be addressed in the developmental landscape in India. They are i) Primary Education, ii) Elder Care, iii) Sanitation & Safe Drinking Water, iv) Environment Sustainability and v) Skill Development & Entrepreneurship. In addition, during times of natural calamities and disasters NSE Group strives to provide speedy relief and

assistance to affected geographies and communities through contributions to the Prime Minister's relief fund, emergency disbursements to undertake relief through NGOs etc. NSE also undertakes research and studies in areas specified in Schedule VII including promoting education.

The NSE Group CSR programmes seek to impact some of the most marginalised communities by undertaking long term strategic programmes with a strong emphasis on the behaviour change activities which are embedded in the programme design. Projects implemented under these verticals are not one-time activities but are on a programme mode on timelines that will achieve the pre-determined goals and impact.

In addition to the focal areas of social intervention, a number of internal CSR activities such as environmental awareness, nature trails, blood donation camps, visits to the project sites etc. which engage and motivate employees to be socially responsible have been undertaken by the CSR Society Focus Group of NSE Group.

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

- Primary Education

The NSE Group CSR initiatives in Primary Education focus 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 interventions in capacity building and 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.

- Sanitation and Safe Drinking Water

The initiatives in WASH (Water, Sanitation and Hygiene) programmes are aligned to the goals of the Swacch Bharat Mission and the Swacch Bharat Swacch Vidyalaya. Under this, NSE Group supports retrofitting of sanitation projects in the schools and communities it is present in as well as takes up awareness building on sanitation, safe drinking water, solid waste management and other WASH-related aspects to ensure usable WASH facilities in schools, Anganwadis etc. and strive towards sustainable open defecation (ODF) free communities through sustained behaviour change communication.

- 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. Projects considered under the elder care segment focus on enhancing the holistic well-being of the underprivileged ageing population by awareness campaigns, addressing their mental and physical health indicators through health camps etc., addressing elder abuse, loneliness, economic and financial independence by activities that create awareness of issues relating to the elderly.

- Environmental Sustainability

The environmental ecosystem is a fragile relationship between various elements such as air, water, soil, flora, fauna etc. Some critical issues that pose an unprecedented challenge are pollution (of soil water and air), ground-water depletion, solid & liquid waste management, loss of forests with the accompanying biodiversity etc. Further, in light of unexplained climate change leading to disasters that cause widespread damage and economic losses such as floods or droughts which are increasing with each passing year, both interventions and innovative solutions are required to address the same.

In keeping with NSE Group's commitment to environmental conservation, issues such as restoration of ecological balance in communities, protection of flora and fauna, agroforestry, conservation of natural resources and maintaining quality of soil, air and water will be addressed.

- Skill Development and Entrepreneurship

India has an unparalleled youth demographic- 65% of its population is 35 years or under and over 62% of the population is in the working-age group (15-59 years). While this demographic dividend promises immense opportunities, it brings its own set of challenges such as equipping youth and those in the employable band with adequate, relevant, job-ready skills.

The initiatives on skill development are aligned to National Policy for Skill Development & Entrepreneurship 2015, the National Skill Development Mission and other Government schemes in short and long term skill development, apprenticeship, vocational training, upskilling, entrepreneurship etc. and contribute to the outcomes envisaged under the universal Sustainable Development Goal 8- promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

- Disaster Relief and Rehabilitation

From time to time various geographical areas of the country are affected by natural disasters such as Earthquakes, Floods, Landslides, Cyclones, Tsunamis, Urban Flood, Heat waves and Drought etc. as well as emergencies and calamities in urban and rural areas. Relief and rehabilitation activities will be undertaken through NGOs/implementation partners or through contributions to Government bodies/institutions set up by the State /Central Government to undertake such relief and rehabilitation activities.

- 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.

- Research and Studies in areas specified in Schedule VII including promoting Education

Research activities may be undertaken in the areas as described in Schedule VII of the Companies Act, 2013, or in the areas promoting education such as Economics, policy, regulatory, corporate governance etc. as CSR activities.

#### (b) Selection Criteria for 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 assessment on various parameters such as type of beneficiaries, relevance of the 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 benchmark the projects. **Focused** (in location /approach and sector), **Innovative** (in design, concept and outcomes) **Niche** (Unique in approach, intervention and programmes) **Impactful** (in quantitative and qualitative programme outputs and outcomes) **Tracked**

(in programme achievements, programme objectives involving NSE staff, NGOs, community and beneficiaries) and **Engaging** (To all stakeholders- community, company and beneficiaries due to uniqueness of methodology, engagements and tools).

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

#### (c) Monitoring and Evaluation of CSR Initiatives

Rigorous monitoring and evaluation processes ensure the success of the CSR programmes. NSE Group through empaneled 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 the ground impact and sustainability of the programme.

#### (d) Projects undertaken by NSE Group CSR during the FY 2019-20

##### PRIMARY EDUCATION

##### i. Eureka Super Kidz

This project has concluded a term of three years and impacted 2886 children in 100 villages of six districts in Tamil Nadu namely: Cuddalore, Kanchipuram, Thiruvallur, Thiruvannamalai, Trichy and Vellore. The model which is an after school remedial education programme is run in 101 learning centres that were established to impart quality education. Children from grades 3-8 were covered in Maths, Language and Science to improve their foundation in these subjects.

The programme built the capacity of the tutors and block trainers (trained community youth) through workshops on classroom management, soft skills and innovative teaching techniques. The programme also intervened through tinkering labs

to provide a trigger for scientific temperament, health sessions for awareness on better nutrition and “Walk ‘n’ Talk English” program to help better engage the parents and community. The programme also worked with 417 children from 28 tribal villages. A 27% increase was observed in enrolment rate and an average of 50% improvement in the skills taught to the students.

The community contributed to the project in the form of Panchayat Thailavars’ (community elders) sponsorship of the village level events. Each child and family also contributed a small sum towards the tutor’s cost. These mechanisms of leveraging funds have enabled a self-sustainability within the project.

#### ii. Fellowship Sponsorship Programme

This three-year programme benefitted 2100 students in 60 schools, supported by 60 teaching fellows (42 in Mumbai and 18 in Chennai) drawn from various professions, to teach in government schools. Embedding of such trained and skilled teaching fellows within the educational systems leads to a high transference of skill sets to the students. This, in turn, leads to improved learning outcomes in numeracy and language as well as a propensity to learn.

A Student Vision Scale measures academic achievement, exposure, access, values and mindsets. In the last year of the programme, there was 16.3% increase in the Student Vision Scale. The learning outcomes for the students have shown a steady increase in Maths and reading comprehension. In addition to learning and other outcomes, the Fellow’s leadership development journey assessed on a Fellow Commitment Scale saw an increase of 13.5% in the third year of the programme.

#### iii. Girl Child Education Programme

The five-year Girl Child Education project runs 100 out-of-school learning centres in 100 villages of Purulia and Bankura Districts in West Bengal, some of which are extremely remote.

The project objective is to improve access to quality education for out of school girl children

through learning centres and to improve their learning outcomes. Efforts will be made to also ensure their transition to formal schooling and continue their schooling. These learning centres have employed community women or girls as teachers. 100 community teachers have been trained in pedagogy and maintain these centres which are in remote locations. The programme follows a cyclical approach in which the girl child is engaged for a period of five years to build a strong learning foundation. This encourages and help the children in seeking admission in Government Secondary Schools due to the improved conceptual proficiency in English, Bengali, Mathematics and EVS.

The project also focuses on motivating children of remote tribal and other backward communities where 95% of the families have an income below ₹40,000/- p.a. to join the learning centres and leverage the education imparted in daily life. This project engages with the community to ensure sustainability of the initiative and the learning centres are set up with the help of the community in the spaces provided by them. This project has reached 1668 girl children in Purulia and 1513 girl children in Bankura in its third year of intervention. Significant learning improvement has been observed as 87% children moved beyond the baseline level in Maths, English, Bengali and EVS.

#### iv. School Partnership Programme

This education project in 25 Municipal Hindi and Marathi medium schools of Mumbai reached out to 9498 children living in urban slums. The school children were first generation learners from low income families who had migrated to Mumbai.

Each school had teachers who were trained in child protection policy, student-sensitive approaches, remedial classes, reading promotion exercises and formation of active Bal Samuha (children’s groups). The approach focused on making classroom learning a joyful experience for children, through a specially-designed curriculum framework. The model of enhancing classroom transactions was implemented through four types of interventions in the school, namely;



(1) First Step Forward, which ensures reading and writing readiness for children in grade 1; (2) Remedial Class in Language & Math for grades 1 to 5; (3) Reading Promotion Programme grades 2 to 5 and (4) Library sessions and Bal Samuha to enhance reading skills and confidence among children. Training and capacity building of 156 government school teachers and the programme staff was conducted regularly to ensure quality and sustainability.

It was observed that 92% of students had progressed through remedial classes and the attendance rate had increased by 80%. The readership promotion programme which focused on developing children's linguistic competencies witnessed 98% improvement in reading skills. The project has also increased self-esteem, leadership and participation at school level events through 414 Bal Samuha or Children's Groups.

v. **Leadership Training of the Panchayat Elementary Education Officers (PEEOs – Principals of Senior Secondary Adarsh Schools)**

The Principal training programme conducted in Jaipur intends to build the academic and leadership skills of the 6000 Principals of the Adarsh schools so that they can ensure effective implementation of the State Improvement for Quality Education (SIQE) programme and improve the quality of education delivered by their schools. Through detailed six-days training 4000 PEEOs have been trained to support and monitor schools for effective implementation of Child Centric Pedagogy (CCP) and Continuous and Comprehensive Evaluations (CCE) processes which is expected to gradually impact the quality of education delivered by the schools at scale. PEEOs are now actively participating in workshops/meetings with District Institute of Education Training (DIET) faculty to develop worksheets, summative tools, teaching-learning materials etc.

The feedback gathered from the programme shows that almost 100% participants found the training useful, 68% respondents found the session highly satisfactory and 65% said that their

understanding of children's evaluation methods was highly satisfactory.

vi. **Learning Enhancement Program for children in Marginalized Communities**

The project has impacted 4300 children through support classes, 12,555 children through library intervention and 6256 parents through engagement workshops in 120 communities in five cities of Maharashtra viz. Nagpur, Nashik, Thane, Pune and Aurangabad. The project was designed to assist children of grades 1 & 2 with early literacy and numeracy. The programme also included support classes for grades 3 to 8 to address specific competencies based on children's learning needs in Language and Math and has seen improvement in 85% children out of the 4700 children enrolled. Access to good quality age appropriate books to all children in the targeted communities through a community library program was also part of the project.

Under the parents' education initiative, workshops were conducted on child development, child safety, storytelling, numeracy skills etc. with material and usage instructions to engage with their children for enhancement in academic development.

vii. **Learning Orbit for Village Excellence**

This programme brings together a diverse and dynamic pool of young people from the local and urban communities to create inspired and collaborative learning in 30 government schools of Kotra and Gogunda blocks in Udaipur district of Rajasthan. 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. The project is in its third year of implementation and reaches around 2600 students through direct classroom interventions.

This in-school programme has placed the trained fellows to teach the students in schools. They use

two manuals which have been created for children to learn. One that focuses on the concepts of Math, language and social studies through themes and another on social and emotional learning through – physical, cognitive, emotional and social aspects. Improvement has been observed in students in both Math and in English.

The programme further includes community learning festivals which have become spaces to create awareness and encourage education, learning and participation among out of school children, school administration and community members. Learning festivals have engaged more than 5000 children out of which 400 children were school dropouts.

Active community participation has been witnessed in the project with the community contributing spaces for two additional learning centres and collaborating with the fellows and school leaders to conduct the learning festivals. Through community intervention, a night school has been established which assists the community adults to learn the basic maths and language. A novel way to promote gender sensitization, group cohesion and team spirit has been introduced through Ultimate Frisbee, a non-contact team sport played with a Frisbee where girls are encouraged to participate in the game.

viii. **Prajwala: Strengthening the KGBVs to ensure quality education for all (Madhya Pradesh)**

This three-year education initiative aims to cover all 207 residential Kasturba Gandhi Balika Vidyalayas (KGBV) across Madhya Pradesh and impact more than 30,000 girl students.

Young adolescent girls belonging predominantly to the backward and economically weaker families in far flung districts areas reside in KGBV hostels and are enrolled in the nearby government upper primary schools in 5-8 grades. The programme is in its third year of implementation and intends to improve the quality of education delivered to the girl students by improving both the learning environment in the girls' hostels and the schools that they are enrolled in. The programme objective is met through training and placement

of community volunteers, one in each hostel for providing academic support and creating a conducive learning environment for foundational skills of literacy and numeracy.

Over the last one year of implementation, there has been an average increase of proficiency in language and mathematics in the range of 15-18% across all the grades. Further, training to 187 government teachers has been provided to embed sustainability and ensure institutionalization of the model along with capacity building of the School Management Committees (SMCs), which are oriented of their role and entrusted responsibilities. Additionally, hostel wardens are trained to promote a culture of collective learning in the hostels.

The intervention also has a feature of advocacy aimed at strengthening the state, district and block-level administration in order to improve the quality of KGBVs, by sharing regular progress of the programme and interacting closely with senior administration officials to ensure improvements.

ix. **Prajwala: Strengthening the KGBVs of the state to ensure quality education for all (Rajasthan)**

Project Prajwala is a three-year project being implemented in 200 KGBVs across the state of Rajasthan in a phased manner. The program has been implemented to address the prevailing learning gap at different levels and to provide comprehensive development of the girl child, in association with UNICEF as the technical partner. Initiated in the year 2018-19, the programme now reaches out to all the KGBVs across Rajasthan benefiting around 25,000 girl students annually.

Working the lines of Project Prajwala (Madhya Pradesh), this project has placed 400 trained female academic support fellows to provide academic support in all KGBVs of Rajasthan State. Over the last one year of implementation, there has been average increase in language and mathematics scores in the range of 20- 30% across all the grades. Six workbooks have been developed in Hindi and Mathematics according to the various learning levels, which has now been approved and accepted by the state department



of education for strengthening the remedial programme. Additionally, hostel wardens are trained to promote a culture of collective learning in the hostels.

The project also aims to strengthen the participation of the School Management Committees (SMCs) for facilitating effective management of the schools and sensitize the block/district /state level government department officials so that the required academic support and monitoring is ensured resulting in improvement in quality outputs.

**x. Rehli Shiksha Pahal Program (RSPP)**

This project seeks to upgrade learning opportunities for elementary school students in 214 villages and 150 schools in the Raheli block of Sagar district in a span of five years.

Balmitra and Janmitra who are trained community youth, visit villages and engage with parents to create a positive learning atmosphere in the homes of the children, ensuring the regularity of their wards to school. The Bal Mitras set- up and manage Community Learning Centres (CLCs), while the Janmitras extend academic support to the Balmitra and motivates the school teachers to participate in activity-based learning practices and also orients School Management Committees (SMCs) towards their role and responsibilities. They also provide print material to the parents, enabling them to monitor and assess the learning levels of their children. One digital CLC has also been established to provide basic computer education to children and the community. Under the project, 307 school teachers have been trained in creative pedagogy and usage of TLMs based on Activity Based Learning methods. To help slow learners gain an interest in subjects and absorb concepts of language and basic numeracy, 38 'Active and Attractive' classrooms have been created to facilitate activity- based teaching methods.

Formation and orientation of 1350 SMC members in the schools have been undertaken and active participation of the members encouraged through regular meetings. Through in-school and out of school initiatives, 6223 students are

guided to improve their learning. 6369 parents and community members have been engaged through village organization meetings (Aam Sabha) to introduce the programme objectives and create mass awareness about the importance of education. The programme interventions have led to a 45% increase in the learning levels of students and a 20% increase in school attendance among children.

**xi. Anupad**

Anupad is an educational programme to improve the learning outcomes in 18 government-run Ashramshalas in Nashik District. It is designed for students of grades 5 to 7 who lag in basic competencies in Language and Maths. The programme provides need-based input to children in an accelerated manner to enhance these learning competencies and achieves its objectives by placing trained Shikshan Mitras or community volunteers to build capacities of teachers and headmasters through onsite support and workshops. The entire programme is implemented in close collaboration with the Tribal Development Department (TDD), Govt. of Maharashtra to ensure sustainability. The project has recently entered the third year of implementation. In two years, training and capacity building sessions have been provided to 54 teachers and headmasters of all the selected 18 Ashramshalas and reached 2606 students from grades 5 to 7. Assessments show that there has been an overall increase of 25% in learning outcomes in language and 22% in Maths.

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

The project is in its third year with the distinct feature being its keen focus on the disadvantaged children from the marginalized communities mostly consisting of unskilled migrant workers working in the unorganized power loom industry in Bhiwandi and Malegaon. The implementation of the project is through the 'Children Resource centre' (CRC) or 'Shikshan Ranjan Kendras' which takes learning into the communities and literally to the doorsteps of the child. The CRCs are

nested within the community and in the schools, which are managed by trained community youth (Shikshan Mitras). The Shikshan Mitras through home visits, meetings and community interactions emphasize the importance of education, especially of girl children. Parents are also updated on the children's progress of learning and academic development.

In addition, sustainability mechanisms are established in the form of Bal Panchayats and Parents' Apex body. Mediums like puppet shows, street plays and awareness rallies are organized to create awareness around education and WASH among children, their parents and within their community. To instill reading habits among children, libraries in local government schools have been strengthened with educational books and reading materials.

The project currently reaches out to 1637 disadvantaged children and their families. The project has identified and re-enrolled 40 school dropout children in the local government schools.

**xiii. Student Teacher Empowerment Program**

The project was implemented in a predominantly tribal and backward district of Sheopur in Madhya Pradesh reaching 5395 students and 180 teachers in 40 government schools.

The program endeavours to build capabilities in teachers, the government and the community to build a conducive learning environment for students. The project is implemented through 20 Shikshan Mitras (trained resource persons) who work jointly with the school teachers to bring a systemic change in the teaching learning practices inside the classrooms by using a variety of teaching learning aids to make the students' classroom learning experience more engaging and joyful. Each student's portfolio is maintained and performance is tracked for addressing learning needs.

The project is in its third year and all 40 schools have at least one vibrant classroom prepared by the students and the Shikshan Mitras. There has been a 20% improvement in learning outcomes in Math

and Hindi. Attendance records from all schools have reported an improvement of over 20% in student attendance. More than 70% teachers were rated high during classroom observation and for rest of the teachers, action plans have been devised to address area of concerns. 60% of students demonstrated improvement in general behaviour inside the classroom and the handling of school property. A key feature was the involvement of the Shikshan Mitras, which was demonstrated when some students from the project obtained admission in the district's prestigious Navodaya School and Eklavya School.

**SANITATION and SAFE DRINKING WATER**

**xiv. Prajwala- Sanitation (Madhya Pradesh)**

This WASH programme complements the Project Prajwala Education programme in 207 KGBVs of Madhya Pradesh. The main objectives of the programme are to ensure improved knowledge, attitude and practices among students and teachers towards various aspects of WASH in the KGBVs in Madhya Pradesh, retrofitting of WASH infrastructure to make the KGBVs WASH compliant and develop systems for operation and maintenance (O & M) of WASH infrastructure in the KGBVs. NSE Foundation has a partnership with Raja Shiksha Kendra (RSK), Government of Madhya Pradesh for this project with UNICEF as the technical advisor.

The project is in its second year of activity and is currently implemented in 137 KBVs. The benefits have touched the lives of 10,353 students through various WASH interventions. In addition, 137 wardens, 137 assistant wardens and 822 non-teaching staff have been trained on best hygiene practices such as hand washing at critical times, safe handling of water and food, use of toilets, menstrual hygiene management.

As a part of hardware intervention, toilet blocks were made functional in 62 KGBVs. 58 low cost prefabricated hand washing stations were installed, dish wash stations were constructed in 51 KGBVs and running water has been ensured in 62 KGBVs.



xv. **Prajwala- Sanitation (Rajasthan)**

Project Prajwala has been designed to improve the status of Water Sanitation and Hygiene (WASH) facilities of 200 Kasturba Gandhi Balika Vidyalayas (KGBVs) in 33 districts of Rajasthan. The project is currently in its second year and has reached 24,471 girl children through various interventions. The project works on a partnership model with local NGOs for field support, organizations such as UNICEF for technical support and the education department of Rajasthan for systemic support and sustainability. The key project activities are retrofitting sanitation infrastructure in the schools, behaviour change communication (BCC) for children, capacity building and training and development of operations and maintenance (O&M) protocols in schools.

35 units of group handwashing stations and dishwashing units have been constructed. Additionally, due to the impact of the awareness programmes, the school managements have undertaken retrofitting and augmentation of existing infrastructure through cash and in-kind support from municipal corporations, Panchayati Raj Institutions and individual donors to make WASH a priority in the schools. Activities included repair of the sanitation block, kitchens, cloth washing stations and incinerators, improving facilities for personal hygiene in dormitories, construction of compost pits and kitchen gardens and improving the overall cleanliness of the campus.

Behaviour Change Communication (BCC) sessions for the stakeholders on various themes around WASH have been conducted throughout the year for promoting and inculcating adequate change in WASH behaviour. WASH kits for schools containing educational material for capacity building of various stakeholders like teachers, non-teaching staff, students, adolescent girls, etc. have been developed and distributed in all 200 schools. These kits include cognitive reminders, posters, observation booklets, progress registers, activity kits like water testing kit, seed kit and accessories like gloves, apron, scarf etc. for the school cook to improve hygiene practices.

Capacity building of 386 teachers on WASH through training programmes and orientation of School Management Committee (SMC) in 187 schools on their role in developing school WASH plan and on O&M of WASH facilities have been conducted. Training and formation of adolescent girl groups for focused interventions on Menstrual Hygiene Management (MHM) has been conducted for 4000 girl students.

xvi. **Promoting WASH Compliant Ashramshalas**

The NSE Group project, 'Promoting WASH Compliant Ashramshalas' is a three-year model project on Water, Sanitation and Hygiene (WASH) in Ashramshalas. Ashramshalas are residential schools run by the Tribal Development Department (TDD). These schools, usually, located in remote areas offer a residential educational facility to children from disadvantaged tribal backgrounds especially those whose parents seasonally migrate for work. NSE Foundation initiated this unique project in partnership with the Tribal Development Department along with technical support from UNICEF, basis a WASH benchmarking and assessment report. The project aims to 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.

Currently, the project is in its third phase. During phase-1 and phase-2, project has reached out more than 23,615 students in 120 ashramshalas in 2019-20 (172 cumulative of 3 phases) through various WASH interventions, such as retrofitting, renovation and repair of water, sanitation, kitchen and other related facilities as well as the software sessions for behaviour change etc. In these 120 ashramshalas, group sessions on Menstrual Hygiene Management (MHM) with 6481 adolescent girls were conducted.

Under the project intervention, a total of 1104 WASH facilities have been retrofitted/repared. Structured BCC sessions on hand washing, safe drinking water, use of toilet and O&M have been conducted with child cabinets, teachers and students. Around 11,908 students of the child cabinet have been trained on leadership and peer learning strategies. In addition, 1358 teachers have been trained on WASH practices, 818 SMC members have been trained and strengthened and around 1800 government officials have been sensitized about the importance of WASH and the project objectives. Approximately, ₹43 lakhs has been contributed towards WASH infrastructure by the School Management Committees (SMC).

**xvii. Swachha Vidyalaya Swachh Aadat**

Swachha Vidyalaya Swachh Aadat project is designed around WASH interventions in 312 schools in Dumka and Pakur Districts of Jharkhand State. This project has completed its three-year period in which it aimed to capacitate 104 schools each year in planned phases, in order to ensure that children in these schools have access to basic facilities such as functional school toilets, safe drinking water, clean surroundings and awareness on hygiene. Developing children as change agents, the project aims to integrate WASH in School into community water and sanitation initiatives thereby helping to foster improved hygiene in schools and communities. Through its three year initiative, the programme has reached 39,141 students, who received training on personal hygiene practices, methodology of safe handling of drinking water, food hygiene and kitchen management of mid-day meal schemes etc. 1,900 teachers have been trained on importance of WASH in schools, their role, responsibility and methodology on imparting hygiene education and 5,000 School Management Committee (SMC) members were trained on the preparation of School Development Plan and advocacy strategies to adopt for leveraging school improvement funds.

In the year 2019-20, School Management committees have leveraged funds of ₹62 lakhs towards improved WASH infrastructure in project schools. To ensure safe drinking water, water

quality testing of sources was undertaken and iron removal filters were installed in locations with high iron contamination.

**ELDER CARE**

**xviii. Elderly Enrichment Centres**

The Urban Elder Enrichment centres Program was designed to provide holistic services for lower income senior citizens in the select wards of Mumbai through the establishment of 'Elderly Enrichment centres' (EEC). These centres provided physical and psychological recreational spaces for senior citizens in the community.

The project addressed physical, mental, social, recreational, educational and counselling needs of elderly. The initiatives were carried out through small group interactions, as well as individual guidance and support including home visits. Awareness of legal rights and prevention of elder abuse was undertaken through local community-based organizations (CBOs). Group activities like yoga and other therapies were organized to prevent loneliness and socio- emotional issues.

Physical and mental health care management services like health check- up and camps, consultation referrals, low cost medications, cataract surgery for 31 elders were conducted and hearing check was availed by 77 elderly. Yoga for overall health recorded participation of 1604 elderly. The programme received the participation of 581 elderly in community group sessions. Linkages to avail government schemes such as SC ID cards, old age pension and procurement of eligibility documents- self -identity, residence/ income/ age certificates were also facilitated for the senior citizens. There was also enhanced participation of senior citizens as volunteers within the EEC related activities and support to senior citizen within the community thereby strengthening the elder for elders' concept.

**xix. Nation Supports Elderly**

This programme worked with the elderly demographic of 20 villages in Karra block of Khunti district, which is dominated by the Munda tribes and forms a part of the Red Corridor. The district



is an educationally backward district and most of the inhabitants have been excluded from the education system for generations, leading to a low rate of literacy.

The project aimed at reaching out to senior citizens through various interventions as well as to create a shift in their financial well-being through improved access to rights and entitlements. Around 5000 elderly were reached through various interventions, such as awareness and access to pension schemes (2618 elderly), social security schemes like Ayushman Bharat Yojana (1214 elderly), health camps for the screening of diseases and provision of basic medicines for their recovery from several illnesses (2447 elderly). Besides, the project also focused on the formation of Elderly Self-Help Groups (ESHGs) and capacity building of elderly to enhance their skills and link them to government livelihood schemes for income generation. This programme was driven by trained Vridha Mitras, who were community volunteers, based in the project villages and aware of the local dialects, communities and customs.

This recently concluded programme was implemented through Sarathi centres which served as an information cum recreational centre for the senior citizens wherein awareness and capacity was built through workshops, training and other sessions. 105 elderly were trained on poultry farming, fish farming and mushroom farming. The programme also advocated for the various concerns of the elderly at the different levels to widen the agenda of the local administration and the various State departments.

**xx. Rashtriya Netra Yagna**

This project has recently concluded and aimed to reduce reversible blindness and treat eye diseases for elderly from the lower socioeconomic strata of the society, especially from the rural areas. The senior citizens were reached through a network of eye hospitals and other NGOs located in various districts across India. These organizations conduct vision and eye health camps in rural areas

and assist with the entire lifecycle of treatment from identification, facilitation of surgery and post-surgery care for elderly patients. The programme also assisted with the rehabilitation of the elderly who are visually handicapped in cases where permanent blindness cannot be cured.

The project was aligned with the government's National Programme for Control of Blindness. The interventions included: pre-surgery testing; cataract surgeries, post-surgery care and follow up which has benefited 7450 senior citizens across various locations in India.

**xxi. Shraddha: Towards Active and Healthy Ageing**

This project has taken shape from the need to establish an alternate scalable model to mainstream elderly by restoring a sense of self-worth, strength and recognizing their inherent capacity to handle life's problems. The intervention enables conditions in families and communities to facilitate active ageing for the elderly, through self-help collectives in four blocks of four states: 1. Ghatanji (Yavatmal, Maharashtra) 2. Pochampalli (Yadari, Telangana) 3. Kolaghat (Purbi Midnapore, West Bengal) 4. Basantpur (Supaul, Bihar). The project has completed its third year and has ensured inclusion of 5320 elderly through 405 Elderly Self-Help Groups (ESHGs). Apart from this, needs and social-health- economic profiles of 5992 elderly have been enumerated and 35% of them were successfully linked to one or more government schemes.

398 ESHG have gained access to banks through the opening of savings bank accounts. The inter-lending has been able to provide for initiation of supplementary livelihoods for 2000+ individual elderly and their families. Credit access from bank/ financial institutions of ₹3,55,500/- was obtained at Kolaghat project location. Seed Capital provided under the project saw the commencement of 33 different petty trades and livelihoods, with 35% of the seed capital provided as loan to individuals for agriculture and grocery shops.

Mobility was restored of 2163 elderly members either through provision of customized Poly-centric knee devices for 1547 elders or through cataract surgeries for 616 senior citizens. Accredited Clinics or Gram Chikitsa were able to provide 11,855 treatments during the project ensuring the assisted elderly remain active with availability of health facility at their doorstep. Nearly 62% of the elderly were able to receive specialist medical consultation at the multi- specialty health camps.

#### **DISTRICT TRANSFORMATION STRATEGY**

##### **xxii. Aalambana: Towards Active Ageing**

This project currently engages with 10,610 rural elderly poor cumulatively to address primary concerns of a) Social inclusion for countering isolation and neglect, b) working towards Financial Inclusion and Economic Security, c) Access to Health Care as a livelihood capital and d) Digital Literacy and Digital Inclusion. The project is being implemented in Sapotra block in Karauli district of Rajasthan, Mandapam block in Ramanathapuram district of Tamil Nadu and Rajnagar block in Birbhum district of West Bengal.

The programme has mobilized, trained and capacitated approximately 10,610 elderly into 779 self-help collectives to engage better with existing or new livelihoods and enable provision for livelihood assets or restoration support. These groups have generated a cumulative savings of ₹95 lakhs within the project earning interest of more than ₹6.28 lakhs. 553 self-help groups have got bank accounts opened.

Given the relative lack of health care access in rural areas, a community managed module for health care to manage chronic ailments and palliative care for the bed-ridden destitute elderly is in the process of being institutionalized. Gram Chikitsa (Cluster Village Clinics) have been established whose activities include cataract surgeries and provision of poly-centric knee braces for mobility restoration. These clinics have reached 5,020 beneficiaries.

##### **xxiii. Akshara**

This education project aims to reach students of all primary schools in Rameswaram Island located in Ramanathapuram District of Tamil Nadu. The project objective is to bridge learning gaps of students in all the government primary schools through support classes from grades 2 to 5. This project has completed year one of intervention activities reaching 26 schools and 1,924 primary students. The interventions supplement the school curriculum with innovative teacher learning material, capacity building of teachers, increasing learning levels of student through in school activities to achieve the project objectives. The activities of the project are planned over a period of three years to improve the learning levels of students in Maths, English and Tamil by the community teachers.

##### **Alokito Shoishab (Enlightened Childhood)**

This project is designed to reach around 6900 school children in 114 government schools in Rajnagar block, Birbhum district of West Bengal. The project aims to strengthen the basic foundation of children of grades 1 & 2 and to provide remedial education support for under privileged and weak students of grades 3 & 4. The project also builds capacity of School Management Committees (SMCs), School Development Committees (SDCs) and teachers. The project recently commenced its third year of intervention and has set up basic foundation and remedial education centres in 107 primary schools reaching out to 3545 children from grade 1 to 5.

Out of 45 intervention schools, new teaching methodologies have been implemented in 42 government primary schools. Master trainers from these schools have commenced sessions on life skills with children from grades 3 to 5. School Development Committees have been formed and School Development Plans have been prepared in all 45 (100%) selected schools. Three schools received playing equipment like-football, cricket bat and ball, skipping rope etc.



from their respective gram panchayats and two of them received saplings for kitchen gardening and beautification of the schools. 3972 community level stakeholders, grass root level govt. service providers and 76 block and district level govt. officials have been oriented on the project purpose and activities and sensitized on issues related to children's rights, importance of education, causes and consequences of school dropout, child labour, child marriage etc.

**xxiv. Bhu-Jaldhara: Integrated Watershed Programme**

The recently commenced programme aims to address inadequate access to water for both drinking and irrigation purposes which are major concerns in the tribal-dominated hilly areas in the drought-prone region of Karauli district (Karauli Block) in Rajasthan.

The programme seeks to enhance natural resources in the form of water and soil of the selected area through community-led initiatives. The programme is seeded on a participative approach to ensure sustainability and equity at the community level. It is designed to strengthen the institutional framework by capacitating Village Watershed Development Committees (VWDCs) in 60 Villages on Integrated Watershed Management through a participatory planning process for sustainability. The programme plans to augment groundwater recharge through appropriate soil and water conservation and rainwater harvesting measures. The programme envisages enhancing household income by 30 per cent through the adoption of good practices in agriculture, horticulture and livestock management and establishing market linkages. This programme will aim to reach 4500 farmers and more than 11,000 households in the community.

**xxv. Building Water Security for Green Rameswaram**

This project in the Rameswaram Island of Ramanathapuram District in Tamil Nadu aims to build water security across 21 wards of Rameswaram Municipality and two Gram Panchayat of Rameswaram Island in Ramanathapuram district.

To realize the Tamil Nadu State Vision 2023 of environmental preservation through conservation of natural resources, protection of the coastal zones and fragile ecosystems, the Rameswaram Island Development Committee of the district administration is in the process of building a balanced eco-system through building water security for realizing the vision of 'Clean and Green Rameswaram'.

The project involves ensuring safe drinking water through RO plants owned, operated and maintained by the community in 8 locations through RO plants. In year 1, two (2) RO plants have been installed where there was contribution of land, stabilizer, raw water pumping system from the government and community. In addition, the project implemented rainwater harvesting structures in both community (20) and individual spaces (15) for demonstration and piloting with individuals contributing towards storage tank units. Rain water recharging structures (15), kitchen gardens (75), soak pit (50) and vermi-composting (5), demonstration of bio gas unit at individual households and schools (15), water quality testing and developing a system of Operation and Maintenance (O & M) were activities implemented in the year.

To ensure sustainability, focus will be on building institutions like Pasumai (Green) Groups, Water User Committees, School Management Committees (SMCs) for effective management through collaboration with other organizations and the district administration.

**xxvi. Comprehensive elder care programme for senior citizens**

The project aims to create village level multi-activity centres to improve the overall health of the elderly. These centres would become hubs for creating awareness, recreational activities and mobilization of senior citizens to generate demand, advocacy for better public health care system with a special focus on geriatric health care in Shahada block of Nandurbar district, Maharashtra.

The major features are weekly geriatric clinics at primary health centres (PHCs) and on a bi-

weekly basis at the rural hospital block level. Further, the programme undertakes digitalization of data from the geriatric clinic, training of existing ASHA (Accredited Social Health Activist) workers, community health workers, nurses and doctors from the public health system in elderly care. Ensuring availability of the medication, counselling and physiotherapy services at primary levels and awareness and mobilization of the elderly to create demand and advocacy for elderly focused PHCs are part of the programme.

Under this recent project, a baseline survey of 360 elderly of Shahada block has been completed with health facility assessment of one rural hospital, 13 primary health centres and 47 sub-centres. The non-communicable disease screening camps for the elderly has commenced and 1959 elderly were screened for hypertension and diabetes.

**xxvii. Creating Enablers for ODF Sustainability**

This recently commenced project is a scale-up of the existing project in Navapur and now extending to the adjacent Nandurbar block under its interventions for a term of 3 years. It will focus on hardware and software support for facilitating functional sanitation facilities in schools, ashramshalas, anganwadis and public health centres. Behaviour change communication among students, teachers, anganwadi workers, PHC staff, gram panchayats and village water and sanitation committees will be ensured for optimising demand, resources and operations and maintenance of WASH facilities. Capacity building of resources at gram panchayat and Block level will be undertaken for Solid and Liquid Waste management and Operations and Maintenance solutions.

The project would facilitate retrofitting of existing sanitary infrastructure, hand washing stations, drinking water facilities and other WASH infrastructure to ensure sustained improved hygiene and behaviour change in 252 govt. schools, 15 Ashramshalas and 12 Primary Healthcare facilities present in the entire block. It would further ensure sustained ODF activities in the 137 Gram Panchayats based on the guidelines

of the Swachh Bharat Mission reaching more than 33,000 community members over three years.

**xxviii. Drinking Water Kiosks with Fluoride and Desalinity Remediation**

This recent project is a supplementary effort to the existing safe drinking water and sanitation programmes. In both Birbhum and Ramanathapuram, the quality of water in many locations within the districts is below the prescribed drinking water standards due to high levels of fluoride (Birbhum) and salinity (Ramanathapuram) which makes it unfit for consumption and leads to multiple health problems. An innovative technology model has been designed by International Centre for Clean Water- IIT Madras to address these challenges.

The project is based on Capacitive Deionization (CDI), an affordable and sustainable technology to remove dissolved solids to produce clean drinking water that meets WHO standards. Digital Water Kiosks (DWK), an all-weather modular structure built exclusively for community drinking water will also be part of the project. It will also include software activities to create awareness on safe drinking water and build capacities of community members to contribute and maintain the water kiosks for sustainability.

**xxix. EQUIP Mandapam Block (Education Quality Improvement Project)**

The EQUIP (Education Quality Improvement Project) in Ramanathapuram is undertaken for 3026 children in 60 primary schools, 6 middle schools and 60 out-of-school learning centres in Mandapam block of Ramanathapuram district of Tamil Nadu has completed two years of intervention. This project aims to ensure basic competencies in rural under-privileged students of grades 3-5 in Maths, English and Tamil and for grades 6-8 with regards to basic skills in Math and English through both in school and after school interventions focusing on children lagging in basic skills.

Learning festivals in more than 15 schools have been organized and maximum participation from parents and local community was ensured. 84



expert and local teachers (Shikshan Mitras) and 36 expert trainers have been trained in innovative pedagogy and technology enabled learning along with creation of low-cost teacher learning materials to make classes more effective.

**xxx. EQUIP Thiruppullani Block (Education QUality Improvement Project)**

This project is a scale-up of the existing education programme EQUIP, implemented in Mandapam Block to Thiruppullani Block which aims to provide quality of primary education to 1532 children from disadvantaged sections. Interventions in 35 government schools and 30 out of school centres will be established in 50 villages, which will be managed by a shikshan mitra; a trained youth from the community. The project aims to create a sustainable model to improve the quality of education in rural children by providing attractive learning materials including learning videos and inputs to ensure that those in grades 3- 5 achieve basic competencies in Math, English and Tamil and children in grades 6, 7, 8 achieve basic skills in Math and English through both in school and after school interventions with interested teachers focusing especially on children lagging in basic skills. In addition, the video-based Math and Science experiment sessions conducted twice a month is expected to induce curiosity and a propensity to learn in children.

**xxxi. Everyone Forever – Water Services and Systems Strengthening**

This is a project for the provision of safe drinking water in Rajnagar and Khoyrasol Block of Birbhum district in anganwadi centres, schools and communities. The project has three major components: (1) ensure availability and functionality of water infrastructure in schools, anganwadis and communities (2) enhance awareness, knowledge and foster behavioural change towards best practices of WASH among students, teachers, government officials and sanitation workers and (3) build/improve systems around operations and maintenance.

The project has completed one year so far and reached 713 students in 13 government schools who have been trained on activities such as good handwashing practices, personal health and hygiene etc. 5883 community people have been reached through 21 community water points and 643 individuals reached through 10 water points in anganwadi centres. 10 Village Water Sanitation Committees (VWSC) have been strengthened and 30 Jalbandhus trained to look after the village water structures

The project was successful in influencing active participation of the locals with the Gram Panchayat contributing a total of ₹12 lakhs and communities contributing ₹1.28 lakhs towards certain activities of the project.

**xxxii. Foundational Learning Enhancement in Government Schools**

This recently commenced project envisages to improve and ensure the quality of teaching-learning processes in primary grades in 100 schools in the Hindaun block of Karauli, by; 1) enhancing the literacy and numeracy competencies of children from grade 1-2 through improved quality of classroom teaching-learning processes and print-rich learning environment and 2) building foundational competencies of language and mathematics of students in grades 3 to 5 through structured remedial inputs which offer more individualized instruction to children. The three-year project will build capacities of school teachers in the 100 schools to ensure that the improved interventions continue in a sustained manner.

**xxxiii. Gram Samruddhi**

This recently initiated programme aims to reach marginalized and tribal communities in drought-prone areas of 30 villages and 244 hamlets in Akkalkuwa and Dhadgaon blocks in Nandurbar district of Maharashtra. It will assist farmers with best practices on sustainable and environment-friendly agricultural, soil and water conservation activities to progressively improve the quality of soil and water.

The programme will include indigenous systems to enhance the existing natural resources of the selected area through community initiatives and bringing it under a management system which would be more sustainable and equitable. Alternate income generation activities through crop diversification etc. and market linkages for its sale will be facilitated for the farmers.

Capacity building and strengthening of 2000 farmers and local institutions like existing self-help groups will be undertaken for the sustainability and community ownership of the project.

**xxxiv. Samarthya: Improving the Quality of Life of the Senior Citizens**

The project focuses on the elderly in Nandurbar, Navapur, Akkalkuwa and Dhadgaon blocks of Nandurbar district in Maharashtra. It aims to empower rural senior citizens through health interventions, financial and digital literacy, capacity building in need-based professional activities with market linkages to make them socially and financially independent in the Nandurbar district.

The project in the second year of implementation has reached 3,529 senior citizens through the formation of 309 Elderly Self-Help Groups, providing healthcare coverage to 4,459 elderly through mobile medical units, processing of pension application and performing cataract surgeries.

The focus is on senior citizens residing in rural areas to empower them through social, emotional and financial activities. The programme is modelled on the self-help group concept with a sustainable option for livelihoods through self-help collectives. As part of livelihood activities, chemical free chia and quinoa crops have been promoted with selected beneficiaries on a pilot basis and market linkage activities will be undertaken after the harvesting is completed.

Special Elderly OPD days have also been established with 83 Primary Health Centres (PHC) and Rural Hospitals (RHs). These are fixed days in a week when the elderly can go to the clinics and get themselves checked exclusively.

**xxxv. Improving Language and Numeracy skills (Mandrail)**

This recently commissioned project is working in 123 villages of Mandrail block of Karauli district and aims to upgrade learning outcomes for 8,138 elementary school students of 132 Primary Schools and Upper Primary government schools.

Under the project, the cluster coordinators engage with the teachers, parents, communities and Panchayati Raj representatives to create a positive learning atmosphere in schools and at homes.

In addition, support is provided to teachers in conducting multi-grade teaching practices, child-friendly pedagogy etc. The project team also works towards strengthening the School Management Committees (SMCs) by orienting them on their roles and responsibilities, developing School Development Plans (SDPs), leveraging funds and monitoring usage and maintenance of school facilities. Additionally, child cabinets (Bal Panchayat) are being formed in all the schools in a phased manner, where the elected leaders will be oriented on their roles and responsibilities and will be encouraged to take up monitoring of health and hygiene, as well as academic-related issues in schools.

The programme interventions during the first year have focused on providing remedial support to about 5533 students of 33 schools through 16 trained Shiksha Mitras so that their learning levels can be increased by 50 per cent in three years' time. The project aims to re-enroll around 500 out of school children and to build capacities of approximately 264 teachers in its first year.

**xxxvi. Jaldhara- Integrated Wash, Sanitation and hygiene interventions**

This project has recently commenced the second year of activities to develop a decentralized community-managed water supply system in selected villages of Akkalkuwa and Dhadgaon blocks in Nandurbar, Maharashtra.

The project also includes technological enhancements like piped water supply systems, water purification and treatment systems apart



from the physical interventions for enhancing water resource development and management. The drinking water supply is targeted to reach 20 villages and 40 government schools, sanitation interventions covering 40 villages and menstrual hygiene management reaching 7,500 women and 2,500 adolescent girls.

User households are also being organized into Village Water & Sanitation Committees (VWSC) at the habitation level with an executive committee of 10- 12 members. The VWSC is responsible for planning, execution, operation and maintenance of the drinking water supply scheme which would be integrated into this programme with Government of India's Swajal (or any other applicable scheme) programme. Till date, ₹37,400/- has been mobilized by the VWSCs.

112 tribal families have benefitted from drinking water supply related activities carried out in year 1. Also, 20 zilla parishad schools have been selected for behaviour change communication (BCC) interventions and retrofitting of school WASH infrastructure. Total 2116 students are covered under BCC interventions and 11 school plans have been prepared for retrofitting of WASH infrastructure. Under the Menstrual Hygiene Management (MHM) around 1859 women and 40 adolescent girls have been benefitted through community based MHM sessions.

**xxxvii. Magic English Vaachan: Improving English proficiency of students in Zilla Panchayat Primary Schools**

The objective of this three-year project is to improve the English proficiency of students from 424 zilla parishad primary schools in Nandurbar district, Maharashtra reaching 30,000 students and building capacities of 1200 teachers. The project implementation is rolled out in two phases: phase one with 100 schools and phase two scaling to 324 schools

The programme delivers high levels of proficiency in English through an enjoyable process that simulates the way children naturally learn the mother tongue or other languages from the

environment. The programme is a three- level/ three-year immersive model with each level comprising of 72 sessions of 40 minutes each. Teachers are equipped with high-quality printed and audio- visual content and infrastructure along with teacher manuals which provide detailed session-by-session usage of these materials in the classroom.

Materials have been supplied for the level 1 programme along with teaching and learning materials (TLMs), visual aids and kits to all the phase one schools. They are supported by dedicated trainers who provide extensive training through workshops, on-site visits and through telephonic support. Training and support services to schools help them complete the 72 sessions of the level one programme.

**xxxviii. ODF Sapotra**

The project is currently implemented in 167 villages of 34 gram panchayats in the Sapotra block of Karauli district to achieve ODF plus sustainability through behavioural change and improvement of WASH facilities. Currently, the project is in its second year of activities. Detailed project reports of all major institutions (175 schools, 49 AWCs and 5 PHCs) and 10,000 households was prepared and retrofitting work of WASH facilities in 59 schools has been completed.

163 trained School Management Committees are taking the lead in leveraging funds for development of WASH facilities in their schools and are monitoring the operations. ₹22.66 lakhs was leveraged from government and community for improvement in school facilities through SMCs. 279 child cabinet leaders have commenced monitoring hygiene of the peer students and are motivating their parents and other members of the community on sanitation and hygiene.

At the community level, 25,846 persons, have been made aware on usage of household toilets, its maintenance, benefits of hand washing and handling of drinking water through community level campaigns. Moreover, in 88 villages, Village Health Sanitation and Nutrition Committees

have been mobilized. About 350 members of these Committees trained post which 49 village sanitation plans have been prepared.

**xxxix. ODF sustainability in Nandurbar**

This project focuses on sustainable Open Defecation Free (ODF) communities, WASH compliant institutions such as anganwadis, schools, ashramshalas and primary health centres of Nandurbar district. The intervention covers 114 gram panchayats (GPs) in the Navapur block.

The project addresses three major components: (1) retrofitting of wash infrastructure in schools and anganwadis (2) enhanced awareness, knowledge and behaviour change on the aspects of wash in schools, anganwadis, PHCs and communities (3) build or improve systems around operations and maintenance.

Currently, the project is in its second year and more than 25,000 people from 68 GPs and more than 14,000 students have benefitted through various WASH interventions, such as retrofitting, renovation and repair of water and sanitation facilities as well as the software sessions for behaviour change which include group sessions on Menstrual Hygiene Management (MHM) with adolescent girls, hand washing sessions etc. Also, a total of ₹27 lakhs have been leveraged from government funds towards the programme activities.

**xl. Project MindSpark**

The project aims to improve academic learning outcomes through a technology-enabled program for students to enable reading, writing and develop a scientific temper in 35 Ashram schools of Nandurbar district, Maharashtra.

The technology used is a computer-based, adaptive-learning program that helps a child to improve his/her skills in Maths and Language. It allows each student to follow a learning path that is based on their current level and at a pace they are comfortable with.

The project has recently commenced and will improve the learning outcomes in language and

numeracy of 11,857 tribal students in grades 1 to 8 across 35 Ashramshalas in Nandurbar district. The government ashramshalas have been identified and selected for the project after a detailed scoping to ensure that the school's infrastructure could support the technology platform. 28 of these ashramshalas have been selected in the Nandurbar Project Office jurisdiction and 7 government Ashramshalas have been selected for the project in Taloda Project Office jurisdiction. Requisite permissions have been procured from the tribal department project office (PO).

**xli. Promoting Sustainability of WASH facilities and child centered governance in schools**

The project envisages promoting sustainability of WASH facilities and child centered governance in 37 government schools of Rameswaram island, in Ramanathapuram district of Tamil Nadu.

The project has undertaken augmentation and retrofitting of WASH facilities such as toilets, urinals, hand washing stations in five schools, pilot demonstrations through retrofitting of toilets for children with special needs, restoration of safe drinking water points, rain water harvesting structures in 20 schools, installation of water purifiers in 20 schools, kitchen and waste management and development of systems for Operation and Maintenance (O&M) of WASH infrastructure in the schools. Water testing kits worth ₹1.30 lakhs have been provided by the government to complement the efforts of the programme.

To ensure sustainability, the focus is on a systematic behaviour change communication (BCC) programme by orienting 6000 students, building capacity of more than 500 stakeholders like the SMCs, child cabinet representatives, headmasters, teachers, mid-day meal organizers and sanitation staff around WASH and its O&M.

**xlii. Promotion of Thiruppullani as Swachh and Swasth Block**

The project was initiated in the Thiruppullani block of the Ramanathapuram District in Tamil Nadu to promote sustainability of WASH facilities in



schools, Anganwadi Centres (AWCs), PHCs (Public Health centres) and community of Thiruppullani block.

Activities under the project included augmentation and retrofitting of WASH facilities such as toilets, urinals, handwashing stations in 45 schools, two PHCs and three community tanks, restoration of safe drinking water points, rain water harvesting structures, installation of water purifiers, water quality testing, waste management and developing systems for Operation and Maintenance (O&M) of WASH infrastructure in the schools, AWCs and PHCs.

All 45 schools provided support in the form of materials such as cement, bricks and sand as per the need amounting to about ₹1.50 lakhs by getting contributions from the various stakeholders.

Under this project, efforts will be undertaken to maximize stakeholders' engagement, especially district administration for convergence and mobilizing support and participation in project activities. Further, emphasis will be on awareness and BCC sessions, building capacity and involving the various stakeholders both in schools and community. A notable improvement was observed amongst community members across 138 target villages with regard to adopting improved and safe WASH practices in the first year.

**xl.iii. Promotion of Swachh and Swasth in Hindaun Block**

This newly commenced project is a replication of the existing programme being implemented in Thiruppullani block of Ramanathapuram district to Hindaun Block of Karauli district of Rajasthan. The objective is to facilitate implementation of sanitation and safe drinking water in selected schools, anganwadis and public health centres through retrofitting and repair of sanitation facilities, capacity building of teachers, students, anganwadi workers, water and sanitation (WATSAN) committees. The awareness and behaviour change communication with children and community members to create an ODF plus environment will be emphasized along with linkages to various government schemes for

tapping resources for operations and maintenance in Hindaun Block. Hardware and software support to ensure the maintenance and usage of sanitation facilities in schools, anganwadis and PHCs along with behaviour change communication will be an important feature of the awareness modules.

**xliv. Sahaj Path- Bridging learning gaps**

This recently commenced project aims to improve the quality of education in primary schools (grades 1 to 4) of Dubrajpur block in Birbhum district, West Bengal over 3 years by creating a cadre of teachers capable of using alternative pedagogy to improve the learning outcomes of students. The programme will select 90 schools for intervention with a cadre of trained shikshan mitras who will be attached to each government school for conducting remedial classes for children who are below grade-appropriate levels and teacher training of school teachers. The programme has started with recruitment and training of the shikshan mitras who will be soon allotted the individual intervention schools.

**xl. Samrakshana**

Project Samrakshana is designed to reach the senior citizens in Rameswaram island of Ramanathapuram district, Tamil Nadu. The project aims to promote inclusion of the elderly through strengthening their financial, social and health capital through interventions. Facilitation, awareness building and linkages with entitlements and government schemes are being undertaken. Financial empowerment will also be carried out through the activity of the elderly self-help groups (ESHGs) which are collectives. The ESHGs would assist in self- sustenance and income generation for active elders through loaning, inter- lending and group livelihood activities such as weaving of palm tree leaves into various small items such as trays, baskets and boxes. Around 1,623 elders of Rameswaram have been organised in this way into 99 ESHGs with training on how to conduct the activities of the ESHG which includes the records of meetings, book-keeping, opening and operation of bank accounts etc. initiated. The elders have mobilized ₹9.17 lakhs as savings within the project

ESHG. Health interventions have reached 1734 patients by addressing ailments of the elderly through mobile medical vans which reach the doorstep of the people. Cumulatively more than 13,900 elderly would be benefitted through the various interventions.

**xlvi. Serving and Enriching Education for tribal hamlets in Nandurbar district**

The project aims to improve access and upgrade the quality of primary education to the children from disadvantaged sections focusing on the tribal communities in Talode block of Nandurbar district in Maharashtra. 46 Children's Resource Centres will be established in 46 villages (1 centre in each village) and managed by a shikshan mitra who is a trained youth from the community to bring education to the doorstep of children in remote tribal hamlets.

This recently initiated programme will reach remote areas where the out of school learning centres will be embedded within the community to conduct special training for children, following-up on progress on education, enrolment, retention and grassroots facilitation. Special education pedagogical methods on activity-based learning and personality development through street plays, puppet shows, use of drama, games therapy etc. will be used by the shikshan mitra to assist 2688 children for improved learning along with life skills and inputs on health and hygiene.

**xlvii. Project Shikshan**

The programme aims to improve language and numeracy skills through after school remedial classes for students from grades 1-5 in 175 government schools in Sapotra block, Karauli district of Rajasthan. The project will directly benefit 9,609 students, 531 teachers and 2,608 School Management Committee (SMC) members.

Local community youth who have been trained, provide remedial academic support to around 5,000 children studying in 120 government schools. They are responsible for teaching Language and Mathematics to these children using child-friendly pedagogy and teaching-learning

material. So far, the interventions have led to a 30% increase in learning levels.

The project builds capacities of the SMC members to prepare School Development Plans (SDPs), leverage funds and monitor the progress of children, thus taking ownership for the education of their children and community schools.

An amount of ₹22.66 lakhs was leveraged from government and community for improvement of the school facilities through SMCs. Child cabinets have been formed in all the 175 schools wherein during the first year, 341 leaders have been trained on their roles and responsibilities to inculcate a sense of participation and leadership in children.

**xlviii. Shiksha Deep Prakalpa**

This three-year project plans to create sustainable community-led Supplementary Learning centres (SLCs) to ensure equity and quality in education for primary school children within the Khoyrasol block in Birbhum District, West Bengal. The project focuses primarily on improving academic learning levels through Shikshan Mitras (SMs) of primary school children in the 10 Gram Panchayats of Khoyrasol.

The SLCs working in an after-school model offer remedial education in Language and Math, library-based literacy activities and a series of community-based educational events to emphasize the importance of community and family participation in a child's schooling and education. Over the year 2019-2020, the project set up 65 CLCs and started with 2300+ students in the learning centre.

Till date, 65 learning camps have been conducted in every village based on strategically designed activities and subject-based learning modules. The camps were attended by around 3000 students. Outside the formal learning activities, 55 Shiksha Melas or Children fairs aimed at creating sustainable education and a child friendly ecosystem outside the formal education structure have been held in the community. Meetings are held with local school teachers primarily to make them aware of the objectives and activities of the project to create a mutual understanding



for a conducive development of the educational ecosystem in the area.

**xlix. Skill Mitra and Udyog Mitra Model for Livelihood**

This recently launched programme will be implemented in two blocks of Ramanathapuram district: Mandapam and Thiruppullani. It aims to reach 6000 unemployed youth to provide skill training for sustainable livelihoods along with rural micro-enterprise development through mentorship.

The programme will create awareness among rural youth about the job market, educate them on the skill gap and bring them one step closer to livelihood opportunities either through linkages with vocational courses available in the region or through attachment with small business owners named Udyog Mitras, who are expected to train the youth in the trade and then the youth has the option of either continuing with the Udyog mitra or start his/her own enterprise. Once the candidate is placed, he/she will be tracked through a technology back-end to ensure continuity of livelihood for the youth.

**I. Student Teacher Empowerment Programme-PLUS**

This recently commenced project aims to provide an enhanced learning environment to students in all government primary schools in Ramanathapuram Block of Ramanathapuram district, Tamil Nadu.

The programme of three years duration will deploy 24 Shikshan Mitra (resource persons) to cover all 73 primary schools in the district. 4500 students of grades 1- 5 will be provided with a quality education intervention along with the capacity building of the school teachers. The programme has been designed to improve the foundational skills of literacy and numeracy, make schooling at primary levels more interesting and relevant. Life skill sessions and empowering teachers to ensure programme sustainability through collaboration and capacity building.

**li. Sustainable Community ODF (Mandapam Block)**

The NSE Group project is implemented in 28

villages of Mandapam Block, Ramanathapuram District, Tamil Nadu will impact around 50000 beneficiaries in three years and aims at ensuring sustainable ODF status in the block.

The project currently in its first year has retrofitted and repaired the sanitation facilities in 20 schools, 10 Anganwadis and 2500 households apart from five integrated women sanitary complexes in communities. 560 WASHMAN Committee members have undergone intensive training to take ownership of the programme and undertake activities in the communities. More than 2500 villagers have been reached to increase awareness and ownership towards community sanitation and ODF sustainability. 210 school teachers and 150 other stakeholders such as SMC members have been trained in hygiene practices and supervision of the same.

Funds were leveraged from the community to create ownership and the community has contributed ₹4.97 lakhs so far towards renovation of individual household and community toilets.

**lii. Sustainable Community ODF Program (Ramanathapuram Block)**

This project is a scale-up of the Mandapam programme and implemented through WASHMAN Committees (Water and Sanitation, Personal Hygiene, Menstrual Hygiene Management, Nutrition) which is a voluntary committee consisting of 20 women including adolescent girls to monitor, execute the field level implementation of the project. The programme has formed and trained WASHMAN committee members in all 25 Panchayat of Ramnad Block. 500 WASHMAN committee members are serving the society on a voluntary basis and they supervise the renovation or restoration of the damaged Community Toilets, School toilets, Anganwadi Toilets and Individual Household Latrines (IHHLs).

140 school teachers and 126 anganwadi workers have been trained under this project. Retrofitting of sanitation facilities in 17 schools has been undertaken and the SMC has contributed ₹57,590/- towards renovation of various school

toilet complexes which is a sign of community ownership of the project.

liii. **Sustainable Environment and Integrated Livelihoods through Soil & Water Conservation and Improving Soil Health**

The programme is based in eight Gram Panchayats, covering 76 villages of Sapotra and Mandrail blocks of Karauli district, Rajasthan. Karauli is classified as a semi-arid region and the irrigated agriculture is only 11% of the net sown area. However, despite the rocky terrain, a large proportion of the population depends on agriculture and livestock for their livelihood.

The programme will support activities around soil and water conservation, demonstrating sustainable agriculture practices and technologies having the potential to ameliorate environmental outcomes on augmenting water supply, protecting and improving soil health while providing a solution to sustainable livelihoods challenges.

This programme is driven by the Village Development Committee (VDCs) to ensure sustainability through the strengthening of community institutions in governance and management of infrastructure created under the project in 20,000 hectares of land. Apart from the improvement and conservation of soil, the programme will also demonstrate a low-cost production system incorporating components of organic/ natural farming methods, efficient irrigation methods using renewable source of energy such as solar-based irrigation pumps and improve the status of pasture land in the villages having the potential to support existing livestock population.

The project will engage more than 35,000 community members in three years of intervention. The selected villages have a significant proportion of Scheduled Tribe and Scheduled Caste population. Currently, the programme has started mobilization of VDCs in 75 villages out of which 24 project villages have formalized the VDC and 13 villages have completed their Village Development Planning ₹57350/- has been mobilised by VDCs

till date. The building of field bunding, waste weir, land levelling etc., would commence shortly.

liv. **SCORE (Sustainable Conservation of Water Resources through Enabling)**

The recently initiated three year project aims to promote and strengthen community-led natural resources management by building community owned organizations in 60 villages, renovate 70 water bodies, 30 irrigation tanks and 40 drinking water cum domestic ponds) for harvesting rainwater and achieving food security and access to clean drinking water, sustain farming with construction of 50 farm ponds and protect the environment by planting 5000 robust trees in village common lands and catchment areas, while enabling poor and vulnerable farmers to improve farm productivity and income using improved agricultural practices.

The interventions under the project include renovation of more than 40 village ponds, water for drinking and domestic needs of rural households, rejuvenation of water sources, water conservation and planned agriculture. The renovation of village ponds will also help recharge the groundwater and aquifers. The renovation and repair of 30 minor irrigation tanks will make available water for sustainable agriculture. Apart from renovating the existing water bodies, the project aims to establish smaller rain fed farm ponds with community participation and plantation of fruit trees.

lv. **Sustainable livelihood by way of providing construction Skill training and employment / self-employment**

The aim of the program is to improve the livelihood of rural households by providing a residential vocational training centre in Nandurbar, Maharashtra. The vocational centre will empower 600 unemployed youth through training in the selected market-driven courses for the rural construction industry such as rural masonry, painting, plumbing, electrical skills, among others.

The youth are selected from the district of Nandurbar with the students currently coming from Shahada and Nandurbar blocks. The



programme has completed six months training for two batches with 75 youths. During the training, the students were taken for exposure visits to the city where construction work is underway so that the students could have a hands-on experience of what is being taught in the classroom.

**lvi. Swaccho – Nirapad Parivesh (Clean and Safe Environment)**

This project aims to make Rajnagar block, of Birbhum district of West Bengal, an Open Defecation Free (ODF) sustainable block as per ODF Sustainability guidelines of Government of India in three years. Currently, in its second year benefitting a total of 5643 students (46% of girls) who have been reached across 63 schools and trained on handwashing techniques, personal health and hygiene etc.

WASH interventions include retrofitting, renovation and repair of sanitation facilities to provide schools with improved WASH facilities, including sessions for behavioural change. The intervention follows peer group strategy where child cabinets were strengthened in 57 schools. A total of 1169 girl students are part of these child cabinets who have been provided with training on health and hygiene, handwashing with soaps, personal hygiene, leadership and peer learning strategies which included group sessions on menstrual hygiene management (MHM) for adolescent students.

In addition, 90 teachers and 1810 School Management Committee members have been trained on WASH practices and 28 Government representatives at Block and Panchayat level have been sensitized about the importance of WASH in schools and communities. 136 Anganwadi Workers have attended sessions on operation and maintenance for the sustainability of anganwadi toilets and 105 Village Water Sanitation Committee members were oriented on their roles and responsibilities so as to undertake Water and Sanitation initiatives in their respective areas. Under the project intervention, 96 WASH toilets, 49 handwashing stations and 111 urinals have been repaired and made functional.

**lvii. Swaccho – Nirapad Parivesh (Clean and Safe Environment) Khoyrasol block of Birbhum district**

This project is a scale-up of the existing programme implemented in Rajnagar block of Birbhum district. It aims to facilitate implementation of sanitation and safe drinking water in 146 Zila Parishad schools, 208 anganwadis and Gram Panchayats of the Khoyrasol block through retrofitting and repair of sanitation facilities in schools and anganwadis. Capacity building of teachers, students, Gram Panchayats, Village Water and Sanitation Committees and anganwadi workers will be also carried out to ensure sustainability by involving all the stakeholders. Community triggering and hygiene events for sustaining ODF status, linkages with various government schemes for tapping resources for operations and maintenance will also be undertaken.

**lviii. Swachhta Se Swasthyata**

The recently commenced project is being implemented in the Mandrail Block of Karauli District in 35 Schools, Anganwadi Centres and five health Centres. It aims at improving awareness of the SBM-ODF sustainability guidelines amongst families, community governance (21,844) and institutional duty bearers (98 anganwadi centres, 132 schools, 5 primary health centres, leading to an increased demand for quality WASH services. The programme will improve the uptake of WASH services by 1250 families and communities currently being provided by government and civil society actors, thereby leading to improved health outcomes. The intervention will also strengthen 132 School Management Committees and 123 VHSNCs for designing and implementation of Villages WASH plans aligned with SBM-ODF sustainability guidelines. To ensure sustainability, the newly commissioned project will aim at influencing key stakeholders (VHSNCs), PRIs, Block/District/State Officials) for increased government and community investments on water availability and community sanitation in the water scarce areas of the block.

lix. **Sustainable Drinking Water Safety and Security Project (Nandurbar)**

This project is designed to provide safe and secure drinking water facilities to habitations and schools in Nandurbar and Navapur block of Nandurbar district, Maharashtra. Water resource strengthening, rainwater harvesting, creating drinking water storage and solar mini pipe water supply scheme will be commissioned so that selected schools and communities have access to drinking water. This project is based on the Swajal model of the Government of India, which is a community drinking water supply scheme, targeting unreached habitations of the aspirational districts which will be operated and maintained by the community.

In Year 1, execution of water supply schemes (10 solar based water supply scheme and 1 scheme with innovative storage tanks) in 11 habitations have been completed. The interventions provide direct benefit to around 2376 population. It includes 373 households in 20 habitations with 1638 population and 22 village level institutions (school, anganwadi and PHC sub-centre) benefiting around 738 population.

The programme is designed to ensure village level water safety and security through a sustainable approach. While one-time capital investment in the infrastructure is necessary, it is not enough for future maintenance of water safety and security. To ensure safe water quality, water security in terms of source reliability and water systems in terms of financial, technical and institutional sustainability, community involvement is critical.

Thus, the focus is on bridging the drinking water infrastructure gap and to create a community model for sustainable operation and maintenance for the infrastructure through local resource mobilization and involvement of the local administration.

Active participation of community during planning, implementation and execution of scheme was encouraged. Community members contributed to the land space required for installing storage tank, solar panel, dual pump etc. All the project

habitations have contributed their portion of the O & M fund. The Gram Panchayat has contributed around ₹72,000/- from its funds towards installation of the structures and played a crucial role in coordinating with line departments and mobilizing mandatory supportive documents such as land donation certificates, yield test, WQ test, providing NOC etc.

lx. **Sustainable livelihood by way of providing Skill training and employment / self-employment**

The project aims at augmenting the livelihood of rural households by providing skill training to rural elderly men and women in the field of apiculture (honey beekeeping) and neem seed oil production in Rajnagar block of Birbhum district.

This two-year programme will mobilize the existing elderly self-help groups supported by NSE Foundation in the area. Interested ESHGs will be provided with training and machinery to be used in honey beekeeping (apiaries etc.) and neem oil production. The trained ESHGs will be given assistance to set-up their units. Market linkages will be also provided so that the beneficiaries can directly sell their products in the market. Post training and business setup, beneficiaries will be monitored and tracked to ensure sustainability and progress of their business.

lxi. **Technical Assistance for implementing village water safety and security**

This project has recently commenced and aims to facilitate the implementation of community-led village water safety and security (VWSS) plan and drinking water supply scheme in 20 villages in Mandrail and Sapotra blocks of Karauli district, Rajasthan.

The project will be in partnership with local government agencies and the Public Health Department to ensure sustained, safe and secured water supply in the project villages. The project will demonstrate the community-led adoption of the drinking water supply program which is the cornerstone of Jal Jeevan Mission; an ambitious mission taken up by the Government of India for integrating and ensuring rural water safety and security of each household.



This two-year project will primarily focus on software support for facilitating community-led village water safety and security planning process and demonstrating innovative practices and technologies for optimising water demand. Innovative technology demonstrations like non-electric and automated chlorination solutions, environmentally responsible liquid waste treatment plans and promoting waste-water reuse are the activities that will be undertaken.

**lxii. Water, agriculture & food security (WAFS)**

Ramanathapuram district is one of the water distressed districts in the state of Tamil Nadu. Among the 11 Panchayat unions, Bogalur, Kamudhi, Kadaladi and Mudukulathur unions are highly susceptible to water scarcity. This project will cover 25 villages in Bogalur and 26 villages in Mudukulathur to create water and food security by undertaking water resource development and introduction of climatic resilient agriculture system with alternative cropping and community-led initiatives.

