NSE CLEARING LIMITED

(Formerly known as National Securities Clearing Corporation Limited)

A Wholly owned Subsidiary of National Stock Exchange of India Limited

TWENTY-FOURTH ANNUAL REPORT

2018-19

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

MANAGEMENT TEAM

Mr. Natarajan Ramasamy	:	Sr. Vice President and Head- Risk Analysis & Operations
Ms. Rana Usman	:	Sr. Vice President and Head- Clearing & Settlement
Mr. Ravindra Mohan Bathula	:	Sr. Vice President and Legal Counsel
Mr. R. Jayakumar	:	Sr. Vice President and Company Secretary
Ms. Hima Bindu Vakkalanka	:	Vice President and Head Operational Risks & Projects
Mr. Huzefa Mahuvawala	:	Vice President and Head Risk
Mr. Nilesh Tinaikar	:	Vice President and Head Development
Mr. Amit Amlani	:	Asst. Vice President & Chief Financial Officer
Mr. Ninad Dhavase	:	Asst. Vice President & Chief Information Security Officer

CHIEF FINANCIAL OFFICER	:	Mr. Amit Amlani
COMPANY SECRETARY	:	Mr. R. Jayakumar
AUDITORS	:	M/s. Khandelwal Jain & Co. Chartered Accountants 12-B, Baldota Bhavan, 5th Floor, Maharshi Karve Road, Churchgate, Mumbai - 400 020
REGISTERED OFFICE	:	"Exchange Plaza" Plot No. C-1, Block 'G' Bandra Kurla Complex Bandra (East) Mumbai – 400 051
REGISTRAR & TRANSFER AGENTS	:	Link Intime India Private Limited C-101, 247 Park, L.B.S Marg, Vikroli (West) Mumbai - 400 083

BOARD'S REPORT

To,

The Members,

Your Directors have pleasure in presenting the Twenty-fourth Annual Report and audited financial statements of the Company for the year ended March 31, 2019.

1. OPERATIONS

1 Settlement – Capital Market segment

NSE Clearing Limited (NCL) successfully continued its track record of completing all settlements in a timely manner.

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

The average value of securities handled per settlement was ₹ 7,866.56 crores in 2018-19 compared to ₹ 8,210.95 crores in 2017-18. The average funds pay-in per settlement was ₹ 2150.38 crores in 2018-19 compared to ₹ 2,070.79 crores in 2017-18. The average number of shares processed per settlement was about 3408.87 lakhs in 2018-19 compared to 3,873.22 lakhs in 2017-18. Short deliveries per settlement averaged around 0.04% in 2018-19 as compared to 0.16% in 2017-18.

The highest trading volume of ₹ 65,863.92 crores was observed on September 21, 2018 and the highest deliverable value of ₹ 20,666.65 crores was observed on May 31, 2018. Percentage of number of shares deliverable to number of shares traded decreased to 23.04% in 2018-19 from 25.68% in 2017-18. Percentage of value of shares deliverable to value of shares traded decreased to 24.66% in 2018-19 from 28.06% in 2017-18.

The Core Settlement Guarantee Fund stood at ₹ 270.69 crores for the month of March 2019. The details of settlements carried out by NCL are presented in below table.

Table No. 01: Settlement Statistics for 2018-19 – Capital Market segment

Month	Quantity of Shares Traded (in lakhs)	Quantity of Shares Deliverable (in lakhs)	% of Shares Deliv erable to Total Shares Traded	Value of Shares Traded (₹ Crores)	Value of Shares Deliverable (₹ Crores)	% of Delivery to Value of Shares Traded	% of Short Deliv ery to Deliv ery	Funds-Pay In (₹ Crores)	No. of settle ments
Apr-18	2,85,047.89	68,755.40	24.12	6,11,743.01	1,62,383.76	26.54	0.14	39,790.50	20
May-18	3,37,019.65	74,791.66	22.19	7,13,497.52	1,81,517.31	25.44	0.15	46,574.98	23
Jun-18	2,84,355.01	67,803.93	23.84	6,12,853.34	1,67,170.23	27.28	0.17	46,530.21	21
Jul-18	3,01,754.00	72,846.00	24.14	6,60,331.00	1,68,313.00	25.49	0.12	41,899.58	22
Aug-18	3,18,996.96	67,313.94	21.10	6,87,997.79	1,64,691.19	23.94	0.15	38,165.31	21
Sep-18	2,94,001.06	63,774.87	21.69	6,83,237.09	1,64,549.18	24.08	0.14	44,990.42	18
Oct-18	3,31,328.21	73,057.43	22.05	7,57,984.96	1,80,012.39	23.75	0.11	53,537.09	21
Nov-18	2,74,964.75	61,598.03	22.40	5,98,236.37	1,40,142.73	23.43	0.10	39,138.84	20
Dec-18	2,99,885.03	73,133.80	24.39	6,35,303.83	1,47,710.95	23.25	0.12	39,421.40	20
Jan-19	2,67,820.95	59,430.08	22.19	6,34,124.53	1,40,250.58	22.12	0.15	38,529.99	23
Feb-19	3,36,439.21	78,872.33	23.44	6,36,805.83	1,55,211.17	24.37	0.13	49,403.31	20
Mar-19	3,37,036.29	84,022.71	24.93	6,80,169.57	1,78,953.87	26.31	0.14	55,312.91	19

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

2 Securities Lending and Borrowing segment

NCL is an Approved Intermediary (AI) for SLBS with SEBI. In 2018-19, the volumes in SLBS increased by 63.86% from ₹ 18,670.63 crores in 2017-18 to ₹ 30,593.78 crores. As compared to previous year, during 2018-19, securities traded in SLBS increased from 242 to 283. As on March 31, 2019, there are 165 participants, 5 custodian-cum-participants and 5 custodians registered in SLBS.

3 Settlement - F&O segment

The period April 2018 - March 2019 witnessed an increase in the total amount settled.

The total value of settlement increased from ₹ 1, 39,821.73 crores in 2017-18 to ₹ 1,61,182.04 crores in 2018-19. The highest monthly settlement was ₹ 22,367.08 crores in the month of October 2018. September 2018 witnessed the highest monthly trading volumes of ₹ 2,24,58,641.00 crores while the highest daily trading volumes on NSE during this period was ₹ 22,75,906.54 crores, witnessed on March 28, 2019 with total of 3,43,44,867contracts being traded.

The details of turnover and month-wise settlement values during the year April 01, 2018 to March 31, 2019 are tabulated in Table No. 02 below:

Table No. 02

Month	No. of Contracts Traded (in lakhs)	Turnover (in ₹ crores)	MTM Settlement (in ₹ crores)	Final Settlement (in ₹ crores)	Premium Settlement (in ₹ crores)	Exercise Settlement (in ₹ crores)	Total Settlement (in ₹ crores)
Apr-18	1760	15620227.41	9426.50	160.96	1453.52	144.61	11185.59
May-18	2113	19342072.86	12422.30	373.97	1275.35	208.78	14280.40
Jun-18	1995	18610616.64	11243.01	299.40	1645.06	394.04	13581.51
Jul-18	1973	18657076.69	12392.17	161.07	1323.05	124.62	14000.91
Aug-18	2007	20046132.29	9001.41	108.61	1187.60	133.41	10431.03
Sep-18	2337	22458641.00	16643.84	347.61	1857.61	264.74	19113.80
Oct-18	2726	22433270.12	19279.05	359.46	2456.09	272.48	22367.08
Nov-18	3260	18404806.90	8535.87	296.00	1202.97	156.78	10191.62
Dec-18	3300	19183762.90	10940.52	88.10	2041.47	382.72	13452.81
Jan-19	3731	22084835.44	8867.90	278.25	1469.83	116.48	10732.46
Feb-19	3113	18956224.60	9734.34	73.11	1226.29	106.02	11139.76
Mar-19	3357	21793306.84	8153.15	207.68	2114.01	230.23	10705.07

As per SEBI circular, NCL has implemented the physical settlement in equity derivatives in a phased manner from July 2018 expiry. The details of month-wise F&O Physical settlement values starting from July 2018 expiry to March 2019 expiry are tabulated in Table No.03 below:

Table No. 03 (In ₹ crores)

Expiry Month	Value of Securities settlement	Value of Funds settlement
Jul-18	240.28	163.09
Aug-18	340.70	198.68
Sep-18	331.97	302.56
Oct-18	237.31	118.61
Nov-18	245.13	97.62
Dec-18	233.37	131.24
Jan-19	221.87	117.84
Feb-19	260.45	138.03
Mar-19	231.15	121.87

The Core Settlement Guarantee Fund for F &O segment stood at ₹ 1911.63 crores for the month of March 2019.

4 Settlement - Currency Derivatives segment

4.1 Currency Futures & Options

The year 2018-19 witnessed an increase in the total settlement values from ₹ 5,029.38 crores in 2017-18 to ₹ 10,483.18 crores. The highest monthly settlement value was ₹ 1,655.62 crores in the month of September 2018. The highest trading value in Currency Futures on NSE during this period was ₹ 44,565.54 crores witnessed on August 13, 2018 with total of 63,05,780 contracts being traded and in Currency Options it was ₹ 45,442.94 crores, witnessed on September 21, 2018 with total of 62,79,544 contracts being traded.

The details of turnover and month-wise settlement values during the year April 01, 2018 to March 31, 2019 are tabulated in Table No.04 below:

Table No. 04

Month	Currency Futures				Currency Options				Total Settlement (in ₹ crores)
	No. of Contracts Traded (in lakhs)	Turnover (in ₹ crores)	MTM Settlement (in ₹ crores)	Final Settlement (in ₹ crores)	No. of Contracts Traded (in lakhs)	Turnover (in ₹ crores)	Premium Settlement (in ₹ crores)	Exercise Settlement (in ₹ crores)	
Apr-18	436.14	2,97,368.38	404.79	59.00	310.93	2,05,288.80	69.36	40.15	573.29
May-18	580.34	4,03,383.58	997.53	89.25	422.12	2,86,068.00	88.32	62.57	1237.67
Jun-18	515.56	3,60,161.73	754.42	49.76	370.10	2,52,226.90	80.04	57.17	941.40
Jul-18	451.95	3,19,727.24	498.97	4.37	346.62	2,39,138.72	78.87	22.69	604.91
Aug-18	567.47	4,03,910.91	634.87	47.43	492.97	3,44,970.60	110.76	56.79	849.85
Sep-18	705.16	5,17,416.66	1,416.98	5.11	611.91	4,42,524.20	150.55	82.97	1,655.62
Oct-18	643.57	4,81,103.67	1,106.07	4.14	401.71	2,96,424.84	123.00	41.50	1,274.72
Nov-18	473.68	3,45,891.96	638.17	4.82	463.59	3,35,768.33	149.76	136.15	928.90
Dec-18	534.24	3,83,122.75	572.07	14.20	504.42	3,58,681.21	137.39	30.05	753.70
Jan-19	556.69	4,01,107.90	439.44	1.70	491.05	3,48,374.98	103.58	31.39	576.10
Feb-19	482.69	3,50,382.51	426.79	9.38	461.58	3,29,971.98	74.67	22.64	533.49
Mar-19	552.75	3,91,350.07	370.36	3.23	606.59	4,23,985.62	120.61	59.34	553.53

4.2 Interest Rate Futures

The year 2018-19 witnessed a decrease in the total settlement values from ₹ 812.92 crores in 2017-18 to ₹ 647.80 crores. The highest monthly settlement value was ₹ 79.91 crores in the month of December 2018. The highest trading volume in Interest Rate Futures on NSE during this period was ₹ 4,275.50 crores witnessed on April 26, 2018 with total of 2,29,827 contracts being traded.

The details of turnover and month-wise settlement values during the year April 01, 2018 to March 31, 2019 are tabulated in Table No.05 below:

Table No. 05

Interest Rate Futures*				
Month	No. of Contracts Traded (in lakhs)	Turnover (in ₹ crores)	MTM Settlement (in ₹ crores)	Final Settlement (in ₹ crores)
Apr-18	14	27,039.27	66.71	0.77
May-18	6	12,087.97	50.56	2.29
Jun-18	5	8,623.83	28.17	1.02
Jul-18	7	13,944.55	34.57	1.00
Aug-18	10	18,422.71	44.86	0.37
Sep-18	10	19,345.56	54.63	1.66
Oct-18	12	22,604.79	57.41	0.67
Nov-18	11	20,286.93	44.91	2.00
Dec-18	20	39,136.42	79.39	0.53
Jan-19	14	28,146.95	62.20	1.29
Feb-19	12	23,339.42	62.41	1.35
Mar-19	6	12,428.79	48.76	0.28

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

The Core Settlement Guarantee Fund for Currency Derivatives segment stood at ₹ 152.61 crores for the month of March 2019 .

5 Risk Management

(i) Capital Market & Securities Lending & Borrowing segments

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

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

(ii) Futures & Options, Currency and Commodity Derivatives segments

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

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

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

6 Corporate Debt Instruments Settlement

6.1 Over the Counter Trades

The average daily settlement value at NCL for OTC trades in Corporate Bonds, Commercial Papers (CP) and Certificate of Deposits (CD) during the financial year 2018-19 stands at ₹ 5,110.00 crores, ₹ 5,091.00 crores and ₹ 4,201.00 crores respectively. The highest settlement value, during this period of ₹ 59,431.00 crores (across all corporate debt instruments) was recorded on March 29, 2019

The month-wise settlement statistics for corporate debt instruments are given in Table No. 06 below:-

Table No. 06

Month	No. of Settlement Days	Total No. of Trades Settled	Settled Value (in ₹ crores)	Average Daily Settlement Value (in ₹ crores)
Apr-18	19	8161	3,06,840	16,149
May-18	22	7661	2,99,862	13,630
Jun-18	21	7553	2,81,474	13,404
Jul-18	22	6704	2,59,870	11,812
Aug-18	20	6741	2,33,827	11,691
Sep-18	18	6239	2,48,760	13,820
Oct-18	21	5924	2,11,920	10,091
Nov-18	18	5782	2,44,851	13,603
Dec-18	20	7868	3,26,480	16,324
Jan-19	23	8199	3,10,583	13,504
Feb-19	19	6749	2,45,660	12,929
Mar-19	19	11,447	5,15,051	27,108

During the financial year 2018-19, NCL settled 1,805 repo trades on corporate bonds valuing ₹ 1,18,045.00 crores as compared to 1,206 repo trades valuing ₹ 22,988.90 crores settled in the previous year.

6.2 Exchange Traded

No trades were reported on the Exchange Traded Platform.

7 Mutual Fund Service System (MFSS)

As on March 31, 2019, 42 mutual fund houses with 7,392 schemes were enabled under the revised MFSS scheme.

(i) Subscription

The average daily value of funds settled for subscription of mutual fund units for the period April 1, 2018 to March 31, 2019 was ₹ 19.06 crores. The highest settlement value was ₹ 113.66 crores and was observed on March 25, 2019.

(ii) Redemption

The average daily value of funds settled for redemption of mutual fund units for the period April 1, 2018 to March 31, 2019 was ₹ 13.59 crores. The highest settlement value was ₹ 81.58 crores and was observed on March 05, 2019.

8 New Initiatives and Developments

I. Launch of Commodities segment

With the merger of FMC and SEBI, the regulation of the commodity derivatives market shifted to SEBI under the Securities Contracts Regulation Act (SCRA), 1956. SEBI allowed the Stock Exchanges to deal in Commodity Derivatives. Post SEBI approval, NCL launched Commodity Derivatives segment in September, 2018 with physical settlement in futures contract on bullion.

NCL settles the derivatives contracts by physical delivery (a) during intention period and (b) on expiry. NCL has empanelled professional Vault Service Provider to handle physical delivery. The participants also have an option to settle the physical delivery either at Primary Delivery Centre or Additional Delivery Centres approved by NCL.

NCL also offer clearing and settlement services for cash settled Energy contracts.

II. Introduction of Tri-Party REPO and Introduction of Futures on Overnight MIBOR

- Tri-Party REPO

Tri-party repo is a type of repo contract where a third entity (apart from the borrower and lender) called a Tri-Party Agent, acts as an intermediary between the two parties to the repo to facilitate services like collateral selection, payment and settlement, custody and management during the life of the transaction.

The Reserve Bank of India having considered it necessary in public interest and to promote the development of the financial system of the country issued Tri-Party Repo Directions, 2017 dated August 10, 2017.

After RBI and SEBI approval, NCL started providing intermediation for Triparty Repo on Corporate Debt Securities from June 12, 2018.

- Futures on Overnight MIBOR

In India, the banking system has a large reliance on the overnight funding. Various channels of overnight funding are currently used by market participants like overnight money lending and borrowing amongst banks through the inter-bank call money transactions, borrowing of funds from RBI by the banks, Collateralized Borrowing and Lending Obligation (CBLO) of various tenors, from overnight up to a maximum of one year. Thus for effective asset liability management, there is a need to manage the overnight interest rate risk. The MIBOR overnight rate is extensively used as the overnight reference rate in Rupee Interest Rate Swap market. As such, Futures on Overnight MIBOR is aimed at providing hedging mechanism to the market participants to effectively manage overnight interest rate risk

After SEBI approval, MIBOR based Money Market Future was launched on December 03, 2018.

III. Physical Settlement in Equity Derivatives

SEBI issued a circular of physical settlement in equity derivatives segment to improve market integrity and better alignment between cash and equity derivatives segments. It also specified criteria to identify a security be eligible for cash settled or physically settled.

NCL has implemented the physical settlement in equity derivatives from July, 2018 Expiry.

IV. Standardisation of membership structure in Cash Market segment

As per the membership structure in Capital Market segment, all the Stock Brokers were trading cum self-clearing members whereas membership structures in derivatives segments support two tier membership viz. Trading Member (TM) and Clearing Member (CM). In order to bring uniformity in membership structure, SEBI directed all Stock Exchanges and Clearing Corporations to implement uniform membership structure across Cash Market and derivatives segments.

Accordingly, two tier membership structure in line with equity derivatives segment is implemented in Capital Market segment.

V. **Interoperability among Clearing Corporations**

Interoperability among Clearing Corporations allows market participants to consolidate their clearing and settlement functions at a single CCP, irrespective of the Stock Exchange on which the trade is executed. It is expected to lead to efficient allocation of capital for the market participants, thereby saving on cost as well as provide better execution of trades.

SEBI vide its circular dated November 27, 2018 has issued guidelines for introduction of interoperability. NCL has initiated implementation of the interoperability guidelines and is in engagement with regulators and all other stakeholders to achieve a seamless transition to the interoperability regime.

9 Other achievements

(i) CRISIL has continued its highest corporate credit rating of 'AAA' to NCL. 'AAA' rating indicates highest degree of safety regarding timely servicing of financial obligations. NCL is the first Indian Clearing Corporation to get this rating. The rating reflects NCL's rigorous risk management controls and adequate settlement guarantee cover.

NCL has been accorded this rating for the eleventh consecutive year.

(ii) NCL has been granted recognition by Bank of England as a third- country CCP in the United Kingdom (UK) under the Temporary Recognition Regime (TRR) of the Central Counterparties (Amendments, etc., and Transitional Provision) (EU Exit) Regulations, 2018 if the UK leaves the European Union with no implementation period. The TRR will enable NCL to provide clearing services and activities to the UK based entities for up to three years from the commencement of the TRR, extendable by HM Treasury in increments of twelve months.

10 Opportunities and increased coverage

(i) **Clearing Members**

New Clearing Members have been added on both Capital Market and F&O segments thereby providing a wider choice to clients. Clearing membership was granted to 8 new members in the F&O segment and 23 new members in Capital Market segment. In Currency Derivatives segment, 6 Clearing Members have been enabled.

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

1 Custodian in the Capital Market segment was enabled during 2018-19 through whom clients can settle their transactions.

(iii) Participants & custodians in SLBM

165 participants, 5 custodian-cum-participants and 5 custodians are registered in SLBM as on March 31, 2019.

11 Multiple Depositories /Banks

NCL is electronically connected to both the depositories National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for securities settlement and 13 clearing banks namely Axis Bank Ltd., Bank of India, Canara Bank, Citibank N.A., HDFC Bank Ltd., Hongkong & Shanghai Banking Corporation Limited, ICICI Bank Limited, IDBI Bank Ltd., IndusInd Bank Ltd., Kotak Mahindra Bank Ltd., Standard Chartered Bank, State Bank of India and Union Bank of India for funds settlement.

2. INFORMATION TECHNOLOGY

Technology is key business enabler and a strategic differentiator for NCL. As Strategic Technology partner, NCL continues to deliver and maintain technology products and services. The initiatives undertaken during FY 2018-19 are broadly classified in following categories.

2.1 TRANSFORMATION THROUGH NEW PRODUCTS AND SERVICES

- New Clearing & Settlement Platform (NASDAQ) along with Interface Development

  NASDAQ Clearing & Settlement product (known as NASDAQ Financial Framework) is currently being implemented for creation of New Clearing & Settlement (C&S) platform. Interface will be developed between existing peripheral systems of C&S platform and NASDAQ Financial Framework (NFF). This delivery is planned in phased manner over two years. It is based on Services Oriented Architecture with gateway message based communication.