Ooranies have been known historically to provide drinking water for the communities and they are time-tested mechanisms to sustain life in Ramanathapuram. Renovation of 45 ooranies will be carried out along with restoring 45 minor irrigation tanks and creation of 150 farm ponds under this project. Further, removal of Prosopis Juliflora, a tenacious weed which has extensively infested the region and promotion of orchard activity will be undertaken in 500 acres of land with the plantation of high yielding fruit trees. Alternative cropping in the command area which has water-efficient cropping pattern will be carried in around 750 acres of land. Through the learnings from the region, developing livelihood alternatives and enhancing existing livelihoods in the community will be taken up which will in turn lead to improved economic income and food security.

**lxiii. Vidya- Enhancing learning of tribal students**

The project aims to provide a supportive learning environment to first generation learners through quality teaching learning material for Marathi,

English and Mathematics for 3,694 students in 31 villages and 35 schools of Akkalkuwa and Dhadgaon blocks of Nandurbar district, Maharashtra. 50 functional Balbhavans will be established to implement these activities and it will also provide Spoken English classes. Libraries, both conventional and digital will be provided to strengthen foundation skills and enhance knowledge of students in spoken English. Training and capacity building to 50 teachers from government middle schools will be conducted.

This programme has recently commenced and completed the baseline survey of all selected schools with 320 students being tested on literacy and numeracy competencies. 70 teachers from 22 schools have been trained to conduct spoken English classes. The TLM for this project makes use of audio lessons supported by an audio teacher. Regular spoken English classes have been initiated in all the selected schools.

**DISASTER RELIEF AND REHABILITATION**

**lxiv. Creating Disaster Resilient and Child Friendly Model Schools in Odisha**

Odisha was hit by Cyclone Fani on 3rd May 2019. The project commenced post the Cyclone Fani to create Disaster Resilient Child friendly models in 9 schools of Khorda district of Odisha affected by the cyclone. The project aims to cover 4,076 children, parents and teachers by providing functional sanitation and drinking water facilities in schools. Prototype designs have been developed for making disaster resilient and safe schools. Capacity building of relevant government staff, masons, community organisations etc. and other stakeholders involved in school construction has commenced. The learnings and material have been compiled in a manual on disaster resilient schools in the context of Odisha and compiled in association with the Odisha State Disaster Management Authority (OSDMA).

**lxv. Enabling Drought Free Villages in Nandurbar**

Many parts of Maharashtra have been hit by drought since the past few years impacting overall agricultural productivity, water security and

sustainability of local livelihoods. The district of Nandurbar has been affected by moderate to severe drought due to scanty rainfall this year leading it to be classified under the drought affected districts. The State government's aim to make Maharashtra a drought-free state by end of 2019 have led to the implementation of various initiatives under the Jal Yukt Shivar. One such initiative is the Gaalmukta Dharan Gaalyukta Shivar (GDGS) Yojana- under the Jal Yukt Shivar Yojana programme, the GDGS scheme involves desilting of small dams/ water bodies in the state with the aim of increasing water storage capacity and providing silt to the farmers in a PPP model involving CSR, community and the local administration.

The concluded project focused on de-silting of small and large water bodies which provided drinking water to nearby communities, provision of silt to farmers to enhance crop productivity, IEC/ BCC on drinking water usage, handling and storage practices. The de-silting encourages ground water recharge of nearby wells due to percolation of water into the ground. Desilting of 29 water bodies has been completed and a total of 188240 CuM of silt extracted and distributed to 517 farmers. The State Government supported the project by bearing fuel expenses amounting to ₹22.43 lakhs (at approximately ₹11.92/CuM) and the community contributed by bearing transportation expenses totaling approximately ₹1.88 Crs. In addition revival of a defunct water pipeline which now serves water to 9000 individuals from six villages was taken up with the convergent efforts of NSE Foundation, the community, district administration and local leaders.

**lxvi. Public Health Recovery and Restoration in Flood affected districts of Maharashtra (Technical collaboration with UNICEF)**

Parts of Maharashtra had received a large amount of rainfall in 2019 which resulted in floods across 761 villages. Kolhapur and Sangli districts of Maharashtra were the worst affected as several of the households in these blocks of the two districts are dependent on borewell, handpump

or open wells. Due to extensive water logging in sanitation pits and septic tanks, with no resources and knowhow of de-sludging many of the water sources were contaminated.

Considering these needs, the project was implemented in the two districts with the objective of mitigating post flood WASH risks by addressing gaps in water supply, sanitation, health & hygiene promotion practices and services. Supporting the restoration of WASH services with the community and government as counterparts was an important feature of the project.

Installation of nine water storage and filtration units along with restoration of school toilets in ten schools is underway. Technical approval from Public Works department, Zila Parishad Kolhapur for hazard resilient community latrine block designed under this project has been approved and the construction of the same will be completed soon. An amount of ₹30,000/- has been leveraged from the Zila Parishad of both the districts towards rebuilding the community toilets.

Further, hygiene promotion on fecal oral disease transmission and hand washing practice has been demonstrated in all ten schools covering 2,075 students, teachers and community members.

**lxvii. Recovery and Disaster Risk Reduction actions on WASH**

In response to the massive destruction in the aftermath of the Kerala floods in 2018, a critical intervention to test the water quality, initiate a process of systemic model for water quality testing, capacity building around safe water and provision of water filtration units for isolated and marginalized communities was initiated.

This project was designed in two phases. In the first phase, the focus was to meet the basic needs of clean and safe drinking water for affected communities in hard to reach areas through installation of water filters as well as provide technical and capacity building support to government line departments and communities. The second phase focused on provision of



technical support to the agencies of government of Kerala for enhanced recovery programming and capacity building on key topics related to water safety and landslide risk management.

Under the project, 277 water quality testing and 250 chlorine testing kits were distributed to district administration workers. 20 water filtration units and 10 household filtration units were installed in hard to reach areas in 5 districts benefitting approximately 700 families. A module on landslide risk mitigation for panchayats was also developed. 375 government frontline workers were trained on water quality testing and treatment and 372 PRI and community members were trained on landslide risk management in seven landslide prone/affected districts. Further the project has trained 1750 community members on the basics of water quality testing and treatment. Additionally, capacity building of panchayat officials and leaders were undertaken from 15 panchayats on the steps to address landslide risk and water quality testing and treatment during disasters.

**lxviii. Retrofitting of WASH and other infrastructure in GAJA Cyclone affected schools**

In November 2018, the State of Tamil Nadu was hit by Cyclone Gaja which led to a considerable loss of public and private property and lives, which led to this project in the cyclone affected schools of Nagapattinam and Thanjavur. 30 government aided schools located in Thanjavur (Pattukottai and Orathanadu Blocks) and Nagapattinam districts (Kilvelur, Thirumarugal, Kolidam, Sembarankoil, Vedaraniyam and Thalainayar Blocks) were part of this project.

The interventions involved repair and retrofitting of damaged WASH and school infrastructure such as toilet blocks, hand washing stations, compound wall, classroom windows, roof etc., which has benefitted 10,702 students. Child cabinets in 22 schools were formed and trained to maintain the facilities in the schools. 3,660 girl children were educated on Menstrual Hygiene Management (MHM). Capacity building of 90 kitchen staff members on hygiene education and management of food, nutrition and food waste was undertaken.

78 sanitation workers were trained to ensure the maintenance of the renovated WASH structures.

Waste-water management and kitchen gardens have also been adopted in the 30 schools. As a result of meetings with Parents Teachers Association (PTA) Members, school administration and PRI members, in seven schools, the PTA and students contributed in kind to provide additional facilities like borewell and tiles to the toilets.

**lxix. Revitalizing and Retrofitting of Water and Sanitation Facilities**

This project is a response to the massive destruction in the State of Kerala due to the floods during the months of July /August 2018. The project has retrofitted and revitalized water, sanitation and hygiene infrastructure damaged by floods of 15 schools and focused on Behaviour Change Communication (BCC) so that the upgraded school infrastructure is operated and maintained in a sustainable manner.

The activities implemented across 15 schools of disaster affected Idukki district in Kerala were focused to make the schools functional by revitalizing and retrofitting WASH and other damaged facilities. Behavioural change communication (BCC) activities to inculcate safe and hygienic practices in children were also a part of the project. Retrofitting and redesigning of the mid- day meal kitchens in some of the schools which were damaged and required minor repairs was also undertaken. One school whose infrastructure facilities was retrofitted as part of the project has seen new enrolments for the academic year 2019-20 increase by 290% and the respective SMC was awarded the best SMC of Idukki District for their efforts to improve the school admissions. The project was successfully completed in July 2019 benefitting a total of 2947 children.

**COVID- 19 Pandemic Relief**

The various projects had responded to the COVID-19 pandemic since February 2020 The NSE Foundation through the NGO partners had reached out to the respective communities in the

pre-lockdown phase which lasted from the third week of February to the third week of March through capacity building and training of field staff as well as behaviour change and awareness in communities to ensure social distancing and personal hygiene measures. In the lockdown phase as well, relief activities have been undertaken for vulnerable communities especially the destitute elderly who do not have access to essential commodities like food and medicines. In education, innovative ways of reaching students through local radio and TV cable networks, social media groups, mobile phones etc. have been initiated for continuity of the learning curriculum.

The awareness campaign continued during the lock down phase to reinforce the messages to communities on measures to be followed during COVID-19 through street and wall paintings, road art at junction points etc. The Project Monitoring & Evaluation agencies have undertaken partner connect initiatives and conducted multiple webinars with project partners to conduct trainings on addressing issues arising out of such unprecedented lockdown in terms of project implementation and community outreach. The implementation agencies were encouraged to relook at planning and strategy at both organizational and programmatic level for the upcoming financial year 2020 -21.

To support the efforts of government, a contribution has been made amounting to ₹20 Crs. to the PM CARES Fund from the NSE Group CSR funds.

Since Mumbai has been one of the worst affected cities in India, a project to supply and distribute PPE kits, N-95 masks and other medical supplies to COVID designated government hospitals and fever clinics in slum settlements in Mumbai was also initiated.

As a part of employee engagement activities around 6000 migrant workers and their families returning to their home state on foot were given food kits and water to provide some succour on their long and arduous journey back home.

### **NSE CSR Focus Group**

The CSR Focus Group was formed in 2012 consisting of employees volunteering to contribute part of their time to undertake CSR activities internally with the help of NGO partners.

The group conducts/coordinates various social activities internally for employees to encourage volunteering for the NSE Group CSR initiatives and activities such as blood donation camps, organising awareness building programmes on solar power and sustainable lifestyles, recycling of waste paper, screening of documentaries on environmental & social issues, NGO-melas related to social entrepreneurship, education, health & environmental awareness including organising of guest lectures on social issues, nature awareness walks, relief activities in times of disasters and calamities, observing National / International

Days, such as Children's Day, Women's Day, support of Earth Hour, CSR project visits etc.

Amphan, a powerful tropical cyclone made landfall in West Bengal in the month of May, causing widespread damage. West Bengal being the epi-center of the cyclone's landfall, was severely affected. The storm was considered the strongest to hit the region in over a decade affecting three districts in West Bengal, namely, South and North 24 Parganas and East Midnapore. Relief to cover the food requirements of 200 families for a month, in far flung villages of two districts of South and North 24 Parganas was initiated. The rations were distributed by local NGOs in close coordination with the Kolkata regional office under the employee engagement activities

### **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 the CSR 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. The CSR projects earlier undertaken by NSE were then assigned to be taken forward by NSE Foundation which has since then further expanded the number of projects implemented.

Web-link for NSE Group CSR Policy: [https://archives.nseindia.com/global/content/about\\_us/NSE\\_CSR\\_Policy.pdf](https://archives.nseindia.com/global/content/about_us/NSE_CSR_Policy.pdf)

- 2. The Composition of the CSR Committee of NSEIL:** The Committee presently consists of Mr. Prakash Parthasarathy, Mr. Vikram Limaye and Prof. S. Sudarshan as its Members with Mr. Prakash Parthasarathy as Chairman of the Committee. Mr. Naved Masood ceased to be a Member of the Committee with effect from February 17, 2020.
- 3. Average net profit of NSEIL for last three financial years (FY 2016-17, 2017-18 and FY 2018-19):** The average net profit of NSEIL calculated pursuant to Section 135 read with Section 198 for last three Financial Years is ₹1542,11,20,000/-.

**4. Prescribed CSR expenditure (2% of the amount as in item 3 above):**

₹30,84,22,400.00/-

**5. Details of CSR spend of NSEIL during the financial year 2019-20**

- (a) Total amount to be spent for the financial year 2019-20: ₹30,84,22,400.00/-
- (b) Amount unspent, if any for the financial year: ₹ Nil
- (c) Manner in which the amount spent during the financial year is detailed below:

In order to implement the CSR projects of the NSE Group, NSE Foundation was incorporated as a company under Section 8 of the Companies Act, 2013 on 5th March 2018 for which wholly committed but previous years unspent CSR funds have been transferred to NSE Foundation. Effective April 1, 2018 CSR projects of NSE group including the Company are being implemented by the NSE Foundation. During the year 2019-20, the Company has contributed ₹30.84 Crs. being its CSR budget for the year based on 3 years average net profit in respect of FY 2016-17, 2017-18 and FY 2018-19 to NSE Foundation to be spent on various CSR activities as stated in the CSR policy of the Company. The amount was fully spent by the Foundation and the details of the amounts spent by NSE Foundation during FY 2019 -20 (including for projects committed by the Company before the formation of the Foundation) are given 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 programmes was undertaken	Cumulative Amount outlay (Committed Budget)	Amount spent during FY 19 -20 on projects or programs sub heads (1) Direct expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period (NSE CSR + NSE Foundation)
	Various CSR activities as per the CSR policy approved by NSE	Various CSR sectors as per approved policy	Various places in India		30,84,22,400 (by transfer to NSE Foundation)	1,12,23,21,529
1	Serving and Enriching Education to Under-privileged Tribal Children in Talode Block of Nandurbar District	Primary Education	Taloda Block, Nandurbar District, Maharashtra	1,61,87,012	10,88,893	10,88,893
2	Project 'Vidya'	Primary Education	Akkalkuwa and Dhadgaon Blocks, Nandurbar District, Maharashtra	2,62,28,954	70,32,599	70,32,599
3	Project Mindspark	Primary Education	All Blocks, Nandurbar District, Maharashtra	3,66,45,596	1,21,02,564	1,21,02,564
4	JALDHARA: Integrated Water, Sanitation and Hygiene (WASH) interventions in Nandurbar, Maharashtra	Sanitation and Safe Drinking Water	Akkalkuwa and Dhadgaon Blocks, Nandurbar District, Maharashtra	3,22,99,084	52,40,283	52,40,283
5	Pilot Initiative on Comprehensive Elderly Care Programme in Nandurbar district by operationalising the National Programme for Health Care of Elderly (NPHCE) scheme of the Government.	Elder Care	Shahada Block, Nandurbar District, Maharashtra	82,43,386	25,39,742	25,39,742
6	To provide sustainable livelihood by way of providing construction Skill training and employment / self-employment for Rural Youth from Nandurbar, Maharashtra.	Skill Development and Entrepreneurship	All Blocks, Nandurbar District, Maharashtra	75,68,927	18,73,497	18,73,497
7	Creating Enablers For Odif Sustainability	Sanitation and Safe Drinking Water	Nandurbar Block, Nandurbar District, Maharashtra	2,41,30,638	29,96,283	29,96,283
8	Gram Samruddhi'- Community Led Climate Smart Initiatives, to Safeguard Local Livelihood and Environment at Dhadgaon and Akalkuwa, tribal blocks in Nandurbar district of Maharashtra	Environmental sustainability	Akkalkuwa and Dhadgaon Blocks, Nandurbar District, Maharashtra	3,74,69,935	-	-
9	PROJECT- STUDENT TEACHER EMPOWERMENT PROGRAM (STEP) PLUS	Primary Education	Ramanathapuram Block, Ramanathapuram District, Tamil Nadu	3,05,75,467	35,74,098	35,74,098
10	Sustainable Community ODF Program at Ramanathapuram Block, Ramanathapuram District, Tamil Nadu.	Sanitation and Safe Drinking Water	Ramanathapuram Block, Ramanathapuram District, Tamil Nadu	2,77,27,752	27,44,861	27,44,861
11	SCORE [Sustainable Conservation of Water Resources Through Enabling] Community-led Development	Environmental sustainability	Thirupullani Block, Ramanathapuram District, Tamil Nadu	2,24,81,961	24,62,815	24,62,815
12	Kalike (Technical Advisor TATA Strive)	Skill Development and Entrepreneurship	Mandapam & Thirupullani Blocks, Ramanathapuram District, Tamil Nadu	3,14,74,745	-	-
13	EOUJP (Education Quality Improvement Project) Thirupullani	Primary Education	Thirupullani Block, Ramanathapuram District, Tamil Nadu	2,17,32,562	29,43,030	29,43,030



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 programmes was undertaken	Cumulative Amount outlay (Committed Budget)	Amount spent during FY 19 -20 on projects or programs sub heads (1) Direct expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period (NSE CSR + NSE Foundation)
14	Innodl Water Technologies Private Limited	Sanitation and Safe Drinking Water	Khoynasol & Mandapam Blocks, Birbhum and Ramanathapuram District, West Bengal and Tamil Nadu	3,53,71,618	-	-
15	Hand In Hand India	Environmental sustainability	Bogalur & Mudukulathur Blocks	5,56,80,323	-	-
16	Sahaj Path: Bridging Learning gaps of students in government primary schools of Dubrajpur block of Birbhum district, West Bengal	Primary Education	Dubrajpur Block, Birbhum District, West Bengal	2,92,26,549	22,38,570	22,38,570
17	'Disha'- Sustainable livelihood by way of providing Skill training and employment / self-employment for Rural Elderly Men and Women from Birbhum, West Bengal.	Elder Care	Rajnagar Block, Birbhum District, West Bengal	2,30,81,480	35,97,277	35,97,277
18	Wash Scale Up Initiative Swaccho - Nirapad Parivesh (Clean And Safe Environment)	Sanitation and Safe Drinking Water	Khoynasol Block, Birbhum District, West Bengal	3,09,50,166	31,56,326	31,56,326
19	Improving language and numeracy skills of 8,139 children in primary and upper primary schools of Mandrail block in Karauli district of Rajasthan State	Primary Education	Mandrail Block, Karauli District, Rajasthan	1,85,10,148	20,02,831	20,02,831
20	Making Mandrail Block of Karauli district as Open Defecation Free Sustainable Block through School, AWC and Community centered WASH interventions	Sanitation and Safe Drinking Water	Mandrail Block, Karauli District, Rajasthan	1,91,84,606	5,30,949	5,30,949
21	Jal Samarthya- Technical assistance for Implementing Village Water Safety and Security and its mainstreaming in Jal Jeevan Mission	Sanitation and Safe Drinking Water	Sapotra & Mandrail Blocks, Karauli District, Rajasthan	3,14,74,745	22,48,196	22,48,196
22	Sustainable Environment & Livelihoods through Soil & Water Conservation and Improving Soil Health.	Environmental sustainability	Sapotra & Mandrail Blocks, Karauli District, Rajasthan	4,39,89,703	39,77,518	39,77,518
23	Foundational Learning Enhancement In Primary Grades [I- V] In Government Schools In Hindaun Block Of Karauli District Rajasthan	Primary Education	Hindaun Block, Karauli District, Rajasthan	2,84,77,150	16,04,463	16,04,463
24	Water, Sanitation and Hygiene Institute	Sanitation and Safe Drinking Water	Hindaun Block, Karauli District, Rajasthan	3,37,22,941	-	-
25	Bhu-Jal Dhaara (A Livelihood Improvement Project Through Integrated Watershed Development)	Environmental sustainability	Karauli Block, Karauli District, Rajasthan	3,74,69,935	22,15,623	22,15,623
26	Creating Disaster Resilient and Child Friendly Model Schools in Odisha	Disaster Relief	Brahmagiri & Krushnaprasad blocks Puri district, Odisha	1,25,14,958	99,36,388	99,36,388
27	Public Health Recovery and Restoration (including Drinking Water and Sanitation) in Disaster (Flood) Affected Districts of Maharashtra (Technical collaboration with UNICEF)	Disaster Relief	Karvir, Hathkalangale and Shirol blocks (Kolhapur District); Miraj and Palus blocks (Sangli District), Maharashtra	1,25,89,898	83,07,090	83,07,090
28	Education Activity Centre – Urban Pune	Primary Education	Pune City, District- Pune, State- Maharashtra	48,20,817	-	47,81,394
29	Project Grow With Books- Rural	Primary Education	Haveli- Mulashi Tehasil, District- Pune State- Maharashtra	95,95,054	-	98,20,860
30	Saksham- Quality Education for Age Appropriate Learning	Primary Education	District- Buldhana State- Maharashtra	1,17,43,408	-	1,27,59,720

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 programmes was undertaken	Cumulative Amount outlay (Committed Budget)	Amount spent during FY 19-20 on projects or programs sub heads (1) Direct expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period (NSE CSR + NSE Foundation)
31	Quality Education Program.	Primary Education	District- Thane State- Maharashtra	1,46,72,547	-	1,30,58,407
32	Project Chunauti	Primary Education	Mankhurd, Mumbai State- Maharashtra	1,09,91,737	-	93,05,403
33	Serving & Enriching Education To Under Privileged Children- Urban	Primary Education	Thane and Pune State- Maharashtra	1,57,28,379	-	1,59,87,457
34	Serving & Enriching Education To Under Privileged Children- Rural	Primary Education	Medha Dist- Satara State- Maharashtra	1,57,28,379	-	1,58,89,722
35	Integrated Social Assistance and Health Security for the Elderly	Elder Care	Mumbai and Chennai State- Maharashtra and Tamilnadu	1,24,05,805	-	1,07,63,433
36	Primary Education Program / Fellow Sponsorship Program	Primary Education	Mumbai, MH and Chennai, TN	4,51,91,456	69,07,434	4,63,92,410
37	Elderly Care Program	Elder Care	Lower Parel, Mumbai	1,52,08,296	1,54,492	77,86,682
38	Muktangan Primary School Programme	Primary Education	Mumbai, Maharashtra	1,27,35,659	2,65,287	1,16,85,104
39	School Partnership Programme	Primary Education	Mumbai, Maharashtra	2,38,10,893	9,83,586	1,35,68,024
40	Eureka Superkidz	Primary Education	Cuddalore, Kanchipuram, Thiruvallur, Thiruvannamalai, Trichy and Vellore Dist.,Tamil Nadu	2,63,84,123	22,80,862	2,81,71,027
41	Every Child in School And Learning Well	Primary Education	Nagpur, Nashik, Thane, Pimpri - Chinchwad and Aurangabad Dist, Maharashtra	2,20,70,245	22,56,546	1,91,32,679
42	Girl child educate programme	Primary Education	Purulia and Bankura Dist., West Bengal	4,09,06,473	70,18,573	2,26,00,137
43	Rehli Shiksha Pahal Program (RSPP)	Primary Education	Dist. Sagar, Madhya Pradesh	2,21,53,348	48,02,100	1,02,78,892
44	Educate Girls Program	Primary Education	Ajmer, Rajasthan	2,75,81,295	-	1,70,60,794
45	Saksham	Primary Education	Kalvan and Nashik	3,68,25,401	24,61,944	66,94,203
46	Girls Empowerment through education training & action-GEETA	Primary Education	Bahraich district, Uttar Pradesh	16,87,286	-	17,72,560
47	Shradha – Towards Active And Healthy Ageing	Elder Care	1. Yavatmal, Maharashtra 2. Nalgonda, Telangana, 3. Puri Midnapore, West Bengal 4. Supaul, Bihar	4,00,21,294	88,89,444	3,14,97,575
48	Nation Supports Elderly	Elder Care	Jharkhand	36,28,791	10,13,414	28,28,142
49	Piloting Sustainable WASH In School For Enabling Better Health, Hygiene And Environment.	Sanitation	Nashik, Maharashtra	43,37,480	-	42,62,657
50	School Health Project	Sanitation	Mumbai, Maharashtra	58,05,569	-	69,12,064
51	Improving Sanitation for Rural Schools in Maharashtra	Sanitation	Nashik and Akola, Maharashtra	75,99,688	-	89,06,529
52	Swachh Vidyalaya, Swachh Aadat	Sanitation	Dumka and Pakur Districts, Jharkhand	1,98,29,062	62,79,113	1,83,96,495
53	Promoting WASH Compliant Ashramshala, Maharashtra	Sanitation	Nashik District, Maharashtra	8,70,20,909	2,90,53,223	8,24,49,955
54	Humanitarian Assistance For Flood Affected Communities In Bihar, India	Disaster Relief	Bihar	58,39,768	-	58,69,016
55	Project Grow with Books - SMC	Primary Education	Haveli- Mulashitehasi, District- Pune State- Maharashtra	7,04,163	-	7,71,962
56	Orientation of the Principals of the Adarsh Schools	Primary Education	Jaipur State- Rajasthan	2,63,54,181	-	1,26,58,214
57	Project Prajwala- Wash Compliant KGBVs (MP)	Sanitation	All KGBV Madhya Pradesh	4,74,54,305	1,85,53,964	2,21,84,732

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 programmes was undertaken	Cumulative Amount outlay Committed Budget)	Amount spent during FY 19 -20 on projects or programs sub heads (1) Direct expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period (NSE CSR + NSE Foundation)
58	Project Prajwala -Swachh Balika, Swachh Vidyalaya: Validating Scalable Models for WASH in Schools	Sanitation	All KGBV Rajasthan	3,34,40,550	70,75,553	1,94,74,105
59	Serving and Enriching Education to Under-privileged Urban Children in Bhiwandi-Nizampur and Malegaon	Primary Education	Malegaon and Bhiwandi Maharashtra	2,37,35,339	68,18,284	1,83,44,616
60	Project Prajwala - Education in KGBVs	Primary Education	All KGBV Rajasthan	4,37,07,617	2,28,48,768	2,95,69,867
61	Student Teacher Empowerment Program	Primary Education	Sheopor, Madhya Pradesh	1,94,90,935	52,79,476	1,60,10,682
62	Project Learning Orbit for Village Excellence in partnership	Primary Education	Udaipur, Rajasthan	1,82,66,973	50,73,011	1,46,41,191
63	Rashriya Netra Yagra	Elder Care	22 District across 11 state	88,74,643	59,95,190	89,95,190
64	Capacity Building of Ashramshala staff and TDD officials on WASH	Sanitation	Nashik, Maharashtra	18,26,697	-	15,00,000
65	Improving Language and Numeracy skills in Primary schools of Sapotra Block in Karauli District of Rajasthan State.	Primary Education	Block Sapotra, District Karauli , Rajasthan	2,15,45,595	49,05,534	1,01,81,054
66	Project Alokito Shoishab (Enlightened Childhood)	Primary Education	Block Rajnagar, District Birbhum, West Bengal	1,67,92,057	52,01,275	89,74,224
67	Project EQUIP (Education Quality Improvement Project)	Primary Education	Block Mandapam, District Ramanathapuram, Tamilnadu	2,95,22,604	1,10,58,787	1,85,75,548
68	Working towards making Sapotra Block of Karauli district Open Defecation Free through Community and School based WASH interventions.	Sanitation	Block Sapotra, District Karauli , Rajasthan	2,32,78,850	56,56,903	95,56,903
69	Swaccho – Nirapad Parivesh (Clean and Safe Environment),	Sanitation	Block Rajnagar, District Birbhum, West Bengal	1,91,83,739	75,69,349	1,17,27,370
70	Aalambana – Towards Active and Healthy Ageing	Elder Care	Block Rajnagar West Bengal, Block Mandapam TamilNadu and Block Sapotra Rajasthan	10,16,77,134	-	1,39,62,203
71	Project Prajwala - Education in KGBVs	Primary Education	All KGBV Madhya Pradesh	5,50,75,248	1,10,74,299	1,73,27,903
72	Project CLEAN (Climate & Livelihoods Enhancement and Nutrition) for Elders	Elder Care	1. Yavatmal, Maharashtra 2. Nalgonda, Telangana, 3. Purbhi Midnapore, West Bengal 4. Supaul, Bihar	18,48,884	3,16,277	21,91,277
73	Project for ODF sustainability in Nandurbar	Sanitation	Nandurbar Dist. Maharashtra	2,62,57,756	85,02,158	1,12,86,480
74	Sustainable Community ODF Program in Mandapam Block, Ramanathapuram District, Tamil Nadu.	Sanitation	Block Mandapam, District Ramanathapuram, Tamilnadu	2,40,91,363	63,06,752	1,20,66,585
75	Enhancing post-disaster Re- Habilitation and Recovery through Provision of Safe Water in Kerala	Sanitation	Wayanad, Idukki, Pathanamthitta, Alappuzha and Thrissur districts, Kerala	1,41,35,626	22,66,975	1,20,29,845
76	Enhancing post-disaster Re- Habilitation and Recovery through Provision of Safe Water in Kerala	Sanitation	Idukki district, Kerala	1,21,59,678	47,50,396	1,11,09,602
77	Everyone Forever - Water Services and Systems Strengthening: Rajnagar and Khoyrasol Blocks of Birbhum District in West Bengal	Sanitation	Rajnagar and Khoyrasol blocks in Birbhum district, West Bengal	4,02,78,934	41,67,499	69,20,302
78	Project Samarthyaa: Elderly Care programme(55 Years+) in Nandurbar district, Maharashtra	Elder Care	Nandurbar, Navapur, Akalkuwa and Dhadgaon blocks, Maharashtra	3,41,99,095	11,15,322	48,70,864
79	Implementation of Karadi Path Magic English SLL programme for improving English proficiency of students from Zilla Panchayat Primary Schools in selected blocks in Nandurbar District, Maharashtra.	Primary Education	Nandurbar and Navapur blocks , Maharashtra	8,35,97,788	2,23,07,054	2,23,07,054

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 programmes was undertaken	Cumulative Amount outlay (Committed Budget)	Amount spent during FY 19 -20 on projects or programs sub heads (1) Direct expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period (NSE CSR + NSE Foundation)
80	Ensuring sustainable drinking water safety and security in the identified schools and habitations in Nandurbar and Navapur blocks of Nandurbar district	Sanitation	Nandurbar and Navapur block ,Nandurbar district Maharashtra	2,34,07,381	1,16,50,109	1,58,02,185
81	Akshara: Learning Centers for Primary Children in Rameswaram	Primary Education	Rameswaram Island, Ramanathapuram District, Tamil Nadu	94,99,749	12,91,963	21,45,358
82	ShikshaDeep Prakalpa	Primary Education	Khoiyasol Block, Birbhum District, West Bengal	2,22,67,411	16,48,336	38,25,922
83	Promoting Sustainability of WASH facilities and child centered governance in the Schools of Rameswaram	Sanitation and Safe Drinking Water	Rameswaram Island, Ramanathapuram District, Tamil Nadu	1,12,47,702	19,41,772	45,07,010
84	Promotion of Tiruppullani as Swachh and Swasth Block.	Sanitation and Safe Drinking Water	Thiruppullani, Ramanathapuram District, Tamil Nadu	3,41,99,095	27,96,780	64,91,553
85	Building Water Security for Green Rameswaram	Sanitation and Safe Drinking Water	Rameswaram Island, Ramanathapuram District, Tamil Nadu	1,15,51,694	18,50,621	42,95,442
86	Enabling Drought Free Villages through Integrated & Participatory Watershed Management in Nandurbar, Maharashtra	Disaster Relief	Nandurbar District, Maharashtra	5,69,98,492	-	1,53,16,305
87	Samrakshana: Building Resilience among the Senior Citizens in Green Rameswaram	Elder Care	Rameswaram Island, Ramanathapuram District, Tamil Nadu	2,39,39,367	46,68,516	46,68,516
88	Rehabilitation of 30 Government Schools affected by Gaja Cyclone at Nagapattinam District and Thanjavur District, Tamil Nadu	Disaster Relief	Nagapattinam District and Thanjore District Tamil Nadu	98,79,739	19,48,437	79,54,536
89	CSR Focus Group	Various Activities*	Mumbai, Maharashtra	-	13,73,133	44,47,755
90	Capacity Building	Capacity Building	Mumbai, Maharashtra	-	92,67,246	2,97,01,640
91	PME**	Project Monitoring	NA	-	2,14,73,191	3,51,97,871
				2,20,98,23,782	38,35,32,844	97,46,37,101

\*Activities undertaken by NSE CSR Focus Group covers Blood Donation Camps, Nature trails, Flood Relief, NGO Melas, Environment Awareness, Employee Engagement for CSR projects of the Company etc.

\*\*Project Monitoring and Evaluation Agency - for conducting programmatic evaluation, monitoring, audit and impact assessment so as to ensure achievement of defined indicators of the projects.



NSE Foundation, as the implementing agency, currently implements the above projects with the help of the NGOs and other entities as given below and provides periodic updates on the progress of the CSR projects, fund utilization and an annual report of CSR activities to the Company. The CSR Committee of the Company monitors the CSR activities undertaken and implemented by NSE Foundation.

1	Aid India	29	Kalike (Technical Advisor TATA Strive)
2	All India Inst. Of Local Self Government	30	Karadi Path Education Company Pvt. Ltd.
3	Americares India Foundation	31	Karuna Trust
4	Bharatiya Agro Industries Foundation (BAIF)	32	Learning Links Foundation
5	Bodh Shiksha Samiti	33	Magic Bus India Foundation
6	Centre For Environment Education (CEE)	34	Oxfam India
7	Centre For Microfinance (Cmf)	35	Paragon Charitable Trust
8	Charities Aid Foundation India	36	Pipal Tree Foundation
9	Child in Need Institute (CINI)	37	Pipal Tree Venture Pvt. Ltd.
10	Collectives for Integrated Livelihood Initiatives (CINI)	38	Plan International (India Chapter)
11	Developmental Association For Human Advancement (DEHAT)	39	Pratham Education Foundation
12	DHAN Vayalagam (Tank) Foundation	40	Primove Infrastructure Development Consultants Pvt. Ltd.
13	Dignity Foundation	41	QUEST
14	Door Step School	42	Registered Engineers for Disaster Relief – India (RedR- India)
15	Educational Initiatives	43	Samavesh Society for Development and Governance
16	Family Welfare Agency	44	Sanskar Wahini Gram Vikas Shikshan Sanstha
17	FINISH Society	45	SRIJAN
18	Foundation To Educate Girls Globally	46	Tata Institute of Social Sciences
19	Gandhigram Trust	47	Teach For India
20	Gramalaya Trust	48	Tomorrow's Foundation
21	Hand in Hand Inclusive Development and Services (HHIDS)	49	VidyarambamTrust
22	Hand In Hand India	50	Vikas Sahayog Pratishtan
23	Helpage India	51	Vikramshila Education Resource Society
24	IIMPACT	52	Vision Foundation India
25	India Society for Agribusiness Professional (ISAP)	53	WASH (Water, Sanitation and Hygiene) Institute
26	Innode Water Technologies Private Limited	54	Water For People
27	Jal Seva Charitable Foundation	55	Youth For Unity And Voluntary Action (YUVA)
28	Jatan sansthan		

**6. IN CASE THE COMPANY HAS FAILED TO SPEND THE TWO PERCENT OF THE AVERAGE NET PROFIT OF THE LAST THREE FINANCIAL YEARS OR ANY PART THEREOF, THE COMPANY SHALL PROVIDE THE REASON FOR NOT SPENDING THE AMOUNT IN ITS BOARD REPORT**

In the year under report, ₹30.84 Crs. 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 amount as transferred to NSE Foundation towards approved projects is ₹30.84 Crs., which is 100% of the amount to be spent at the Company level, leaving a shortfall of ₹ Nil. The Foundation during the year has also spent the entire amount of ₹30.84Crs. towards the approved CSR projects.

**7. THE IMPLEMENTATION AND MONITORING OF THE CSR POLICY, IS IN COMPLIANCE WITH CSR OBJECTIVES AND POLICY OF THE COMPANY.**

Vikram Limaye  
DIN: 00488534  
Managing Director & CEO

Prakash Parthasarathy  
DIN: 02011709  
Chairman CSR Committee

## ANNEXURE 6 TO BOARD'S REPORT

### REPORT ON CORPORATE GOVERNANCE

#### I. BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

National Stock Exchange of India Limited ('NSE' or 'your Company') is a public limited company, incorporated under the Companies Act, 1956 whose securities are not listed on any of the stock exchanges. NSE is a recognised stock exchange under Securities Contracts (Regulation) Act, 1956 and is governed under the said regulations and the rules laid down thereunder and the directives and circulars issued by Securities and Exchange Board of India (SEBI) from time to time. As per Regulation 33 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 ('SECC Regulations'), the disclosure requirements and corporate governance norms, specified for listed companies, mutatis mutandis apply to a recognised Stock Exchange. NSE has focused on good governance practices and endeavors to improve the same in the corporate landscape. For the information of its stakeholders, NSE is furnishing this Report on corporate governance for the financial year ended 31st March, 2020.

NSE has rigorously stood by the core principles of corporate governance and considers integrity, transparency, fairness, accountability and adherence to the law as the pillars of its business practices. With regards to the same, the Company has introduced Integrated Reporting (IR) for the first time and has prepared 'Integrated Report for the year 2019-2020'. IR is focused on showing the connectivity of the Company's strategic objectives, risk and performance, both financial as well as nonfinancial, to demonstrate its commitment towards value creation for its shareholders.

#### II. BOARD OF DIRECTORS

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

NSE has a broad-based Board of Directors, constituted in accordance with Companies Act 2013, SEBI (Listing Obligation & Disclosure Requirements) 2015 ('Listing Regulations') and SECC Regulations.

Pursuant to the SECC Regulations, the Governing Board of NSE shall include Public Interest Directors, Shareholder Directors and Managing Director such that the number of Public Interest Directors shall not be lesser than the number of Shareholder Directors with the Managing Director being

included in the category of Shareholder Director. Public Interest Director is an Independent Director representing the interests of investors in the securities market and who does not have any association directly or indirectly, which in the opinion of SEBI, is in conflict with his role. Directors of a recognised Stock Exchange are required to be "fit and proper persons" at all times.

As on March 31, 2020, the Board of NSE comprised 8 Directors of which 4 are Public Interest Directors and 4 are Shareholder Directors including the Managing Director & CEO as under:

Name of Director	Category of Directorship
Mr. Girish Chandra Chaturvedi	Chairman & Public Interest Director
Mr. Vikram Limaye	Managing Director & CEO
Ms. Anuradha Rao	Public Interest Director
Mr. K. Narasimha Murthy	Public Interest Director
Prof. S. Sudarshan	Public Interest Director
Mr. Prakash Parthasarathy	Shareholder Director
Mr. Abhay Havaladar	Shareholder Director
Ms. Sunita Sharma	Shareholder Director

None of the Directors of your Company hold any shares in the Company and are not inter-se related to each other. Changes during the year and till the date of this report:

- Ms. Dharmishta Raval ceased to be Public Interest Director of the Company w.e.f. August 31, 2019 on account of her resignation due to personal reasons.
- SEBI, vide its letter dated October 31, 2019, approved the nomination of Mr. Girish Chandra Chaturvedi and Ms. Anuradha Rao as Public Interest Directors on the Governing Board of NSE for a period of three years, which became effective from November 08, 2019.
- The Appointment of Mr. Girish Chandra Chaturvedi, Public Interest Director as the Chairman of the Governing Board of NSE was approved vide SEBI letter dated December 06, 2019 with effect from the said date.
- Mr. K. Narasimha Murthy and Prof. S. Sudarshan were appointed as Public Interest Director(s) for a period of three years, w.e.f February 17, 2020.



5. Mr. T. V. Mohandas Pai, Mr. Dinesh Kanabar and Mr. Naved Masood ceased to be Public Interest Director(s) w.e.f February 17, 2020.
6. SEBI, vide its letter dated February 17, 2020, had approved the re-appointment of Ms. Sunita Sharma as Shareholder Director effective from August 02, 2019, being the date of approval by the Shareholders at the previous AGM held on the said date.
7. SEBI, vide its letter dated April 21, 2020, had approved the nomination of Ms. Mona Bhide as the Public Interest Director, for a period of three years, with effect from the said date.

#### Managing Director & Chief Executive Officer (MD & CEO)

The MD & CEO is at the helm of operations and responsible for the Company's day-to-day operations. The MD & CEO functions according to the guidance and direction provided by the Board and provides strategic directions, lays down policy guidelines and ensures the implementation of the decisions of the Board and its various Committees.

#### NSE Board

NSE Board comprises of qualified members who bring in the required skills, expertise and competence that allows them to make an effective contribution to the Board and its Committees. The Board members are committed to ensuring that the NSE Board is in compliance with high standards of corporate governance.

The skills/expertise/competencies/positive attributes, etc. that are identified for appointment of a candidate as Director to function effectively, in the context of the business and sector of the Company are:

- **Qualifications** - law, finance, accounting, economics, management, administration or any other area relevant to the financial markets.

- **Experience** - capital and financial market, financial and management skill, management of the finance function of an enterprise, accounting, economics, financial reporting process, financial securities, commodity market, derivatives market, futures market, equity market, debt market, index, SME Market, etc.
- **Knowledge** - understanding and knowledge of the entity and applicable regulatory norms, constructive and analytical decision-making abilities, understanding of the risk attached with the business structure, understanding of the role, responsibilities and obligations, etc.
- **Technology** - Technical/Professional skills in relation of Company's business, analysing technological trends, innovation, creative ideas for business, research and innovation, digitization and allied knowledge in the field of science and technology.
- **Leadership** - demonstrable leadership skills, leadership experience with regard to managing a company including practical understanding, risk management, processes, strategic planning, guiding and leading management teams to make decisions, facilitation skills, strong interpersonal and communication skills.
- **Governance** - corporate governance, compliance, transparency, board governance, accountability to stakeholders, corporate ethics and values, strengthening regulatory functions, protecting shareholder interests, law and other areas relevant to business/sector and industry in which company operates.

Skill/Expertise in specific functional areas of Board of Directors as on March 31, 2020 are as under:

Skills	Mr. Girish Chandra Chaturvedi	Mr. Vikram Limaye	Ms. Anuradha Rao	Mr. K. Narasimha Murthy	Prof.S. Sudarshan	Mr. Prakash Parthasarathy	Mr. Abhay Havaladar	Ms. Sunita Sharma
Qualifications	√	√	√	√	√	√	√	√
Experience	√	√	√	√	√	√	√	√
Knowledge	√	√	√	√	√	√	√	√
Technology	√	√	√	√	√	√	√	√
Leadership	√	√	√	√	√	√	√	√
Governance	√	√	√	√	√	√	√	√

### Board Diversity

NSE has over the years been fortunate to have eminent persons from diverse fields to serve as Directors on its Board. NSE has ensured the diversity of the Board in terms of experience, knowledge, perspective, background, gender, age and culture.

### D&O Insurance

In line with the requirements of Regulation 25(10) of the SEBI Listing Regulations, the Company has taken Directors and Officers Insurance (D&O) for all its Directors and Members of the Senior Management and other employees for such quantum and for such risks as determined by the Board.

### CHAIRMAN OF THE BOARD

The Board at its meeting held on December 02, 2019 elected Mr. Girish Chandra Chaturvedi, Public Interest Director as Chairman of the Governing Board of NSE to hold office as Chairman of the Board for a period effective from the date of approval from SEBI till the expiry of his term as Public Interest Director on the Board of NSE. SEBI vide its letter dated December 06, 2019 approved the appointment of Mr. Girish Chandra Chaturvedi as the Chairman of the Governing Board of NSE.

The role and responsibilities of the Chairman are as under:

1. All meetings of the Board shall be presided over by such Chairman if present, but if at any meetings of Directors, the Chairman be not present, at the time appointed for holding the same, then in that case the Directors shall choose one of the Public Interest Directors then present to preside at the meeting.
2. The Chairman may, unless dissented to or objected by the majority of Directors present at a Meeting at which a Quorum is present, adjourn the Meeting for any reason, at any stage of the Meeting.
3. It would be the duty of the Chairman to check, with the assistance of Company Secretary, that the Meeting is duly convened and constituted in accordance with the Act or any other applicable guidelines, Rules and Regulations before proceeding to transact business.
4. The Chairman shall ensure that the proceedings of the Meeting are correctly recorded.
5. The Chairman has absolute discretion to exclude from the Minutes, matters which in his opinion are or could reasonably be regarded as defamatory of any person, irrelevant or immaterial to the proceedings or which are detrimental to the interests of the company.

6. The Chairman shall not interfere in the day to day functioning of the recognised stock exchange or recognised clearing corporation and shall limit their role to decision making on policy issues and to issues as the Governing Board may decide.
7. The Chairman shall abstain from influencing the employees of the recognised stock exchange or recognised clearing corporation in conducting their day to day activities.
8. The Chairman shall not be directly involved in the function of appointment and promotion of employees unless specifically so decided by the Governing Board.
9. In case any Director requires his views or opinion on a particular item to be recorded verbatim in the Minutes, the decision of the Chairman whether or not to do so shall be final.
10. Minutes of the Meeting of the Board shall be signed and dated by the Chairman of the Meeting or by the Chairman of the next Meeting.
11. The Chairman shall initial each page of the Minutes, sign the last page and append to such signature the date on which and the place where he has signed the Minutes.

### Schedule of Board / Committee meetings

The dates of the Board / Committee and the Annual General Meeting are proposed in advance. The final annual schedule that is fixed is circulated to all the Directors as part of the agenda in the Board meeting for information.

The Company Secretary attends all Board meetings and generally assists Directors in the discharge of their duties and also ensures good information flow within the Board and between the Board and Senior Management. In addition, the Company Secretary attends to secretarial and Board governance matters and is responsible for ensuring that Board procedures are followed.

Voting on a resolution in the meeting of the Governing Board is valid only when the number of PIDs that have cast their vote on such resolution is equal to or more than the number of Shareholder Directors who have cast their vote on such resolution.

### Board agenda

The Board agenda is prepared by the respective department and are finalised in consultation with the MD & CEO. The Board agenda and notes thereof are ordinarily



sent to the Directors in advance to enable them to read and comprehend the matters to be dealt with and seek further information / clarification, if required.

The agenda of the Board meetings is managed in such a way that it allows for flexibility when it is needed. Directors are provided with complete information related to agenda items in a timely manner. Wherever it is not practicable to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary items on the agenda are permitted after obtaining permission of the Chairman of the Board/Meeting and with the concurrence of Independent Directors.

The Board has chosen to receive all its agenda papers electronically for all its Board and Committee meetings and has eliminated the need for hard copy of Agenda Papers. However, hard copy of the Board agenda are sent to the Directors at specific request. The Agenda papers for Board and Committee meetings are uploaded onto a secure portal which can be accessed on iPad.

At the quarterly Board meetings, the MD & CEO gives a comprehensive update on NSE's business and operations. The CFO presents the financial performance and significant financial highlights. Certain business heads provide an update on their areas of business and Key Management Personnel are present at Board meetings, when required. Agenda also includes minutes of the meetings of all the Board Committees and unlisted subsidiaries for the information of the Board.

For any business exigencies, the resolutions are passed by circulation and later placed at the subsequent Board / Committee Meeting for ratification/approval. The Chairman of various Board Committees brief the Board on all the important matters discussed and decided at their respective Committee meetings, which are generally held prior to the Board meeting. Any feedback or observations made by the Board, wherever necessary, form part of the action taken report for their review at the subsequent meetings.

The Company also provides regular updates to Board members on material changes to regulatory requirements applicable to the Directors and the Group periodically.

The minutes of Board meetings are prepared with details of the matters considered by the Board and are reviewed by the Managing Director before being circulated to the other Directors for their comments.

Following the Board and Committee meetings, an effective post meeting follow-up, review and reporting process is undertaken for the decisions taken by them. Important decisions taken at Board / Committee meetings are communicated promptly to the concerned departments.

#### B. Number of Board Meetings

The Board of Directors met 9 times during the year as detailed below:

Sr. no.	Date of Board meeting
1	May 03, 2019
2	May 16, 2019
3	July 19, 2019
4	August 01, 2019
5	November 07, 2019
6	December 02, 2019
7	February 07, 2020
8	February 26, 2020
9	March 24, 2020

During the year under review, the total duration of the Board meetings i.e. approximate aggregate number of hours was about 25 and half hours.

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 Listing Regulations, no Director is a member of more than ten Board Committees or acts as Chairperson of more than five such Committees across all entities in which he or she is a Director (see the notes to Table 1). Table No. 1 gives the details of the composition of the Board, attendance and details of Committee Membership and Committee Chairmanships and Table No. 2 - Names of the listed entities where the person is a Director and the category of Directorship.

- (1) Details of Directors along with the Directorship(s) and Chairmanship(s) / Membership(s) of Committees in other companies as on March 31, 2020:

Name of the Director	Category	Attendance Particulars		No. of Directorship / Chairmanship and Committee Chairmanship / Membership		
		Number of Board Meetings		Other Directorship(s)/ Chairmanship(s)	Other Committee Membership(s)	Other Committee Chairmanship(s)
		Held#	Attended			
Mr. Girish Chandra Chaturvedi*	Chairman & Public Interest Director	4	4	3	3	2
Mr. Vikram Limaye	Managing Director & CEO	9	9	-	-	-
Ms. Anuradha Rao**	Public Interest Director	4	4	1	1	-
Mr. K. Narasimha Murthy##	Public Interest Director	2	2	6	5	3
Prof. S. Sudarshan###	Public Interest Director	2	2	-	-	-
Mr. Prakash Parthasarathy	Shareholder Director	9	8	-	-	-
Mr. Abhay Havaladar	Shareholder Director	9	9	1	1	-
Ms. Sunita Sharma###	Shareholder Director	6	6	1	1	1

**Note:**

\* Appointed as a Public Interest Director w.e.f. November 08, 2019 and as Chairman w.e.f. December 06, 2019.

\*\* Appointed as Public Interest Director w.e.f. November 08, 2019.

## appointed as Public Interest Director(s) w.e.f. February 17, 2020

### The Shareholders at the 27th AGM held on August 02, 2019 had approved re-appointment of Ms. Sunita Sharma, subject to approval of SEBI. SEBI vide its letter dated February 17, 2020 acceded to the reappointment as a Shareholder Director w.e.f. from August 02, 2019.

# Number of Board Meetings held during the tenure of Director.

**Note:**

- The Directorships/ Committee memberships held by Directors as mentioned above, do not include private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013
- Memberships/Chairmanships of only the Audit Committee and Stakeholders Relationship Committee of all Public Companies have been considered.
- Mr. Vikram Limaye, Managing Director & CEO, Mr. Naved Masood, Mr. Prakash Parthasarathy, Mr. Abhay Havaladar and Ms. Sunita Sharma were present at the Annual General Meeting of the Company held on August 02, 2019.

- (2) Names of the listed entities where the Directors as at March 31, 2020 is a director and the category of Directorship.

Name of the Director	Name of Listed Entity	Category of Directorship
Mr. Girish Chandra Chaturvedi	1. ICICI Bank Limited	Non-Executive - Independent Director
	2. Infrastructure Leasing And Financial services Limited	Director
Ms. Anuradha Rao	-	-
Mr. Vikram Limaye	-	-
Mr. K. Narasimha Murthy	1. NELCO Limited	Additional Director
	2. Max India Limited	Non- Executive – Independent Director
	3. Max Ventures And Industries Limited	Non- Executive – Independent Director



Name of the Director	Name of Listed Entity	Category of Directorship
Prof. S. Sudarshan	-	-
Mr. Prakash Parthasarathy	-	-
Mr. Abhay Havaladar	Jubilant Food Works Limited	Non- Executive – Independent Director
Ms. Sunita Sharma	Larsen & Toubro Limited	Non- Executive – Independent Director

(3) Separation of Offices of Chairman & Chief Executive Officer  
Mr. Vikram Limaye is MD & CEO of your Company. During the year under review, Mr. Girish Chandra Chaturvedi, Public Interest Director was appointed as the Chairman of the Governing Board for a period effective from December 6, 2019, being the date of approval from SEBI till the expiry of his term as Public Interest Director on the Board of NSE. During the year and until the approval for appointment of Mr. Girish Chandra Chaturvedi as Chairman, the Board of Directors used to elect one of the then PIDs as Chairman of the Board Meeting by rotation.

#### D. Responsibilities of the Board

The responsibilities of the Board include the following:

1. Members of Board of Directors and Key Managerial Personnel shall disclose to the Board of Directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the entity.
2. The Board of Directors and Senior Management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.
3. Key functions of the Board of Directors: -
  - a. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.
  - b. Monitoring the effectiveness of the NSE's governance practices and making changes as needed.
  - c. Selecting, compensating, monitoring and, when necessary, replacing Key Managerial Personnel and overseeing succession planning.

- d. Aligning Key Managerial Personnel and remuneration of Board of Directors with the longer term interests of NSE and its shareholders.
- e. Ensuring a transparent nomination process to the Board of Directors with the diversity of thought, experience, knowledge, perspective and gender on the board of the Company.
- f. Monitoring and managing potential conflicts of interest of management, members of the Board of Directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
- g. Ensuring the integrity of NSE's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- h. Overseeing the process of disclosure and communications.
- i. Monitoring and reviewing Board of Director's evaluation framework.
4. The Board of Directors shall provide strategic guidance to NSE, ensure effective monitoring of the management.
5. The Board of Directors shall set a corporate culture and the values by which executives throughout the group shall behave.
6. Members of the Board of Directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of NSE and the shareholders.
7. The Board of Directors shall encourage continuing Directors training to ensure that the members of the Board of Directors are kept up to date.

8. Where decisions of the Board of Directors may affect different shareholder groups differently, the Board of Directors shall treat all shareholders fairly.
9. The Board of Directors shall maintain high ethical standards and shall take into account the interests of stakeholders.
10. The Board of Directors shall exercise objective independent judgement on corporate affairs.
11. The Board of Directors shall consider assigning a sufficient number of non-executive members of the Board of Directors capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
12. The Board of Directors shall ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the entity to excessive risk.
13. The Board of Directors shall have ability to step back to assist executive management by challenging the assumptions underlying strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the entity 's focus.
14. When Committees of the Board of Directors are established, their mandate, composition and working procedures shall be well defined and disclosed by the Board of Directors.
15. Members of the Board of Directors shall be able to commit themselves effectively to their responsibilities.
16. In order to fulfil their responsibilities, members of the Board of Directors shall have access to accurate, relevant and timely information.
17. The Board of Directors and Senior Management shall facilitate the Independent Directors to perform their role effectively as a member of the Board of Directors and also as a member of a Committee of Board of Directors.

**Induction programme for new Directors and on-going familiarisation programme for existing Directors**

NSE conducts orientation programme for new Directors so as to familiarise them with the various functions being carried out by NSE. The details of familiarization

programmes imparted to Directors are given on NSE's website.

(Weblink:[https://archives.nseindia.com/global/content/about\\_us/Familiarisation\\_programme.pdf](https://archives.nseindia.com/global/content/about_us/Familiarisation_programme.pdf).)

NSE also provides training in various fields such as operations, risk management, compliance, etc. to all the Directors regularly. Every Director has the ability to understand basic financial statements and information and related documents/papers.

Mr. Girish Chandra Chaturvedi, Ms. Anuradha Rao and Mr. Vikram Limaye, MD & CEO of NSE had attended a conclave of Public Interest Directors of Market Infrastructure Institutions (MIIs) in mid-February, 2020 at NISM campus, Patalganga organized by National Institute of Securities Market (NISM) - the educational initiative of SEBI. At the said conclave, presentations were made by distinguished speakers and the key topics covered included topics on Excellence in Corporate Governance, Recent changes in SECC Regulations, Emerging Risks in Capital Markets and Technology in Financial Services.

**The regular updates inter-alia provided by NSE to the Board include the following:**

- Annual operating plans and capital and revenue budgets and updates.
- Annual financial statements.
- Quarterly financial results.
- Status report on NSE operations and operations of different segments.
- Minutes of the meetings of Audit Committee, other Committees of the Board and also minutes of the meetings of the Board of all subsidiary companies.
- Details of foreign exchange exposures and the steps taken to limit the risk of adverse exchange rate movements.
- Details of significant transactions and arrangements entered into by material unlisted subsidiary.
- Other information, which is required to be placed before the Board as per Listing Regulations and SECC Regulations, is taken to the Board as and when required.



A quarterly report on compliance of applicable laws, Rules and Regulations is placed before the Audit Committee for its review. The Audit Committee reviews the report and gives suggestions for improvement of compliance level/ process, whenever necessary. On its review, a consolidated report is placed before the Board meeting on a quarterly basis.

#### E. Code of Conduct and Code of Ethics

A code of conduct for Directors and Senior Management Personnel of NSE is framed. They have affirmed compliance with the Code of Conduct. As per the requirement of the Listing Regulations, the Code of Conduct, has been hosted on the website of your Company at the following location: ([https://nseindia.com/global/content/about\\_us/NSE\\_CODE\\_BOARD.pdf](https://nseindia.com/global/content/about_us/NSE_CODE_BOARD.pdf)).

The MD & CEO has affirmed to the Board of Directors that the Code of Conduct has been complied with by the Directors and Senior Management Personnel. A Declaration to this effect, duly signed by the MD & CEO has been obtained and forms part of this annual report.

NSE, being a recognized Stock Exchange as per SECC Regulations, requires every Director and Key Management Personnel to affirm compliance with the Code of Ethics as prescribed by SEBI under Regulation 26 (2) of SECC Regulations. The Code of Ethics is aimed at maintaining the professional and ethical standards in the functioning of NSE. During the year under review, the Code of Ethics was amended to align with the SECC Regulations.

#### F. Independent Directors / Public Interest Directors (PID)

1. Independent Directors / PID on the Board of NSE are not less than 21 years of age and do not hold any shares in NSE.
2. Attributes  
NSE as a policy inducts only those persons as Independent Directors who possess integrity, experience and expertise, foresight, managerial qualities and ability to read and understand financial statements.
3. Tenure  
The tenure of Independent Directors / PID is in line with the directives issued by SEBI from time to time.
4. Effective performance of functions  
NSE takes all possible efforts to enable the Independent Directors to perform their functions effectively.

In the opinion of the Board, the Public Interest Directors fulfill the conditions specified in Listing Regulations and are independent of the management.

The evaluation exercise in terms of Schedule IV of the Companies Act, 2013 was carried out in a separate meeting of Independent Directors held on March 24, 2020 for this purpose. At the Board Meeting, the performance of the Directors was evaluated by the entire Board except the person being evaluated. The performance of the Committees was evaluated by the Board. The Board also carried out the evaluation of their own performance apart from its Committees and individual Directors.

#### G. Remuneration of Directors

The compensation paid/payable to the Managing Director & CEO is periodically reviewed and revised to align the same with market levels and at the same time attract, retain and motivate Directors of the quality required to run your Company successfully. The remuneration includes both fixed and variable component.

NSE pays only sitting fees to its Non-Executive Directors. The sitting fees paid to the Non- Executive Directors for attending the Board Meetings is ₹1,00,000 and for the Committees Meetings (other than IPFT) is ₹75,000 per meeting.

The terms and conditions of appointment of Public Interest Directors and Shareholder Directors are governed by the provisions of the Companies Act, 2013 & Rules laid down thereunder, SECC Regulations, Listing Regulations and the circulars issued thereunder by SEBI. The terms and conditions of service in respect of the Managing Director & CEO of your Company are governed by the resolution passed by the Board of Directors, shareholders, provisions of the Companies Act, 2013 & Rules laid down thereunder, SECC Regulations 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 & CEO is not eligible for severance pay. The notice period for the Managing Director & CEO is three (03) months.

SEBI had laid down certain norms in terms of the compensation policy for the Key Management Personnel within the meaning of SECC Regulations 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 shall not be offered or provided as part of the compensation for the Key Management Personnel.
- D. Compensation will be subject to malus and claw-back arrangement as per prevailing SEBI/SECC Rules & Regulations.

NSE has framed Remuneration policy for its Directors, Key Management Personnel and Employees. For details on the Remuneration Policy, please refer to the Annexure to the Directors' Report.

None of the Directors of NSE hold any shares or any convertible instruments of NSE.

The details of remuneration paid to Managing Director & CEO during FY 2019-20 are given in the following table: - (₹ in crores)

Name & Designation	Salary & Allowances	Variable Pay**	Perquisites in cash or in kind	Contribution to PF and other Funds	Total
Mr. Vikram Limaye, MD & CEO	6.75	1.21	0.01	0.26	8.23

\*\* Excludes 50% of the Variable Pay of ₹1.21 crores to be paid on deferred basis after 3 years.

The sitting fees paid to the Non-Executives Directors for attending the meetings of the Board and Committees during the year FY 2019-20 is as follows:

Name	Board meetings		Board Committees meetings		Total (₹)
	No. of meetings attended	Amount (₹)	No. of meetings attended	Amount (₹)	
Mr. Girish Chandra Chaturvedi*	4	4,00,000	11	5,25,000	9,25,000
Ms. Anuradha Rao**	4	4,00,000	8	3,00,000	7,00,000
Mr. K. Narasimha Murthy##	2	2,00,000	6	3,00,000	5,00,000
Prof. S. Sudarshan##	2	2,00,000	4	2,25,000	4,25,000
Mr. Prakash Parthasarathy	8	8,00,000	8	6,00,000	14,00,000
Mr. Abhay Havaldar	9	9,00,000	9	6,75,000	15,75,000
Ms. Sunita Sharma###	6	6,00,000	1	75,000	6,75,000
Ms. Dharmishtha Raval ***	4	4,00,000	14	9,75,000	13,75,000
Mr. Dinesh Kanabar\$	7	7,00,000	33	21,75,000	28,75,000
Mr. Naved Masood\$	7	7,00,000	36	23,25,000	30,25,000
Mr. T. V. Mohandas Pai\$	7	7,00,000	24	16,50,000	23,50,000

Sitting fees are exclusive of applicables taxes.

**Note:**

\* Appointed as a Public Interest Director w.e.f. November 08, 2019 and as Chairman w.e.f. December 06, 2019.

\*\* Appointed as Public Interest Director w.e.f. November 08, 2019.

\*\*\* Resigned as Public Interest Director w.e.f. August 31, 2019.

## Appointed as Public Interest Director(s) w.e.f. February 17, 2020.

### The Shareholders at the 27th AGM held on August 02, 2019 had approved re-appointment of Ms. Sunita Sharma, subject to approval of SEBI. SEBI vide its letter dated February 17, 2020 approved her re-appointment as a Shareholder Director w.e.f. from August 02, 2019.

\$ Ceased to be Public Interest Director(s) w.e.f. February 17, 2020.



### 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, secretarial auditors, internal auditors and operational auditors.

NSE has adopted the Audit Committee charter in addition to the statutorily required terms of reference. The charter broadly stipulates the structure, composition, the roles and responsibility of the authority as well as the overall oversight and operational functions of the Audit Committee.

The scope and functions of the Audit Committee are in accordance with Section 177 of the Companies Act, 2013 and the Listing Regulations. Its terms of reference inter alia include the following:

1. Recommendation for appointment, remuneration and terms of appointment of auditors of NSE;
2. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
3. Examination of the financial statement and the auditor's report thereon;
4. Granting the omnibus approval in line with Policy on Related Party Transactions and such approval shall be applicable in respect of transactions which are repetitive in nature. Also granting of approval or any subsequent modification of transactions of the company with related parties;
5. Scrutiny of inter-corporate loans and investments;
6. Valuation of undertakings or assets, wherever it is necessary;
7. Evaluation of internal financial controls and risk management systems;
8. Monitoring the end use of funds raised through public offers and related matters;
9. Call for comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of the financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management;
10. Oversight of the financial reporting process and the disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
11. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
12. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board of NSE for approval, with particular reference to:
  - a. Matters required to be included in the director's responsibility statement to be included in NSE's Board report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Modified opinion in the draft audit report, if any.
13. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
14. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue etc.) the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of the public, rights issue, and making appropriate recommendations to the Board to take steps in this matter;
15. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

16. Reviewing the adequacy of internal audit function, if any, including structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  17. Discussion with internal auditors of any significant findings and follow up there on;
  18. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board of NSE;
  19. Discussion with statutory auditors before the audit commences, about nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  20. To look into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
  21. To review the functioning of the whistle blower mechanism;
  22. Approval of appointment of the CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
  23. Review of the Secretarial Audit reports and matters connected therewith;
  24. The Audit Committee shall mandatorily review the following information:
    - a. management discussion and analysis of financial condition and results of operations;
    - b. statements of significant related party transactions submitted by management;
    - c. management letters / letters of internal control weaknesses issued by the statutory auditors;
    - d. internal audit reports relating to internal control weaknesses; and
  - e. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.
25. Carrying out any other function as the Audit Committee may deem fit or as may be assigned by the Board from time to time.
- The Audit Committee presently comprises of three Directors viz., Mr. K Narasimha Murthy, Chairman, Ms. Anuradha Rao and Mr. Abhay Havaladar as its Members with Mr. K Narasimha Murthy as its Chairman.
- The Committee met 5 times during the year i.e., on May 02, 2019, May 16, 2019, August 01, 2019, November 06, 2019 and February 06, 2020. The details of the attendance of members of the Audit Committee at their meetings held on the above dates are given hereunder: -
- | Name                    | Number of meetings held during the year# | Number of meetings attended |
|-------------------------|--|-----------------------------|
| Mr. Dinesh Kanabar**    | 5  | 5                           |
| Mr. Naved Masood**      | 5  | 5                           |
| Mr. Abhay Havaladar     | 5  | 5                           |
| Mr. K Narasimha Murthy* | -  | -                           |
| Ms. Anuradha Rao*       | -  | -                           |
- Note:**
- \*Inducted as a member w.e.f February 22, 2020.
- \*\*Ceased to be a member w.e.f February 17, 2020.
- # Number of Audit Committee Meetings held during the tenure of Director
- The Officer responsible for the finance function, the representative of the statutory auditors, internal auditors, secretarial 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. Dinesh Kanabar, the then Chairman of Audit Committee



could not attend the Annual General Meeting held on August 02, 2019 due to unforeseen circumstances and had authorised Mr. Naved Masood and/or Mr. Abhay Havaladar to attend the Annual General Meeting on his behalf to answer shareholders' queries, if any. In view of the same, Mr. Naved Masood, attended the said Annual General Meeting on behalf of Mr. Dinesh Kanabar to answer shareholders' queries.

The maximum gap between any two meetings was less than one hundred and twenty days.

#### **(B) Nomination & Remuneration Committee (NRC)**

As per SECC Regulations, the Nomination & Remuneration Committee (NRC) shall consist of Public Interest Directors and shall be chaired by a Public Interest Director. However, Independent External Person(s) may be part of the Committee for the limited purpose of recommendation relating to selection of Managing Director; wherein the number of PIDs shall not be less than the Independent External Persons.

As per requirements of the Companies Act, 2013, NSE 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. Accordingly, the Board constituted Nomination & Remuneration Committee for the purpose of discharging its functions required under both Companies Act, 2013 and under SEBI Regulations.

The scope and functions of the Nomination and Remuneration Committee are in accordance with Section 178 of the Companies Act, 2013, the Listing Regulations and the SECC Regulations. The terms of reference of the Nomination and Remuneration Committee inter-alia include the following:

1. Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
2. Recommend to NSE's Board, a policy relating to the remuneration of the Directors, Senior Management (including Key Managerial Personnel) and other employees;
3. Determine the composition of the Board and the sub-committees and address issues of Board diversity; devising a policy on diversity of Board of Directors;
4. Ensure that appropriate procedures are in place to assess Board membership needs and Board effectiveness;
5. Identifying persons who are qualified to become Directors;
6. Recommend to Board the appointment and removal of Directors in accordance with laid down policy and criteria;
7. Specify the manner for effective evaluation of performance of Board, its Committees and individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
8. Formulation of criteria for evaluation of performance for Independent Directors and Board of Directors;
9. Recommend on the extension or continuation of the term of appointment of Independent Director on the basis of performance evaluation of Independent Directors;
10. Decide on the annual performance linked pay (variable pay) payable to Managing Director and Chief Executive Officer and to approve annual increase in the total pay payable to Managing Director and Chief Executive Officer; assist NSE Board's overall responsibility relating to executive compensation and recommend to NSE's Board appropriate compensation packages for Whole-time Directors and Senior Management personnel in such a manner so as to attract and retain best available personnel for position of substantial responsibility;
11. Lay down criteria for personnel who may be appointed in Senior Management;
12. Identify persons who may be appointed in Senior Management in accordance with the laid down policies and criteria;
13. Recommend to NSE's Board appointment and removal of personnel in Senior Management in accordance with laid down policies and criteria;
14. Recommend to the board, all remuneration, in whatever form, payable to Senior Management;
15. Approve release of variable pay of Key Management Personnel under SEBI Regulations withheld earlier;
16. Approve Variable Pay and Fixed Pay of KMPs under SEBI Regulations;
17. To take note of decisions of the Managing Director and Chief Executive Officer with regard to variable pay and fixed pay of the Key Management Personnel under SEBI Regulations;

18. Review, approve and aid the Board in succession and emergency preparedness plan for key executives;
19. Determine the tenure of Key Management Personnel under SEBI Regulations appointed in regulatory department;
20. Identifying a Key management personnel, other than personnel as specifically provided in its definition under SECC Regulations, 2018;
21. Laying down the policy for compensation of key management personnel in terms of the compensation norms prescribed by SEBI;
22. Determining the compensation of KMPs in terms of the compensation policy;
23. Determining the tenure of a key management personnel, other than a Director, to be posted in a regulatory department;
24. Selecting the Managing Director;
25. Framing & reviewing the performance review policy to carry out evaluation of every Director's performance, including that of Public Interest Director (PID).
26. Recommending whether to extend the term of appointment of the PID;
27. Besides the above, it will also discharge the function as Nomination & Remuneration Committee under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 as amended from time to time.