- Interoperability of Clearing Corporation

  Interoperability among Clearing Corporations (CCPs) necessitates linking of multiple Clearing Corporations. It allows market participants to consolidate their clearing and settlement functions at a single CCP, irrespective of the stock exchange on which the trade is executed. It is expected that the interoperability among CCPs would lead to efficient allocation of capital for the market participants, thereby saving on costs as well as provide better execution of trades. It will be applicable to Cash Market, Futures & Options & Currency Derivatives segments. Technology implementation is based on next generation Financial Information Exchange (FIX) protocol for real time exchange-CC communication. Feasibility of IBM message broker along with Solace is being explored for message Transformation.

- IBM Message Broker & Solace Technology Evaluation and Implementation

  IBM Information broker (IIB) enables information packaged as messages to flow between different business applications, across multiple hardware and software platforms. Rules can be applied to the data flowing through the message broker to route and transform the information. The Solace PubSub + Platform is the advanced event broker technology that supports pub/sub, queuing, request/reply, streaming and replay and that's available as run-anywhere software, purpose-built hardware and a managed service. These products are based on next generation technology features such as scalable architecture, high performance to achieve real time message transformation, persistent & guaranteed message delivery, Auto failover & high availability. Proof of concept is initiated for use cases related to Interoperability and New Clearing and Settlement platform.

2.2 GROWTH THROUGH NEW TECHNOLOGY

- Recovery Time Objective (RTO) 40 Minutes: Recovery Time Objective (RTO) of 40 Minutes for Business Continuity Plan (BCP) switchover to Disaster Recovery (DR) site had been implemented successfully for Cash Market (CM), Futures & Options (F&O) and Currency Derivatives (CD) segments.
- Physical Settlement in Equity Derivatives: As per the criteria specified by SEBI, NSE is expected to identify the securities to be moved to physical settlement as well as expiry month from which such movement shall be applicable. Changes were done in NCL applications to implement Physical Settlement in Equity Derivatives (PSED) in accordance with the set guidelines.
- Structured Financial Messaging System (SFMS): Online Funds Settlement facility was provided based on Global Financial Standards on Structured Financial Messaging System (SFMS). Bank runs related to Futures & Options, Currency Derivatives, Securities Lending Borrowing (before market hours) has been successfully transitioned to the SFMS platform in a phased manner for 7 clearing banks. Implementation handles concurrent bank runs for SFMS and non-SFMS clearing banks.

➢ NCL Members Application and Services System (NMASS): NSE Clearing provides web based member facing applications to provide information between members and various departments of NSE clearing. This platform is being revamped using next generation web based technologies. Salient feature of the new solution is micro services based scalable architecture.

➢ Self-trade Prevention: Self-trade prevention functionality is to restrict same clients from being on buying as well as selling side. In order to achieve this, PAN details (at order and trade packet level) were captured in Trading system and passed to Risk management system (in CM, FO and CD segments).

➢ Tri Party Repo: Tri-party Repo is to facilitate transacting in repos on corporate debt instruments. Market participants can now quote in terms of yield for lending/borrowing. NCL solution provides risk management and settlement guarantee for the tri-party repo.

➢ Direct Pledge of Securities to NCL with CDSL – NCL has a facility to accept pledge of securities from member having depository accounts with NSDL. Understanding the business need, direct pledge facility is now extended to its members having depository accounts with CDSL.

➢ Non-competitive Bidding Facility in the Auctions of T-Bills/Government Securities - NCL has been appointed as a clearing and settlement agent for the non-competitive bidding facility. New module was built which included data maintenance, bids loading and facility to members for bid withdrawals, obligation generation, funds collection and processing, participation in auction, bids allocation and pay-out handling.

- Fungibility of Collaterals across segments during Non-Market Hours: As per the business requirement fungibility of collaterals across segment even after market hours of the respective segment was delivered in view of different timings for different segments.

3. Human Resources

3.1 Following developments have taken place in Human Resources / Employee Relations front in the Financial Year 2018-19:-

1) Talent Management and Development:

During the Financial Year 2018-19, the NCL's Succession Planning Policy was finalised & rolled out, to address the talent needs and to build a future pipeline for critical & KMP roles for the organisation. The Talent Management framework was also implemented to assess potential of existing resources at 2 levels below the MD & CEO. Specific learning intervention was provided for employees managing niche roles e.g. Risk Management, over and above the standard learning needs. Focussed action steps were taken for the induction & orientation program to enhance the on-boarding experience and knowledge of new hires. Training need identification process was completed for all employees to drive the skill enhancement interventions for the FY 2019-20. In line with the business strategy, NCL continued to focus on people development initiatives.

2) Employee Effectiveness Survey / Perception Study:

The Employee Effectiveness Survey for NCL employees was conducted in the FY 2018-19. The EES findings have been received and the employee feedback has shown improvement in scores over FY 2017-18 scores. A detailed analysis is being conducted to identify the opportunities to define the action plans and their implementation which will reviewed on an ongoing basis.

3) Employee Relations:

The employee relations scenario has been harmonious throughout the period under consideration.

3.2 Resources committed towards strengthening regulatory functions and towards ensuring compliance with regulatory requirements applicable to Clearing Corporation

The Company has dedicated resources to manage the regulatory / compliance functions i.e. Membership compliance, Inspection etc. There are 15 resources in these functions in various designations. Further, there are various committees (which are sub-committees of the Board) to oversee the regulatory functions and these committees comprise of members of the Board and external experts as required.

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

The disclosures required to be given under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 are given in the following Table No. 07:-

Table No. 07

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

4.1 FINANCIAL RESULTS

The working of NCL during the year has resulted in a net profit after tax of ₹172.51 crore as per particulars given in Table No. 08 below: -

Table No. 08

Particulars	2018-19 (₹ In crore)	2017-18 (₹ In crore)
Income	380.86	372.55
Expenditure	112.23	121.23
Profit before tax	268.63	251.32
Provision for tax (including deferred tax)	96.12	92.48
Profit after tax	172.51	158.84
Less: Items that will not be reclassified to profit or loss	0.29	0.35
Add/(less): Income-tax relating to items that will not be reclassified to profit or loss	0.10	(0.12)
Total comprehensive income	172.32	158.61
Surplus brought forward from previous year	71.55	144.21
	243.87	302.81
Less: Dividend distributed (including DDT) during FY 2017-18 & FY 2016-17	43.40	86.66
Less: Contribution to core SGF (net of tax impact)	11.30	158.53
CSR Reserve reversed	-	13.92
Amount available for appropriation	189.17	71.55
Appropriations		
Proposed Dividend	81.00	36.00
Corporate Dividend Tax	16.65	7.40
CSR Reserve	-	-
Balance carried to Balance Sheet	91.52	28.14
Total	**189.17**	**71.54**

The profit after tax was at ₹ 172.51 crores as compared to ₹ 158.84 crore for the previous year. For more details, please refer 'Management Discussion & Analysis' which forms part of the Board's Report.

4.2 DIVIDEND

In view of the above results, the Directors recommend payment of dividend of Rs.18/- per equity share for the year 2018-19 maintaining the payout ratio of around 60% (including dividend distribution tax).

4.3 PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

No loan or guarantee is given to any person during the year. The investments made by Company during the year are in accordance with the provisions of the Companies Act, 2013. The particulars of Investments made during the financial year are stated in the Notes to Accounts which forms part of this Annual Report.

4.4 PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

The Company has adopted a Policy on Related Party transactions as approved by the Board which is uploaded on the Company's website https://www.nscclindia.com/NSCCL/disclosures/resources/NSCCL Policy_on_Materiality_and_Dealing_with_Related_Party_Transactions.pdf

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

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

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

4.6 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

NSE IFSC Clearing Corporation Ltd. (NICCL) was incorporated as a public company on December 2, 2016 at Ahmedabad under the Companies Act, 2013. NICCL is the Step- down subsidiary of National Stock Exchange of India Limited (NSE), wherein 100% of its share capital is held by NSE Clearing Limited (NCL) formerly known as National Securities Clearing Corporation Limited (NSCCL), subsidiary of NSE.

The Company is incorporated to carry on the business inter alia of setting up and operating a clearing corporation as a unit in an International Financial Service Centre in any SEZ as approved by the Government of India or anywhere globally to provide such services as may be permitted by the regulatory authorities in order to carry on the business of clearing and settlement of any kind, including physical settlement and cash settlement of securities.

NICCL commenced its operations as a Clearing Corporation in the GIFT City, Gandhinagar with effect from June 5, 2017 after receiving approval from SEBI. The application for renewal of the recognition as Clearing Corporation has to be submitted to SEBI every year. Approval from SEBI for this year renewal application is awaited from SEBI.

Till March 31, 2019, NICCL had 6 clearing members (3 trading cum Clearing Member and 3 trading cum Self Clearing Member). Clearing Banks are the key link between clearing members and NICCL for funds settlement. Members are required to maintain and operate clearing account with any one of the designated clearing banks empanelled with the Clearing Corporation. There are currently 4 clearing Banks empanelled with NICCL. The total value of settlement was US $ 5.57 Million in 2018-19. The highest monthly settlement was recorded at US $ 8,49,483 in the month of December, 2018. As on March 31, 2019, the Core Settlement Guarantee Fund stood at US $ 11,33,509.98. During the FY 2018-19, NICCL has incurred a loss of ₹ 653.20 lakhs. With this, the cumulative loss carried to Balance Sheet amounted to ₹ 2203.44 lakhs.

<u>Initiatives and major events during the year ended March 31, 2019</u>

The major initiatives undertaken and the major events witnessed during the FY 2018-19 are listed out herein below:-

- SEBI has granted Qualifying Central Counterparty (QCCP) status to NICCL.
- NICCL has applied to European Securities Market Authority for recognition as a third country CCP under the European Market Infrastructure Regulation (EMIR). The decision from ESMA is awaited.
- NSE IFSC, NICCCL and Singapore Exchange (SGX) have submitted a joint proposal to SEBI and Monetary Authority of Singapore (MAS) on the proposed NSE IFSC-SGX connect model, taking into account members' feedback.
- A "Segregated Nominee Account Structure" has been put in place in the GIFT IFSC after SEBI approval. Under this structure, eligible Segregated Nominee Account Providers can permit their clients to access the markets in the IFSC through trading and clearing members without any additional due diligence requirements, easing the access of the IFSC markets to such clients.
- NICCL has submitted a proposal to SEBI to offer an Individually Segregated. Collateral Facility to its clearing members. Under the proposed facility, the clients of the clearing members can provide collateral directly to NICCL which will only be utilized towards the obligation of such clients. The proposed facility will help bring in clients who do not wish to take exposure against the clearing members operating in the IFSC and is in line with the best practices in the global CCPs. Approval from SEBI is awaited.
- NICCL has received approval from SEBI to open account with Euroclear Bank for acceptance of eligible foreign securities as collateral. Admission process is in progress.
- NICCL has prescribed procedure for Clearing and settlement of Masala Bonds (Debt Securities).

- NICCL provides margin benefit for offsetting position in various products.
- NICCL has successfully conducted Mock Trading sessions in 2018-19 from its BCP / DR site at Chennai.
- Introduction of enhanced authentication mechanism with One Time Password (OTP) based Two-Factor Authentication (2FA) mechanism for various applications of NICCL.

NCL has adopted a Policy for determining Material Subsidiaries which is available on the Company's website

https://www.nscclindia.com/NSCCL/disclosures/resources/Policy-on-Determining-Material-Subsidiaries.pdf

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

4.7 DEPOSITS

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

4.8 RISK MANAGEMENT POLICY

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

In this direction, the Company has a Risk Management Committee, a sub-committee of the Board, which meets periodically to review the efficacy and adequacy of the Company's risk management exercise and the controls and mitigation plans put in place to reduce the overall impact of the various inherent risks.

The Company has also appointed a management consultancy firm to assist in identifying, assessing and minimising the risk exposure of the Company. For each of the identified risk areas, the Company maintains detailed Risk Registers mainly containing details such as risk description, risk indicators, categorisation of the risk, current controls and mitigation plans, etc.

In terms of SEBI requirements, the Clearing Corporation is required to constitute a Risk Management Committee inter alia to formulate a detailed risk management policy. The Risk Management Committee has formulated risk management policy and monitors its implementation.

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

None

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

None

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

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

4.12. SHARE CAPITAL

During the FY 2018-19, there is no change in the capital structure.

4.13 EXTRACTS OF THE ANNUAL RETURN

The extracts of the annual return as on March 31, 2019 in Form MGT-9 is attached herewith as Annexure-3 and shall form part of Board's Report.

5.1 DIRECTORS AND KEY MANAGERIAL PERSONNEL

As per the provisions of Securities Contracts Regulation (Stock Exchanges and Clearing Corporations) Regulations, 2018, the governing board of every recognised clearing corporation shall include (a) public interest directors; (b) shareholder directors; and (c) Managing Director. Mr. Harun R Khan (Chairman of the Board), Mr. Salim Gangadharan, Mr. N. K. Maini, Mr. C VR Rajendran and Mrs. Bhagyam Ramani fall under 'Public Interest Directors' category. Mr. J. Ravichandran falls under 'Shareholder Directors' category liable to retire by rotation. Mr. Vikram Kothari is the Managing Director of the Company. The Managing Director also falls under 'Shareholder Directors' category. However, he is not liable to retire by rotation during his tenure as Managing Director.

The 3 years' term of Mr. Salim Gangadharan, Mr. C VR Rajendran and Mr. N. K. Maini, Public Interest Directors will end on May 2, 2019, May 2, 2019 and May 24, 2019 respectively. The NRC and the Board had recommended extension of their term for a further period of three years to SEBI. SEBI, vide its letter dated April 30, 2019, extended their term as Public Interest Directors on the Board of NCL for a further period of three years [i.e., For Mr. Salim Gangadharan- from May 3, 2019 till May 2, 2022, Mr. C VR Rajendran -from May 3, 2019 till May 2, 2022 and Mr. N. K. Maini - from May 25, 2019 till May 24, 2022].

Mr. J. Ravichandran retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends his re-appointment to the members.

During the FY 2018-19, there was no other change in the Key Managerial Personnel of the Company.

5.2 NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board met six times during the year on April 27, 2018, August 1, 2018, October 30, 2018, January 30, 2019, February 21, 2019 and March 7, 2019.

5.3 DECLARATION BY INDEPENDENT DIRECTORS

As per the requirements of the Companies Act, 2013, the Company has appointed Mr. Harun R Khan, Mr. Salim Gangadharan, Mr. N. K. Maini, Mr. C VR Rajendran and Mrs. Bhagyam Ramani as Independent Directors on its Board based on the declaration that they meet criteria of independence. Further, every Independent Director shall at the first meeting of the Board in every financial year or whenever there is a change in the circumstances which may affect his status as an independent director give a declaration that he meets the criteria of Independence. Accordingly, the above Independent Directors have given declarations of independence in the first meeting of the Board of NCL held on April 30, 2019 in FY 2019-20.

5.4 COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMININIG QUALIFICATIONS, POSITIVE ATTRIBUTES & INDEPENDENCE OF DIRECTORS

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

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

As per the provisions of the Companies Act, 2013, the Nomination & Remuneration Committee (NRC) specifies the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance. Accordingly, the evaluation of performance of the Board, its Committees and of its individual directors is carried out in accordance with Evaluation Policy put in place and other requirements stipulated by SEBI in this regard.

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

(a) Performance evaluation of the Board

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

(b) Performance evaluation of the Committees

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

(c) Performance evaluation of the Directors

The individual director's performance has been largely evaluated based on his/her level of participation and contribution to the performance of Board/Committee(s) in respect of the above areas. Besides the same, the skills, knowledge, experience, attendance record, devotion of sufficient time and efficient discharge of responsibilities towards the Company, Board and Committees of which he/she is a member and timely disclosure of personal interest, compliance of Code of Conduct and Ethics, Code for Independent Directors etc., is also taken into account.

If the individual director whose performance is to be evaluated is a Public Interest Director (PID), the NRC, while evaluating the performance of such PID, shall also keep in mind the policy, if any, framed for performance review of PIDs besides this policy, guiding criteria of performance review, evaluation mechanism, recommendation to SEBI for extension of PID etc. as laid down by SEBI in its circular No. SEBI/HO/MRD/DOP2DSA2/CIR/P/2019/26 dated February 5, 2019.

6 DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that -

(i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

(ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of NCL at the end of the financial year i.e., 31st March, 2019 and of the profits of NCL 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 NCL and for preventing and detecting fraud and other irregularities ;

(iv) the Directors had prepared the annual accounts on a going concern basis;

(v) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and were operating effectively.

7 CORPORATE SOCIAL RESPONSIBILITY

NCL is covered under the purview of Section 135 of the Companies Act, 2013 and hence it needs to spend 2% of its average net profit for identified CSR purposes. Since the contribution of the subsidiary companies of NSE Group is negligible and there would be efforts duplication if each individual Company within the group undertakes CSR activities on its own and difficulties in scaling up of these activities could arise, it was decided by the Boards of the respective Companies in NSE Group that CSR efforts for the Group be undertaken commonly and the actual spend be allocated to the respective Companies in proportion to their legal obligation.

Therefore, a common CSR function was created under NSE as a group resource and the actual CSR spend was proportionately allocated to the respective Companies. However, the CSR Committees for these Companies which monitor the spend are separate. A common CSR policy was prepared and approved by CSR Committees and Boards of the respective companies. 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 could be established to create a measurable impact and enter into collaborations with on ground implementation partners for scale up of programmes. Accordingly, NSE Foundation was incorporated as a company under Section 8 of the Companies Act, 2013 on 5th March 2018 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 NCL are being implemented by the NSE Foundation.

Furthermore, during the year 2018-19, NCL has contributed Rs. 4.41 Crores being its CSR budget for the year based on 3 years average net profit in respect of FY 2015-16, 2016-17 & 2017 -18 to NSE Foundation to be spent on various CSR activities as stated in the CSR policy of the Company.

The disclosures required to be made in the Board's Report as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached herewith as Annexure-5.

8.1 CORPORATE GOVERNANCE

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

NSE Clearing Limited (NCL) is a public limited company, whose securities are not listed on any of the stock exchanges. As per 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 are *mutatis mutandis* applicable to a recognised clearing corporation. NCL has always been involved in good governance practices and endeavors continuously to improve upon the same. A report on corporate governance for the financial year 2018-19 is furnished as part of the Annual Report for the information of all its stakeholders as Annexure-6. The certificate from a Practicing Company Secretary confirming compliance with the conditions of Corporate Governance norms specified for listed companies is also attached with the above report.

8.2 AUDIT COMMITTEE

The Audit Committee originally consisted of Mr. Harun R Khan, Mr. C VR Rajendran, Mrs. Bhagyam Ramani and Mr. J. Ravichandran as its members with Mr. Harun R Khan as its Chairman.

The Audit Committee was re-constituted on January 30, 2019. It currently comprises four Directors viz., Mr. Harun R Khan, Mr. Salim Gangadharan, Mr. C VR Rajendran and Mrs. Bhagyam Ramani as its members with Mr. Harun R Khan as its Chairman. The Committee met four times during the year i.e., April 27, 2018, August 1, 2018, October 30, 2018 and January 30, 2019 respectively. The details of the attendance of members of the Audit Committee at their meetings held on the above dates are given in Table No. 09 hereunder:-

Table No. 09:

Name	Number of meetings held during the tenure of the member	Number of meetings attended
Mr. Harun R Khan	4	4
Mr. Salim Gangadharan#	-	-
Mr. C VR Rajendran	4	3
Mrs. Bhagyam Ramani	4	4
Mr. J. Ravichandran@	4	4

@ Ceased to be a member of the Committee w.e.f. January 30, 2019
# Inducted as the member of the Committee by the Board on January 30, 2019 held after the conclusion of Audit Committee meeting. Since then, no meeting of Audit Committee was held during the FY 2018-19.

8.3 STAKEHOLDERS RELATIONS COMMITTEE

The Stakeholders Relations Committee was constituted by the Board of NSE Clearing Limited in its meeting held on January 30, 2019. It consists of Mr. Harun R Khan, Mr. N. K. Maini and Mrs. Bhagyam Ramani as its members with Mr. Harun R Khan as its Chairman. No meeting of the Stakeholders Relations Committee was held during the 2 months period since its constitution. The amendment to provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 brought into force from April 1, 2019 mandates that the Committee shall meet at least once in a year the compliance of which will be ensured during the current FY 2019-20.

8.4 NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee (NRC) originally consisted of Mr. N. K. Maini, Mr. Harun R Khan, and Mr. J. Ravichandran as its members with Mr. N. K. Maini as its Chairman.