The Nomination and Remuneration Committee presently comprises of 3 Directors viz., Ms. Anuradha Rao, Mr. Girish Chandra Chaturvedi and Prof. S. Sudarshan with Ms. Anuradha Rao as Chairperson.

The NRC had approved the performance ratings, fixation of the variable pay for FY 2019-20 and the remuneration for FY 2020- 21 of the KMPs under SECC Regulations and the Senior Management. NRC has laid down performance evaluation criteria for the Board of Directors, Individual Directors (including Independent Directors) and Committees of the Board of Directors. The process for Board Evaluation is given in the Directors' Report.

The Committee met 5 times during the year, i.e. on May 02, 2019, August 01, 2019, November 07, 2019, February 06,

2020 and March 24, 2020. The details of the attendance of members of the NRC at their meetings held on above dates are given hereunder: -

Name	Number of meetings held during the year#	Number of meetings attended
Mr. Dinesh Kanabar \$	4	4
Mr. T.V.Mohandas Pai\$	4	4
Ms.Dharmishta Raval*	2	2
Mr. Naved Masood** \$	2	2
Mr. Girish Chandra Chaturvedi ***	1	1
Ms. Anuradha Rao***	1	1
Prof.S. Sudarshan***	1	1

**Note:**

\*Ceased to be a Member w.e.f. August 31, 2019

\*\*Inducted as Member w.e.f. September 12, 2019

\*\*\* Inducted as Member w.e.f. February 22, 2020

\$ Ceased to be a Member w.e.f February 17, 2020

# Number of Meetings held during the tenure of the Member

Mr. Dinesh Kanabar, the then Chairman of Nomination and Remuneration Committee could not attend the Annual General Meeting held on August 02, 2019 due to unforeseen circumstances and had authorised Mr. Abhay Havaladar to attend the Annual General Meeting on his behalf to answer shareholders' queries, if any. In view of the same, Mr. Abhay Havaladar, attended the said Annual General Meeting on behalf of Mr. Dinesh Kanabar to answer shareholders' queries.

**(C) Stakeholders Relationship Committee (SRC)**

The Committee besides discharging the function of approving share transfers and deciding on any matter incidental to or connected with the transfer, also discharges the function of redressal of shareholder grievances like transfer of shares, non-receipt of Annual report, non-receipt of declared dividends, etc.

The role of SRC includes:

1. To look into the mechanism for redressal of grievances of shareholders, debenture holders and other security holders.



2. To consider and resolve the grievances of the security holders of the Company which may include complaints related to transfer of shares, non-receipt of annual report, non-receipt of declared dividends, redemption of bonds/ debentures, non-receipt of interest, Bonus shares / Right shares / IPO shares, any other grievances related to the shares /bonds / debentures issued to the security holders, as may be applicable.
3. To review the grievances related to security holders, conduct of the general meetings.
4. To review the status of redressal of correspondences/ complaints, received from the security holders either directly or through Statutory/ Regulatory Authorities, inter-alia relating to non-receipt of dividend/ interest/ refund order, redemption of debt securities, transfer/ transmission of shares, non-receipt of annual report and other related documents.
5. To review process related to transfer/transmission of securities.
6. To review the adherence to the service standards and standard operating procedures adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent to its shareholders.
7. To review the work done by the Registrar and Share Transfer Agent.
8. To review the various measures/ initiatives taken by the Company, inter-alia for reducing the quantum of unclaimed dividends, ensuring timely receipt of dividend warrant/ annual report/ Notice of General Meetings by the shareholders of the Company and recommend measures to further enhance the service standards for the benefit of the security holders of the Company.
9. To review the status of litigations filed by/against security holders of the Company.
10. To review measures taken for effective exercise of voting rights by shareholders (including foreign shareholders).
11. To review periodically the relationships / engagement with Regulatory / Statutory authorities / Central Government.
12. To review policies / other issues raised by the brokers / employee community.
13. To consider and review such other matters, as the Committee/Board may deem fit, from time to time.

The SRC presently comprises of six Directors viz., Mr. Abhay Havaladar, Non-executive Director, Mr. Vikram Limaye, MD & CEO, Mr. Prakash Parthasarathy, Non-Executive Director, Mr. Girish Chandra Chaturvedi, Public Interest Director, Mr. K. Narasimha Murthy, Public Interest Director and Ms. Sunita Sharma, Non-Executive Director as its members with Mr. Abhay Havaladar as its Chairman.

Mr. S Madhavan, Company Secretary of NSE is the Compliance Officer, in terms of Regulation 6 of the Listing Regulations.

No shareholders' complaints were received during the period under review.

The Committee met twice during the year, i.e. August 01, 2019 and December 20, 2019 and also approved many circular resolutions for transfer of shares which are later placed at the subsequent Committee meeting for its noting. The details of the attendance of members of the SRC at their meetings held on above dates are given hereunder: -

Name	Number of meetings held during the year#	Number of meetings attended
Mr. T.V. Mohandas Pai*	2	1
Mr. Abhay Havaladar	2	2
Mr. Vikram Limaye	2	2
Mr. Prakash Parthasarathy	2	2
Mr. Girish Chandra Chaturvedi**	-	-
Mr. K. Narasimha Murthy**	-	-
Ms. Sunita Sharma**	-	-

**Note:**

# Number of Meetings held during the tenure of Director.

\* Ceased to be a member w.e.f. February 17, 2020.

\*\* Inducted as member w.e.f. February 22, 2020.

Mr. T. V. Mohandas Pai, the then Chairman of Stakeholder Relationship Committee could not attend the Annual General Meeting held on August 02, 2019 due to unforeseen circumstances and had authorised Mr. Abhay Havaladar to attend the Annual General Meeting on his behalf to answer shareholders' queries, if any. In view of the same, Mr. Abhay Havaladar, attended the said Annual General Meeting on behalf of Mr. T. V. Mohandas Pai to answer shareholders' queries.

#### (D) Risk Management Committee (RMC)

The RMC reviews the efficacy and adequacy of the Risk Management Framework on an ongoing basis.

The role of RMC includes:

1. Responsible for managing and monitoring the Enterprise Risk Framework.
2. Responsible for approving all Risk Policies (ERM Policy, Reputation Risk Management Policy, Operational Risk Management Policy, Information Security Policy, Cyber Security Policy, Data Protection Policy and any other policy relating to Risk Management) and recommending the same to the Board for their approval.
3. Responsible for approving the Risk Measurement Framework and recommending the same to the Board for their approval.
4. Re-assess Risk Policies and Risk Measurement Framework at least on an annual basis based on the change in business strategy, regulation, macroeconomic environment or competitive practices.
5. Review output of Risk Measurement Framework on a periodic basis and suggest corrective/remedial Risk Mitigation actions as the case may be.
6. Review the status of Cyber Security Implementation on a periodic basis.
7. Review Cyber Security Incidents on a periodic basis.
8. Review the agenda and minutes of Enterprise Risk Committee as well as the Operational Risk Management Committee and suggest actions to be taken, if any, to ensure overall Risk Mitigation.

The RMC monitors the implementation of the risk management policy and keep SEBI and the Governing Board informed about its implementation and deviation, if any.

The RMC met 4 times during the year i.e. on May 03, 2019, August 01, 2019, November 20, 2019 and February 06, 2020.

During the year under review, the RMC inter-alia reviewed the key risk indicators, Enterprise Risk Management (ERM) Framework, Risk Governance Structure (i.e., the Governance Structure at the Board and Management Level), Risk Policies, Risk and Control Assessment framework, Risk

Monitoring and Reporting and Stress Testing frameworks, outsourcing framework, BCP and DR framework.

The RMC was re-constituted from time to time on account of induction of new Public Interest Directors on the Board. Presently, the RMC comprises of Ms. Mona Bhide, Prof. S. Sudarshan and Mr. Abhijit Sen (Independent External Person) as its Members with Ms. Mona Bhide as its Chairperson. Mr. Girish Chandra Chaturvedi appointed as member of the RMC on February 22, 2020 ceased to be a Member w.e.f. April 22, 2020.

The details of the attendance of members of the RMC at their meeting held are given hereunder: -

Name	Number of meetings held during the year#	Number of meetings attended
Mr. Dinesh Kanabar*	4	4
Mr. T.V Mohandas Pai*	3	3
Mr. Abhijit Sen	4	2
Mr. Girish Chandra Chaturvedi***	-	-
Prof. S. Sudarshan**	-	-
Ms. Mona Bhide^	-	-

#### Note:

\* Ceased to be a member w.e.f February 17, 2020.

\*\*\* Inducted as Chairman & member w.e.f. February 22, 2020 till April 21, 2020.

\*\* Inducted as Member w.e.f February 22, 2020.

^ Inducted as Chairman & Member w.e.f April 22, 2020.

# Number of Meetings held during the tenure of Director.

Mr. Somasundaram K S, the Chief Enterprise Risk and Information Security Officer of NSE reports directly to the Risk Management Committee and the Managing Director & CEO of NSE and attends the meetings of RMC.

#### (E) Corporate Social Responsibility (CSR) Committee

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

The role of CSR includes:

1. Identifying/ approving the areas of CSR activities.



2. Recommending/ approving the amount of expenditure to be incurred on the identified CSR activities.
3. Implementing and monitoring the CSR policy from time to time.
4. Monitoring the progress of the program implementation as per CSR policy of the Company.
5. The Committee shall formulate and recommend the CSR Group Policy to the Board for approval.
6. The Committee shall monitor the policy from time to time and report the progress of the implemented projects to the Board.
7. The Committee shall approve or ratify the proposed or implemented projects.
8. The Committee shall recommend the amount of expenditure to be incurred on such activities.
9. The Committee shall constitute transparent monitoring mechanism for ensuring implementation of CSR programmes.
10. The Committee will meet on periodic basis or as and when required.

The Committee presently consists of Mr. Prakash Parthasarathy, Mr. Vikram Limaye and Prof. S. Sudarshan as its Members with Mr. Prakash Parthasarathy as Chairman of the Committee. Mr. Naved Masood ceased to be a Member of the Committee with effect from February 17, 2020.

The Committee met 2 times during the year, i.e. on May 02, 2019 and November 07, 2019.

The details of the attendance of members of the CSR Committee at their meetings held on above dates are given hereunder: -

Name	Number of meetings held during the year#	Number of meetings attended
Mr.Prakash Parthasarathy	2	2
Mr. Vikram Limaye	2	1
Mr. Naved Masood*	2	2
Prof. S. Sudarshan**	-	-

**Note:**

\* Ceased to be a member w.e.f. February 17, 2020.

\*\* Inducted as member w.e.f. February 22, 2020.

# Number of Meetings held during the tenure of Director

Ms. Rema Mohan is the Head – CSR and attends all the meetings of CSR Committee.

**(F) In addition to Committees covered above, the other Committees include:**

- (i) SEBI mandated Committees

**1. Member and Core Settlement Guarantee Fund Committee (MCSGFC)**

The MCSGFC presently comprises of 4 members viz., Ms. Mona Bhide, Public Interest Director, Mr. K Narasimha Murthy, Public Interest Director, Mr. Ranganayakulu Jagarlamudi, Independent External Person and Mr. Vikram Limaye, Managing Director & CEO with Ms. Mona Bhide as its Chairman. Mr. Girish Chandra Chaturvedi, appointed as member and Chairman with effect from February 22, 2020 ceased to be member and Chairman w.e.f. April 22, 2020.

Ms. Priya Subbaraman, Chief Regulatory Officer of NSE attends the meetings of the MCSGFC.

The brief description of terms of reference of the MCSGFC are as under:

1. To scrutinize, evaluate, accept or reject applications for admission of members and transfer of membership and approve voluntary withdrawal of membership.
2. Formulate the policy for regulatory actions including warning, monetary fine, suspension, withdrawal of trading, declaring a member as defaulter, expulsion, to be taken for various violations by the members of the exchange.
3. Based on the laid down policy, consider the cases of violations observed during inspection, etc. and impose appropriate regulatory measures on the members of the exchange.
4. While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the 'Principles of natural justice'.
5. Realize all the assets / deposits of the defaulter/ expelled member and appropriate the same amongst various dues and claims against the defaulter/ expelled member in accordance with the Rules, Byelaws and Regulations of the Exchange.
6. In the event both the clearing member and the constituent trading member are declared defaulter,

then the membership selection Committee of the stock exchange and that of the clearing corporation shall work together to realise the assets of both the clearing member and the trading member.

7. Admission or rejection of claims of client/trading members/clearing members over the assets of the defaulter/expelled member.
8. Recommendation in respect of the claims to the Trustees of the IPF on whether the claim is to be paid out of IPF or otherwise.
9. To oversee contribution towards Core Settlement Guarantee Fund (SGF) of the Clearing Corporation.

## 2. Standing Committee on Technology (SCOT)

The Standing Committee on Technology presently comprises of 4 members viz. Prof. S Sudarshan, Public Interest Director, Ms. Anuradha Rao, Public Interest Director, Dr. NL Sarda, Independent External Person and Prof. V Kamakoti, Independent External Person with Prof. S Sudarshan as its Chairman.

Mr. Shiv Kumar Bhasin who is the Chief Technology and Operations Officer of NSE attends the meetings of the SCOT.

The brief description of terms of reference of the SCOT are as under:

1. Monitor whether the technology used remains up to date and meets the growing demands of the markets.
2. Monitor the adequacy of systems capacity and efficiency.
3. To look into the changes being suggested by the exchange to the existing software/ hardware.
4. Investigate into problems of computerized trading system, such as hanging/ slowdown/ breakdown.
5. Ensure that transparency is maintained in disseminating information regarding slowdown/ breakdown in Online Trading System.
6. Submit a report to the Governing Board, who shall deliberate on the report and take suitable action/ remedial measure.
7. Explain any stoppage beyond five minutes and report to the Board. The Exchange shall also issue a press release specifying the reasons for the breakdown.

8. Review the implementation of board approved cyber security and resilience policy and its framework.
9. SCOT to apprise and update the NSE Board on a half yearly basis.
10. Such other matters as may be referred by the Governing Board of exchange and/or SEBI.
11. Such other matters as may be referred in SEBI circulars / notifications / guidelines, as applicable, from time to time.

## 3. Advisory Committee:

Advisory Committee presently comprises of 14 trading members with Mr. Girish Chandra Chaturvedi as its Chairman.

The brief description of terms of reference of the Advisory Committee, are as under:

- Advise the Governing Board on non-regulatory and operational matters including product design, technology, charges and levies.

## 4. Regulatory Oversight Committee

The Regulatory Oversight Committee presently comprises of 4 members viz. Mr. Girish Chandra Chaturvedi, Public Interest Director, Ms. Mona Bhide, Public Interest Director, Ms. Anuradha Rao, Public Interest Director, Mr. S. Raman, Independent External Person and Mr. V G Kannan, Independent External Person with Mr. Girish Chandra Chaturvedi as its Chairman. Ms. Mona Bhide was inducted as Member w.e.f. April 22, 2020.

Ms. Priya Subbaraman is the Chief Regulatory Officer and also a Key Management Personnel under SCR (SECC) Regulations heading regulatory functions in the regulatory department and 'Compliance Officer' as per Regulation 30 of SCR (SECC) Regulations.

The brief description of terms of reference of the Regulatory Oversight Committee is as under:

1. Oversee matters related to member regulation such as admission of members, inspection, disciplinary action, etc.
2. Oversee SEBI inspection observations on membership related issues.
3. Estimate the adequacy of resources dedicated to member regulation.



4. Oversee matters related to listing of securities such as admission of securities for trading, suspension/ revocation, etc.
  5. Oversee SEBI inspection observations on listing related issues.
  6. Estimate the adequacy of resources dedicated to listing related function.
  7. Oversee trading and surveillance related functions such as monitoring of market through order and trade level alerts, security level alerts, processing of alerts, price band changes, rumour verifications, shifting of securities to trade for trade segment, action against listed companies as a part of Surveillance Action, detailed investigations undertaken, disciplinary actions, etc., as may be applicable to the relevant segments of the exchange.
  8. Oversee SEBI inspection observations on surveillance related issues and also decisions taken in the periodic surveillance meeting at SEBI.
  9. Estimate the adequacy of resources dedicated to trading and surveillance function.
  10. Oversee matters related to product design and review the design of the already approved and running contracts.
  11. Oversee SEBI inspection observation on Product Design related issues.
  12. Estimate the adequacy of resources dedicated to Product design related function.
  13. Review the actions taken to implement the suggestions of SEBI's Inspection Reports, place the same before the Governing Board of the stock exchange.
  14. To follow up, ensure compliance/implementation of the inspection observations.
  15. Supervising the functioning of Investors Services Cell of the exchange, which includes review of complaint resolution process, review of complaints remaining unresolved over long period of time, estimate the adequacy of resources dedicated to investor services, etc.
  16. Supervise Investor Service Fund, including its utilization.
  17. Annual review of arbitrators and arbitration awards (both quantum and quality of the awards).
  18. Lay down procedures for the implementation of the Ethics Code.
  19. Prescribe reporting formats for the disclosures required under the Ethics Code.
  20. Oversee the implementation of the code of ethics.
  21. Periodically monitor the dealings in securities of the Key Management Personnel.
  22. Periodically monitor the trading conducted by firms/ corporate entities in which the Directors hold twenty percent or more beneficial interest or hold a controlling interest.
  23. Monitor implementation of SECC Regulations and other applicable Rules and Regulations along-with SEBI Circulars and other directions issued thereunder.
  24. Review the fees and charges levied by the exchange.
  25. The head(s) of department(s) handling above matters shall report directly to the Committee and also to the Managing Director. Any action against the head(s) of department(s) shall be subject to an appeal to the Committee, within such period as may be determined by the Governing Board.
5. **Grievance Redressal Committee**
- Grievance Redressal Committees are formed at regional level. The function of Grievance Redressal Committee includes dealing with the complaints referred to it by the stock exchange, hearing the parties and resolving their complaints.
- IV. AUDITORS**
- 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 M. P. Chitale & Co., external firm of Chartered Accountants as its Internal Auditor in order to ensure the Independence and credibility of the internal audit process. M/s Ernst & Young LLP, Chartered Accountants conduct operations audit so as to improve operational efficiency and compliance.
- V. SECRETARIAL AUDIT**
- NSE had engaged the services of M/s. BNP & Associates, Company Secretaries to conduct Secretarial Audit for the

financial year ended 31st March, 2020. The report of the Secretarial Auditors is placed before the Audit Committee and the Board.

#### **VI. ANNUAL SECRETARIAL COMPLIANCE REPORT**

NSE has undertaken an audit for the financial year 2019-20 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder.

The Annual Secretarial Compliance Report has been obtained from M/s. BNP & Associates, Company Secretaries in terms of SEBI circular of February 8, 2019.

#### **VII. CEO/ CFO CERTIFICATION**

The CEO and CFO certification of the financial statements for the financial year 2019-20 is attached at the end of the report.

#### **VIII. GENERAL SHAREHOLDER INFORMATION**

- (A) Annual General Meeting: The 28th Annual General Meeting of NSE will be held on Friday, September 25, 2020 through Video Conference / Other Audio-Visual Means (VC/OAVM). The deemed venue for the 28th Annual General Meeting shall be the registered office of the Company i.e. Exchange Plaza, Plot - C1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051. For details, please refer to the Notice of this AGM.
- (B) The final dividend so declared shall be paid to those members whose names appear in the Register of Members of NSE as on September 11, 2020, being the date fixed for eligibility for the purpose of the final dividend.
- (C) **Financial year:** 2019-20
- (D) **Dividend:**  
NSE provides the facility of direct credit of the dividend to the member's bank account. Listing Regulations also mandate Companies to credit the dividend to the members electronically.
- Interim Dividend payment date for financial year 2019-20: From November 20 to November 22, 2019.
  - Proposed final dividend for financial year 2019-20: Around 10 days from the approval of the shareholders at the ensuing AGM.

Unpaid dividend

Consequent to Life Insurance Corporation's acquisition of 51% controlling stake in IDBI Bank, the shareholding

threshold of 49% for Trading Member / Clearing Member / their associates in NSE as required in SECC Regulations 2018, was breached and had increased to 53.89%. Hence, SEBI directed LIC to divest its shareholding in NSE by 4.89% so as to reduce the TM/CM shareholding in NSE to 49% within a period of twelve months from the date of fall in public shareholding of NSE i.e. December 28, 2018. NSE was also advised to inter-alia freeze LIC's voting rights and all corporate action in respect of 4.89% till the time the same was divested.

Upon LIC's request, SEBI has granted additional time of eight months to LIC for divestment of the 4.89% stake i.e. from December 27, 2019.

During the year under review, NSE had declared final dividend for FY 2018-2019 and interim dividend for FY 2019-2020 and the respective dividend amounts were deposited in separate dividend accounts and were paid to all shareholders except to LIC to the extent of 4.89% shares held by LIC which were held in abeyance as per SEBI directions. Accordingly, final dividend for FY 2018-2019 amounting to ₹19,36,44,000/- and interim dividend for FY 2019-20 amounting to ₹23,72,13,900/- to be paid to LIC has been transferred by NSE to the respective unpaid dividend accounts.

Further upon request of LIC and subsequent to SEBI's no objection, an arrangement was made with the dividend banker for this dividend amount held in abeyance.

#### **(E) 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 Private Limited  
C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai - 400 083 Tel. No. + 91 22 49186000; Fax No. + 91 22 49186060  
e-mail id: benpos@linkintime.co.in/equityca@linkintime.co.in;  
website: <https://linkintime.co.in>.

#### **(F) Share Transfer system:**

The equity shares of NSE are in dematerialised form. Further, the ISIN of equity shares is suspended by NSE to prevent transfers not approved by NSE pursuant to Article 63 of its Articles of Association and to ensure compliance with the provisions of SECC Regulations. Therefore, when application for approval of transfer of shares is received, adherence to compliance with SECC Regulations is ensured.



**(G) Distribution of shareholding:**

Category	No. of shareholders in each category	% of the category	No. of shares held of ₹1 each	% to the total paid up equity capital
Individuals	247	64.16	2,32,32,688	4.70
Corporates-Listed	9	2.34	3,10,48,424	6.27
Corporates-Unlisted	52	13.51	5,61,55,380	11.34
Financial Institutions/Banks	7	1.82	2,93,89,129	5.94
Insurance Companies	5	1.30	8,12,88,500	16.42
Venture capital fund	9	2.34	2,80,68,042	5.67
Foreign holding	50	12.99	24,19,16,285	48.87
Hindu Undivided Family	2	0.52	26,552	0.01
Trust	4	1.04	38,75,000	0.78
<b>Total</b>	<b>385</b>	<b>100.00</b>	<b>49,50,00,000</b>	<b>100.00</b>

**Top 10 Shareholders as on 31st March, 2020:**

Sr. No.	Name of the shareholder	No. of shares	Percentage of shareholding (rounded off to 2 decimals)
1	Life Insurance Corporation of India	6,19,13,500	12.51
2(a)	Aranda Investments (Mauritius) Pte. Ltd.	2,47,50,000	5.00
2(b)	Veracity Investments Limited	2,47,50,000	5.00
3	Stock Holding Corporation of India Limited	2,20,00,000	4.44
4	SBI Capital Markets Limited	2,14,50,000	4.33
5	GAGIL FDI Limited	1,87,52,382	3.79
6	State Bank of India	1,79,60,410	3.62
7	SAIF II SE Investments Mauritius Limited	1,75,90,000	3.55
8(a)	GS Strategic Investments Limited, Mauritius	1,48,50,000	3.00
8 (b)	MS Strategic (Mauritius) Limited	1,48,50,000	3.00
8 (c)	PI Opportunities Fund - I	1,48,50,000	3.00
9	Acacia Banyan Partners	1,23,75,000	2.50
10	Tiger Global Five Holdings	1,13,50,000	2.29

As per SECC Regulations, NSE is required to ensure that at least 51% of the equity share capital is held by public i.e. not more than 49% to be held by TM/CM/their associates. However, the shareholding threshold of 49% for Trading Member / Clearing Member / their associates in NSE was breached consequent to Life Insurance Corporation's acquisition of 51% controlling stake in IDBI Bank. Your Company had informed SEBI about the same.

SEBI had advised LIC to divest its holdings in NSE by 4.89% by December 27, 2019, which has been further extended upto August 26, 2020, while inter- alia advising NSE to:

(i) Freeze their voting rights and all corporate action in respect of 4.89%.

(ii) For not causing inconvenience to other bonafide shareholders of NSE, allow the transfer of partial stake in NSE between 'Non- Public shareholders' subject to fulfillment of certain conditions, criteria and limits.

(iii) Issue communications to the shareholders advising them to strictly comply with SECC Regulations, 2018.

The communication to the shareholders has been done, as advised by SEBI.

The percentage of shareholding in the hands of 'Public' category within the meaning of SCR (SECC) Regulations, 2018 as on March 31, 2020 is 49.07% as against the minimum requirement of 51%.

**(H) Dematerialisation of shares:**

NSE's shares are fully dematerialised.

**(I) Address for correspondence:**

The Secretarial Department, National Stock Exchange of India Limited, Exchange Plaza, Plot No. C-1, "G" Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051. 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).

**(J) Other Disclosures:**

Regulations 17 to 27 & Regulation 46 of SEBI Listing Regulations

The Company has complied with and disclosed all the applicable mandatory corporate governance requirements mentioned under Regulation 17 to 27 and clauses (b) to (i) sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations.

**I. 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' is available on the Website of NSE.

[https://www.nseindia.com/global/content/about\\_us/Policy on Materiality and Dealing with Related Party Transactions.pdf](https://www.nseindia.com/global/content/about_us/Policy_on_Materiality_and_Dealing_with_Related_Party_Transactions.pdf).

The Audit Committee of the Company has granted omnibus approval for the Related Party Transactions (RPTs) which are of repetitive nature and / or entered in the ordinary course of business and are at arm's length. The Audit Committee also reviews all RPTs on quarterly basis in line with the omnibus approval granted by them. During the financial year 2019-20, NSE did not have any material pecuniary relationship or transactions with Non-Executive Directors.

II. Details of non-compliance by NSE, penalties, strictures imposed on NSE by SEBI or any other statutory authority on any matter related to capital markets during the last 3 years.

SEBI had issued orders dated April 30, 2019 in respect of the Colocation, Dark fibre, Conflict of interest and Governance matters inter-alia as under:

1. NSE to disgorge an amount of ₹624.89 crores along with interest at the rate of 12% per annum from April 01, 2014. NSE on the direction of SAT has transferred the amount to

SEBI, the said amount shall be subject to the result of the appeal.

2. NSE shall be prohibited from accessing the securities market directly or indirectly for a period of six (6) months from the date of this order. NSE has complied with this direction which ended in October, 2019. Further NSE has written a letter to SEBI, seeking confirmation that NSE may commence work in relation to its proposed IPO and be permitted to file a fresh DRHP. NSE is yet to receive response from SEBI in this regard.
3. NSE to disgorge an amount of ₹62.58 crores along with interest at the rate of 12% p.a. from September 11, 2015 till the actual date of payment along with other directions. NSE on the direction of SAT has transferred the amount to SEBI, the said amount shall be subject to the result of the appeal.
4. NSE not to introduce any new derivative product for next six months from the date of this order. NSE has complied with this direction which ended in October, 2019.
5. Certain non-monetary directions on NSE in the Conflict of interest and Governance matter has been stayed by SAT.

NSE is in receipt of SEBI Show Cause Notice dated October 9, 2019 and a Supplementary notice dated December 16, 2019 in relation to certain alleged irregularities in the appointment of Chief Strategic Advisor and his re-designation as 'Group Operating Officer and Advisor to MD' by the former MD and CEO and the sharing of certain internal information pertaining to NSE with an alleged third party by the former MD & CEO. NSE has sought inspection of records from SEBI in the matter and in the meanwhile also filed a Settlement Application. SEBI response in this regard is awaited.

**III. VIGIL MECHANISM /WHISTLE BLOWER POLICY**

NSE has established a mechanism for any person to report concerns about unethical behavior, actual or suspected fraud or violation of the code of conduct or ethics policy or law to the Ethics Counselor (Head of HR)/ Ethics Committee/ its Chairman/ Audit Committee, as the case may be. NSE also provides for adequate safeguards against victimisation of employees who avail the mechanism and also allows direct access to the Audit Committee in exceptional cases. No personnel has been denied access to the Audit Committee.



During the year under review, the Vigil Mechanism /Whistle Blower Policy were amended. The details of the Vigil Mechanism /Whistle Blower Policy forms part of the Directors Report.

Details of Vigil Mechanism have been disclosed on the website of NSE. (Weblink: [https://archives.nseindia.com/global/content/about\\_us/NSE\\_dtls\\_VM.pdf](https://archives.nseindia.com/global/content/about_us/NSE_dtls_VM.pdf))

#### **IV. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.**

As of March 31, 2020, no complaint was filed during the financial year, and hence no complaint was disposed-off and pending as at the end of the financial year.

#### **V. Compliance with the non-mandatory requirements (Part E of Schedule II Regulation 27(1) of the Listing Regulations.)**

In addition to the above, NSE also complies with many non-mandatory requirements of Part E of Schedule II Regulation 27(1) of the Listing Regulations, like maintaining a Chairman's office at NSE's expense, reimbursement of expenses incurred by Chairman in performance of his duties, separate posts of Chairperson and Managing Director & Chief Executive Officer, Financial Statements with unmodified opinion, Internal Auditors reporting directly to the Audit Committee, etc.

#### **VI. Subsidiary Companies**

As per Listing Regulations, "material subsidiary" shall mean a subsidiary whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

The said Regulations lay down corporate governance requirements with respect to subsidiary of listed entity. NSE had identified NCL as a 'material unlisted Indian subsidiary' Company. The financial statements, in particular the investments made, by the subsidiary companies are reviewed by the Audit Committee of NSE. A statement of all significant transactions and arrangements entered into by NCL is periodically brought to the attention of the Board of Directors of NSE. The minutes of the meetings of the Board of Directors of all the subsidiary companies of NSE are also periodically brought to the meeting of the Board of Directors of NSE for its noting. The 'Policy for determining material subsidiaries' is available on the Website of NSE.

[https://www.nseindia.com/global/content/about\\_us/PolicyonDeterminingMaterialsubsidiaries.pdf](https://www.nseindia.com/global/content/about_us/PolicyonDeterminingMaterialsubsidiaries.pdf)

#### **VII. Disclosure of Accounting Treatment in the preparation of Financial Statements.**

NSE 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.

#### **VIII. Communication with Shareholders**

The data related to quarterly and annual financial results, shareholding pattern, Board meetings, General meetings, terms and conditions of appointment of Independent Directors, the details of vigil mechanism, press releases, etc., are provided on the website of NSE under 'Investor Relation' section for information of the shareholders.

(Weblink : <https://www.nseindia.com/investor-relations/announcements>)

NSE disseminates all material information to its shareholders through periodic communications. The financial results are published periodically in the newspapers as per the requirements of the Listing Regulations. Any specific presentations made to analysts and others are also posted on NSE's website.

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

#### **IX. Redressal of shareholders' complaints**

NSE has constituted a Stakeholders Relationship Committee to look into and redress shareholder and investor complaints. During the year, your Company did not receive any grievance from its shareholder(s) in respect of transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, etc.

#### **X. Certificate from a Company Secretary in Practice**

M/s BNP & Associates, Practicing Company Secretaries has given a certificate that none of the Directors on the board of the company have been debarred or disqualified from being appointed or continuing as the Directors of NSE by the SEBI / MCA or any such statutory authority. The said certificate also forms part of this Report.

XI. The details regarding total fees for all services paid by NSE and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is as under:

Sr No.	Nature of fees paid by NSE to Statutory Auditor	Amount paid (in ₹) to the Auditor
1	Audit fees	54,00,000
2	Limited review	24,00,000
3	Certification matters	2,00,000
4	Other services	34,73,331
	<b>Total</b>	<b>1,14,73,331</b>

## XII. GENERAL BODY MEETINGS

Location, date and time of the general body meetings held in the last three years till March 31, 2020: -

Type of meeting	Date	Time	Venue	Special Resolution passed
27th Annual General Meeting	August 2, 2019	11.00 A.M	Exchange Plaza, Plot C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai-400051	-
26th Annual General Meeting	August 3, 2018	11.00 A.M	Exchange Plaza, Bandra -Kurla Complex Bandra (East) Mumbai- 400 051	-
25th Annual General meeting	August 4, 2017	3.00 P.M	Exchange Plaza, Bandra -Kurla Complex Bandra (East) Mumbai- 400 051	-

NSE did not pass any resolution through postal ballot in the last year.

## XIII. PLANT LOCATIONS

None.

## XIV. CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE NORMS

As required in Listing Regulations read with Regulation 33 of SECC Regulation, NSE has, obtained a certificate regarding the compliance of conditions of Corporate Governance therein from a Practicing Company Secretary. The same is given as an Annexure.

## 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 2019-20.

For the purpose of this declaration, Senior Management Personnel means Key Management Persons appointed under SECC Regulations reporting directly to MD & CEO and Key Managerial Personnel namely Chief Financial Officer and Company Secretary appointed under the provisions of the Companies Act, 2013.

Place: Mumbai,  
Date : June 25, 2020

Vikram Limaye  
MD & CEO  
DIN: 00488534



## CEO AND CFO CERTIFICATE

To,  
The Directors,  
National Stock Exchange of India Limited

We, Vikram Limaye, Managing Director & CEO and Yatrik Vin, Chief Financial Officer of the National Stock Exchange of India 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, 2020 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.

Vikram Limaye  
Managing Director & CEO  
DIN: 00488534

Yatrik Vin  
Chief Financial Officer

Mumbai  
June 25, 2020

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,  
The Members,  
National Stock Exchange of India Limited

We have examined all relevant records of National Stock Exchange of India 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 March 31, 2020.

In terms of Regulation 33 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the disclosure requirements and corporate governance norms as specified for listed companies have become mutatis mutandis applicable to a recognized Stock Exchange. 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.

We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements 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 the conditions of Corporate Governance as specified for listed company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For BNP & Associates  
Company Secretaries  
[Firm Regn. No. P2014MH037400]  
PR No. 637/2019

Place: Mumbai  
Date: June 25, 2020

B. Narasimhan  
Partner  
FCS 1303 / CP No. 10440  
UDIN: F001303B000382310



## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”)]

To,  
The Members,  
National Stock Exchange of India Limited,  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Bandra (East),  
Mumbai 400051

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of National Stock Exchange of India Limited [CIN.: U67120MH1992PLC069769] (hereinafter called the ‘Company’) having its Registered Office at Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai 400051 and also the information provided by the Company, its officers and the authorised representatives for the purpose of issuance of the Certificate, in accordance with Regulation 34 (3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015 (LODR), as amended vide notification no SEBI/LAD/NRO/GN/2018/10 dated May 9, 2018 issued by SEBI.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the Company by Securities and Exchange Board of India, Ministry of Corporate Affairs (‘MCA’) or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company*
1.	Mr. Girish Chandra Chaturvedi	00110996	November 8, 2019
2.	Mr. Vikram Limaye	00488534	July 17, 2017
3.	Mr. Narasimha Murthy	00023046	February 17, 2020
4.	Mr. Abhay Havaladar	00118280	June 13, 2012

Sr. No.	Name of Director	DIN	Date of appointment in Company*
5.	Mr. Prakash Parthasarathy	02011709	May 30, 2012
6.	Ms. Sunita Sharma	02949529	October 19, 2016
7.	Ms. Anuradha Rao	07597195	November 8, 2019
8.	Mr. S Sudarshan	08636735	February 17, 2020

\*Date of appointment is taken from MCA.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For BNP & Associates  
Company Secretaries  
[Firm Regn. No. P2014MH037400]  
PR No. 637/2019

B. Narasimhan  
Partner

Place: Mumbai  
Date: June 25, 2020

FCS 1303 / CP No. 10440  
UDIN: F0013038000382299

## ANNEXURE 7 TO BOARD'S REPORT

### FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2020  
[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 Audit Committee / Members,**  
National Stock Exchange of India Limited,  
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 Stock Exchange of India Limited [CIN: U67120MH1992PLC069769] (hereinafter called the "Stock Exchange" / "Company") for the audit period from April 1, 2019 to March 31, 2020, ('the year' / 'audit period' / 'period under review').

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the company's corporate conducts / statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

- i. our **verification** of the books, papers, minute books, soft copy as provided by the company and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the company during the financial year ended March 31, 2020 as well as before the issue of this report,
- ii. Our **observations** shared during our visits to the corporate office of the Company,
- iii. **Compliance Certificates** confirming Compliance with all laws applicable to the company given by Key Managerial Personnel / senior managerial Personnel of the company and taken on record by Audit Committee / Board of Directors, and

iv. **Representations** made, documents shown, and information provided by the company, its officers, agents, and authorized representatives during our conduct of Secretarial Audit.

We hereby report that in our opinion, during the audit period covering the financial year ended on March 31, 2020, the Stock Exchange has:

- (i) Complied with the statutory provisions listed hereunder, and
- (ii) Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

The members are requested to read this Report, along with our letter of even date annexed to this report as Annexure- A.

#### **1. COMPLIANCE WITH SPECIFIC STATUTORY PROVISIONS**

**We further report that:**

- 1.1. We have examined the books, papers, minute books and other records maintained by the Stock Exchange and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions/ clauses of:
  - i. The Companies Act, 2013 ("the Act") and the Rules framed thereunder;
  - ii. The Securities Contracts (Regulation) Act, 1956 and the Rules framed 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 and Overseas Direct Investment;
  - v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”): -
    - a) The Securities and Exchange Board of India (‘SEBI’) (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable as a Recognised Stock Exchange pursuant to Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018;
    - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client
  - vi. The other laws as are specifically applicable to the Stock Exchange are:
    - a) SEBI Act, 1992 & Circulars, Master Circulars and Regulations issued by SEBI and applicable to the Stock Exchange
    - b) Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (‘SECC Regulation’)
    - c) Prevention of Money Laundering Act, 2002
  - vii. Secretarial Standards issued by The Institute of Company Secretaries of India (“Secretarial Standards”).
- 1.2. During the period under review, and also considering the compliance related action taken by the Stock Exchange after March 31, 2020, but before the issue of this report, the Stock Exchange has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us :
- i. **Complied with** the applicable provisions/clauses of the Act, Rules and SEBI Regulations mentioned above, subject to the following:
    - a) SEBI vide its Order dated April 30, 2019 bearing reference number WTM/GM/EFD/03/2018-19, held that the Stock Exchange had violated Regulations 41 (2) and 42 (2) of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (“SECC Regulations”) with respect to allegations in relation to the Colocation facility at Stock Exchange and passed various directives. This order has been challenged by the Stock Exchange before the Securities Appellate Tribunal (“SAT”) in Appeal no. 333/2019, and an order is awaited. Parallely, SEBI has issued Adjudication notice in the said matter and the hearing is awaited in the matter.
    - b) SEBI vide its Order dated April 30, 2019 bearing reference number WTM/SKM/EFD1-DRAIII/ 16 /2019-20, held that the Stock Exchange has violated Regulation 41(2) of the SECC Regulations and Regulations 3(d) and 4(1) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003 and passed certain directives. This order has been challenged by the Stock Exchange before the Securities Appellate Tribunal (“SAT”) in Appeal no. 333/2019, and a detailed hearing is awaited. Parallely, SEBI has issued Adjudication notice in the said matter and the matter is pending for orders
    - c) SEBI vide its Order dated April 30, 2019 bearing reference number WTM/SKM/EFD1-DRA-III/ 18 /2019-20, held that the Stock Exchange failed to execute certain contracts without exercising due diligence and thereby “compromising on the integrity of the securities market” and passed certain directives. This order has been challenged by the Stock Exchange before the Securities Appellate Tribunal (“SAT”) in Appeal no. 333/2019, and a detailed hearing is awaited. Parallely, SEBI has issued Adjudication notice in the said matter and the matter is pending for orders
    - d) The Stock Exchange has received a Show Cause Notice dated October 9, 2019 and a Supplementary notice dated December 16, 2019 alleging violation of SEBI (SECC) Regulation 2012 and SCRA, in relation to certain alleged irregularities in the appointment of Chief Strategic Advisor and his re-

designation as 'Group Operating Officer and Advisor to the Managing Director ('MD')' by the former MD and Chief Executive Officer ('CEO') and the sharing of certain internal information pertaining to NSE with an alleged third party by former MD & CEO. Stock Exchange has sought inspection of records from SEBI in the matter and in the meanwhile also filed a Settlement Application. SEBI response in this regard is awaited.

- e) Stock Exchange was in receipt of SEBI Adjudication Notice dated May 9, 2018 and a Supplementary notice dated May 30, 2019 alleging violation of Regulation 27(4) of the SEBI (SECC) Regulation 2012, in relation to Stock Exchange's alleged failure to take approval from SEBI prior to allowing its two former MD & CEOs with respect to encashment of accumulated ordinary leave without limit. Stock Exchange has since filed its reply and completed its arguments before the Adjudicating Officer. The Order in the said matter is awaited.

- ii. **Complied with** the applicable provisions/ clauses of the Secretarial Standards on meetings of the Board of Directors (SS-1) and Secretarial standards on General Meetings (SS-2) mentioned under paragraph 1.1 (vi) above to the extent applicable to Board meetings and Committee meetings held during the review period and the 27th Annual General Meeting ("AGM") held on August 2, 2019. The Compliance of the provisions of the Rules made under the Act [paragraph 1.1(i)] and SS-1 [paragraph 1.1(vi)] with regard to the Board meeting and Committee meetings held through video conferencing during the review period were verified based on the minutes of the meeting provided by the Stock Exchange.

1.3. We are informed that, during the year, the Stock Exchange was not required to initiate any compliance related action in respect of the following laws/rules/regulations/standards, and was consequently not required to maintain any books, papers, minute books or other records or file any form/ returns thereunder:

- i. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of External Commercial Borrowings;
- ii. The following Regulations and Guidelines prescribed under the SEBI Act: -

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
- f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

## 2. BOARD PROCESSES

### We further report that

2.1. The Board of Directors of the Stock Exchange as on March 31, 2020, comprised of:

- i. One Executive Director;
- ii. Three Non-Executive Non Independent Directors (Shareholder Director); and
- iii. Four Non-Executive Independent Directors [Public Interest Director ("PID")], including a Woman Independent Director.

2.2. The processes relating to the following changes in the composition of the Board of Directors during the year were carried out in compliance with the provisions of the Act and SECC Regulation:

- i. Cessation of Ms. Dharmishta Raval (DIN: 02792246) as a Public Interest Director of the Stock Exchange with effect from August 31, 2019.
- ii. Appointment of Mr. Girish Chandra Chaturvedi (DIN: 00110996) as a Public Interest Director of the Stock Exchange with effect from November 8, 2019 to hold office for a period of 3 years.
- iii. Appointment of Ms. Anuradha Rao (DIN: 07597195) as a Public Interest Director of the Stock Exchange with effect from November 8, 2019 to hold office for a period of 3 years.



- iv. Appointment of Prof. S Sudarshan (DIN: 08636735) as a Public Interest Director of the Stock Exchange with effect from February 17, 2020 to hold office for a period of 3 years.
- v. Appointment of Mr. Girish Chandra Chaturvedi (DIN: 00110996), Public Interest Director, as the Chairman of the Governing Board of the Stock Exchange with effect from December 6, 2019.
- vi. Appointment of Mr. K Narasimha Murthy (DIN 00023046) as a Public Interest Director of the Stock Exchange with effect from February 17, 2020 to hold office for a period of 3 years.
- vii. Cessation of Mr. T V Mohandas Pai (DIN: 00042167) as a Public Interest Director of the Stock Exchange with effect from February 17, 2020.
- viii. Cessation of Mr. Dinesh Kanabar (DIN: 00003252) as a Public Interest Director of the Stock Exchange with effect from February 17, 2020.
- ix. Cessation of Mr. Naved Masood (DIN: 02126497) as a Public Interest Director of the Stock Exchange with effect from February 17, 2020.
- x. SEBI vide its letter dated February 17, 2020, acceded to the re-appointment of Ms. Sunita Sharma as the Shareholder Director of the Stock Exchange which was effective from August 2, 2019, being the date of approval by the Shareholders at the previous AGM held on the said date.

2.3. Adequate notice was given to all Directors of the Stock Exchange to schedule the Board Meetings (including Committees), Agenda and detailed notes on Agenda were sent at least 7 (seven) days in advance, and where the same were given at shorter notice than seven days, more than one Independent Director was present at the Board Meeting as required under Section 173(3) of the Act and Secretarial Standard related to Board Meetings.

2.4. A system exists for Directors to seek and obtain further information and clarifications on the Agenda items before the meetings and for their meaningful participation at the Meetings.

2.5. Decisions at the Meetings of the Board of Directors of the Stock Exchange were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the Audit Period.

### 3. COMPLIANCE MECHANISM

There are reasonably adequate systems and processes in the Stock Exchange commensurate with the company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

### 4. SPECIFIC EVENT(S)/ACTION(S)

During the year, the Stock Exchange has not undertaken any major step, which will be having a major bearing on its affairs in pursuance of any of the above referred laws, rules, regulations, guidelines, standards, etc., hence nothing to report on the same.

**For BNP & Associates**  
Company Secretaries  
[Firm Regn. No. P2014MH037400]

**B. Narasimhan**  
Partner

Place: Mumbai

FCS 1303 / CP No. 10440

Date: June 25, 2020

UDIN: F0013038000382266

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

## ANNEXURE A

To,  
The Members,  
National Stock Exchange of India Limited,

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The Stock Exchange's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the company after March 31, 2020, but before the issue of this report.
4. We have considered compliance related actions taken by the Stock Exchange based on independent legal /professional opinion obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Stock Exchange on a test basis. We believe that the processes and practices we followed, provides a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
7. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit Report is neither an assurance as to the future viability of the Exchange nor of the efficacy or effectiveness with which the management has conducted the affairs of the Stock Exchange.

For BNP & Associates  
Company Secretaries  
[Firm Regn. No. P2014MH037400]

B. Narasimhan  
Partner

FCS 1303 / CP No. 10440  
UDIN: F0013038000382266

Place: Mumbai  
Date: June 25, 2020



## ANNEXURE 8 (i) TO BOARD'S REPORT

- 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 90.95x
- 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 & Chief Executive Officer, Company Secretary and Chief Financial Officer in the financial year is around 9%, 7% and 7% respectively.
- iii. **The percentage increase in the median remuneration of employees in the Financial year**  
The percentage decrease in the median remuneration of employees in the financial year is around 3.77%. The decrease is on account of a job level linked range based increment framework implemented by the organisation as against a standard increment % across job levels.
- iv. **The number of permanent employees on the rolls of the Company**  
As on March 31, 2020, there are 961 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**  
The average percentile increase for the employees has been 9 % as against 8 % for the managerial personnel in the last financial year. Apart from the performance based normal increment, there was no other exceptional salary revision given in FY 2019-20.  
  
Note: KMPs under Companies Act and KMPs under SECC Regulations are considered as managerial personnel.
- 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.

## ANNEXURE 8 (ii) TO DIRECTORS' REPORT

### STATEMENT PURSUANT TO RULE 5 (2)& (3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2016

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. Vikram Limaye MBA, CA#&	53	Managing Director & CEO	82250528	45859506	31	July 17, 2017	Managing Director & CEO IDFC Limited
2	Mr. J. Ravichandran B. Com, B.L., FCS#& \$	59	Group President	64507499	24940500	33	August 12, 1994	Dy. Secretary & Manager (Legal), Raymond Synthetics Limited
3	Mr. Ravi Varanasi B. Sc., CAIIB#&	57	Chief Business Development Officer	22691931	12427328	32	July 3, 1995	Senior Deputy Manager The Vysya Bank Ltd.
4	Mr. Yatrik Vin M.Com, AICWA#&	53	Chief Financial Officer	25484900	11304989	32	February 21, 2000	Manager (Finance & Accounts) Godrej & Boyce Mfg. Co. Ltd.
5	Ms. Priya Subbaraman LLB, ACS#&	49	Chief Regulatory Officer	17787898	11701243	23	February 1, 2018	Head - Compliance Standard Chartered Bank
6	Mr Shiv Kumar Bhasin B.E, M.TECH#&	49	Chief Technology & Operations Officer	15158293	10080949	18	January 02, 2019	Chief Technology Officer - State Bank of India
7	Mr. G. M. Shenoy B.E, M.F.M.#&	59	Chief Technology Officer - Ops, Trading	19374559	9184237	36	June 1, 2018	Chief Technology Officer - Ops, Trading, NSE Infotech Services Ltd.
8	Mr Somasundaram K S B.E, PGDM #&	49	Chief Enterprise Risk & Info Security Officer	16361130	9957492	24	October 04, 2018	Senior President and Chief Compliance Officer Yes Bank Limited
9	Mr. Saurav Ghosh Dip in LL&W, MPM#	51	Group Head - Human Resource	20257664	12898807	26	November 2, 2017	Chief HR Officer - Textiles Aditya Birla Group
10	Mr. Hari K. AICWA, ACS	53	Chief Business Officer	23343882	14120517	31	May 29, 1995	Cost Accountant, KCP Ltd.
11	Mr. Mayur Sindhwad ICWA, ACS#& \$	45	Chief Operating Officer - Trading	15924503	9992194	24	June 1, 2009	Assistant Vice President Edelweiss Securities Ltd
12	Mr S Madhavan C.S, LLB, ICWA#	59	Company Secretary	10618901	7034424	32	August 02, 2016	Associate Vice President and Company Secretary JSW Energy Limited
13	Mr.M Vasudev Rao B. Com., LLB, FCS#	52	General Counsel	14778439	9151192	28	November 1, 2012	Associate Vice President Bennett Coleman & Company Ltd.
14	Mr. Mahesh Haldipur B.E. (Civil), AMIE@	60	Head - Premises and Admin	15362278	6962595	37	April 25, 1995	Project Engineer Tata Electric Company Limited



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			
15	Ms Nisha Subhash C.A.#	49	Senior Vice President	13708922	8180562	25	December 26, 1995	Equity Analyst Kothari Share & Stock Brokers Private Limited
16	Mr. Nagendra Kumar SRVS PGDM	47	Chief Business Officer	9748555	5134961	25	July 16, 2009	Manager Accenture India Ltd
17	Mr M Sheshadri B.E.#	50	Head - Cyber & Info Security	8281136	5724054	27	June 01, 2018	Chief Information Security Officer NSE Infotech Services Limited
18	Mr Dinesh Soni M.B.A, Phd#	47	Senior Vice President	10217027	9957492	24	October 31, 2014	Deputy General Manager Pension Fund Regulatory & Development Authority
19	Mr Arijit Sengupta PGDBM@	53	Senior Vice President	14034276	8770136	30	May 02, 2019	Group Head Global Communication & CSR, Wadhawan Global Capital
20	Mr Tirthankar Patnaik B.SC, PHD	44	Chief Economist	10913718	7159222	20	March 01, 2019	Chief Strategist & Head Of Research Mizuho Bank Ltd
21	Mr. Avishkar Naik CA, CS #	41	Head - Listing Compliance	7298902	5035047	20	January 27, 2004	CA R V Kadrekar & Company

**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 ₹2675849, ₹213679, ₹936118, ₹43555, ₹10119, ₹1091770, ₹602499, ₹83599, ₹518453 and ₹296186 was paid to Mr. J. Ravichandran, Mr Mahesh Haldipur, Mr Ravi Varanasi, Mr Nagendra Kumar SRVS, Mr Mayur Sindhawad, Mr Yatrik Vin, Ms Nisha Subhash, Mr Dinesh Soni, Mr G M Shenoy and Mr Avishkar Naik respectively and interest on withheld variable pay for FY 2015-16 of ₹1521840 and ₹436549 was paid to Mr. J Ravichandran and Mr Mayur Sindhawad respectively. Interest on variable pay for FY 2018-19 of ₹14125 and ₹15094 was paid to Mr Mayur Sindhawad and Mr G M Shenoy respectively. Mr. Mahesh Haldipur was also paid ₹7122500 towards gratuity.
- Employees, whose names were marked with # are Key Management Personnel under SCR (SECC) Regulations, 2012 of SEBI. The remuneration of employee marked with & excludes 50% of their Variable Pay to be paid on deferred basis after 3 years. For employees marked with \$, remuneration received includes 50% variable pay pertaining to earlier period namely Mr J Ravichandran (Gross ₹5752155 - Net ₹3688285) and Mr Mayur Sindhawad (Gross ₹1607056 - Net ₹1030436)
- Other employees are in permanent employment of the company on contractual basis governed by the employment terms & conditions and service rules. Employees whose names have been marked with @ were employed with the company for part of the year.
- None of the employees mentioned above is a relative of any Director.
- Employees, in respect of whom Rule 5(2) applies but are on deputation to subsidiary company and in respect of whom the remuneration is recovered are shown under statement prepared under Rule 5(2) of that subsidiary company(ies) to avoid duplication.
- None of the employees is holding equity share(s) 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 9 TO BOARD'S REPORT

### INFORMATION REQUIRED UNDER REGULATION 27(5) & (6) OF THE SECURITIES CONTRACTS (REGULATION) (STOCK EXCHANGES AND CLEARING CORPORATIONS) REGULATIONS, 2018

KMP Compensation - NSEIL				
Sr. No.	KMP Name	KMP Compensation	Median of Compensation of all employees	Ratio of median of compensation of all employees against KMP compensation
1	Mr. Vikram Limaye #	8,22,50,528	9,04,315	90.95x
2	Mr. J. Ravichandran # \$	6,45,07,499	9,04,315	71.33x
3	Mr. Ravi Varanasi #	2,26,91,931	9,04,315	25.09x
4	Mr. Yatrik Vin #	2,54,84,900	9,04,315	28.18x
5	Mr Somasundaram K S #	1,63,61,130	9,04,315	18.09x
6	Ms. Priya Subbaraman #	1,77,87,898	9,04,315	19.67x
7	Mr. Saurov Ghosh	2,02,57,664	9,04,315	22.40x
8	Mr Shiv Kumar Bhasin #	1,51,58,293	9,04,315	16.76x
9	Mr. G. M. Shenoy #	1,93,74,559	9,04,315	21.42x
10	Mr. Mayur Sindhwad # \$	1,59,24,503	9,04,315	17.61x
11	Mr.M Vasudev Rao	1,47,78,439	9,04,315	16.34x
12	Mr S Madhavan	1,06,18,901	9,04,315	11.74x
13	Ms Nisha Subhash	1,37,08,922	9,04,315	15.16x
14	Mr Dinesh Soni	1,02,17,027	9,04,315	11.30x
15	Mr M Sheshadri	82,81,136	9,04,315	9.16x
16	Mr. Avishkar Naik	72,98,902	9,04,315	8.07x

#### Notes :

- Remuneration includes Salary and other benefits, Company's contribution to Provident Fund, Pension, Superannuation Fund, taxable value of perquisites etc.. 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 ₹2675849, ₹936118, ₹ 10119, ₹1091770, ₹602499, ₹83599, ₹518453 and ₹296186 was paid to Mr. J. Ravichandran, Mr Ravi Varanasi, Mr Mayur Sindhwad, Mr Yatrik Vin, Ms Nisha Subhash, Mr Dinesh Soni, Mr G M Shenoy and Mr Avishkar Naik respectively and interest on withheld variable pay for FY 2015-16 of ₹1521840 and ₹436549 was paid to Mr.J Ravichandran and Mr Mayur Sindhwad respectively. Interest on variable pay for FY 2018-19 of ₹14125 and ₹15094 was paid to Mr Mayur Sindhwad and Mr G M Shenoy respectively.
- The remuneration of employee marked with # excludes 50% of their Variable Pay to be paid on deferred basis after 3 years. For employees marked with \$, remuneration received includes 50% variable pay pertaining to earlier period namely Mr J Ravichandran ₹5752155 and Mr Mayur Sindhwad ₹1607056



## INDEPENDENT AUDITOR'S REPORT

To the Members of

**National Stock Exchange of India Limited**

**Report on the Audit of the Consolidated Financial Statements as of and for the year ended March 31, 2020**

### Opinion

1. We have audited the accompanying consolidated financial statements of National Stock Exchange of India Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), and its associates, (refer Note 39 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2020, the consolidated Statement of Profit and Loss, the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records, (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March 31, 2020, of consolidated total comprehensive income (comprising profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

### Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms

of their reports referred to in sub-paragraph 18 of the Other Matters paragraph below, other than the unaudited financial statements/financial information as certified by the management and referred to in sub-paragraph 19 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

4. The following paragraph on material uncertainty related to going concern has been included in the Independent Auditor's Report on the consolidated financial statements of NSE Investments Limited, a Subsidiary of the Holding Company, issued by an independent firm of chartered accountants vide their report dated June 23, 2020, in respect of the financial statements of NSE Infotech Services Limited, a Subsidiary of the Holding Company, and is reproduced by us as under:

"We draw attention to Note No. 1(a) \* in the significant accounting policies which indicates that the company has not prepared financial statements on going concern basis which indicates that a material uncertainty exists that may cast a significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

\* This note is included in Note 43 to the consolidated financial statements.

### Emphasis of matter

5. We draw your attention to Note 34 (b) to the consolidated financial statements, relating to the contingent liability, that describes the Orders issued by the Securities and Exchange Board of India (SEBI) on April 30, 2019 wherein disgorgement/demand aggregating ₹687.47 crore (excluding interest thereon at 12% p.a. from April 1, 2014 till the actual date of payment for one order and from September 11, 2015 till the actual date of payment for second order) has been raised against the Holding Company pursuant to an investigation conducted in relation to preferential access to tick by tick data at the Holding Company's Colocation facility, Dark Fiber point to point connectivity and Governance and related matters. SEBI has further directed the Holding Company to undertake certain remedial measures, actions and imposed restrictions. The Holding Company has also received Adjudication notices covering identical matters, facts, circumstances and grounds as stated in each of the above orders, which are currently pending for hearing before

SEBI. The Holding Company has deposited Rs 687.47 crore with SEBI in respect of these orders and continues to transfer revenues emanating from the colocation facility to a separate bank account, which are then invested along with accruals thereon and have been shown under restricted/earmarked investments and bank balances in the consolidated financial statements. The Holding Company has filed appeals to contest the aforesaid orders with the Hon'ble Securities Appellate Tribunal, the future outcome of which is uncertain at this stage. Based on the legal opinion obtained by the Holding Company, no provision for any liability has been made towards the aforesaid demand from the Orders, including any monetary penalty from the pending Adjudication proceedings in the consolidated financial statements. Our opinion is not modified in respect of this matter.

6. The following Emphasis of Matter paragraph has been included in the Independent Auditor's Report on the consolidated financial statements of NSE Investments Limited, a Subsidiary of the Holding Company, issued by an independent firm of chartered accountants vide their report dated June 23, 2020, and is reproduced by us as under:

"We draw attention to Note No. 41\* to the consolidated financial statements relating to the letter dated February 04, 2020 from Securities and Exchange Board of India (SEBI) to National Stock Exchange of India Limited (NSE), the ultimate holding company, in respect of acquisition of stake in Computer Age Management Services Limited (CAMS) whereby SEBI has given certain directions mentioned therein to NSE which are without prejudice to any other action that SEBI may initiate. Our opinion is not modified in respect of this matter."

\* This note is included in Note 39.2 to the consolidated financial statements.

#### Key Audit Matters

7. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><u>Assessment of provisions made and contingent liabilities disclosed with regard to legal, regulatory and tax matters</u></p> <p>[Refer Note 34 to the consolidated financial statements]</p> <p>As of March 31, 2020, the Holding Company has outstanding regulatory proceedings with SEBI, ongoing proceedings with tax authorities involving certain direct and indirect tax matters including disallowance of certain expenses under income tax, applicability of service tax on certain services (uncertain tax positions), case filed by competitor against the Holding Company under Competition Appellate Tribunal and various other ongoing litigations including claims by its members.</p> <p>The Holding Company has assessed the above pending litigations, regulatory matters and proceedings and has made provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its consolidated financial statements.</p> <p>This area is considered as a key audit matter, as evaluation of these matters requires Management judgement and estimation, interpretation of laws and regulations and application of relevant judicial precedents to determine the probability of outcome of ongoing proceedings and outflow of economic resources, if any, and the recognition of provisions, disclosure of contingent liabilities and related disclosures to be made in the consolidated financial statements.</p>	<p>Our audit procedures related to legal, regulatory and tax matters included</p> <ul style="list-style-type: none"> <li>• Understanding and evaluating the design and operating effectiveness of controls over the recognition, measurement, presentation and disclosures made in the consolidated financial statements in respect of these matters.</li> <li>• Obtaining details of litigations in respect of legal, SEBI related regulatory proceedings and direct and indirect tax matters.</li> <li>• Reviewing orders and/or communications with regulatory authorities and Management responses thereto.</li> <li>• Inspecting the supporting documents to evaluate Management's assessment of probability of outcome of ongoing proceedings, the magnitude of potential loss, if any, and testing related provisions and disclosures made in the consolidated financial statements.</li> <li>• Evaluating, along with the auditor's experts, the status of the direct and indirect tax matters.</li> <li>• Examining expert's legal advice/opinion obtained by the Holding Company's Management for evaluating certain legal, regulatory and tax matters.</li> <li>• Evaluating competence and capabilities of the Management's experts.</li> <li>• Assessing the adequacy of disclosures related to these matters in the consolidated financial statements.</li> </ul> <p>Based on our above procedures, the provisions recognised by the Holding Company, and contingent liabilities disclosed with regard to legal, regulatory and tax matters is reasonable.</p>



8. The following Key Audit Matter was included in the audit report dated June 17, 2020, containing an unmodified audit opinion on the consolidated financial statements of NSE Clearing Limited, a Subsidiary of the Holding Company issued by an independent firm of Chartered Accountants, and is reproduced by us as under:

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><u>Legal matters and uncertain tax positions</u></p> <p>As of March 31, 2020, NSE Clearing Limited has various ongoing litigations on legal matters and proceedings with tax authorities involving uncertain direct and indirect tax positions.</p> <p>Refer note 32 and 33 to the consolidated financial statements of NSE Clearing Limited.*</p> <p><u>Uncertain direct and indirect tax positions</u></p> <p>There are various direct and indirect tax cases against NSE Clearing Limited, including disallowance of certain expenses under income tax, applicability of service tax on certain services etc.</p> <p>This is a key audit matter, as evaluation of these matters requires management judgement and estimation, interpretation of laws and regulations and application of relevant judicial precedents to determine the probability of outflow of economic resources, if any, provisions and related disclosures to be made in the consolidated financial statements.</p>	<p>Our audit procedures related to legal matters and uncertain tax positions included–</p> <ul style="list-style-type: none"> <li>• Evaluating the design and operating effectiveness of controls over the recognition, measurement, presentation and disclosures made in the consolidated financial statements in respect of these matters;</li> <li>• Obtaining details of litigations on legal matters and uncertain direct and indirect tax positions.</li> <li>• Reviewing orders and management responses thereto.</li> <li>• Inspecting the supporting documents to evaluate management’s assessment of probability of outcome of ongoing proceedings, the magnitude of potential loss, if any, and testing related provisions and disclosures made in the consolidated financial statements;</li> <li>• Reviewing expert’s legal advice/opinion obtained by NSE Clearing Limited’s management for evaluating certain legal and tax matters; and</li> <li>• Evaluating competence and capabilities of the experts.</li> </ul> <p>Based on the above procedure, we noted that NSE Clearing Limited has reviewed the above pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its consolidated financial statements.</p>

\* These notes are included in Note 34 to the consolidated financial statements.

**Other information**

9. The Holding Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor’s report thereon. The annual report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

**Responsibilities of management and those charged with governance for the consolidated financial statements**

10. The Holding Company’s Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible

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

11. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group and its associates or to cease operations, or has no realistic alternative but to do so.
12. The respective Board of Directors of the companies included in the Group and of its associates are responsible for overseeing the financial reporting process of the Group and of its associates.

#### **Auditor's responsibilities for the audit of the consolidated financial statements**

13. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial reporting in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and



performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

15. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
16. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other matters

18. We did not audit the financial statements of two subsidiaries and consolidated financial statements of two subsidiaries whose financial statements reflect total assets of ₹15,915.34 crore and net assets of ₹2589.97 crore as at March 31, 2020, total revenue of ₹1065.12 crore, total comprehensive income (comprising of profit and other comprehensive income) of ₹446.03 crore and net cash flows amounting to ₹2,680.53 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive income)

of ₹30.23 crore for the year ended March 31, 2020 as considered in the consolidated financial statements, in respect of one associate whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and one associate and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries and one associate is based solely on the reports of the other auditors.

19. The consolidated financial statements do not include the Group's share of total comprehensive income / loss in respect of one associate in which the investment of ₹4.50 crores made by the subsidiary company has been fully provided for towards diminution in its value. In our opinion and according to the information and explanations given to us by the Management, the financial statements and other financial information of this associate is not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

#### Report on other legal and regulatory requirements

20. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss, the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and

records maintained for the purpose of preparation of the consolidated financial statements.

- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associates incorporated in India, none of the directors of the Group companies and its associates incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors as noted in the Other Matters paragraph:
- i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group and its associates— Refer Note 34 to the consolidated financial statements.

- ii. The Group and its associates had long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. The Group and its associates did not have any derivative contracts as at March 31, 2020. Refer Note 50 to the consolidated financial statements.
- iii. During the year ended March 31, 2020, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and associates incorporated in India. Refer Note 51 to the consolidated financial statements.
- iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2020.

21. The Group and its associates have paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

**For Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration Number: 304026E / E- 300009

**Sumit Seth**

Partner

Membership Number 105869

UDIN: 20105869AAAAAM4465

Place: Mumbai

June 25, 2020



## Annexure A to Independent Auditor's Report

Referred to in paragraph 20(f) of the Independent Auditor's Report of even date to the members of National Stock Exchange of India Limited on the consolidated financial statements for the year ended March 31, 2020

### Report on the internal financial controls with reference to consolidated financial statements under Clause (i) of sub-section 3 of section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to consolidated financial statements of National Stock Exchange of India Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies and its associate companies which are companies incorporated in India, as of that date.

#### Management's responsibility for internal financial controls

2. The respective Board of Directors of the Holding company, its subsidiary companies and its associate companies, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to consolidated financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's responsibility

3. Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and

the Standards on Auditing 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system with reference to consolidated financial statements.

#### Meaning of internal financial controls with reference to consolidated financial statements

6. A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated

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

#### **Inherent limitations of internal financial controls over financial reporting with reference to consolidated financial statements**

7. Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

8. In our opinion, the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, have, in all material

respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **Other matters**

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to financial statements of two subsidiary companies, consolidated financial statements of two subsidiaries and financial statements of one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of this matter.