The NRC was subsequently re-constituted on January 30, 2019 and it currently comprises three Directors viz Mr. N. K. Maini, Mr. Harun R Khan and Mr. C VR Rajendran as its members with Mr. N. K. Maini as its Chairman. The Board of NCL in its meeting held on February 21, 2019 decided to induct Mrs. Bhagyam Ramani as a member on NRC to ensure quorum requirement to participate in the proceedings of NRC at the time of consideration of the proposal on the recommendation of extension of the of term of three retiring PIDs since the respective PID will be recusing himself from the NRC in respect of his evaluation. Accordingly she attended one meeting i.e. on March 7, 2019 in which the evaluation of performance of PIDs were taken up. The Committee met six times during the year i.e April 6, 2018, April 26, 2018, January 29, 2019, February 21, 2019, March 7, 2019 and March 26, 2019 respectively. The details of the attendance of members of NRC at their meetings held on the above dates are given in Table No. 10 hereunder:-

Table No. 10:

Name	Number of meetings held during the tenure of the member	Number of meetings attended
Mr. N. K. Maini	6	6
Mr. Harun R Khan	6	6
Mr. C VR Rajendran#	3	3
Mr. J. Ravichandran@	3	3
Mrs. Bhagyam Ramani	1	1

@ Ceased to be member of the Committee w.e.f. January 30, 2019.
# Inducted as the member of the Committee by the Board on January 30, 2019 held after the conclusion of NRC meeting

8.5 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

8.6 VIGIL MECHANISM

The Company has, in continuation of Company's pursuit to establish good corporate governance practice, formulated 'Whistle Blower Policy' and the policy is in force since January, 2015. The Policy, as on date, provides mechanism to the Directors and employees of the Company for reporting instances of unethical conduct, actual or suspected fraud or violation of the Company's Code of conduct or Ethics policy or law to the Chairman of Audit Committee (cases of financial nature) / Regulatory Oversight Committee (other cases) or the Ethics Counselor, as the case may be. Protected Disclosures should preferably be reported in writing as soon as possible after the whistle blower becomes aware of the same.

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

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

A report is being submitted to the Chairman of the Regulatory Oversight Committee/Audit committee as and when any Protected Disclosures are received along with the results of investigations if any and the action initiated with regard to the same. The Board of NCL periodically takes up every policy for its review and for bringing in suitable changes wherever required so that the policy remains relevant at all times. Accordingly, the Board of NCL in its meeting held on August 1, 2018 reviewed the Whistle Blower Policy and approved suitable changes therein.

As per the requirement of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, details of vigil mechanism etc. are provided in the Company's web-site for the information of the shareholders at the following location: https://www.nscclindia.com/NSCCL/disclosures/resources/NSCCL_dtls_VM.pdf

9. AUDITORS

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

Subsequently, the Companies Amendment Act, 2017 read with Notification S.O. 1833(E) dated 7th May 2018 had done away with the requirement of annual ratification of the appointment of auditor. Thus the ratification of the Auditors' appointment is not being considered in the ensuing Annual General Meeting.

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

10.1 Conservation of Energy and Technology Absorption

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

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

The NSE Group (which includes NCL) strives to :

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

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

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

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

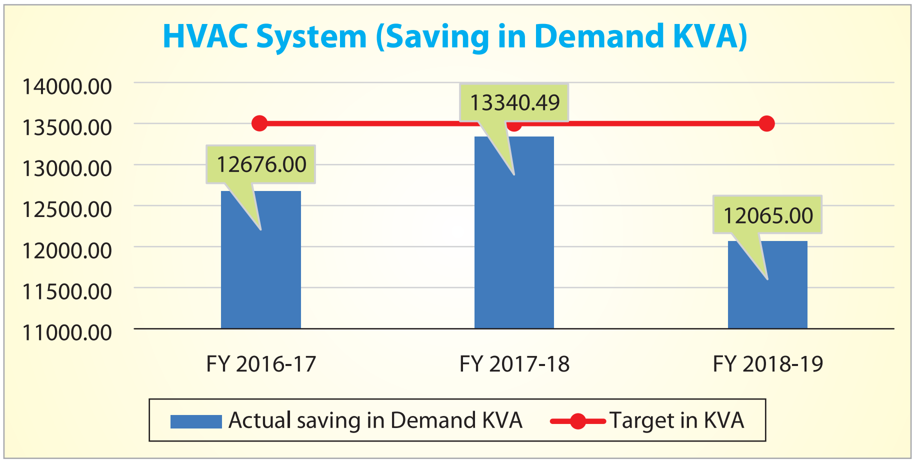
NSE Group has taken many initiatives to address the impact of climate change and has increased the focus on the renewable energy projects to shift to better and clean technology. NSE Group aims to minimise the impacts on environment by taking measures like measuring and reducing its carbon and water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

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

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

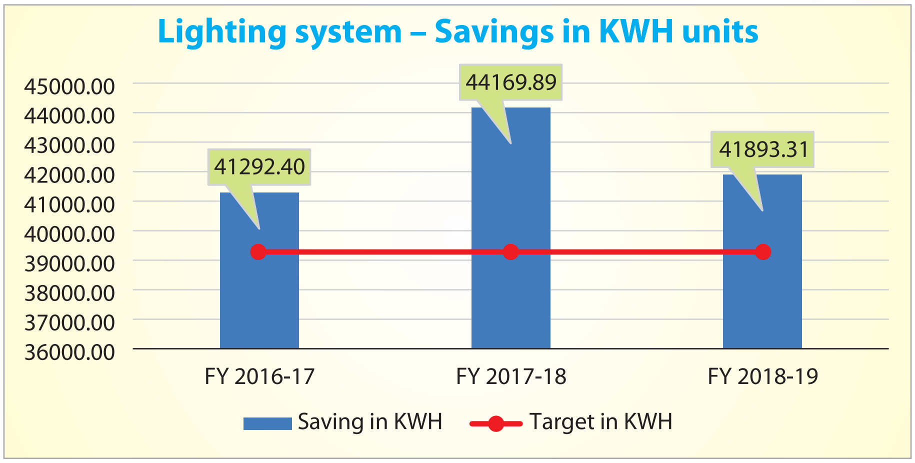
- Thermal Energy Storage System:

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



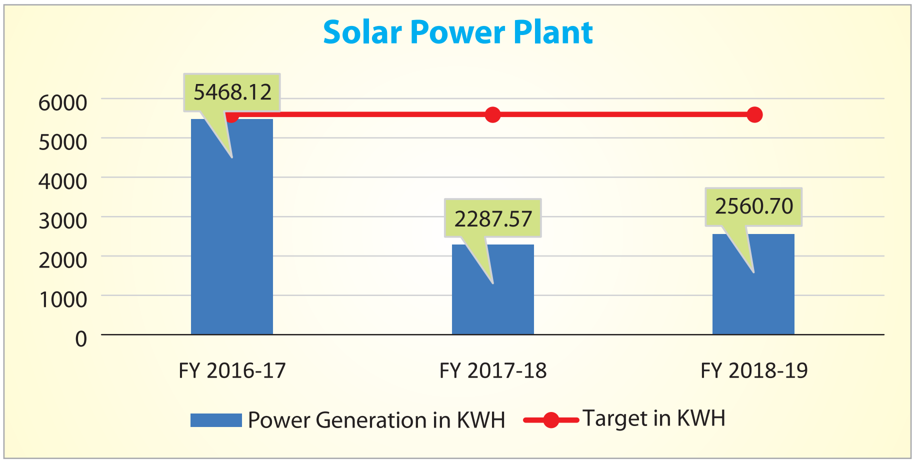
- General Lighting System

Lighting Transformers have been installed in the lighting feeders which reduces excess power consumption and enhances the life of the luminaries. The Lighting Transformers are introduced in the electrical distribution system to regulate the incoming single phase supply which restricts the power supply to only 210 to 220 Volts. Additionally, LED Lights have been introduced across all Offices / Utilities. This has saved around 41,893.31 units in the last year.



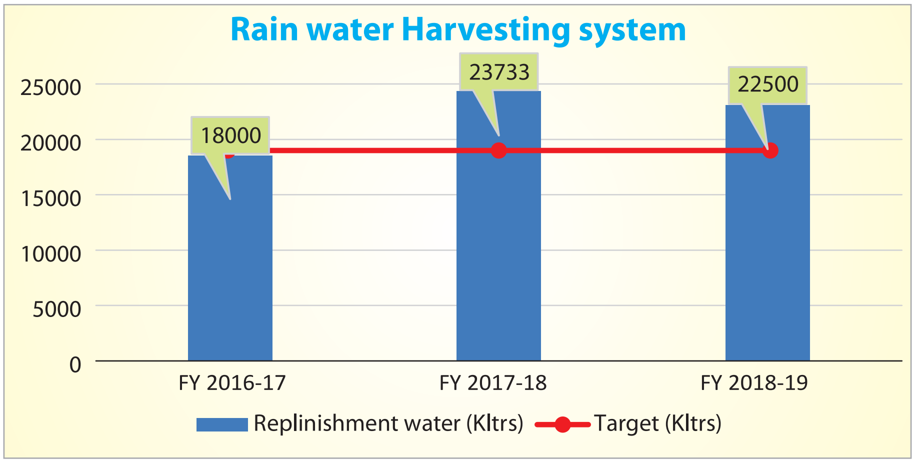
- Solar Power Plant:

The renewable source of energy has been introduced by installing the Solar Power Plant of the capacity of 10 KW in the building which harnesses the solar power to cater the part of lighting load at Exchange Plaza. This has saved 2560.70 units in the last year.



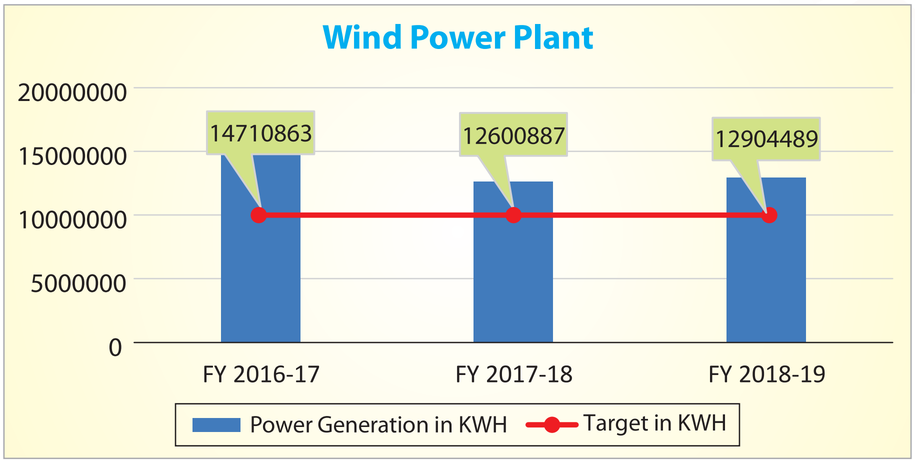
- Rain Water Harvesting System:

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



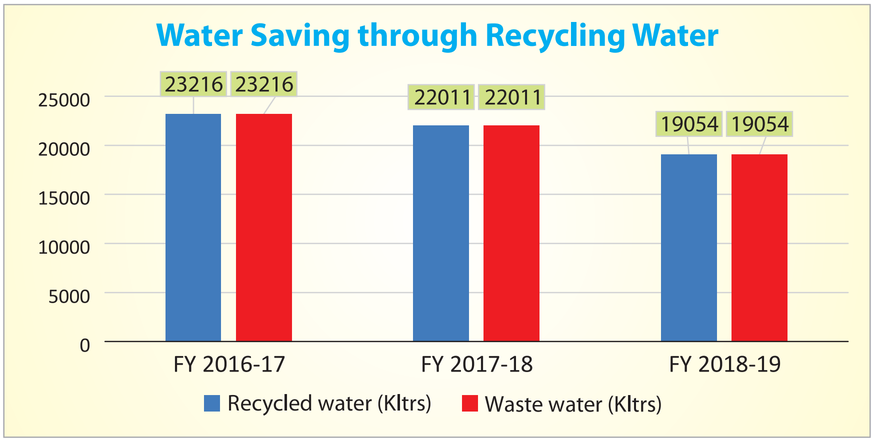
- **Wind Power Plant:**

  With a vision to reduce the consumption of electricity and carbon footprint, the Wind Power Plant (i.e. capacity of 6.25 MW) has been commissioned at Satara in Maharashtra.



- Sewage Treatment Plant:

The sewage treatment plant has been installed to reuse building's domestic and flushing water (i.e. after treatment) for Cooling Towers associated with HVAC System and for Gardening purposes every day. This has saved several KL of water.



- **Waste Disposal**

  The Company believes in 'reduce, recycle and reuse' and manages its waste efficiently through various initiatives such as Vermiculture system, Sewage treatment plant etc. NSE and its group companies seek to address concerns over the management, handling and disposal of electronic waste generated by and in NSE premises as per statutory requirements and industry standards. The E-Waste Policy of NSE is applicable for all the NSE Group Companies. NCL reduces its E-waste and ensures that the E-waste generated shall be recycled efficiently.

- **E - Waste -** As per the Company's E-Waste Policy, the E-Waste in Exchange Plaza building as well as its Branch Office premises is recycled through authorised E-Waste Vendor shortlisted by Central Pollution Control Board (CPCB)/ Maharashtra Pollution Control Board (MPCB).

- **Food Waste -** Food waste generated at Company's Exchange Plaza building is processed through Vermiculture System installed at its building wherein manure (i.e. Vermicompost) generated through it is used for Gardening Purpose.

- **Water Recycling -** Sewage water generated at Exchange Plaza is recycled through Sewage Treatment Plant installed at its Exchange Plaza building and the processed water is used for secondary purposes i.e. for cleaning, for Cooling Towers associated with Heating, Ventilation and Air Conditioning (HVAC) System

10.2 Foreign Exchange earnings/outgo during the year under review

There were no foreign exchange earnings during the year. However, the foreign exchange outgotowards revenue payments during the year was ₹ 0.95 crore and Capital contribution to NSE IFSC Clearing Corporation Limited was ₹ 5.00 crore.

11 PARTICULARS OF EMPLOYEES

As on March 31, 2019, there are 86 employees on the payroll of NCL. A Statement of Particulars of Employees covered under the provisions of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed herewith as Annexure-7.

12 ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

Place: Mumbai — Harun R Khan

Date: April 30, 2019 — Chairman

ANNEXURE -1 TO BOARD'S REPORT

Form No. AOC-2

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

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

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

   Nil

   (a) Name(s) of the related party and nature of relationship: **N.A.**

   (b) Nature of contracts/arrangements/transactions **N.A.**

   (c) Duration of the contracts / arrangements/transactions **N.A.**

   (d) Salient terms of the contracts or arrangements or transactions including the value, if any **N.A.**

   (e) Justification for entering into such contracts or arrangements or transactions **N.A.**

   (f) date(s) of approval by the Board **N.A.**

   (g) Amount paid as advances, if any: **N.A.**

   (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 **N.A.**

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

   (a) Name(s) of the related party and nature of relationship

   Please see Annexure to AOC -2

   (b) Nature of contracts/arrangements/transactions

   Please see Annexure to AOC -2

   (c) Duration of the contracts / arrangements/transactions

   Please see Annexure to AOC -2

   (d) Salient terms of the contracts or arrangements or transactions including the value, if any: **Please see Annexure to AOC -2**

   (e) Date(s) of approval by the Board, if any:

   Approved by the Audit Committee on April 27, 2018 as all transactions are in the ordinary course of business and at arm's length basis.

   (f) Amount paid as advances, if any: **Nil**

For NSE Clearing Limited

Place: Mumbai
Date: April 30, 2019

Harun R Khan
Chairman

ANNEXURE TO AOC-2

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

Sr. No.	Related Party	Nature of Relationship
1	National Stock Exchange of India Limited (NSE)	Holding Company
2	NSE IFSC Clearing Corporation Limited	Subsidiary
3	NSE Investments Limited (Formerly known as NSE Strategic Investment Limited)	Fellow Subsidiary
4	NSE Data & Analytics Limited (Formerly known as DotEx International Limited)	Fellow Subsidiary's Subsidiary
5	NSEIT Limited	Fellow Subsidiary's Subsidiary
6	NSE Indices Limited (Formerly known as India Index Services & Products Limited)	Fellow Subsidiary's Subsidiary
7	NSE Infotech Services Limited	Fellow Subsidiary's Subsidiary
8	NSE.IT (US) Inc.	Fellow Subsidiary's Subsidiary
9	Aujas Networks Private Limited	Fellow Subsidiary's Subsidiary's Subsidiary
10	NSE Foundation	Fellow Subsidiary
11	Mr. T Venkata Rao–Managing Director (upto 06.11.2017) Mr. Vikram Kothari–Managing Director (w.e.f 07.11.2017) Mr. Harun R Khan –Director (w.e.f September 8, 2016) Mr. Salim Gangadharan–Director (w.e.f May 3, 2016) Mr. N.K Maini-Director (w.e.f May 25, 2016) Mr. Ravi Narain-Director (upto June 02, 2017) Mr. CVR Rajendran–Director(w.e.f May 3, 2016) Mrs. Bhagyam Ramani–Director (w.e.f June 01, 2017) Mr. J Ravichandran–Directors (w.e.f November 17, 2017)	Key Management personal/ Directors

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

(in crore)

Name of the Related Party	Nature of Transactions	Year ended March 31, 2019	Year ended March 31, 2018
National Stock Exchange of India Limited	• Clearing and Settlement charges	164.81	141.70
	• Usage charges	20.01	18.73
	• Reimbursement paid for expenses on staff on deputation	9.50	5.66
	• Salary liability transferred	-	4.36
	• Reimbursement paid for other expenses incurred	37.20	46.89
	• Space & Infrastructure Usage Charges	10.74	5.51
	• Contribution to Core SGF	-	284.40
	• Reimbursement received for services rendered	0.91	0.96
	• Dividend	36.00	72.00
NSE IFSC Clearing Corporation Limited	• Investment in Equity Share Capital	5.00	20.00
	• Reimbursement paid for other expenses incurred	1.90	1.83
NSEIT Limited	• Repairs & Maintenance – Clearing & Computer systems	4.79	2.81
NSE Infotech Services Limited	• Repairs & Maintenance – Clearing & Computer systems	2.08	10.66
NSE Foundation	• Investment in Equity Share Capital	-	0.01
	• Contribution towards CSR Expenses	4.41	18.71
Mr. T Venkata Rao - Managing Director (upto 06.11.2017)	• Gross remuneration including allowances, non- cash perquisites and contribution to Provident Fund and Superannuation Fund etc.	0.50	2.66
Mr. Vikram Kothari- Managing Director (w.e.f 07.11.2017)	• Gross remuneration including allowances, non- cash perquisites and contribution to Provident Fund and Superannuation Fund etc.	1.29	0.42
Directors	Sitting Fees paid to Directors		
	• Mr. HR Khan	0.38	0.43
	• Mr. Salim Gangadharan	0.27	0.36
	• Mr. Navin Kumar Maini	0.30	0.36
	• Mr. Ravi Narain	-	0.06
	• Mr. CVR Rajendran	0.21	0.31
	• Mrs. Bhagyam Ramani	0.27	0.15

ANNEXURE -2 TO BOARD'S REPORT

Form - MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2019

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

To,
The Members
NSE Clearing 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 **NSE Clearing Limited (formerly known as National Securities Clearing Corporation Limited) having CIN No. U67120MH1995PLC092283** (hereinafter called 'the Company') for the audit period covering from **April 01, 2018 to March 31, 2019** ('the audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances/ board processes and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and Rules and Regulations made thereunder, to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings ;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable: -

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

(b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; to the extent applicable to Recognized Clearing Corporations pursuant to Securities Contract (Regulation) (Stock Exchange and Clearing Corporation) Regulations, 2018; and

(d) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(vi) Following other laws as applicable specifically to the Company are:

(a) Securities Contracts (Regulation) Act,1956;

(b) The Securities Exchange Board of India Act, 1992;

(c) Securities Contracts (Regulation) (Stock Exchanges & Clearing Corporations) Regulations, 2018 ; and

(d) Rules, Regulations, Circulars, Orders, Notification, and Directives issued under the above statutes to the extent applicable.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the period under review, provisions of the following Act/ Regulations, though specified in the format of Form No. MR-3, were not applicable to the Company:

(i) The following Regulations and Guidelines prescribed under the SEBI Act:-

a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

c. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

d. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and

e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014

We further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the period under review.

Adequate notices are given to all Directors to schedule the Board Meetings (including committees), agenda and detailed notes on agenda were sent at least seven days in advance and in case where the Meetings were held at a shorter notice (i.e., notice was given less than 7 (Seven) days), proper consent thereof were obtained and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For BNP & Associates
Company Secretaries
Firm Registration No. P2014MH037400

Place: Mumbai
Date: 18.04.2019

B. Narasimhan
Partner
FCS No.: 1303 CP No.: 10440

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,
NSE Clearing Limited

The compliance of provisions of all laws, rules, regulations, standards applicable to **NSE Clearing Limited** (formerly known as National Securities Clearing Corporation Limited (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.

1. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done to ensure that correct facts as reflected in secretarial and other records produced to us and audit evidence and information obtained from the Company is adequate and appropriate for us to provide a basis for our opinion. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.
5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For BNP & Associates
Company Secretaries
Firm Registration No. P2014MH037400

Place: Mumbai
Date: 18.04.2019

B. Narasimhan
Partner
FCS No.:1303 CP No.:10440

ANNEXURE -3 TO BOARD'S REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2019

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

I. Registration and other details:

i	CIN	U67120MH1995PLC092283
ii	Registration Date	31st August 1995
iii	Name of the Company	NSE Clearing Limited *(Formerly known as National Securities Clearing Corporation Limited)*
iv	Category / Sub-Category of the Company	Limited by shares / Indian Non-Govt. Co.
v	Address of the Registered office and contact details	Exchange Plaza, Plot C-1, Block G, Bandra-Kurla Complex, Bandra (East) Mumbai-400 051 Tel: 022- 2659 8222, Fax : 022- 2659 8198
vi	Whether listed company (Yes / No)	No
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Ltd., C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083. Tel: 022 –4918 6270, Fax:022- 4918 6060

II. Principal business activities of the company

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

Sr. No	Name and Description of main products / services	NIC Code of the product	% to total turnover of the company
1	Processing & Clearing services of securities	6619	37.50%

III. Particulars of holding, subsidiary and associate companies

Sr. No	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	National Stock Exchange of India Limited, Exchange Plaza, Plot C-1, Block G, Bandra-Kurla Complex, Bandra (East) Mumbai 400 051	U67120MH1992 PLC069769	Holding company	100 %	2(46) read with 2(87) (ii) of the Companies Act, 2013
2	NSE IFSC Clearing Corporation Limited Unit -1202, Brigade International Financial Centre 12th Floor, Block-14, Road 1C, Zone -1, GIFT SEZ GIFT CITY, Gandhinagar, Gujarat-382 355	U65990GJ2016PL C094545	Subsidiary Company	100%	2(46) read with 2(87) (ii) of the Companies Act, 2013

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

(i) Category-wise shareholding

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

Category of Shareholders	Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt. (s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions	–	–	–	–	–	–	–	–	–
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	4,49,99,952	48	4,50,00,000	100%	4,49,99,952	48	4,50,00,000	100%	0

ii) **Shareholding of Promoters-**

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

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

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

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

NSE is the sole shareholder holding 100% of equity shares in NCL

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

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

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

V. INDEBTEDNESS –

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIALPERSONNEL

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

Sr. No.	Particulars of Remuneration	Mr. Vikram Kothari, Managing Director	Total Amount (₹ in Crores)
1	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income- tax Act, 1961	1.23	1.23
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.03	0.03
	(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)	0.04	0.04
	Total (A)	1.30	1.30
	Ceiling as per the Act-5%	**12.28**	**12.28**
	Ceiling as per the Act-11%	**27.01**	**27.01**

B. Remuneration to other Directors:

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors- Present	Mr. Harun R Khan	Mr. Salim Gangadharan	Mr. Navin Kumar Maini	Mr. C VR Rajendran	Mrs. Bhagyam Ramani	
	Fee for attending board & committee meetings	38,25,000	26,75,000	30,25,000	21,25,000	26,75,000	1,43,25,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	38,25,000	26,75,000	30,25,000	21,25,000	26,75,000	1,43,25,000

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
2	Other Non-Executive Directors-Present	Mr. J. Ravichandran	-	-	-	-	-
	Fee for attending board & committee meetings	-	-	-	-	-	-
	Commission	–	-	-	-	-	–
	Others, please specify	–	-	-	-	-	-
	Total (2)	-	-	-	-	-	-

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	0.82	0.66	1.48
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(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 allowance)	-	0.06	0.02	0.08
	Total	-	0.88	0.68	1.56

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

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

For and on behalf of the Board of Directors

Harun R Khan
Chairman

Place: Mumbai

Date: April 30, 2019

ANNEXURE - 4 TO BOARD'S REPORT

Relevant extracts from Nomination and Remuneration policies of NCL

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

- Satisfaction of the 'fit & proper person criteria' stipulated under SCR (SECC) Regulations, 2018 and other requirements as prescribed by SEBI from time to time.
- Assessment of the appointee against a range of criteria which includes, but not be limited to, qualifications, skills, diverse industry experience, background and other qualities relevant to the business of the Company and required to operate successfully in the position. Additionally, the Board may consider appointment of experts from various specialised fields such as finance, law, information technology, corporate strategy, marketing and business development, international business and operations management so as to bring diversified skill sets on board or succeed any outgoing director with the same expertise.
- The extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company.
- The nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment.
- Ability of the appointee to represent the company.
- Ability to work individually as well as a member of the Board and with the senior management.
- Influential communicator with power to convince other in a positive way.
- Ability to participate actively in deliberation and group processes.
- Strategic thinking and facilitation skills.
- Act impartially keeping in mind the interest of the company on priority basis.
- Criteria for determining independence.
- If the individual director whose performance is to be evaluated is a Public Interest Director (PID), the NRC, while evaluating the performance of such PID for recommending his name for nomination/re-nomination on the Board, shall also keep in mind the guiding criteria of performance review, evaluation mechanism, recommendation to SEBI for extension of PID etc. as laid down by SEBI in its circular No. SEBI/HO/MRD/DOP2DSA2/CIR/P/2019/26 dated February 5, 2019.

(b) Policy on directors' remuneration:

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

ANNEXURE - 5 TO BOARD'S REPORT

Annual Report of the CSR activities FY 2018 -19

1. NSE Group CSR Vision

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

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

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

The key focus sectors identified by NSE Group for social intervention and impact target the triply disadvantaged and underprivileged sections of our population. The key change and impact indicators in every programme strive to align with the nation's social development goals and the larger global sustainable development goals.

(a) CSR Focus Areas, Objectives and Goals

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

NSE, has currently identified three CSR areas as issues of concern to be addressed in the developmental landscape in India. They are (i) Primary Education, (ii) Elder Care, and (iii) Sanitation & Safe Drinking Water. In addition, during times of natural calamities and disasters, NSE strives to provide speedy relief and assistance to affected geographies and communities through contributions to the Prime Minister's relief fund, emergency disbursals 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 the most disadvantaged sections of the community by undertaking long term impactful programmes in education and elder care. Projects undertaken under these verticals are not onetime activities but are be on a programme mode with a long term timeline to achieve pre-determined goals and impact.

In addition to the focal areas of social intervention, a number of internal CSR activities such as environment 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 Focus Group of NSE.

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

(b) Primary Education

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

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

(c) Sanitation and Safe Drinking Water

The initiatives in WASH (Water, Sanitation and Hygiene) programmes are aligned to the goals of the Swacch Bharat Mission and the Swacch Bharat Swacch Vidyalaya. Under this, NSE Group supports sanitation projects in the schools, communities and 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.

(d) Elder Care

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

The area is challenging as this problem has not been taken up as an imminent issue. There are limited NGOs working on elderly issues to collectively empower elders in various aspects of their day to day life. Projects considered under the elder care segment focus on enhancing the holistic well-being of the underprivileged ageing population by awareness campaigns and 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.

(e) 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, market, corporate governance etc. as CSR activities provided that (1) they are with an educational or research institution and (2) they are in the Project mode and not a 'one off activity' and do not involve the creation of an endowment chair.

(f) 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 disbursals 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.

(g) Selection Criteria of Projects

The NSE Group CSR objectives have been identified basis the larger mandate of the Sec. 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility 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, confirmation to guidelines prescribed in Section135, programme evaluation, past track records and so on.

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

After the first phase of programme implementation, NSE Group CSR team had developed a reference framework based on the FINITE model to bench mark the projects. **F**ocused (in location /approach and sector), **I**nnovative (in design, concept and outcomes) **N**iche (Unique in approach, intervention and programmes) **I**mpactful (in quantitative and qualitative programme outputs and outcomes) **T**racked (in programme achievements, programme objectives involving NSE staff, NGOs, community and beneficiaries) and **E**ngaging (To all stakeholders community, company and beneficiaries due to uniqueness of methodology, engagements and tools).

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

(h) Monitoring and Evaluation of CSR Initiatives

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

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

(i) **Projects undertaken by NSE Group CSR during the FY 2018-19**

i. **Chunauti**

Project Chunauti, a field action project of TISS was initiated in 2012 on the direction of the Mumbai High Court in response to the gross abuse and neglect of children in Mentally Disabled Children's (MDC) Homes in Maharashtra. Project Chunauti is an effort to promote and protect the rights of these intellectually disabled, orphan children who are the most vulnerable group in society. Earlier, there was no vision for the rehabilitation and social re-integration of such children in Maharashtra. Project Chunauti has developed a rights-based model of intervention for mentally challenged, orphaned children with interventions like education, vocational training, counseling, development of individual care plans, training in life skills and efforts towards social reintegration into society. Inclusive education under Sarva Shiksha Abhiyan (SSA)-Right to Education (RTE) Act has been complied for children in MDC Home, Mankhurd. This was the first time that children with intellectual disability from a MDC Home attended regular school. A resource room has been created in the school where these children are attending school under SSA program. Children were provided special inputs in the resource room, which has helped them to cope with the regular school. Counselling sessions, occupational therapy, physiotherapy, remedial learning, skill development, various alternate therapies to provide emotional healing etc. are also conducted for the children.

The Project Chunauti team initiated replication of the Chunauti model in 19 more MDC homes across Maharashtra working with 353 stakeholders consisting of experts, Government officers, academicians, MDC Home functionaries etc. 593 children have been indirectly impacted through the replication process. Till date, 204 staff members from 11 MDC Homes have been trained to conduct assessments and design individual care plan for each child based on the individual requirements.

ii. **Educate Girls' programme**

This education project is supported since 2017 in 463 villages in three blocks of Ajmer, namely Bhinai, Jawaja and Silora. The project aims at ensuring the re -enrolment of out of schools (OOS) girls who have stopped attending school and those girls who have never been enrolled, retention of girls enrolled in schools and improving the learning outcomes of children studying in grades 3, 4 and 5. In order to improve learning levels (numeracy and literacy), a structured curriculum is implemented in schools for children (both boys and girls) using specially designed kits called Gyan Ka Pitara (GKP). The intended impact of the project supported by NSE Group is to increase enrolment of girls in schools, retain at least 85% of enrolled girls in school and improve learning outcomes for over 4,900 children studying in grades 3-5. The programme is undertaken by a cadre of unpaid community volunteers called associated with the organization. The second year of the project implementation is currently underway and 2,127 out of school girls have been enrolled in schools. Learning curriculum through GKP kits is being implemented in 226 schools to improve learning outcomes for around 5,800 children. To ensure institutional strengthening and leadership the project has formalized 331 SMCs and 201 Bal Sabhas (girl's councils) providing training and handholding support to around 3,420 SMC members and around 2,600 Bal Sabha girls.

iii. Education Activity Centre (Urban)

This project was a literacy programme for children aged 6 -14 years of construction, migrant and seasonal labourers in Pune bringing education through the Educational Activity Centers (EAC). The programme has completed three years of implementation. This is an attempt to include those children who are at risk of being drawn into the child labour force. The project also tracked drop out children due to migration of the family to new construction sites and helps them get admitted in schools near the areas they have shifted to. A total cumulative number of 1000 children benefited by this project and 132 children were tracked and 76 re-enrolled in schools.

iv. Eureka Super Kidz

This project benefits 2886 children in 100 villages of six districts in Tamil Nadu: Cuddalore, Kanchipuram, Thiruvallur, Thiruvannamalai, Trichy and Vellore to ensure quality education for children in grades 3-7 to promote achievement in basic skills of Tamil, Math, English and Science through an after school remedial education programme and for children in grades six to eight programme in basic skills of Math, English and Science through after school interventions with interested teachers focusing especially on children lagging in basic skills. The program also builds 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 intervenes through tinkering labs to provide a trigger for scientific temperament, health sessions for awareness on better nutrition, "Walk 'n' Talk English" program to help better engage the parents and community.

The project is in its third year of implementation. The total enrolment is 2635 children of which 417 are from the 28 tribal villages. The increase observed in enrolment has been 27%. There has also been an average of 50% improvement the skills taught to the students.

v. Fellowship Sponsorship Programme

This programme supports 60 teaching fellows drawn from various professions, 42 in Mumbai and 18 in Chennai drawn to teach in low income and Government schools. It is seen that embedding of such trained and skilled teaching fellows within the educational systems leads to a high transference of skill sets and improving of the overall educational ecosystem. This in turn leads to improved learning outcomes in numeracy and language of 2100 students.

Students are assessed on the Student Vision Scale which in addition to learning and improving the values & mindsets shapes how children choose to operate in the world and contribute towards making it better with better self-understanding. Emphasis is also placed on developing higher competencies in Maths. The learning outcomes for the students have shown an average reading level of 2.01 in Reading Comprehension (RC) assessments and an average 29% mastery in Math assessments. In addition to learning and other outcomes, the Fellow's leadership development journey is assessed on a Fellow Commitment Scale which measures 3 commitments Personal Transformation, Collective Action and Educational Equity.

The project, currently, in the third year has shown improved learning outcomes, increased measures on the Student Vision Scale at 23% and the Fellow commitment scale at 22% increase.

vi. Girl Child Education Programme

The NSE Group Girl Child Education project runs 100 out -of- school learning centres in 100 extremely remote villages of Purulia and Bankura Districts in West Bengal. The programme follows a cyclical approach in which the child is engaged for five years to build a strong learning foundation. This helps in enrolling them in regular upper primary schools and because of their conceptual proficiency, instances of drop out are reduced. The project objective is to improve access to quality education for out of school girls through learning centers and to improve learning outcomes for girls enrolled with learning centers and ensure their transition to formal schooling and continuing education. The project focus is on motivating children of remote tribal and other backward communities to join the learning centers. This project engages with the community at every step to ensure sustainability of the initiative and the learning centers are set up with the help of the community in the spaces provided by them to promote ownership of the programme. This project has reached 1627 girl children in and 1706 girl children in Purulia in its first year. Currently, 3183 girl children are enrolled in 100 centers. Around 98 community people have been trained and employed as teachers in these centers.

vii. Girls Empowerment through education training & action- GEETA

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

The project built capacities of teachers and School Management Committees (SMCs) through training and community mobilization and in turn strengthens the demand side of education. The programme improved the level of education with emphasis on improved reading, writing and speaking skills, retention of girls in schools, increasing attendance and reducing dropout rates.

viii. **Grow with Books- Rural**

The Project 'Project Grow with Books' was implemented in Mulashi taluka near Pune is in the third year of implementation. The NSE Group project aimed to bridge reading skills of 3400 children from 25 rural government zilla parishad schools. The community in this area comprises of small holding farmers, daily wage labourers and construction workers. The programme comprises of 4 distinct modules for children from grade 1 to 7. First Steps Forward is a 45 minute reading session conducted for grade 1 every day. Reading Classes for grade 2 -4. Each session of 90 minute every week conducted by book fairies, Home lending library for grade 1 -7. This programme is conducted in schools that already have reading classes in the lower grades to help strengthen the foundational reading skills. Bridge Classes for grades 2 - 4, children who are unable to read even grade 1 level text are included in these sessions. In end of the third year, 82% children from grade 1 who had an attendance of 80% or more were able to read their age and grade level.

ix. **Grow with Books- SMC**

The NSE Group– DSS SMC project was implemented in five municipal schools of Pune. The programme sought to increase participation of school teachers in the reading class sessions and the third component aimed to create awareness among the School Management Committees (SMC) regarding their roles and responsibilities so as to make it functional. The objective was to create a sustainable model where the SMC members strengthen and represent the voice of the community to demand quality educational services through the state delivery systems as well as participate in ensuring the delivery of upgraded services.

x. **Grow with Books- Mumbai**

This education project in Mumbai in 25 Municipal Hindi & Marathi schools reaches out to around 10,000 children living in urban slums. The children are first generation learners from low income families who have migrated to Mumbai. The programme has recently commenced its third year and seeks to enhance classroom transactions through four types of interventions run in the school along with capacity building of 376 MCGM school teachers and intervention through 66 trained facilitators, namely; (1) *First Step Forward*, which ensures reading and writing readiness for children in Std 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.

The programme has observed an overall improvement in 98% children in First step forward as they could read words and sentences according to the performance scale in the end of year two. 735 Children of grade I through First Step Forward lacking pre-school exposure learnt to read and recognize alphabets and *matras*. There is improved academic progress of 688 educationally backward children through Remedial Education Classes in Language and Math. The Reading Promotion Programme, Library & Home lending borrowing of books has reached 1310 children at the end of year two. The project has also improved self-esteem and participation at school level events through Bal Samuha or Children's Groups.

xi. **Leadership Training of the Panchayat Elementary Education Officers (PEEOs – Principals of Senior Secondary Adarsh Schools)**

The Principal training programme conducted in Jaipur, aims 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 about 4000 out of 6000 PEEOs have been trained to support and monitor schools for effective implementation of Child Centric Pedagogy (CCP) and Continuous and Comprehensive Evaluations (CCE) processes gradually impacting on the quality that is being delivered by the schools, at scale. PEEOs are now actively participating in workshops/meetings with DIET faculty to develop worksheets, summative tools, TLM 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 on children's evaluation methods was highly satisfactory.

xii. **Learning Enhancement Program for children in Disadvantaged Communities**

The project impacts around 14,500 children between 6 – 14 years in 120 communities in 5 cities of Maharashtra viz. Nagpur, Nashik, Thane, Pune and Aurangabad through support classes, library camps and parent education. The project is designed to assist children of grades 1 & 2 with early literacy and numeracy, also, improve learning levels in math and native language of children in grades 3-8. The program provides access to good quality books to all children in the targeted communities through a community library program. Support Classes provide academic intervention for grades 3-8 for specific competencies based on children's learning needs in Language and Math and has seen improvement in 85% children out of the 4334 children enrolled.

The project has been successful in the mobilization of two to three volunteers in each community to conduct the library program in all the 120 communities which has reached 12,356 children.

Under the Parents Education initiative, workshops have been conducted regularly on a monthly basis in each of the 120 communities and 6256 parents were provided with material and instructed on how to apply this material to engage with their children to enhance academic development. The project has seen a gradual increase in number of parents attending the workshop.

xiii. **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. 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 second year of implementation and currently reaches around 2700 students.

This in-school programme has placed trained fellows who teach the students in schools. Two manuals have been created for children to learn. One that focuses on the concepts of maths, 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 Maths and in English.

The programme includes community learning festivals which become spaces to create awareness and encourage education, learning and participation among out of school children, school administration and community members. 54 learning festivals have been conducted engaging more than 4000 children out of which 400 children were school drop-outs.

xiv. Muktangan: Adopt a municipal school programme

The adopt a school programme project has completed its two year term and supported two government primary schools, Globe Mill Passage Municipal School in Worli and the N. M. Joshi Marg Municipal School in Lower Parel. The students from the community accessing these schools and the teachers came from under-served urban communities with many of them being first generation learners with virtually no exposure to English. This is significant as the urban slum population in the country is growing due to migration. The project schools have been conceived as an innovative & integrated programme of both teacher and student education. The children experience a developmentally appropriate child friendly curriculum, with emphasis on the English language and the construction of knowledge by children is through activities and a high level of individual attention. Continuous parent involvement and special educators help students with learning disabilities. The idea is to deliver education through teachers from the community as they would be invested in the educational progress of the children and showcase that the state run schools can deliver quality output to citizens with the right inputs. The project reached 315 children who are enrolled in the primary sections of both the schools with 33 community teachers who have been given the course in teacher training.

xv. Prajwala: Strengthening the KGBVs of the state to ensure quality education for all (Madhya Pradesh)

This education initiative in 200+ Kasturba Gandhi Balika Vidyalayas of Madhya Pradesh. The programme is in its first year and is working to improve the quality of education delivered to the girl students studying in the grades 6-8 by improving both the learning environment in both the girls' hostels and the schools that they are enrolled in.

The programme aims to achieve its objective by placing community volunteers in the hostels for providing academic support and creating a conducive learning environment for foundational skills of literacy and numeracy for grades 6^{th} to 8^{th}. Further, training to the government teachers is provided to sustain the intervention along with capacity building of the School Management Committees which are properly oriented of their role encouraged to take responsibilities.

There is also a feature of advocacy to strengthen the state, district and block level administration to improve the quality of KGBVs by sharing regular progress of the programme with them by working closely with the senior administration to ensure improvements. Capacity building of the wardens is also included in the programme for creating a culture of collective learning in the hostels through creation of schedules for the girls when they get back from the school to the hostels.

xvi. Prajwala: Strengthening the KGBVs of the state to ensure quality education for all (Rajasthan)

Prajwala Project is being implemented in 200 KGBVs across the state of Rajasthan in a phased manner. The program is implemented in association with UNICEF as a technical partner. In phase one of the academic year 2018-19, the project activities are planned for 95 KGBVs across 13 districts to address the prevailing learning gap at different stages and ensure comprehensive development of the girls. The project also aims to strengthen the participation of School Management Committees (SMCs) for facilitating effective management of the schools and to sensitize the block/district and state level Government departments' officials so that the required academic support and monitoring is ensured resulting in improvement in quality outputs.

The project has just entered its second year of implementation and conducts its interventions in 73 KGBVs covering 11 districts with three NGO partners and Bodh by placing two local community volunteers trained as Academic Support Fellows (Field Facilitators). There are 146 such facilitators working in 73 KGBVs supporting the government teachers in remedial education classes as per plan. A 15 days residential training module has been conducted covering all 146 field facilitators on remedial teaching in three batches.

xvii. Rehli Shiksha Pahal Program (RSPP)

The project - Transforming Learning Outcomes in Primary Schools of Educationally Backward Districts - Rehli Shiksha Pahal Program (RSPP) seeks to upgrade learning opportunities for 8000 elementary school students in 214 villages and 150 schools in the Raheli block of Sagar district. Balmitra & Janmitra who are trained community youth, visit villages and engage the parents in dialogues about creating a positive learning atmosphere at home, ensuring the regularity of their wards to school. The Bal Mitras set-up and manage Community Learning Centres, while the Janmitras extends 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 wards.

Under the project, school teachers have been trained in creating and using TLMs based on Activity Based Learning methods. Formation and orientation of SMCs in the schools have been undertaken and active participation of the members is encouraged through regular meetings. Community Learning Centers have been developed in eight villages to help children with learning outside of school. 40 village meetings (Aam Sabha) have been conducted to introduce to the community program objectives and to create mass awareness about the importance of education.