#### **For Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration Number: 304026E / E- 300009

#### **Sumit Seth**

Partner

Membership Number 105869

UDIN: 20105869AAAAAM4465

Place: Mumbai

June 25, 2020



## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Notes	(₹ in Crores)	
		As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	497.39	549.50
Right of Use Asset	2 b & 36 b	130.29	-
Capital work-in-progress	2	34.25	6.60
Goodwill	3	128.56	123.18
Other intangible assets	3	100.17	89.65
Intangible assets under development	3	80.11	92.75
Investment in associates accounted for using the equity method	39	424.76	787.47
Financial assets			
- Investments	4	2,518.39	3,122.99
- Other financial assets			
Non-current bank balances	5	770.82	1,206.31
Others	5	61.58	175.66
Income tax assets (net)	21	504.53	423.96
Deferred tax assets (net)	19 (d)	29.96	8.88
Other non-current assets	7	723.70	17.40
<b>Total non-current assets</b>		<b>6,004.51</b>	<b>6,604.35</b>
<b>Current assets</b>			
Financial assets			
- Investments	9	3,577.94	3,001.58
- Trade receivables	10	652.11	452.51
- Cash and cash equivalents *	11	9,237.90	6,515.84
- Bank balances other than cash and cash equivalents *	12	3,300.49	3,024.84
* Includes ₹8,702.82 crores (Previous Year : ₹6,076.65 crores) pertaining to Settlement obligation and margin money from members			
- Other financial assets	6	772.27	239.66
Other current assets	8	185.11	139.60
<b>Total current assets</b>		<b>17,725.82</b>	<b>13,374.03</b>
Assets classified as held for sale	39	440.00	-
<b>TOTAL ASSETS</b>		<b>24,170.33</b>	<b>19,978.38</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	13 a	49.50	49.50
Other equity	13 b	8,571.76	7,737.39
<b>Equity attributable to owners of National Stock Exchange of India Limited</b>		<b>8,621.26</b>	<b>7,786.89</b>
Non Controlling Interest	13 b	0.73	1.37
<b>Total Equity</b>		<b>8,621.99</b>	<b>7,788.26</b>
<b>SETTLEMENT GUARANTEE FUND</b>			
- Core Settlement Guarantee Fund paid	37	3,158.47	2,794.93
- Core Settlement Guarantee Fund payable	37	18.20	12.65
- Settlement Guarantee Fund paid - Commodity Derivatives	37	250.00	250.00
		<b>3,426.67</b>	<b>3,057.58</b>

## CONSOLIDATED BALANCE SHEET (CONTD...)

(₹ in Crores)

Particulars	Notes	As at 31.03.2020	As at 31.03.2019
<b>Investor Protection Fund</b>	38 b	0.10	0.10
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Lease Liabilities	36 b	54.05	-
Other financial liabilities	15	-	9.66
Provisions	17 a	34.84	19.79
Deferred tax liabilities (net)	19 (d)	152.25	154.71
Contract Liabilities	17 b	16.54	-
Other non-current liabilities	22	5.41	5.39
<b>Total non-current liabilities</b>		<b>263.09</b>	<b>189.55</b>
<b>Current liabilities</b>			
Financial liabilities			
- Lease liabilities	36 b	14.92	-
- Deposits	24	1,884.01	1,891.38
- Trade payables	14		
Total Outstanding dues of micro enterprises and small enterprises		1.21	0.14
Total Outstanding dues of creditors other than micro enterprises and small enterprises		165.25	127.99
- Other financial liabilities *	16	8,996.21	6,267.84
* Includes ₹8,702.82 crores (Previous Year : ₹6,076.65 crores) pertaining to Settlement obligation and margin money from members		11,061.60	8,287.35
Provisions	18 a	87.11	76.48
Contract Liabilities	18 b	0.31	13.02
Income tax liabilities (net)	20	197.25	124.76
Other current liabilities	23	512.21	441.28
<b>Total current liabilities</b>		<b>11,858.48</b>	<b>8,942.89</b>
<b>TOTAL LIABILITIES</b>		<b>12,121.57</b>	<b>9,132.44</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,170.33</b>	<b>19,978.38</b>
Summary of significant accounting policies	1		
The above consolidated balance sheet should be read in conjunction with the accompanying notes			

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

**For Price Waterhouse & Co Chartered Accountants LLP**

Chartered Accountants

Firm's Registration no : 304026E / E-300009

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

**Sumit Seth**

Partner

Membership No.: 105869

**Girish Chandra Chaturvedi**

Director

[DIN: 00110996]

**K. Narasimha Murthy**

Director

[DIN: 00023046]

**Vikram Limaye**

Managing Director & CEO

[DIN:00488534]

Place : Mumbai

Date : June 25, 2020

**Yatrik Vin**

Chief Financial Officer

**S. Madhavan**

Company Secretary



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Crores)

Particulars	Notes	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>INCOME</b>			
Revenue from operations	25	3,507.93	2,997.42
Other income	26	389.59	517.15
<b>Total income</b>		<b>3,897.52</b>	<b>3,514.57</b>
<b>EXPENSES</b>			
Employee benefits expense	27	429.90	306.39
Depreciation and amortisation expense	2,3,36b	180.78	142.02
Other expenses	28	812.08	766.72
<b>Total expenses (excluding contribution to Core Settlement Guarantee Fund)</b>		<b>1,422.76</b>	<b>1,215.13</b>
<b>Profit before, share of net profits of investments accounted for using equity method, profit on sale of investments in associates, contribution to Core Settlement Guarantee Fund and tax</b>		<b>2,474.76</b>	<b>2,299.44</b>
Share of net profit of associates accounted by using equity method	39	112.57	107.03
<b>Profit before, profit on sale of investments in associates, contribution to Core Settlement Guarantee Fund and tax</b>		<b>2,587.33</b>	<b>2,406.47</b>
Add : Profit on sale of investment in associate		-	169.74
Less : Contribution to Core Settlement guarantee fund (Core SGF)	16.3	62.08	-
<b>Profit before tax</b>		<b>2,525.25</b>	<b>2,576.21</b>
Less : Tax expense			
Current tax expense	19 (a)	663.89	857.84
Deferred tax expense	19 (a)	(23.42)	10.33
<b>Total tax expenses</b>		<b>640.47</b>	<b>868.17</b>
<b>Net Profit after tax (A)</b>		<b>1,884.78</b>	<b>1,708.04</b>
<b>Other comprehensive income</b>			
Items that will be reclassified to profit or loss			
Changes in fair value of FVOCI debt instruments	13 b	29.26	4.41
Changes in foreign currency translation reserve	13 b	7.47	6.20
Income tax relating to items that will be reclassified to profit or loss			
Changes in fair value of FVOCI debt instruments	13 b	(9.12)	(1.54)
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	13 b	(7.91)	(4.33)
Share of other comprehensive income of associates accounted for using the equity method	13 b	(1.15)	-
Changes in fair value of FVOCI equity instruments	13 b	(12.15)	(2.26)

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS (CONTD...)

(₹ in Crores)

Particulars	Notes	For the year ended 31.03.2020	For the year ended 31.03.2019
Income tax relating to items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	13 b	2.10	1.42
Share of other comprehensive income of associates accounted for using the equity method	13 b	0.29	-
Changes in fair value of FVOCI equity instruments	13 b	3.24	1.17
<b>Total other comprehensive income for the year, net of taxes (B)</b>		<b>12.03</b>	<b>5.07</b>
<b>Total comprehensive income for the year (A+B)</b>		<b>1,896.81</b>	<b>1,713.11</b>
<b>Profit is attributable to :</b>			
Owners of National Stock Exchange of India Limited		1,885.04	1,708.04
Non-Controlling Interests		(0.26)	0.00
<b>Other comprehensive income/(loss) is attributable to :</b>			
Owners of National Stock Exchange of India Limited		12.02	5.07
Non-Controlling Interests		0.01	0.00
<b>Total comprehensive income is attributable to :</b>			
Owners of National Stock Exchange of India Limited		1,897.06	1,713.11
Non-Controlling Interests		(0.25)	0.00
<b>Earnings per equity Share attributable to owners of National Stock Exchange of India Limited (Face value of Re.1 each)</b>	29		
Basic & Diluted (₹)		38.08	34.51
Summary of significant accounting policies	1		
The above consolidated statement of profit and loss should be read in conjunction with the accompanying notes			

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

**For Price Waterhouse & Co Chartered Accountants LLP**

Chartered Accountants

Firm's Registration no : 304026E / E-300009

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

Partner

Membership No.: 105869

**Girish Chandra Chaturvedi**

Director

[DIN: 00110996]

**K. Narasimha Murthy**

Director

[DIN: 00023046]

**Vikram Limaye**

Managing Director &amp; CEO

[DIN:00488534]

Place : Mumbai

Date : June 25, 2020

**Yatrik Vin**

Chief Financial Officer

**S. Madhavan**

Company Secretary

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020



	(₹ in Crores)
<b>(A) EQUITY SHARE CAPITAL</b>	
Balance as at 01.04.2018	49.50
Changes in equity share capital during the year	-
Balance as at 31.03.2019	49.50
Changes in equity share capital during the year	-
<b>Balance as at 31.03.2020</b>	<b>49.50</b>

Particulars	Reserves and Surplus				Other Reserves			Total other Equity	Non-controlling Interests	Total other Equity			
	Securities premium reserve	Retained earnings *	Liquidity Enhancement Scheme Incentive Reserve	Reserve Fund	Other re-serves** (Refer Note 13b)	Total Reserves and Surplus	FYOCI equity instruments				FVOCI debt instruments	Foreign Currency Translation Reserve	Total other reserves
<b>Balance as at 01.04.2018</b>	<b>35.50</b>	<b>7,121.66</b>	<b>3.58</b>	-	<b>63.89</b>	<b>7,224.63</b>	<b>92.18</b>	<b>(14.54)</b>	<b>(2.21)</b>	<b>75.43</b>	<b>7,300.06</b>	-	<b>7,300.06</b>
Profit for the period	-	1,708.04	-	-	-	1,708.04	-	-	-	-	1,708.04	-	1,708.04
Other Comprehensive Income	-	(2.91)	-	-	-	(2.91)	(1.09)	2.87	6.20	7.98	5.07	-	5.07
Appropriation to Core Settlement Guarantee Fund (net of tax)	-	(11.30)	-	-	-	(11.30)	-	-	-	-	(11.30)	-	(11.30)
Appropriation to Settlement Guarantee Fund (SGF)- Commodity derivatives	-	(250.00)	-	-	-	(250.00)	-	-	-	-	(250.00)	-	(250.00)
Contribution to Investor Protection Fund	-	-	-	-	-	-	-	-	(0.01)	(0.01)	(0.01)	-	(0.01)
Transfer to Liquidity Enhancement Scheme Incentive Reserve	-	(12.11)	12.11	-	-	-	-	-	-	-	-	-	-
Liquidity Enhancement Scheme Incentive paid/payable	-	14.18	(14.18)	-	-	-	-	-	-	-	-	-	-
<b>Transaction with owners in their capacity as owners</b>													
Dividend paid (including dividend distribution tax)	-	(1,014.47)	-	-	-	(1,014.47)	-	-	-	-	(1,014.47)	-	(1,014.47)
Change in non controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	1.37	1.37
<b>Balance as at 31.03.2019</b>	<b>35.50</b>	<b>7,553.09</b>	<b>1.51</b>	-	<b>63.89</b>	<b>7,653.99</b>	<b>91.09</b>	<b>(11.67)</b>	<b>3.98</b>	<b>83.40</b>	<b>7,737.39</b>	<b>1.37</b>	<b>7,738.76</b>

(₹ in Crores)

Particulars	Reserves and Surplus				Other Reserves			Total other Equity	Non Controlling Interests	Total other Equity			
	Securities premium reserve	Retained earnings *	Liquidity Enhancement Scheme Incentive Reserve	Reserve Fund	Other re-serves** (Refer Note 13b)	Total Reserves and Surplus	FVOCI equity instruments				FVOCI debt instruments	Foreign Currency Translation Reserve	Total other reserves
<b>Balance as at 01.04.2019</b>	<b>35.50</b>	<b>7,553.09</b>	<b>1.51</b>	-	<b>63.89</b>	<b>7,653.99</b>	<b>91.09</b>	<b>(11.67)</b>	<b>3.98</b>	<b>83.40</b>	<b>7,737.39</b>	<b>1.37</b>	<b>7,738.76</b>
Profit for the period	-	1,885.04	-	-	-	1,885.04	-	-	-	-	1,885.04	(0.26)	1,884.78
Other Comprehensive Income	-	(6.68)	-	-	-	(6.68)	(8.91)	20.14	7.47	18.70	12.02	0.01	12.03
Appropriation to Core Settlement Guarantee Fund (net of tax)	-	(0.51)	-	-	-	(0.51)	-	-	-	-	(0.51)	-	(0.51)
Transfer to Liquidity Enhancement Scheme Incentive Reserve	-	(8.94)	8.94	-	-	-	-	-	-	-	-	-	-
Liquidity Enhancement Scheme	-	9.19	(9.19)	-	-	-	-	-	-	-	-	-	-
Incentive paid/payable	-	(131.08)	-	131.08	-	-	-	-	-	-	-	-	-
Transfer to Reserve Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transaction with owners in their capacity as owners</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid (including dividend distribution tax)	-	(1,062.18)	-	-	-	(1,062.18)	-	-	-	-	(1,062.18)	(0.39)	(1,062.18)
Change in non controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(0.39)	(0.39)
<b>Balance as at 31.03.2020</b>	<b>35.50</b>	<b>8,237.93</b>	<b>1.26</b>	<b>131.08</b>	<b>63.89</b>	<b>8,469.66</b>	<b>82.18</b>	<b>8.47</b>	<b>11.45</b>	<b>102.10</b>	<b>8,571.76</b>	<b>0.73</b>	<b>8,572.49</b>

**Particulars**
**31.03.2019**
**31.03.2020**

* Includes General Reserves	4,441.04	4,441.04
** Includes capital reserve on consolidation	39.39	39.39
** Includes capital redemption reserve	13.00	13.00
** Includes staff welfare reserve	1.50	1.50
** Includes investor compensation reserve	10.00	10.00

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

as per our report attached

**For Price Waterhouse & Co Chartered Accountants LLP**
**For and on behalf of the Board of Directors**

Chartered Accountants

Firm's Registration no : 304026E / E-300009

**Sumit Seth**

Partner

Membership No.: 105869

**Girish Chandra Chaturvedi**

Director

[DIN: 00110996]

**K. Narasimha Murthy**

Director

[DIN: 00023046]

**Vikram Limaye**

Managing Director &amp; CEO

[DIN:00488534]

Place : Mumbai

Date : June 25, 2020

**Yatrik Vin**

Chief Financial Officer

**S. Madhavan**

Company Secretary



## CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Crores)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>PROFIT BEFORE TAX</b>	<b>2,525.25</b>	<b>2,576.21</b>
<b>Adjustments for</b>		
Depreciation and amortisation expense	180.78	142.02
Interest income from financial assets at amortised cost	(179.37)	(106.67)
Income from investments	(241.09)	(249.08)
Interest income from financial assets designated at fair value through other comprehensive income	(40.22)	(40.45)
Rental income	(5.69)	(4.96)
Dividend income from equity investments designated at FVOCI	(0.40)	(0.24)
Net gain on financial assets mandatorily measured at FVPL	(28.78)	(145.56)
Net gain on sale of financial assets measured at FVOCI	(7.04)	17.26
Net gain on sale of investments measured at amortised cost	(23.09)	-
Net gain on sale of financial assets mandatorily measured at FVPL	(93.68)	(208.01)
Net gain on sale of investments of associate	-	(169.74)
Net gain on disposal of property, plant and equipment	(0.54)	-
Doubtful debts written off	10.39	-
Provision for doubtful debts	1.55	1.64
Impairment losses on financial assets	-	80.13
Intangible assets under development written off	34.11	-
Loss on sale of discarded assets	6.47	0.39
Share of net profit of associates accounted by using equity method	(112.57)	(107.03)
Interest on lease liabilities	7.15	-
Amortization of lease expenses	-	0.38
<b>Change In operating assets and liabilities</b>		
(Increase)/Decrease in trade receivables	(221.35)	(39.72)
(Increase)/Decrease in inventories	-	0.01
Increase/(Decrease) in trade payables	38.33	(5.04)
(Increase)/Decrease in other financial assets	27.33	(9.59)
(Increase)/Decrease in other assets	(744.08)	(43.04)
Increase/(Decrease) in other financial liabilities	2,712.18	525.35
Increase/(Decrease) in provisions	17.78	9.84
Increase/(Decrease) in other liabilities	74.47	105.10
(Refund) / Proceeds of deposits	(7.37)	(24.53)
Change in Core Settlement Guarantee Fund balance	369.09	362.65
<b>CASH GENERATED FROM OPERATIONS</b>	<b>4,299.61</b>	<b>2,667.30</b>
Income taxes paid	(671.98)	(979.32)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES - TOTAL (A)</b>	<b>3,627.63</b>	<b>1,687.98</b>

## CONSOLIDATED STATEMENT OF CASH FLOW (CONTD...)

(₹ in Crores)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for property, plant and equipment	(315.42)	(202.91)
Proceeds from property, plant and equipment	26.40	0.93
Proceeds from rental income	5.69	4.96
(Payment) / proceeds from investments (Net)	(8.96)	418.46
(Payment) / proceeds from investments in deposits with financial institutions (Net)	(185.12)	(125.00)
Payment for acquisition of subsidiary	-	(76.13)
(Payment) / proceeds for investment in associates (Net)	(3.75)	246.74
(Payment) / proceeds from fixed deposits / Bank balances other than cash & cash equivalents (Net)	202.93	(1,115.59)
Interest received	424.23	391.60
Dividend received (including dividend from associate companies)	32.06	55.12
<b>NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES - TOTAL (B)</b>	<b>178.06</b>	<b>(401.81)</b>
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid (including dividend distribution tax)	(1,062.18)	(1,014.47)
Acquisition of non controlling interest in subsidiary	(2.69)	-
Payment of lease liabilities	(11.61)	-
Interest on lease liabilities	(7.15)	-
<b>NET CASH OUTFLOW FROM FINANCING ACTIVITIES - TOTAL (C)</b>	<b>(1,083.63)</b>	<b>(1,014.47)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)</b>	<b>2,722.06</b>	<b>271.70</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	6,515.84	6,244.14
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR *</b>	9,237.90	6,515.84
* Includes amount received from members towards settlement obligation and margin money. (Refer Note 11 & 16)		
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT</b>	<b>2,722.06</b>	<b>271.70</b>
<b>Reconciliation of cash and cash equivalents as per the cash flow statement</b>		
Cash and cash equivalents as per above comprise of the following		
Cash and cash equivalents	9,237.90	6,515.84
Bank overdrafts	-	-
<b>Balances per statement of cash flows</b>	<b>9,237.90</b>	<b>6,515.84</b>

The above Consolidated Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the Ind AS - 7 on Statement of Cash Flow as notified under Companies (Accounts) Rules, 2015.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

**For Price Waterhouse & Co Chartered Accountants LLP**

Chartered Accountants

Firm's Registration no : 304026E / E-300009

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

**Sumit Seth**

Partner

Membership No.: 105869

**Girish Chandra Chaturvedi**

Director

[DIN: 00110996]

**K. Narasimha Murthy**

Director

[DIN: 00023046]

**Vikram Limaye**

Managing Director & CEO

[DIN:00488534]

Place : Mumbai

Date : June 25, 2020

**Yatrik Vin**

Chief Financial Officer

**S. Madhavan**

Company Secretary



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES

#### Background

The National Stock Exchange of India Limited (“NSE” or “the Parent Company”) established in 1992 is the first demutualized electronic exchange in India. NSE was the first exchange in the country to provide a modern, fully automated screen-based electronic trading system which offered easy trading facility to the investors spread across the country. NSE offers trading in equity, equity derivatives, debt, currency derivatives and commodity derivatives segments.

The consolidated financial statements relates to the Parent Company, its subsidiary companies and associates (collectively referred to as “the Group”).

#### Note 1: SIGNIFICANT ACCOUNTING POLICIES

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

##### (a) Basis of preparation

These consolidated financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Companies Act, 2013 and Indian Accounting Standards (“Ind AS”) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements for the year ended March 31, 2020 has been approved by the Board of directors of the Company in their meeting held on June 25, 2020.

##### (i) Historical cost convention

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

- certain financial assets that are measured at fair value, and
- defined benefit plans - plan assets measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

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

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

##### (ii) Principles of consolidation and equity accounting

###### i) Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** FOR THE YEAR ENDED MARCH 31, 2020

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

### *ii) Associates*

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

### *iii) Joint Arrangements*

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

### *iv) Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post - acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note (i) below

### *v) Changes in ownership interests*

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

### **(iii) Adoption of new Accounting Standards**

#### **(i) Ind AS 116 Leases:**

On March 30, 2019, the Ministry of Corporate Affairs (MCA) notified Ind AS 116, 'Leases' as part of the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2019. Ind AS 116 replaces existing Ind AS 17, Leases with effect from April 1, 2019 (the effective date). Ind AS 116 sets out principles for recognition, measurement, presentation and disclosure of leases. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. For all leases except as noted above, a lessee is required to recognise a right-of-use asset (ROU Asset) representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments in the balance sheet. Lessee will recognise depreciation of right-of-use assets and interest on lease liabilities in the statement of profit and loss. Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities. However, there was no major change in accounting from a Lessor perspective.

#### **(ii) Ind AS 12 - Income taxes**

Appendix C to Ind AS 12, Income Taxes has been inserted. The appendix provides accounting for uncertainty over income tax treatments. The appendix provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. It also provides specific guidance in several areas where previously Ind AS 12 was silent. There are no new disclosure requirements in appendix. However, the Group is required to add explanations on judgements and estimates made in uncertain tax treatment. New paragraph 57A has been added to Ind AS 12 to clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

#### **(iii) Ind AS 19 - Employment Benefits**

This amendment requires an entity to:

- a) Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.
- b) Any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and separately recognise any changes in the asset ceiling through other comprehensive income. This amendment is applicable for any future plan amendments, curtailments, or settlements of the Group on or after April 1, 2019.

#### **(iv) Ind AS 23 - Borrowing Costs**

Amendment to Ind AS 23 - Borrowing Costs clarify that if a specific borrowing remains outstanding after a qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

#### **(v) Ind AS 28 - Investments in Associates and Joint Ventures**

Amendment to Ind AS 28 - Investments in Associates and Joint Ventures clarifies that long-term interests (for example, preference shares or long-term loans) in an associate or joint venture that form part of the net investment in the associate or joint venture and to which the equity method is not applied should be accounted for using Ind AS

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** FOR THE YEAR ENDED MARCH 31, 2020

109 - Financial Instruments. The requirements of Ind AS 109 are applied to long-term interests before applying the loss allocation and impairment requirements of Ind AS 28.

**(vi) Ind AS 103 - Business Combinations and Ind AS 111 - Joint Arrangements**

Amendment has been made to Ind AS 103 - Business Combinations and Ind AS 111 - Joint Arrangements to clarify measurement of previously held interest in obtaining control/joint control over a joint operation as follows:

- (a) On obtaining control of a business that is a joint operation, previously held interest in joint operation is re-measured at fair value at the acquisition date;
- (b) A party obtaining joint control of a business that is joint operation should not re-measure its previously held interest in the joint operation. These amendments will apply to future transactions of the Group in which it obtains joint control of a business on or after April 1, 2019.

**(vii) Ind AS 109 - Financial Instruments**

The narrow-scope amendments made to Ind AS 109 enable entities to measure certain pre-payable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract and the asset must be held within a held to collect business model.

The Group had to change its accounting policies following the adoption of Ind AS 116 Leases, refer note 36(b) for details. Most of the other amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current and future periods.

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

**(i) Functional and presentation currency**

Items included in the consolidated financial statements of the Group 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 Group'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 the period end exchange rates are recognised in statement of 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.

**(iii) Group Companies**

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet;
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to statement of profit or loss, as part of the gain or loss on sale.

### (c) Revenue recognition

Revenue is recognised upon transfer of control of promised goods or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those goods or services. The Group recognises revenue in the period in which it satisfies its performance obligation by transferring promised goods or services to the customer. The sources of revenue and Group's accounting policy are as follows:

- (i) Transaction charges – revenue in respect of trading transactions on exchanges is recognised in accordance with the Group's fee scales at a point in time as an when the transaction is completed.
- (ii) Listing fees - Revenue for listings fees is recognized when the listing event has taken place and processing fees in relation to listing is recognised on a straight-line basis over the period to which they relate.
- (iii) Book building fees – revenue is recognised at a point in time on completion of the book building process.
- (iv) Revenue from Technology services comprises Application Development and Maintenance services, E-learning Solutions and Infrastructure Management Services. Revenue from time and material and job contracts is recognised using the output method measured by units delivered, efforts expended, number of transactions processed, etc. Revenue related to fixed price maintenance and support services contracts, where the Group is standing ready to provide services is recognised based on time elapsed on a straight line basis over the period of performance. In respect of other fixed-price contracts, revenue is recognised over a period of time using percentage-of-completion method of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations. Revenue from online examination services is recognised on the basis of exams conducted and where there are multiple performance obligations, revenue is recognised using percentage-of-completion method of accounting with contract costs incurred determining the degree of completion of the performance obligation. Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer. The solutions offered by the Group may include supply of third-party equipment or software. In such cases, revenue for supply of such third party equipment or software are recorded at gross or net basis depending on whether the Group is acting as the principal or as an agent. The Group recognises revenue at the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.
- (v) Subscription and other fees related to data feed and licensing services – revenue is recognised over a period of time to which the fee relates.
- (vi) Other services – all other revenue is recognised in the period in which the performance obligation is satisfied over a period of time or point in time.

The Group considers the terms of the contract in determining the transaction price. The transaction price is based upon the amount the Group expects to be entitled to in exchange for transferring of promised goods and services to the customer after deducting allowances and incentives such as discounts, volume rebates etc. Revenue excludes any taxes and duties collected on behalf of the government.

In respect of members who have been declared as defaulters by the Group, all amounts (dues) remaining to be recovered from such defaulters, 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.

Penal charges in respect of shortages due from the respective member is recognised in profit and loss as part of revenue to the extent such charges are recoverable in the period of declaration of default. Insurance claims are accounted on acceptance basis.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** FOR THE YEAR ENDED MARCH 31, 2020

### **(d) Inventory**

The Inventory is valued at cost or net realisable value whichever is lower. Cost of inventories include all other costs incurred in bringing the inventories to their present location and condition. Cost of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### **(e) 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, if any.

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively 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.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Uncertain tax positions are reflected in the overall measurement of the Group's tax expense and are based on the most likely amount or expected value that is to be disallowed by the taxing authorities whichever better predict the resolution of uncertainty. Uncertain tax balances are monitored and updated as and when new information becomes available, typically upon examination or action by the taxing authorities or through statute expiration.

The Group considers when a particular amount payable for interest and penalties on income taxes is determined to be within the scope of Ind AS 37, it is presented as part of financing cost or other expenses, respectively unless when there is an overall settlement with tax authority and the interest and penalties cannot be identified separately in which case it is determined to be part of income taxes and accounted under Ind AS 12.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Dividend distribution tax paid on the dividends is recognised consistently with the presentation of the transaction that creates the income tax consequence. Dividend distribution tax is charged to consolidated statement of profit and loss if the dividend itself is charged to statement of profit and loss. If the dividend is recognised in equity, the presentation of dividend distribution tax is recognised in equity. The dividend distribution tax paid by the subsidiaries for which the set off has been availed by the Parent company has been recognized in equity.

### (f) Leases

#### ***Till March 31, 2019***

##### *As a lessee*

Leases of property, plant and equipment and land where the Group, 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. 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 Group 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.

##### *As a lessor*

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

#### ***With effect from April 1, 2019***

##### *As a lessee*

From April 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at that date at which the lease asset is available for use by the Group. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of the contract. Ind AS 116 defines a lease as a contract, or a part of a contract, that conveys the right of use an asset (the underlying asset) for a period of time in exchange of consideration. To assess whether as contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expenses on a straight line basis over the term of the lease.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Lease payments are allocated between principal and finance cost. The finance cost is charged to 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.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

### *As a lessor*

Lease for which the Group is a lessor is classified as finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognized on straight line basis over the term of the relevant lease.

### **(g) Business Combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises:

- the fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group; and
- fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred;
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business consideration is achieved in stages, the acquisition date carrying value of the acquirers previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### (h) Impairment of assets

Goodwill and 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 other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### (i) Cash and cash equivalents

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.

### (j) 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.

### (k) Investments and other financial assets

#### (i) Classification

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

#### (ii) Measurement

At initial recognition, the Group 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 Group'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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- **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 under other income. Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through profit or loss (FVPL):** 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 is recognised in profit or loss and presented net in the statement of profit and loss under other income in the period in which it arises. Interest or dividend income, if any from these financial assets is separately included in other income.

### ***Equity investments (other than investments in associates and joint venture)***

The Group subsequently measures all equity investments at fair value. Where the Group'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 Group's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income in the statement of profit and loss.

Purchase and sale of investments are accounted at trade date.

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

The Group 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 Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### ***De-recognition of financial assets***

A financial asset is de-recognised only when

- The Group 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 Group has transferred an asset, it 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 Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the Group 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 Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### **(iv) 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 Group 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.

### **(l) Financial liabilities**

#### **(i) Classification as debt or equity**

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

#### **(ii) Initial recognition and measurement**

Financial liabilities are recognised when the Group 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.

#### **(iii) 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.

#### **(iv) Derecognition**

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

### **(m) 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.

### **(n) 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 Group or the counterparty.

### **(o) Property, plant and equipment (including CWIP)**

Freehold land is carried at historical cost of acquisition. All other items of 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 Group 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### **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 as follows:

Building	60 years
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
Trading systems	4 years
Clearing & 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 Group will obtain ownership at the end of the lease term.

The useful lives for computer systems office automation, computer systems – others, computer software, telecommunication systems, trading systems and clearing & settlement systems have been determined based on technical evaluation done by the management's expert which are lower 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 on a prospective basis if appropriate, at the end of each reporting period.

In case of subsidiary company NSEIT Limited, fixed assets are depreciated as per the useful life specified under schedule II to Companies Act 2013 except the furniture and fixtures, electrical installation and office equipment including civil improvements at leased premises which are depreciated over the lease 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 and are included in profit or loss.

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.

### **(p) Investment properties**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is accounted as investment property. Investment property is measured initially at its cost, including related transaction costs.

Investment properties are depreciated using the straight-line method over their estimated useful lives. Investment properties generally have a useful life of 60 years.

### **(q) Intangible assets**

#### **(i) Goodwill:**

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments.

### (ii) **Other 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 Group 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.

Computer software is amortised over a period of 4 years.

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

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period 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.

### (s) **Provisions**

Provisions for legal claims and discounts/incentives are recognised when the Group 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.

At the end of each reporting period, provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at a future date. 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.

### (t) **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 Group 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### (u) 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 period 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 since the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

#### (iii) Post-employment obligations

The Group operates the following post-employment schemes:

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

##### *Gratuity obligations*

The Group 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 yields on government securities at the end of the reporting period 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.

##### *Provident fund*

The Company has established 'National Stock Exchange of India Limited Employee Provident Fund Trust' and one of the subsidiary, NSE Infotech Services Limited has established 'NSE Infotech Services Limited Employee Provident Fund Trust' to which both the employee and the employer make monthly contribution equal to 12% of the employee's basic salary, respectively. Such contribution to the provident fund for all employees, are charged to the profit and loss. In case of any liability arising due to shortfall between the return from its investments and the administered interest rate, the same is provided for by the Group.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

One of the subsidiary, NSEIT Limited contributes to the Government administered fund and the same is charged to statement of profit and loss.

### (iv) **Defined contribution plans**

#### *Superannuation*

Superannuation benefits for employees designated as chief managers and above are covered by Group policies with the Life Insurance Corporation of India. Group's contribution payable for the year is charged to profit and loss. There are no other obligations other than the annual contribution payable.

### (v) **Bonus plans**

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

In case of the Parent Company and one of the subsidiary company, 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.

### (v) **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.

### (w) **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.

### (x) **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.

### (y) **Core Settlement Guarantee Fund**

The Group contributes to Settlement Guarantee Fund/ Core Settlement Guarantee Fund in accordance with Securities Exchange Board of India ("SEBI") (Stock Exchanges and Clearing Corporations) Regulation 2012. National Stock Exchange of India Limited (the Parent company) contributes 25% of its annual profits along with its clearing corporation subsidiary, National Securities Clearing Corporation Limited contributes amounts pertaining to Minimum Required Corpus to the Core Settlement Guarantee Fund, which is determined as per SEBI guidelines. The contribution to Settlement Guarantee Fund/ Core Settlement Guarantee Fund by the Parent Company is recorded as an expense in the Consolidated Statement of Profit and Loss and contribution by its clearing corporation subsidiary is recorded as an appropriation from Group's retained earnings and such amounts are separately disclosed as Core Settlement Guarantee Fund in the Consolidated balance sheet.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** FOR THE YEAR ENDED MARCH 31, 2020

During the current financial year ended March 31, 2020, trades executed on the exchange platform are cleared and settled by the clearing corporations under interoperability framework prescribed by SEBI. Post interoperability, the exchange is required to proportionately contribute to Core SGF of the clearing corporations, namely NSE Clearing Limited (NCL) (formerly known as National Securities Clearing Corporation Limited), Indian Clearing Corporation Limited (ICCL) and Metropolitan Clearing Corporation of India Limited (MCCIL) which clears and settles the trades of the exchange.

As per SEBI guidelines, the Group invests balances in Core Settlement Guarantee Fund in prescribed category of securities which are earmarked/restricted and income earned on such investments are attributed directly and credited to the fund balance. Fines and penalties recovered by the Group from members are also directly attributed and credited to the fund balance.

The Group records a loss in its Statement Profit and Loss in case of a default event, as per the default waterfall defined under the SEBI regulations, including by utilization of the Core Settlement Guarantee Fund balance. (Refer note 37).

### **(z) Non- Current assets held for Sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell. Non-current assets classified as held for sale are presented separately from other assets in the balance sheet.

### **(aa) 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.

### **(ab) Reclassification**

Previous year figures have been reclassified / regrouped wherever necessary.

### **(ac) 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 fair value of unlisted securities Note 40

Estimation of useful life of intangible assets Note 3

Estimation of defined benefit obligation Note 30

Estimation of contingent liabilities refer Note 34

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

### **(ad) Recently issued Accounting Pronouncements**

(i) There are no other new updates or standards issued through the date of issuance of these financial statements that have not yet been adopted by the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 2 : PROPERTY, PLANT AND EQUIPMENT

(₹ in Crores)

Particulars	Freehold land	Leasehold land #	Owned building (Refer note 2.1)	Office equipments	Electrical equipment & installations	Furniture & Fixtures	Trading systems	Computer systems office automation	Computer systems others	Tele-communication systems	Clearing and settlement system	Total	Capital work in progress
<b>Gross carrying amount</b>													
Cost as at 01.04.2018	32.21	107.62	184.67	90.82	111.42	59.89	169.71	34.02	252.42	211.89	34.28	1,288.96	31.72
Additions	-	-	-	10.93	3.83	5.66	0.77	2.34	47.18	58.18	0.97	129.84	83.07
Disposals	-	-	-	(0.96)	(0.20)	(0.79)	(0.03)	(1.11)	(34.60)	(69.74)	(16.14)	(123.58)	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	(108.19)
Currency Fluctuation	-	-	-	0.01	0.03	0.04	-	0.01	0.56	0.06	-	0.70	-
<b>Closing gross carrying amount</b>	<b>32.21</b>	<b>107.62</b>	<b>184.67</b>	<b>100.80</b>	<b>115.07</b>	<b>64.80</b>	<b>170.45</b>	<b>35.25</b>	<b>265.56</b>	<b>200.38</b>	<b>19.11</b>	<b>1,295.92</b>	<b>6.60</b>
<b>Accumulated depreciation</b>													
Accumulated depreciation as at 01.04.2018	-	29.02	40.45	68.07	47.30	34.35	149.75	26.74	172.50	155.38	30.05	753.61	-
Depreciation charge for the year	-	1.29	3.45	8.19	8.04	5.34	9.50	4.21	40.01	33.27	2.11	115.41	-
Disposals	-	-	-	(0.94)	(0.04)	(0.40)	(0.03)	(0.80)	(34.60)	(69.70)	(16.14)	(122.65)	-
Currency Fluctuation	-	-	-	(0.00)	0.00	0.00	-	0.00	0.04	0.01	-	0.05	-
<b>Closing Accumulated depreciation</b>	<b>-</b>	<b>30.31</b>	<b>43.90</b>	<b>75.32</b>	<b>59.77</b>	<b>39.29</b>	<b>159.22</b>	<b>30.15</b>	<b>177.95</b>	<b>118.96</b>	<b>16.02</b>	<b>746.42</b>	<b>-</b>
<b>Net carrying amount as at 31.03.2019</b>	<b>32.21</b>	<b>77.31</b>	<b>140.77</b>	<b>25.48</b>	<b>59.77</b>	<b>25.50</b>	<b>11.23</b>	<b>5.10</b>	<b>87.61</b>	<b>81.43</b>	<b>3.09</b>	<b>549.50</b>	<b>6.60</b>
<b>Gross carrying amount</b>													
Cost as at 01.04.2019	32.21	-	184.67	100.80	115.07	64.80	170.45	35.25	265.56	200.38	19.11	1,188.30	6.60
Additions	-	-	-	6.09	1.02	5.22	-	9.17	88.01	46.48	10.59	166.58	176.91
Disposals	-	-	(0.21)	(5.47)	(0.09)	(1.04)	-	(0.02)	(27.68)	(7.12)	-	(41.63)	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	(149.26)
Currency Fluctuation	-	-	-	0.37	0.28	0.24	-	0.02	1.83	0.45	-	3.19	-
<b>Closing gross carrying amount</b>	<b>32.21</b>	<b>-</b>	<b>184.46</b>	<b>101.79</b>	<b>116.28</b>	<b>69.22</b>	<b>170.45</b>	<b>44.42</b>	<b>327.72</b>	<b>240.19</b>	<b>29.70</b>	<b>1,316.44</b>	<b>34.25</b>
<b>Accumulated depreciation</b>													
Accumulated depreciation as at 01.04.2019	-	-	43.90	75.32	55.30	39.29	159.22	30.15	177.95	118.96	16.02	716.11	-
Depreciation charge for the year	-	-	3.07	9.76	8.13	5.28	5.74	4.19	47.28	41.47	-	124.92	-
Disposals	-	-	(0.06)	(5.47)	(0.09)	(1.04)	-	(0.02)	(11.86)	(4.56)	-	(23.10)	-
Currency Fluctuation	-	-	-	0.09	0.04	0.04	-	0.01	0.77	0.17	-	1.12	-
<b>Closing Accumulated depreciation</b>	<b>-</b>	<b>-</b>	<b>46.91</b>	<b>79.70</b>	<b>63.38</b>	<b>43.57</b>	<b>164.96</b>	<b>34.33</b>	<b>214.14</b>	<b>156.04</b>	<b>16.02</b>	<b>819.05</b>	<b>-</b>
<b>Net carrying amount as at 31.03.2020</b>	<b>32.21</b>	<b>-</b>	<b>137.55</b>	<b>22.09</b>	<b>52.90</b>	<b>25.65</b>	<b>5.49</b>	<b>10.09</b>	<b>113.58</b>	<b>84.15</b>	<b>13.68</b>	<b>497.39</b>	<b>34.25</b>

# Refer Note 2(b)(1)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 2 : PROPERTY, PLANT AND EQUIPMENT (contd.)

#### Note 2.1 : Includes investment property for which cost and fair value details are as follows:

Particulars	₹ in Crores)	
	31.03.2020	31.03.2019
Net carrying amount of investment property	6.84	4.30
Fair value of investment property	93.40	65.73
Depreciation	0.17	0.10
Rental income	5.51	4.96
Direct operating expenses	(0.58)	(0.76)

**Note 2.2:** Capital land and other Contractual commitment Refer note 33

#### Estimation of fair value

The fair value of the Company's Investment properties as at March 31, 2020 and as at March 31, 2019, have been arrived at on the basis of valuation carried out at the respective dates by an external, independent valuer registered with the authority which governs the valuer in India. The fair value measurement for all the investments properties has been categorised as Level 2 based on the inputs to the valuation technique used. Considering the type of the assets, market approach (sales comparable method) to estimate the fair value of the subject properties is adopted.

#### Note 2(b): Right-of-Use Asset

Particulars	Original cost				Accumulated Depreciation			Net Carrying Amount
	As at April 1, 2019	Additions	Disposals / Adjustments	As at March 31, 2020	As at April 1, 2019	Additions	Disposals / Adjustments	
	As at March 31, 2020				As at March 31, 2020			
Leasehold land	107.62	-	-	107.62	30.31	1.30	-	76.01
Buildings	68.92	-	-	68.92	-	14.64	-	54.28
<b>Total</b>	<b>176.54</b>	<b>-</b>	<b>-</b>	<b>176.54</b>	<b>30.31</b>	<b>15.94</b>	<b>-</b>	<b>130.29</b>

**Note 2(b)(1) :** Upon introduction of Ind AS 11.6 Leases effective April 1, 2019, all Finance Lease assets identified under the earlier Ind AS 17 Leases, have been reclassified to ROU Assets. (refer note 36 b).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 3 : INTANGIBLE ASSETS

(₹ in Crores)

	Goodwill	Other intangible assets			Intangible under development
		Computer software	Software copyrights	Total	
<b>Gross carrying amount</b>					
Cost as at 01.04.2018	67.35	258.73	2.59	261.32	33.69
Additions (Refer Note no. 45)	55.83	65.83	-	65.83	84.80
Disposals/written off	-	(0.16)	-	(0.16)	(0.72)
Transfers	-	-	-	-	(25.02)
Currency Fluctuation	-	0.18	-	0.18	-
<b>Closing gross carrying amount</b>	<b>123.18</b>	<b>324.57</b>	<b>2.59</b>	<b>327.16</b>	<b>92.75</b>
<b>Accumulated amortisation</b>					
Accumulated amortisation as at 01.04.2018	-	208.43	2.59	211.02	-
Amortisation charge during the year	-	26.61	-	26.61	-
Disposals	-	(0.15)	-	(0.15)	-
Currency Fluctuation	-	0.03	-	0.03	-
<b>Closing Accumulated amortisation</b>	<b>-</b>	<b>234.92</b>	<b>2.59</b>	<b>237.51</b>	<b>-</b>
<b>Net carrying amount as at 31.03.2019</b>	<b>123.18</b>	<b>89.65</b>	<b>-</b>	<b>89.65</b>	<b>92.75</b>
<b>Gross carrying amount</b>					
Cost as at 01.04.2019	123.18	324.57	2.59	327.16	92.75
Additions (Refer Note no. 45)	5.38	63.90	-	63.90	92.25
Disposals/written off	-	(16.32)	-	(16.32)	(42.21)
Transfers	-	-	-	-	(62.68)
Currency Fluctuation	-	0.51	-	0.51	-
<b>Closing gross carrying amount</b>	<b>128.56</b>	<b>372.66</b>	<b>2.59</b>	<b>375.25</b>	<b>80.11</b>
<b>Accumulated amortisation</b>					
Accumulated amortisation as at 01.04.2019	-	234.92	2.59	237.51	-
Amortisation charge during the year	-	39.92	-	39.92	-
Disposals	-	(2.52)	-	(2.52)	-
Currency Fluctuation	-	0.17	-	0.17	-
<b>Closing Accumulated amortisation</b>	<b>-</b>	<b>272.49</b>	<b>2.59</b>	<b>275.08</b>	<b>-</b>
<b>Net carrying amount as at 31.03.2020</b>	<b>128.56</b>	<b>100.17</b>	<b>-</b>	<b>100.17</b>	<b>80.11</b>

**Note 3.2 :** Capital and other Contractual Commitment Refer Note 33

#### Significant estimate: Useful life of Intangible assets under development

As at 31 March 2020, the net carrying amount of this software was ₹100.17 crores (31 March 2019: ₹89.65 crores). The Group 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.

#### Impairment of goodwill

For the purpose of impairment testing, goodwill is allocated to a cash generating unit, representing the lowest level within the Group at which goodwill is monitored for internal management purposes and which is not higher than the Group's operating segment. The goodwill of ₹65.59 crores relates to the index licensing services business of the Group, ₹1.76 crores relates to datafeed services and ₹61.11 crores relates to IT security services. The recoverable amount of the cash generating unit has been determined based on value in use. Value in use has been determined based on future cash flows, after considering current economic conditions and trends, estimated future operating results, growth rates and anticipated future economic conditions.

The Group has carried out annual goodwill impairment assesment as at March 31, 2020 and March 31, 2019. The carrying amount does not exceed the recoverable amount of the cash generating units. Accordingly, there were no impairment recorded for the year ended March 31, 2020 and March 31, 2019.

The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the cash generating units.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 4 : NON-CURRENT INVESTMENTS

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
<b>(A) Investment in equity instruments</b>				
<b>(i) Quoted equity instruments at FVOCI</b>				
<b>In other companies</b>				
Multi Commodity Exchange of India Limited	5,000	0.56	5,000	0.40
<b>Total quoted equity instruments</b>		<b>0.56</b>		<b>0.40</b>
<b>(ii) Unquoted equity instruments at FVOCI</b>				
<b>In other companies</b>				
National Commodity & Derivative Exchange Limited	76,01,377	121.87	76,01,377	134.17
Goods And Service Tax Network	10,00,000	1.00	10,00,000	-
<b>Total in other companies</b>		<b>122.87</b>		<b>134.17</b>
<b>Total equity instruments</b>		<b>123.43</b>		<b>134.57</b>
<b>(B) Investments in preference shares</b>				
<b>Unquoted preference shares</b>				
<b>In associate company at FVPL</b>				
10% Optionally Convertible Redeemable Preference Shares of Power Exchange of India Limited	-	-	50,00,000	-
		<b>-</b>		<b>-</b>
<b>(C) Investment in exchange traded funds (ETF)</b>				
<b>Quoted exchange traded funds at FVPL</b>				
Kotak Mahindra MF - Kotak Banking ETF	88,400	1.71	10,03,714	32.93
CPSE ETF	1,68,03,095	26.99	1,09,32,095	29.78
SBI-ETF Nifty 50	45,71,000	40.87	23,50,000	28.10
ICICI Prudential Nifty iWIN ETF	45,15,000	41.04	23,23,000	28.12
Nippon India ETF Nifty Bees	96,06,580	88.32	4,86,758	59.41
Nippon India ETF Bank Bees	15,62,500	30.40	1,81,285	56.53
Bharat Bond ETF - April 2023	1,00,000	10.24	-	-
<b>Total exchange traded funds</b>		<b>239.57</b>		<b>234.87</b>
<b>(D) Investment in bonds</b>				
<b>Quoted bonds at amortised cost</b>				
<b>(i) Tax free bonds</b>				
7.18 % Indian Railway Finance Corpn Ltd - Tranche 1 - Series 1	3,00,000	31.37	2,50,000	31.49
7.19% India Infrastructure Finance Company Limited	1,95,000	20.25	1,95,000	20.19
7.19% Indian Railway Finance Corporation Limited	250	27.02	500	53.79
7.35% National Highways Authority of India	2,00,000	22.66	3,50,000	40.70
8.00 % Indian Railway Finance Corporation Limited - Tranche 1 - Series 1	65,252	6.86	65,252	6.91
7.19% Indian Railway Finance Corporation Limited - Colocation (Refer note 4.1)	250	26.73	-	-
6.89% National Housing Bank	150	15.22	350	35.87
6.89% National Housing Bank - Colocation (Refer note 4.1)	200	20.45	-	-
8.67% Power Finance Corporation Limited - Colocation (Refer note 4.1)	2,00,000	24.58	-	-
7.35% National Highways Authority of India - Colocation (Refer note 4.1)	1,50,000	17.85	-	-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 4 : NON-CURRENT INVESTMENTS (contd...)

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
6.86% India Infrastructure Finance Company Limited - Colocation (Refer note 4.1)	2,50,000	24.79	-	-
7.35% Indian Railway Finance Corporation Limited - Colocation (Refer note 4.1)	1,50,000	17.29	-	-
8.66% India Infrastructure Finance Company Limited - Colocation (Refer note 4.1)	1,00,000	11.70	-	-
7.21% Rural Electrification Corporation Limited	100	10.37	100	10.41
7.93 % Rural Electrification Corporation Limited - Tranche 1 - Series 1	61,238	6.67	61,238	6.76
8.09% - Power Finance Corporation Limited - Series 80 A	500	5.28	500	5.36
8.20% National Highways Authority of India - Tranche 1 - Series 1	37,086	3.86	37,086	3.86
8.20% Power Finance Corporation Limited - Tranche 1 - Series 1	35,436	3.77	35,436	3.83
6.86% India Infrastructure Finance Company Limited	-	-	2,50,000	24.71
7% Housing & Urban Development Corporation Limited	100	10.34	100	10.34
7.07% Housing & Urban Development Corporation Limited	100	10.35	100	10.35
7.15% NTPC Limited	200	21.07	200	21.11
7.19% Housing & Urban Development Corporation Limited	1,00,000	10.07	1,00,000	10.08
7.27% Power Finance Corporation Limited	1,00,000	11.05	1,00,000	11.10
7.28% National Highways Authority of India	-	-	1,100	119.82
7.34% Indian Railway Finance Corporation Limited	1,00,000	10.47	1,00,000	10.48
7.35% Indian Railway Finance Corporation Ltd	-	-	1,50,000	17.40
7.35% National Bank For Agricultural & Rural Development	-	-	5,00,000	51.89
7.36% India Infrastructure Finance Company Limited	1,00,000	10.29	1,00,000	10.30
7.39% Housing & Urban Development Corporation Limited	2,00,000	21.78	2,00,000	21.87
7.40% India Infrastructure Finance Company Limited	50,000	5.44	50,000	5.46
7.51% Housing & Urban Development Corporation Limited	2,50,000	25.83	2,50,000	25.88
7.64% National Bank For Agricultural & Rural Development	-	-	4,00,000	42.12
8.20% Housing & Urban Development Corporation Limited	2,00,000	22.12	2,00,000	22.35
8.35% Indian Railway Finance Corporation Limited	150	16.21	150	16.21
8.40% Indian Railway Finance Corporation Limited	1,00,000	11.63	1,00,000	11.69
8.41% NTPC Limited	1,29,162	14.11	1,29,162	14.33
8.46% India Infrastructure Finance Company Limited	200	22.58	200	22.72
8.46% National Housing Bank - Series V	300	33.59	300	33.78
8.46% Power Finance Corporation Limited	50	6.00	50	6.07
8.46% Rural Electrification Corporation Limited	350	42.00	350	42.48
8.48% India Infrastructure Finance Company Limited	150	16.85	150	16.95
8.54% Power Finance Corporation Limited	50,000	5.82	50,000	5.88
8.63% National Housing Bank	80,000	47.03	80,000	47.57
8.63% NTPC Limited - Colocation (Refer note 4.1)	150	17.36	200	23.42
8.63% NTPC Limited	50	5.80	-	-
8.66% India Infrastructure Finance Company Limited	-	-	1,00,000	11.77
8.66% NTPC Limited	50,000	6.11	50,000	6.16
8.67% National Hydroelectric Power Corporation Limited	3,00,000	38.44	3,00,000	38.71
8.67% Power Finance Corporation Limited	50,000	6.15	2,50,000	30.96
8.68% National Housing Bank	10,000	5.83	10,000	5.89
<b>Total tax free bonds</b>		<b>751.04</b>		<b>969.05</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 4 : NON-CURRENT INVESTMENTS (contd...)

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
<b>(ii) Taxable bonds</b>				
8.39% Power Finance Corporation Limited	250	24.94	250	24.92
8.82% Rural Electrification Corporation Limited - Sr 114	150	16.33	150	16.35
8.70% Power Grid Corporation of India Limited	50	5.42	50	5.45
8.40% Power Grid Corporation of India Limited	50	5.33	50	5.32
8.15% National Bank for Agriculture & Rural Development - Colocation (Refer note 4.1)	450	47.36	-	-
8.24% National Bank for Agriculture & Rural Development - Colocation (Refer note 4.1)	400	42.38	-	-
8.80% Power Grid Corporation of India Limited	-	-	500	50.44
<b>Total Taxable bonds</b>		<b>141.76</b>		<b>102.47</b>
<b>Total bonds</b>		<b>892.80</b>		<b>1,071.52</b>
<b>(E) Investment in debentures</b>				
<b>Quoted at amortised cost</b>				
8.545% HDB Financial Services Limited - Colocation (Refer note 4.1)	250	26.96	-	-
8.545% HDB Financial Services Limited	250	26.92	-	-
8.00% HDB Financial Services Limited	500	52.76	-	-
0% Sundaram Finance Limited - Colocation (Refer note 4.1)	500	42.67	-	-
7.50% Sundaram Finance Limited - Colocation (Refer note 4.1)	250	25.75	-	-
7.49% HDB Financial Services Limited - Colocation (Refer note 4.1)	500	51.51	-	-
7.7435% Bajaj Finance Limited	-	-	250	26.88
7.70% Hdb Financial Services Limited	-	-	250	26.60
7.52% Hdb Financial Services Limited	-	-	250	26.36
7.35% Tata Sons Limited	-	-	250	26.12
8.97% Tata Sons Limited	-	-	50	5.41
9.1106% LIC Housing Finance Limited - Colocation (Refer note 4.1)	-	-	250	26.01
0% Kotak Mahindra Investments Limited - Colocation (Refer note 4.1)	-	-	250	22.82
<b>Total debentures</b>		<b>226.57</b>		<b>160.19</b>
<b>(F) Investment in government securities</b>				
<b>Quoted investment in government securities at FVOCI</b>				
7.61% Government of India	-	163.77	-	154.65
8.97% Government of India	-	149.10	-	141.43
8.60% Government of India	-	81.02	-	76.94
8.15% Government of India	-	-	-	69.78
6.97% Government of India	-	62.23	-	58.97
6.79% Government of India	-	25.76	-	24.05
8.67% Maharashtra SDL	-	5.55	-	5.34
<b>Total government securities</b>		<b>487.43</b>		<b>531.16</b>
<b>(G) Mutual Funds</b>				
<b>(i) Quoted Mutual funds at FVPL</b>				
<b>Fixed Maturity Plans</b>				
ICICI Prudential Fixed Maturity Plan - Series 80 - 1187 Days Plan G - Direct-Growth	-	-	2,50,00,000	28.90



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 4 : NON-CURRENT INVESTMENTS (contd...)

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
Kotak FMP Series 202 - 1144 Days - Direct - Growth	-	-	2,10,00,000	24.17
Kotak Fmp Series 199 - 1147 Days	-	-	2,00,00,000	23.15
Birla Sun Life Fixed Term Plan - Series OI (1120 Days)	-	-	2,00,00,000	23.14
ICICI Prudential Fixed Maturity Plan - Series 80 - 1253 Days Plan J	-	-	1,50,00,000	17.40
DHFL Pramerica Fixed Duration Fund Series AE	-	-	1,50,000	17.37
Kotak FMP Series 200 - 1158 Days	-	-	1,50,00,000	17.33
DSP Blackrock FMP Series 204 - 37M - Direct - Growth	-	-	1,50,00,000	17.30
IDFC Fixed Maturity Plan - Series 131 - 1139 Days - Direct - Growth	-	-	1,50,00,000	17.26
Birla Sun Life Fixed Term Plan - Series Oh - 1120 Days	-	-	1,00,00,000	11.60
IDFC Fixed Maturity Plan - Series 129 - 1147 Days	-	-	1,00,00,000	11.56
ICICI Prudential Fixed Maturity Plan - Series 80 - 1233 Days Plan O - 29-Jul-2020	-	-	1,00,00,000	11.59
Birla Sun Life Fixed Term Plan - Series Oe - 1153 Days	-	-	1,00,00,000	11.57
UTI-FTIF-XXVI-VI (1146 Days)	-	-	1,00,00,000	11.55
ICICI Prudential Fixed Maturity Plan - Series 80 - 1227 Days Plan Q	-	-	1,00,00,000	11.58
ICICI Prudential Fixed Maturity Plan - Series 80 - 1231 Days Plan P	-	-	1,00,00,000	11.59
Birla Sun Life Fixed Term Plan - Series Og - 1146 Days	-	-	1,00,00,000	11.55
DSP Blackrock FMP Series 205 - 37M - Direct - Growth	-	-	1,00,00,000	11.54
Birla Sun Life Fixed Term Plan - Series OK (1135 Days) - Direct - Growth	-	-	1,00,00,000	11.53
Invesco India Fixed Maturity Plan - Series 29 - Plan B (1150 Days) - Direct - Growth	-	-	1,00,00,000	11.53
ICICI Prudential Fixed Maturity Plan - Series 80 - 1225 Days Plan T - Direct - Growth	-	-	1,00,00,000	11.54
UTI Fixed Term Income Fund Series XXVI-VIII (1154 Days) - Direct - Growth	-	-	1,00,00,000	11.49
HDFC FMP 1430D - Series 38 - Direct - Growth	-	-	1,00,00,000	11.11
Nippon India Fixed Horizon Fund - XXXIV - Series 9 - Direct - Growth	-	-	97,50,000	10.92
Nippon India Fixed Horizon Fund - XXXVIII - Series 12 - Direct - Growth	-	-	20,00,000	2.14
Nippon India Fixed Horizon Fund - XXXVII - Series 04 - Direct - Growth	-	-	25,00,000	2.73
Nippon India Fixed Horizon Fund XXXIII Series 3 - 1215 Days - Direct - Growth	-	-	2,50,00,000	28.97
Nippon India Fixed Horizon Fund - XXXIII - Series 4 - 1208 Days	-	-	2,50,00,000	28.97
Nippon India Fixed Horizon Fund - XXXIII - Series 6 - 1201 Days - Direct - Growth	-	-	2,50,00,000	28.86
Nippon India Fixed Horizon Fund XXXII Series 9 - 1285 Days	-	-	2,00,00,000	23.19
Nippon India Fixed Horizon Fund - XXXIII - Series 7 - 1197 Days - Direct - Growth	-	-	2,00,00,000	23.06
Nippon India Fixed Horizon Fund XXXIII Series 1 - 1222 Days	-	-	2,00,00,000	23.22
Nippon India Fixed Horizon Fund Xxxiv Series 7 - 1105 Days - Direct - Growth	-	-	1,00,00,000	11.27
<b>Balanced Fund</b>				
Aditya Birla Sunlife Balanced 95 Fund - Direct - Growth	3,40,696	20.98	2,03,120	16.47
L&T Hybrid Equity - Direct - Growth	1,01,70,609	23.41	58,49,538	16.27
ICICI Prudential Equity & Debt Fund - Direct - Growth	20,95,785	23.93	12,50,437	18.02
TATA Hybrid Equity - Direct - Growth	12,87,709	23.58	7,47,600	16.67

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 4 : NON-CURRENT INVESTMENTS (contd...)

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
SBI Equity Hybrid Fund - Direct - Growth	20,18,493	25.52	12,05,968	17.15
HDFC Balance Advantage Fund - Direct - Growth	14,89,455	23.41	14,05,840	18.47
HDFC Hybrid Equity Fund - Direct - Growth	51,50,624	22.91	30,10,463	17.07
<b>Total quoted mutual funds</b>		<b>163.74</b>		<b>650.78</b>
<b>(ii) Unquoted Mutual funds at FVPL</b>				
Axis Liquid Fund -Direct - Growth	-	-	2,16,606	44.91
HDFC Money Market Fund - Direct - Growth	96,908	40.89	1,17,911	46.21
ICICI Prudential Money Market Fund - Direct- Growth	13,57,059	37.90	16,18,753	42.11
IDFC Low Duration Fund - Direct - Growth	39,28,288	11.35	39,28,288	10.51
Invesco India Liquid Fund - Direct - Growth	1,16,329	31.74	1,48,883	38.30
Invesco India Money Market Fund - Direct - Growth	1,45,410	33.66	-	-
Kotak Liquid Fund - Direct - Growth	-	-	8,701	3.29
Mirae Asset Cash Management Fund - Direct Plan - Growth	1,06,474	22.30	1,06,474	20.99
SBI Magnum Ultra Short Duration Fund - Direct - Growth	79,514	35.62	1,09,859	45.81
SBI Savings Fund - Direct - Growth	97,51,110	31.56	-	-
UTI Money Market - Direct Plan - Growth	1,45,798	33.06	1,55,818	32.92
UTI Treasury Advantage Fund - Direct - Growth	-	-	29,229	7.61
IDFC Money Manager - Direct - Growth	1,05,35,120	33.67	-	-
Nippon India Money Market Fund - Direct - Growth	1,25,241	38.23	1,66,307	47.22
Aditya Birla Sun Life Money Manager Fund - Direct - Growth	2,89,077	7.83	-	-
Kotak Money Market Scheme - Direct Plan - Growth	49,839	16.51	-	-
DSP Ultra Short Term Fund - Direct - Growth	38,659	10.53	-	-
<b>Total unquoted mutual funds</b>		<b>384.85</b>		<b>339.88</b>
<b>Total mutual funds</b>		<b>548.59</b>		<b>990.66</b>
<b>Total non-current investments</b>		<b>2,518.39</b>		<b>3,122.99</b>
Aggregate amount of quoted investments		2,010.67		2,648.95
Aggregate amount of unquoted investments		507.72		474.05
Aggregate market value of quoted investments		2,051.91		2,685.79

**4.1** This represents investment made from amounts transferred in a separate bank account towards transaction charges and colocation services based on SEBI directives after taking Board's approval. These investments costing ₹390.09 crores (fair value : ₹397.38 crores) as of March 31, 2020 [March 31, 2019 : costing ₹48.28 (fair value : ₹48.83)] have been earmarked / restricted pursuant to the SEBI directive in the colocation matter [Refer also Note 34(b)].



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 5 : OTHER FINANCIAL ASSETS (NON-CURRENT)

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
<b>Non-current bank balances</b>		
Fixed deposits with maturity for more than 12 months	106.71	88.90
Earmarked fixed deposits with maturity for more than 12 months (Refer note 5.1)	27.19	87.36
Earmarked fixed deposits with maturity for more than 12 months towards Core Settlement Guarantee fund	620.21	1,030.05
Earmarked fixed deposits with maturity for more than 12 months towards Core Settlement Guarantee fund -Commodity	16.71	-
<b>Total (a)</b>	<b>770.82</b>	<b>1,206.31</b>
<b>Others</b>		
Security deposit for utilities and premises	4.48	3.83
Interest accrued on bank deposits & tax free bonds	10.14	7.68
Interest accrued on bank deposits towards Core Settlement Guarantee fund	13.57	63.59
Deposit with financial institution at amortised cost (Refer note 5.2)	33.39	100.56
<b>Total (b)</b>	<b>61.58</b>	<b>175.66</b>

**5.1** Earmarked deposits includes deposits towards listing entities, defaulter members , investor services fund, central KYC project and other restricted deposits.

**5.2** This represents amounts transferred in a separate bank account towards transaction charges and colocation services based on SEBI directives which have been subsequently invested in deposits with financial institutions (Refer Note 34 (b)).

### Note 6 : OTHER FINANCIAL ASSETS (CURRENT)

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Security deposit for utilities and premises	0.10	6.02
Interest accrued on bank deposits	81.73	76.19
Interest accrued on bank deposits towards Core Settlement Guarantee Fund	158.75	80.28
Contract Asset	12.96	18.85
Receivable on sale of Investment (Refer note 6.2)	224.29	-
Deposit with financial institution at amortised cost (Refer note 6.1)	277.62	25.33
Receivables from related party (Refer Note 32)	1.64	2.75
Other receivables	15.18	30.24
<b>Total</b>	<b>772.27</b>	<b>239.66</b>

**6.1** This represents amounts transferred in a separate bank account towards transaction charges and colocation services based on SEBI directives which have been subsequently invested in deposits with financial institutions (Refer Note 34 (b))

**6.2** This include an amount of ₹179.19 crores pertaining to Colocation (Refer Note 34 (b))

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 7 : OTHER NON-CURRENT ASSETS

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Capital advances	8.39	0.67
Prepaid expenses	16.62	5.36
Securities Transaction Tax paid (Refer note 7.1)	10.60	10.59
Other receivables	0.62	0.78
Deposit with SEBI - Colocation (Refer Note 34(b))	687.47	-
	<b>723.70</b>	<b>17.40</b>

**7.1** Securities Transaction Tax ("STT") paid represents amounts recovered by tax authorities towards STT, interest and penalty thereon recoverable from few members and ad-hoc STT, interest and penalty thereon which is disputed by the Company. The Company has recovered an amount of ₹5.41 crores against the STT paid to tax authorities from the respective members and which is held as deposit and disclosed under other non current liabilities. (Refer note no. 22). The contingent liability of ₹6.74 Crores net of recoveries from members amounting to ₹5.41 Crores has been disclosed under contingent liability [Refer note: 34 (e)].

### Note 8 : OTHER CURRENT ASSETS

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Other Advance recoverable	19.36	25.99
Balances with statutory authorities	88.41	67.23
Prepaid expenses	70.71	39.85
Other receivables	6.63	6.53
	<b>185.11</b>	<b>139.60</b>

### Note 9 : CURRENT INVESTMENTS

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
<b>(A) Investment in Debentures</b>				
<b>(i) Quoted debentures at amortised cost</b>				
0% Kotak Mahindra Investments Limited - Colocation (Refer note 9.1)	500.00	53.21	700.00	64.74
7.70% HDB Financial Services Limited	250.00	26.55	-	-
9.1106% LIC Housing Finance Limited - Colocation (Refer note 9.1)	250.00	26.81	-	-
8.97% Tata Sons Limited	50.00	5.30	-	-
7.35% Tata Sons Limited	250.00	26.03	-	-
7.52% HDB Financial Services Limited	250.00	26.33	-	-
7.55% Kotak Mahindra Prime Limited - Colocation (Refer note 9.1)	-	-	500.00	52.48
7.59% Kotak Mahindra Investments Limited	-	-	250.00	25.79
7.65% Bajaj Finance Limited	-	-	300.00	30.31
7.65% Kotak Mahindra Prime Limited	-	-	250.00	26.84
7.79% Kotak Mahindra Prime Limited - Colocation (Refer note 9.1)	-	-	250.00	26.68
7.80% HDFC Limited	-	-	25.00	25.75
7.85% Housing Development Finance Corporation Limited	-	-	25.00	26.44



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 9 : CURRENT INVESTMENTS (contd.)

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
7.8834% Bajaj Finance Limited - Colocation (Refer note 9.1)	-	-	50.00	5.17
7.90% Bajaj Finance Limited	-	-	100.00	10.41
7.90% Tata Sons Limited	-	-	250.00	26.56
7.95% Hdfc Limited	-	-	50.00	52.43
8.10% Tata Capital Financial Services Limited - Colocation (Refer note 9.1)	-	-	300.00	30.79
8.16% Tata Capital Financial Services Limited - Colocation (Refer note 9.1)	-	-	200.00	20.90
8.25% Bajaj Finance Limited - Colocation (Refer note 9.1)	-	-	250.00	26.19
8.25% Bajaj Finance Limited	-	-	100.00	10.52
8.45% Housing Development Finance Corporation Limited	-	-	25.00	26.77
0% Hdb Financial Services Limited	-	-	250.00	30.58
8.48% Hdb Financial Services Limited	-	-	250.00	26.87
8.72% Lic Housing Finance	-	-	50.00	5.17
8.79% Bajaj Finance Limited	-	-	250.00	25.33
8.97% Lic Housing Finance	-	-	50.00	5.22
8.97% Lic Housing Finance Limited - Colocation (Refer note 9.1)	-	-	50.00	5.20
9.1756% HDB Financial Services limited - Colocation (Refer note 9.1)	-	-	250.00	25.76
9.25% Tata Sons Limited	-	-	250.00	25.16
9.44% Lic Housing Finance	-	-	400.00	42.13
9.4554% Sundaram Finance Limited	-	-	150.00	22.66
9.47% Bajaj Finance Limited	-	-	50.00	5.26
8.90% Infrastructure Leasing & Financial Services Limited	2,50,000.00	26.18	2,50,000.00	26.18
8.70% Infrastructure Leasing & Financial Services Limited	2,50,000.00	27.17	2,50,000.00	27.17
8.58% Infrastructure Leasing & Financial Services Limited	2,50,000.00	26.78	2,50,000.00	26.78
Less: Impairment losses on financial assets (Refer note 40D)		(80.13)		(80.13)
<b>Total Quoted investments in Debentures</b>		<b>164.23</b>		<b>708.11</b>
<b>(B) Investment in Mutual Funds</b>				
<b>(i) Quoted Mutual Funds at FVPL</b>				
<b>Fixed Maturity Plans</b>				
ICICI Prudential Fixed Maturity Plan - Series 80 - 1187 Days Plan G - Direct-Growth	1,00,00,000.00	12.40	-	-
Kotak FMP Series 202 - 1144 Days - Direct - Growth	10,00,000.00	1.24	-	-
Nippon India Fixed Horizon Fund - XXXIV - Series 9 - Direct - Growth	97,50,000.00	11.80	-	-
Nippon India Fixed Horizon Fund - XXXVIII - Series 12 - Direct - Growth	20,00,000.00	2.34	-	-
Nippon India Fixed Horizon Fund - Xxxvii - Series 04 - Direct - Growth	25,00,000.00	3.01	-	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 9 : CURRENT INVESTMENTS (contd.)