The programme interventions has led to an increase in the learning levels of students and an increase in school attendance among children.

xviii. Saksham

Saksham 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 - 7 who lag behind the basic competencies in Language and Maths. The programme provides need-based input to children in an accelerated manner to enhance their learning competencies in basic literacy and Maths. The programme achieves its objectives by placing trained Shikshan Mitras or community volunteers to build capacities of teachers and head masters. The entire programme is implemented in close collaboration with the Tribal Development Department (TDD) to ensure sustainability. The project is currently in the second year of implementation. In the first year, training and capacity building sessions has been provided to 54 teachers and head masters of all the selected 18 Ashramshalas and reached 2534 students from grades 5 to7.

xix. Saksham: Quality Education for Age Appropriate Learning

The NSE Group project Saksham i.e. Quality Education for Age Appropriate Learning has concluded the third year of implementation and has impacted the learning levels of around 1500 children from government schools hailing from nomadic and notified tribes in 25 drought prone villages of Mehkar block of Buldana district in Maharashtra with high migratory patterns. The project was delivered by trained local youth through the learning centres as well as in the community. Through community led interventions ₹ 84 lakhs was released for school development. On the request of the education department and teachers additional children not covered under the project were identified and the learning material distributed after the training of close to 90 government school teachers who would then supervise them. 373 dropout children were tracked and 223 children were re-enrolled in schools under this initiative. In the third year additional WASH practices in 20 schools were implemented including two Ashramshalas.

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

The urban project 'Serving and Enriching Education for Under-privileged Urban Children' was designed to improve access and quality of primary education to the children from disadvantaged sections, enhance the capacity of stakeholders to deliver better quality of education and develop a holistic educational model for strengthening the demand side of Right to Education. The project areas are vulnerable slums in Pune and Thane cities and applies model of 'Children's Resource Center' (CRCs) or 'Shikshan Ranjan Kendra' that are established within the community thus bringing quality primary education within the reach of under-privileged children. There is special focus on education of girls and children from socially marginalized sections. The children are closely mentored by a cadre of trained Shikshan-Mitras (SM) or Youth Mentors which has resulted in creating a conducive environment for holistic learning to supplement education, provide minimum grade-appropriate learning and ensure literacy levels amongst the children through planned academic modules in addition to other life skills. The project has completed a three year term and has impacted total 884 children where 94% children have attained level based reading skills, 79% children have grade-appropriate 'language writing skills' and 83% children have grade-appropriate 'numeracy skills'.

xxi. **Serving and Enriching Education for Under-privileged Rural Children**

The project is a replication of the urban programme in the rural areas of Satara District with Children's Resource Centres (CRCs) spread over 16 villages within eight remote tribal hamlets. These tribal hamlets are home to 'Katkaris' who are primitive tribes and are designated as 'Particularly Vulnerable Tribal Groups' in Maharashtra. Another extremely marginalized group is 'Denotified and Nomadic Tribes' (DNT) who are stigmatized and face severe geographical & social exclusion. They are also known as 'Vimukta Jati Nomadic Tribes' (VJNTs) in Maharashtra. This Quality of Education project impacted 827 children especially the most vulnerable and hard to reach 115 'Katkari' and 219 DNT and VJNT children.

The project was delivered by the cadre of 16 Youth Mentors called 'Shikshan Mitras'. Due to the intense efforts at grass root level, significant improvement in age-appropriate learning was seen. 91% children have level based reading skills, 89% children writing skills and 87% children numeracy skills with increase in the attendance rates in schools.

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

The project is in the second year and the distinct feature is its keen focus on the disadvantaged children from the minority community, many of whom are unskilled migrant workers working in the unorganized power loom industry. The implementation of the project is through the 'Children Resource Center' (CRC) or 'Shikshan Ranjan Kendras'.

The CRCs are nested within the community and also in the schools which are managed by Shikshan Mitras or trained community youth. The Sikshan Mitras through home visits, meetings & community interactions, emphasize the importance of education, in particular that of girl children. Parents are also updated on the progress of learning of their children and the participation of children in various activities. In addition, Baal Panchayats which are formed in schools spread these messages through children within community and amongst parents.

To instill reading habits among children, libraries in schools have been strengthened with educational books and reading materials.

The project currently reaches out to 822 disadvantaged children with learning gaps. Community level rallies, street plays & puppet shows have been conducted to create awareness in communities about education. The project has identified and re-enrolled 40 school dropout children in the local government schools.

xxiii. Student Teacher Empowerment Program

The project which is implemented in the predominantly tribal and backward district of Sheopur in Madhya Pradesh reaches about 5200 students and 181 teachers in 40 government schools.

The program endeavors to build systemic capabilities in teachers, the government and the community to build a conducive learning environment for students. The project is implemented through 20 Shikshan Mitras 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. A student's portfolio is maintained and performance is tracked for addressing learning needs.

The project is in its second year and all 40 schools have at least one vibrant classroom prepared by the Shikshan Mitras. The overall improvement percentage is more than 30% in end line as compared to baseline.

Attendance records indicate 65% of the schools have reported an improvement of over 20% in student attendance, 64% teachers from all the 40 intervention schools have attended the training sessions and based on teacher feedback, 50% of students demonstrated improvement in general behaviour inside the classroom and handling of school property.

xxiv. Quality Education Programme

The programme has completed the third year term. It aimed to deliver a quality supplementary education programme for 1245 primary & middle school children from grade 3 -7 in nine Marathi medium municipal schools that focuses on academic performance, health, hygiene , gender equality, leadership reading and remedial classes for children with learning deficits. These students were from the disadvantaged and marginalized communities with most of them being first generation learners. The youth mentors implement the programme by using a specially created curriculum that uses sports and activities to improve attendance, life skills & values. The academic component of the programme which bridges the learning deficit in grades 5, 6 & 7 was implemented in collaboration with an NGO that has done extensive work in pedagogy and capacity building in education.

SANITATION and SAFE DRINKING WATER

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

This training programme is aimed at creating a group of 250 Master trainers from 514 Government Ashramshalas in all 4 tribal Additional Commissionerate offices (ATC) through a well-structured training programme for three days for each batch of 50 attendees. After the training, the master trainers who are Heads of the Ashramshalas, wardens, supervisors, government officials etc., organize 2 days training at the Government Ashramshala level for improvement of WASH Behaviour for students and staff and influence the augmentation and creation of WASH facilities in all the Government Ashramshalas in Maharashtra. The main objectives of the training programme proposal was to design and develop a module and schedule training of trainers, develop training material for training at Ashramshala and training of trainers for building capacities and creating a cadre of master trainers within the system.

xxvi. Improving sanitation for rural schools in Maharashtra

This school-based sanitation project which has completed its term improved access to sanitation in 30 schools in Akola and Nashik district of Maharashtra. The rationale behind the project was that lack of adequate sanitation in schools is a critical barrier to school attendance, particularly for girls. The project completed the targeted work of retrofitting sanitation facilities in the selected schools of rural and peri urban locations in Nasik and Akola benefiting around 4200 school children and staff. The project targets improved infrastructure of government school toilets in selected areas, along with safe drinking water, positive behaviour change towards adoption of hygienic sanitation practices and methods, capacitating rural poor families to stake a claim for better sanitation facilities in their neighbourhoods and schools from the government and initiation of community led monitoring and maintenance of toilets.

xxvii. Prajwala- Sanitation (Rajasthan)

The project Prajwala was designed to improve the status of Water Sanitation and Hygiene facilities (WASH) of 200 Kasturba Gandhi Balika Vidyalayas (KGBVs) in 33 districts of Rajasthan impacting around 60,000 girl children. Over a period of three years, the project aims to cover these 200 KGBVs through a partnership model with local NGOs, organizations such as UNICEF for technical support and the education department of Rajasthan for systemic support and sustainability. The key project objectives are retrofitted sanitation infrastructure, behaviour change communication (BCC), capacity building and training and development of Operations and Maintenance (O&M) protocols. This will, in turn, improve the usage and maintenance, enable adoption of appropriate practices around sanitation and hygiene including menstrual hygiene management, hand washing, personal hygiene etc. among the students.

The project has recently entered its second year of implementation. Behaviour Change Communication (BCC) sessions on various themes around WASH have been conducted throughout the year with around 7000 students for promoting their understanding and inculcating adequate change in WASH behavior. 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 72 schools. This kit includes cognitive reminders, posters, observation booklets, progress registers, activity kits like water testing kit, seed kit, accessories for improving practices like gloves, apron scarf, for cook etc. Capacity building of 140 teachers on WASH through training programmes and orientation of School Management Committee (SMC) in 17 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) in 72 schools and orientation of 1000 girls on issues around MHM has been undertaken.

xxviii. Prajwala- Sanitation (Madhya Pradesh)

This programme is an extension of Project Prajwala in 200+ KGBVs of Madhya Pradesh. The main objectives of the 'WASH compliant KGVBs in Madhya Pradesh' project is to ensure improved Knowledge, Attitude and Practices among students and teachers on various aspects of WASH in the KGVBs in Madhya Pradesh, retrofitting WASH infrastructure to make the KGVBs WASH compliant and develop systems for Operation and Maintenance (O & M) of WASH infrastructure in the KGVBs. NSE Foundation has signed a MoU with Rajya Shiksha Kendra (RSK), Government of Madhya Pradesh for this project UNICEF is the technical advisor to this project. The intervention will take place in 200+ KGBVs reaching more than 28,000 children.

Key activities have been the preparation of a detailed infrastructure assessment reports that was undertaken in all 51 KGBVs of phase 1 and validated by the government. In addition, preparation of a module for field facilitators for hygiene promotion which comprises of sessions on safe handling of water and food, hand washing, usage of toilet, solid and liquid waste management and personal hygiene to be used by facilitators while conducting sessions with the students. Information, Education and Communication (IEC) on appropriate sanitation and hygiene practices has been developed. The first round of Behaviour Change Communication (BCC) sessions has been completed in 51 KGBVs with 7,117 girls. 49 Child cabinets were formed/ re-formed in select KGBVs. Team of 20 field level animators have been trained on WASH aspects including Menstrual Hygiene Management (MHM) for implementing the software component of the project.

xxix. Promoting WASH Compliant Ashramshalas

The NSE Group project, 'Promoting WASH Compliant Ashramshalas' is a 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 if the 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 second year and around 50,000 Ashramshala students have been covered through the 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 which include group sessions on Menstrual Hygiene Management (MHM) with 5500 adolescent girls, hand washing sessions etc. In addition 1000 teachers have been trained on WASH practices, 474 SMC members have been trained and SMCs strengthened. Around 9,900 children of the Child Cabinets have been trained on leadership and peer learning strategies, and around 1800 government officials have been sensitized about the importance of WASH and the project objectives. Under the project intervention a total of 1104 WASH facilities have been retrofitted/repaired.

xxx. 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. Over a three year period, the program intends to capacitate 104 schools each year in planned phases 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. Building 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 this initiative the program aims to benefit approx. 39,141 Students, 1,900 teaching staff, 5,000 School Management Committee (SMC) members.

More than 751 teachers have been trained from 104 schools on importance of WASH in schools, their role, responsibility and methodology on imparting hygiene education. Trainings of the SMC members have been conducted wherein 589 members from 104 schools of phase 1, are trained on their roles and responsibilities, School Development Plan preparation and the advocacy strategies to adopt for leveraging school improvement funds. The student leaders from the Bal Sabhas in schools have been selected and 2127 such students have been trained on hygiene education and hygiene monitoring processes to catalyze change through peer influence and student monitoring. All phase 1 schools have students as ambassadors of WASH and re-playing a nodal role in spreading the practice of improved hygiene behavior among their fellow students. All selected schools have retrofitted, functional toilets and hand washing structures for students. To ensure safe drinking water, training on source and storage of drinking water, water quality testing, handling of water and kitchen management of mid-day meal schemes etc. of all schools has been conducted.

ELDER CARE

xxxi. Clean (Climate & Livelihoods Enhancement And Nutrition)

This project on Elderly Care is completed. The aim of this project was to create sustainable environmental protection by providing livelihoods and also enhancement of nutrition intake for 5391 members of 392 Elders Self Help Groups (ESHGs) in 04 districts of India – Supaul (Bihar), Purbi Medinipur (West Bengal), Yavatmal (Maharashtra) and Yadadri, (Telangana). The key activity under the project was to plant 26,955 trees with the objective to improve the livelihood of the elderly community so that the elderly community gain through supplementary earning through the fruit tree plantation activities. Also, it was expected that by planting trees, there will be an increase in water catchment and enhanced soil quality in the concerned areas over a period of time. Under this project a total of 26439 different varieties of fruit bearing plants have been planted. The location specific status of plantation is 5618 in Maharashtra, 7366 in West Bengal, 6805 in Telangana and 6650 in Bihar. The project has also achieved the establishment of liquid manure plants to promote organic farming

xxxii. Elderly Enrichment Centers

The Urban Elder Enrichment Centers Program is designed to provide holistic services for underprivileged senior citizens in the select wards of Mumbai through establishment of 'Elderly Enrichment Centers' (EEC). These centers provide physical and psychological recreational spaces of senior citizens in the community. Through these centers the project aims to build an enriching community at the ward level to facilitate care of the elderly by addressing the needs of around 3000 senior citizens and their families directly.

The project addresses physical, mental, social, recreational, educational and counselling needs of elderly. The initiatives are carried out through small group interactions, as well as individual guidance and support including home visits. Awareness on legal rights and prevention of elder abuse are undertaken through local community based organizations (CBOs). Group activities like yoga and other therapies are organized to prevent loneliness and social issues.

The project is in its third year of implementation and physical and mental health care management services like health check- up and camps, consultation referrals, low cost medications was availed by 871 elderly. The programme saw participation of 227 elderly in community group sessions on legal rights, government schemes; 71 elderly were given legal guidance individually. Linkages to avail government schemes such as SC ID cards, old age pension and procurement of eligibility documents- self -identity, residence/ income/ age certificates facilitated among 187 senior citizens. Yoga therapy has recorded 7715 regular senior citizen participation. Registration of 286 new members and outreach to

2145 in the community areas was carried out. There was also enhanced participation of 110 senior citizens as volunteers within the EEC related activities and support to senior citizen within the community thereby strengthening the elder for elders concept.

xxxiii. Nation Supports Elderly

The project is completing two years and aimed at increasing the awareness and access of senior citizens towards their rights and entitlements in Karra block of Khunti District in Jharkhand spreading over 25 villages. The programme is implemented on ground through Sarathi Centers with the help of trained Vridha Mitras who are the community youth. The centers serve as an information cum recreational center for the senior citizens wherein awareness and capacity is built through workshops, trainings and other sessions. Through the project 5000 senior citizens are being linked to entitlements such as Old Age Pension Schemes, Social Security schemes, like Ayushman Bharat Yojna, Health camps, etc. The programme works towards forming Elderly Self Help Groups (ESHGs) and links them with government schemes for enhanced income generation. The programme also advocates for the various concerns of elderly at the different levels (District and State) to widen the agenda of the Government and Civil Society Organization (CSOs).

xxxiv. Rashtriya Netra Yagna

This project seeks to reduce reversible blindness and treat eye diseases for elderly from the lower socioeconomic strata of the society especially hailing from rural areas. The senior citizens are reached through a network of eye hospitals and other NGOs located strategically in various parts of India which conduct eye health camps in rural areas and assist with the entire lifecycle from identification, facilitation of surgery and post-surgery care for the elderly patients. The programme also assists with rehabilitation of the elderly who are visually handicapped in the situations wherein permanent blindness cannot be cured.

The project is aligned with the government scheme: the National Programme for Control of Blindness. The interventions include: pre-surgery testing; cataract surgeries, post-surgery care and follow up and has benefited around 2400 senior citizens.

xxxv. Shraddha: Towards Active and Healthy Ageing

Project Shraddha – Towards Active and Healthy Ageing has taken shape from a need for establishing an alternate scalable model to mainstreaming elderly by restoring a sense of their own value, strength and their inherent capacity to handle life's problems. The project is implemented to enable conditions in families and communities in order to facilitate active ageing for elderly, without becoming a 'burden' to their families and society. It aims at promoting active and healthy ageing among elderly through self-help collectives in four blocks of four states: 1. Ghatanji (Yavatmal, Maharashtra) 2. Pochampalli (Yadari, Telangana) 3. Kolaghat (Purbi Midnapore, West Bengal) 4. Basantpur (Supaul, Bihar). The project is completing its second year and has ensured inclusion of 5415 elderly through 407 Elderly Self Help Groups (ESHGs). Apart from this, 5848 elderly have been enumerated to get access of rights and entitlements till date. 6949 elderly have been enumerated, 2603 identified and 673 were linked with various government schemes. 398 ESHG have gained access to bank through opening of savings bank account. 1546 elderly have benefitted through 8 poly centric knee devices camps and 310 cataract surgeries.

DISTRICT TRANSFORMATION STRATEGY

xxxvi. Aalambana: Towards Active Ageing

This project has completed its first year and currently works with 11,200 Rural Elderly Poor cumulatively to address primary considerations 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 10,635 elderly into 780 self-help collectives to engage better with existing/adapted livelihoods and providing for livelihood assets/restoration support. These groups have generated a cumulative savings of more than 27 lakhs which is used in inter-loaning. 505 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. Through the project Gram Chikitsa (Cluster Village Clinics) are established and cataract surgeries and poly-centric knee braces are provided for elders, through which 543 elderly have benefitted.

xxxvii. Akshara

A recently commenced education programme Project Akshara aims to reach 2155 students schools of Rameswaram Island in Ramanathapuram District of Tamil Nadu. The project objective is to bridge learning gaps of students in primary classes through support classes from grades 2 -5 in all the government schools of Rameswaram Island in Ramanathapuram district. The interventions would 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 for a period of three years to improve the learning levels of students in Maths, English and Tamil by the community teachers, who are community youth trained in innovative pedagogy.

xxxviii. 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 is concluding the first year. The project has been able to set up basic foundation and remedial education support centers in 107 (94%) primary schools of the block for enhancing the academic competency of 5275 children within the age group of 6 to 10 years. So far, 55 teachers selected from the communities have gained knowledge and skill of using accelerated teaching methodology for managing multi grade - multi level children at the center level and 90 government primary school teachers from 45 schools have trained on using Joyful Teaching Methodology in classrooms. Primary school teachers from 45 schools were trained on the importance of SMCs and School Development Plan (SDP) along with the process of preparing SDPs. 3972 community members have got sensitized on issues related to the rights and entitlements for their children along with the causes and consequences of social evils like – school drop-outs, child labour, child marriage, trafficking, child abuse etc.

xxxix. 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 addition, the project includes rain water harvesting structures in both community and individual for demonstration and piloting, rain water recharging structures, kitchen garden, soak pit and vermicomposting, demonstration of bio gas unit at individual households and schools, water quality testing and developing a system of Operation and Maintenance (O & M). 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 the Island Development Committee of Green Rameswaram promoted by the district administration.

xl. EQUIP Ramanathapuram Project (Education Quality Improvement Project)

The EQUIP (Education QUality Improvement Project) Ramanathapuram Project undertaken for 9350 children in 90 government schools and 90 out-of-school learning centers in Mandapam block, Ramanathapuram district of Tamil Nadu is nearing completion of its 1st year term. EQUIP Ramanathapuram 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.

In year one, the project has reached 3688 children across 50 schools and 40 villages during the academic year 2018-19. Learning festivals in more than 15 schools have been organized during the 2nd term and maximum participation from parents and local community was ensured. 57 local teachers (Shikshan Mitras) have been trained in innovative pedagogy and low cost teacher learning materials.

xli. Improving the Quality of Life of the Senior Citizens through Elder Self Help Group model

Recently NSE Group has commenced the implementation of a project focusing on the elderly in Nandurbar, Navapur, Akkalkuwa and Dhadgaon Blocks of Nandurbar district in Maharashtra. The project 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, selected under the district/block transformation approach.

The project would cover 60 villages in Nandurbar, Navapur, Akkalkuwa and Dhadgaon of Nandurbar district and will reach 3600 senior citizens. The focus would be on senior citizens residing in rural areas to help them with social, emotional and financial empowerment and a sustainable option for livelihoods through self-help collectives.

xlii. ODF Sapotra

The project envisages making Sapotra block of Karauli district (one of the aspirational districts) of Rajasthan Open Defecation Free (ODF) through community and school based WASH interventions. The objectives of this project are to improve WASH facilities in 175 schools and 49 Anganwadi Centres, improve hygiene practices among children in 175 schools and 49 Anganwadi Centres, generate demand for toilet construction in 1,250 households in Sapotra block and extend handholding support to 1,250 households for accessing Government support for construction of individual household toilets.