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
Kotak Fixed Maturity Plan Series 199 - 1147 Days - Colocation (Refer note 9.1)	2,00,00,000.00	24.84	-	-
Birla Sun Life Fixed Term Plan - Series OI (1120 Days) - Colocation (Refer note 9.1)	2,00,00,000.00	24.88	-	-
Kotak Fixed Maturity Plan Series 202 - 1144 Days - Direct - Growth - Colocation (Refer note 9.1)	2,00,00,000.00	24.75	-	-
PGIM India Fixed Duration Fund Series AE - Colocation (Refer note 9.1)	1,50,000.00	18.68	-	-
Kotak Fixed Maturity Plan Series 200 - 1158 Days - Colocation (Refer note 9.1)	1,50,00,000.00	18.63	-	-
DSP Blackrock Fixed Maturity Plan Series 204 - 37M - Direct - Growth - Colocation (Refer note 9.1)	1,50,00,000.00	18.59	-	-
ICICI Prudential Fixed Maturity Plan - Series 80 - 1187 Days Plan G - Direct-Growth - Colocation (Refer note 9.1)	1,50,00,000.00	18.60	-	-
IDFC Fixed Maturity Plan - Series 131 - 1139 Days - Direct - Growth - Colocation (Refer note 9.1)	1,50,00,000.00	18.57	-	-
Birla Sun Life Fixed Term Plan - Series Oh - 1120 Days - Colocation (Refer note 9.1)	1,00,00,000.00	12.45	-	-
IDFC Fixed Maturity Plan - Series 129 - 1147 Days - Colocation (Refer note 9.1)	1,00,00,000.00	12.39	-	-
Birla Sun Life Fixed Term Plan - Series Oe - 1153 Days - Colocation (Refer note 9.1)	1,00,00,000.00	12.43	-	-
UTI-FTIF-XXVI-VI (1146 Days) - Colocation (Refer note 9.1)	1,00,00,000.00	12.42	-	-
Birla Sun Life Fixed Term Plan - Series Og - 1146 Days - Colocation (Refer note 9.1)	1,00,00,000.00	12.40	-	-
DSP Blackrock Fixed Maturity Plan Series 205 - 37M - Direct - Growth - Colocation (Refer note 9.1)	1,00,00,000.00	12.40	-	-
Birla Sun Life Fixed Term Plan - Series OK (1135 Days) - Direct - Growth - Colocation (Refer note 9.1)	1,00,00,000.00	12.42	-	-
Invesco India Fixed Maturity Plan - Series 29 - Plan B (1150 Days) - Direct - Growth - Colocation (Refer note 9.1)	1,00,00,000.00	12.42	-	-
UTI Fixed Term Income Fund Series XXVI-VIII (1154 Days) - Direct - Growth - Colocation (Refer note 9.1)	1,00,00,000.00	12.38	-	-
Nippon India Fixed Horizon Fund XXXIII Series 3 - 1215 Days - Direct - Colocation (Refer note 9.1)	2,50,00,000.00	31.29	-	-
Nippon India Fixed Horizon Fund - XXXIII - Series 4 - 1208 Days - Colocation (Refer note 9.1)	2,50,00,000.00	31.29	-	-
Nippon India Fixed Horizon Fund - XXXIII - Series 6 - 1201 Days - Direct - Growth - Colocation (Refer note 9.1)	2,50,00,000.00	31.13	-	-
Nippon India Fixed Horizon Fund XXXII Series 9 - 1285 Days - Colocation (Refer note 9.1)	2,00,00,000.00	25.04	-	-
Nippon India Fixed Horizon Fund - XXXIII - Series 7 - 1197 Days - Direct - Growth - Colocation (Refer note 9.1)	2,00,00,000.00	24.87	-	-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 9 : CURRENT INVESTMENTS (contd.)

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
Nippon India Fixed Horizon Fund XXXIII Series 1 - 1222 Days - Colocation (Refer note 9.1)	2,00,00,000.00	25.07	-	-
ICICI Prudential Fixed Maturity Plan - Series 80 - 1253 Days Plan J - Colocation (Refer note 9.1)	1,50,00,000.00	18.71	-	-
ICICI Prudential Fixed Maturity Plan - Series 80 - 1233 Days Plan O - Colocation (Refer note 9.1)	1,00,00,000.00	12.49	-	-
ICICI Prudential Fixed Maturity Plan - Series 80 - 1227 Days Plan Q - Colocation (Refer note 9.1)	1,00,00,000.00	12.50	-	-
ICICI Prudential Fixed Maturity Plan - Series 80 - 1231 Days Plan P - Colocation (Refer note 9.1)	1,00,00,000.00	12.51	-	-
ICICI Prudential Fixed Maturity Plan - Series 80 - 1225 Days Plan T - Direct - Growth - Colocation (Refer note 9.1)	1,00,00,000.00	12.46	-	-
Nippon India Fixed Horizon Fund Xxxiv Series 7 - 1105 Days - Direct - Growth - Colocation (Refer note 9.1)	1,00,00,000.00	12.16	-	-
HDFC Fixed Maturity Plan 1430D - Series 38 - Direct - Growth - Colocation (Refer note 9.1)	1,00,00,000.00	12.12	-	-
<b>Total Quoted Mutual funds</b>		<b>571.68</b>		<b>-</b>
<b>(ii) Unquoted Mutual Funds at FVPL</b>				
Aditya Birla Sun Life Floating Rate Fund - LTP - Direct - Growth	6,37,374.89	16.08	6,37,374.89	14.85
Aditya Birla Sun Life Low Duration Fund - Direct - Growth	-	-	1,79,008.46	8.47
Aditya Birla Sun Life Money Manager Fund - Direct - Growth	3,76,237.19	10.19	14,14,554.65	35.60
Aditya Birla Sun Life Savings Fund - Direct - Growth	13,50,20,699.88	30.39	3,27,773.21	12.19
Axis Liquid Fund -Direct - Growth	2,72,297.37	60.02	2,55,706.84	53.02
Axis Treasury Advantage Fund - Growth - Direct Plan	1,38,123.69	32.12	1,02,152.94	21.92
Birla Sun Life Cash Manager - Direct - Growth	-	-	41,381.54	1.96
Birla Sun Life Floating Rate Fund - LTP - Direct - Growth Lien Marked	-	-	1,91,194.50	4.46
DSP Blackrock Low Duration Fund - Direct - Growth	44,87,276.84	6.69	-	-
DSP Blackrock Money Manager Fund - Direct - Growth	18,207.30	4.96	18,207.30	4.62
Edelweiss Liquid Fund - Direct - Growth	1,60,151.78	40.96	1,60,151.78	38.49
HDFC Liquid Fund - Direct - Growth	1,55,014.44	35.56	13,310.32	4.90
HDFC Liquid Fund - Direct - Growth ( Refer Note 9.2)	65,419.60	25.00	-	-
HDFC Ultra Short Term Fund - Direct -Growth	11,86,836.76	1.34	4,89,344.02	0.51
ICICI Prudential Corporate Bond Fund - Direct - Growth	1,43,722.90	0.31	28,46,774.02	5.60
ICICI Prudential Money Market Fund - Direct- Growth	6,50,979.50	18.18	8,08,147.90	21.02
ICICI Prudential Savings Fund - Direct Plan - Growth	-	-	6,60,698.85	23.84
IDFC Bond Fund - Short Term Plan - Growth - Direct	-	-	30,34,799.29	12.00
IDFC Low Duration Fund - Direct - Growth	32,89,138.89	9.50	50,18,809.09	13.42
IDFC Money Manager - Direct - Growth	-	-	2,47,990.53	0.74
IDFC Ultra Short Term Fund - Direct - Growth	2,03,47,064.64	6.44	-	-
Invesco India Money Market Fund - Direct - Growth	1,64,578.65	38.09	68,506.10	14.87

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 9 : CURRENT INVESTMENTS (contd.)

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
JM Liquid Fund - Direct - Growth	-	-	40,39,132.73	20.68
Kotak Liquid Fund - Direct - Growth	1,707.06	0.69	15,514.00	5.87
Kotak Liquid Scheme - Plan A - Direct - Growth	-	-	5,855.95	2.22
Kotak Money Market Scheme - Direct Plan - Growth	4,80,163.89	159.08	1,049.99	0.32
Kotak Savings Fund - Direct Plan - Growth	-	-	36,05,814.19	11.02
L&T Liquid Fund - Direct - Growth	-	-	2,51,985.58	64.57
L&T Ultra Short Term Fund - Direct - Growth	1,10,95,720.51	37.09	2,50,09,946.25	77.88
LIC MF Liquid Fund - Direct - Growth	91,183.30	32.86	82,609.37	28.00
LIC MF Savings Fund - Direct - Growth	-	-	44,74,343.75	13.36
SBI Magnum Ultra Short Duration Fund - Direct - Growth	27,200.07	12.18	49,885.76	20.80
SBI Premier Liquid Fund - Direct - Growth	98,386.86	30.59	49,011.02	14.35
Tata Treasury Advantage Fund - Direct - Growth	-	-	3,098.74	0.89
UTI Money Market - Direct Plan - Growth	95,211.52	21.59	34,468.40	7.28
UTI Treasury Advantage Fund - Direct - Growth	-	-	31,234.02	8.13
UTI Ultra Short Term Fund - Direct - Growth	-	-	37,844.49	11.88
ICICI Prudential Liquid Fund - Direct Plan - Growth	-	-	3,07,828.81	8.51
DSP Liquidity Fund - Direct - Growth	-	-	37,441.78	10.01
Invesco India Liquid Fund - Direct Plan Growth	9,357.08	2.55	29,178.57	7.51
DSP Ultra Short Term Fund - Direct - Growth	9,680.39	2.63	-	-
HDFC Money Market Fund - Direct - Growth	76,288.69	32.19	-	-
IDFC Banking & PSU Debt Fund- Direct- Growth	1,67,45,695.31	30.08	-	-
Aditya Birla Sunlife Money Manager Fund - Direct - Growth	97,873.91	2.65	-	-
ICICI Prudential Liquid - Direct Plan - Growth	11,81,198.53	34.70	81,020.30	2.24
Aditya Birla Sun Life Liquid Fund - Direct - Growth	2,85,866.54	9.14	-	-
Aditya Birla Sun Life Money Manager Fund - Direct - Growth - Colocation (Refer Note 9.1)	-	-	79,90,793.67	201.13
Axis Liquid Fund - Direct - Growth - Colocation (Refer Note 9.1)	-	-	1,08,663.42	22.53
HDFC Money Market Fund - Direct - Growth - Colocation (Refer Note 9.1)	-	-	6,15,886.09	241.39
HSBC Cash Fund Direct Growth	81,759.76	16.17	-	-
ICICI Prudential Money Market Fund - Direct - Growth - Colocation (Refer Note 9.1)	32,08,038.21	89.59	1,11,08,361.16	289.00
IDFC Ultra Short Term Fund - Dir - Growth - Colocation (Refer Note 9.1) - Lien Mark	-	-	2,56,33,104.25	68.56
Invesco India Money Market Fund - Direct - Growth - Colocation (Refer Note 9.1)	-	-	4,54,781.73	98.70
Kotak Savings Fund - Direct - Growth	-	-	98,54,028.98	30.11
Mirae Asset Cash Management Fund - Direct Plan - Growth	1,85,766.06	38.91	1,62,256.06	31.98
SBI Banking & Psu Fund - Direct - Growth - Lien Marked	-	-	9,426.43	2.02
SBI Magnum Low Duration Fund - Direct - Growth Lien Marked	-	-	1,711.16	0.42
SBI Magnum Ultra Short Duration Fund - Direct - Growth - Colocation (Refer Note 9.1)	62,905.43	28.18	5,90,839.03	246.24



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 9 : CURRENT INVESTMENTS (contd.)

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
Sundaram Banking & PSU Debt Fund - Direct - Growth	81,26,090.93	26.04	-	-
UTI Money Market - Direct Plan - Growth - Colocation (Refer Note 9.1)	-	-	7,30,395.06	154.30
UTI Treasury Advantage Fund - Direct - Growth - Lien Marked	-	-	12,277.27	3.19
UTI Liquid Fund - Cash Plan -Direct- Growth	76,269.77	24.80	2,28,426.04	69.92
Axis Liquid Fund - Direct - Growth - Lien Mark	-	-	3,584.20	0.74
Invesco India Liquid Fund - Direct - Growth	-	-	73,784.32	18.98
JM Liquid Fund - Direct - Growth - Lien Mark	-	-	74,538.54	0.38
Templeton India Tma - Direct - Growth	76,650.67	22.87	76,650.67	21.45
Axis Liquid Fund - Direct Growth (CFDGG) - ISIN : INF846K01CX4	21,760.85	4.80	2,504.27	0.52
Axis Treasury Advantage Fund-Growth-Direct Plan	-	-	93,283.29	20.02
Invesco India Treasury Advantage Fund - Direct - Growth	-	-	28,878.58	7.63
Sundaram Low Duration Fund - Direct - Growth	-	-	52,34,190.01	13.77
Kotak Treasury Advantage Fund - Direct - Growth	-	-	7,33,065.28	2.24
ICICI Prudential Money Market Fund - Direct - Growth	-	-	60,957.22	1.59
SBI Liquid Fund - Direct - Growth	-	-	34,189.27	10.01
UTI Liquid Cash Plan - Direct - Growth	-	-	32,711.38	10.01
Axis Banking & PSU Debt Fund - Direct - Growth	1,17,239.82	22.76	-	-
HDFC Floating Rate Debt Fund - Direct - Growth	9,35,211.27	3.31	-	-
ICICI Prudential Banking & PSU Debt Fund- Direct- Growth	2,65,71,069.96	62.82	-	-
Nippon India LIQUID FUND - DIRECT - Growth	58,011.20	2.19	11,764.43	5.37
Nippon India LIQUID FUND - DIRECT - Growth ( Refer Note 9.2)	53,988.41	25.95	-	-
Nippon India Money Market Fund - Direct - Growth	1,37,001.64	41.82	2,13,313.24	60.57
Nippon India Low Duration Fund - Growth - Direct	-	-	4,908.44	1.30
Nippon India Ultra Short Duration Fund - Direct - Growth	-	-	3,502.56	1.07
Nippon India Money Manager Fund - Growth - Direct	-	-	18,446.39	5.24
Nippon India Ultra Short Duration Fund - Direct Plan - Growth	-	-	1,185.04	0.46
Nippon India Prime Debt Fund - Direct - Growth	-	-	32,65,021.44	13.10
Nippon India Banking & PSU Debt Fund - Direct - Growth	1,45,38,191.09	21.94	-	-
SBI Banking & PSU Debt Fund - Direct - Growth	7,547.36	1.79	-	-
Tata Short Term Bond Fund - Direct - Growth	2,42,49,421.66	90.69	-	-
Axis Ultra Short term Fund - Direct - Growth	1,48,81,453.73	16.88	-	-
Invesco India Treasury Advanatage Fund - Direct - Growth	8,984.12	2.57	-	-
SBI Magnum Low Duration Fund - Direct - Growth	19,616.04	5.16	35,67,336.00	9.39
SBI SAVINGS FUND - DIRECT - GROWTH	19,49,422.96	6.31	-	-
Kotak Money Market Scheme - Dir - Growth	15,448.29	5.12	-	-
HDFC Low Duration fund-Dir-Growth	11,62,196.09	5.14	-	-
HDFC Overnight Fund - Direct -Growth	11,340.12	3.37	-	-
Nippon India Liquid Fund - Tp - Direct - Growth	-	-	20,191.54	9.21
Nippon India LOW DURATION FUND - DIRECT - Growth	-	-	49,074.90	12.96
DSP Saving Fund - Dirltrect - Growth	5,04,972.72	2.01	-	-
UTI Floater Fund - Direct - Growth	18,028.58	2.03	-	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 9 : CURRENT INVESTMENTS (contd.)

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
Kotak Treasury Advantage Fund - Dir - Growth	7,33,065.28	2.41	-	-
ICICI Prudential Money Market Fund - Dir- Growth	60,957.22	1.70	-	-
Invesco India Money Market Fund-Direct -Growth	12,018.07	2.78	-	-
UTI Liquid Cash Plan Direct - Growth	32,711.38	10.65	-	-
Tata Liquid Fund Direct Plan - Growth	8,164.97	2.56	-	-
ICICI Prudential Savings Fund - Dir - Growth	1,31,297.42	5.13	-	-
SBI Savings Fund - Dir - Growth	31,29,546.84	10.14	-	-
HDFC Money Market Fund - Dir - Growth	12,015.53	5.07	-	-
Mirae Asset Cash Management Fund - Direct - Growth	2,403.72	0.50	-	-
IDFC Banking & Psu Debt Fund - Direct - Growth - Colocation (Refer note 9.1)	7,22,14,140.94	129.73	-	-
Nippon India Banking & Psu Debt Fund - Direct - Growth - Colocation (Refer note 9.1)	7,09,91,226.70	107.10	-	-
Aditya Birla Sun Life Floating Rate Fund - Direct - Growth - Colocation (Refer note 9.1)	40,86,900.23	103.11	-	-
Kotak Corporate Bond Fund - Direct - Growth - Colocation (Refer note 9.1)	3,39,407.92	93.69	-	-
L&T Banking & Psu Debt Fund - Direct - Growth - Colocation (Refer note 9.1)	4,17,67,058.91	77.54	-	-
Axis Ultra Short Term Fund - Direct - Growth - Colocation (Refer note 9.1)	6,77,79,853.41	76.88	-	-
Axis Banking & Psu Debt Fund - Direct - Growth - Colocation (Refer note 9.1)	3,88,162.69	75.34	-	-
HDFC Corporate Bond Fund - Direct - Growth- Colocation (Refer note 9.1)	3,05,55,143.30	70.53	-	-
HDFC Floating Rate Debt Fund - Direct - Growth - Colocation (Refer note 9.1)	1,98,10,956.56	70.10	-	-
ICICI Prudential Banking & PSU Debt Fund- Direct- Growth - Colocation (Refer note 9.1)	2,39,54,056.77	56.64	-	-
Kotak Banking & PSU Debt Fund - Direct - Growth - Colocation (Refer note 9.1)	1,12,14,674.42	53.43	-	-
SBI Corporate Bond Fund - Direct - Growth - Colocation (Refer note 9.1)	4,46,26,122.35	50.36	-	-
ICICI Prudential Corporate Bond Fund - Direct - Growth - Colocation (Refer note 9.1)	2,33,35,808.56	50.20	-	-
Invesco India Treasury Advantage Fund - Direct - Growth- Colocation (Refer note 9.1)	1,64,744.21	47.15	-	-
L&T Ultra Short Term Fund - Direct - Growth - Colocation (Refer note 9.1)	1,23,96,950.35	41.44	-	-
HDFC Low Duration Fund - Direct- Growth- Colocation (Refer note 9.1)	82,14,813.49	36.32	-	-
Nippon India Money Market Fund - Direct - Growth - Colocation (Refer note 9.1)	1,00,823.88	30.78	-	-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 9 : CURRENT INVESTMENTS (contd.)

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
ICICI Prudential Savings Fund - Direct Plan - Growth - Colocation (Refer note 9.1)	7,34,965.97	28.69	-	-
Kotak Savings Fund - Direct - Growth - Colocation (Refer note 9.1)	84,41,292.19	27.73	-	-
Canara Robeco Savings Plus Fund - Direct - Growth	77,31,298.64	24.60	-	-
Aditya Birla Sun Life Overnight Fund - Direct - Growth	41,694.74	4.50	-	-
SBI Saving Fund - Direct - Growth - Colocation (Refer note 9.1)	2,40,36,130.90	77.80	-	-
Aditya Birla Sun Life Savings Fund - Direct - Growth - Colocation (Refer note 9.1)	17,74,677.33	71.13	-	-
SBI Banking & Psu Debt Fund - Direct - Growth - Colocation (Refer note 9.1)	2,17,532.79	51.45	-	-
Aditya Birla Sun Life Money Manager Fund - Direct - Growth - Colocation (Refer note 9.1)	10,25,722.85	27.79	-	-
<b>Total unquoted mutual funds</b>		<b>2,842.03</b>		<b>2,293.47</b>
<b>Total mutual funds</b>		<b>3,413.71</b>		<b>2,293.47</b>
<b>Total current Investments</b>		<b>3,577.94</b>		<b>3,001.58</b>
Aggregate amount of quoted investments		735.91		708.11
Aggregate amount of unquoted investments		2,842.03		2,293.47
Aggregate market value of quoted investments		735.95		712.74
Aggregate amount of impairment in the value of investments		80.13		80.13

**9.1** This represents investment made from amounts transferred in a separate bank account towards transaction charges and colocation services based on SEBI directives after taking Board's approval. These investments costing ₹2,188.08 crores (fair value ₹2,193.60 crores) as of March 31, 2020 [March 31, 2019 : ₹1,532.77 crores (fair value ₹1,579.76 crores)] have been earmarked / restricted pursuant to the SEBI directive in the colocation matter [Refer also Note 34(b)].

**9.2** This represents investment pertaining to Commodity Settlement Fund [Refer also Note 37].

### Note 10 : TRADE RECEIVABLES

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Trade Receivables	667.09	457.67
Less : Loss Allowance	(14.98)	(5.16)
	652.11	452.51
<b>Break up of security details</b>		
Trade Receivables considered good - Secured (Refer note 10.1)	526.18	338.20
Trade Receivables considered good - Unsecured	125.93	114.31
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	14.98	5.16
<b>Total</b>	667.09	457.67
Loss allowance	(14.98)	(5.16)
<b>Total Trade Receivables</b>	<b>652.11</b>	<b>452.51</b>

**10.1** Trade receivables are secured against deposits and margin money received from members (Refer note: 24, 16 and 44).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 11 : CASH AND CASH EQUIVALENTS

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Balances with banks :-		
Deposits with original maturity of less than three months	30.09	23.41
In current accounts (Refer note 11.2)	168.99	400.45
Balance held for the purpose of meeting short term cash commitments (Refer note 11.1)	9,038.81	6,091.97
Cash on hand	0.01	0.01
	<b>9,237.90</b>	<b>6,515.84</b>

**11.1** Represents amount received from members towards settlement obligations which is payable on the date of settlement of the transactions. i.e. Transaction date + 2 days & margin money from members which is also repayable on the settlement of transactions. Balance in current accounts also includes amount received from members towards settlement obligations. (Refer note 16).

**11.2** This include an amount of ₹12.05 crores pertaining to Colocation [Refer Note 34(b)]

### Note 12 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
<i>Restricted Balances with banks :</i>		
In current accounts	0.11	0.11
In escrow account	3.72	-
in fixed deposits(Refer note 12.1 and 12.2)	12.69	571.39
Earmarked balances towards Core Settlement Guarantee Fund	147.77	76.77
<i>Fixed deposits</i>		
- with original maturity for more than 3 months but less than 12 months	95.77	44.69
- with maturity of less than 12 months at the balance sheet date	467.93	392.32
<i>Earmarked Fixed Deposits:</i>		
- with original maturity for more than 3 months but less than 12 months (Refer note 12.3)	0.54	0.74
- with original maturity for more than 3 months but less than 12 months towards SGF for Commodity Segment	183.12	205.53
- with maturity of less than 12 months at the balance sheet date towards Core Settlement Guarantee Fund	2,174.52	1,536.64
- with maturity of less than 12 months at the balance sheet date towards SGF for Commodity Segment	-	13.47
- with maturity of less than 12 months at the balance sheet date (Refer note 12.3)	171.23	183.18
Unpaid dividends (Refer note 12.4 & 16)	43.09	-
	<b>3,300.49</b>	<b>3,024.84</b>

**12.1** This represents amounts of ₹ NIL. (Previous Year : ₹568.88 crores) transferred in a separate bank account towards transaction charges and colocation services based on SEBI directives which have been subsequently invested in Fixed Deposits with banks (Refer Note 34 (b))

**12.2** The amount includes Rs 12.69 crores (Previous Year : Rs 2.51 crores) towards amount placed as a fixed deposit by NSE Foundation.

**12.3** Earmarked deposits are restricted and includes deposits towards listing entities, defaulter members, investor service funds and other deposits.

**12.4** This represents amount of dividend withheld pursuant to SEBI letter dated May 13, 2019.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 13 a : EQUITY SHARE CAPITAL

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Authorised 50,00,00,000 Equity Shares of Re. 1 each. (Previous year: 50,00,00,000 equity shares of Re.1 each)	50.00	50.00
Issued, subscribed and paid-up 49,50,00,000 equity shares of Re. 1 each, fully paid up (Previous year: 49,50,00,000 equity shares of Re. 1 each, fully paid up)	49.50	49.50
<b>Total</b>	<b>49.50</b>	<b>49.50</b>

### Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Re. 1 per share. They entitle the holder to participate in dividends. In the event of liquidation of the Company, the holders of 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.

### A reconciliation of the number of Equity Shares outstanding at the beginning and at the end of the reporting period

Name of the Company	As at 31.03.2020		As at 31.03.2019	
	(Numbers in Crores)	(₹ in Crores)	(Numbers in Crores)	(₹ in Crores)
At the beginning of the year (Face value of Re.1 each)	49.50	49.50	49.50	49.50
Changes in equity share capital during the year	-	-	-	-
At the end of the year	49.50	49.50	49.50	49.50

### Details of shareholders holding more than 5% share in the Company (No. of Shares)

Particulars	31.03.2020	31.03.2019
Life Insurance Corporation of India	6,19,13,500	6,19,13,500

### Details of shareholders holding more than 5% share in the Company (% shareholding)

Particulars	31.03.2020	31.03.2019
Life Insurance Corporation of India	12.51%	12.51%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 13 b : OTHER EQUITY

(₹ in Crores)

Particulars	Reserves and Surplus				Other Reserves			Total other Equity	Non Controlling Interests	Total other Equity			
	Securities premium reserve	Retained earnings *	Liquidity Enhancement Scheme Incentive Reserve	Reserve Fund	Other reserves**	Total Reserves and Surplus	FVOCI equity instruments				FVOCI debt instruments	Foreign Currency Translation Reserve	Total other reserves
Balance as at 01.04.2018	35.50	7,421.66	3.58	-	63.89	7,224.63	92.18	(14.54)	(2.21)	75.43	7,300.06	-	7,300.06
Profit for the year	-	1,708.04	-	-	-	1,708.04	-	-	-	-	1,708.04	-	1,708.04
Other Comprehensive Income	-	(2.91)	-	-	-	(2.91)	(1.09)	2.87	6.20	7.98	5.07	-	5.07
Appropriation to Core Settlement Guarantee Fund (net of tax)	-	(11.30)	-	-	-	(11.30)	-	-	-	-	(11.30)	-	(11.30)
Appropriation to Settlement Guarantee Fund (SGF)-Commodity derivatives	-	(250.00)	-	-	-	(250.00)	-	-	-	-	(250.00)	-	(250.00)
Contribution to Investor Protection Fund	-	-	-	-	-	-	-	-	(0.01)	(0.01)	(0.01)	-	(0.01)
Transfer to Liquidity Enhancement Scheme	-	(12.11)	12.11	-	-	-	-	-	-	-	-	-	-
Incentive Reserve (Refer Note 38a)	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquidity Enhancement Scheme Incentive paid/payable (Refer Note 38a)	-	14.18	(14.18)	-	-	-	-	-	-	-	-	-	-
<b>Transaction with owners in their capacity as owners</b>													
Dividend paid (including dividend distribution tax)	-	(1,014.47)	-	-	-	(1,014.47)	-	-	-	-	(1,014.47)	-	(1,014.47)
Change in non controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	1.37	1.37
<b>Balance as at 31.03.2019</b>	<b>35.50</b>	<b>7,553.09</b>	<b>1.51</b>	<b>-</b>	<b>63.89</b>	<b>7,653.99</b>	<b>91.09</b>	<b>(11.67)</b>	<b>3.98</b>	<b>83.40</b>	<b>7,737.39</b>	<b>1.37</b>	<b>7,738.76</b>
<b>Balance as at 01.04.2019</b>	<b>35.50</b>	<b>7,553.09</b>	<b>1.51</b>	<b>-</b>	<b>63.89</b>	<b>7,653.99</b>	<b>91.09</b>	<b>(11.67)</b>	<b>3.98</b>	<b>83.40</b>	<b>7,737.39</b>	<b>1.37</b>	<b>7,738.76</b>
Profit for the year	-	1,885.04	-	-	-	1,885.04	-	-	-	-	1,885.04	(0.26)	1,884.78
Other Comprehensive Income	-	(6.68)	-	-	-	(6.68)	(8.91)	20.14	7.47	18.70	12.02	0.01	12.03
Appropriation to Core Settlement Guarantee Fund (net of tax)	-	(0.51)	-	-	-	(0.51)	-	-	-	-	(0.51)	-	(0.51)
Transfer to Liquidity Enhancement Scheme	-	(8.94)	8.94	-	-	-	-	-	-	-	-	-	-
Incentive Reserve (Refer Note 38a)	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquidity Enhancement Scheme Incentive paid/payable (Refer Note 38a)	-	9.19	(9.19)	-	-	-	-	-	-	-	-	-	-
Transfer to Reserve Fund	-	(131.08)	-	131.08	-	-	-	-	-	-	-	-	-
<b>Transaction with owners in their capacity as owners</b>													
Dividend paid (including dividend distribution tax)	-	(1,062.18)	-	-	-	(1,062.18)	-	-	-	-	(1,062.18)	-	(1,062.18)
Change in non controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(0.39)	(0.39)
<b>Balance as at 31.03.2020</b>	<b>35.50</b>	<b>8,237.93</b>	<b>1.26</b>	<b>131.08</b>	<b>63.89</b>	<b>8,469.66</b>	<b>82.18</b>	<b>8.47</b>	<b>11.45</b>	<b>102.10</b>	<b>8,571.76</b>	<b>0.73</b>	<b>8,572.49</b>

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
* Includes General Reserves	4,441.04	4,441.04
** Includes capital reserve on consolidation	39.39	39.39
** Includes capital redemption reserve	13.00	13.00
** Includes staff welfare reserve	1.50	1.50
** Includes investor compensation reserve	10.00	10.00



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 13 b : OTHER EQUITY (contd.)

#### Other Equity

##### Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

##### Other Reserves:

The Group has in the past created Other Reserves for investor compensation activities, staff welfare activities, capital redemption reserve and capital reserve arising on consolidation

##### Reserve Fund:

During the year, one of the subsidiary has created reserve fund under section 45-IC (1) of Reserve Bank of India Act 1934, wherein every Non Banking Financial Company has to transfer 20% of its post tax profit to a corpus termed as Reserve Fund.

##### FVOCI equity investments

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

##### Debt Instruments through Other Comprehensive Income:

The fair value change of the debt instruments measured at fair value through other comprehensive income is recognised in debt instruments through other comprehensive income. Upon derecognition, the cumulative fair value changes on the said instruments are reclassified to the Statement of Profit and Loss.

Note 1 : The Board of Directors, in their meeting held on May 4, 2018, proposed a dividend of ₹7.75 /- per equity share which has been approved by the shareholders at the Annual General Meeting held on August 3, 2018 and on October 31, 2018 declared an interim dividend of ₹9.25 per equity share of Re.1/- each of the Company. The total dividend paid during the year ended March 31, 2019 amounts to ₹841.50 crores excluding dividend distribution tax ₹172.97 crores.

Note 2 : The Board of Directors, in their meeting held on May 16, 2019, proposed a dividend of ₹8/- per equity share which has been approved by the shareholders at the Annual General Meeting held on August 2, 2019 and on November 7, 2019 declared an interim dividend of ₹9.80 per equity share of Re.1/- each of the Company. The total dividend paid during the year ended March 31, 2020 amounts to ₹881.10 crores excluding dividend distribution tax ₹181.08 crores.

### Note 14 : TRADE PAYABLES (CURRENT)

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Trade payables	165.25	127.27
Trade payables to MSME (Refer note 35)	1.21	0.14
Trade payables to related parties (Refer note 32)	-	0.72
<b>Total</b>	<b>166.46</b>	<b>128.13</b>

### Note 15 : OTHER FINANCIAL LIABILITIES (NON-CURRENT)

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Obligations under finance lease (Refer note 15.1)	-	9.57
Other liabilities	-	0.09
<b>Total</b>	<b>-</b>	<b>9.66</b>

**15.1** Obligation under finance lease has been reclassified as lease liability upon adoption of Ind AS 116 effective April 1, 2019.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 15 : OTHER FINANCIAL LIABILITIES (NON-CURRENT) (contd.)

#### Net debt reconciliation

This section sets out an analysis of net debt and the movements in the net debt for each of the periods presented. (₹ in Crores)

Particulars	Lease obligations
Lease obligations as at April 1, 2018	10.82
Add: Interest expense	1.78
Less: Cash flows	(1.20)
Lease obligations as at March 31, 2019	11.40
Add : Recognition on adoption of Ind AS 116	69.14
<b>Net debt as on April 1, 2019 (Restated)</b>	<b>80.54</b>
Add: Interest expense	7.15
Less: Cash flows	(18.72)
<b>Net debt as at March 31, 2020</b>	<b>68.97</b>

### Note 16 : OTHER FINANCIAL LIABILITIES (CURRENT)

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Deposits - premises	7.10	5.72
Creditors for capital expenditure	18.29	43.44
Defaulters fund pending claims	99.11	89.86
Margin money from members(Refer note 16.1)	6,356.02	2,586.83
Settlement obligation payable(Refer note 16.1)	2,346.80	3,489.82
Obligations under finance lease(Refer note 15.1)	-	1.83
Contribution payable to Core SGF (Refer note 16.3)	62.08	-
Unpaid Dividend (Refer note 16.2)	43.09	-
Other liabilities	63.72	50.34
<b>Total</b>	<b>8,996.21</b>	<b>6,267.84</b>

**16.1** Represents amount received from members towards settlement obligations which is payable on the date of settlement of the transactions. i.e. Transaction date + 2 days & margin money from members which is also repayable on the settlement of transactions (refer note 11)

**16.2** This represents amount of dividend withheld pursuant to SEBI letter dated May 13, 2019.

**16.3** This represents amount payable to Indian Clearing Corporation Ltd [Refer note 1(y)]

### Note 17a : PROVISION (NON CURRENT)

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
<b>Employee benefits obligation</b>		
Provision for gratuity	19.13	8.12
Provision for variable pay and allowance	14.53	11.67
Provision for leave encashment	1.18	-
<b>Total</b>	<b>34.84</b>	<b>19.79</b>

### Note 17b : CONTRACT LIABILITIES (NON CURRENT)

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Contract Liabilities related to listing services	16.54	-
<b>Total</b>	<b>16.54</b>	<b>-</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 18a: PROVISION (CURRENT)

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
<b>Employee benefits obligation</b>		
Provision for gratuity	7.21	4.98
Provision for variable pay and allowance	59.30	52.86
Provision for leave encashment	20.60	18.64
<b>Total</b>	<b>87.11</b>	<b>76.48</b>

### Note 18b : CONTRACT LIABILITIES (CURRENT)

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Contract Liabilities related to listing services	0.31	13.02
<b>Total</b>	<b>0.31</b>	<b>13.02</b>

### Note 19 : INCOME TAXES

(a) The Taxation Law (Amendments) Ordinance 2019 ('the Ordinance'), provides an option to domestic companies to pay income-tax at a lower rate of 22% (plus applicable surcharge and cess) instead of the normal rate of 30% (plus applicable surcharge and cess) depending on the conditions specified in this behalf under section 115BAA of the Income Tax Act, 1961. A domestic company can avail of the lower tax rate only if it opts for not availing of certain exemptions or incentives specified in this behalf in the Ordinance. There is no time limit prescribed under the above to choose the option of lower tax rate under section 115BAA, however, once chosen it is irreversible. Except for NSE Clearing Limited, all the Companies have elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for the year ended March 31, 2020 and re-measured its net deferred tax balances basis the rate prescribed in the said section. The full impact of this change has been recognised in the Statement of Profit and Loss account for the year ended March 31, 2020.

### (b) Income tax expense

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
a) Income tax expense		
<b>Current Tax</b>		
Current tax expense	663.89	857.84
<b>Deferred Tax</b>		
Decrease (increase) in deferred tax assets	(23.81)	(2.25)
Increase (decrease) in deferred tax liabilities	0.39	12.58
<b>Total deferred tax expense (benefit)</b>	<b>(23.42)</b>	<b>10.33</b>
<b>Total Income tax expenses(Refer note 19.1)</b>	<b>640.47</b>	<b>868.17</b>
<b>19.1 This excludes deferred tax benefit/expense on other comprehensive income</b>	<b>(3.49)</b>	<b>1.05</b>
<b>This excludes income tax benefit adjusted in other equity</b>	<b>-</b>	<b>6.16</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### (c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate: (₹ in Crores)

Particulars	31.03.2020	31.03.2019
Profit before income tax expense	2,525.25	2,576.21
Tax rate (%)	25.168%	34.944%
Tax at the Indian Tax Rate	635.56	900.23
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income		
Dividend income	(0.16)	(0.08)
Interest on tax free bonds	(17.01)	(24.37)
Expenditure related to exempt income	7.66	8.07
Net (gain)/loss on financial assets mandatorily measured at fair value through profit or loss	-	(7.26)
Profit on sale of investments taxed at other than statutory rate	(0.56)	(11.04)
Specific Tax deductions	(0.91)	(2.06)
Income taxed at different rate	26.86	(15.40)
Impairment losses on financial assets	-	28.00
Others	(10.97)	(7.92)
<b>Income Tax Expense</b>	<b>640.47</b>	<b>868.17</b>

### (d) Deferred tax (liabilities)/assets (net)

The balance comprises temporary differences attributable to: (₹ in Crores)

Particulars	31.03.2020	31.03.2019
<b>Deferred income tax assets</b>		
Property, plant and equipment and investment property	2.18	2.16
Provision for leave encashment	5.15	5.25
Financial Assets at Fair Value through profit and Loss	-	0.42
Financial Assets at Fair Value through OCI	(2.81)	6.31
Others	58.85	32.44
<b>Total deferred tax assets</b>	<b>63.37</b>	<b>46.57</b>
<b>Deferred income tax liabilities</b>		
Property, plant and equipment and investment property	5.92	9.28
Financial Assets at Fair Value through OCI	9.34	12.58
Financial Assets at Fair Value through profit and Loss	45.54	73.14
Tax on undistributed earning of Associates	84.48	82.23
Others	40.38	15.17
<b>Total deferred tax liabilities</b>	<b>185.66</b>	<b>192.40</b>
<b>Net Deferred tax (liabilities) / assets</b>	<b>(122.29)</b>	<b>(145.83)</b>
<b>Deferred tax assets</b>	<b>29.96</b>	<b>8.88</b>
<b>Deferred tax liabilities</b>	<b>(152.25)</b>	<b>(154.71)</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### (e) Deferred tax assets

Movements in deferred tax assets

(₹ in Crores)

	Property, plant and equipment	Provision for leave encashment	Financial Assets at Fair Value through profit and Loss	Financial Assets at Fair Value through OCI	Others	Total
<b>At 1 April 2018</b>	<b>2.29</b>	<b>5.07</b>	<b>0.42</b>	<b>7.89</b>	<b>28.77</b>	<b>44.44</b>
Charged/(credited)						
- to profit or loss	(0.13)	0.18	-	(0.04)	2.25	2.25
- to other comprehensive income	-	-	-	(1.54)	1.42	(0.12)
<b>At 31 March 2019</b>	<b>2.16</b>	<b>5.25</b>	<b>0.42</b>	<b>6.31</b>	<b>32.44</b>	<b>46.57</b>
Charged/(credited)						
- to profit or loss	0.02	(0.10)	(0.42)	-	24.31	23.81
- to other comprehensive income	-	-	-	(9.12)	2.10	(7.02)
<b>At 31 March 2020</b>	<b>2.18</b>	<b>5.15</b>	<b>-</b>	<b>(2.81)</b>	<b>58.85</b>	<b>63.37</b>

### (f) Movements in deferred tax liabilities

(₹ in Crores)

	Property, plant and equipment	Financial Assets at Fair Value through profit and Loss	Financial Assets at Fair Value through OCI *	Tax on undistributed earning of Associates	Others	Total
<b>At 1st April 2018</b>	<b>17.46</b>	<b>69.15</b>	<b>13.75</b>	<b>75.58</b>	<b>19.90</b>	<b>195.84</b>
Charged/(credited)						
- to profit or loss	(8.18)	3.99	-	21.34	(4.57)	12.58
- to other comprehensive income	-	-	(1.17)	-	-	(1.17)
- to others	-	-	-	(14.69)	(0.16)	(14.85)
<b>At 31 March 2019</b>	<b>9.28</b>	<b>73.14</b>	<b>12.58</b>	<b>82.23</b>	<b>15.17</b>	<b>192.40</b>
Charged/(credited)						
- to profit or loss	(3.36)	(27.60)	-	9.05	22.30	0.39
- to other comprehensive income	-	-	(3.24)	(0.29)	-	(3.53)
- to others	-	-	-	(6.51)	2.91	(3.60)
<b>At 31 March 2020</b>	<b>5.92</b>	<b>45.54</b>	<b>9.34</b>	<b>84.48</b>	<b>40.38</b>	<b>185.66</b>

(g) The Group has not recognised deferred tax liability associated with undistributed earnings of its subsidiaries as it can control the timing of the reversal of these temporary differences and it is probable that such differences will not reverse in the foreseeable future.

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
<b>The taxable temporary differences relating to investment in subsidiaries with respect to undistributed earnings for which a deferred tax liability has not been created:</b>		
Undistributed Earnings	1,627.66	1,341.94
Unrecognised deferred tax liabilities relating to the above temporary differences	409.65	275.87

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 20 : INCOME TAX LIABILITIES (NET) - CURRENT\*

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Income tax (net of advances)	196.97	124.46
Fringe Benefit Tax (net of Advances)	0.01	0.01
Wealth tax (net of advances)	0.27	0.29
<b>Total</b>	<b>197.25</b>	<b>124.76</b>

### Note 21 : INCOME TAX ASSETS (NET) - NON-CURRENT\*

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Income tax paid including TDS (net of provisions)	502.30	421.71
Fringe benefit tax (net of provisions)	2.23	2.25
<b>Total</b>	<b>504.53</b>	<b>423.96</b>

\* The Group is subject to tax assessments and ongoing proceedings, which are pending before various Tax Appellate Authorities. Management periodically evaluates the positions taken in tax returns with respect to such matters, including unresolved tax disputes, which involves interpretation of applicable tax regulations and judicial precedents. Current tax liability and tax asset balances are presented, after recognising as appropriate, provision for taxes payable and contingencies basis management's assessment of outcome of such ongoing proceedings and amounts that may become payable to the tax authorities. Considering the nature of such estimates and uncertainties involved, the amount of such provisions may change upon final resolution of the matters with tax authorities.

### Note 22 : OTHER NON-CURRENT LIABILITIES

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Deposit - STT (Refer note no. 7.1)	5.41	5.39
<b>Total</b>	<b>5.41</b>	<b>5.39</b>

### Note 23 : OTHER CURRENT LIABILITIES

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Securities Transaction Tax payable	224.41	230.91
Statutory dues payable	183.82	124.73
Advance from customers	45.28	48.50
Others	58.70	37.14
<b>Total</b>	<b>512.21</b>	<b>441.28</b>

### Note 24 : DEPOSITS

(₹ in Crores)

Particulars	Current 31.03.2020	Current 31.03.2019
Deposits from trading members	1,005.18	1,007.57
Deposits from applicants for membership	11.13	9.84
Deposits from mutual fund distributors	1.90	3.07
Deposits towards equipments	2.26	25.13
Deposits from clearing members	335.28	321.74
Deposits in lieu of bank guarantee/securities from clearing members	79.01	73.62
Deposits from clearing banks	426.00	394.05
Deposits - listing & book building	23.25	56.36
<b>Total</b>	<b>1,884.01</b>	<b>1,891.38</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 25 : REVENUE FROM OPERATIONS

(₹ in Crores)

	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>Revenue from contracts with customers :</b>		
<i>Trading services</i>		
Transaction charges (Refer note 25.2)	2,387.77	2,034.07
<i>Listing services</i>		
Listing fees	91.65	88.96
Processing fees	14.21	17.41
Book building fees	11.01	9.69
	116.87	116.06
<i>Colocation Charges (Refer note 25.3)</i>	166.14	136.97
<i>Technology services</i>		
Application development & maintenance services	135.54	32.15
Infrastructure management services	3.89	1.93
E-Learning solutions	145.69	175.01
	285.12	209.09
<i>Data Feed services</i>		
Online datafeed service fees	100.91	100.64
<i>Licensing services</i>		
Index licensing & Data subscription fees	91.51	72.90
<i>Clearing &amp; Settlement Services</i>	10.30	2.22
<i>Registration &amp; test enrolment fees</i>	21.02	23.55
<i>Others</i>	87.20	52.84
<b>Total (Refer note 25.1)</b>	<b>3,266.84</b>	<b>2,748.34</b>
<b>Other operating revenues :</b>		
Income on investments(Refer note 25.4)	241.09	249.08
<b>Total</b>	<b>3,507.93</b>	<b>2,997.42</b>

#### 25.1

##### Reconciliation of revenue recognised with contract price :

<b>Contract Price</b>	3,283.69	2,761.36
Adjustments for Contract liabilities	(16.85)	(13.02)
<b>Revenue from contracts with customers</b>	<b>3,266.84</b>	<b>2,748.34</b>

**25.2** Includes revenue from Transaction charges amounting to ₹1,181.50 crores (Previous year : ₹924.74) kept in separate bank account based on SEBI directive which have been subsequently invested in fixed deposits, inter corporate deposits, mutual funds, tax free bonds and debentures. [Refer Note 4.1, 5.2, 9.1, 12.1 & 34(b)]

**25.3** Pertains to revenue from Colocation services amounting to ₹166.14 crores (Previous year : ₹136.97) kept in separate bank account based on SEBI directive which have been subsequently invested in fixed deposits, inter corporate deposits, mutual funds, tax free bonds and debentures. [Refer Note 4.1, 5.2, 9.1, 12.1 & 34(b)]

**25.4** Represent income generated from sources of fund related to operating activity of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 26 : OTHER INCOME

(₹ in Crores)

	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>Other income</b>		
Dividend income		
- from equity investments designated at FVOCI	0.40	0.24
Interest income from financial assets at amortised cost	179.37	106.67
Interest income from financial assets designated at FVOCI	40.22	40.45
Rental income	5.69	5.81
Miscellaneous income	6.40	8.64
	232.08	161.81
<b>Other gains/ (losses)</b>		
Net gain on financial assets mandatorily measured at FVPL	28.78	145.56
Net gain on sale of financial assets measured at FVOCI (Refer note 26.1)	7.04	0.51
Net gain on sale of investments measured at amortised cost	23.09	-
Net gain on sale of financial assets mandatorily measured at FVPL	93.68	208.01
Net gain on disposal of property, plant and equipment	0.54	-
Net foreign exchange gains	4.38	1.26
<b>Total other income and other gains/(losses)</b>	<b>157.51</b>	<b>355.34</b>
<b>Total</b>	<b>389.59</b>	<b>517.15</b>

**26.1** This includes amount of ₹(1.03) crores reclassified from other comprehensive income on account of sale of investments for the year ended March 31, 2020 (March 31, 2019 : NIL)

### Note 27 : EMPLOYEE BENEFITS EXPENSES

(₹ in Crores)

	For the year ended 31.03.2020	For the year ended 31.03.2019
Salaries, wages and bonus	385.74	277.40
Contribution to provident and other fund (Refer note 30)	22.71	10.17
Gratuity (Refer note 30)	4.82	4.76
Staff welfare expenses	16.63	14.06
<b>Total</b>	<b>429.90</b>	<b>306.39</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 28 : OTHER EXPENSES

(₹ in Crores)

	For the year ended 31.03.2020	For the year ended 31.03.2019
Repairs & maintenance		
- To computers, trading & telecommunication systems	102.53	99.73
- To buildings	4.58	4.26
- To others	14.61	12.51
SEBI regulatory fees	54.63	29.91
IT management and consultancy charges	1.15	8.97
Software expenses	59.28	43.09
Network infrastructure management charges	8.52	9.19
Lease line charges	21.34	15.56
Telephone charges	4.66	3.28
Water and electricity charges	38.42	38.84
Rental charges (Refer Note 36b)	24.86	42.53
Rates and taxes	7.76	6.73
Directors' sitting fees	2.18	2.21
Legal and professional fees	52.24	69.44
Advertisement and publicity	20.14	22.41
Travel and conveyance	32.78	23.14
Insurance	2.31	1.64
Printing and stationery	0.55	1.52
Corporate social responsibility expenditure (Refer note 42)	59.76	35.72
Contribution to Investor protection fund trust(Refer note 28.1)	4.21	6.34
Investor education expenses	11.52	24.55
Payment to auditors (Refer note below)	2.42	1.54
Doubtful debts written off	10.39	-
Provision for doubtful debts	1.55	1.64
Liquidity enhancement incentive	9.19	14.18
Technical & Subcontract Charges	37.29	33.75
Impairment losses on financial assets (Refer Note 40 D)	-	80.13
Intangible assets under development written off	34.11	-
Loss on sale of discarded assets	6.47	0.39
Other expenses	182.63	133.51
<b>Total</b>	<b>812.08</b>	<b>766.72</b>

#### Note :

#### Payment to auditors

##### As auditors :

Audit fees	1.38	0.83
Tax audit fee	0.10	0.10
Limited review	0.35	0.21

##### In other capacities

Taxation matters	0.29	0.15
Certification matters	0.13	0.09
Other services	0.17	0.16

<b>Total</b>	<b>2.42</b>	<b>1.54</b>
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**28.1** It represents contribution to National Stock Exchange Investor Protection fund trust formed as required under SEBI regulation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 29 : EARNINGS PER SHARE

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
<b>Profit attributable to the equity holders of the company used in calculating basic earnings per share and diluted earnings per share</b>		
Profit for the year	1,885.04	1,708.04
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share (no. in Crores)(Refer note 29.1)	49.50	49.50
<b>Earnings per equity share (basic and diluted)</b>	<b>38.08</b>	<b>34.51</b>

**29.1** 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.

**Note 30 :** Disclosure under Indian Accounting Standard 19 (Ind AS 19) on Employee Benefit as notified under Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies ( Indian Accounting Standards) Amendment Rules, 2016.

#### i) Defined contribution plan

The Group's contribution towards superannuation fund during the years has been charged to Statement of Consolidated Profit & Loss as follows:

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Group's contribution towards superannuation fund	1.22	1.53

#### ii) Defined benefit plan :

##### (a) Provident fund:

Provident fund:

The Company has established 'National Stock Exchange of India Limited Employees Provident Fund Trust' and one of the subsidiary, NSE Infotech Services Limited has established 'NSE Infotech Services Limited Employees Provident Fund Trust' to which both the employee and the employer make monthly contribution equal to 12% of the employee's basic salary respectively. The Company's contribution to the provident fund for all employees is charged to Statement of Consolidated Profit and Loss. In case of any liability arising due to short fall between the return from its investments and the administered interest rate, the same is required to be provided for by the Company. The actuary has provided an actuarial valuation and indicated the interest shortfall liability for the years as below, which has been provided in the books of accounts after considering the reserves available with the Company's Provident Fund Trust, where considered necessary. The Company has contributed towards Provident Fund during the years as below.

Other subsidiaries, contribute to the Regional Provident Fund Office as per the applicable rule at the rate of 12% of the employee's basic salary to the said recognized provident fund and the same is charged to to Statement of Consolidated Profit and Loss.

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Group's contribution to the provident fund	11.63	6.37
Interest shortfall liability	9.86	2.27



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Assumptions used in determining the present value obligation of the interest rate guarantee are (₹ in Crores) as follows:

Particulars	31.03.2020	31.03.2019
a. Approach used	Deterministic	Deterministic
b. Increase in compensation levels	10.00%	8.00%
c. Discount Rate	6.59%	7.48%
d. Attrition Rate	12.00%	12.00%
e. Weighted Average Yield	8.53%	8.15%
f. Weighted Average YTM	8.38%	8.10%
g. Reinvestment Period on Maturity	5 years	5 years
h. Mortality Rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
i. Total PF assets as on date of valuation (Rs in Crores)	106.16	96.35

### (b) Gratuity:

The Group 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 based on last drawn basic salary per month multiplied for the number of years of service. The gratuity plan is a funded plan and the Group makes contribution to recognised funds with Life Insurance Corporation of India (LIC).

### A Consolidated Balance Sheet

(i) The amounts recognised in the consolidated balance sheet and the movements in the net defined benefit obligation over the years are as follows: (₹ in Crores)

Particulars	31.03.2020		
	Present Value of Obligation	Fair Value of Plan Assets	Total
<b>At the beginning of the year</b>	43.57	(30.47)	13.10
Current service Cost	3.74	-	3.74
Interest cost / (income)	3.43	(2.35)	1.08
<b>Expenses recognised in the Statement of Profit &amp; Loss</b>	<b>7.17</b>	<b>(2.35)</b>	<b>4.82</b>
Remeasurements	-	(0.72)	(0.72)
Return on plan assets	(0.29)	-	(0.29)
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	7.54	-	7.54
Actuarial (gains)/losses on obligations - due to change in financial assumptions	1.38	-	1.38
Actuarial (gains)/losses on obligations - due to experience	<b>8.63</b>	<b>(0.72)</b>	<b>7.91</b>
<b>Net (income)/expense for the period recognized in OCI</b>	<b>8.63</b>	<b>(0.72)</b>	<b>7.91</b>
Employer Contributions	-	(3.16)	(3.16)
Liability transferred	4.84	(0.88)	3.96
Benefits paid	(2.76)	2.47	(0.29)
<b>At the end of the year</b>	<b>61.45</b>	<b>(35.11)</b>	<b>26.34</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Crores)

Particulars	31.03.2019		
	Present Value of Obligation	Fair Value of Plan Assets	Total
<b>At the beginning of the year</b>	36.11	(20.78)	15.33
Current service Cost	3.95	-	3.95
Interest cost / (income)	2.14	(1.33)	0.81
<b>Expenses recognised in the Statement of Profit &amp; Loss</b>	<b>6.09</b>	<b>(1.33)</b>	<b>4.76</b>
Remeasurements			
Return on plan assets	-	0.38	0.38
Actuarial (gains)/losses on obligations - due to change in demographic assumptions		-	1.60
Actuarial (gains)/losses on obligations - due to change in financial assumptions	1.60	-	
Actuarial (gains)/losses on obligations - due to experience	2.35	-	2.35
<b>Net (income)/expense for the period recognized in OCI</b>	<b>3.95</b>	<b>0.38</b>	<b>4.33</b>
Employer Contributions	-	(11.20)	(11.20)
Liability transferred	-	-	-
Benefits paid	(2.58)	2.46	(0.12)
<b>At the end of the year</b>	<b>43.57</b>	<b>(30.47)</b>	<b>13.10</b>

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

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Fair value of plan assets as at the end of the year	(35.11)	(30.47)
Liability as at the end of the year	61.45	43.57
<b>Net (liability) / asset</b>	<b>26.34</b>	<b>13.10</b>
Non Current Portion	(19.13)	(8.12)
Current Portion	<b>(7.21)</b>	<b>(4.98)</b>

(iii) **Sensitivity Analysis**

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
<b>Projected Benefit Obligation on Current Assumptions</b>	59.37	43.57
Delta Effect of +1% Change in Rate of Discounting	(1.66)	(2.47)
Delta Effect of -1% Change in Rate of Discounting	2.04	2.80
Delta Effect of +1% Change in Rate of Salary Increase	6.17	2.75
Delta Effect of -1% Change in Rate of Salary Increase	(5.63)	(2.48)
Delta Effect of +1% Change in Rate of Employee Turnover	(0.82)	(0.16)
Delta Effect of -1% Change in Rate of Employee Turnover	0.92	0.18

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

**(iv) Significant actuarial assumptions are as follows:**

Particulars	31.03.2020	31.03.2019
Discount Rate	6.56-6.59%	6.77-7.87%
Rate of Return on Plan Assets	6.56-6.59%	7.09-7.87%
Salary Escalation	8.00-10.00%	5.00-8.00%
Attrition Rate	3.00-12.00%	3.00-12.00%

**(v) The expected maturity analysis of undiscounted gratuity defined benefits is as follows:** (₹ in Crores)

Particulars	31.03.2020	31.03.2019
<b>Projected Benefits Payable in Future Years From the Date of Reporting</b>		
1st Following Year	9.61	5.16
2nd Following Year	5.36	4.72
3rd Following Year	7.10	7.17
4th Following Year	4.89	5.52
5th Following Year	4.92	3.56
Sum of Years 6 to 10	23.63	17.69
	14.52	12.01

**(vi) Expected contribution to gratuity plan for the year ending March 31, 2021 is ₹6.07 Crores (P.Y. ₹5.24 Crores)**

### Note 31 : SEGMENT INFORMATION

**(a) Description of segments and principal activities**

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 and CEO of the Parent Company. The Group has identified the following segments i.e. Trading Services, Clearing Services, Data Feed, Index Licensing and Strategic Investment as reporting segments based on the information reviewed by CODM.

- 1: Trading services :** This part of the business/offers services related to trading in equity, equity derivatives, debt, currency derivatives and commodity derivatives segments. Revenue includes transaction charges, listing & book building fees, revenue from data centre charges etc.
- 2: Clearing Services :** This part of the business/offers clearing and settlement of the trades executed in the capital markets, future & options, currency derivatives and commodity derivatives segments.
- 3: Data Feed Services :** This part of business/offers services related to dissemination of price, volume, order book and trade data relating to securities and various indices to the stock and commodity brokers.
- 4: Index Licensing Fees :** This part of the business primarily provides indices and related products and services to various participants in capital market in India.
- 5: Strategic Investments :** This part of business is related to making or holding all strategic investments in the equity shares and / or other securities of various group companies.
- 6: Other segments includes** End to End Solution, E-learning Solutions, Web Trading, IT services, IT Process Support charges, Software Application development, and IT security services. The results of these operations are included in the "Other Segments".

The above business segments have been identified considering :

- a) the nature of products and services
- b) the differing risks
- c) the internal organisation and management structure, and
- d) the internal financial reporting systems.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The segment information presented is in accordance with the accounting policies adopted for preparing the consolidated financial statements of the Group. Segment revenues, expenses and results include inter-segment transfers. Such transfers are undertaken either at competitive market prices charged to unaffiliated customers for similar goods or at contracted rates. These transfers are eliminated on consolidation.

### (b) Segment Revenue :

Transactions between segments are carried out at arms length and are eliminated on consolidation. Segment revenue is measured in the same way as in the statement of profit or loss. Revenue and expenses which relate to the enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as unallocable. The CODM primarily uses a measure of profit before tax to assess the performance of the operating segments.

(₹ in Crores)

Segments	31st March, 2020				31st March 2019			
	Segment Revenue	Inter-segment revenue	Revenue from external customers	Segment Results	Segment Revenue	Inter-segment revenue	Revenue from external customers	Segment Results
Trading Services	2,832.41	46.48	2,785.93	1,964.21	2,450.45	41.31	2,409.14	1,674.96
Clearing Services	366.83	170.23	196.60	102.00	318.86	139.67	179.19	103.15
Data feed Services	101.48	0.56	100.91	96.91	91.34	0.48	90.86	86.97
Index Licensing Services	113.26	21.74	91.52	82.38	88.32	15.42	72.90	43.34
Strategic Investments	82.52	82.52	-	(2.22)	282.99	282.99	-	(1.88)
Other Segments	468.06	135.08	332.97	(158.55)	372.81	127.48	245.33	(122.89)
<b>Total</b>	<b>3,964.56</b>	<b>456.61</b>	<b>3,507.93</b>	<b>2,084.73</b>	<b>3,604.77</b>	<b>607.35</b>	<b>2,997.42</b>	<b>1,783.65</b>
Add: Unallocable income (Net of Expenses)				170.44				368.67
Add: Interest income				219.59				147.12
<b>Profit before, share of net profits of investments accounted for using equity method, profit on sale of investments in associates, contribution to Core Settlement Guarantee Fund and tax</b>				<b>2,474.76</b>				<b>2,299.44</b>
Add: Share of profit (net) of Associates accounted by using equity method				112.57				107.03
<b>Profit before, profit on sale of investments in associates, contribution to Core Settlement Guarantee Fund and tax</b>				<b>2,587.33</b>				<b>2,406.47</b>
Add: Profit on sale of investment in associate				-				169.74
<b>Profit before contribution to Core Settlement Guarantee Fund and tax</b>				<b>2,587.33</b>				<b>2,576.21</b>
Less: Contribution to Core Settlement guarantee fund (Core SGF)				(62.08)				-
<b>Profit before Tax</b>				<b>2,525.25</b>				<b>2,576.21</b>
<b>Less: Tax Expense:</b>								
Current Tax				(663.89)				(857.84)
Deferred Tax				23.42				(10.33)
<b>Total Tax Expenses</b>				<b>(640.47)</b>				<b>(868.17)</b>
<b>Net profit after tax</b>				<b>1,884.78</b>				<b>1,708.04</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### (c) Revenue From External Customers based on geographies

The company is domiciled in India. The amount of Group revenue from external customers broken down by location of customers.

Particulars	31.03.2020	31.03.2019
India	3,357.25	2,867.82
Outside India	150.68	129.60
<b>Total Revenue</b>	<b>3,507.93</b>	<b>2,997.42</b>

### (d) Segment Assets :

Segment assets are measured in the same way as in the Balance Sheet. These assets are allocated based on the operations of the segment.

(₹ in Crores)

Segments	31.03.2020	31.03.2019
Trading Services	2,511.80	2,365.34
Clearing Services *	13,093.52	10,045.48
Datafeed Services	10.94	9.04
Index Licensing Services	15.37	17.89
Strategic Investments	872.13	805.09
Other Segments	309.31	289.65
<b>Total Segment Assets</b>	<b>16,813.07</b>	<b>13,532.49</b>
Unallocable Assets	7,357.26	6,445.89
<b>Total Assets</b>	<b>24,170.33</b>	<b>19,978.38</b>

There are no non current assets situated outside India.

Investments held by the Group are not considered to be segment assets but are managed by the treasury function. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as unallocable. Interest income are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

\* Segment Asset include amount pertaining to Core SGF maintained by NSE Clearing Limited and NSE IFSC Clearing Corporation Limited (NSE IFSC CC) as follows:

Particulars	31.03.2020	31.03.2019
Contribution to Core SGF	3,149.13	2,786.92
Contribution to SGF - Commodity Derivatives	250.00	250.00
Contribution to Core SGF - NSE IFSC CC	9.34	8.01

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### (e) Segment Liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment. (₹ in Crores)

Segments	31.03.2020	31.03.2019
Trading Services	1,773.79	1,785.29
Clearing Services	13,006.01	9,954.37
Datafeed Services	8.85	10.54
Index Licensing Services	2.23	1.78
Strategic Investments	2.00	0.15
Other Segments	122.02	128.78
<b>Total Segment Liabilities</b>	<b>14,914.90</b>	<b>11,880.91</b>
Unallocable Liabilities	633.33	309.11
Core Settlement Guarantee Fund	(3,426.67)	(3,057.58)
<b>Total Liabilities</b>	<b>12,121.56</b>	<b>9,132.44</b>

### (f) Segment Capital Expenditure

(₹ in Crores)

Segments	31.03.2020	31.03.2019
Trading Services	199.59	117.32
Clearing Services	40.05	51.42
Datafeed Services	5.73	0.45
Index Licensing Services	0.55	(3.89)
Strategic Investments	-	-
Other Segments	43.96	119.56
<b>Total Segment Capital Expenditure</b>	<b>289.88</b>	<b>284.86</b>
Add: Unallocable Capital Expenditure	-	-
<b>Total Capital Expenditure</b>	<b>289.88</b>	<b>284.86</b>

### (g) Segment Depreciation / Amortisation

(₹ in Crores)

Segments	31.03.2020	31.03.2019
Trading Services	131.87	116.91
Clearing Services	9.77	4.17
Datafeed Services	0.45	1.10
Index Licensing Services	1.25	1.10
Strategic Investments	-	-
Other Segments	36.90	17.57
<b>Total Segment Depreciation / Amortisation</b>	<b>180.24</b>	<b>140.85</b>
Add: Unallocable Depreciation / Amortisation	0.54	1.17
<b>Total Depreciation / Amortisation</b>	<b>180.78</b>	<b>142.02</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

**Note 32 :** In compliance with Ind AS 24 - “Related Party Disclosures”, as notified under Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies ( Indian Accounting Standards) Amendment Rules, 2016, the required disclosures are given in the table below:

**(a) Names of the related parties and related party relationships**

Sr. No.	Related Party	Nature of Relationship	Principal Activities	% Holding
1	Power Exchange India Limited	Associate Company	Trading Facility in power	30.95%
2	NSDL e-Governance Infrastructure Limited	Associate Company	E-Governance Solutions	25.05%
3	National Securities Depository Limited	Associate Company	Depository Services	24.00%
4	Computer Age Management Services Limited	Associate Company (upto February 4, 2020) (Refer Note 39.2)	Mutual Fund Transfer Agency	44.99% upto 05.09.2018 & 37.50%
5	Market Simplified India Limited	Joint Venture Company	Software Industry	30.00%
6	CAMS Investor Services Private Limited	Subsidiary of Associate Company (upto February 4, 2020) (Refer Note 39.2)	Mutual Fund Transfer Agency	44.99% upto 05.09.2018 & 37.50%
7	NSDL Database Management Limited	Subsidiary of Associate Company	Depository Services	24.00%
8	BFSI Sector Skill Council of India	Associate Company	Skill Council	49.00%
9	Receivables Exchange of India Limited	Associate Company	Online Platform for financing receivables (TReDS)	30.00%

**Sr. List of Key Management Personnel**

1	Mr. Vikram Limaye - Managing Director
2	Mr. Ashok Chawla (upto 11-Jan-19)
3	Mr. Girish Chandra Chaturvedi (w.e.f. 08-Nov-2019)
4	Ms. Anuradha Rao (w.e.f. 08-Nov-2019)
5	Mr. Abhay Havaldar
6	Mr. Dinesh Kanabar (upto 17-Feb-2020)
7	Mr. Naved Masood (upto 17-Feb-2020)
8	Mr. T. V. Mohandas Pai (upto 17-Feb-2020)
9	Mr. Prakash Parthasarathy
10	Mr. Sundararajaram Sudharshan (w.e.f. 17-Feb-2020)
11	Mr. Narsimha Murthy Kummamari (w.e.f. 17-Feb-2020)
12	Ms. Dharmishta Raval (upto 31-Aug-2019)
13	Ms. Sunita Sharma
14	Ms. Anshula Kant nominee of State Bank Of India (upto 28-Sep-2018)

**Power Exchange of India Limited**

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
<b>Nature of Transactions</b>		
Application Development and Maintenance Services	0.45	1.05
Reimbursement received for expenses incurred	0.08	-
Closing balances (Credit) / Debit	0.06	0.35

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### NSDL e-Governance Infrastructure Limited (₹ in Crores)

Particulars	31.03.2020	31.03.2019
<b>Nature of Transactions</b>		
PAN verification charges paid	0.02	-
Application Development and Maintenance Services	0.53	1.10
Reimbursement received for expenses incurred	0.09	-
Dividend received	6.51	6.51
Sitting Fees Received	0.06	0.04
Director Commission	0.16	0.23
Closing balances (Credit) / Debit	0.27	0.21

### National Securities Depository Limited (₹ in Crores)

Particulars	31.03.2020	31.03.2019
<b>Nature of Transactions</b>		
Dividend received	2.88	2.40
Depository operation fees	0.28	-
Application Development and Maintenance Services	0.26	0.19
Reimbursement received for expenses incurred	0.05	-
Sitting Fees Received	-	0.15
DP Validation Charges	0.40	0.53
Closing balances (Credit) / Debit	0.15	0.13

### NSDL Database Management Ltd (₹ in Crores)

Particulars	31.03.2020	31.03.2019
<b>Nature of Transactions</b>		
Application Development and Maintenance Services	1.02	0.85
Infrastructure Management Services	-	0.02
KRA fees received / receivable	0.03	-
Reimbursement received for expenses incurred	0.18	-
Closing balances (Credit) / Debit	0.71	0.88

### Computer Age Management Services Limited (₹ in Crores)

Particulars	31.03.2020	31.03.2019
<b>Nature of Transactions</b>		
Dividend Received	22.27	45.97
Sharing of Income	1.29	0.64
Sitting Fees Received	0.07	0.06
Sale of Investment in Equity Shares	-	68.63
Amount paid towards Rent	0.37	0.23
Cash management charges	0.30	-
Closing balances (Credit) / Debit	-	(0.61)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### CAMS Investor Services Private Limited

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
<b>Nature of Transactions</b>		
KRA fees received / receivable	0.13	0.18
KRA fees Paid / payable*	0.00	0.00
Closing balances (Credit) / Debit	-	0.03

### Market Simplified India Limited (formerly known at INXS Technologies Limited)

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
<b>Nature of Transactions</b>		
License Fees paid/ payable	0.35	0.71
Closing balances (Credit) / Debit	-	(0.11)

### Receivables Exchange Of India Limited

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
<b>Nature of Transactions</b>		
Reimbursement received towards expenses incurred	-	0.23
Usage charges received	-	0.36
Reimbursement received for expenses on staff on deputation	-	1.15
Reimbursement received for space and infrastructure charges	-	0.61
Subscription of Equity Shares	3.75	-
Investment in Equity Share Capital	-	7.50
Closing balances (Credit) / Debit	0.45	1.15

### Key Management Personnel - Mr. Vikram Limaye - Managing Director (w.e.f. 17-Jul-2017)

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
<b>Nature of Transactions</b>		
Short-term employee benefits	7.97	7.09
Post-employment benefits(Refer note 32.2)	0.26	0.24
Long-term employee benefits(Refer note 32.1)	1.21	0.77
Total Remuneration	9.44	8.10

### Key Management Personnel

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
<b>Nature of Transactions</b>		
Sitting Fees Paid to Directors	1.58	2.48

**32.1** includes 50% of the variable pay payable after 3 years subject to certain conditions,

**32.2** As the liabilities for defined benefit plan are provided on actuarial basis for the Company as a whole, the amount pertaining to key managerial persons are not included.