The project is in its first year and has initiated a rigorous behavior change communication action plan in the communities. Eight full day awareness campaigns were organised in 72 villages of 34 panchayats reaching out to 17,250 villagers with a focus on construction/ usage of toilets, safe drinking water, hand washing practices etc. 340 children have been inducted into the 170 school cabinets formed and 279 WASH Ministers and Child Prime Ministers of these cabinets have been oriented on hygiene practices. SMCs have been mobilized in 163 schools and their meetings have been regularized. 627 SMC leaders of 163 schools have been trained on their roles and responsibilities. 350 members of Village Health and Sanitation Committees have been trained on their roles and responsibilities, meetings have been initiated in 88 villages and Village Sanitation Planning initiated in 40 villages.

xliii. 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 centers of Nandurbar district. In the initial phase, the intervention covers 137 gram panchayats in the Nandurbar block. The project includes both hardware and software components in 157 Zilla Parishad schools and seven Ashramshalas aiming to reach 33700 beneficiaries with access to Water, Sanitation and Hygiene (WASH). The project focus is on developing WASH compliant institutions as per benchmarking standards (developed by UNICEF) in all Ashramshalas in Nandurbar block, the Swacch Bharat Swacch Vidyalaya Guidelines in all ZP schools in Nandurbar block and WASH facilities as per government prescribed standards in PHC, Anganwadis in Nandurbar block. The broader goal of the project is to ensure ODF sustainability of the Block in 3 years.

Initiatives such as a strong behaviour change communication(BCC) with the help of the panchayats and the communities, innovative practices to ensure ODF status in the community, ensuring individual household toilets and awareness of finance for the same will be undertaken through community volunteers called Swacchatagrahis and formation of Sanitation Committees called Nigrani Samitis. Masons have also been trained to avoid faulty technical and design related issues in construction of toilets and waste treatment chambers which is a major issue in implementing toilet technology in rural areas.

xliv. Promoting Sustainability of WASH facilities and child centered governance in schools

This 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 will undertake augmentation and retrofitting of WASH facilities such as toilets, urinals, hand washing stations etc., pilot demonstrations through retrofitting of toilets for children with special needs, restoration of safe drinking water points, rain water harvesting structures, installation of water purifiers including water quality testing, kitchen and waste management and development of systems for Operation and Maintenance (O&M) of WASH infrastructure in the schools. To ensure sustainability, focus will be on a systematic Behaviour Change Communication (BCC) programme, building capacity of stakeholders like the SMCs, Child Cabinet representatives, headmasters, teachers, mid-day meal organizers and sanitation staff around WASH and its O&M.

xlv. 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 Centers) and community of Thiruppullani block. The various activities of the project include augmentation and retrofitting of WASH facilities such as toilets, urinals, hand washing stations etc., 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/PHCs.

Under this project, efforts will be undertaken to maximize stakeholders' engagement, especially of Govt. officials for convergence and mobilizing their support and participation in project activities. Further, focus will be on Behaviour Change Communication (BCC) programme, building capacity and strengthen participation of various stakeholders in schools and community as a whole.

i. 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 senior citizens through strengthening their financial, social capital and health interventions. Facilitation, awareness building and linkages with entitlements and government schemes will be undertaken as well. Financial empowerment will also be carried out through elderly self-help groups (ESHGs) which would assist is self-sustenance and income generation for active elders. The health interventions would address the ailments of the elderly along with a health van/bus which will be going to each village and facilitate specific ailment health camps.

Under the project, a cumulative number of 13,920 elderly would be reached through various interventions. The project would support elderly self-help groups (ESHGs) which would include around 3000 senior citizens and assist in livelihood training and self-sustenance through income generation.

xlvi. Shikshan

The programme aims to improve language and numeracy skills through after school remedial classes for students from classes 1-5 in primary and upper primary sections of 175 government schools in Sapotra block, Karauli district of Rajasthan. In Phase 1, a school enrolment drive was conducted in 177 villages and 1,444 students out of school children were re-enrolled in schools. A baseline assessment was conducted to identify children with learning gaps and provided remedial support through 27 trained Shiksha Mitras in 60 schools for improvement in linguistic and numeracy skills in addition to life skills. Capacity building of 531 teachers has been undertaken to improve skills of 9,609 children enrolled in all 175 schools. 34 schools have been provided with Teaching and Learning Materials (TLM) benefitting a total of 2,340 enrolled children and 119 teachers. Five Utkrisht Vidyalayas (upper primary schools) have been equipped with educational tools through Building and Learning Aids (BaLA).

The programme also works to empower and educate School Management Committees (SMCs) to proactively work towards raising and resolving pertinent issues like lack of classrooms and teachers, irregular attendance of teachers, poor quality of midday meal, etc. 627 SMC members have been trained on their roles and responsibilities and around 40 SMCs have started leveraging funds from the panchayat funds and community to address issues such as lack of books, levelling of playground, monitoring mid-day meal etc. In 34 Gram Panchayat several meetings were conducted to ensure regularity of children in schools, reduce drop out, re-enrollment etc. approximately 18,756 community members participated in these meetings. Around 170 child cabinets were also initiated to inculcate a sense of participation, leadership and ownership of the schools in children.

xlvii. Shiksha Deep Prakalpa

This project plans to create sustainable community-led Supplementary Learning Centers (SLCs) to ensure equity and quality in education for primary school children within the Khoyrasol block in Birbhum District of West Bengal. The project will focus primarily on improving learning levels through Sikshan Mitras (SMs) of primary school children in the 10 Gram Panchayats of Khoyrasol, through demonstrable SLCs which would 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 participation in a child's schooling and education. The project will include setting up SLCs within community premises and provide learning support to primary level children before and after school hours in foundational literacies of Language and Maths.

The SLCs are envisaged as vibrant and attractive space within the community which will motivate children and parents to ensure regular attendance and participation. One of the key elements of the project will be BaLA (Building as Learning Aids). This is an innovative concept that improves learning through developing and providing a child-friendly, fun based physical environment in the school infrastructure that enables learning. Apart from the Supplementary Learning Centers, the programme will also conduct learning camps and Bal Melas to propagate the importance of education and learning within communities. The SMs will be community youth trained in innovative and child centered pedagogy.

xlviii. Sustainable Community ODF

The NSE Group project undertaken 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 recently commenced project includes activities such as retrofitting and repair of sanitation facilities in institutions such as schools, anganwadis and primary health centres. Use of individual household toilets and repair of the same to make it functional is undertaken with both individual and community support so that ODF status is sustained in the communities. Capacity building of all stakeholders including government officials is given importance and the panchayats are involved in all the ODF sustainability related activities. Hygiene education is imparted to schools students and community members through trained educators/facilitators. A key component of the project is to undertake advocacy with local administration for supporting the project with available resources at the local and district level.

xlix. Swaccho – Nirapad Parivesh (Clean and Safe Environment)

'Swaccho-Nirapad Parivesh' which means Clean and Safe Environment, 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. This will be achieved through retrofitting of existing sanitary infrastructure, hand washing stations, drinking water facilities and other WASH infrastructure in 116 primary schools, 68 Anganwadi centers including tribal schools/Ashramshalas reaching 77,979 beneficiaries. The project includes strengthening the capacities of local governance for sustained WASH and their commitment for achieving the objectives of Swachh Bharat Mission.

I. 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, rain water harvesting, creating drinking water storage, and solar mini pipe water supply scheme will be undertaken in this project so that selected schools and communities have the access to drinking water on the model of the Swajal model of the GoI which is a drinking water supply scheme, targeting unreached habitations of the aspirational districts which will be operated and maintained by the community.

The focus is on bridging the drinking water infrastructure gap and create a community model for sustainable operation and maintenance for the infrastructure through community mobilization and involvement of the local administration. An important component of this scheme is the skill development of youth so that there would be trained manpower in the communities for the operation and maintenance of all water related infrastructure.

Ii. Water Services and Systems Strengthening Project

This is a recently initiated project on Water Services and Systems Strengthening in Rajnagar and Khoyrasol blocks of Birbhum District in West Bengal. The project aims to provide safe and secure drinking water facilities to habitations and public institutions in Rajnagar and Khoyrasol blocks of Birbhum district, which is the district selected under the aspirational district transformation programme. Birbhum is an area where fluorine, iron and in some places arsenic is found dissolved in water therefore there is a requirement to provide cost effective solutions for clean drinking water in the affected areas through community participation.

The project will ensure access to safe drinking water through a community model and activation of Village Water Safety and Security (VWSS) groups that includes the village health, sanitation nutrition (VHNS) Committees. These Committees will be activated and trained to build sustainable operations around the project. To demonstrate a model scenario, activities like water resource strengthening, drinking water treatment, creating and/or repairing of water points, hand pumps and leach pits will be created within selected communities. The programme will also ensure access to safe drinking water in Anganwadi centres and in water quality effected schools. Field water testing kits will be provided to 15 Gram Panchayats and capacity will be built to the volunteer groups for water testing.

DISASTER RELIEF AND REHABILITATION

lii. Enabling Drought Free Villages in Nandurbar

Maharashtra has been hit by drought since the last few years impacting overall agricultural productivity, water security and sustainability of the society. The district of Nandurbar has been affected by moderate to severe drought due to scanty rainfall this year and the State government is making efforts to make Maharashtra a drought-free state by end of 2019. One such initiative is 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. The project will focus on de-silting of small and large water bodies which provide drinking water to nearby communities, provision of silt to farmers/ motivate farmers to cart silt and IEC/BCC on drinking water usage, handling, and storage practices. This desilting would encourage ground water recharge of nearby wells due to percolation of water into the ground. During the monsoon jointly with the forest department tree plantation would be encouraged in these areas through community mobilisation. The project will also include revival of Regional Rural Drinking Water Supply Scheme (RRWS) in 19 villages of Nandurbar in coordination with the district administration.

liii. Recovery and Disaster Risk Reduction actions on WASH (Kerala floods)

In response to the massive destruction in the aftermath of the Kerala floods last year, 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 to address the flood-related issues of WASH especially safe drinking. 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, 250 water quality testing kits were distributed to district administration workers and 20 water filtration units and 10 household filtration units were installed in hard to reach areas in 5 districts benefitting approx. 700 families. A module on landslide risk mitigation for panchayats has been developed. 300 government frontline workers have been trained on water quality testing and treatment and 280 PRI and community members have been trained on landslide risk management in 7 landslide prone/ affected districts. Further the project has commenced building of a cadre of 280 trainers on water quality testing and treatment in 7 worst affected districts and reaching out to 1750 community members through 70 short training capsule on basics of water quality testing and treatment. Additionally in the second phase community awareness for disaster preparedness and disaster mapping of the panchayats will be undertaken.

liv. Retrofitting of WASH and other infrastructure in GAJA Cyclone affected schools

In November 2018, the State of Tamil Nadu was hit by cyclone Gaja There was considerable loss of public and private property and many people were killed by the cyclonic storm, which led to this NSE Group project in GAJA cyclone affected schools of Nagapattinam and Thanjavur. The relief efforts has commenced in 30 government aided schools located in Thanjavur (Pattukottai and Orathanadu Blocks) and Nagapattinam districts (Kilvelur, Thirumarugal, Kolidam, Sembarankoil, Vedaraniyam and Thalainayar Blocks).

The interventions involve repair and retrofitting of damaged WASH and school infrastructure such as toilet blocks, hand washing stations, compound wall, classroom windows, roof etc. The activities would also include BCC, capacity building of SMCs, sanitation, and kitchen staff as well as an O&M protocol to sustain the efforts.

lv. Revitalizing and Retrofitting of Water and Sanitation Facilities (Kerala Floods)

This NSE Group project is a response to the massive destruction in the State of Kerala due to the floods during the month of July /August 2018. The project aims to retrofit and revitalize the school water, sanitation and hygiene infrastructure damaged by floods and also focus on Behaviour Change Communication (BCC) so that the upgraded school Infrastructure is operated and maintained in a sustainable manner so that the upgraded facilities are used by the primary stakeholders. The activities implemented across 15 schools of disaster affected Idukki district in Kerala focus to make the school functional, by revitalizing and retrofitting WASH and other damaged facilities. The project includes behavior change communication (BCC) activities to inculcate safe and hygienic practices in children. Retrofitting and redesign of the mid-day meal kitchens in some of the schools which were damaged and require minor repairs would also be undertaken. Major renovation works have been completed in six schools and are in progress in nine schools. More than 1200 children of six schools have been oriented on appropriate WASH related practices.

NSE CSR Focus Group

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

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

NSE Foundation

With the rapid increase in the number of CSR projects, it was felt that a separate and focused entity in the form of a Section 8 Company was required to create a measurable impact and enter into collaborations with on ground implementation partners for scale up 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://www.nscclindia.com/NSCCL/disclosures/resources/NSE_CSR_Policy.pdf

2. **The Composition of the CSR Committee of NSE Clearing Limited:** The current members of the Committee are Mr. Harun R Khan, Mr. Navin Kumar Maini and Mrs. Bhagyam Ramani. Mr. Harun R Khan is the Chairman of the CSR Committee of the Board of NSE Clearing Limited.

3. **Average net profit of NSE Clearing Limited for last three financial years (FY 2015-16, 2016-17 and FY 2017-18):** The average net profit of NSE Clearing Limited calculated pursuant to Section 135 read with Section 198 for last three Financial Years is ₹ 220,48,68,239/-.

4. **Prescribed CSR expenditure (2% of the amount as in item 3 above):**

   ₹ 4,41,00,000/-.

5. **Details of CSR spend of NSE Clearing Limited during the financial year 2018-19**

   (a) Total amount to be spent for the financial year 2018-19: ₹ 4,41,00,000/-

   (b) Amount unspent, if any for the financial year: ₹ Nil

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

   The Company is covered under the purview of Section 135 of the Companies Act, 2013 and hence it needs to spend 2% of its average net profit for identified CSR purposes. Since the contribution of the subsidiary companies of NSE Group is negligible and there would be efforts duplication if each individual Company within the group undertakes CSR activities on its own and difficulties in scaling up of these activities could arise, it was decided by the Boards of the respective Companies in NSE Group that CSR efforts for the Group be undertaken commonly and the actual spend be allocated to the respective Companies in proportion to their legal obligation.

   Therefore, a common CSR function was created under NSE as a group resource and the actual CSR spend was proportionately allocated to the respective Companies. However, the CSR Committees for these Companies which monitor the spend are separate. A common CSR policy was prepared and approved by CSR Committees and Boards of the respective companies. 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 could be established to create a measurable impact and enter into collaborations with on ground implementation partners for scale up of programmes. Accordingly, NSE Foundation was incorporated as a company under Section 8 of the Companies Act, 2013 on 5th March 2018 to which wholly committed but previous years unspent CSR funds have been transferred. Effective April 1, 2018, CSR projects of NSE group including the Company (i.e. NCL) are being implemented by the NSE Foundation.

Furthermore, during the year 2018-19, the Company has contributed ₹ 4.41 Crores being its CSR budget for the year based on 3 years average net profit in respect of FY 2015-16, 2016-17 & 2017 -18 to NSE Foundation to be spent on various CSR activities as stated in the CSR policy of the Company.

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	Amount outlay (budget) project or programs wise	Amount spent during FY 18 -19 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)
1	Various CSR activities as per the CSR policy approved by NSE	Various CSR sectors as per approved policy	Various places in India	4,41,00,000	4,41,00,000 (by tranfer to NSE Foundation)	23,12,34,086
The details of the amounts spent by NSE Foundation during FY 2018 -19 (including for projects committed by the Company before the formation of the Foundation) is given below:						
1	Education Activity Centre – Urban Pune	Primary Education	Pune City,District- Pune, State-Maharashtra	12,30,721	66,064	5,37,495
2	Project Grow With Books- Rural	Primary Education	Haveli-Mulashi Tehasil, District- Pune State- Maharashtra	24,88,362	1 ,79,656	12,78,080
3	Saksham- Quality Education for Age Appropriate Learning	Primary Education	District- Buldhana State-Maharashtra	30,15,344	73,398	21,45,023
4	Quality Education Program.	Primary Education	District- Thane State-Maharashtra	36,28,073	2 ,31,221	19,88,084
5	Project Chunauti	Primary Education	Mankhurd, Mumbai State-Maharashtra	28,13,534	4,90,221	17,37,499
6	Serving & Enriching Education To Under Privileged Children- Urban	Primary Education	Thane and Pune State-Maharashtra	43,04,263	4,12,460	24,65,964
7	Serving & Enriching Education To Under Privileged Children- Rural	Primary Education	Medha Dist- Satara State-Maharashtra	43,04,263	4,16,621	24,49,283
8	Integrated Social Assistance and Health Security for the Elderly	Elder Care	Mumbai and Chennai State-Maharashtra and Tamilnadu	33,95,000	-	27,15,393
9	Primary Education Program / Fellow Sponsorship Program	Primary Education	Mumbai, MH and Chennai, TN	1,12,67,165	40,37,406	54,22,747
10	Elderly Care Program	Elder Care	Lower Parel, Mumbai	38,34,632	7,81,266	12,57,641
11	Muktangan Primary School Programme	Primary Education	Mumbai, Maharashtra	30,51,366	8,71,997	15,19,300
12	School Partnership Programme	Primary Education	Mumbai, Maharashtra	57,21,284	22,32,088	29,97,313
13	Eureka Superkidz	Primary Education	Cuddalore, Kanchipuram, Thiruvallur, Thiruvannamalai, Trichy and Vellore Dist.,Tamil Nadu	63,52,928	28,68,794	39,87,902
14	Every Child in School And Learning Well	Primary Education	Nagpur, Nashik, Thane, Pimpri - Chinchwad and Aurangabad Dist, Maharashtra	53,04,274	18,60,228	32,98,431

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	Amount outlay (budget) project or programs wise	Amount spent during FY 18 -19 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)
15	Girl child educate programme	Primary Education	Purulia and Bankura Dist., West Bengal	98,61,841	20,90,225	25,38,594
16	Rehli Shiksha Pahal Program (RSPP)	Primary Education	Dist. Sagar, Madhya Pradesh	52,51,122	8,32,509	8,32,509
17	Educate Girls Program	Primary Education	Ajmer, Rajasthan	66,33,399	28,95,672	36,87,821
18	Saksham	Primary Education	Kalvan and Nashik	87,28,914	7,61,372	7,61,372
19	Girls Empowerment through education training & action- GEETA	Primary Education	Bahraich district, Uttar Pradesh	3,99,946	72,712	2,89,558
20	Shraddha – Towards Active And Healthy Ageing	Elder Care	1. Yavatmal, Maharashtra 2. Nalgonda, Telangana, 3. Purbi Midnapore, West Bengal 4. Supaul, Bihar	94,86,453	46,13,935	54,54,617
21	Nation Supports Elderly	Elder Care	Jharkhand	8,60,151	-	4,30,154
22	Piloting Sustainable WASH In School For Enabling Better Heath, Hygiene And Environment.	Sanitation	Nashik, Maharashtra	10,28,135	-	4,87,136
23	School Heath Project	Sanitation	Mumbai, Maharashtra	13,76,124	-	5,71,798
24	Improving Sanitation for Rural Schools in Maharashtra	Sanitation	Nashik and Akola, Maharashtra	18,01,393	3,56,791	8,28,273
25	Swachh Vidyalaya, Swachh Aadat	Sanitation	Dumka and Pakur Districts, Jharkhand	47,00,185	19,46,680	20,15,771
26	Promoting WASH Compliant Ashramshala, Maharashtra	Sanitation	Nashik District, Maharashtra	2,07,09,430	1,09,56,374	1,09,56,374
27	Humanitarian Assistance For Flood Affected Communities In Bihar, India	Disaster Relief	Bihar	13,84,230	-	12,05,176
28	Project Grow with Books - SMC	Primary Education	Haveli-Mulashi Tehasil, District-Pune State- Maharashtra	1,66,911	47,444	47,444
29	Orientation of the Principals of the Adarsh Schools	Primary Education	Jaipur State- Rajasthan	50,13,214	16,20,708	16,20,708
30	Project Prajwala- Wash Compliant KGBVs (MP)	Sanitation	All KGBV Madhya Pradesh	80,92,954	12,46,942	12,46,942
31	Project Prajwala - Swachh Balika, Swachh Vidyalaya: Validating Scalable Models for WASH in Schools	Sanitation	All KGBV Rajasthan	80,92,954	24,64,139	24,64,139
32	Serving and Enriching Education to Underprivileged Urban Children in Bhiwandi Nizampur and Malegaon	Primary Education	Malegaon and Bhiwandi Maharashtra	57,44,194	23,35,102	23,35,102
33	Project Prajwala - Education in KGBVs	Primary Education	All KGBV Rajasthan	1,05,77,689	2,02,705	2,02,705

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	Amount outlay (budget) project or programs wise	Amount spent during FY 18 -19 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)
34	Student Teacher Empowerment Program	Primary Education	Sheopur, Madhya Pradesh	47,17,005	23,86,871	23,86,871
35	Project Learning Orbit for Village Excellence in partnership	Primary Education	Udaipur, Rajasthan	44,20,794	15,61,596	15,61,596
36	Rashtriya Netra Yagna	Elder Care	22 District across 11 state	21,47,754	-	-
37	Capacity Building of Ashramshala staff and TDD officials on WASH	Sanitation	Nashik, Maharashtra	4,42,079	-	-
38	Improving Language and Numeracy skills in Primary schools of Sapotra Block in Karauli District of Rajasthan State.	Primary Education	Block Sapotra, District Karauli , Rajasthan	15,87,011	6,69,839	6,69,839
39	Project Alokito Shoishab (Enlightened Childhood)	Primary Education	Block Rajnagar, Districk Birbhum, West Bengal	10,58,918	7,06,777	7,06,777
40	Project EQUIP (Education QUality Improvement Project)	Primary Education	Block Mandapam, District Ramanathapuram, Tamilnadu	27,92,080	10,53,275	10,53,275
41	Working towards making Sapotra Block of Karauli district Open Defecation Free through Community and School based WASH interventions.	Sanitation	Block Sapotra, District Karauli, Rajasthan	18,61,387	-	-
42	Swaccho – Nirapad Parivesh (Clean and Safe Environment),	Sanitation	Block Rajnagar, Districk Birbhum, West Bengal	13,78,142	4 ,36,345	4,36,345
43	Aalambana – Towards Active and Healthy Ageing	Elder Care	Block Rajnagar West Bengal, Block Mandapam TamilNadu and Block Sapotra Rajasthan	57,45,242	14.,65,199	14,65,199
44	Project Prajwala - Education in KGBVs	Primary Education	All KGBV Madhya Pradesh	41,88,121	21,,47,722	21,47,722
45	Project "CLEAN" (Climate & Livelihoods Enhancement and Nutrition) for Elders	Elder Care	1. Yavatmal, Maharashtra 2. Nalgonda, Telangana, 3. Purbi Midnapore, West Bengal 4. Supaul, Bihar	4,47,449	-	-
46	Project for ODF sustainability in Nandurbar	Sanitation	Nandurbar Dist. Maharashtra	50,55,150	9 ,56,240	9,56,240
47	Sustainable Community ODF Program in Mandapam Block, Ramanathapuram District, Tamil Nadu.	Sanitation	Block Mandapam, District Ramanathapuram, Tamilnadu	39,49,351	19,78,142	19,78,142
48	Enhancing post-disaster Re-Habilitation and Recovery through Provision of Safe Water in Kerala	Sanitation	Wayanad, Idukki, Pathanamthitta, Allapuzha and Thrissur districts, Kerala	23,17,285	33,52,935	33,52,935
49	Enhancing post-disaster Re-Habilitation and Recovery through Provision of Safe Water in Kerala	Sanitation	Idukki district, Kerala	19,93,363	21,83,989	21,83,989

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	Amount outlay (budget) project or programs wise	Amount spent during FY 18 -19 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)
50	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	66,03,016	9,45,416	9,45,416
51	Project Samarthya: Elderly Care programme(55 Years+) in Nandurbar district, Maharashtra	Elder Care	Nandurbar, Navapur, Akkalkuwa and Dhadgaon blocks, Maharashtra	56,06,334	12,89,794	12,89,794
52	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	1,37,04,372	-	-
53	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	38,37,224	14,25,978	14,25,978
54	Akshara: Learning Centers for Primary Children in Rameswaram	Primary Education	Rameswaram Island, Ramanathapuram District, Tamil Nadu	15,57,315	2,93,088	2,93,088
55	ShikshaDeep Prakalpa	Primary Education	Khoyrasol Block, Birbhum District, West Bengal	36,50,346	7,47,865	7,47,865
56	"Promoting Sustainability of WASH facilities and child centered governance in the Schools of Rameswaram"	Sanitation	Rameswaram Island, Ramanathapuram District, Tamil Nadu	18,43,861	8,80,999	8,80,999
57	Promotion of Tiruppullani as Swachh and Swasth Block.	Sanitation	Thiruppullani, Ramanathapuram District, Tamil Nadu	56,06,334	12,68,923	12,68,923
58	Building Water Security for Green Rameswaram	Safe Drinking Water	Rameswaram Island, Ramanathapuram District, Tamil Nadu	18,93,695	8,39,643	8,39,643
59	Enabling Drought Free Villages through Integrated & Participatory Watershed Management in Nandurbar, Maharashtra	Disaster Relief- Safe Drinking Water	Nandurbar District, Maharashtra	93,43,890	52,60,193	52,60,193
60	"Samrakshana: Building Resilience among the Senior Citizens in Green Rameswaram"	Elder Care	Rameswaram Island, Ramanathapuram District, Tamil Nadu	39,24,434	-	-

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	Amount outlay (budget) project or programs wise	Amount spent during FY 18 -19 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)
61	Rehabilitation of 30 Government Schools affected by Gaja Cyclone at Nagapattinam District and Thanjavur District, Tamil Nadu	Disaster Relief for Gaja cyclone- Sanitation and Safe Drinking Water	Nagapattinam District and Tanjore District Tamil Nadu	16,19,608	20,62,719	20,62,719
62	CSR Focus Group	Various Activities*	Various places in India	-	91,080	3,80,758
63	Capacity Building	Capacity Building	Various places in India	-	32,53,824	48,14,970
64	PME**	Project Monitoring	Various places in India	-	26,15,245	29,88,888
				27,39,12,010	8,68,38,425	11,38,74,508

*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.

NSE Foundation, as the implementing agency, currently implements the above projects with the help of the 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 & implemented by NSE Foundation.

1	Aid India	16	Hand in Hand Inclusive Development and Services (HHIDS)	31	Samavesh Society for Development and Governance
2	All India Inst. Of Local Self Government	17	Helpage India	32	Sanskar Wahini Gram Vikas Shikshan Sanstha
3	Americares India Foundation	18	IIMPACT	33	Tata Institute of Social Sciences
4	Bodh Shiksha Samiti	19	India Society for Agribusiness Professional (ISAP)	34	Primove Infrastructure Development
5	Centre for Education	20	Indian Institute of Technology-Bombay	35	Teach For India
6	Centre For Environment Education (CEE)	21	Jal Seva Charitable Foundation	36	Vidhyarambam Trust
7	Charities Aid Foundation India	22	Jatan sansthan	37	Vikas Sahayog Pratishtan
8	Child in Need Institute (CINI)	23	Karuna Trust	38	Vikramshila Education Resource Society
9	Developmental Association For Human Advancement (DEHAT)	24	Learning Links Foundation	39	Vision Foundation India
10	Door Step Schools Mumbai	25	Magic Bus India Foundation	40	WASH Institute
11	Family Welfare Agency	26	Paragon Charitable Trust	41	Water For People
12	FINISH Society	27	Plan International (India Chapter)	42	Youth For Unity And Voluntary Action (YUVA)
13	Foundation To Educate Girls Globally	28	Pratham Education Foundation	43	Karadi Path Education
14	Gandhigram Trust	29	QUEST		
15	Gramalaya Trust	30	Registered Engineers for Disaster Relief – India (RedR- India)		

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 FY 2018-19, the prescribed CSR expenditure which is 2% of the average net profit of the last three financial years calculated pursuant to Section 135 of the Companies Act 2013, read with Section 198 was ₹ 4.41 Crores. However the CSR Committee had approved an amount of ₹ 7.35 Crores in FY 2018 -19 towards new projects to be undertaken by NSE Foundation. The over commitment of ₹ 2.94 Crores towards new projects will be met from the CSR budgetary allocation of subsequent years. This was done in order to ensure that the amount equivalent to the budget allocation for a particular year is spent in the same year for CSR purpose.

In the year under report, the above ₹ 4.41 Crores being the amount required to be spent to implement the Corporate Social Responsibility Policy of the Company in the manner laid down in sub-section (5) of section 135 of the Companies Act, 2013, the actual amount as transferred to NSE Foundation towards approved projects is ₹ 4.41 Crores leaving a shortfall of ₹ Nil which is 100% of the amount to be spent at the Company level .The CSR Committee of the Company approves the projects and continues to monitor the projects on an ongoing basis besides the Foundation Board.

Since the effective date of commencement of Section 135 of the Companies Act, 2013 namely April 01, 2014 up to March 31, 2019, the Company was required to spend a cumulative amount of ₹ 25.83 Crores and as against the same, the Company had fully committed the amount to specific CSR projects and actually spent ₹ 11.39 Crores up to March 31, 2019 leaving a balance unspent amount of ₹ 14.44 Crores which also will be disbursed as per the project milestones prescribed in the respective agreements with the implementation agencies over the next one to three years.

The second proviso to sub-section (5) of section 135 requires the company to specify the reasons for not spending the amount as above. The same is provided below.

The CSR obligation under Section 135 is a continuous obligation for a company like NSE Clearing Ltd which has been profitable year after year. Hence, CSR activities are also continuous over the years. NSE Group's intervention in Primary Education, Water Sanitation, Hygiene, Elder Care etc. has of late been in some of the most backward aspirational districts of our country as identified by NITI Aayog. In order to make the interventions sustainable and to make a tangible impact, the interventions have to be continued over the years. It is well documented that the initial physical progress and absorptive capacity of financial investment is slow in such sectors due to limitations imposed by geography and the dearth of physical and human resources at the level of scene of action.

The Company being mindful of maintaining highest standards of operational efficiency, financial propriety and the need to ensure delivery of end-products and outcomes of the highest quality, has also given precedence to sustainability over mechanical achievement of financial thresholds and there is steady improvement in making up on the gap.

The decision of the Group to establish a Foundation under Section 8 of the Companies Act, 2013, to carry out implementation and supervision of the CSR policies of the Group Companies was also actuated by a resolve inter alia to speed up the operations under the CSR policy so that the statutory financial thresholds are achieved without compromising the integrity of the delivery system.

In order to ensure and further accelerate CSR spend on an annual basis to catch up with the backlog and bring the spend in alignment with the requirement in the same year as early as possible, NSE Foundation has commenced making over commitment and soon hopes to achieve the said requirement.

The Company remains committed to meet its CSR obligations on an annual basis to the extent feasible and contribute to the social and equitable development of the Nation.

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

Vikram Kothari Managing Director	Harun R Khan Chairman, CSR Committee

ANNEXURE-6 TO BOARD'S REPORT

Report on Corporate Governance

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

Corporate Governance is the application of best management practices, compliance of law and commitment to values and ethical business conduct to achieve the Company's objective of enhancing shareholder value and effective discharge of its social responsibility. NSE Clearing Limited ("NCL" or "the Company" or "Clearing Corporation") is a company incorporated under the Companies Act, 1956. NCL is also a recognised Clearing Corporation under Securities Contracts (Regulation) Act, 1956 read with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 [SCR(SECC) Regulations, 2018]. NCL is required to comply with Securities Contracts (Regulation) Act, 1956, the Rules and Regulations laid down thereunder and the directives and circulars issued by Securities and Exchange Board of India (SEBI) from time to time for the purpose of its governance. As per Regulation 33 of the SCR(SECC) Regulations, 2018, the disclosure requirements and corporate governance norms as specified for listed companies are mutatis mutandis applicable to a recognised clearing corporation. In continuation of its pursuit to establish good corporate governance practice and for the information of its stakeholders, NCL is furnishing this Report for the financial year ended on March 31, 2019.

II. Board of Directors

A. Composition of the Board and Category of Directors

As on March 31, 2019, the Board consists of 7 Directors of which two are Shareholder Director (of which one is Managing Director) and five are Public Interest Directors. The Board of Directors in the Nomination & Remuneration Policy underscored the need for board diversity by stating that the Board shall have an appropriate combination of executive and non-executive directors and their appointments will be based on meritocracy in the context of skills, diverse experience, independence and knowledge which the Board as a whole requires to be effective keeping in mind SEBI prescribed norms such as qualification (in the area of law, finance, accounting, economics, management, administration or any other area relevant to the financial markets), at least one person having experience and background in finance /accounts who may preferably be inducted in the audit committee, persons currently holding positions of trust and responsibility in reputed organizations or person who have retired from such positions. Accordingly, the Directors are chosen from among eminent persons or experts in the field of law, finance, accounting, taxation, information technology, economics, commerce, management, etc. None of the Directors of the Company are inter-se related with each other. The Chairman of the Board of Directors is a non-executive Director. With the approval of SEBI, the Company has appointed Mr. Harun R Khan, a Non-Executive director as well as a Public Interest Director, as Chairman of the Board of Directors.

The composition of the Board is in conformity with SCR (SECC) Regulations, 2018 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

B. **Number of Board Meetings**

The Board of Directors met six times during the year on April 27, 2018, August 1, 2018, October 30, 2018, January 30, 2019, February 21, 2019 and March 7, 2019. The maximum gap between any two meetings was less than one hundred and twenty days.

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

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

Table No.1

(1) Details of Directors along with the Directorship(s) and Chairmanship(s)or Membership(s) of Committees in other companies for the year 2018-19:

Name of the Director	Category	Attendance Particulars			No. of Directorships/Chairmanships and Committee Chairmanships / Memberships			
		Number of Board Meetings during the year		Last AGM	Directorship(s)/ Chairmanship(s)* [Reg.17A of SEBI LODR Regulations] (Listed entity)	Directorship(s)/ Chairmanship(s)* [Reg.17A of SEBI LODR Regulations] (unlisted entity)	Committee Membership(s)** [Reg.26(1) of SEBI LODR Regulations]	Committee Chairman-ship(s) ** [Reg.25(1) of SEBI LODR Regulations]]
		Held	Attended					
Mr. Harun R Khan	Public interest Director	6	6	Y	2 (1. Bandhan Bank Limited' 2. NSE Clearing Limited)	-	2	2
Mr. Salim Gangadharan	Public interest Director	6	6	N	2 (1. The South Indian Bank Limited, 2. NSE Clearing Limited)	1	1	-
Mr. Navin Kumar Maini	Public interest Director	6	6	Y	2 (1. Ugro Capital Limited, 2. NSE Clearing Limited)	2	2	-
Mr. C VR Rajendran	Public interest Director	6	5	N	1 (1. NSE Clearing Limited)	1	2	-
Mrs. Bhagyam Ramani (appointed w.e.f June 1, 2017)	Public interest Director	6	6	N	5 (1. Gujarat Sidhee ement Limited, 2. Saurashtra Cement Limited, 3. Lloyds Metals and Energy Limited, 4. Capri Global Capital Limited, 5. NSE Clearing Limited))	5	7	-

Name of the Director	Category	Attendance Particulars			No. of Directorships/Chairmanships and Committee Chairmanships / Memberships			
		Number of Board Meetings during the year		Last AGM	Directorship(s)/ Chairmanship(s)* [Reg.17A of SEBI LODR Regulations] (Listed entity)	Directorship(s)/ Chairmanship(s)* [Reg.17A of SEBI LODR Regulations] (unlisted entity)	Committee Membership(s)** [Reg.26(1) of SEBI LODR Regulations]	Committee Chairman-ship(s) ** [Reg.25(1) of SEBI LODR Regulations]]
		Held	Attended					
Mr. J. Ravichandran (appointed w.e.f November 17, 2017)	Shareholder Director	6	6	Y	1 (1. NSE Clearing Limited)	10	1	-
Mr. Vikram Kothari, Managing Director (appointed w.e.f Nov. 7, 2017)	Executive Director	6	6	N	1 (1. NSE Clearing Limited)	-	–	–

Y= Yes; N=No

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

** Memberships/Chairmanships of only the Audit Committee and Shareholders Relationship/Grievance Committee of all Public Companies have been considered.

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

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

D. **Responsibilities of the Board**

The Company conducts orientation programs for new Directors covering various operations of the Company so as to familiarise themselves with the various functions being carried out by the Company. The details of familiarization programmes imparted to independent directors are given in the Company's website at the following location: https://www.nscclindia.com/NSCCL/disclosures/resources/Familiarisation_programme_18_19.pdf

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

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

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

A quarterly report on compliance of various laws, rules and regulations, to which the Company is subjected, is placed before the Audit Committee for its review. The Audit Committee from time to time reviews the report and gives suggestions for improvement of compliance level/process. On its review, a consolidated report on a quarterly basis is placed before the Board at its subsequent meetings. Besides the above, the compliance certificate as envisaged in Regulation 17 of SEBI (LODR) Regulations, 2015 is also provided to the Board by the Managing Director and the Chief Financial Officer.

E. **Code of Conduct**

A code of conduct for Directors and Senior Management Personnel of the Company is framed. They have affirmed compliance with the Code of Conduct. As per the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Code of Conduct has been hosted on the website of the Company. The Managing Director of the Company has affirmed to the Board of Directors that the Code of Conduct has been complied by the Directors and senior management personnel and the same is attached herewith and forms part of Corporate Governance Report.

As per the requirement of the SEBI (LODR) Regulations, 2015, the code of conduct, has been hosted on the website of the Company at https://www.nscclindia.com/nsccl/disclosures/resources/nsccl_code_board.pdf

F. **Independent Directors**

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

(2) Attributes

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

(3) Tenure

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

(4) Freedom to Independent Directors

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

In the opinion of the Board, the independent directors fulfil the conditions specified in SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and are independent of the management

G. **Remuneration of Directors**

In order to align compensation levels with market levels and at the same time attract, retain and motivate Directors of the quality required to run the company successfully, the compensation being paid to Managing Director is periodically reviewed and revised. The remuneration includes both fixed and variable components. The Company pays only sitting fee to its non-executive Directors. The terms and conditions of appointment of independent directors, Public Interest Directors and Shareholder Directors are governed by the provisions of the Companies Act, 2013 & Rules laid down thereunder, Securities Contracts (Regulation)(Stock Exchanges and Clearing Corporations) Regulations, 2018, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the circulars issued thereunder by SEBI. The terms and conditions of service in respect of the Managing Director of the Company are governed by the resolution passed by the shareholders, provisions of the Companies Act, 2013 & Rules laid down thereunder, Securities Contracts (Regulation)(Stock Exchanges and Clearing Corporations) Regulations, 2018 and the circulars issued thereunder by SEBI.

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

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

A. The variable pay component will not exceed one third of the total pay.

B. 50 % of the variable pay will be paid on a deferred basis after 3 years.

C. ESOPs and other equity linked instruments will not form part of the Compensation.

D. The compensation policy shall have malus and claw back arrangements.

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

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

The details of remuneration paid to the current Managing Director during FY 2018-19 are given in Table 2 below:-

Table No.02

(₹ in crores)

Name & Designation	Salary & Allowances	Variable Pay	Perquisites in cash or in kind	Contribution to PF and other	Total
Mr. Vikram Kothari Managing Director	1.09	0.07	0.03	0.04	1.23

Excludes 50% of the Variable Pay of ₹ 0.07 crore to be paid on deferred basis after 3 years

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

Table No.03

Name	Board meetings		Board Committees meetings		Total
	No. of meetings attended	Amount (₹)	No. of meetings attended	Amount (₹)	
Mr. Harun R Khan, Chairman	6	600000	36	3225000	3825000
Mr. Salim Gangadharan	6	600000	23	2075000	2675000
Mr. N. K. Maini	6	600000	27	2425000	3025000
Mr. C VR Rajendran	5	500000	19	1625000	2125000
Mrs. Bhagyam Ramani	6	600000	23	2075000	2675000
Mr. J. Ravichandran	*	*	*	*	*

*As per the decision taken by the Board, the employees of NSE who are Directors on the Boards of its subsidiaries are not eligible for sitting fees from such companies. NCL is one of the subsidiaries of NSE. Mr. J Ravichandran, being an employee of NSE, is NSE's representative on the Board of NCL. Accordingly, he was not paid any sitting fee for the Board or committee meetings attended by him.

III. Committees of the Board

(A) Audit Committee

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

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

The Audit Committee originally consisted of Mr. Harun R Khan, Mr. C VR Rajendran, Mrs. Bhagyam Ramani and Mr. J. Ravichandran as its members with Mr. Harun R Khan as its Chairman.

The Audit Committee was re-constituted on January 30, 2019 and it currently comprises four Directors viz., Mr. Harun R Khan, Mr. Salim Gangadharan, Mr. C VR Rajendran and Mrs. Bhagyam Ramani as its members with Mr. Harun R Khan as its Chairman. The Committee met four times during the year i.e., April 27, 2018, August 1, 2018, October 30, 2018 and January 30, 2019 respectively. The details of the attendance of members of the Audit Committee at their meetings held on the above dates are given in Table No.4 hereunder:-

Table No.4:

Name	Number of meetings held during the tenure of the member	Number of meetings attended
Mr. Harun R Khan	4	4
Mr. Salim Gangadharan#	-	-
Mr. C VR Rajendran	4	3
Mrs. Bhagyam Ramani	4	4
Mr. J. Ravichandran@	4	4

@ Ceased to be a member of the Committee w.e.f. January 30, 2019

Inducted as the member of the Committee by the Board on January 30, 2019 held after the conclusion of Audit Committee meeting. Since then, no meeting of Audit Committee was held during the FY 2018-19.

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

All members of the Audit Committee have requisite accounting and financial management expertise. Mr. Harun R Khan, Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on June 08, 2018 to answer shareholders queries.

(B) Nomination & Remuneration Committee (NRC)

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

The Nomination & Remuneration Committee (NRC) originally consisted of Mr. N. K. Maini, Mr. Harun R Khan, and Mr. J. Ravichandran as its members with Mr. N. K. Maini as its Chairman.

The NRC was subsequently re-constituted on January 30, 2019 and it currently comprises three Directors viz., Mr. N. K. Maini, Mr. Harun R Khan and Mr. C VR Rajendran as its members with Mr. N. K. Maini as its Chairman. The Board of NCL in its meeting held on February 21, 2019 decided to induct Mrs. Bhagyam Ramani as a member on NRC to ensure quorum requirement since the respective PID, whose terms expire in May, 2019('retiring PIDs'), were recusing himself from the NRC in respect of his performance evaluation. Accordingly she attended one meeting i.e. on March 7, 2019 in which the evaluation of performance of retiring PIDs were taken up. The Committee met six times during the year i.e., April 6, 2018, April 26, 2018, January 29, 2019, February 21, 2019, March 7, 2019 and March 26, 2019 respectively.