\* 0.00 denotes amounts below the rounding off convention

All related parties transaction entered during the year were in ordinary course of business. Outstanding balances as at the year end are unsecured and settlement occurs in cash. There have been no guarantee provided or received for any related parties receivable or payables as of and for the year ended March 31, 2020 and March 31, 2019. The Group has not recorded any impairment of receivables relating to amount owed by related parties.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

**32.3** On February 28, 2019, the Honorable Supreme Court of India delivered a judgement in the case of “Vivekananda Vidyamandir and Others Vs The Regional Provident Fund Commissioner (II) West Bengal’ in relation to non-exclusion of certain allowances from the definition of “basic wages” of the relevant employees for the purposes of determining contribution to provident fund under the Employees’ Provident Funds & Miscellaneous Provisions Act, 1952. The Employees’ Provident Fund Organisation also issued a circular (Circular No. C-I/1(33)2019/Vivekananda Vidyamandir/284) dated March 20, 2019 in relation to aforesaid matter. The Group has given effect to this judgment with effect from April 1, 2019. In Group’s assessment, this did not have a significant impact on its financial statements.

### 33. CAPITAL AND OTHER COMMITMENTS

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided	149.93	102.88
Other commitments (Primarily in respect of operating expenses and Investor education expenses)	340.89	199.95

### 34. CONTINGENT LIABILITY & OTHER REGULATORY MATTERS

(₹ in Crores)

a) Particulars	31.03.2020	31.03.2019
Claims against the Group not acknowledged as debts	12.88	13.36

b) Securities and Exchange Board of India (SEBI) had directed NSE to carry out an investigation including forensic examination by independent external agencies in respect of certain aspects of NSE’s Colocation facility. NSE got the investigation carried out and submitted the reports to SEBI. Further, SEBI had directed that pending completion of the investigations, all revenues emanating from the colocation facility with effect from September 2016 be transferred to a separate bank account. Accordingly, as of March 31, 2020, an amount of ₹3,606.73 crores (March 31, 2019 ₹2,258.71 crores) was transferred to a separate bank account and then have been invested in accordance with Board of directors approved investment policy and procedures. These investments along with accruals there on have been shown under restricted / earmarked investments and bank balances.

Three show cause notices were issued by SEBI to the Company and to some of its employees, including former employees, in respect of the preferential access to tick by tick data in Company’s Colocation facility, Dark Fibre point to point connectivity and Governance and related matters which were responded to. Further, NSE had also filed a Consent Application with SEBI on August 31, 2018 in respect of the said show cause notices. SEBI vide its letter dated April 30, 2019 returned the Consent Application filed by NSE and has passed orders in respect of all the three show cause notices. In the first order, it has passed a direction on NSE inter alia to disgorge an amount of ₹624.89 crores along with interest at the rate of 12% per annum from April 01, 2014 till the actual date of payment and certain non-monetary and restrictive directions prohibiting the Company from raising funds from the market, through issuance of equity, debt or other securities for a period of six months from the date of the order; in the second order it passed a direction to deposit a sum of ₹62.58 crores along with interest at the rate of 12% p.a. from September 11, 2015 till the actual date of payment along with other non-monetary and restrictive directions and in the third order it has passed certain non-monetary and remedial directions on NSE. Additionally, NSE has also received Adjudication notices covering the above three orders which are currently pending for hearing before SEBI.

The Holding Company having received the orders passed by SEBI sought legal advice thereon and preferred an appeal against the said SEBI Orders. Hon’ble SAT vide its interim order has stayed the disgorgement of the amount, however it directed the Company to transfer the amount of ₹624.89 crores in the Colocation matter and ₹62.58 crores in the Dark Fibre matter totaling to ₹687.47 crores to SEBI which has been remitted by the Company on June 13, 2019 out of the total earmarked investments as indicated above. Accordingly, as on March 31, 2020 the total earmarked investment



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

including income accrued thereon stood at ₹3,288.86 crores (March 31, 2019 ₹2,424.42 crores). Further, the Company is also directed to continue to transfer all revenues emanating from its co-location facility to a separate bank account. With respect to Governance and related matters, Hon'ble SAT vide its interim order has kept the directions passed in the SEBI order in abeyance.

The Company believes that it has strong grounds to contest the above orders including monetary liability (including from pending adjudication proceedings) raised by SEBI. Accordingly, no provision for any liability in this regard is considered necessary in the financial statements as of and for the year ended March 31, 2020.

### Summary of the above earmarked investments, bank and other balances

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Debentures	313.40	305.43
Mutual Funds	2,113.58	1,321.85
Taxfree bonds	169.65	-
Bank deposits and Inter corporate deposits	312.45	706.91
Bank balance	3.42	2.01
Receivable on sale of investment	179.19	-
Trade Receivables	188.54	88.22
Amount relates to investments matured pending transfer to colocation bank account	8.63	-
<b>Total</b>	<b>3,288.86</b>	<b>2,424.42</b>

NSE is in receipt of SEBI Show Cause Notice dated October 9, 2019 (bearing reference no. MRD/DSA-I/VA/SKS/26772/1/2019) and a Supplementary notice dated December 16, 2019 (bearing no. MRD/DSA-I/VA/SKS/33591/1/2019) alleging violation in relation to certain alleged irregularities in the appointment of Chief Strategic Advisor and his re-designation as 'Group Operating Officer and Advisor to MD' by the former MD and CEO and the sharing of certain internal information pertaining to Company with an alleged third party by former MD & CEO. The Company has sought inspection of records from SEBI in respect of this matter and has also filed a Settlement Application. SEBI response in this regard is awaited. In view of the same, no provision is presently made / determinable in this financial statements.

- c) Additionally, NSE has regularly received notices, inquiry / query letters and inspection letters on matters relating to operations of the Company from SEBI which have been replied to by the Company. Basis the replies filed, the Company's management do not expect any material impact on the financial position of the Company.
- d) In a complaint filed by a competitor against the Company, the Competition Commission of India directed the Company to pay a penalty of ₹55.50 crores (March 31, 2019 : ₹55.50 crores). The Company had appealed against the order before the Hon'ble Competition Appellate Tribunal (COMPAT) which rejected the appeal. The Company has appealed against the said order and stay has been granted by the Hon'ble Supreme Court of India. In respect of the same subject matter, a compensation claim has been filed against the Company amounting to ₹856.99 crores (March 31, 2019 : ₹856.99) before the COMPAT by the competitor and the same is being disputed by the Company. Based on the legal advice, the Company is of the view that there are strong grounds that the Hon'ble Supreme Court of India will over turn the decision of the COMPAT. In view of the same no provision has been made in respect of penalty and compensation claimed.

Based on the legal opinion/advice received, the Group is of the view that the above matters are not likely to have any material impact on the financial position of the Group

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Penalty amount	55.50	55.50
Compensation claimed	856.99	856.99

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

e) Contingent liabilities on account of disputed demand of: (₹ in Crores)

	31.03.2020	31.03.2019
Income tax matters	539.54	385.33
Fringe Benefit Tax matters	2.22	2.21
Wealth tax matters	0.09	0.09
Goods & Service Tax matters	0.24	0.37
Services tax matters along with penalty thereon	126.58	124.60
Securities Transaction Tax matters (Refer note 7.1)	6.74	6.76
Group's share of associates	20.76	-

The Group's pending litigations comprise of claims against the Company and proceedings pending with Statutory and Tax Authorities. The Group has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a material impact on its financial position.

(₹ in Crores)

	31.03.2020	31.03.2019
f) Bank guarantees	513.90	28.39
Group's share of associates	6.00	-

NSE Clearing Limited has commenced Clearing & Settlement activities for Capital market segment, Equity Derivatives and Currency Derivatives segment under interoperability framework as prescribed by SEBI during the year. Further, the Company has given bank guarantee of ₹500 crores in favour of ICCL towards Inter CCP collateral under interoperability framework.

### 35. DETAILS OF DUES TO MICRO AND SMALL, MEDIUM ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006 (₹ in Crores)

Particulars	31.03.2020	31.03.2019
Outstanding	1.21	0.14

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 Group.

### 36. LEASE

(a) The Group has taken land on finance lease. The following is the summary of future minimum lease rental payment under finance lease arrangement entered into by the Group.

**Lease obligations** (₹ in Crores)

	31.03.2019	As at 31.03.2019
	Minimum lease payments	Present Value of Minimum lease payments
- Not later than one year	1.83	1.83
- Later than one year and not later than five years	7.36	4.39
- Later than five years	127.13	5.18
<b>Total minimum lease commitments</b>	<b>136.32</b>	<b>11.40</b>
Less: future finance charges	124.92	
<b>Present value of minimum lease premium</b>	<b>11.40</b>	
Other financial liabilities - current	1.83	
Other financial liabilities - non current	9.57	



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### (b) Transition Disclosures for Ind AS 116

Effective April 01, 2019 the company adopted Ind AS 116 “Lease” using the simplified transition approach, which has been applied to all contracts that were existing as of April 1, 2019. The adoption of Ind AS 116 has the following impact.

#### (i) Amounts recognised in balance sheet

The balance sheet shows the following amount relating to leases:

(₹ in Crores)

Particulars	31.03.2020	01.04.2019
<b>Right-of-use-assets</b>		
Land	76.01	77.31
Buildings	54.28	69.14
<b>Total</b>	<b>130.29</b>	<b>146.45</b>

(₹ in Crores)

Particulars	31.03.2020	01.04.2019#
<b>Lease liabilities</b>		
Current	14.92	17.42
Non Current	54.05	63.12
<b>Total</b>	<b>68.97</b>	<b>80.54</b>

Note : In the previous year, the Company only recognised lease assets and lease liabilities in relation to leases that were classified as ‘finance lease’ under Ind AS 17, Leases. The assets were presented in property, plant and equipment and the liabilities as a part of other financial liabilities.

# Obligation under finance lease has been reclassified as lease liability upon adoption of Ind AS 116 effective April 1, 2019.

#### (ii) Amounts recognised in the statement of profit and loss

The statement of profit and loss shows the following amount relating to leases:

(₹ in Crores)

Particulars	31.03.2020
<b>Depreciation charge of Right-of-use assets</b>	
Buildings	14.64
Land	1.30
<b>Total</b>	<b>15.94</b>

(₹ in Crores)

Particulars	31.03.2020
Interest expenses	7.15
<b>Total</b>	<b>7.15</b>

#### (iii) Extension and termination options

Extension and termination options are included in many of the leases. In determining the lease term, the Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. This assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Impact on financial statements lessee accounting

#### (i) Practical expedients applied

In applying Ind AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

- The Company has not reassessed whether a contract is or contains a lease at the date of initial application.
- The Company has utilised hindsight in determining the lease terms where contracts contained options to extend or terminate the lease.
- The Company has used a single discount rate to a portfolio of leases with reasonable similar characteristics based on the remaining lease term as at the date of initial application.
- The Company has relied on its previous assessment on whether leases are onerous.

#### (ii) Lease Liabilities Reconciliation

Particulars	(₹ in Crores)
Operating lease commitments disclosed as at March 31, 2019	-
Add : Finance lease liabilities recognised as at March 31, 2019	11.40
Adjustments as a result of a different treatment of extension and termination option	69.14
<b>Lease liability recognised as at April 1, 2019</b>	<b>80.54</b>
of which are:	
Current lease liabilities	17.42
Non-current lease liabilities	63.12

(iii) On transition to Ind AS 116 the weighted average incremental borrowing rate applied to lease liabilities recognised under Ind AS 116 was 8%.

#### (iv) Measurement of right of use assets

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. (Refer note 2)

#### (v) Adjustments recognised in the balance sheet on April 1, 2019

- > Property, Plant & Equipment - decreases by ₹77.31 crores.
- > Right-of-use assets - increases by ₹146.45 crores.
- > Other financial liabilities - decreases by ₹11.40 crores.
- > Lease liability - increases by ₹80.54 crores

(vi) The operating cash flows for the Year Ended March 31, 2020 has increased by ₹7.15 Crore and the financing cash flows have decreased by ₹7.15 Crore as repayment of lease liabilities and related interest has been classified as cash flows from financing activities.

(vii) Rental Charges of ₹ 24.86 crores pertains to the short term lease and hence not considered for Right-of-Use assets.

**37 a)** Securities and Exchange Board of India, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, interlia, has issued norms related to the computation and contribution to the Core Settlement Guarantee Fund by the Clearing Corporation (minimum 50%), Stock Exchange (minimum 25%) and members (maximum 25%). Further SEBI vide circular CIR/CFD/FAC/62/2016 dated May 05, 2016 advised Stock Exchange to transfer 25% of its annual profits to Core SGF



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### I Details of Core SGF as on March 31, 2020 are as follows :

(₹ in Crores)

Details of MRC of Core SGF	CM	FO	CD	Debt	TRI Party	Commodity	Total
NCL own contribution	77.96	593.00	47.00	3.00	8.50	5.00	734.46
Interest Adjusted towards NCL `s Contribution	29.04	31.00	9.00	-	-	-	69.04
Contribution by NSE on behalf of Member	42.93	296.00	23.00	-	-	2.50	364.43
Interest Adjusted towards member `s Contribution	10.07	16.00	5.00	-	-	-	31.07
Contribution by NSE	40.65	297.00	24.00	1.00	8.50	2.50	373.65
Interest Adjusted towards NSE `s Contribution	13.35	15.00	4.00	-	-	-	32.35
<b>Total</b>	<b>214.00</b>	<b>1,248.00</b>	<b>112.00</b>	<b>4.00</b>	<b>17.00</b>	<b>10.00</b>	<b>1,605.00</b>
Previous Year	198.00	1,248.00	110.00	4.00	17.00	10.00	1,587.00

### II Details of Core SGF as on March 31, 2019 are as follows :

(₹ in Crores)

	CM	FO	CD	Debt	TRI Party	Commodity	Other	Total
<b>1. Contribution to Corpus of Core SGF</b>								
a NCL own contribution	99.00	624.00	55.00	3.00	8.50	5.00	-	794.50
b. Contribution by NSE on behalf of Member	49.00	312.00	27.00	-	-	2.50	-	390.50
c. Contribution by NSE	50.00	312.00	28.00	1.00	8.50	2.50	327.51	729.51
<b>1. Total (a+b+c)</b>	<b>198.00</b>	<b>1,248.00</b>	<b>110.00</b>	<b>4.00</b>	<b>17.00</b>	<b>10.00</b>	<b>327.51</b>	<b>1,914.51</b>
2. Penalty*	53.37	406.41	25.93	-	-	-	-	485.71
3. Income on Investments*	22.74	279.19	18.27	0.80	0.99	0.14	64.56	386.69
<b>Grand Total (1+2+3)</b>	<b>274.11</b>	<b>1,933.60</b>	<b>154.20</b>	<b>4.80</b>	<b>17.99</b>	<b>10.14</b>	<b>392.07</b>	<b>2,786.91</b>

### III Contribution made during the year 2019-20

(₹ in Crores)

	CM	FO	CD	Debt	TRI Party	Commodity	Other #	Total
<b>Contribution during the year</b>								
<b>NCL own contribution</b>								
Direct Contribution	-	-	-	-	-	-	-	-
Adjusted from Interest Income **	8.00	-	1.00	-	-	-	-	9.00
<b>Total</b>	<b>8.00</b>	<b>-</b>	<b>1.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9.00</b>
<b>Contribution by NSE on behalf of Member</b>								
Direct Contribution	-	-	-	-	-	-	-	-
Contribution adjusted from NSE Other Contribution#	-	-	-	-	-	-	-	-
Adjusted from Interest Income **	4.00	-	1.00	-	-	-	-	5.00
<b>Total</b>	<b>4.00</b>	<b>-</b>	<b>1.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.00</b>
<b>Contribution by NSE</b>								
Direct Contribution	-	-	-	-	-	-	-	-
Adjusted against NSE `s Own and member `s contribution	-	-	-	-	-	-	-	-
Contribution adjusted from NSE Other Contribution#	-	-	-	-	-	-	-	-
Adjusted from Interest Income **	4.00	-	-	-	-	-	-	4.00
<b>Total</b>	<b>4.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.00</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Crores)

	CM	FO	CD	Debt	TRI Party	Commodity	Other #	Current year	Previous Year
<b>Income during the period ( Net Off adjustment towards MRC) **</b>									
Penalty	11.57	144.54	4.96	-	-	0.03	-	161.10	183.03
Income on Investments	20.05	141.05	10.99	0.07	1.28	0.71	26.96	201.11	172.10
Less : Income adjusted against MRC**	16.00	-	2.00	-	-	-	-	18.00	52.46
Income on Investments ( Net Off adjustment towards MRC )	4.05	141.05	8.99	0.07	1.28	0.71	26.96	183.11	119.64

### IV Details of Core SGF a on March 31, 2020 are as follows :

Out of the above the details of the Cash contributions and investment of the same are as follows : (₹ in Crores)

	CM	FO	CD	Debt	TRI Party	Commodity	Other #	Total
<b>I Contribution to Corpus of Core SGF</b>								
a. NCL own contribution	107.00	624.00	56.00	3.00	8.50	5.00	-	<b>803.50</b>
b. Contribution by NSE on behalf of Member	53.00	312.00	28.00	-	-	2.50	-	<b>395.50</b>
c. Contribution by NSE	54.00	312.00	28.00	1.00	8.50	2.50	327.51	<b>733.51</b>
<b>1. Total (a+b+c)</b>	<b>214.00</b>	<b>1,248.00</b>	<b>112.00</b>	<b>4.00</b>	<b>17.00</b>	<b>10.00</b>	<b>327.51</b>	<b>1,932.51</b>
2. Penalty*	64.94	550.95	30.89	-	-	0.03	-	<b>646.81</b>
3. Income on Investments (After allocation towards MRC)*	26.79	420.24	27.26	0.87	2.27	0.85	91.52	<b>569.80</b>
<b>Grand Total (1+2+3)</b>	<b>305.73</b>	<b>2,219.19</b>	<b>170.15</b>	<b>4.87</b>	<b>19.27</b>	<b>10.88</b>	<b>419.03</b>	<b>3,149.12</b>

(₹ in Crores)

	CM	FO	CD	Debt	TRI Party	Commodity	Other	Total
<b>II Details of Investment</b>								-
1. Mutual Funds								
2. Fixed Deposit with Banks	255.39	2,008.15	128.89	0.90	17.00	10.70	364.63	<b>2,785.66</b>
3. Flexi Fixed Deposits	24.56	70.19	26.99	1.16	-	-	16.94	<b>139.84</b>
4. Balance in Bank Accounts	2.25	0.98	1.96	2.73	-	-	-	<b>7.92</b>
5. Accrued interest	18.84	110.66	9.80	0.04	2.05	0.08	30.59	<b>172.07</b>
6. Prepaid taxes	4.69	29.21	2.51	0.04	0.22	0.10	6.87	<b>43.64</b>
<b>Grand Total (1+2+3+4+5+6)</b>	<b>305.73</b>	<b>2,219.19</b>	<b>170.15</b>	<b>4.87</b>	<b>19.27</b>	<b>10.88</b>	<b>419.03</b>	<b>3,149.13</b>
Previous year	274.11	1,933.60	154.20	4.80	17.99	10.14	392.07	2,786.92

As on March 31, 2020 an amount of ₹12.64 is receivable from BSE Ltd and amount of ₹0.10 crores receivable from Metropolitan Stock exchange of India Ltd towards contribution to Core SGF pursuant to Interoperability. On receipt the same will be allocated to NSE.

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

**37.2** # 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

\*\* 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.

**37.3** During the previous year, NSE Clearing Limited has received approval from SEBI to start clearing & settlement activities in Commodity Derivatives. As required by SEBI minimum amount of ₹250 crores has been earmarked towards a separate fund for the purpose of augmenting Settlement Guarantee Fund for Commodity Derivatives by way of appropriation from General Reserves. Further, the company has also earmarked investments amounting to ₹250 crores towards the same. The operations in Commodity Derivatives commenced w.e.f. October 12, 2018.

**37.4** SEBI vide circular no. SEBI/HO/MRD/DSA/CIR/P/2016/125 dated November 28, 2016 has issued norms for set up of fund and minimum corpus of fund to guarantee the settlement of trades executed in the stock exchanges in IFSC.

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
Company's Own contribution*	9.05	8.56
Penalty collected from members	0.02	0.02
Accrued interest on CSGF FD	0.27	0.20
	<b>9.34</b>	<b>8.78</b>

\* Company's own contribution includes contributions of ₹0.50 crores made during current year (₹0.50 crores made during previous year 2018-19) and balance increase is on account of currency fluctuation.

**38 a)** SEBI vide its circular dated August 10, 2017 has permitted exchanges in GIFT IFSC to introduce Liquidity Enhancement Scheme to enhance liquidity. Considering, the nascent stage of business SEBI has granted exemption to comply with the conditions of giving the incentive out of accumulated free reserves of the exchange. Further, SEBI has advised exchanges to create a reserve specifically to meet Liquidity Enhancement Scheme Incentive and the same would not be included in the networth calculation of the exchange.

Exchange has received approval from SEBI for Introduction of Liquidity Enhancement Scheme and the same was launched from November 1, 2017. Based on the condition to create the reserve, Exchange had a reserve equivalent ₹3.58 crores in LES Incentive reserve as at April 1, 2018.

During the previous year exchange has credited amount equivalent to ₹12.11 crores to LES Incentive reserve and ₹14.18 crores was spent as incentive paid/payable to the trading members leaving a balance of ₹1.51 crores in LES Incentive reserve as at March 31, 2019.

During the current year exchange has credited amount equivalent to ₹8.94 crores to LES Incentive reserve and ₹9.19 crores was spent as incentive paid/payable to the trading members leaving a balance of ₹1.26 crores in LES Incentive reserve as at March 31, 2020. Based on the past trend, the management is of the view that the balance in LES reserve as at March 31, 2020 is sufficient to meet the LES incentive payout for the following month. (Refer note 13(b))

**b)** NSE IFSC LTD. in GIFT IFSC has set aside USD 15,000 (₹0.11 crores) in a separate bank account as amount earmarked for Investor Protection Fund.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### 39. INTERESTS IN OTHER ENTITIES

#### (a) Subsidiaries

The Group's subsidiaries are set out below. Share capital consisting solely of equity shares that are held directly by the Group including preference shares held in NSE Investment Limited, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of Entity	With effect from	Principal Place of business / country of incorporation	Ownership interest held by the Group		Principal activities
			March 31, 2020	March 31, 2019	
NSE Clearing Limited (formerly known as National Securities Clearing Corporation Limited)	31-Aug-95	India	100.00	100.00	Clearing and Settlement
NSE Investments Ltd (formerly known as NSE Strategic Investment Corporation Limited)	31-Jan-13	India	100.00	100.00	Investment entity
NSEIT Limited	29-Oct-99	India	100.00	100.00	IT services
NSEIT (US) Inc.	04-Dec-06	United States of America	100.00	100.00	IT services
NSE Indices Ltd (formerly known as India Index Services & Products Limited)	02-Aug-06	India	100.00	100.00	Index services
NSE Data & Analytics Limited (formerly known as DotEx International Limited)	02-Jun-00	India	100.00	100.00	Data Feed Services
NSE Infotech Services Limited (Refer Note 43)	02-Aug-06	India	100.00	100.00	IT services
NSE IFSC Limited	29-Nov-16	India	100.00	100.00	Stock Exchange Services
NSE IFSC Clearing Corporation Limited	02-Dec-16	India	100.00	100.00	Clearing and Settlement
NSE Academy Limited	12-Mar-16	India	100.00	100.00	Financial literacy programmes
NSE Foundation (Section 8 Company)	05-Mar-18	India	100.00	100.00	CSR activities
Aujas Networks Private Limited	22-Mar-19	India	96.84	95.39	IT security services



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### (b) Interests in associates and joint ventures

- i. Set out below are the associates of the Group. The entities listed below have share capital consisting solely of equity shares, which are held directly or indirectly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

(₹ in Crores)

Name of Entity	Place of business/ country of incorporation	Relationship	Proportion of Interest (%)		Accounting method	Carrying Value		Share of Profit/ (Losses) from Associates	
			March	March		March	March	March	March
			31, 2020	31, 2019		31, 2020	31, 2019	31, 2020	31, 2019
National Securities Depository Limited	India	Associate	24.00	24.00	Equity method	180.75	154.00	29.94	21.48
Power Exchange India Limited	India	Associate	34.21	30.95	Equity method	-	-	-	-
NSDL e-Governance Infrastructure Limited	India	Associate	25.05	25.05	Equity method	237.88	216.36	30.36	31.31
Market Simplified India Limited	India	Associate	30.00	30.00	Equity method	-	-	-	-
BFSI Skill Sector Council of India (Refer note 39.1)	India	Associate	49.00	49.00	NA	1.00	1.00	-	-
Receivables Exchange of India Limited	India	Associate	30.00	30.00	Equity method	5.13	3.83	(2.45)	(1.04)
Computer Age Management Services Limited (Refer note 39.2)	India	Associate	-	37.50	Equity method	-	412.28	54.72	55.28
<b>Total equity accounted investments</b>						<b>424.76</b>	<b>787.47</b>	<b>112.57</b>	<b>107.03</b>
<b>Non Current Investments Held for Sale</b>									
Computer Age Management Services Limited (Refer note 39.2)	India		-	-		440.00	-	-	-

**Note 39.1** BFSI Sector Skill Council of India, an associate company incorporated under section 8 of Companies Act, 2013, and has been set up with the aim of enhancing skill development across the BFSI sector leading to greater efficiency, productivity and sustained growth wherein the profits will be applied for promoting its objects. Accordingly, share of profit of this company has not been accounted using equity method.

**Note 39.2** NSE Investments Limited had acquired 44.99% equity stake in Computer Age Management Services Limited (CAMS) in Financial Year 2013-14. National Stock Exchange of India Limited (NSE), the holding company, has received a letter dated February 04, 2020 from SEBI, inter alia, stating that NSE should have obtained prior permission from Securities Exchange Board of India (SEBI) for acquisition of stake in CAMS, an associate company, through its wholly owned subsidiary NSE Investments Limited (formerly NSE Strategic Investment Corporation Limited) in Financial Year 2013-14 and that it has resulted in violation of Securities Contracts (Regulations) Stock Exchanges and Clearing Corporation (SECC) Regulations, 2018. In the same letter, SEBI has directed NSE to divest its entire stake in CAMS (i.e. 37.50% at present) within a period of 1 year; withdraw its directorship in CAMS and not to exercise voting rights and avail any corporate benefits in respect of the shareholding. SEBI has further stated that this is without prejudice to any other action that SEBI may initiate for non-compliance with the Regulation 38(2) of SECC Regulations, 2018 read with Regulation 41(3) of SECC Regulations, 2012.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** FOR THE YEAR ENDED MARCH 31, 2020

Pursuant to the same, NSE has withdrawn its nominee Directors in CAMS and will not exercise any voting rights and avail any corporate benefits from the date of the letter. Further, it may be noted that CAMS has filed the Draft Red Herring Prospectus (DRHP) with SEBI for Offer for sale (OFS) and listing of shares on January 8, 2020. SEBI approval for the same is awaited. NSE Investment Limited has participated in the said OFS up to 12.51% stake in CAMS.

In view of the above directions of SEBI, as on March 31, 2020, the entire investment of 37.50 % in CAMS has been reclassified from 'investment' to 'Assets classified as held for sale' and the same has been carried at the lower of carrying amount and fair value as per Indian Accounting Standard (Ind AS) 105 - 'Non-current Assets Held for Sale and Discontinued Operations'. As on March 31, 2020, the carrying value of the said investment is ₹440 crores.

During the year, the group has accounted for its share of net profit from CAMS upto February 03, 2020 of Rs 54.72 crores, Share of other Comprehensive Loss of Rs 0.20 lakhs and has received dividend of Rs 22.27 crores and related tax expenses of Rs 4.58 crores

### **40 FINANCIAL RISK MANAGEMENT**

The Group'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 Management Committee, 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 Risk Management Committee of the Group is supported by the Treasury department that provides assurance that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Treasury department activities are designed to:

- protect the Group's financial position from financial risks.
- maintain market risks within acceptable parameters, while optimising returns; and
- protect the Group's financial investments, while maximising returns.

The Treasury department is responsible to maximise the return on companies generated funds and investments.

#### **A MANAGEMENT OF LIQUIDITY RISK**

"Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring avoidable costs. In doing this, management considers both normal and stressed conditions. A material and sustained shortfall in Group's cash flow could impair investor confidence.

The Group maintained a cautious funding strategy, with a positive cash balance throughout the years ended 31st March, 2020 and 31st March, 2019. This was the result of cash delivery from the business. Cash flows from operating activities provides the funds to service the financing of financial liabilities on a day-to-day basis.

The Group'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 operations, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing deposits and other marketable debt investments including the government securities, mutual funds and exchange traded funds with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The following table shows the maturity analysis of the Group's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.

Particulars	Notes	Carrying amount	Less than 12 months	More than 12 months	Total
<b>As at March 31, 2020</b>					
Trade payables	14	166.46	166.46	-	166.46
Deposits	16, 24	1,891.11	1,891.11	-	1,891.11
Lease liabilities	36b	68.97	14.92	187.63	202.55
Other liabilities	16	8,989.11	8,989.11	-	8,989.11
<b>As at March 31, 2019</b>					
Trade payables	14	128.13	128.13	-	128.13
Deposits	16, 24	1,897.10	1,897.10	-	1,897.10
Lease liabilities	36a	11.40	1.83	134.49	136.32
Other liabilities	16	6,260.29	6,260.29	-	6,260.29

### B MANAGEMENT OF MARKET RISK

The Group's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- price risk; and
- interest rate risk

The above risks may affect the Group's income or the value of its financial instruments. The objective of the Group's management of market risk is to maintain this risk within acceptable parameters, while optimising returns. The Group's exposure to, and management of, these risks is explained below.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
<b>1. PRICE RISK</b>		
<p>The Group is mainly exposed to the price risk due to its investment in mutual funds, exchange traded funds and investments in equity instruments. The price risk arises due to uncertainties about the future market values of these investments.</p> <p>At 31st March 2020, the exposure to price risk due to investment in mutual funds amounted to ₹3962.30 crores (March 31, 2019: ₹3284.13 crores).</p>	<p>In order to manage its price risk arising from investments in mutual funds, exchange traded funds and investments in equity instruments. The Group diversifies its portfolio in accordance with the limits set by the risk management policies. 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, exchange traded funds and investments in equity instruments, the Group has calculated the impact as follows.</p> <p>For mutual funds, a 0.25% increase in prices would have led to approximately an additional ₹9.91 crores gain in the Statement of Profit and Loss (2018-19: ₹8.21 crores gain). A 0.25% decrease in prices would have led to an equal but opposite effect.</p>
<p>At 31st March 2020, the exposure to price risk due to investment in exchange traded fund amounted to ₹239.57 crores (March 31, 2019: ₹234.87 crores).</p>		<p>For exchange traded fund, a 10% increase in prices would have led to approximately an additional ₹23.96 crores gain in the Statement of Profit and Loss (2018-19: ₹23.49 crores gain). A 10% decrease in prices would have led to an equal but opposite effect.</p>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
At 31st March 2020, the exposure to price risk due to investment in equity instruments amounted to ₹123.43 crores (March 31, 2019: ₹134.57 crores).		For equity instruments, a 10% increase in prices would have led to approximately an additional ₹12.34 crores gain in the Statement of Profit and Loss (2018-19: ₹13.46 crores gain). A 10% decrease in prices would have led to an equal but opposite effect.
<b>2. INTEREST RATE RISK</b>		
<p>The Company is mainly exposed to the interest rate risk due to its investment in government securities measured at FVOCI. The interest rate risk arises due to uncertainties about the future market interest rate which impacts the price of these investments.</p> <p>As at 31st March, 2020, the exposure to interest rate risk due to investment in government securities amounted to ₹487.43 crores (March 31, 2019: ₹531.16 crores).</p>	<p>In order to manage its interest rate risk arising from investments in government securities, 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 the interest rate risk, with respect to financial instruments, the Company has calculated the impact of a 0.25% change in interest rates.</p> <p>A 0.25% increase in interest rates would have led to approximately an additional ₹7.98 crores loss in the Statement of Profit and Loss (2018-19: ₹8.71 crores gain). A 0.25% decrease in interest rates 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 Group if a customer or counter-party fails to meet its contractual obligations.

#### Trade receivables

Concentrations of credit risk with respect to trade receivables are limited, due to the Group's customer base being large and diverse and also on account of member's deposits kept by the Group as collateral which can be utilised in case of member default. All trade receivables are reviewed and assessed for default on a quarterly basis. Based on historical experience of collecting receivables, supported by the level of default, is that credit risk is low. Accordingly, our provision for expected credit loss on trade receivables is not material.

#### Other financial assets

The Group maintains exposure in cash and cash equivalents, term deposits with banks / financial institutions, investments in marketable debt instruments including government securities, mutual funds and exchange traded funds. The Group 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 Group's Treasury department.

The Group's maximum exposure to credit risk as at March 31, 2020 and March 31, 2019 is the carrying value of each class of financial assets as disclosed in note 4, 5, 6, 9, 10, 11 and 12.

### D EXPECTED CREDIT LOSS ON FINANCIAL ASSETS

The Group's investment in Non convertible debenture of IL&FS Group amounting to Rs 80.13 crores have been classified as credit impaired in the financial year 2018-19 on account of significant financial difficulty of the issuer, disappearance



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

of an active market for their securities and credit rating downgrade from “AAA” to “D”. Accordingly, Group has recognized impairment loss of Rs 80.13 crores on such financial assets in the profit and loss account in the financial year 2018-19.

### E CAPITAL MANAGEMENT

The Group considers the following components of its Balance Sheet to be managed capital:

Total equity (as shown in the balance sheet includes retained profit, other reserves, share capital, share premium).

The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Group 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 Group’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 Group will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The Group 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 Group’s goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods. Refer note 48 & 13 (b) for the final and interim dividends declared and paid.

#### Compliance with externally imposed capital requirements:

In accordance with regulation 14 of Securities Contracts (regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, NSE shall have a minimum networth of ₹100 crore at all times.

Capital requirement of NCL 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 throughout the year ended March 31, 2020.

Further, SEBI vide Regulation 14(3) of SECC Regulations 2018 adopted risk-based approach towards computation of capital and net worth requirement for Clearing Corporations(CC) to adequately cover counterparty credit risk, business risk, orderly Wind-down and operational & legal risk. As per Regulation 14(3) (c) of SECC Regulations 2018 every CC shall have a minimum net worth of ₹100 crores or networth Computed as per the risk-based approach as may specified by SEBI from time to time, whichever is higher.

Accordingly, SEBI vide circular Ref No: SEBI/HO/MRD/DRMP/CIR/P/2019/55 dated April 10, 2019 issued granular norms related to computation of risk based capital and net worth requirement for CCs effective from FY2019-20. The networth requirement for the NSE Clearing Limited calculated as prescribed by SEBI in the above circular works out to around ₹1100 crores. The NSE Clearing Limited has sufficient resources to meet this networth requirement.

Capital requirement of NSE IFSC Limited is regulated by SEBI. As per SEBI (International Financial Services Centres) Guidelines, 2015, every permitted stock exchange is required to maintain the minimum networth of ₹25 crores and enhance it to ₹100 crores at the end of third year from the date of approval, i.e. May 28, 2017, to operate an exchange as per SEBI guidelines. Further, SEBI has granted relaxation for 1 year and allowed exchange to maintain minimum networth of 25 crores till May 28, 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Capital requirement of NSE IFSC Clearing Corporation Limited is regulated by SEBI. As per SEBI (International Financial Services Centres) Guidelines, 2015, every permitted clearing corporation shall have a minimum networth equivalent of Rs 50 crores initially and it shall enhance its networth to a minimum equivalent of Rs 300 crores over the period of three years from the date of approval. Further, SEBI has granted relaxation for 1 year and allowed exchange to maintain minimum networth of 50 crores till June 5, 2021.

The parent company and its subsidiaries are in compliance with the said requirement.

### 40 FAIR VALUE MEASUREMENTS

#### E - Financial Instruments by category

(₹ in Crores)

Particulars	31-03-2020			31-03-2019		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
<b>Financial Assets</b>						
Investments						
Equity Instruments	-	123.43	-	-	134.57	-
Debentures	-	-	390.80	-	-	868.30
Taxable Bonds	-	-	141.76	-	-	102.47
Taxfree Bonds	-	-	751.04	-	-	969.05
Fixed Deposits with Banks	-	-	4,205.83	-	-	4,382.01
Deposits with financial institutions	-	-	311.01	-	-	125.89
Government Securities	-	487.43	-	-	531.16	-
Mutual Funds	3,962.30	-	-	3,284.13	-	-
Exchange Traded Funds	239.57	-	-	234.87	-	-
Trade receivables	-	-	652.11	-	-	452.51
Cash and Cash equivalents	-	-	9,237.90	-	-	6,592.61
Contract Assets	-	-	12.96	-	-	18.85
Assets classified as held for sale	-	-	440.00	-	-	-
Security deposits	-	-	4.57	-	-	9.85
Other receivables	-	-	239.48	-	-	30.24
<b>Total financial assets</b>	<b>4,201.87</b>	<b>610.86</b>	<b>16,387.46</b>	<b>3,519.00</b>	<b>665.73</b>	<b>13,551.78</b>
<b>Financial liabilities</b>						
Trade payables	-	-	166.46	-	-	128.13
Deposits	-	-	1,891.11	-	-	1,897.10
Obligations under finance lease	-	-	-	-	-	11.40
Other liabilities	-	-	8,989.11	-	-	6,260.29
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>11,046.68</b>	<b>-</b>	<b>-</b>	<b>8,296.92</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### (i) Fair Value hierarchy and valuation technique used to determine fair value :

This note explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in these consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three level prescribed under the accounting standard. An explanation of each level follows below the table.

#### Financial Assets measured at Fair Value - recurring fair value measurements at 31.03.2020 (₹ in Crores)

Particulars	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
<b>Financial Investments at FVPL</b>					
Mutual Fund - Growth Plan	4 & 9	3,390.62	-	-	3,390.62
Mutual Fund - Fixed Maturity Plan	9	-	571.68	-	571.68
Exchange Traded Funds	4	239.57	-	-	239.57
<b>Financial Investments at FVOCI</b>					
Debt Instrument at FVOCI - Government Securities	4	-	487.43	-	487.43
Unquoted Equity Investments	4	-	-	122.87	122.87
Quoted Equity Investments	4	0.56	-	-	0.56
<b>Total Financial Assets</b>		<b>3,630.75</b>	<b>1,059.11</b>	<b>122.87</b>	<b>4,812.73</b>

#### Financial Assets measured at Fair Value - recurring fair value measurements at 31.03.2019 (₹ in Crores)

Particulars	Notes	Level 1	Level 2	Level 3	Total 31-Mar- 2017
<b>Financial Assets</b>					
<b>Financial Investments at FVPL</b>					
Mutual Fund	4 & 9	2,753.46	-	-	2,753.46
Mutual Fund - Fixed Maturity Plan	4	-	530.68	-	530.68
Exchange Traded Funds	4	234.87	-	-	234.87
Preference Shares	4	-	-	-	-
<b>Financial Investments at FVOCI</b>					
Debt Instrument at FVOCI - Government Securities	4	-	531.16	-	531.16
Unquoted Equity Investments - National Commodity & Derivative Exchange Ltd.	4	-	-	134.17	134.17
Quoted Equity Investments	4	0.40	-	-	0.40
<b>Total Financial Assets</b>		<b>2,988.73</b>	<b>1,061.84</b>	<b>134.17</b>	<b>3,654.06</b>

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:

This includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have quoted price. The fair value of all equity instruments which are traded on the stock exchanges are valued

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

using the closing price as at the end of the reporting period. Listed Mutual Funds are valued using the closing quoted NAV.

### - Level 2:

The fair value of financial instruments that are not traded in an active market (for example, government securities is determined using Financial Benchmarks India Private Limited valuation techniques which maximise the use of observable market data, fixed maturity plan based on NAV declared by the fund) 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.

- The Company's policy is to recognise transfers into and transfers out of fair value hierarchy level as at the end of reporting period.
- There were no transfers between levels during the year ended March 31, 2020

### (ii) Valuation technique used to determine fair value :

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis and price to book value multiple as applicable.

### (iii) Fair value measurements using significant unobservable inputs (level 3)

- The following table presents the changes in level 3 items for the periods ended 31 March, 2020 and 31 March, 2019:

Particulars	(₹ in Crores)
	<b>Unlisted Equity security</b>
As at 1 April 2018	76.97
Gains (losses) recognised in Other Comprehensive Income	(2.34)
As at 31 March 2019	74.63
Gains (losses) recognised in Other Comprehensive Income	(12.30)
As at 31 March 2020	62.33

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### (iv) Valuation inputs and relationships to fair value :

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted

Particulars	Fair Value	Fair Value	Significant Unobservable inputs*	Fair Value	Fair Value
	31.03.2020	31.03.2019		31.03.2020	31.03.2019
Unquoted Equity Shares - NCDEX	121.87	134.17	P/B Multiple	5.1x	6.0x
			Business Risk Discount	60%	60%
			Resultant P/B multiple	2.0x	2.4x
			Liquidity Discount	20%	30%
			Applicable P/B Multiple	1.6x	1.7x
			P/B multiple based on latest available transactions	NA	2.4x
			Average P/B multiple arrived at	1.6x	2.0x
			Estimated Book value as at balance sheet date (₹ In Crores)	507.83	438.60
			Equity valuation of NCDEX (₹ In Crores)	812.44	894.50
			Valuation of 15% stake (₹ In Crores)	121.87	134.17

\* There were no significant inter relationship between unobservable inputs that materially affect fair value

### (v) Valuation processes :

The finance department of the group 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) and the audit committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every three months, in line with the reporting periods.

### (vi) Fair value of financial assets and liabilities measured at amortised cost :

(₹ in Crores)

	Notes	31.03.2020		31.03.2019	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>					
Debentures	4 & 9	390.80	391.85	868.30	872.32
Taxable Bonds	4	141.76	146.00	102.47	105.46
Taxfree Bonds	4	751.04	787.37	969.05	1,003.52
Fixed Deposits with Banks	5, 6 & 12	4,205.83	4,183.58	4,382.01	4,364.60
Deposits with financial institutions	5 & 6	311.01	309.29	125.89	125.81
Security Deposits	5 & 6	4.57	4.57	9.85	9.85
<b>Total Financial Assets</b>		<b>5,805.01</b>	<b>5,822.66</b>	<b>6,457.57</b>	<b>6,481.55</b>
<b>Financial Liabilities</b>					
Obligations under Finance Lease	15 & 16	-	-	11.40	12.91
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>11.40</b>	<b>12.91</b>

- The carrying amounts of trade receivables, trade payables, deposits, other receivables, cash and cash equivalent including other current bank balances and other liabilities including settlement obligation payable, deposits, creditors for capital expenditure, etc. are considered to be the same as their fair values, due to current and short term nature of such balances.

- The fair value of finance lease obligation, debentures, taxable bonds, taxfree bonds, fixed deposits, deposits with financial institutions and security deposit are based on discounted cash flow.

- For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

**41** In the opinion of the Board, current assets and advances are approximately of the value stated and to be realised in the ordinary course of business.

**42** i) Gross amount required to be spent by the Group on Corporate Social Responsibility activities for the year ended March 31, 2020 is ₹41.15 crores.(Previous year: ₹35.39 Crores).

ii) Amount spent during the years towards Primary Education, Elder Care, etc : (₹ in Crores)

Particulars	31.03.2020		
	In cash	Yet to be paid in cash	Total
(i) Construction / acquiring of any asset	-	-	-
(ii) Contribution to NSE Foundation towards CSR	41.15	-	41.15
(iii) On purposes other than (i) & (ii) above incurred by NSE Foundation towards CSR	49.76	-	49.76
(iv) Contribution to PM Cares Fund	10.00	-	10.00

(₹ in Crores)

Particulars	31.03.2019		
	In cash	Yet to be paid in cash	Total
(i) Construction / acquiring of any asset	-	-	-
(ii) Contribution to NSE Foundation towards CSR [Refer note 42(iii)]	35.39	-	35.39
(iii) On purposes other than (i) & (ii) above incurred by NSE Foundation towards CSR	36.83	-	36.83

**43.** During the previous year, the Parent company NSE had decided to co-opt the technology function internally and decided to absorb all the employees of NSE Infotech Limited (NSETECH), within NSE. Accordingly, all the employees of NSETECH were transferred to NSE due to which the core operations of NSETECH in the nature of IT management and support services to NSE and its Group Companies ceased to exist and there was no revenue generated from the operations by NSETECH. In view of the same it is not practical for NSETECH to prepare its financial statements on a going concern basis.

### 44 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(₹ in Crores)

	Effects of offsetting on the balance			Related amount not offset		
	Gross Amount	Gross Amt Set off in the balance sheet	Net Amount presented in Balance sheet	Amounts subject to master netting arrangements	Financial Instrument collateral*	Net Amount
<b>31.03.2020</b>						
<u>Financial Assets</u>						
Trade Receivables	526.18	-	526.18	-	(1,005.18)	(479.00)
<b>31.03.2019</b>						
<u>Financial Assets</u>						
Trade Receivables	338.20	-	338.20	-	(1,007.57)	(669.37)

\*The collateral includes deposits from trading members.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### 45 BUSINESS COMBINATION

Acquisition of Aujas Networks Pvt. Ltd. (Aujas), Subsidiary Company

During the previous year, the Company had acquired 95.39% of equity shareholding for a consideration of ₹84.08 crores. During the current year, the Company has increased its stake by 1.45% by purchase of shares from ex-promoters of Aujas and subscription to the rights issue. As on March 31, 2020, the Company holds 96.84% of equity shareholding of Aujas.

46 During the year NSE Academy Limited has started “The NSE Knowledge Hub” to create a digital platform for finance related learning needs for Banking and Financial services industry, institutes and end users.

### 47 ADDITIONAL INFORMATION REQUIRED BY SCHEDULE III

(₹ in Crores)

Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>Parent Company</b>								
<b>National Stock Exchange of India Limited</b>								
31st March, 2020	68.44%	5,901.17	88.16%	1,661.65	55.86%	6.72	87.96%	1,668.37
31st March, 2019	69.36%	5,401.76	80.90%	1,381.72	3.35%	0.17	80.67%	1,381.89
<b>Subsidiaries (group's share)</b>								
<b>NSE Clearing Limited</b>								
31st March, 2020	6.07%	523.71	4.31%	81.28	-6.57%	(0.79)	4.24%	80.49
31st March, 2019	5.31%	413.87	4.04%	69.03	-3.55%	(0.18)	4.02%	68.85
<b>NSE Indices Limited</b>								
31st March, 2020	3.58%	308.87	3.89%	73.35	-0.08%	(0.01)	3.87%	73.34
31st March, 2019	3.18%	247.97	2.40%	40.93	0.20%	0.01	2.39%	40.94
<b>NSE Data &amp; Analytics Limited</b>								
31st March, 2020	2.49%	214.32	3.48%	65.61	-0.25%	(0.03)	3.46%	65.58
31st March, 2019	2.44%	190.18	3.36%	57.34	-0.20%	(0.01)	3.35%	57.33
<b>NSE Infotech Services Limited</b>								
31st March, 2020	0.04%	3.83	0.02%	0.44	0.00%	-	0.02%	0.44
31st March, 2019	0.04%	3.39	-0.82%	(14.05)	0.00%	-	-0.82%	(14.05)
<b>NSEIT Limited</b>								
31st March, 2020	1.63%	140.26	-2.68%	(50.43)	-5.90%	(0.71)	-2.70%	(51.14)
31st March, 2019	1.58%	122.67	-1.43%	(24.48)	-22.09%	(1.12)	-1.49%	(25.60)
<b>NSE Academy Limited</b>								
31st March, 2020	0.18%	15.31	0.43%	8.06	0.00%	-	0.42%	8.06
31st March, 2019	0.18%	13.67	0.63%	10.75	0.00%	-	0.63%	10.75
<b>NSE Investment Limited</b>								
31st March, 2020	10.41%	897.52	2.43%	45.87	0.00%	-	2.42%	45.87
31st March, 2019	5.26%	409.93	9.19%	156.99	0.00%	-	9.16%	156.99
<b>NSE IFSC Limited</b>								
31st March, 2020	0.46%	39.52	-1.47%	(27.79)	26.52%	3.19	-1.30%	(24.60)
31st March, 2019	0.45%	35.05	-1.95%	(33.36)	49.11%	2.49	-1.80%	(30.87)
<b>NSE IFSC Clearing Corporation Limited</b>								
31st March, 2020	0.65%	55.83	-0.29%	(5.54)	39.65%	4.77	-0.04%	(0.77)
31st March, 2019	0.68%	52.97	-0.37%	(6.34)	64.30%	3.26	-0.18%	(3.08)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### 47 ADDITIONAL INFORMATION REQUIRED BY SCHEDULE III (contd.)

(₹ in Crores)

Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>NSE Foundation</b>								
31st March, 2020	0.92%	79.66	-2.46%	(46.43)	0.00%	-	-2.45%	(46.43)
31st March, 2019	1.09%	85.08	-1.91%	(32.59)	0.00%	-	-1.90%	(32.59)
<b>Aujas Networks Private Limited</b>								
31st March, 2020	0.27%	22.86	-0.29%	(5.40)	2.08%	0.25	-0.27%	(5.15)
31st March, 2019	0.36%	28.25	0.00%	-	0.00%	-	0.00%	-
<b>Foreign Subsidiaries</b>								
<b>NSE.IT (US) Inc.</b>								
31st March, 2020	-0.07%	(6.36)	-0.02%	(0.47)	-4.22%	(0.51)	-0.05%	(0.98)
31st March, 2019	-0.07%	(5.38)	-0.29%	(4.93)	8.88%	0.45	-0.26%	(4.48)
<b>Non-Controlling Interest in all subsidiaries</b>								
31st March, 2020	0.01%	0.73	-0.01%	(0.26)	0.08%	0.01	-0.01%	(0.25)
31st March, 2019	0.02%	1.37	0.00%	-	0.00%	-	0.00%	-
<b>Associates (Investment as per equity method)</b>								
<b>National Securities Depository Limited</b>								
31st March, 2020	2.10%	180.75	0.95%	17.94	2.38%	0.29	0.96%	18.23
31st March, 2019	1.98%	154.00	1.26%	21.48	0.00%	-	1.25%	21.48
<b>NSDL e-Governance Infrastructure Limited</b>								
31st March, 2020	2.76%	237.88	0.78%	14.63	-7.89%	(0.95)	0.72%	13.68
31st March, 2019	2.78%	216.36	1.83%	31.31	0.00%	-	1.83%	31.31
<b>Computer Age Management Services Limited</b>								
31st March, 2020	-	-	2.90%	54.72	-1.66%	(0.20)	2.87%	54.52
31st March, 2019	5.29%	412.28	3.24%	55.28	0.00%	-	3.23%	55.28
<b>Receivables Exchange Of India Limited</b>								
31st March, 2020	0.06%	5.13	-0.13%	(2.45)	0.00%	0.00	-0.13%	(2.45)
31st March, 2019	0.05%	3.83	-0.06%	(1.04)	0.00%	-	-0.06%	(1.04)
<b>BFSI Skill Sector Council of India</b>								
31st March, 2020	0.01%	1.00	0.00%	-	0.00%	-	0.00%	-
31st March, 2019	0.01%	1.00	0.00%	-	0.00%	-	0.00%	-
<b>Joint Venture (Investment as per equity method)</b>								
<b>Market Simplified India Limited</b>								
31st March, 2020	0.00%	-	0.00%	-			0.00%	-
31st March, 2019	0.00%	-	0.00%	-	0.00%	-	0.00%	-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### 47 ADDITIONAL INFORMATION REQUIRED BY SCHEDULE III (contd.)

(₹ in Crores)

Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>Adjustment arising out of consolidation</b>								
31st March, 2020	0.00%		0.00%	-			0.00%	-
31st March, 2019	0.00%	-	0.00%	-	0.00%	-	0.00%	-
<b>Total</b>								
31st March, 2020	<b>100.00%</b>	<b>8,621.99</b>	<b>100.00%</b>	<b>1,884.78</b>	<b>100.00%</b>	<b>12.03</b>	<b>100.00%</b>	<b>1,896.81</b>
31st March, 2019	<b>100.00%</b>	<b>7,788.26</b>	<b>100.00%</b>	<b>1,708.04</b>	<b>100.00%</b>	<b>5.07</b>	<b>100.00%</b>	<b>1,713.11</b>

### 48 OTHER EVENTS AFTER THE REPORTING PERIOD

#### (i) Dividend:

The Board of Directors have recommended the payment of final dividend of ₹11 per fully paid equity shares (FV Re. 1 each) (March 31, 2019 : ₹8/- per fully paid equity share (FV Re.1 each)). This proposed dividend is subject to approval of shareholders in the ensuing general meeting and if approved would result in cash outflow of approximately ₹544.50 Crores.

**49** The Coronavirus (COVID-19) outbreak is an unprecedented global situation, declared as a 'pandemic' by World Health Organisation. Based on the Group's current assessment, the impact of COVID-19 on its operations and the resultant financial performance is not likely to be significant. The group has also made an assessment of its liquidity position for a period of at least one year from the balance sheet date, of the recoverability and carrying values of its assets and ability to pay its liabilities as they become due and effectiveness of internal financial controls as at the balance sheet date and is of the view that there is no material impact or adjustments required to be made in these financial statements. The impact assessment of COVID-19 may be different from that presently estimated and the Group will continue to evaluate any significant changes to its operations and its resultant impact on the financial performance.

**50** In accordance with the relevant provisions of the Companies Act, 2013, the Group has long term contracts as of March 31, 2020 and March 31, 2019 for which there were no material foreseeable losses. The Group did not have any derivative contracts as at March 31, 2020 and March 31, 2019.

**51** For the year ended March 31, 2020 and March 31, 2019, the Group is not required to transfer any amount into the Investor Education & Protection Fund as required under section 125 of the Companies Act, 2013.

#### For Price Waterhouse & Co Chartered Accountants LLP

Chartered Accountants

Firm's Registration no : 304026E / E-300009

#### Sumit Seth

Partner

Membership No.: 105869

Place : Mumbai

Date : June 25, 2020

#### Girish Chandra Chaturvedi

Director

[DIN: 00110996]

#### Yatrik Vin

Chief Financial Officer

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

#### K. Narasimha Murthy

Director

[DIN: 00023046]

#### Vikram Limaye

Managing Director & CEO

[DIN:00488534]

#### S. Madhavan

Company Secretary

# FORM AOC - 1

## Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures Form AOC 1 (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### Part "A" Subsidiary

Name of Subsidiary	NSE Clearing Limited (Formerly known as National Securities Clearing Corporation Limited)	NSE Investments Limited (Formerly known as NSE Strategic Investments Limited) (Note 1)	NSE IFSC Limited	NSE Data & Analytics Limited (Formerly known as Dotex International Limited) (Note 1)	NSE Indices Limited (Formerly known as India Index Services & Products Limited) (Note 1)	NSEIT Ltd (Note 1)	NSE Academy Limited (Note 1)	NSE Infotech Services Ltd (Note 1)	NSEIT (US) Inc. (Note 2)	NSE IFSC Clearing Corporation Limited (Note 3)	NSE Foundation (Note 4)	Aujas Networks Private Limited (Note 5)
The date since when subsidiary was acquired	31-Aug-95	31-Jan-13	29-Nov-16	02-Jun-00	02-Aug-06	29-Oct-99	12-Mar-16	02-Aug-06	04-Dec-06	02-Dec-16	05-Mar-18	22-Mar-19
Reporting date	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020
Share Capital	45.00	825.99	125.00	9.00	1.30	10.00	10.00	0.05	5.34	80.00	0.05	26.78
Reserves and Surplus	558.71	392.65	-85.48	205.32	307.57	167.31	5.31	3.78	-11.69	-24.17	79.61	-39.18
Total Assets	13,674.65	1,220.73	65.90	237.94	319.60	355.02	19.06	3.99	3.98	76.89	80.21	59.95
Total Liabilities	13,674.65	1,220.73	65.90	237.94	319.60	355.02	19.06	3.99	3.98	76.89	80.21	59.95
Investments	3,769.77	851.19	-	185.27	287.64	147.06	8.02	2.75	-	-	59.83	-
Turnover	430.74	108.91	1.38	141.58	131.41	281.90	21.00	0.73	2.34	1.09	46.15	106.56
Profit before Taxation	297.90	103.93	-33.71	71.56	117.88	27.64	2.11	0.57	-0.45	-6.40	-5.42	-5.66
Provision for Taxation	84.62	-20.75	-	17.54	27.18	9.30	0.47	0.13	0.02	-	-	-
Profit after Taxation	213.28	124.67	-33.71	54.02	90.70	18.34	1.64	0.44	-0.47	-6.40	-5.42	-5.66
Proposed Dividend	90.00	33.04	-	10.80	81.90	1.00	-	2.00	-	-	-	-
% of shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	96.84%

### Notes:-

1. NSE Data & Analytics Limited, NSE Indices Limited, NSEIT Ltd, Nse Infotech Services Ltd. and NSE Academy Limited are wholly owned subsidiaries of NSE Investments Limited.
2. NSEIT (US) INC is a wholly owned subsidiary of NSEIT LTD. The reporting currency of the company is USD. The financial information of NSEIT (US) INC. have been translated into INR at the closing rate at March 29, 2020 of 1 USD = ₹75.3859
3. NSE IFSC Clearing Corporation Limited is a wholly owned subsidiary of NSE Clearing Limited.
4. NSE Foundation is incorporated under Section 8 of Companies Act, 2013.
5. Aujas Networks Private Limited is a subsidiary of NSEIT LTD.



## Part “B” Associates/Joint Ventures

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

(₹ in Crores)

Name of Associates/Joint Ventures	National Securities Depository Limited	Computer Age Management Services Limited	Nsd E-Governance Infrastructure Limited	Market Simplified India Limited	Power Exchange India Limited	Receivables Exchange India Limited	BFSI Skill Sector Council of India
Latest audited Balance Sheet Date	March 31,2020	March 31,2019	March 31,2020	March 31,2016	March 31,2020	March 31,2020	March 31,2019
Date on which the Associate or Joint Venture was associated or acquired	15-Feb-10	07-Jan-14	15-Feb-10	30-Nov-11	20-Feb-08	25-Feb-16	16-Sep-11
<b>Share of Associate held by the group at the above mentioned reporting date</b>							
Number of Equity Shares	96,00,000.00	1,82,85,000.00	1,00,18,000.00	45,05,175.00	2,00,00,030.00	1,50,00,000.00	1,00,00,000.00
Amount of Investment in Associates	58.92	-	55.10	4.51	20.05	11.25	1.00
Extend of Holding %	24.00%	37.50%	25.05%	30.00%	34.21%	30.00%	49.00%
Description of how there is significant influence	Note 1	Note 2	Note 1	Note 1	Note 1	Note 1	Note 1
Reason why the associate is not consolidated	NA	NA	NA	NA	NA	NA	NA
Networth attributable to Shareholding as per latest audited Balance Sheet	203.22	NA	188.76	8.87	8.09	5.07	4.37
Profit/Loss for the year							
i. Considered in Consolidation	29.94	54.72	30.36	-	-	-2.45	-
ii. Not considered in Consolidation	-	-	-	-	-	-	Note 3

### Notes:-

- The group has significant influence through holding more than 20.00% of the equity shares in the investee company in terms of Indian Accounting Standard (Ind AS) 28, Investments in Associates and Joint Ventures.
- Computer Age Management Services Limited (CAMS) is an associate company of the group upto February 4, 2020 and group has accounted for its share of net profit from CAMS of Rs 54.72 crores upto the said date.
- BFSI Sector Skill Council of India is a company incorporated under section 8 of Companies Act, 2013, and has set up with the aim of enhancing skill development across the BFSI sector leading to greater efficiency, productivity and sustained growth wherein the profits will be applied for promoting its objects. Therefore the same is not considered while consolidation.

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

**Girish Chandra Chaturvedi**  
Director  
[DIN: 00110996]

**K. Narasimha Murthy**  
Director  
[DIN: 00023046]

**Vikram Limaye**  
Managing Director & CEO  
[DIN:00488534]

Place : Mumbai  
Date : June 25, 2020

**Yatrik Vin**  
Chief Financial Officer

**S. Madhavan**  
Company Secretary

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**National Stock Exchange of India Limited**

### Report on the audit of the standalone financial statements as of and for the year ended March 31, 2020

#### Opinion

1. We have audited the accompanying standalone financial statements of National Stock Exchange of India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

#### Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of matter

4. We draw your attention to Note 31 (i) (a) to the standalone

financial statements, relating to the contingent liability, that describes the Orders issued by the Securities and Exchange Board of India (SEBI) on April 30, 2019 wherein disgorgement/demand aggregating Rs. 687.47 crore (excluding interest thereon at 12% p.a. from April 1, 2014 till the actual date of payment for one order and from September 11, 2015 till the actual date of payment for second order) has been raised against the Company pursuant to an investigation conducted in relation to preferential access to tick by tick data at the Company's Colocation facility, Dark Fiber point to point connectivity and Governance and related matters. SEBI has further directed the Company to undertake certain remedial measures, actions and imposed restrictions. The Company has also received Adjudication notices covering identical matters, facts, circumstances and grounds as stated in each of the above orders, which are currently pending for hearing before SEBI. The Company has deposited Rs 687.47 crore to SEBI in respect of these orders and continues to transfer revenues emanating from the colocation facility to a separate bank account, which are then invested along with accruals there on have been shown under restricted/earmarked investments and bank balances in the standalone financial statements. The Company has filed appeals to contest the aforesaid orders with the Hon'ble Securities Appellate Tribunal, the future outcome of which is uncertain at this stage. Based on the legal opinion obtained by the Company, no provision for any liability has been made towards the aforesaid demand from the Orders, including any monetary penalty from the pending Adjudication proceedings in these standalone financial statement. Our opinion is not modified in respect of this matter.

#### Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matter	How our audit addressed the key audit matter
<p><u>Assessment of provisions made and contingent liabilities disclosed with regard to legal, regulatory and tax matters</u></p> <p>[Refer Note 31 to the standalone financial statements]</p> <p>As of March 31, 2020, the Company has outstanding regulatory proceedings with SEBI, ongoing proceedings with tax authorities involving certain direct and indirect tax matters including disallowance of certain expenses under income tax, applicability of service tax on certain services (uncertain tax positions), case filed by a competitor against the Company under Competition Appellate Tribunal and various other ongoing litigations including claims by its members.</p> <p>The Company has assessed the above pending litigations, regulatory matters and proceedings and has made provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its standalone financial statements.</p> <p>This area is considered as a key audit matter, as evaluation of these matters requires Management judgement and estimation, interpretation of laws and regulations and application of relevant judicial precedents to determine the probability of outcome of ongoing proceedings and outflow of economic resources, if any, and the recognition of provisions, disclosure of contingent liabilities and related disclosures to be made in the standalone financial statements.</p>	<p>Our audit procedures related to legal, regulatory and tax matters included –</p> <ul style="list-style-type: none"> <li>• Understanding and evaluating the design and operating effectiveness of controls over the recognition, measurement, presentation and disclosures made in the standalone financial statements in respect of these matters.</li> <li>• Obtaining details of litigations in respect of legal, SEBI related regulatory proceedings and direct and indirect tax matters.</li> <li>• Reviewing orders and/or communications with regulatory authorities and Management responses thereto.</li> <li>• Inspecting the supporting documents to evaluate Management’s assessment of probability of outcome of ongoing proceedings, the magnitude of potential loss, if any, and testing related provisions and disclosures made in the standalone financial statements.</li> <li>• Evaluating, along with the auditor’s experts, the status of the direct and indirect tax matters.</li> <li>• Examining expert’s legal advice/opinion obtained by the Company’s Management for evaluating certain legal, regulatory and tax matters.</li> <li>• Evaluating competence and capabilities of the Management’s experts.</li> <li>• Assessing the adequacy of disclosures related to these matters.</li> </ul> <p>Based on our above procedures, the provisions recognised by the Company, and contingent liabilities disclosed with regard to legal, regulatory and tax matters is reasonable.</p>

### Other information

6. The Company's Board of Directors is responsible for the other information. The other information comprise the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

### Responsibilities of management and those charged with governance for the standalone financial statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and

completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's responsibilities for the audit of the standalone financial statements

9. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- Report on other legal and regulatory requirements**
14. 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 B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
  15. 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 Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
    - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
    - (e) On the basis of the written representations received

from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.

(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 standalone financial statements – Refer Note 31 to the standalone financial statements;
- ii. The Company has long-term contracts for which there were no material foreseeable losses. The Company did not have derivative contracts as at March 31, 2020 – Refer Note 43 to the standalone financial statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020 – Refer Note 44 to the standalone financial statements;

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.

16. 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 Act.

**For Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration Number: 304026E / E- 300009

**Sumit Seth**

Partner

Membership Number 105869

UDIN: 20105869AAAAAK6058

Place: Mumbai

June 25, 2020



## Annexure A to Independent Auditor’s Report

Referred to in paragraph 15 (f) of the Independent Auditor’s Report of even date to the members of National Stock Exchange of India Limited on the standalone financial statements for the year ended March 31, 2020.

### Report on the internal financial controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to standalone financial statements of National Stock Exchange of India Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management’s responsibility for internal financial controls

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

#### Auditor’s responsibility

3. Our responsibility is to express an opinion on the Company’s internal financial controls with reference to standalone financial statements 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 deemed to be prescribed under section 143(10) of the Act 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, 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 standalone financial statements, whether due to fraud or error.

5. 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 with reference to standalone financial statements.

#### Meaning of internal financial controls with reference to standalone financial statements

6. A company’s internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance

with generally accepted accounting principles. A company's internal financial control with reference to standalone financial statements 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 standalone 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 standalone financial statements.

#### **Inherent limitations of internal financial controls with reference to standalone financial statements**

7. Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial

statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2020, 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 Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration Number: 304026E / E- 300009

#### **Sumit Seth**

Partner

Membership Number 105869

UDIN: 20105869AAAAAK6058

Place: Mumbai

June 25, 2020



## Annexure B to Independent Auditor's Report

Referred to in paragraph 14 of the Independent Auditor's Report of even date to the members of National Stock Exchange of India Limited on the standalone financial statements as of and for the year ended March 31, 2020.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 2 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 2 on fixed assets to the standalone financial statements, are held in the name of the Company.
- 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 the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies 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 Section 185 and 186 of the Companies Act, 2013 in respect of the investments made. The Company has not given any loan, guarantee or security.
- v. The Company has not accepted any deposits from the public within the meaning of Section 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 service of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 33 to the standalone financial statements regarding management's assessment on certain matters relating to provident fund.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs, duty of excise, goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax, wealth tax, security transaction tax, value added tax and service tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Sr. No.	Name of the Statute	Nature of the Dues	Period to which amount relates (Financial year)	Amount (₹ in Crores)	Forum where dispute is Pending
1.	Income Tax Act, 1961	Income Tax	1995-1996	0.08	High Court, Mumbai
			1999-2000	0.34	High Court, Mumbai
			2007-2008	0.002	Income Tax Appellate Tribunal, Mumbai
			2012-2013	2.14	Commissioner of Income Tax (Appeal)
			2014-2015	84.13*	Income Tax Appellate Tribunal, Mumbai and Commissioner of Income Tax (Appeal)
			2015-2016	40.92*	Commissioner of Income Tax (Appeal)
			2016-2017	43.66*	Commissioner of Income Tax (Appeal)
2.	Wealth Tax Act, 1957	Wealth Tax	2000-2001	0.11	Income Tax Appellate Tribunal, Mumbai - Wealth Tax Bench

Sr. No.	Name of the Statute	Nature of the Dues	Period to which amount relates (Financial year)	Amount (₹ in Crores)	Forum where dispute is Pending
3.	Finance (No.2) Act, 2004-Chapter VII	Securities Transaction Tax	2006-2007	1.57	High Court, Mumbai
			2007-2008	0.97	High Court, Mumbai
			2008-2009	0.48	High Court, Mumbai
			2017-2018	9.87	Addl. Commissioner of Income Tax, Mumbai
4.	Chapter V of Finance Act, 1994	Service Tax	2004-2005 to 2008-2009	28.10	Commissioner of Service tax, Mumbai
			2008-09 to 2011-12	21.35	Customs, Central Excise and Service Tax Appellate Tribunal, Mumbai
			April 2012 to June 2012	0.57	Customs, Central Excise and Service Tax Appellate Tribunal, Mumbai
5	Maharashtra Value Added Tax Act, 2002	Value Added Tax (VAT)	2015-2016	1.94	Appeal pending to be filled before Joint Commissioner
6	The Competition Act, 2002	Penalty	2007-2008 to 2009-2010	55.50	Supreme Court of India

\* Rs. 15.15 crore, Rs. 8.18 crore and Rs. 8.73 crore paid under protest for the F.Y. 2014-15, F.Y. 2015-16 and for F.Y. 2016-17, respectively.

- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order 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. 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 Act. Also refer paragraph 16 of our main audit report.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

**For Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration Number: 304026E / E- 300009

**Sumit Seth**

Partner

Membership Number 105869

UDIN: 20105869AAAAAK6058

Place: Mumbai

June 25, 2020



## BALANCE SHEET AS AT MARCH 31, 2020

(₹ in Crores)

Particulars	Notes	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	444.28	492.83
Right-of-use-assets	2(b)	98.60	-
Capital work-in-progress	2	33.19	3.22
Other intangible assets	3	58.57	62.49
Intangible assets under development	3	13.63	22.55
Investment in subsidiaries and associate	4	1,016.67	981.67
Financial assets			
- Investments	4	2,068.98	2,700.01
- Other financial assets			
Non-current bank balances	5 (a)	35.19	79.30
Others	5 (b)	43.82	107.40
Income tax assets (net)	18	374.20	343.44
Other non-current assets	6	722.55	16.05
<b>Total non-current assets</b>		<b>4,909.68</b>	<b>4,808.96</b>
<b>Current assets</b>			
Financial assets			
- Investments	7	2,704.05	2,201.91
- Trade Receivables	8	550.92	368.61
- Cash and cash equivalents	9	80.90	39.38
- Bank balances other than cash and cash equivalents	10	194.12	701.86
- Other financial assets	5(b)	533.24	80.28
Other current assets	6	147.73	96.52
<b>Total current assets</b>		<b>4,210.96</b>	<b>3,488.56</b>
<b>TOTAL ASSETS</b>		<b>9,120.64</b>	<b>8,297.52</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	11a	49.50	49.50
Other equity	11b	6,866.58	6,333.94
<b>TOTAL EQUITY</b>		<b>6,916.08</b>	<b>6,383.44</b>

(₹ in Crores)

Particulars	Notes	As at 31.03.2020	As at 31.03.2019
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Lease Liabilities	35(b)	31.61	-
Other financial liabilities	13	-	9.57
Provisions	15	22.34	12.01
Deferred tax liabilities (net)	16(d)	21.50	32.92
Contract Liabilities	14	16.54	-
Other non-current liabilities	19	5.41	5.39
<b>Total non-current liabilities</b>		<b>97.40</b>	<b>59.89</b>
<b>Current liabilities</b>			
Financial liabilities			
Lease Liabilities	35(b)	4.08	-
Deposits	20	1,033.12	1,092.68
Trade payables	12		
Total Outstanding dues of micro enterprises and small enterprises		0.83	0.01
Total Outstanding dues of creditors other than micro enterprises and small enterprises		125.38	80.32
Other financial liabilities	13	252.89	155.00
		<b>1,416.30</b>	<b>1,328.01</b>
Contract Liabilities	14	0.31	13.02
Provisions	15	64.19	59.25
Income tax liabilities (net)	17	148.51	68.78
Other current liabilities	19	477.85	385.13
<b>Total current liabilities</b>		<b>2,107.15</b>	<b>1,854.19</b>
<b>TOTAL LIABILITIES</b>		<b>2,204.55</b>	<b>1,914.08</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			
		<b>9,120.64</b>	<b>8,297.52</b>
Summary of significant accounting policies	1		
The above Balance Sheet should be read in conjunction with the accompanying notes			

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

**For Price Waterhouse & Co Chartered Accountants LLP**

Chartered Accountants

Firm's Registration no : 304026E / E-300009

**Sumit Seth**

Partner

Membership No.: 105869

Place : Mumbai

Date : June 25, 2020

**Girish Chandra Chaturvedi**

Director

[DIN: 00110996]

**Yatrik Vin**

Chief Financial Officer

**For and on behalf of the Board of Directors**
**K. Narasimha Murthy**

Director

[DIN: 00023046]

**S. Madhavan**

Company Secretary

**Vikram Limaye**

Managing Director &amp; CEO

[DIN:00488534]



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Crores)

Particulars	Notes	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>INCOME</b>			
Revenue from operations	21	2,832.43	2,450.44
Other income	22	397.46	578.31
<b>Total income</b>		<b>3,229.89</b>	<b>3,028.75</b>
<b>EXPENSES</b>			
Employee benefits expense	23	206.19	170.12
Clearing & settlement charges		178.66	139.67
Depreciation and amortisation expense	2, 3, 35(b)	132.40	118.07
Other expenses	24	595.88	557.52
<b>Total expenses (excluding contribution to Core Settlement Guarantee Fund)</b>		<b>1,113.13</b>	<b>985.38</b>
<b>Profit before contribution to Core SGF and tax</b>		<b>2,116.76</b>	<b>2,043.37</b>
Less: Contribution to Core Settlement Guarantee Fund (Core SGF)	13.2	62.08	-
<b>Profit before tax</b>		<b>2,054.68</b>	<b>2,043.37</b>
Less: Income tax expense			
Current tax	16(a)	510.00	665.00
Deferred tax	16(a)	(15.78)	(11.50)
<b>Total tax expenses</b>		<b>494.22</b>	<b>653.50</b>
<b>Profit for the year (A)</b>		<b>1,560.46</b>	<b>1,389.87</b>
<b>Other comprehensive income</b>			
<i>Items that will be reclassified to profit or loss</i>			
Changes in fair value of FVOCI debt instruments	11b	29.26	4.41
<i>Income tax relating to items that will be reclassified to profit or loss</i>			
Changes in fair value of FVOCI debt instruments	11b	(9.12)	(1.54)
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of post-employment benefit obligations	11b	(6.04)	(2.46)
Changes in fair value of FVOCI equity instruments	11b	(12.15)	(2.26)
<i>Income tax relating to items that will not be reclassified to profit or loss</i>			
Remeasurements of post-employment benefit obligations	11b	1.52	0.86
Changes in fair value of FVOCI equity instruments	11b	3.24	1.17
<b>Total other comprehensive income / (loss) for the year, net of taxes (B)</b>		<b>6.71</b>	<b>0.18</b>
<b>Total comprehensive income / (loss) for the year (A)+(B)</b>		<b>1,567.17</b>	<b>1,390.05</b>
<b>Earnings per equity share ( Face value of ₹ 1 each)</b>			
- Basic and Diluted ( ₹ )	25	31.52	28.08
Summary of significant accounting policies	1		
The above statement of profit and loss should be read in conjunction with the accompanying notes			

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

**For Price Waterhouse & Co Chartered Accountants LLP**

Chartered Accountants

Firm's Registration no : 304026E / E-300009

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

**Sumit Seth**

Partner

Membership No.: 105869

**Girish Chandra Chaturvedi**

Director

[DIN: 00110996]

**K. Narasimha Murthy**

Director

[DIN: 00023046]

**Vikram Limaye**

Managing Director & CEO

[DIN:00488534]

Place : Mumbai

Date : June 25, 2020

**Yatrik Vin**

Chief Financial Officer

**S. Madhavan**

Company Secretary

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

### (A) EQUITY SHARE CAPITAL

(₹ in Crores)

Balance as at 01.04.2018	49.50
Changes in equity share capital during the year	-
Balance as at 31.03.2019	49.50
Balance as at 01.04.2019	49.50
Changes in equity share capital during the year	-
<b>Balance as at 31.03.2020</b>	<b>49.50</b>

### (B) OTHER EQUITY

(₹ in Crores)

Particulars	Reserves and Surplus				Other Reserves			Total
	Securities premium reserve	Retained earnings	Other reserves	Total Reserves and Surplus	FVOCI equity instruments	FVOCI debt instruments	Total other reserves	
<b>Balance at the April 1, 2018</b>	<b>35.50</b>	<b>5,825.20</b>	<b>11.50</b>	<b>5,872.20</b>	<b>63.61</b>	<b>(14.55)</b>	<b>49.06</b>	<b>5,921.26</b>
Profit for the year	-	1,389.87	-	1,389.87	-	-	-	1,389.87
Other Comprehensive Income	-	(1.60)	-	(1.60)	(1.10)	2.87	1.77	0.18
<b><u>Transaction with owners in their capacity as owners</u></b>								
Dividend paid (including dividend distribution tax)	-	(977.36)	-	(977.36)	-	-	-	(977.36)
<b>Balance as at March 31, 2019</b>	<b>35.50</b>	<b>6,236.11</b>	<b>11.50</b>	<b>6,283.11</b>	<b>62.51</b>	<b>(11.68)</b>	<b>50.83</b>	<b>6,333.94</b>
Balance at the April 1, 2019	35.50	6,236.11	11.50	6,283.11	62.51	(11.68)	50.83	6,333.94
Profit for the year	-	1,560.46	-	1,560.46	-	-	-	1,560.46
Other Comprehensive Income	-	(4.52)	-	(4.52)	(8.91)	20.14	11.23	6.71
<b><u>Transaction with owners in their capacity as owners</u></b>								
Dividend paid (including dividend distribution tax)	-	(1,034.53)	-	(1,034.53)	-	-	-	(1,034.53)
<b>Balance as at March 31, 2020</b>	<b>35.50</b>	<b>6,757.52</b>	<b>11.50</b>	<b>6,804.52</b>	<b>53.60</b>	<b>8.46</b>	<b>62.06</b>	<b>6,866.58</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes

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

#### For Price Waterhouse & Co Chartered Accountants LLP

Chartered Accountants

Firm's Registration no : 304026E / E-300009

#### Sumit Seth

Partner

Membership No.: 105869

Place : Mumbai

Date : June 25, 2020

#### Girish Chandra Chaturvedi

Director

[DIN: 00110996]

#### Yatrik Vin

Chief Financial Officer

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

#### K. Narasimha Murthy

Director

[DIN: 00023046]

#### S. Madhavan

Company Secretary

#### Vikram Limaye

Managing Director & CEO

[DIN:00488534]



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Crores)

Particulars	Notes	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>PROFIT BEFORE TAX</b>		<b>2,054.68</b>	<b>2,043.37</b>
<b>Adjustments for</b>			
Depreciation and amortisation expense	2, 3	132.40	118.07
Interest on lease liabilities	35(b)	4.03	-
Provision for doubtful debts		9.24	-
Impairment losses on financial assets	24	-	80.13
Interest income from financial assets at amortised cost	22	(122.91)	(65.21)
Interest income from financial assets designated at fair value through other comprehensive income	22	(40.22)	(40.45)
Income on Investments		(60.21)	(87.63)
Dividend income	22	(137.97)	(183.19)
Rent income		(5.51)	(4.96)
Net fair value (gain) / loss on financial assets mandatorily measured at fair value through profit or loss	22	37.52	(90.17)
Net gain on sale of financial assets measured at fair value through other comprehensive income	22	(2.06)	(0.51)
Net gain on sale of financial assets measured at amortised cost	22	(23.09)	-
Net gain on sale of investments mandatorily measured at fair value through profit or loss	22	(91.91)	(175.78)
Intangible assets under development written off	24	34.11	-
Net loss on sale of property, plant and equipment	24	5.93	0.04
<b>Change In operating assets and liabilities</b>			
(Increase)/Decrease in trade receivables	8	(191.56)	(40.33)
Increase/(Decrease) in trade payables	12	45.88	(50.27)
(Increase)/Decrease in other financial assets	5	21.25	(2.01)
(Increase)/Decrease in other assets	6	(750.13)	(32.17)
Increase/(Decrease) in other financial liabilities	13	82.55	4.85
Increase/(Decrease) in contract liabilities	14	3.83	13.02
Increase/(Decrease) in provisions	15	9.22	16.35
(Refund) /Proceeds of deposits from trading member / applicant	20	(59.56)	(46.40)
Increase/(Decrease) in other liabilities	19	92.73	74.65
<b>CASH GENERATED FROM OPERATIONS</b>		<b>1,048.24</b>	<b>1,531.40</b>
Income taxes paid	17, 18	(461.02)	(701.99)
<b>NET CASH INFLOWS FROM OPERATING ACTIVITIES - TOTAL (A)</b>		<b>587.22</b>	<b>829.41</b>
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment & intangibles	2, 3	(247.52)	(92.45)
Proceeds from rent income		5.51	4.96
Proceeds from property, plant and equipment		0.74	-
Payment for investment in subsidiaries and associates		(35.00)	(40.00)
Proceeds from sale of investments		17,584.20	16,303.23
Payment for purchase of investments		(17,618.88)	(15,756.93)
Proceeds from fixed deposits with banks		775.85	198.51
Proceeds from fixed deposits with financial institutions		178.87	-
Payment for investment in fixed deposits with banks		(180.41)	(740.50)
Payment for investment in deposits with financial institutions	5	(350.60)	(125.00)
Interest received	5, 22	244.17	207.51
Dividend received	22	137.97	183.19
<b>NET CASH INFLOWS / (OUTFLOWS) FROM INVESTING ACTIVITIES - TOTAL (B)</b>		<b>494.90</b>	<b>142.52</b>

**STATEMENT OF CASH FLOW** FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Crores)

Particulars	Notes	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid (including dividend distribution tax)	11b	(1,034.53)	(977.36)
Payment of Lease liability	35b	(2.04)	-
Interest on lease liabilities	35b	(4.03)	-
<b>NET CASH OUTFLOWS FROM FINANCING ACTIVITIES - TOTAL (C)</b>		<b>(1,040.60)</b>	(977.36)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)</b>		<b>41.52</b>	(5.43)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	9	<b>39.38</b>	44.81
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	9	<b>80.90</b>	39.38
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>41.52</b>	(5.43)
<i>Reconciliation of cash and cash equivalents as per the cash flow statement</i>			
Cash and cash equivalents comprise of the following			
Cash and cash equivalents	9	80.90	39.38
<b>Balances as per statement of cash flows</b>		<b>80.90</b>	39.38

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 as notified under Companies (Accounts) Rules, 2015.

The above statement of cash flows should be read in conjunction with the accompanying notes.

**For Price Waterhouse & Co Chartered Accountants LLP**

Chartered Accountants

Firm's Registration no : 304026E / E-300009

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

Partner

Membership No.: 105869

**Girish Chandra Chaturvedi**

Director

[DIN: 00110996]

**K. Narasimha Murthy**

Director

[DIN: 00023046]

**Vikram Limaye**

Managing Director &amp; CEO

[DIN:00488534]

Place : Mumbai

Date : June 25, 2020

**Yatrik Vin**

Chief Financial Officer

**S. Madhavan**

Company Secretary



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES

#### Background

The National Stock Exchange of India Limited (“NSE” or “the Company”) established in 1992 is the first demutualized electronic exchange in India. NSE was the first exchange in the country to provide a modern, fully automated screen-based electronic trading system which offered easy trading facility to the investors spread across the country. NSE offers trading in equity, equity derivatives, debt, currency derivatives and commodity derivatives segments.

#### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

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

##### (a) Basis of preparation

These financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Companies Act, 2013 and Indian Accounting Standards (“Ind AS”) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015], Companies ( Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Companies Act 2013 (the Act).

The financial statements for the year ended March 31, 2020 has been approved by the Board of directors of the Company in their meeting held on June 25, 2020.

##### (i) Historical cost convention

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

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

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

##### (ii) Adoption of new Accounting Standards

###### (i) Ind AS 116 Leases:

On March 30, 2019, the Ministry of Corporate Affairs (MCA) notified Ind AS 116, ‘Leases’ as part of the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2019. Ind AS 116 replaces existing Ind AS 17, Leases with effect from April 1, 2019 (the effective date). Ind AS 116 sets out principles for recognition, measurement, presentation

## **NOTES TO THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED MARCH 31, 2020

and disclosure of leases. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. For all leases except as noted above, a lessee is required to recognise a right-of-use asset (ROU Asset) representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments in the balance sheet. Lessee will recognise depreciation of right-of-use assets and interest on lease liabilities in the statement of profit and loss. Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities. However, there was no major change in accounting from a Lessor perspective.

### **(ii) Ind AS 12 - Income taxes**

Appendix C to Ind AS 12, Income Taxes has been inserted. The appendix provides accounting for uncertainty over income tax treatments. The appendix provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. It also provides specific guidance in several areas where previously Ind AS 12 was silent. There are no new disclosure requirements in appendix. However, the Company is required to add explanations on judgements and estimates made in uncertain tax treatment. New paragraph 57A has been added to Ind AS 12 to clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

### **(iii) Ind AS 19 - Employment Benefits**

This amendment requires an entity to:

- 1) Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.
- 2) Any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and separately recognise any changes in the asset ceiling through other comprehensive income. This amendment is applicable for any future plan amendments, curtailments, or settlements of the Company on or after April 1, 2019.

### **(iv) Ind AS 23 - Borrowing Costs**

Amendment to Ind AS 23 - Borrowing Costs clarify that if a specific borrowing remains outstanding after a qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

### **(v) Ind AS 28 - Investments in Associates and Joint Ventures**

Amendment to Ind AS 28 - Investments in Associates and Joint Ventures clarifies that long-term interests (for example, preference shares or long-term loans) in an associate or joint venture that form part of the net investment in the associate or joint venture and to which the equity method is not applied should be accounted for using Ind AS 109 - Financial Instruments. The requirements of Ind AS 109 are applied to long-term interests before applying the loss allocation and impairment requirements of Ind AS 28.

### **(vi) Ind AS 103 - Business Combinations and Ind AS 111 - Joint Arrangements**

Amendment has been made to Ind AS 103 - Business Combinations and Ind AS 111 - Joint Arrangements to clarify measurement of previously held interest in obtaining control/joint control over a joint operation as follows:

- (a) On obtaining control of a business that is a joint operation, previously held interest in joint operation is re-measured at fair value at the acquisition date;
- (b) A party obtaining joint control of a business that is joint operation should not re-measure its previously held interest in the joint operation. These amendments will apply to future transactions of the Company in which it obtains joint control of a business on or after April 1, 2019.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### (vii) Ind AS 109 - Financial Instruments

The narrow-scope amendments made to Ind AS 109 enable entities to measure certain pre-payable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract and the asset must be held within a held to collect business model.

The Company had to change its accounting policies following the adoption of Ind AS 116 Leases, refer note 35b for details. Most of the other amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current and future periods.

### (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 Rupees (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 the period end exchange rates are 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 recognised upon transfer of control of promised goods or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. The Company recognises revenue in the period in which it satisfies its performance obligation by transferring promised goods or services to the customer. The sources of revenue and Company's accounting policy are as follows:

- (i) Transaction charges – revenue in respect of trading transactions on exchange is recognised in accordance with the Company's fee scales at a point in time as an when the transaction is completed.
- (ii) Listing fees - Revenue for listings fees is recognized when the listing event has taken place and processing fees in relation to listing is recognised on a straight-line basis over the period to which they relate.
- (iii) Book building fees – revenue is recognised at a point in time on completion of the book building process.
- (iv) Other services – all other revenue is recognised in the period in which the performance obligation is satisfied over a period of time or point in time.

The Company considers the terms of the contract in determining the transaction price. The transaction price is based upon the amount the Company expects to be entitled to in exchange for transferring of promised goods and services to the customer after deducting allowances and incentives such as discounts, volume rebates etc. Revenue excludes any taxes and duties collected on behalf of the government.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

In respect of members who have been declared as defaulters by the Company, all amounts (dues) remaining to be recovered from such defaulters, 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.

Penal charges in respect of shortages due from the respective member is recognised in profit and loss as part of revenue to the extent such charges are recoverable in the period of declaration of default. Insurance claims are accounted on acceptance basis.

### **(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, if any.

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively 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.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and 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.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Uncertain tax positions are reflected in the overall measurement of the Company's tax expense and are based on the most likely amount or expected value that is to be disallowed by the taxing authorities whichever better predict the resolution of uncertainty. Uncertain tax balances are monitored and updated as and when new information becomes available, typically upon examination or action by the taxing authorities or through statute expiration.

The Company considers when a particular amount payable for interest and penalties on income taxes is determined to be within the scope of Ind AS 37, it is presented as part of financing cost or other expenses, respectively unless when there is an overall settlement with tax authority and the interest and penalties cannot be identified separately in which case it is determined to be part of income taxes and accounted under Ind AS 12.

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.

Dividend distribution tax paid on the dividends is recognised consistently with the presentation of the transaction that creates



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

the income tax consequence. Dividend distribution tax is charged to statement of profit and loss if the dividend itself is charged to statement of profit and loss. If the dividend is recognised in equity, the presentation of dividend distribution tax is recognised in equity. The benefit of dividend distribution tax paid by the subsidiaries for which the set off has been availed by the Parent company has been recognized in equity.

### (e) Leases

#### Till March 31, 2019

##### *As a lessee*

Leases of property, plant and equipment and 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.

##### *As a lessor*

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

#### With effect from April 1, 2019

##### *As a lessee*

From April 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at that date at which the lease asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of the contract. Ind AS 116 defines a lease as a contract, or a part of a contract, that conveys the right of use an asset (the underlying asset) for a period of time in exchange of consideration. To assess whether as contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expenses on a straight line basis over the term of the lease.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates.

Lease payments are allocated between principal and finance cost. The finance cost is charged to 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.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any

## **NOTES TO THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED MARCH 31, 2020

lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

*As a lessor*

Lease for which the Company is a lessor is classified as finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognized on straight line basis over the term of the relevant lease.

### **(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**

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.

### **(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 Company'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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 under other income. Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through profit or loss (FVPL):** 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 is recognised in profit or loss and presented in the statement of profit and loss under other income in the period in which it arises. Interest or dividend income, if any from these financial assets is separately included in other income.

### *Equity investments (other than Investments in subsidiaries, associates and joint venture)*

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. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income in the statement of profit and loss.

### *Equity Investments (in subsidiaries, associates and joint venture)*

Investments in subsidiaries, associates and joint venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The accounting policy on impairment of non-financial assets is disclosed in Note f above. On disposal of investments in subsidiaries, associates and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

### *(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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, 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 Company has transferred an asset, it 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 Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the Company 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.

Purchase and sale of investment are accounted at trade date.

### (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 Company, and the amount of the dividend can be reliably measured.

## (j) **Financial liabilities**

### (i) *Classification as debt or equity*

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

### (ii) *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.

### (iii) *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.

### (iv) *Derecognition*

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### (k) 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.

### (l) Property, plant and equipment (including Capital Work In Progress)

Freehold land is carried at historical cost of acquisition. All other items of 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 as follows:

Building	60 years
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
Telecommunication systems	4 years
Trading systems	4 years

The property, plant and equipment including land acquired under 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 for computer systems office automation, computer systems – others, computer software, telecommunication systems, trading systems and clearing & settlement systems have been determined based on technical evaluation done by the management's expert which are lower 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 on a prospective basis 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 and are included in profit or loss.

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.

### (m) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is accounted as investment property. Investment property is measured initially at its cost, including related transaction costs.

## **NOTES TO THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED MARCH 31, 2020

Investment properties are depreciated using the straight-line method over their estimated useful lives. Investment properties generally have a useful life of 60 years.

### **(n) Intangible assets**

Costs associated with maintaining software programs 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.

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 period 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.

At the end of each reporting period, provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at a future date. 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.

### **(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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### (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 period 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 since the company 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 provident fund;
- (b) Defined contribution plans such as superannuation.

##### Gratuity obligations

The 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 yields on government securities at the end of the reporting period 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.

##### Provident fund

The Company has established 'National Stock Exchange of India Limited Employee Provident Fund Trust' to which both the employee and the employer make monthly contribution equal to 12% of the employee's basic salary, respectively. Such contribution to the provident fund for all employees, are charged to the profit and loss. In case of any liability arising due to shortfall between the return from its investments and the administered interest rate, the same is provided for by the Company.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(iv) Defined contribution plans

Superannuation

Superannuation benefits for employees designated as chief managers and above are covered by Company policies with the Life Insurance Corporation of India. Company's contribution payable for the year is charged to profit and loss. There are no other obligations other than the annual contribution payable.

(v) Bonus plans

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.

SEBI has laid down certain norms in terms of the compensation policy for the key management personnel which are as under :

- A. The variable pay component will not exceed one third of the total pay.
- B. 50% of the variable pay will be paid on a deferred basis after three years.

**(s) Contributed equity**

Equity shares are classified as equity.

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

**(t) Dividends**

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

**(u) Earnings per share**

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

**(v) Core Settlement Guarantee Fund**

The Company contributes to Settlement Guarantee Fund/ Core Settlement Guarantee Fund in accordance with Securities Exchange Board of India ('SEBI') (Stock Exchanges and Clearing Corporations) Regulation 2018. The Company contributes 25% of its annual profits as per Regulation 33 of SECC 2012 and also contributes amounts pertaining to Minimum Required Contribution to the Core Settlement Guarantee Fund maintained by NSE Clearing Limited (formerly known as National Securities Clearing Corporation Limited) (subsidiary of the Company), which is determined as per SEBI guidelines. The contribution to Settlement Guarantee Fund/ Core Settlement Guarantee Fund is recorded as an expense and such amounts are separately



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

disclosed as other current liability in balance sheet. Effective August 29, 2016, SEBI has amended Regulation 33 of SECC Regulations, 2012 and the Company is now required to contribute only towards the MRC of Core SGF.

During the current financial year ended March 31, 2020, trades executed on the exchange platform are cleared and settled by the clearing corporations under interoperability framework prescribed by SEBI. Post interoperability, the exchange is required to proportionately contribute to Core SGF of the clearing corporations, namely NSE Clearing Limited (NCL) (formerly known as National Securities Clearing Corporation Limited), Indian Clearing Corporation Limited (ICCL) and Metropolitan Clearing Corporation of India Limited (MCCIL) which clears and settles the trades of the exchange.

### (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) Reclassification

Previous year figures have been reclassified / regrouped wherever necessary.

### (y) 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 judgment 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 judgments 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 judgments are:

Estimation of fair value of unlisted securities Note 28

Estimation of useful life of intangible assets Note 3

Estimation of defined benefit obligation Note 26

Estimation of contingent liabilities refer Note 31

Estimates and judgments 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.

### (z) Recent Accounting Pronouncements

There are no other new updates or standards issued through the date of issuance of these financial statements that have not yet been adopted by the Company.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 2(a) : PROPERTY, PLANT AND EQUIPMENT

(₹ in Crores)

Particulars	Freehold land	Leasehold land #	Owned building*	Office equipments	Electrical equipment & installations	Furniture & Fixtures	Trading systems	Computer systems office automation	Computer systems others	Tee-communication systems	Total	Capital work in progress
<b>Year ended March 31, 2019</b>												
Gross carrying amount												
Opening as at 01.04.2018	32.20	107.61	183.60	84.92	110.90	56.43	169.73	23.00	218.05	199.17	1,185.61	22.55
Additions	-	-	-	6.60	1.16	3.69	0.77	1.78	24.00	51.53	89.53	70.20
Disposals	0.00	-	0.00	(0.81)	-	(0.22)	(0.03)	(0.08)	(32.73)	(63.54)	(97.41)	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	(89.53)
<b>Closing gross carrying amount</b>	<b>32.20</b>	<b>107.61</b>	<b>183.60</b>	<b>90.71</b>	<b>112.06</b>	<b>59.90</b>	<b>170.47</b>	<b>24.70</b>	<b>209.32</b>	<b>187.16</b>	<b>1,177.73</b>	<b>3.22</b>
Accumulated depreciation												
Accumulated depreciation as at 01.04.2018	-	29.01	39.76	62.89	47.23	31.80	149.77	16.30	161.51	144.89	683.16	-
Depreciation charge during the year	-	1.29	3.07	7.47	7.84	4.64	9.50	3.83	30.18	31.29	99.11	-
Disposals	-	-	-	(0.81)	-	(0.22)	(0.03)	(0.08)	(32.73)	(63.50)	(97.37)	-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>30.30</b>	<b>42.83</b>	<b>69.55</b>	<b>55.07</b>	<b>36.22</b>	<b>159.24</b>	<b>20.05</b>	<b>158.96</b>	<b>112.68</b>	<b>684.90</b>	<b>-</b>
<b>Net carrying amount as at 31.03.2019</b>	<b>32.20</b>	<b>77.31</b>	<b>140.77</b>	<b>21.16</b>	<b>56.99</b>	<b>23.68</b>	<b>11.23</b>	<b>4.65</b>	<b>50.36</b>	<b>74.48</b>	<b>492.83</b>	<b>3.22</b>
<b>Year ended March 31, 2020</b>												
Gross carrying amount												
Opening as at 01.04.2019	32.20	-	183.60	90.71	112.06	59.90	170.47	24.70	209.32	187.16	1,070.12	3.22
Additions	-	-	-	5.55	1.02	5.11	-	9.10	73.02	37.95	131.75	161.72
Disposals	-	-	(0.21)	(5.09)	(0.09)	(0.94)	-	(0.02)	(0.28)	-	(6.63)	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	(131.75)
<b>Closing gross carrying amount</b>	<b>32.20</b>	<b>-</b>	<b>183.39</b>	<b>91.17</b>	<b>112.99</b>	<b>64.07</b>	<b>170.47</b>	<b>33.78</b>	<b>282.06</b>	<b>225.11</b>	<b>1,195.24</b>	<b>33.19</b>
Accumulated depreciation												
Opening as at 01.04.2019	-	-	42.83	69.55	55.07	36.22	159.24	20.05	158.96	112.68	654.60	-
Depreciation charge during the year	-	-	3.07	8.64	7.82	4.82	5.74	4.08	32.75	35.85	102.77	-
Disposals	-	-	(0.06)	(5.09)	(0.09)	(0.94)	-	(0.02)	(0.22)	-	(6.41)	-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>-</b>	<b>45.84</b>	<b>73.10</b>	<b>62.80</b>	<b>40.10</b>	<b>164.98</b>	<b>24.11</b>	<b>191.49</b>	<b>148.53</b>	<b>750.96</b>	<b>-</b>
<b>Net carrying amount as at 31.03.2020</b>	<b>32.20</b>	<b>-</b>	<b>137.55</b>	<b>18.07</b>	<b>50.19</b>	<b>23.97</b>	<b>5.49</b>	<b>9.67</b>	<b>90.57</b>	<b>76.58</b>	<b>444.28</b>	<b>33.19</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 2 (a): PROPERTY, PLANT AND EQUIPMENT (contd.)

\* Includes investment property for which cost and fair value details are as follows:

Particulars	(₹ in Crores)	
	31.03.2020	31.03.2019
Net Carrying amount of Investment property	6.84	4.30
Fair Value of investment property (Refer note 2.2)	93.40	65.73
Depreciation	0.17	0.10
Rental Income	5.51	4.96
Direct operating expenses	(0.58)	(0.76)

Note 2(a)(1): Capital and other Contractual commitment Refer note 30

### Note 2(a)(2): Estimation of fair value

The fair value of the Company's Investment properties as at March 31, 2020 and as at March 31, 2019, have been arrived at on the basis of valuation carried out at the respective dates by an external, independent valuer registered with the authority which governs the valuer in India. The fair value measurement for all the investments properties has been categorised as Level 2 based on the inputs to the valuation technique used. Considering the type of the assets, market approach (sales comparable method) to estimate the fair value of the subject properties is adopted.

### Note 2(b): Right-of-Use Asset

Particulars	Original cost			Accumulated Depreciation		Net Carrying Amount As at March 31, 2020
	As at April 1, 2019	Additions	Disposals / Adjustments	As at April 1, 2019	Additions	
Leasehold land	107.61	-	-	30.30	1.30	76.01
Buildings	26.33	-	-	-	3.74	22.59
<b>Total</b>	<b>133.94</b>	<b>-</b>	<b>-</b>	<b>30.30</b>	<b>5.04</b>	<b>98.60</b>

Note 2(b)(1) : Upon introduction of Ind AS 116 Leases effective April 1, 2019, all Finance Lease assets identified under the earlier Ind AS 17 Leases, have been reclassified to ROU Assets. (refer note 35b).



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 3 : INTANGIBLE ASSETS

(₹ in Crores)

Particulars	Computer software	Computer software under development	Total
Gross carrying amount			
Opening as at 01.04.2018	225.64	20.04	245.68
Additions	45.05	13.24	58.29
Deductions / written off	-	-	-
Transfers		(10.73)	(10.73)
<b>Closing gross carrying amount</b>	<b>270.69</b>	<b>22.55</b>	<b>293.24</b>
<b>Accumulated amortisation</b>			
Opening as at 01.04.2018	189.24	-	189.24
Amortisation for the year	18.96	-	18.96
Deductions	-	-	-
<b>Closing accumulated amortisation</b>	<b>208.20</b>	<b>-</b>	<b>208.20</b>
<b>Net carrying amount as at 31.03.2019</b>	<b>62.49</b>	<b>22.55</b>	<b>85.04</b>
Gross carrying amount			
Opening as at 01.04.2019	270.69	22.55	293.24
Additions	27.11	50.93	78.04
Deductions / written off (Refer note 24)	(7.35)	(32.74)	(40.09)
Transfers		(27.11)	(27.11)
<b>Closing gross carrying amount</b>	<b>290.45</b>	<b>13.63</b>	<b>304.08</b>
<b>Accumulated amortisation</b>			
Opening as at 01.04.2019	208.20	-	208.20
Amortisation for the year	24.59	-	24.59
Deductions	(0.91)	-	(0.91)
<b>Closing accumulated amortisation</b>	<b>231.88</b>	<b>-</b>	<b>231.88</b>
<b>Net carrying amount as at 31.03.2020</b>	<b>58.57</b>	<b>13.63</b>	<b>72.20</b>

Note: 3.1 Capital and other Contractual commitment Refer note 30

Note: 3.2 Significant estimate: Useful life of intangible assets. As at 31 March 2020, the net carrying amount of this software was ₹ 58.57 crores (31 March 2019: ₹ 62.49 crores). The Company estimates the useful life of the software to be 4 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 4 years, depending on technical innovations and competitor actions.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 4 : NON-CURRENT INVESTMENTS

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
<b>I Investment in equity instruments (fully paid up)</b>				
<b>A) Unquoted equity instruments at cost</b>				
<b>(i) In subsidiary companies</b>				
NSE Clearing Limited (formerly known as National Securities Clearing Corporation Limited)	4,50,00,000	5.64	4,50,00,000	5.64
NSE Investments Limited (formerly known as NSE Strategic Investment Corporation Limited)	41,30,21,703	413.14	41,30,21,703	413.14
NSE IFSC Limited	12,50,00,000	125.00	9,00,00,000	90.00
NSE Foundation (Section 8 Company)	38,000	-	38,000	-
<b>(ii) In associate companies</b>				
National Securities Depository Limited	96,00,000	58.92	96,00,000	58.92
BFSI Sector Skill Council Of India (Section 8 Company)	1,00,00,000	1.00	1,00,00,000	1.00
<b>Total equity instruments</b>		<b>603.70</b>		<b>568.70</b>
<b>II Investments in preference shares (fully paid up)</b>				
<b>A) Unquoted preference shares at cost</b>				
<b>In subsidiary company</b>				
6% Non-Cumulative Compulsorily Convertible Preference Shares of NSE Investments Limited (formerly known as NSE Strategic Investment Corporation Limited)	41,29,71,703	412.97	41,29,71,703	412.97
<b>Total preference shares</b>		<b>412.97</b>		<b>412.97</b>
<b>Total Investment in subsidiaries and associates</b>		<b>1,016.67</b>		<b>981.67</b>
<b>III Investment in equity instruments (fully paid up)</b>				
<b>A) Quoted equity instruments at FVOCI</b>				
<b>In Companies other than subsidiaries</b>				
Multi Commodity Exchange of India Limited	5,000	0.56	5,000	0.40
<b>Total quoted equity instruments at FVOCI</b>		<b>0.56</b>		<b>0.40</b>
<b>B) Unquoted equity instruments</b>				
<b>In Companies at FVOCI</b>				
National Commodity & Derivative Exchange Limited	76,01,377	121.87	76,01,377	134.17
<b>Total unquoted equity instruments</b>		<b>121.87</b>		<b>134.17</b>
<b>IV Investment in exchange traded funds</b>				
<b>Quoted exchange traded funds at FVPL</b>				
CPSE ETF	1,68,03,095	26.99	1,09,32,095	29.78
SBI-ETF Nifty 50	45,71,000	40.86	23,50,000	28.10

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 4 : NON-CURRENT INVESTMENTS (contd...)

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
ICICI Prudential Nifty iWIN ETF	45,15,000	41.04	23,23,000	28.12
Kotak Mahindra MF - Kotak Banking ETF	-	-	9,30,414	30.53
Nippon India ETF Bank Bees (formerly known as R Shares Bank Bees)	15,62,500	30.40	1,81,285	56.53
Nippon India ETF Nifty Bees (formerly known as R Shares Nifty Bees)	89,33,580	82.14	4,32,958	52.85
<b>Total exchange traded funds</b>		<b>221.43</b>		<b>225.91</b>
<b>V Investment in bonds</b>				
<b>Quoted bonds at amortised cost</b>				
<b>(i) Tax free bonds</b>				
7.28% National Highways Authority of India	-	-	1,100	119.82
7.35% National Bank For Agricultural & Rural Development	-	-	5,00,000	51.88
7.19% Indian Railway Finance Corporation Limited	200	21.45	450	48.18
7.19% Indian Railway Finance Corporation Limited - Colocation (Refer note 4.2)	250	26.73	-	-
8.46% Rural Electrification Corporation Limited	350	42.00	350	42.48
8.63% National Housing Bank	80,000	47.02	80,000	47.57
7.64% National Bank For Agricultural & Rural Development	-	-	4,00,000	42.12
8.67% National Hydroelectric Power Corporation Limited	3,00,000	38.44	3,00,000	38.71
6.89% National Housing Bank	150	15.22	350	35.87
6.89% National Housing Bank - Colocation (Refer note 4.2)	200	20.45	-	-
8.46% National Housing Bank - Series V	300	33.59	300	33.78
8.67% Power Finance Corporation Limited	50,000	6.15	2,50,000	30.96
8.67% Power Finance Corporation Limited - Colocation (Refer note 4.2)	2,00,000	24.58	-	-
7.35% National Highways Authority Of India	1,00,000	11.90	2,50,000	29.95
7.35% National Highways Authority of India - Colocation (Refer note 4.2)	1,50,000	17.85	-	-
6.86% India Infrastructure Finance Company Limited - Colocation (Refer note 4.2)	2,50,000	24.79	-	-
6.86% India Infrastructure Finance Company Limited	-	-	2,50,000	24.71
7.51% Housing & Urban Development Corporation Limited	2,50,000	25.83	2,50,000	25.88
8.63% NTPC Limited	50	5.80	200	23.42
8.63% NTPC Limited - Colocation (Refer note 4.2)	150	17.36	-	-
8.46% India Infrastructure Finance Company Limited	200	22.58	200	22.72
8.20% Housing & Urban Development Corporation Limited	2,00,000	22.12	2,00,000	22.35
7.39% Housing & Urban Development Corporation Limited	2,00,000	21.78	2,00,000	21.87
7.15% NTPC Limited	200	21.07	200	21.11



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 4 : NON-CURRENT INVESTMENTS (contd...)

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
7.35% Indian Railway Finance Corporation Ltd 2031 - Colocation (Refer note 4.2)	1,50,000	17.29	-	-
7.35% Indian Railway Finance Corporation Ltd 2031	-	-	1,50,000	17.40
8.48% India Infrastructure Finance Company Limited	150	16.85	150	16.95
8.35% Indian Railway Finance Corporation Limited	150	16.21	150	16.21
7.18 % Indian Railway Finance Corpn Ltd - Tranche 1 - Series 1	1,50,000	15.50	1,50,000	15.50
8.41% NTPC Limited	1,29,162	14.11	1,29,162	14.33
8.20% Power Finance Corporation Limited - Tranche 1 - Series 1	35,436	3.76	35,436	3.83
8.66% India Infrastructure Finance Company Limited - Colocation (Refer note 4.2)	1,00,000	11.70	-	-
8.66% India Infrastructure Finance Company Limited	-	-	1,00,000	11.77
8.40% Indian Railway Finance Corporation Limited	1,00,000	11.63	1,00,000	11.69
7.27% Power Finance Corporation Limited	1,00,000	11.05	1,00,000	11.10
7.19% Housing & Urban Development Corporation Limited	1,00,000	10.07	1,00,000	10.08
7.34% Indian Railway Finance Corporation Limited	1,00,000	10.47	1,00,000	10.48
7.21% Rural Electrification Corporation Limited	100	10.37	100	10.41
7.07% Housing & Urban Development Corporation Limited	100	10.35	100	10.35
7.19% India Infrastructure Finance Company Limited	1,00,000	10.53	1,00,000	10.43
7% Housing & Urban Development Corporation Limited	100	10.34	100	10.34
7.36% India Infrastructure Finance Company Limited	1,00,000	10.29	1,00,000	10.30
7.93 % Rural Electrification Corporation Limited - Tranche 1 - Series 1	61,238	6.67	61,238	6.76
8.68% National Housing Bank	10,000	5.83	10,000	5.89
8.66% NTPC Limited	50,000	6.11	50,000	6.16
8.46% Power Finance Corporation Limited	50	6.00	50	6.07
8.54% Power Finance Corporation Limited	50,000	5.82	50,000	5.88
7.40% India Infrastructure Finance Company Limited	50,000	5.44	50,000	5.46
8.09% - Power Finance Corporation Limited - Series 80 A	500	5.28	500	5.36
8.20% National Highways Authority of India - Tranche 1 - Series 1	37,086	3.86	37,086	3.86
8.00 % Indian Railway Finance Corporation Limited - Tranche 1 - Series 1	32,626	3.38	32,626	3.38
<b>Total tax free bonds</b>		<b>705.62</b>		<b>923.39</b>
<b>(ii) Taxable bonds</b>				
8.80% Power Grid Corporation of India Limited	-	-	500	50.44
8.39% Power Finance Corporation Limited	250	24.94	250	24.92

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 4 : NON-CURRENT INVESTMENTS (contd...)

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
8.82% Rural Electrification Corporation Limited - Sr 114	150	16.33	150	16.35
8.70% Power Grid Corporation of India Limited	50	5.42	50	5.45
8.40% Power Grid Corporation of India Limited	50	5.33	50	5.32
8.15% National Bank for Agriculture & Rural Development - Colocation (Refer note 4.2)	450	47.36	-	-
8.24% National Bank for Agriculture & Rural Development - Colocation (Refer note 4.2)	400	42.38	-	-
<b>Total taxable bonds</b>		<b>141.76</b>		<b>102.48</b>
<b>Total bonds</b>		<b>847.38</b>		<b>1,025.87</b>
<b>VI Investment in debentures</b>				
<b>Quoted at amortised cost</b>				
8.545% HDB Financial Services Limited - Colocation (Refer note 4.2)	250	26.96	-	-
8.545% HDB Financial Services Limited	250	26.92	-	-
8.00% HDB Financial Services Limited	500	52.76	-	-
0% Sundaram Finance Limited - Colocation (Refer note 4.2)	500	42.67	-	-
7.50% Sundaram Finance Limited - Colocation (Refer note 4.2)	250	25.75	-	-
7.49% HDB Financial Services Limited - Colocation (Refer note 4.2)	500	51.51	-	-
7.7435% Bajaj Finance Limited	-	-	250	26.88
7.70% Hdb Financial Services Limited	-	-	250	26.60
7.52% Hdb Financial Services Limited	-	-	250	26.36
7.35% Tata Sons Limited	-	-	250	26.12
9.1106% LIC Housing Finance Limited - Colocation (Refer note 4.2)	-	-	250	26.01
0% Kotak Mahindra Investments Limited - Colocation (Refer note 4.2)	-	-	250	22.82
8.97% Tata Sons Limited	-	-	50	5.41
<b>Total debentures</b>		<b>226.57</b>		<b>160.20</b>
<b>VII Investment in government securities</b>				
<b>Quoted investment in government securities at FVOCI</b>				
7.61% Government of India		163.77		154.65
8.97% Government of India		149.10		141.43
8.60% Government of India		81.02		76.94
8.15% Government of India		-		69.78
6.97% Government of India		62.23		58.97



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 4 : NON-CURRENT INVESTMENTS (contd...)

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
6.79% Government of India		25.76		24.05
8.67% Maharashtra SDL		5.55		5.34
<b>Total government securities</b>		<b>487.43</b>		<b>531.16</b>
<b>VIII Mutual Funds</b>				
<b>Quoted investments in mutual funds at FVPL</b>				
<b>Fixed Maturity Plans</b>				
Reliance Fixed Horizon Fund XXXIII Series 3 - 1215 Days - Direct - Growth	-	-	2,50,00,000	28.97
Reliance Fixed Horizon Fund - XXXIII - Series 4 - 1208 Days	-	-	2,50,00,000	28.97
Reliance Fixed Horizon Fund - XXXIII - Series 6 - 1201 Days - Direct - Growth	-	-	2,50,00,000	28.86
Kotak Fmp Series 199 - 1147 Days	-	-	2,00,00,000	23.15
Reliance Fixed Horizon Fund XXXII Series 9 - 1285 Days	-	-	2,00,00,000	23.19
Birla Sun Life Fixed Term Plan - Series OI (1120 Days)	-	-	2,00,00,000	23.14
Kotak FMP Series 202 - 1144 Days - Direct - Growth	-	-	2,00,00,000	23.02
Reliance Fixed Horizon Fund - XXXIII - Series 7 - 1197 Days - Direct - Growth	-	-	2,00,00,000	23.06
Reliance Fixed Horizon Fund XXXIII Series 1 - 1222 Days	-	-	2,00,00,000	23.22
ICICI Prudential Fixed Maturity Plan - Series 80 - 1253 Days Plan J	-	-	1,50,00,000	17.40
DHFL Pramerica Fixed Duration Fund Series AE	-	-	1,50,000	17.37
Kotak FMP Series 200 - 1158 Days	-	-	1,50,00,000	17.33
DSP Blackrock FMP Series 204 - 37M - Direct - Growth	-	-	1,50,00,000	17.30
ICICI Prudential Fixed Maturity Plan - Series 80 - 1187 Days Plan G - Direct-Growth	-	-	1,50,00,000	17.34
IDFC Fixed Maturity Plan - Series 131 - 1139 Days - Direct - Growth	-	-	1,50,00,000	17.26
Birla Sun Life Fixed Term Plan - Series Oh - 1120 Days	-	-	1,00,00,000	11.60
IDFC Fixed Maturity Plan - Series 129 - 1147 Days	-	-	1,00,00,000	11.56
ICICI Prudential Fixed Maturity Plan - Series 80 - 1233 Days Plan O - 29-Jul-2020	-	-	1,00,00,000	11.59
Birla Sun Life Fixed Term Plan - Series Oe - 1153 Days	-	-	1,00,00,000	11.57
UTI-FTIF-XXVI-VI (1146 Days)	-	-	1,00,00,000	11.55
ICICI Prudential Fixed Maturity Plan - Series 80 - 1227 Days Plan Q	-	-	1,00,00,000	11.58
ICICI Prudential Fixed Maturity Plan - Series 80 - 1231 Days Plan P	-	-	1,00,00,000	11.59
Birla Sun Life Fixed Term Plan - Series Og - 1146 Days	-	-	1,00,00,000	11.55

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 4 : NON-CURRENT INVESTMENTS (contd...)

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
DSP Blackrock FMP Series 205 - 37M - Direct - Growth	-	-	1,00,00,000	11.54
Birla Sun Life Fixed Term Plan - Series OK (1135 Days) - Direct - Growth	-	-	1,00,00,000	11.53
Invesco India Fixed Maturity Plan - Series 29 - Plan B (1150 Days) - Direct - Growth	-	-	1,00,00,000	11.53
ICICI Prudential Fixed Maturity Plan - Series 80 - 1225 Days Plan T - Direct - Growth	-	-	1,00,00,000	11.54
UTI Fixed Term Income Fund Series XXVI-VIII (1154 Days) - Direct - Growth	-	-	1,00,00,000	11.49
Reliance Fixed Horizon Fund Xxxiv Series 7 - 1105 Days - Direct - Growth	-	-	1,00,00,000	11.27
HDFC FMP 1430D - Series 38 - Direct - Growth	-	-	1,00,00,000	11.11
<b>Balanced Funds</b>				
Aditya Birla Sunlife Balanced 95 Fund - Direct - Growth	3,40,696	20.98	2,03,120	16.47
L&T Hybrid Equity - Direct - Growth	1,01,70,609	23.41	58,49,538	16.27
ICICI Prudential Equity & Debt Fund - Direct - Growth	20,95,785	23.93	12,50,437	18.02
TATA Hybrid Equity - Direct - Growth	12,87,709	23.58	7,47,600	16.67
SBI Equity Hybrid Fund - Direct - Growth	20,18,493	25.52	12,05,968	17.15
HDFC Balance Advantage Fund - Direct - Growth	14,89,455	23.41	8,83,484	18.47
HDFC Hybrid Equity Fund - Direct - Growth	51,50,624	22.91	30,10,463	17.07
		<b>163.74</b>		<b>622.30</b>
<b>Total Investment other than in subsidiaries and associates</b>		<b>2,068.98</b>		<b>2,700.01</b>
<b>Total non-current investments</b>		<b>3,085.65</b>		<b>3,681.68</b>
Aggregate amount of quoted investments		1,947.12		2,565.83
Aggregate market value of quoted investments		1,987.08		2,601.00
Aggregate amount of unquoted investments		1,138.54		1,115.85
Aggregate amount of impairment in the value of investments		-		0.04

**4.1** In the earlier year, the Company has written down the value of its investment in equity shares of NSE Foundation amounting to ₹ 0.04 crores, since, it has been set up to carry out CSR activities for the Company and will not have profits which can be distributed to the Company. The loss has been debited to the Statement of profit and Loss.

**4.2** This represents investment made from amounts transferred in a separate bank account towards transaction charges and colocation services based on SEBI directives after taking Board's approval. These investments costing ₹ 390.09 crores (fair value : ₹ 397.38 crores) as of March 31, 2020 [March 31, 2019 : costing ₹ 48.28 (fair value : ₹ 48.83)] have been earmarked / restricted pursuant to the SEBI directive in the colocation matter [Refer also Note 31(i)(a)].



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 5 : OTHER FINANCIAL ASSETS

(₹ in Crores)

Particulars	31.03.2020		31.03.2019	
	Non-current	Current	Non-current	Current
<b>Non-current bank balances</b>				
Fixed deposits with maturity for more than 12 months	11.70	-	-	-
Earmarked fixed deposits with maturity for more than 12 months (Refer note 5.1)	23.49	-	79.30	-
<b>Total (a)</b>	<b>35.19</b>	<b>-</b>	<b>79.30</b>	<b>-</b>
<b>Others</b>				
Security deposit for utilities and premises	2.73	-	2.32	-
Receivable from related parties (Refer note 29b)	-	12.80	-	26.09
Interest accrued on Bank deposits & Tax free bonds	7.70	12.89	4.52	14.84
Receivable on sale of Investment (Refer note 5.3)	-	224.29	-	-
Other receivables	-	5.64	-	14.02
<b>Other Deposits</b>				
Deposits with financial institutions at amortised cost (Refer note 5.2)	33.39	277.62	100.56	25.33
<b>Total (b)</b>	<b>43.82</b>	<b>533.24</b>	<b>107.40</b>	<b>80.28</b>

**5.1** Earmarked deposits are restricted and includes deposits towards listing entities, defaulter members, investor services fund and other restricted deposits.

**5.2** This represents amounts transferred in a separate bank account towards transaction charges and colocation services based on SEBI directives which have been subsequently invested in deposits with financial institutions [Refer Note 31(i)(a)]

**5.3** This include an amount of ₹ 179.19 crores pertaining to Colocation [Refer Note 31(i)(a)]

### Note 6 : OTHER ASSETS

(₹ in Crores)

Particulars	31.03.2020		31.03.2019	
	Non-current	Current	Non-current	Current
Capital advances	8.26	-	0.67	-
Deposit with SEBI - Colocation [Refer note 31(i)(a)]	687.47	-	-	-
Other Advances recoverable	-	12.78	-	13.35
Balances with statutory authorities	-	71.66	-	48.35
Prepaid expenses	16.22	63.29	4.79	34.82
Securities Transaction Tax paid (Refer note 6.1)	10.60	-	10.59	-
	<b>722.55</b>	<b>147.73</b>	<b>16.05</b>	<b>96.52</b>

**6.1** Securities Transaction Tax (“STT”) paid represents amounts recovered by tax authorities towards STT, interest and penalty thereon recoverable from few members and ad-hoc STT, interest and penalty thereon which is disputed by the Company. The Company has recovered an amount of ₹ 5.41 crores against the STT paid to tax authorities from the respective members and which is held as deposit and disclosed under other non current liabilities. (Refer note no. 19). The contingent liability of ₹ 6.74 Crores net of recoveries from members amounting to ₹ 5.41 Crores has been disclosed under contingent liability [Refer note: 31(ii) (e)].

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 7 : CURRENT INVESTMENTS

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
<b>I Current investments</b>				
<b>A) Investment in debentures</b>				
<b>(i) Quoted debentures at amortised cost</b>				
7.70% HDB Financial Services Limited	250	26.55	-	-
9.1106% LIC Housing Finance Limited - Colocation (Refer note 7.1)	250	26.81	-	-
8.97% Tata Sons Limited	50	5.30	-	-
0% Kotak Mahindra Investments Limited - Colocation (Refer note 7.1)	250	28.32	-	-
7.35% Tata Sons Limited	250	26.03	-	-
7.52% HDB Financial Services Limited	250	26.33	-	-
0% Kotak Mahindra Investments Limited - Colocation (Refer note 7.1)	250	24.89	700	64.74
7.55% Kotak Mahindra Prime Limited - Colocation (Refer note 7.1)	-	-	500	52.48
8.10% Tata Capital Financial Services Limited - Colocation (Refer note 7.1)	-	-	300	30.79
8.25% Bajaj Finance Limited - Colocation (Refer note 7.1)	-	-	250	26.19
7.79% Kotak Mahindra Prime Limited - Colocation (Refer note 7.1)	-	-	250	26.68
9.1756% HDB Financial Services limited - Colocation (Refer note 7.1)	-	-	250	25.76
8.16% Tata Capital Financial Services Limited - Colocation (Refer note 7.1)	-	-	200	20.90
8.97% LIC Housing Finance Limited - Colocation (Refer note 7.1)	-	-	50	5.20
7.8834% Bajaj Finance Limited - Colocation (Refer note 7.1)	-	-	50	5.17
7.95% HDFC Limited	-	-	50	52.43
9.44% LIC Housing Finance	-	-	400	42.13
0% HDB Financial Services Limited	-	-	250	30.58
7.65% Bajaj Finance Limited	-	-	300	30.31
8.48% HDB Financial Services Limited	-	-	250	26.87
7.65% Kotak Mahindra Prime Limited	-	-	250	26.84
8.45% Housing Development Finance Corporation Limited	-	-	25	26.77
7.85% Housing Development Finance Corporation Limited	-	-	25	26.44
7.90% Tata Sons Limited	-	-	250	26.56
7.59% Kotak Mahindra Investments Limited	-	-	250	25.79
7.80% HDFC Limited	-	-	25	25.75



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 7 : CURRENT INVESTMENTS (contd.)

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
8.79% Bajaj Finance Limited	-	-	250	25.33
9.25% Tata Sons Limited	-	-	250	25.16
9.4554% Sundaram Finance Limited	-	-	150	22.66
8.25% Bajaj Finance Limited	-	-	100	10.52
7.90% Bajaj Finance Limited	-	-	100	10.41
9.47% Bajaj Finance Limited	-	-	50	5.26
8.97% LIC Housing Finance	-	-	50	5.22
8.72% LIC Housing Finance	-	-	50	5.17
8.70% IL&FS Financial Services Limited	2,50,000	27.17	2,50,000	27.17
8.58% Infrastructure Leasing & Financial Services Limited	2,50,000	26.78	2,50,000	26.78
8.90% IL&FS Financial Services Limited	2,50,000	26.18	2,50,000	26.18
Less: Impairment losses on financial assets (Refer note 39D)		(80.13)		(80.13)
<b>Total quoted debentures</b>		<b>164.23</b>		<b>708.11</b>
<b>B) Investment in mutual funds</b>				
<b>(i) Quoted investments in mutual funds at FVPL</b>				
<b>Fixed Maturity Plans</b>				
Nippon India Fixed Horizon Fund XXXIII Series 3 - Direct Growth - Colocation (Refer note 7.1)	2,50,00,000	31.29	-	-
Nippon India Fixed Horizon Fund - XXXIII - Series 4 - Colocation (Refer note 7.1)	2,50,00,000	31.29	-	-
Nippon India Fixed Horizon Fund - XXXIII - Series 6 Direct Growth - Colocation (Refer note 7.1)	2,50,00,000	31.13	-	-
Kotak Fixed Maturity Plan Series 199 - Colocation (Refer note 7.1)	2,00,00,000	24.84	-	-
Nippon India Fixed Horizon Fund XXXII Series 9 - Colocation (Refer note 7.1)	2,00,00,000	25.04	-	-
Birla Sun Life Fixed Term Plan - Series OI - Colocation (Refer note 7.1)	2,00,00,000	24.88	-	-
Kotak Fixed Maturity Plan Series 202 Direct Growth Colocation (Refer note 7.1)	2,00,00,000	24.75	-	-
Nippon India Fixed Horizon Fund - XXXIII - Series 7 Direct Growth - Colocation (Refer note 7.1)	2,00,00,000	24.87	-	-
Nippon India Fixed Horizon Fund XXXIII Series 1 - Colocation (Refer note 7.1)	2,00,00,000	25.07	-	-
ICICI Prudential Fixed Maturity Plan - Series 80 Plan J - Colocation (Refer note 7.1)	1,50,00,000	18.71	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 7 : CURRENT INVESTMENTS (contd.)

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
DHFL Pramerica Fixed Duration Fund Series AE - Colocation (Refer note 7.1)	1,50,000	18.68	-	-
Kotak Fixed Maturity Plan Series 200 Colocation (Refer note 7.1)	1,50,00,000	18.63	-	-
DSP Blackrock Fixed Maturity Plan Series 204 Direct Growth - Colocation (Refer note 7.1)	1,50,00,000	18.59	-	-
ICICI Prudential Fixed Maturity Plan - Series 80 Direct Growth - Colocation (Refer note 7.1)	1,50,00,000	18.60	-	-
IDFC Fixed Maturity Plan - Series 131 Direct Growth - Colocation (Refer note 7.1)	1,50,00,000	18.57	-	-
Birla Sun Life Fixed Term Plan - Series Oh - Colocation (Refer note 7.1)	1,00,00,000	12.45	-	-
IDFC Fixed Maturity Plan - Series 129 - Colocation (Refer note 7.1)	1,00,00,000	12.39	-	-
ICICI Prudential Fixed Maturity Plan - Series 80 Plan O - Colocation (Refer note 7.1)	1,00,00,000	12.49	-	-
Birla Sun Life Fixed Term Plan - Series Oe - Colocation (Refer note 7.1)	1,00,00,000	12.43	-	-
UTI-FTIF-XXVI-VI - Colocation (Refer note 7.1)	1,00,00,000	12.42	-	-
ICICI Prudential Fixed Maturity Plan - Series 80 Plan Q - Colocation (Refer note 7.1)	1,00,00,000	12.50	-	-
ICICI Prudential Fixed Maturity Plan - Series 80 Plan P - Colocation (Refer note 7.1)	1,00,00,000	12.51	-	-
Birla Sun Life Fixed Term Plan - Series Og - Colocation (Refer note 7.1)	1,00,00,000	12.40	-	-
DSP Blackrock Fixed Maturity Plan Series 205 Direct Growth - Colocation (Refer note 7.1)	1,00,00,000	12.40	-	-
Birla Sun Life Fixed Term Plan - Series OK Direct Growth - Colocation (Refer note 7.1)	1,00,00,000	12.42	-	-
Invesco India Fixed Maturity Plan - Series 29 - Plan B Direct - Growth - Colocation (Refer note 7.1)	1,00,00,000	12.42	-	-
ICICI Prudential Fixed Maturity Plan - Series 80 Plan T - Direct Growth - Colocation (Refer note 7.1)	1,00,00,000	12.46	-	-
UTI Fixed Term Income Fund Series XXVI-VIII Direct Growth - Colocation (Refer note 7.1)	1,00,00,000	12.38	-	-
Nippon India Fixed Horizon Fund Xxxiv Series 7 Direct Growth - Colocation (Refer note 7.1)	1,00,00,000	12.16	-	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 7 : CURRENT INVESTMENTS (contd.)

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
HDFC Fixed Maturity Plan 1430D Series 38 Direct Growth - Colocation (Refer note 7.1)	1,00,00,000	12.12	-	-
<b>Total Quoted Mutual Funds</b>		<b>540.89</b>		<b>-</b>
<b>(ii) Unquoted investments in mutual funds at FVPL</b>				
SBI Magnum Ultra Short Duration Fund - Direct - Growth - Colocation (Refer note 7.1)	62,905	28.18	5,90,839	246.24
HDFC Money Market Fund - Direct - Growth - Colocation (Refer note 7.1)	-	-	6,15,886	241.38
Aditya Birla Sun Life Money Manager Fund - Direct - Growth - Colocation (Refer note 7.1)	10,25,723	27.79	79,90,794	201.13
Invesco India Money Market Fund - Direct - Growth - Colocation (Refer note 7.1)	-	-	4,54,782	98.70
IDFC Ultra Short Term Fund - Dir - Growth - Colocation - Lien Mark (Refer note 7.1)	-	-	2,56,33,104	68.56
Axis Liquid Fund - Direct - Growth - Colocation (Refer note 7.1)	-	-	1,08,663	22.53
UTI Money Market - Direct Plan - Growth - Colocation (Refer note 7.1)	-	-	7,30,395	154.30
ICICI Prudential Money Market Fund - Direct - Growth - Colocation (Refer note 7.1)	32,08,038	89.59	1,11,08,361	289.00
L&T Ultra Short Term Fund - Direct - Growth	33,94,468	11.35	1,30,56,607	40.66
Nippon India Money Market Fund - Direct - Growth	-	-	1,42,662	40.51
Kotak Savings Fund - Direct - Growth	-	-	98,54,029	30.11
Aditya Birla Sun Life Money Manager Fund - Direct - Growth	-	-	10,60,657	26.70
ICICI Prudential Money Market Fund - Direct- Growth	-	-	7,69,049	20.00
Birla Sun Life Floating Rate Fund - LTP - Direct - Growth Lien Marked	-	-	1,91,195	4.46
UTI Treasury Advantage Fund - Direct - Growth - Lien Marked	-	-	12,277	3.19
ICICI Prudential Liquid - Direct Plan - Growth	14,541	0.43	81,020	2.24
SBI Banking & PSU Fund - Direct - Growth - Lien Marked	-	-	9,426	2.02
HDFC Liquid Fund - Direct - Growth	6,845	2.67	4,498	1.65
SBI Magnum Low Duration Fund - Direct - Growth Lien Marked	-	-	1,711	0.42
Kotak Money Market Scheme - Direct Plan - Growth	4,54,166	150.47	-	-
IDFC Banking & Psu Debt Fund - Direct - Growth - Colocation (Refer note 7.1)	7,22,14,141	129.73	-	-
Nippon India Banking & Psu Debt Fund - Direct - Growth - Colocation (Refer note 7.1)	7,09,91,227	107.10	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 7 : CURRENT INVESTMENTS (contd.)

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
Aditya Birla Sun Life Floating Rate Fund - Direct - Growth - Colocation (Refer note 7.1)	40,86,900	103.11	-	-
Kotak Corporate Bond Fund - Direct - Growth - Colocation (Refer note 7.1)	3,39,408	93.69	-	-
Tata Short Term Bond Fund - Direct - Growth	2,20,25,304	82.37	-	-
SBI Saving Fund - Direct - Growth - Colocation (Refer note 7.1)	2,40,36,131	77.80	-	-
L&T Banking & Psu Debt Fund - Direct - Growth - Colocation (Refer note 7.1)	4,17,67,059	77.54	-	-
Axis Ultra Short Term Fund - Direct - Growth - Colocation (Refer note 7.1)	6,77,79,853	76.88	-	-
Axis Banking & Psu Debt Fund - Direct - Growth - Colocation (Refer note 7.1)	3,88,163	75.34	-	-
Aditya Birla Sun Life Savings Fund - Direct - Growth - Colocation (Refer note 7.1)	17,74,677	71.13	-	-
HDFC Corporate Bond Fund - Direct - Growth- Colocation (Refer note 7.1)	3,05,55,143	70.53	-	-
HDFC Floating Rate Debt Fund - Direct - Growth - Colocation (Refer note 7.1)	1,98,10,957	70.10	-	-
Axis Liquid Fund -Direct - Growth	2,72,297	60.02	-	-
ICICI Prudential Banking & PSU Debt Fund- Direct- Growth - Colocation (Refer note 7.1)	2,39,54,057	56.64	-	-
Kotak Banking & PSU Debt Fund - Direct - Growth - Colocation (Refer note 7.1)	1,12,14,674	53.43	-	-
SBI Banking & Psu Debt Fund - Direct - Growth - Colocation (Refer note 7.1)	2,17,533	51.45	-	-
SBI Corporate Bond Fund - Direct - Growth - Colocation (Refer note 7.1)	4,46,26,122	50.36	-	-
ICICI Prudential Corporate Bond Fund - Direct - Growth - Colocation (Refer note 7.1)	2,33,35,809	50.20	-	-
Invesco India Treasury Advantage Fund - Direct - Growth- Colocation (Refer note 7.1)	1,64,744	47.15	-	-
L&T Ultra Short Term Fund - Direct - Growth - Colocation (Refer note 7.1)	1,23,96,950	41.44	-	-
ICICI Prudential Banking & PSU Debt Fund- Direct- Growth	1,65,19,847	39.06	-	-
HDFC Low Duration Fund - Direct- Growth- Colocation (Refer note 7.1)	82,14,813	36.32	-	-
Nippon India Money Market Fund - Direct - Growth - Colocation (Refer note 7.1)	1,00,824	30.78	-	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 7 : CURRENT INVESTMENTS (contd.)

Particulars	31.03.2020		31.03.2019	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
ICICI Prudential Savings Fund - Direct Plan - Growth - Colocation (Refer note 7.1)	7,34,966	28.69	-	-
Kotak Savings Fund - Direct - Growth - Colocation (Refer note 7.1)	84,41,292	27.73	-	-
Sundaram Banking & Psu Debt Fund - Direct - Growth	81,26,091	26.04	-	-
Axis Treasury Advantage Fund - Growth - Direct Plan	1,11,521	25.93	-	-
Canara Robeco Savings Plus Fund - Direct - Growth	77,31,299	24.59	-	-
HDFC Overnight Fund - Direct -Growth	11,116	3.30	-	-
<b>Total Unquoted Mutual Funds</b>		<b>1,998.93</b>		<b>1,493.80</b>
<b>Total Investment in Mutual Funds</b>		<b>2,539.82</b>		<b>1,493.80</b>
<b>Total current investments</b>		<b>2,704.05</b>		<b>2,201.91</b>
Aggregate amount of quoted investments		705.12		708.11
Aggregate market value of quoted investments		705.16		712.74
Aggregate amount of unquoted investments		1,998.93		1,493.80
Aggregate amount of impairment in the value of investments		80.13		80.13

**7.1** This represents investment made from amounts transferred in a separate bank account towards transaction charges and colocation services based on SEBI directives after taking Board's approval. These investments costing ₹ 2,188.08 crores (fair value ₹ 2,193.60 crores) as of March 31, 2020 [March 31, 2019 : ₹ 1,532.77 crores (fair value ₹ 1,579.76 crores)] have been earmarked / restricted pursuant to the SEBI directive in the colocation matter [Refer also Note 31(i)(a)].

### Note 8 : TRADE RECEIVABLES

(₹ in Crores)

Particulars	Current	Current
	31.03.2020	31.03.2019
Trade Receivables	560.09	368.65
Less : Loss Allowance	(9.17)	(0.04)
	<b>550.92</b>	<b>368.61</b>
<b>Break up of security details</b>		
Trade Receivables considered good - Secured (Refer note 8.1 & 8.2)	526.08	342.20
Trade Receivables considered good - Unsecured	24.84	26.45
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	9.17	-
<b>Total</b>	<b>560.09</b>	<b>368.65</b>
Loss allowance	(9.17)	(0.04)
<b>Total Trade Receivables</b>	<b>550.92</b>	<b>368.61</b>

**8.1** Trade Receivables are secured against deposits received from members (Refer note: 20 & 37)

**8.2** This includes an amount of Rs. 188.54 towards transaction charges and colocation services realised after March 31, 2020 and transferred in separate bank account after March 31, 2020 and then invested.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 9 : CASH AND CASH EQUIVALENTS

(₹ in Crores)

Particulars	Current	Current
	31.03.2020	31.03.2019
Balances with banks : in current accounts (Refer note 9.1)	80.89	39.37
Cash on hand	0.01	0.01
<b>Total</b>	<b>80.90</b>	<b>39.38</b>

9.1 This include an amount of ₹ 12.05 crores pertaining to Colocation [Refer Note 31(i)(a)]

### Note 10 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Crores)

Particulars	Current	Current
	31.03.2020	31.03.2019
Fixed Deposits		
- with original maturity for more than 3 months but less than 12 months	1.55	-
- with maturity of less than 12 months at the balance sheet date	1.55	3.97
Earmarked Fixed Deposits (Refer note 10.1)		
- with original maturity for more than 3 months but less than 12 months	0.54	0.74
- with maturity of less than 12 months at the balance sheet date	147.39	129.86
Restricted Balances with banks : in fixed deposits (Refer note 10.2)	-	567.29
Unpaid dividends (Refer note 10.3 & 13)	43.09	-
<b>Total</b>	<b>194.12</b>	<b>701.86</b>

10.1 Earmarked deposits are restricted and includes deposits towards listing entities, defaulter members, investor services fund and other restricted deposits.

10.2 This represents amounts transferred in a separate bank account towards transaction charges and colocation services based on SEBI directives which have been subsequently invested in Fixed Deposits with banks. [Refer Note 31(i)(a)]

10.3 This represents amount of dividend withheld pursuant to SEBI letter dated May 13, 2019.

### Note 11 a : EQUITY SHARE CAPITAL

(₹ in Crores)

Particulars	Current	Current
	31.03.2020	31.03.2019
<b>Authorised</b>		
50,00,00,000 Equity Shares of ₹1 each. (Previous year : 50,00,00,000 equity shares of ₹. 1 each)	50.00	50.00
<b>Issued, subscribed and paid-up</b>		
49,50,00,000 equity shares of ₹1 each, fully paid up (Previous year : 49,50,00,000 equity shares of ₹1 each, fully paid up)	49.50	49.50
<b>Total</b>	<b>49.50</b>	<b>49.50</b>

#### Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1 per share. They entitle the holder to participate in dividends. In the event of liquidation of the Company, the holders of 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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### A reconciliation of the number of Equity Shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31.03.2020		As at 31.03.2019	
	(Numbers in Crores)	(₹ in Crores)	(Numbers in Crores)	(₹ in Crores)
At the beginning of the year Face value of ₹1 each	49.50	49.50	49.50	49.50
changes in equity share capital during the year	-	-	-	-
At the end of the year face value of ₹1 each	49.50	49.50	49.50	49.50

### Details of shareholders holding more than 5% share in the Company

Name of the Company	As at 31.03.2020		As at 31.03.2019	
	No.	% holding	No.	% holding
Life Insurance Corporation of India	6,19,13,500	12.51%	6,19,13,500	12.51%

### Note 11 b : OTHER EQUITY

(₹ in Crores)

Particulars	Reserves and Surplus				Other Reserves			Total
	Securities premium reserve	Retained earnings *	Other reserves	Total Reserves and Surplus	FVOCI equity instruments	FVOCI debt instruments	Total other reserves	
<b>Balance at the April 1, 2018</b>	<b>35.50</b>	<b>5,825.20</b>	<b>11.50</b>	<b>5,872.20</b>	<b>63.61</b>	<b>(14.55)</b>	<b>49.06</b>	<b>5,921.26</b>
Profit for the year	-	1,389.87	-	1,389.87	-	-	-	1,389.87
Dividend paid (including dividend distribution tax) (Note 1 below)	-	(977.36)	-	(977.36)	-	-	-	(977.36)
<b>Items of Other Comprehensive Income</b>	-	-	-	-	-	-	-	-
Remeasurements of post-employment benefit obligations, net of tax	-	(1.60)	-	(1.60)	-	-	-	(1.60)
Changes in fair value of FVOCI equity instruments, net of tax	-	-	-	-	(1.10)	-	(1.10)	(1.10)
Changes in fair value of FVOCI debt instruments, net of tax	-	-	-	-	-	2.87	2.87	2.87
<b>Balance as at March 31, 2019</b>	<b>35.50</b>	<b>6,236.11</b>	<b>11.50</b>	<b>6,283.11</b>	<b>62.51</b>	<b>(11.68)</b>	<b>50.83</b>	<b>6,333.94</b>
<b>Balance at the April 1, 2019</b>	<b>35.50</b>	<b>6,236.11</b>	<b>11.50</b>	<b>6,283.11</b>	<b>62.51</b>	<b>(11.68)</b>	<b>50.83</b>	<b>6,333.94</b>
Profit for the year	-	1,560.46	-	1,560.46	-	-	-	1,560.46
Dividend paid (including dividend distribution tax) (Refer Note 2 below)	-	(1,034.53)	-	(1,034.53)	-	-	-	(1,034.53)
<b>Items of Other Comprehensive Income</b>	-	-	-	-	-	-	-	-
Remeasurements of post-employment benefit obligations, net of tax	-	(4.52)	-	(4.52)	-	-	-	(4.52)
Changes in fair value of FVOCI equity instruments, net of tax	-	-	-	-	(8.91)	-	(8.91)	(8.91)
Changes in fair value of FVOCI debt instruments, net of tax	-	-	-	-	-	20.14	20.14	20.14
<b>Balance as at March 31, 2020</b>	<b>35.50</b>	<b>6,757.52</b>	<b>11.50</b>	<b>6,804.52</b>	<b>53.60</b>	<b>8.46</b>	<b>62.06</b>	<b>6,866.58</b>

	31.03.2020	31.03.2019
*Includes General Reserves	3,690.00	3,690.00

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act 2013.

### Other Reserves:

The Company has in the past created Other Reserves for investor compensation activities and staff welfare activities.

### FVOCI equity investments

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

### Debt Instruments through Other Comprehensive Income:

The fair value change of the debt instruments measured at fair value through other comprehensive income is recognised in debt instruments through other comprehensive income. Upon derecognition, the cumulative fair value changes on the said instruments are reclassified to the Statement of Profit and Loss.

Note 1 : The Board of Directors, in their meeting held on May 4, 2018, proposed a dividend of ₹ 7.75 /- per equity share which has been approved by the shareholders at the Annual General Meeting held on August 3, 2018 and on October 31, 2018 declared an interim dividend of ₹ 9.25 per equity share of ₹ 1/- each of the Company. The total dividend paid during the year ended March 31, 2019 amounts to ₹ 841.50 crores excluding dividend distribution tax ₹ 154.54 crores.

Note 2 : The Board of Directors, in their meeting held on May 16, 2019, proposed a dividend of ₹ 8/- per equity share which has been approved by the shareholders at the Annual General Meeting held on August 2, 2019 and on November 7, 2019 declared an interim dividend of ₹ 9.80 per equity share of ₹ 1/- each of the Company. The total dividend paid during the year ended March 31, 2020 amounts to ₹ 881.10 crores excluding dividend distribution tax ₹ 153.43 crores.

### Note 12 : TRADE PAYABLES

(₹ in Crores)

Particulars	Current	Current
	31.03.2020	31.03.2019
Trade payables	113.72	69.77
Trade payables to MSME (Refer Note 32)	0.83	0.01
Trade payables to related parties (Refer note 29b)	11.66	10.55
<b>Total</b>	<b>126.21</b>	<b>80.33</b>

### Note 13 : OTHER FINANCIAL LIABILITIES

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Non-current	Current	Non-current	Current
Deposits - Premises	-	7.10	-	5.72
Creditors for capital expenditure	-	14.00	-	39.89
Defaulters fund pending claims	-	99.11	-	89.86
Obligations under finance lease (Refer note 13.1)	-	-	9.57	1.83
Contribution payable to Core SGF (Refer note 13.2)	-	62.08	-	-
Unpaid Dividend	-	43.09	-	-
Other liabilities	-	27.51	-	17.70
<b>Total</b>	<b>-</b>	<b>252.89</b>	<b>9.57</b>	<b>155.00</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 15 : OTHER FINANCIAL LIABILITIES (contd.)

**13.1** Obligation under finance lease has been reclassified as lease liability upon adoption of Ind AS 116 effective April 1, 2019.

#### Net debt reconciliation

This section sets out an analysis of net debt and the movements in the net debt for each of the periods presented. (₹ in Crores)

Particulars	Lease obligations
Lease obligations as at April 1, 2018	10.82
Add: Interest expense	1.78
Less: Cash flows	(1.20)
Lease obligations as at March 31, 2019	11.40
Add : Recognition on adoption of Ind AS 116	26.33
<b>Net debt as on April 1, 2019 (Restated)</b>	<b>37.73</b>
Add: Interest expense	4.03
Less: Cash flows	(6.07)
<b>Net debt as at March 31, 2020</b>	<b>35.69</b>

**13.2** This represents amount payable to Indian Clearing Corporation Ltd [Refer note 1(v)]

### Note 14 : CONTRACT LIABILITIES

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Non-current	Current	Non-current	Current
Contract Liabilities related to Listing services	16.54	0.31	-	13.02
	<b>16.54</b>	<b>0.31</b>	<b>-</b>	<b>13.02</b>

### Note 15 : PROVISIONS

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Non-current	Current	Non-current	Current
<b>Employee benefits obligation</b>				
Provision for gratuity	10.53	4.23	3.93	3.25
Provision for variable pay and other allowances	11.81	44.18	8.08	39.97
Provision for leave encashment	-	15.78	-	16.03
	<b>22.34</b>	<b>64.19</b>	<b>12.01</b>	<b>59.25</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 16 : INCOME TAXES

(a) The Taxation Law (Amendments) Ordinance 2019 ('the Ordinance'), provides an option to domestic companies to pay income-tax at a lower rate of 22% (plus applicable surcharge and cess) instead of the normal rate of 30% (plus applicable surcharge and cess) depending on the conditions specified in this behalf under section 115 BAA of the Income Tax Act, 1961. A domestic company can avail of the lower tax rate only if it opts for not availing of certain exemptions or incentives specified in this behalf in the Ordinance. There is no time limit prescribed under the above to choose the option of lower tax rate under section 115BBA, however, once chosen it is irreversible. The Company has elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for the year ended March 31, 2020 and re-measured its net deferred tax balances basis the rate prescribed in the said section. The full impact of this change has been recognised in the Statement of Profit and Loss account for the year ended March 31, 2020.

#### (b) Income tax expense

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Income tax expense		
<b>Current Tax</b>		
Current tax expense	510.00	665.00
<b>Total Current Tax</b>	510.00	665.00
Deferred Tax		
Decrease in deferred tax assets	0.94	0.02
Decrease in deferred tax liabilities	(16.72)	(11.52)
Total deferred tax expense (benefit)	(15.78)	(11.50)
<b>Total Income tax expenses*</b>	<b>494.22</b>	<b>653.50</b>

\*This excludes deferred tax (expense) / benefit on other comprehensive income of ₹ (4.36) crores for the year ended March 31, 2020 (March 31, 2019 : ₹ 0.49 Crores)

#### (c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Profit before income tax expense	2,054.68	2,043.37
Tax rate (%)	25.168%	34.944%
Tax at the Indian Tax Rate	517.12	714.03
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income		
Dividend income	(34.72)	(64.01)
Interest on tax free bonds	(16.23)	(23.46)
Expenditure related to exempt income	5.16	7.14
Impairment losses on financial assets	-	28.00
Specific Tax deductions	(0.91)	(2.06)
Rate change impact on opening deferred tax	(5.40)	-
Others	29.20	(6.14)
<b>Income Tax Expense</b>	<b>494.22</b>	<b>653.50</b>

The applicable Indian statutory tax rate for year ended March 31, 2020 is 25.168% (March 31, 2019 : 34.944%.)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### (d) Deferred tax liabilities (net)

The balance comprises temporary differences attributable to:

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
<b>Deferred income tax assets</b>		
Provision for leave encashment	3.33	4.13
Financial Assets at Fair Value through OCI	(2.84)	6.28
Others	18.86	17.48
<b>Total deferred tax assets</b>	<b>19.35</b>	<b>27.89</b>
<b>Deferred income tax liabilities</b>		
Property, plant and equipment and investment property	2.86	6.50
Financial Assets at Fair Value through OCI	9.34	12.58
Financial Assets at Fair Value through profit and Loss	25.86	41.71
Others	2.79	0.02
<b>Total deferred tax liabilities</b>	<b>40.85</b>	<b>60.81</b>
<b>Net Deferred tax liabilities</b>	<b>21.50</b>	<b>32.92</b>

### (e) Deferred tax assets

Movements in deferred tax assets

(₹ in Crores)

Particulars	Provision for Leave Encashment	Financial Assets at Fair Value through profit and Loss	Financial Assets at Fair Value through OCI on Debt instruments	Others	Total
<b>At 1 April 2018</b>	2.29	-	7.89	18.41	28.59
Charged/(credited)					-
- to profit or loss	1.84	-	(0.07)	(1.79)	(0.02)
- to other comprehensive income	-	-	(1.54)	0.86	(0.68)
<b>At 31 March 2019</b>	<b>4.13</b>	<b>-</b>	<b>6.28</b>	<b>17.48</b>	<b>27.89</b>
Charged/(credited)					
- to profit or loss	(0.80)	-	-	(0.14)	(0.94)
- to other comprehensive income	-	-	(9.12)	1.52	(7.60)
<b>At 31 March 2020</b>	<b>3.33</b>	<b>-</b>	<b>(2.84)</b>	<b>18.86</b>	<b>19.35</b>

Note : Deferred tax asset on indexation benefit of investment in subsidiaries of ₹ 62.93 crores as at March 31, 2020 (March 31, 2019 : ₹ 54.32 crores) not provided as the company does not have any intention to sell investments in subsidiaries in foreseeable future.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### (f) Movements in deferred tax liabilities

(₹ in Crores)

Particulars	Property, Plant and Equipment	Financial Assets at Fair Value through profit and Loss	Financial Assets at Fair Value through OCI on equity instruments	Others	Total
<b>At 1 April 2018</b>	14.41	42.52	13.75	2.82	73.50
Charged/(credited)					
- to profit or loss	(7.91)	(0.81)	-	(2.80)	(11.52)
- to other comprehensive income	-	-	(1.17)		(1.17)
<b>At 31 March 2019</b>	<b>6.50</b>	<b>41.71</b>	<b>12.58</b>	<b>0.02</b>	<b>60.81</b>
Charged/(credited)					
- to profit or loss	(3.64)	(15.85)	-	2.77	(16.72)
- to other comprehensive income	-	-	(3.24)		(3.24)
<b>At 31 March 2020</b>	<b>2.86</b>	<b>25.86</b>	<b>9.34</b>	<b>2.79</b>	<b>40.85</b>

### Note 17 : INCOME TAX LIABILITIES (NET) - CURRENT\*

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Wealth tax (net of advances)	0.29	0.29
Income tax (net of advances)	148.22	68.49
	<b>148.51</b>	<b>68.78</b>

### Note 18 : INCOME TAX ASSETS (NET) - NON-CURRENT\*

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Income tax paid including TDS (Net of provisions)	371.97	341.21
Wealth tax (net of provisions)	0.02	0.02
Fringe benefit tax (net of provisions)	2.21	2.21
	<b>374.20</b>	<b>343.44</b>

\*The Company is subject to tax assessments and ongoing proceedings, which are pending before various Tax Appellate Authorities. Management periodically evaluates the positions taken in tax returns with respect to such matters, including unresolved tax disputes, which involves interpretation of applicable tax regulations and judicial precedents. Current tax liability and tax asset balances are presented, after recognising as appropriate, provision for taxes payable and contingencies basis management's assessment of outcome of such ongoing proceedings and amounts that may become payable to the tax authorities. Considering the nature of such estimates and uncertainties involved, the amount of such provisions may change upon final resolution of the matters with tax authorities.

### Note 19 : OTHER LIABILITIES

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Non-current	Current	Non-current	Current
Deposit - STT (Refer note 6.1)	5.41	-	5.39	-
Securities Transaction Tax payable	-	224.41	-	230.91
Statutory dues payable	-	160.31	-	92.54
Advance from customers	-	38.57	-	32.21
Others	-	54.56	-	29.47
<b>Total</b>	<b>5.41</b>	<b>477.85</b>	<b>5.39</b>	<b>385.13</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 20 : DEPOSITS - CURRENT

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Deposits from trading members	1,005.18	1,007.57
Deposits from applicants for membership	0.52	0.55
Deposits from mutual fund distributors	1.91	3.07
Deposits towards equipments	2.26	25.13
Deposit - listing & book building	23.25	56.36
<b>Total</b>	<b>1,033.12</b>	<b>1,092.68</b>

### Note 21 : REVENUE FROM OPERATIONS

(₹ in Crores)

Particulars	For the year ended		For the year ended	
	31.03.2020		31.03.2019	
<b>Revenue from contracts with customers :</b>				
<u>Trading services</u>				
Transaction charges (Refer note 21.2)		2,387.77		2,034.07
<u>Listing services</u>				
Listing fees	91.66		88.96	
Book building Fees	11.01		9.69	
Processing fees	14.21	116.88	17.41	116.06
<u>Colocation charges (Refer note 21.3)</u>		166.14		136.97
Others		101.43		75.71
<b>Total (Refer note 21.1)</b>		<b>2,772.22</b>		<b>2,362.82</b>
<b>Other operating revenues :</b>				
Income on investments (Refer note 21.4)	60.21	60.21	87.63	87.63
<b>Total</b>		<b>2,832.43</b>		<b>2,450.44</b>

#### 21.1

##### Reconciliation of revenue recognised with contract price :

<b>Contract Price</b>		2,789.07		2,375.84
Adjustments for contract liabilities		(16.85)		(13.02)
<b>Revenue from contracts with customers</b>		<b>2,772.22</b>		<b>2,362.82</b>

**21.2** Includes revenue from Transaction charges amounting to ₹ 1,181.50 crores (Previous year : ₹ 924.74) kept in separate bank account based on SEBI directive which have been subsequently invested in fixed deposits, deposits with financial institutions, mutual funds, tax free bonds and debentures. [Refer Note 4.2, 5.2, 5.3, 7.1, 10.2 & 31(i)(a)]

**21.3** Pertains to revenue from Colocation services amounting to ₹ 166.14 crores (Previous year : ₹ 136.97) kept in separate bank account based on SEBI directive which have been subsequently invested in fixed deposits, deposits with financial institutions, mutual funds, tax free bonds and debentures [Refer Note 4.2, 5.2, 5.3, 7.1, 10.2 & 31(i)(a)]

**21.4** Represents income generated from sources of funds related to operating activity of the Company.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 22 : OTHER INCOME

(₹ in Crores)

Particulars	For the year ended 31.03.2020		For the year ended 31.03.2019	
<b>Dividend income</b>				
- from equity investments designated at FVOCI	0.01		0.24	
- from subsidiary companies	134.69		180.55	
- from other investments	3.27	137.97	2.40	183.19
Interest income from financial assets at amortised cost		122.91		65.21
Interest income from financial assets designated at FVOCI		40.22		40.45
Rental income		12.26		20.02
Miscellaneous income		3.99		2.91
		317.35		311.78
<b>Other gains/(losses)</b>				
Net gain/(loss) on financial assets mandatorily measured at Fair Value through Profit or Loss	(37.52)		90.17	
Net gain on sale of financial assets measured at FVOCI (Refer note 22.1)	2.06		0.51	
Net gain on sale of investments measured at amortised cost	23.09		-	
Net gain on sale of investments mandatorily measured at Fair Value through Profit or Loss	91.91		175.78	
Net foreign exchange gains	0.03		0.07	
Net gain on disposal of property, plant and equipment	0.54	80.11	-	266.53
<b>Total other income</b>		<b>397.46</b>		<b>578.31</b>

**22.1** This includes amount of ₹ (1.03) Crores reclassified from other comprehensive income on account of sale of investments for the year ended March 31, 2020 (March 31, 2019 : ₹ NIL)

### Note 23 : EMPLOYEE BENEFITS EXPENSES

(₹ in Crores)

	For the year ended 31.03.2020		For the year ended 31.03.2019	
Salaries, wages and bonus		177.82		149.01
Contribution to provident and other fund (Refer note 26)		14.26		8.31
Gratuity (Refer note 26)		3.30		2.10
Staff welfare expenses		10.81		10.70
<b>Total</b>		<b>206.19</b>		<b>170.12</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 24 : OTHER EXPENSES

(₹ in Crores)

	For the year ended 31.03.2020	For the year ended 31.03.2019
Repairs & maintenance		
- To computers, trading & telecommunication systems	114.73	108.01
- To buildings	3.44	3.52
- To others	14.61	11.90
SEBI regulatory fees	53.68	28.90
License fees for index	21.24	14.77
IT management and consultancy charges	19.36	20.38
Software expenses	49.29	34.35
Web trading related expenses	14.57	21.25
Network infrastructure management charges	8.52	9.19
Lease line charges	15.84	11.12
Water and electricity charges	30.46	27.79
Rates and taxes	6.32	6.60
Directors' sitting fees	0.60	0.47
Legal and professional fees	36.36	36.29
Advertisement and publicity	19.96	22.36
Travel and conveyance	10.02	9.08
Corporate Social Responsibility expenditure [Refer note 34(b)]	40.84	26.90
Contribution to Investor protection fund trust (Refer note 24.1)	4.21	6.34
Investor education expenses	11.52	24.55
Payment to auditors (Refer note below)	0.91	0.72
Donations	5.00	0.80
Intangible assets under development written off	34.11	-
Loss on sale of discarded assets	6.47	-
Impairment losses on financial assets (Refer note 39D)	-	80.13
Other expenses	73.82	52.10
<b>Total</b>	<b>595.88</b>	<b>557.52</b>
<b>Note :</b>		
<b>Payment to auditors</b>		
<b>As auditors :</b>		
Audit fees	0.54	0.47
Limited review	0.24	0.15
<b>In other capacities</b>		
Certification matters	0.02	0.06
Other services	0.11	0.04
<b>Total</b>	<b>0.91</b>	<b>0.72</b>

**24.1** It represents contribution to National Stock Exchange Investor Protection fund trust formed as required under SEBI regulation.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 25 : EARNINGS PER SHARE

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Profit attributable to the equity holders of the company used in calculating basic earnings per share and diluted earnings per share		
Profit for the year	1,560.46	1,389.87
Weighted average number of equity shares used as the denominator in calculating basic earnings per share (No. in Crores) (Refer note 25.1)	49.50	49.50
<b>Earnings per equity share (basic and diluted)</b>	<b>31.52</b>	<b>28.08</b>

**25.1** 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.

**26.** Disclosure under Indian Accounting Standard 19 (Ind AS 19) on Employee Benefit as notified under Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies ( Indian Accounting Standards) Amendment Rules, 2016.

#### i) Defined contribution plan

The Company's contribution towards superannuation fund during the year ended March 31, 2020 amounting to ₹ 1.19 Crore (March 31, 2019: ₹ 1.49 Crore) has been charged to Statement of Profit & Loss (Reimbursement of cost charged to subsidiaries was - 31.03.2020: ₹ 0.04 crore, March 31, 2019: ₹ 0.39 crore).

#### ii) Defined benefit plan :

##### (a) Provident fund:

The Company has established National Stock Exchange of India Limited Employee Provident Fund Trust to which both the employee and the employer make monthly contribution equal to 12% of the employee's basic salary respectively. The Company's contribution to the provident fund for all employees is charged to Statement of Profit and Loss. In case of any liability arising due to short fall between the return from its investments and the administered interest rate, the same is required to be provided for by the Company. The actuary has provided an actuarial valuation and indicated that the interest shortfall liability as of and for the year ended March 31, 2020 is ₹ 1.34 crores which has been accounted in the financial statements (March 31, 2019 is ₹ 2.27). The Company has contributed ₹ 5.00 Crore and ₹ 3.67 Crore towards Provident Fund during the year ended March 31, 2020 and year ended March 31, 2019, respectively. The contribution of ₹ 0.57 Crore during the year ended March 31, 2020 and ₹ 0.53 Crore during the year ended March 31, 2019 was reimbursed by the subsidiaries.

Assumptions used in determining the present value obligation of the interest rate guarantee are as follows:

Particulars	31.03.2020	31.03.2019
a. Approach used	Deterministic	Deterministic
b. Increase in compensation levels	10.00%	8.00%
c. Discount Rate	6.59%	7.48%
d. Attrition Rate	12.00%	12.00%
e. Weighted Average Yield	8.53%	8.15%
f. Weighted Average YTM	8.38%	8.10%
g. Reinvestment Period on Maturity	5 years	5 years
h. Mortality Rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
i. Total PF assets as on date of valuation (Rs in Crores)	106.16	96.35



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### (b) Gratuity:

The Company provides for gratuity for employees as per Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity, The amount of Gratuity is payable on retirement/termination of the employee's last drawn basic salary per month multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contribution to recognised funds with Life Insurance Corporation of India (LIC).

#### A Balance Sheet

### (i) The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the years are as follows: (₹ in Crores)

Particulars	31.03.2020		
	Present Value of Obligation	Fair Value of Plan Assets	Total
At the beginning of the year	35.15	(27.97)	7.18
Current service Cost	3.19	-	3.19
Interest cost / (income)	2.63	(2.09)	0.54
Expenses recognised in the Statement of Profit & Loss *	5.82	(2.09)	3.73
<b>Remeasurements</b>			
Expected return on plan assets	-	(0.74)	(0.74)
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	-	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	6.55	-	6.55
Actuarial (gains)/losses on obligations - due to experience	1.00	-	1.00
Net (income)/expense for the year recognized in OCI #	7.55	(0.74)	6.81
Employer Contributions	-	(2.81)	(2.81)
Liability / (Asset) transferred	(0.16)	-	(0.16)
Benefits paid	(2.32)	2.32	-
At the end of the year	46.04	(31.29)	14.75

\*Includes ₹.0.42 Crores charged to the subsidiaries.

# Includes ₹ 0.77 Crores charged to the subsidiaries.

(₹ in Crores)

Particulars	31.03.2019		
	Present Value of Obligation	Fair Value of Plan Assets	Total
At the beginning of the year	21.22	(14.92)	6.30
Current service Cost	1.88	-	1.88
Interest cost / (income)	1.63	(1.14)	0.49
Expenses recognised in the Statement of Profit & Loss *	3.51	(1.14)	2.37
<b>Remeasurements</b>			
Expected return on plan assets	-	0.39	0.39
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	-	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	0.36	-	0.36
Actuarial (gains)/losses on obligations - due to experience	2.01	-	2.01
Net (income)/expense for the year recognized in OCI #	2.37	0.39	2.76
Employer Contributions	-	(4.25)	(4.25)
Liability transferred	9.64	(9.64)	-
Benefits paid	(1.59)	1.59	-
At the end of the year	35.15	(27.97)	7.18

\*Includes ₹.0.26 Crores charged to the subsidiaries.

# Includes ₹ 0.31 Crores charged to the subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	31.03.2020	31.03.2019
Fair value of plan assets as at the end of the year	31.29	27.97
Liability as at the end of the year	(46.04)	(35.15)
<b>Net (liability) / asset</b>	<b>(14.75)</b>	<b>(7.18)</b>

**(iii) Significant actuarial assumptions are as follows:** (₹ in Crores)

Particulars	31.03.2020	31.03.2019
Discount rate	6.59%	7.48%
Rate of return on plan assets	7.48%	7.48%
Salary escalation	10.00%	8.00%
Attrition rate	12.00%	12.00%

**(iv) Sensitivity Analysis**

**The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:**

Particulars	31.03.2020	31.03.2019
Projected benefit obligation on current assumptions	46.04	35.15
Delta effect of +1% change in rate of discounting	(2.53)	(1.71)
Delta effect of -1% change in rate of discounting	2.85	1.91
Delta effect of +1% change in salary increase	2.73	1.88
Delta effect of -1% change in salary increase	(2.47)	(1.72)
Delta effect of +1% change in employee turnover	(0.61)	(0.11)
Delta effect of -1% change in employee turnover	0.68	0.12

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

**(v) The expected maturity analysis of undiscounted gratuity defined benefits is as follows:** (₹ in Crores)

Particulars	31.03.2020	31.03.2019
1st Following Year	7.90	4.54
2nd Following Year	3.93	3.84
3rd Following Year	5.87	6.34
4th Following Year	3.63	4.83
5th Following Year	3.81	2.85
Sum of Years 6 to 10	18.44	14.09

**(vi) Expected contribution to gratuity plan for the year ending March 31, 2021 are ₹ 4.38 Crore.**

**27.** 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 and CEO of the Company. The Company operates only in one Business Segment i.e. facilitating trading in securities and the activities incidental thereto within India, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments". The Company while presenting the consolidated financial statements has disclosed the segment information as to the extent applicable as required under Indian Accounting Standard 108 "Operating Segments".



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Note 28 :

#### (i) Fair Value Hierarchy:

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values 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 levels 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 March 31, 2020	Notes	Level 1	Level 2	Level 3	Total March 31, 2020
<b>Financial Assets</b>					
<b>Financial Investments at FVPL</b>					
Mutual Fund - Growth Plan	4, 7	2,162.67	-	-	2,162.67
Mutual Fund - Fixed Maturity Plan	7	-	540.89	-	540.89
Exchange Traded Funds	4	221.43	-	-	221.43
<b>Financial Investments at FVOCI</b>					
Debt Instrument at FVOCI - Government Securities	4	-	487.43	-	487.43
Unquoted Equity Investments - National Commodity & Derivative Exchange Ltd.	4	-	-	121.87	121.87
Quoted Equity Investments - Multi Commodity Exchange of India Limited	4	0.56	-	-	0.56
<b>Total Financial Assets</b>		<b>2,384.66</b>	<b>1,028.32</b>	<b>121.87</b>	<b>3,534.85</b>

(₹ in Crores)

Financial Assets and Liabilities measured at Fair Value - recurring fair Value measurements At March 31, 2019	Notes	Level 1	Level 2	Level 3	Total March 31, 2019
<b>Financial Assets</b>					
<b>Financial Investments at FVPL</b>					
Mutual Fund - Growth Plan	4, 7	1,613.92	-	-	1,613.92
Mutual Fund - Fixed Maturity Plan	4	-	502.18	-	502.18
Exchange Traded Funds	4	225.91	-	-	225.91
<b>Financial Investments at FVOCI</b>					
Debt Instrument at FVOCI - Government Securities	4	-	531.16	-	531.16
Unquoted Equity Investments - National Commodity & Derivative Exchange Ltd.	4	-	-	134.17	134.17
Quoted Equity Investments - Multi Commodity Exchange of India Limited	4	0.40	-	-	0.40
<b>Total Financial Assets</b>		<b>1,840.23</b>	<b>1,033.34</b>	<b>134.17</b>	<b>3,007.74</b>

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 and mutual funds that have quoted price. The fair value of all equity instruments which are traded on the stock exchanges are valued using the closing price as at the end of the reporting period. Listed Mutual Funds are valued using the closing quoted NAV.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### - Level 2:

The fair value of financial instruments that are not traded in an active market (for example, government securities is determined using Financial Benchmarks India Private Limited valuation techniques which maximise the use of observable market data, fixed maturity plan based on NAV declared by the fund) 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.

- The Company's policy is to recognise transfers into and transfers out of fair value hierarchy level as at the end of reporting period.

- There were no transfers between levels during the year ended March 31, 2020 and March 31, 2019.

### ii) Valuation technique used to determine fair value :

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis and price to book value multiple, as applicable.

### (iii) Fair value measurements using significant unobservable inputs (level 3)

- The following table presents the changes in level 3 items for the periods ended 31 March, 2020 and 31 March, 2019

(₹ in Crores)

Particulars	Unlisted Equity security
As at 1 April 2018	76.97
Gain / (loss) recognised in Other Comprehensive Income	(2.34)
As at 31 March 2019	74.63
Gain / (loss) recognised in Other Comprehensive Income	(12.30)
As at 31 March 2020	62.33

### (iv) Valuation inputs and relationships to fair value :

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted

Particulars	Fair Value	Fair Value	Significant Unobservable inputs*	Fair Value	Fair Value
	31-Mar-20	31-Mar-19		31-Mar-20	31-Mar-19
Unquoted Equity Shares - NCDEX		134.17	P/B Multiple	5.1x	6.0x
			Business Risk Discount	60%	60%
			Resultant P/B multiple	2.0x	2.4x
			Liquidity Discount	20%	30%
			Applicable P/B Multiple	1.6x	1.7x
			P/B multiple based on latest available transactions	NA	2.4x
			Average P/B multiple arrived at	1.6x	2.0x
			Estimated Book value as at balance sheet date (Rs. In Crores)	507.83	438.60
			Equity valuation of NCDEX (₹ in Crores)	812.44	894.50
			Valuation of 15% stake (₹ in Crores)	121.87	134.17

\* There were no significant inter relationship between unobservable inputs that materially affect fair value



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### (v) Valuation processes :

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO) and the audit committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every three months, in line with the reporting periods. At the year end external valuers are engaged to provide independent valuation of level 3 instruments.

### vi) Fair value of financial assets and liabilities measured at amortised cost :

(₹ in Crores)

Particulars	31-Mar-20		31-Mar-19	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>				
Debentures	390.80	391.85	868.31	872.32
Taxable Bonds	141.76	146.00	102.48	105.46
Taxfree Bonds	705.62	740.32	923.39	956.21
Fixed Deposits with Banks	241.68	241.42	800.52	804.76
Deposits with financial institutions	311.01	309.29	125.89	125.81
Security Deposits	2.73	2.73	2.32	2.32
<b>Total Financial Assets</b>	<b>1,793.60</b>	<b>1,831.61</b>	<b>2,822.90</b>	<b>2,866.87</b>
<b>Financial Liabilities</b>				
Obligation under finance lease	-	-	11.40	12.91
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>11.40</b>	<b>12.91</b>

The carrying amounts of trade receivables, contract liabilities, trade payables, other receivables, cash and cash equivalent including other current bank balances and other liabilities are considered to be the same as their fair values, due to current and short term nature of such balances.

The fair value of finance lease obligation, debentures, taxable bonds, taxfree bonds, fixed deposits, deposits with financial institutions and security deposit are based on discounted cash flow.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

### Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

28. In compliance with Ind AS 24 - “Related Party Disclosures”, as notified under Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies ( Indian Accounting Standards) Amendment Rules, 2016, the required disclosures are given in the table below:

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

Sr. No.	Related Party	Nature of Relationship	Principal Activities	% Holding
1	NSE Clearing Limited (formerly known as National Securities Clearing Corporation Limited)	Subsidiary Company	Clearing and Settlement	100%
2	NSE Investments Ltd (formerly known as NSE Strategic Investment Corporation Limited)	Subsidiary Company	Investment Entity	100%
3	NSE IFSC Limited	Subsidiary Company	Trading Facility	100%
4	NSE IFSC Clearing Corporation Limited	Subsidiary's Subsidiary Company	Clearing and Settlement	100%
5	NSEIT Limited	Subsidiary's Subsidiary Company	IT Services	100%
6	NSE Data & Analytics Limited (formerly known as DotEx International Limited)	Subsidiary's Subsidiary Company	Data Vending	100%
7	NSE Indices Ltd (formerly known as India Index Services & Products Limited)	Subsidiary's Subsidiary Company	Index Services	100%
8	NSE Infotech Services Limited	Subsidiary's Subsidiary Company	IT Services	100%
9	NSE.IT (US) Inc.*	Subsidiary's Subsidiary Company	IT Services	100%
10	Aujas Networks Private Limited	Subsidiary's Subsidiary's Subsidiary Company (w.e.f. 22.03.2019)	IT Services	96.84%
11	NSE Academy Limited	Subsidiary's Subsidiary Company	Financial Literacy Programme	100%
12	NSE Foundation	Subsidiary Company	CSR Activities	76%
13	National Securities Depository Limited	Associate Company	Depository Services	24%
14	BFSI Sector Skill Council of India	Associate Company	Skill Council	49%
15	Power Exchange India Limited	Subsidiary's Associate	Trading Facility in power	30.95%
16	NSDL e-Governance Infrastructure Limited	Subsidiary's Associate	E-Governance Solutions	25.05%
17	Market Simplified India Limited	Subsidiary's Associate	Software Industry	30%
18	Computer Age Management Services Limited	Subsidiary's Associate (upto 04.02.2020)	Mutual Fund Transfer Agency	44.99% upto 05.09.2018 & 37.50% w.e.f. 06.09.2018
19	Receivables Exchange Of India Limited	Subsidiary's Associate	Online Platform for financing receivables (TReDS)	30%
20	Mr. Vikram Limaye - Managing Director	Key Management Personnel		
21	Mr. Ashok Chawla (upto 11-Jan-19)	Key Management Personnel		
22	Mr. Girish Chandra Chaturvedi (w.e.f. 08-Nov-2019)	Key Management Personnel		



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Sr. No.	Related Party	Nature of Relationship	Principal Activities	% Holding
23	Ms. Anuradha Rao (w.e.f. 08-Nov-2019)	Key Management Personnel		
24	Mr. Abhay Havaladar	Key Management Personnel		
25	Mr. Dinesh Kanabar (upto 17-Feb-2020)	Key Management Personnel		
26	Mr. Naved Masood (upto 17-Feb-2020)	Key Management Personnel		
27	Mr. T. V. Mohandas Pai (upto 17-Feb-2020)	Key Management Personnel		
28	Mr. Prakash Parthasarathy	Key Management Personnel		
29	Mr. Sundararajao Sudharshan (w.e.f. 17-Feb-2020)	Key Management Personnel		
30	Mr. Narsimha Murthy Kummamari (w.e.f. 17-Feb-2020)	Key Management Personnel		
31	Ms. Dharmishta Raval (upto 31-Aug-2019)	Key Management Personnel		
32	Ms. Sunita Sharma	Key Management Personnel		
33	Ms. Anshula Kant nominee of State Bank Of India (upto 28-Sep-2018)	Key Management Personnel		

\* The principal place of business of NSEIT (US) Inc is located in US.

### (b) Details of transactions (including service tax / GST wherever levied) with related parties are as follows :

(₹ in Crores)

Name of Related party	Nature of Transactions	Year ended 31.03.2020	Year ended 31.03.2019
NSE Clearing Limited (formerly known as National Securities Clearing Corporation Limited)	Usage charges received	21.70	20.01
	Usage charges paid for interoperability	1.66	-
	Space and Infrastructure usage charges received	5.29	10.74
	Reimbursement received for expenses on staff on deputation	11.66	9.50
	Reimbursement received for other expenses incurred	39.67	37.32
	Reimbursement paid for CAMS Charges	0.38	0.91
	Dividend received	81.00	36.00
	Clearing and Settlement charges paid	200.87	164.81
	Closing balance (Credit)/Debit	(0.07)	9.20
NSE IFSC Limited	Reimbursement received for expenses on staff on deputation	2.04	2.26
	Subscription of Equity share capital	35.00	40.00
	Usage charges received	0.50	-
	Reimbursement received for other expenses incurred	1.14	0.00
	Sale of assets	-	0.60
	Closing balance (Credit)/Debit	2.23	12.88

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Crores)

Name of Related party	Nature of Transactions	Year ended 31.03.2020	Year ended 31.03.2019
NSE IFSC Clearing Corporation Limited	Reimbursement received for expenses on staff on deputation	0.35	0.32
	Reimbursement received for other expenses incurred	0.01	0.00
	Closing balance (Credit)/Debit	0.22	1.54
NSEIT Limited	Reimbursement received for other expenses incurred	0.19	0.00
	Software Development Charges paid	9.54	2.50
	Software Expenses	3.26	0.27
	Repairs and maintenance – Computer trading , Telecommunication systems	38.17	34.10
	STP Charges Received	0.02	0.01
	Now project Helpdesk Charges Paid	0.97	-
	Empanelment charges received	0.06	0.05
	Sponsorship Received	0.15	-
	IT management and consultancy charges paid	11.14	11.20
Closing balance (Credit)/Debit	(9.04)	(6.42)	
NSE Data & Analytics Limited (formerly known as DotEx International Limited)	Space and Infrastructure usage charges received	1.07	1.82
	Reimbursement received for expenses on staff on deputation	5.89	5.62
	Reimbursement received for other expenses incurred	0.20	2.54
	Purchase of Now business (Refer note 42)	43.46	-
	Empanelment & Test market access charges received	0.09	0.09
	Amount received towards revenue sharing on account of info feed services	29.93	26.94
	Recovery towards web trading facility provided to members	0.15	1.82
	Subscription fees paid for bond valuation data & historical data & KYC	0.73	-
	Web trading related expenses paid	17.04	25.00
Closing balance (Credit)/Debit	8.20	(2.53)	
NSE Indices Limited (formerly known as India Index Services & Products Limited)	License fees paid	23.78	16.52
	Data Subscription fees paid	0.05	-
	Usage Charges received	0.89	0.89
	Space and Infrastructure usage charges received	0.51	1.78
	Reimbursement received for expenses on staff on deputation	3.14	3.42
	Reimbursement received for other expenses incurred	0.29	8.53
Closing balance (Credit)/Debit	(2.54)	(0.31)	
NSE Infotech Services Limited	IT management and consultancy charges paid	-	6.57
	Repairs and maintenance – Computer trading , Telecommunication systems	-	5.17
	Rent received	-	0.09
	Reimbursement received for other expenses incurred	0.26	0.92
	Closing balance (Credit)/Debit	0.01	(0.58)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Crores)

Name of Related party	Nature of Transactions	Year ended 31.03.2020	Year ended 31.03.2019
NSE Investments Limited (formerly known as NSE Strategic Investment Corporation Limited)	Space and Infrastructure usage charges received	0.10	0.23
	Dividend Received	53.69	144.55
	Reimbursement received for expenses on staff on deputation	1.24	1.14
	Reimbursement received for other expenses incurred	0.12	0.10
	Closing balance (Credit)/Debit	0.76	0.64
NSE Academy Limited	Reimbursement received for expenses on staff on deputation	5.23	5.02
	Refund of NISM income received on their behalf	9.30	11.47
	Reimbursement received for other expenses incurred	0.66	0.74
	Space and Infrastructure usage charges received	0.59	1.89
	Closing balance (Credit)/Debit	0.75	0.26
NSE Foundation	Space and Infrastructure usage charges received	0.14	0.28
	Reimbursement received for expenses on staff on deputation	0.96	0.82
	Reimbursement received for other expenses incurred	0.14	0.26
	Contribution towards CSR	30.84	26.90
	Closing balance (Credit)/Debit	0.27	0.38
National Securities Depository Limited	Dividend received	2.88	2.40
	Other Charges Received	0.00	0.00
	Sitting Fees Received	-	0.15
	DP Validation Charges	0.40	0.53
	Closing balance (Credit)/Debit	0.01	0.01
NSDL e-Governance Infrastructure Limited	PAN verification charges paid	0.02	0.16
	Closing balance (Credit)/Debit	0.00	(0.09)
Computer Age Management Services Limited (upto 04.02.2020)	Sharing of Income	1.29	0.64
	Amount paid towards Rent	0.37	0.23
	Closing balance (Credit)/Debit	-	(0.61)
Receivables Exchange Of India Limited	Reimbursement received for other expenses incurred	-	0.23
	Usage charges received	-	0.36
	Space and Infrastructure usage charges received	-	0.61
	Reimbursement received for expenses on staff on deputation	-	1.15
	Closing balance (Credit)/Debit	0.36	1.15
Mr. Vikram Limaye	Short-term employee benefits	7.97	7.09
	Post-employment benefits (Refer note 29.1)	0.26	0.24
	Long-term employee benefits (Refer note 29.2)	1.21	0.77
	Total Remuneration	9.44	8.10
Key Management Personnel	Sitting Fees Paid to Directors	1.58	2.48

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

**29.1** As the liabilities for defined benefit plan are provided on actuarial basis for the Company as a whole, the amount pertaining to key managerial persons are not included.

**29.2** includes 50% of the variable pay payable after 3 years subject to certain conditions,

All related parties transaction enter during the year were in ordinary course of business. Outstanding balances as at the year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related parties receivables or payables as of March 31, 2020 and March 31, 2019. The Company has not recorded any impairment of receivables relating to amount owed by related parties.

### 30. CAPITAL AND OTHER COMMITMENTS

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided	117.03	43.39
Other Commitments (Primarily in respect of operating expenses)	139.77	96.83

### 31. CONTINGENT LIABILITIES AND OTHER REGULATORY MATTERS

(i) (a) Securities and Exchange Board of India (SEBI) had directed NSE to carry out an investigation including forensic examination by independent external agencies in respect of certain aspects of NSE's Colocation facility. NSE got the investigation carried out and submitted the reports to SEBI. Further, SEBI had directed that pending completion of the investigations, all revenues emanating from the colocation facility with effect from September 2016 be transferred to a separate bank account. Accordingly, as of March 31, 2020, an amount of ₹ 3,606.73 crores (March 31, 2019 ₹ 2,258.71 crores) was transferred to a separate bank account and then have been invested in accordance with Board of directors approved investment policy and procedures. These investments along with accruals there on have been shown under restricted / earmarked investments and bank balances.

Three show cause notices were issued by SEBI to the Company and to some of its employees, including former employees, in respect of the preferential access to tick by tick data in Company's Colocation facility, Dark Fibre point to point connectivity and Governance and related matters which were responded to. Further, NSE had also filed a Consent Application with SEBI on August 31, 2018 in respect of the said show cause notices. SEBI vide its letter dated April 30, 2019 returned the Consent Application filed by NSE and has passed orders in respect of all the three show cause notices. In the first order, it has passed a direction on NSE inter alia to disgorge an amount of ₹ 624.89 crores along with interest at the rate of 12% per annum from April 01, 2014 till the actual date of payment and certain non-monetary and restrictive directions prohibiting the Company from raising funds from the market, through issuance of equity, debt or other securities for a period of six months from the date of the order; in the second order it passed a direction to deposit a sum of ₹ 62.58 crores along with interest at the rate of 12% p.a. from September 11, 2015 till the actual date of payment along with other non-monetary and restrictive directions and in the third order it has passed certain non-monetary and remedial directions on NSE. Additionally, NSE has also received Adjudication notices covering the above three orders which are currently pending for hearing before SEBI.

The Company having received the orders passed by SEBI sought legal advice thereon and preferred an appeal against the said SEBI Orders. Hon'ble SAT vide its interim order has stayed the disgorgement of the amount, however it directed the Company to transfer the amount of ₹ 624.89 crores in the Colocation matter and ₹ 62.58 crores in the Dark Fibre matter totaling to ₹ 687.47 crores to SEBI which has been remitted by the Company on June 13, 2019 out of the total earmarked investments as indicated above. Accordingly, as on March 31, 2020 the total earmarked investment including income accrued thereon stood at ₹ 3,288.86 crores (March 31, 2019 ₹ 2,424.42 crores). Further, the Company is also directed to continue to transfer all revenues emanating from its co-location facility to a separate bank account. With respect to



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Governance and related matters, Hon'ble SAT vide its interim order has kept the directions passed in the SEBI order in abeyance.

The Company believes that it has strong grounds to contest the above orders including monetary liability (including from pending adjudication proceedings) raised by SEBI. Accordingly, no provision for any liability in this regard is considered necessary in the financial statements as of and for the year ended March 31, 2020.

<b>Summary of the above earmarked investments, bank and other balances</b>		(₹ in Crores)	
<b>Particulars</b>	<b>31.03.2020</b>	<b>31.03.2019</b>	
Debentures	313.40	305.43	
Mutual Funds	2,113.58	1,321.85	
Taxfree bonds	169.65	-	
Bank deposits and Inter corporate deposits	312.45	706.91	
Bank balance	3.42	2.01	
Receivable on sale of investment	179.19	-	
Trade Receivables	188.54	88.22	
Amount relates to investments matured pending transfer to colocation bank account	8.63	-	
<b>Total</b>	<b>3,288.86</b>	<b>2,424.42</b>	

- (b) The Company is in receipt of SEBI Show Cause Notice dated October 9, 2019 (bearing reference no. MRD/DSA-I/VA/SKS/26772/1/2019) and a Supplementary notice dated December 16, 2019 (bearing no. MRD/DSA-I/VA/SKS/33591/1/2019) alleging violation in relation to certain alleged irregularities in the appointment of Chief Strategic Advisor and his re-designation as 'Group Operating Officer and Advisor to MD' by the former MD and CEO and the sharing of certain internal information pertaining to Company with an alleged third party by former MD & CEO. The Company has sought inspection of records from SEBI in respect of this matter and has also filed a Settlement Application. SEBI response in this regard is awaited. In view of the same, no provision is presently made / determinable in this financial statements.
- (c) Additionally, the Company has regularly received notices, inquiry / query letters and inspection letters on matters relating to operations of the Company from SEBI which have been replied to by the Company. Basis the replies filed, the Company's management do not expect any material impact on the financial position of the Company.
- (d) In a complaint filed by a competitor against the Company, the Competition Commission of India directed the Company to pay a penalty of ₹ 55.50 crores (March 31, 2019 : ₹ 55.50 crores). The Company had appealed against the order before the Hon'ble Competition Appellate Tribunal (COMPAT) which rejected the appeal. The Company has appealed against the said order and stay has been granted by the Hon'ble Supreme Court of India. In respect of the same subject matter, a compensation claim has been filed against the Company amounting to ₹ 856.99 crores (March 31, 2019 : ₹ 856.99) before the COMPAT by the competitor and the same is being disputed by the Company. Based on the legal advice, the Company is of the view that there are strong grounds that the Hon'ble Supreme Court of India will over turn the decision of the COMPAT. In view of the same no provision has been made in respect of penalty and compensation claimed.

Based on the legal opinion/advice received, the Company is of the view that the above matters are not likely to have any material impact on the financial position of the Company.

(ii) Contingent liabilities include disputed demand on account of the following:

- (a) Income Tax: ₹ 456.48 Crores (March 31, 2019: ₹ 323.51 Crores) along with interest thereon.
- (b) Fringe Benefit Tax: ₹ 2.21 Crores (March 31, 2019 : ₹ 2.21 Crores)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- (c) Wealth Tax: ₹ 0.09 Crores (March 31, 2019: ₹ 0.09 Crores). Wealth Tax liability includes ₹ 0.02 Crores (March 31, 2019: ₹ 0.02 Crores) on account of Tax Department appeals pending disposal before the Bombay High Court.
- (d) Service Tax & MVAT: ₹ 51.96 crores (March 31, 2019: ₹ 50.02 crores) along with penalty thereon.
- (e) Securities Transaction Tax: ₹ 6.74 Crores (March 31, 2019: ₹ 6.76 Crores).
- (f) Bank guarantees ₹ 1 crore (March 31, 2019 : ₹ 1 crore)

The Company's pending litigations comprise of claims against the Company and proceedings pending with Statutory and Tax Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position.

- (iii) Other claims against the company not acknowledged as debts amounts to : ₹ 6.54 Crores (March 31, 2019 : ₹ 6.77 Crores).

### 32. Details of dues to micro and small, medium enterprises as defined under the MSME Act, 2006

Trade Payables includes ₹ 0.83 Crores (March 31, 2019: ₹ 0.01 Crores) due 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.

33. On February 28, 2019, the Honorable Supreme Court of India delivered a judgement in the case of "Vivekananda Vidyamandir and Others Vs The Regional Provident Fund Commissioner (II) West Bengal" in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The Employees' Provident Fund Organisation also issued a circular (Circular No. C-I/1(33)2019/Vivekananda Vidyamandir/284) dated March 20, 2019 in relation to aforesaid matter. The Company has given effect to this judgment with effect from April 1, 2019. In Company's assessment, this did not have a significant impact on its financial statements.

34. a) Gross amount required to be spent by the Company on Corporate Social Responsibility activities during the financial year ended March 31, 2020 is ₹ 30.84 crores. (March 31, 2019: ₹ 26.90 Crores)

- b) Amount spent during the year towards Primary Education, Elder Care, etc : (₹ in Crores)

Particulars	31.03.2020	31.03.2019
	In cash	In cash
(i) Construction / acquiring of any asset	-	-
(ii) Contribution to NSE Foundation towards CSR	30.84	26.90
(iii) Contribution to PM Cares Fund	10.00	-

- b.1) Excludes ₹ Nil (previous year ₹ NIL) on capacity building of personnel and implementing agencies etc., which is in excess of 5 % of total CSR expenditure.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### 35. (a) Lease

The Company has taken land on finance lease. The following is the summary of future minimum lease rental payment under finance lease arrangement entered into by the Company.

(₹ in Crores)

Particulars	As at 31.03.2019	
	Minimum lease payments	Present value of minimum lease payments
<b>Obligations under finance lease</b>		
- Not later than one year	1.83	1.83
- Later than one year and not later than five years	7.36	4.39
- Later than five years	127.13	5.18
<b>Total minimum lease commitments</b>	<b>136.32</b>	<b>11.40</b>
Less: future finance charges	124.92	-
<b>Present value of minimum lease premium</b>	<b>11.40</b>	<b>-</b>
Other financial liabilities - current	1.83	-
Other financial liabilities - non current	9.57	11.40

### (b) Transition Disclosures for Ind AS 116

Effective April 01, 2019 the company adopted Ind AS 116 "Lease" using the simplified transition approach, which has been applied to all contracts that were existing as of April 1, 2019. The adoption of Ind AS 116 has the following impact.

#### (i) Amounts recognised in balance sheet

The balance sheet shows the following amount relating to leases:

(₹ in Crores)

Particulars	31.03.2020	31.03.2019
<b>Right-of-use-assets</b>		
Land	76.01	77.31
Buildings	22.60	26.33
<b>Total</b>	<b>98.61</b>	<b>103.64</b>

(₹ in Crores)

Particulars	31.03.2020	31.03.2019#
<b>Lease liabilities</b>		
Current	4.08	3.90
Non Current	31.61	33.83
<b>Total</b>	<b>35.69</b>	<b>37.73</b>

Note : In the previous year, the Company only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance lease' under Ind AS 17, Leases. The assets were presented in property, plant and equipment and the liabilities as a part of other financial liabilities.

# Obligation under finance lease has been reclassified as lease liability upon adoption of Ind AS 116 effective April 1, 2019.

**(ii) Amounts recognised in the statement of profit and loss**

The statement of profit and loss shows the following amount relating to leases:

(₹ in Crores)

Particulars	31.03.2020
<b>Depreciation charge of Right-of-use assets</b>	
Buildings	3.74
Land	1.30
<b>Total</b>	<b>5.04</b>

(₹ in Crores)

Particulars	31.03.2020
Interest expenses	4.03
<b>Total</b>	<b>4.03</b>

**(iii) Extension and termination options**

Extension and termination options are included in many of the leases. In determining the lease term, the Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. This assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Company.

**Impact on financial statements lessee accounting**
**(i) Practical expedients applied**

In applying Ind AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

- The Company has not reassessed whether a contract is or contains a lease at the date of initial application.
- The Company has utilised hindsight in determining the lease terms where contracts contained options to extend or terminate the lease.
- The Company has used a single discount rate to a portfolio of leases with reasonable similar characteristics based on the remaining lease term as at the date of initial application.
- The Company has relied on its previous assessment on whether leases are onerous.

**(ii) Lease Liabilities Reconciliation**

Particulars	(₹ in Crores)
Operating lease commitments disclosed as at March 31, 2019	-
Add : Finance lease liabilities recognised as at March 31, 2019	11.40
Adjustments as a result of a different treatment of extension and termination option	26.33
<b>Lease liability recognised as at April 1, 2019</b>	<b>37.73</b>
of which are:	
Current lease liabilities	3.90
Non-current lease liabilities	33.83



(iii) On transition to Ind AS 116 the weighted average incremental borrowing rate applied to lease liabilities recognised under Ind AS 116 was 8%.

**(iv) Measurement of right of use assets**

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. (Refer note 2)

**(v) Adjustments recognised in the balance sheet on April 1, 2019**

> Property, Plant & Equipment - decreases by ₹ 77.31 crores.

> Right-of-use assets - increases by ₹ 103.64 crores.

> Other financial liabilities - decreases by ₹ 11.40 crores.

> Lease liability - increases by ₹ 37.73 crores

(vi) The operating cash flows for the Year Ended March 31, 2020 has increased by ₹ 6.07 Crore and the financing cash flows have decreased by ₹ 6.07 Crore as repayment of lease liabilities and related interest has been classified as cash flows from financing activities.

**36. OTHER EVENTS AFTER THE REPORTING PERIOD**

**(i) Dividend:**

The Board of Directors have recommended the payment of final dividend of ₹ 11 per fully paid equity shares (FV ₹ 1 each) (March 31, 2019 : ₹ 8/- per fully paid equity share (FV ₹ 1 each). This proposed dividend is subject to approval of shareholders in the ensuing general meeting and if approved would result in cash outflow of approximately ₹ 544.50 Crores.

**37. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

(₹ in Crores)

Particulars	Effects of offsetting on the balance			Related amount not offset	
	Gross Amount	Gross Amt Set off in the balance sheet	Net Amount presented in Balance sheet	Amounts subject to master netting arrangements	Financial Instrument Collateral
<b>As at 31.03.2020</b>					
<b>Financial Assets</b>					
Trade Receivables	526.08	-	526.08	-	1,005.18
<b>As at 31.03.2019</b>					
<b>Financial Assets</b>					
Trade Receivables	342.20	-	342.20	-	1,007.57

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### 38. FAIR VALUE MEASUREMENTS

#### Financial Instruments by category

(₹ in Crores)

Particulars	31-Mar-20			31-Mar-19		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
<b>Financial Assets</b>						
Investments						
Equity Instruments	-	122.43	-	-	134.57	-
Debentures	-	-	390.80	-	-	868.31
Taxable Bonds	-	-	141.76	-	-	102.48
Taxfree Bonds	-	-	705.62	-	-	923.39
Fixed Deposits with Banks	-	-	241.68	-	-	800.52
Deposits with financial institutions	-	-	311.01	-	-	125.89
Government Securities	-	487.43	-	-	531.16	-
Mutual Funds	2,703.56	-	-	2,116.10	-	-
Exchange Traded Funds	221.43	-	-	225.91	-	-
Trade Receivables			550.92			368.61
Cash and Cash equivalents			80.90			39.38
Security deposits			2.73			2.32
Other receivables			242.74			40.11
<b>Total financial assets</b>	<b>2,924.99</b>	<b>609.86</b>	<b>2,668.16</b>	<b>2,342.01</b>	<b>665.73</b>	<b>3,271.01</b>
<b>Financial liabilities</b>						
Obligation under finance lease	-	-	-	-	-	11.40
Deposits	-	-	1,033.12	-	-	1,092.68
Trade Payables	-	-	126.21	-	-	80.33
Other liabilities	-	-	252.89	-	-	153.17
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>1,412.22</b>	<b>-</b>	<b>-</b>	<b>1,337.58</b>

### 39. 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 Management Committee, 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 Risk Management Committee of the Company is supported by the Treasury department that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified,



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 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 generated funds and investments.

### 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 avoidable costs. In doing this, management considers both normal and stressed conditions. A material and sustained shortfall in the Company's cash flow could impair investor confidence.

The Company maintained a cautious funding strategy, with a positive cash balance throughout the years ended 31st March, 2020 and 31st March, 2019. This was the result of cash delivery from the business. Cash flows from operating and investing activities provides the funds to service the financing of 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 operations, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing deposits, other marketable debt investments including government securities, mutual funds and exchange traded funds with appropriate maturities to optimise the cash 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.

(₹ in Crores)

Particulars	Carrying amount	Less than 12 months	More than 12 months	Total
<b>As at March 31, 2020</b>				
Trade payables	126.21	126.21	-	126.21
Deposits	1,033.12	1,033.12	-	1,033.12
Lease liabilities	35.69	6.06	164.29	170.35
Other liabilities	252.89	252.89	-	252.89
<b>As at March 31, 2019</b>				
Trade payables	80.33	80.33	-	80.33
Deposits	1,092.68	1,092.68	-	1,092.68
Obligation under finance lease	11.40	1.83	134.49	136.32
Other liabilities	153.17	153.17	-	153.17

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### 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:

- price risk; and
- interest rate risk

The above risks may affect the Company's income or the value of its financial instruments. The objective of the Company's management of market risk is to maintain this risk within acceptable parameters, while optimising returns. The Company's exposure to, and management of, these risks is explained below.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
<b>1. PRICE RISK</b>		
<p>The Company is mainly exposed to the price risk due to its investment in mutual funds, exchange traded funds and investments in equity instruments. The price risk arises due to uncertainties about the future market values of these investments.</p> <p>At 31st March 2020, the exposure to price risk due to investment in mutual funds amounted to Rs. 2703.56 crores (March 31, 2019 : Rs. 2116.10 crores).</p> <p>At 31st March 2020, the exposure to price risk due to investment in exchange traded fund amounted to Rs. 221.43 crores (March 31, 2019 : Rs. 225.91 crores).</p> <p>At 31st March 2020, the exposure to price risk due to investment in equity instruments amounted to Rs. 122.43 crores (March 31, 2019 : Rs. 134.57 crores).</p>	<p>In order to manage its price risk arising from investments in mutual funds, exchange traded funds and investments in equity instruments, the Company diversifies its portfolio in accordance with the limits set by the risk management policies. 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, exchange traded funds and investments in equity instruments, 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 Rs. 6.76 crores gain in the Statement of Profit and Loss (2018-19: Rs. 5.29 crores gain). A 0.25% decrease in prices would have led to an equal but opposite effect.</p> <p>For exchange traded fund, a 10% increase in prices would have led to approximately an additional Rs. 22.14 crores gain in the Statement of Profit and Loss (2018-19: Rs. 22.59 crores gain). A 10% decrease in prices would have led to an equal but opposite effect.</p> <p>For equity instruments, a 10% increase in prices would have led to approximately an additional Rs. 12.24 crores gain in the Statement of Profit and Loss (2018-19: Rs. 13.46 crores gain). A 10% decrease in prices would have led to an equal but opposite effect.</p>
<b>2. INTEREST RATE RISK</b>		
<p>The Company is mainly exposed to the interest rate risk due to its investment in government securities measured at FVOCI. The interest rate risk arises due to uncertainties about the future market interest rate which impacts the price of these investments.</p> <p>As at 31st March, 2020, the exposure to interest rate risk due to investment in government securities amounted to Rs. 487.43 crores (March 31, 2019: Rs. 531.16 crores).</p>	<p>In order to manage its interest rate risk arising from investments in government securities, 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 the interest rate risk, with respect to financial instruments, the Company has calculated the impact of a 0.25% change in interest rates.</p> <p>A 0.25% increase in interest rates would have led to approximately an additional Rs. 7.98 crores loss in the Statement of Profit and Loss (2018-19: Rs. 8.71 crores loss). A 0.25% decrease in interest rates would have led to an equal but opposite effect.</p>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### 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 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. All trade receivables are reviewed and assessed for default on a quarterly basis. Based on historical experience of collecting receivables, supported by the level of default, our assessment of credit risk is low. Accordingly, our provision for expected credit loss on trade receivable is not material.

#### Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks / financial institutions and investments in marketable debt investments including the government securities, 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, 2020 and 2019 is the carrying value of each class of financial assets as disclosed in note 4, 5, 7, 8, 9 and 10.

### D EXPECTED CREDIT LOSS ON FINANCIAL ASSETS

The Company's investment in Non convertible debenture of IL&FS Group amounting to Rs 80.13 crores have been classified as credit impaired in the financial year 2018-19 on account of significant financial difficulty of the issuer, disappearance of an active market for their securities and credit rating downgrade from "AAA" to "D". Accordingly, Company recognized impairment loss of Rs 80.13 crores on such financial assets in the profit and loss account in the financial year 2018-19.

## 40. CAPITAL MANAGEMENT

The Company considers the following components of its Balance Sheet to be managed capital:

Total equity (as shown in the balance sheet, including retained profit, other reserves, share capital, share premium).

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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

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 will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. 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 36 & 11 (b) for the final and interim dividends declared and paid.

#### Compliance with externally imposed capital requirements:

In accordance with regulation 14 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations,

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

2018, the Company shall have a minimum networth of ₹ 100 crores at all times. The Company is in compliance with this requirement.

- 41.** The Coronavirus (COVID-19) outbreak is an unprecedented global situation, declared as a ‘pandemic’ by World Health Organisation. Based on the Company’s current assessment, the impact of COVID-19 on its operations and the resultant financial performance is not likely to be significant. The Company has also made an assessment of its liquidity position for a period of at least one year from the balance sheet date, of the recoverability and carrying values of its assets and ability to pay its liabilities as they become due and effectiveness of internal financial controls as at the balance sheet date and is of the view that there is no material impact or adjustments required to be made in these financial statements. The impact assessment of COVID-19 may be different from that presently estimated and the Company will continue to evaluate any significant changes to its operations and its resultant impact on the financial performance.
- 42.** During the current year, the Company has acquired NOW platform together with the business and certain employees (effective October 1, 2019) from its subsidiary – NSE Data & Analytics Ltd for cash consideration amounting to Rs 37 crores. This transaction has been accounted as a common control business combination as per the Appendix C “Business combination of entities under common control” under Ind AS 103 “Business Combinations”.
- 43.** In accordance with the relevant provisions of the Companies Act, 2013, the Company has long term contracts as of March 31, 2020 and March 31, 2019 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2020 and March 31, 2019.
- 44.** For the year ended March 31, 2020 and March 31, 2019, the Company is not required to transfer any amount into the Investor Education & Protection Fund as required under section 125 of the Companies Act, 2013.

### For Price Waterhouse & Co Chartered Accountants LLP

Chartered Accountants

Firm’s Registration no : 304026E / E-300009

#### Sumit Seth

Partner

Membership No.: 105869

Place : Mumbai

Date : June 25, 2020

#### Girish Chandra Chaturvedi

Director

[DIN: 00110996]

#### Yatrik Vin

Chief Financial Officer

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

#### K. Narasimha Murthy

Director

[DIN: 00023046]

#### S. Madhavan

Company Secretary

#### Vikram Limaye

Managing Director & CEO

[DIN:00488534]







**Disclaimer**

This document contains statements about expected future events and financial and operating results of the Company, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the industry analysis of the National Stock Exchange of India Limited annual report FY2019-20.



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