The details of the attendance of members of NRC at their meetings held on the above dates are given in Table No.5 hereunder:-

Table No.5:

Name	Number of meetings held during the tenure of the member	Number of meetings attended
Mr. N. K. Maini	6	6
Mr. Harun R Khan	6	6
Mr. C VR Rajendran#	3	3
Mr. J. Ravichandran@	3	3
Mrs. Bhagyam Ramani	1	1

@Ceased to be member of the Committee w.e.f. January 30, 2019.

Inducted as the member of the Committee by the Board on January 30, 2019 held after the conclusion of NRC meeting

Mr. N. K. Maini, the Chairman of the Nomination & Remuneration Committee, attended the Annual General Meeting (AGM) held on June 08, 2018 to answer shareholders queries.

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

(C) Risk Management Committee

In terms of SEBI requirements, the Clearing Corporation is required to constitute a Risk Management Committee inter alia to formulate a detailed risk management policy. The Board has constituted Risk Management Committee to formulate risk (settlement related risks) management policy and to monitor its implementation, to review the strategic and business risk (non- settlement risks) and to advise the Board with respect to the same. The Committee originally comprised three Directors viz., Mr. Salim Gangadharan, Mr. C VR Rajendran and Mrs. Bhagyam Ramani as its members. Mr. Salim Gangadharan is the Chairman of the Committee. Mr. Harun R Khan was inducted to the Committee w.e.f. April 27, 2018. Subsequently, the Risk Management Committee was reconstituted on

January 30, 2019 comprising Mr. Salim Gangadharan, Mr. C VR Rajendran, Mrs. Bhagyam Ramani and Prof. Ananth Narayan as its members with Mr. Salim Gangadharan as its Chairman. During the year, the Committee met 4 times i.e., on April 27, 2018, July 31, 2018, October 29, 2018 and January 29, 2019.

(D) Stakeholders Relations Committee

The Stakeholders Relations Committee was constituted by the Board of NSE Clearing Limited in its meeting held on January 30, 2019. It consists of Mr. Harun R Khan, Mr. N. K. Maini and Mrs. Bhagyam Ramani as its members with Mr. Harun R Khan as its Chairman. No meeting of the Stakeholders Relations Committee was held during the 2 months period since its constitution. The amendment to provisions of SEBI (LODR) Regulations, 2015, brought into force from April 1, 2019, mandates that the Committee shall meet at least once in a year the compliance of which will be ensured during the current FY 2019-20.

(E) Corporate Social Responsibility (CSR) Committee

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

The CSR Committee originally consisted of Mr. Harun R Khan, Mr. N. K. Maini, Mr. J. Ravichandran and Mr. Vikram Kothari as its members with Mr. Harun R Khan as its Chairman. The Committee was subsequently reconstituted on January 30, 2019. The CSR Committee currently consists of Mr. Harun R Khan, Mr. N. K. Maini, and Mrs. Bhagyam Ramani as its members with Mr. Harun R Khan as its Chairman. The CSR Committee met 3 times i.e. on April 26, 2018, August 1, 2018 and October 29, 2018 and all the members attended the meeting.

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

SEBI Mandated Committees

(i) Advisory Committee

(ii) Regulatory Oversight Committee

(iii) Standing Committee on Technology

(iv) Membership Selection Committee

(v) Investor Grievance Redressal Committee

Other Functional Committee(s):

1. Pricing Committee

IV. Auditors

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

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

V. Secretarial Audit

The Company has engaged the services of M/s. BNP & Associates., Practicing Company Secretaries, to conduct Secretarial Audit pursuant to the requirements of the Companies Act, 2013 and the rules laid down thereunder for the financial year ended March 31, 2019. Further, pursuant to Regulations 24A of SEBI(LODR) Regulations, 2015 read with SEBI circular dated February 08, 2019, an Annual secretarial compliance report, issued by the M/s. BNP & Associates is also attached to the Board's Report as Annexure-2. The report of the Secretarial Auditors is being placed before the Audit Committee and the Board. The Annual Report containing the Secretarial Audit Report as well as the Annual Secretarial Compliance Report is also circulated to the Shareholders of NCL.

VI. Management Discussion and Analysis

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

VII. CEO/ CFO certification

The Managing Director and CFO certification of the financial statements for the financial year 2018-19 is enclosed at the end of the report.

VIII. General Shareholder Information

(A) Annual General Meeting: The 24th Annual General Meeting of the Company will be held on Wednesday, June 26, 2019 at 02:30 p.m. at the Conference Room, Ground Floor, 'A' Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051

(B) Financial year: 2018-19

(C) Dividend Payment date: within 5 days from the date of declaration by the shareholders at the ensuing AGM Proposed dividend for financial year 2018-19: ₹18/- per equity share of ₹10/- each

(D) Registrar and Transfer Agent:

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

M/s. Link Intime India Pvt. Ltd, C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400083. Tel. No.022-4918 6270

(E) Share Transfer system: The equity shares of NCL are in dematerialised form. Further, the ISIN of equity shares is suspended by NCL to prevent transfers not approved by NCL pursuant to Article 63 of its Articles of Association and to ensure compliance of the provisions of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018. Therefore, if and when application for approval of transfer is received adherence to compliance of SECC Regulations will be ensured.

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

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

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

(I) Compliance Officer- As on March 31, 2019, Mr. Ravindra Mohan Bathula is the Chief Compliance Officer of NCL.

IX. Other Disclosures

(1) Basis of related party transactions

The transactions with related parties are entered in the ordinary course of business and at arm's length price. The details of the related party transactions are disclosed in the Annual Report. The 'Policy on dealing with related party transactions' of the Company is available on the website of the Company at the following location: http://www.nscclindia.com/nsccl/disclosures/resources/nsccl_Policy_on_Materiality_and_Dealing_with_Related_Party_Transactions.pdf

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

None

(3) Vigil mechanism / Whistle Blower Policy

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

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

In addition to the above, NCL also complies with non-mandatory requirements of Part E of Schedule II prescribed under Regulation 27(1) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 like maintaining a Chairman's office at the Company's expense, reimbursement of expenses incurred by Chairman in performance of his duties, dissemination of financial results to the shareholders, unqualified financial statements, direct reporting of internal auditors to the audit committee, etc.

(5) Subsidiary Companies

As on 31st March 2019, NCL has one wholly owned subsidiary namely NSE IFSC Clearing Corporation Limited.

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

NCL follows the guidelines of Accounting Standards laid down by the Central Government under the provisions of Section 133 of the Companies Act, 2013 in the preparation of its financial statements.

(7) Communication with Shareholders

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

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

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

(8) Redressal of shareholders' complaints

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

X. General Body Meetings

Location, date and time of the general meetings held in the last three years till March 31, 2018:-

Type of meeting	Date	Time	Venue	Special Resolution passed
Extra-Ordinary General Meeting	July 26, 2018	10.00 a.m.	Conference Room, Ground Floor, 'A' Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051	Change in name of the Company
Annual General Meeting	08- June-2018	5.15 p.m.	Conference Room, Ground Floor, 'A' Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051	-

Extra- Ordinary General Meeting	22-August-2017	11.00 a.m.	Board Room, Fifth Floor, B-1 Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra- Kurla Complex, Bandra(East), Mumbai – 400 051	-
Extra- Ordinary General Meeting	17- July-2017	3.00 p.m.	Board Room, Fifth Floor, B-1 Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra- Kurla Complex, Bandra(East), Mumbai – 400 051	Extension of term of Appointment of Mr. T. Venkata Rao as Managing Director
22nd Annual General Meeting	22-June-2017	4.15 p.m.	Board Room, Fifth Floor, B-1 Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra- Kurla Complex, Bandra(East), Mumbai –400 051	-
Extra- Ordinary General Meeting	6-Dec-2016	11.30 a.m.	Board Room, Fifth Floor, B-1 Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra- Kurla Complex, Bandra(East), Mumbai – 400 051	Alterations to Articles of Association of the Company
21st Annual General Meeting	20-July-2016	02.30 p.m	Board Room, Fifth Floor, B-1 Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra- Kurla Complex, Bandra (East), Mumbai – 400 051	-

The Company did not pass any resolution through postal ballot in the last year.

The requirement of passing any resolution by postal ballot is not applicable to NCL as the number of shareholders of NCL is less than 200.

XI. Certificate on compliance of corporate governance norms

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

XII As required under Clause 10(i) of Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirement) (Amendment) Regulations, 2018, NCL obtained a certificate from a Company Secretary in practice that none of the directors on the Board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The same is given as an Annexure to the Board's Report.

XIII The Board has accepted recommendations of its committees, made during FY 2018-19, which are mandatorily required to be accepted.

XIV. The details of the total fees for all services paid by NCL and its subsidiary, NSE IFSC Clearing Corporation Limited, on a consolidated basis, to M/s. Khandelwal Jain & Co., Chartered Accountants, the statutory auditors of NCL and all entities in the network firm/ network entity of which the statutory auditor is a part are given below:-

Particulars	NSE CLEARING Limited (NCL)	NSE IFSC Clearing Corporation Limited (NICCL)
As auditor :		
Audit fees	12,00,000.00	-
Tax audit fee	4,40,000.00	-
Limited review	4,50,000.00	-
In other capacity :		-
Taxation matters	9,57,000.00	75,000.00
Certification matters	2,35,000.00	50,000.00
Other services	50,000.00	
Total	**33,32,000.00**	**1,25,000.00**

XIV. The disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are given in the main part of the Board's Report under Sr. No.3.2

XV. A declaration signed by Managing Director stating that the members of Board of Directors and Senior Management Personnel have affirmed compliance with the code of conduct of board of directors and senior management is attached herewith and forms part of the Corporate Governance Report.

CERTIFICATE

This certificate is issued pursuant to Clause 10(i) of Part C of Schedule V of SEBI(Listing Obligations and Disclosure Requirement) (Amendment) Regulations, 2018.

On the basis of documents and explanations given to us by the Company/ Director, we hereby certify that **none** of the following directors on the Board of **NSE CLEARING LIMITED** ("the Company") have been debarred or disqualified from being appointed or continuing as directors of Company by the SEBI, Ministry of Corporate affairs, Reserve Bank of India or any other Statutory Authority**:**

- Mr. Harun Rasid Khan **(DIN-07456806)**
- Mr. Salim Gangadharan **(DIN-06796232)**
- Mr. Navin Kumar Maini **(DIN-00419921)**
- Mr. Rajendran Chinna Veerappan **(DIN-00460061)**
- Mrs. Bhagyam Ramani**(DIN-00107097)**
- Mr.Jagannathan Ravichandran**(DIN-00073736)**
- Mr. Vikram Kothari**(DIN-07898773)**

Place: Mumbai
Date: 14th May, 2019

For N. L. Bhatia & Associates
Practicing Company Secretaries
UIN: P1996MH055800

Bharat Upadhyay
(Partner)
FCS: 5436
CP. No. 4457

CODE OF CONDUCT

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

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the code of conduct for the Financial Year 2018-19.

For the purpose of this declaration, Senior Management Personnel means Key Managerial personnel appointed under the Companies Act, 2013, Key Management Persons appointed under SCR (SECC) Regulations, 2018, Chief Compliance Officer and Chief Information Security Officer as on March 31, 2019.

Signature:

Date: April 30, 2019 | Name: Vikram Kothari

Place: Mumbai | Managing Director

MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion & Analysis

Global economic activity after an intermittent expansion in the year 2017 began to signal a weakening trend towards the second half of 2018. This trend began in the Eurozone and then spread across most of the developed world except the United States, weighed down by the rising trade tensions between the US and China, sluggish economic performance of some of the major countries in Europe and Asia and the resultant overall weakening of financial market sentiments. According to the yearly IMF's World Economic Outlook forecast, the global growth rate for 2018 has been lowered to 3.6% (from earlier 3.7%) with a downward bias for the subsequent years. Global growth could potentially drop further in the near-term due to events, like an escalation in the ongoing trade war, a no-deal Brexit, and incremental weakness in economic data across many countries.

While it is believed that the advanced economies have driven the decline in global growth projections for the medium term, the current slowdown in emerging and developing economies including India is believed to be more of a temporary phenomenon.

Indian economic overview

In the above context, however, the innate strength of the Indian economy continues to differentiate itself among peers, with a steady rate of ~7% growth for the fifth year in a row since 2014-15, making it the fastest-growing large economy in the world, and a bright spot in the global economic landscape. Across sectors, Services remain the top contributor of economic activity, with 54% of the total value-add (GVA), followed by Industry (30%), and then Agriculture at 16%.

While aggregate demand continues to be consumption-driven (~57% of national income), there are signs of a revival in investment too, with growth improving for the third consecutive year, ~10% in 2018-19, as per CSO Estimates. With both public and private sector investments poised for substantive growth across various sectors in the economy, there is huge potential for overall growth of the financial markets in terms of capital raising and inflows from domestic and foreign investors. Mobilisation of savings, which remain dominated by bank deposits for now, should be further augmented with the overall easing of inflation in the economy, followed by domestic interest rates.

In FY19 the Gross fiscal deficit as a share of GDP stood at ~6% of GDP (compared to 6.6% in FY18). Revenue deficit as a share of GDP also improved due to increase in tax revenue collections and implementation of GST. India's external account has been stable with the current account deficit remaining below 2% of the GDP consistently for the past 4 years. Towards the second half of FY19, crude oil price fell sharply and market sentiments improved towards emerging markets amid the pause in Fed rate hikes and the easing of trade tensions between US and China. This helped ease India's external balances, and led to a stabilization and subsequent recovery in foreign portfolio flows. The recovery was especially visible in early calendar 2019 as investors increased allocations to emerging market bond and equity funds. India's foreign exchange reserves were at US$ 412 bn at the end of March 2019. As a result, the import cover ratio an important indicator of a country's external sector vulnerability stood at a healthy 10.3 months.

Capital Market Scenario and its impact on NSE

Indian capital markets have been among the best performers among peers in FY19 both in terms of flow of funds and returns to investors. Market benchmark NIFTY rose ~15% over the year as compared to major global indices such as S&P500 (+7.3%) and NASDAQ (+9.5%).

However, markets did witness a few challenges in the year, ranging from the liquidity crisis in the NBFC space that has yet to stabilize, ongoing US-China trade war, and a renewed rise in crude oil prices. These factors posed an overhang on foreign portfolio inflows, but market performance was sustained by substantial inflows from domestic mutual funds, through both debt (~Rs.4 trn) and equity (~Rs.8 trn) channels.

On the capital raising front, an amount of ~ Rs. 6 trn was raised in FY19. The SME platform saw significant activity in FY19, with 106 SME IPOs that collectively mobilised Rs.16 bn. Public bonds saw renewed momentum with 26 issues raising Rs.4 trn marking a five-year high.

Key government initiatives:

- **Insolvency and Bankruptcy Code introduction** in 2016 has been one of most effective reforms to resolve the NPA problem for banks, and has helped create a structured framework of capital protection for the sector.
- **Improving business ecosystem:** India scaled up from rank 100 to rank 77 (a jump of 23 places) in ease of doing business index in the year 2019 as per the World Bank's doing Business Indicators.
- **Goods and Services Tax** launched in July 2017, with the vision of creating a unified market. The GST Council, has addressed issues so as to smoothen the flow of input tax credit, rationalizing tax rates, relief to small enterprises in terms of filing of returns and deferment of Reverse Charge Mechanism, leading to a boost in stimulating business confidence.
- **Foreign Direct Investment:** India today is one of the most open economies in the world, with almost 100% FDI policy permission under the automatic route for almost all major sectors. Net Foreign direct investment was US$ 33 bn in FY19.

Outlook:

The outlook for the Indian economy is optimistic especially with the backdrop of political stability, strong fundamentals such as low current account deficit and rising forex reserves, low inflation and high GDP growth rate, as compared to other major emerging market economies. The IMF has projected that the Indian economy will grow at a rate around 7.5% in FY21.

With strong economic fundamentals, India continues to be an attractive destination for investments. The advanced economies other than US are yet to recover from the global financial crisis, although the medium term outlook remains positive, in contrast to the EMEs, where it is subdued. The sluggish rate of global economic growth so far has warranted successive downward adjustments to forecasts the world over, raising concerns of a 'secular stagnation'. Against this backdrop, however the outlook for the Indian economy strong macroeconomic fundamentals and political stability are expected to bolster the investment climate, with a significantly positive impact on the capital markets.

Similarly, extant product and asset classes would continue to evince interest. It is also expected that there would be interest in new asset classes as well as new products and services. Technological innovations, robust risk management systems and a strong regulatory framework would continue to be the key drivers for the securities market.

Risks and Concerns:

While the fundamentals of the Indian economy remain strong, the domestic capital market and especially the inflow of foreign funds are to a large extent susceptible to developments in the global economy. However, with continuity policy reforms, improving domestic growth, and a turnaround in the global economy, these risks would be largely mitigated.

Internal control systems and their Adequacy

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

However, key macroeconomic risks remain, as listed below:

Global Risks:

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

Domestic Risks:

1. Continuing concerns regarding non-performing assets in the banking sector
2. Upcoming general elections could have an impact on the policy agenda
3. Risks of deficient monsoons could have a significant impact on agricultural produce
4. Volatility in international crude oil prices could impact inflation
5. Regulatory changes in general and the impact of interoperability in particular.

Financials

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013, Indian Accounting Standards (Ind AS) and as per the applicable Accounting Standards laid down by the Institute of Chartered Accountants of India and as notified under the Companies Act, 2013. A well-known and reputed firm of Chartered Accountants performs the audit and they have confirmed that our practices are as stringent and complete as internationally.

Financial performance (2018-19)

During the year 2018-19, the total revenue has increased by around 2.23% from ₹ 372.55 crores for the year 2017-18 to ₹ 380.86 crores for the year 2018-19.

The total expenditure for the year 2018-19 was ₹ 112.23 crores as compared to ₹ 121.23 crores for the year 2017-18, a decrease of around 7.42 % over the previous year.

The total Profit Before tax for the year 2018-19 was ₹ 268.63 crores as against ₹ 251.32 crores for the year 2017-18, increased by around 6.89% over the previous year.

The total Provision for tax (including deferred tax) for the year 2018-19 was ₹ 96.11 crores as against ₹ 92.49 crores for the year 2017-18.

The total Profit after tax for the year 2018-19 was ₹ 172.51 crores as against ₹ 158.83 crores for the year 2017-18, increase by around 8.61% over the previous year.

The total Comprehensive Income for the year 2018-19 was ₹ 172.32 crores as against ₹158.60 crores for the year 2017-18, increase by around 8.65% over the previous year.

Operating Revenues

Clearing & Settlement charges

NSE Clearing Limited (NCL), a wholly owned subsidiary of the National Stock Exchange of India Limited (NSE), carries out the clearing and settlement of the trades executed in the CM, F&O and CD segments of NSE. The clearing & settlement charges for the year 2018-19 increased by around 15.84% from ₹ 122.49 crores for the year 2017-18 to ₹ 141.89 crores for the year 2018-19.

Interest & Other Investment income

During the year 2018-19 the total investment income decreased from ₹ 235.75 crores for the year 2017-18 to ₹ 222.95 crores for the year 2018-19.

Other Operating Revenues

During the year 2018-19, the other operating revenues increased from ₹ 14.28 crores for the year 2017-18 to ₹ 15.52 crores for the year 2018-19.

Expenditure

Other expenses

During the year 2018-19 other expenses were at ₹ 80.38 crores as against the other expenses of ₹100.63 for the year 2017-18 which also include CSR expenditure of ₹ 13.92 crores pertaining unspent amount of CSR expenses upto March 17 spend during Year 2017-18.

Employee cost

Employee related expenses for FY 2018-19 was ₹ 27.68 crores which was ₹ 17.22 crores for the year 2017-18. During the year, certain employees of NSEIL were deputed to the Company for IT management and consultancy, accordingly, Salaries, wages and bonus of Deputed Staff pertains to amount reimbursed by the company to The National Stock Exchange of India Limited (NSEIL) in respect of employees made available to the company. For the year 2018-19, the total employee cost as a percentage to total income was 7.27% and as a percentage of expenditure was 24.67% which is comparable to the industry standards.

Depreciation

Depreciation increased by around 23.47% from ₹ 3.38 crores for the year 2017-18 to ₹ 4.17 crores for the year 2018-19.

Financial Statement as on March 31, 2019

Share Capital

The total paid up capital of the Company as on March 31, 2019 is ₹ 45 crores divided in to 4,50,00,000 equity shares of ₹ 10 each.

Reserves & Surplus

The total other Equity as on March 31, 2019 is ₹ 443.87 crores comprising General reserve of ₹ 244.71 crores, Capital Redemption Reserve of ₹ 10.00 crores and balance in P&L A/c of ₹ 189.16 crores.

During the year, the Company 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.

Thus the total Net worth of the Company as on March 31, 2019 is ₹ 488.87 crores (excluding contribution to Core SGF) and ₹ 1473.33 crores (including contribution to Core SGF and contribution to Settlement Guarantee Fund (SGF)-Commodity derivatives) and the book value is ₹ 108.64 per share (excluding contribution to Core SGF) and ₹ 327.41 per share(including contribution to Core SGF and contribution to Settlement Guarantee Fund (SGF)-Commodity derivatives)

Core Settlement Guarantee Fund (Core SGF)

Securities and Exchange Board of India, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, inter-alia, has issued norms related to the computation and Minimum Required Contribution (MRC) to the Core Settlement Guarantee Fund by the Clearing Corporation (minimum 50%), Stock Exchange (minimum 25%) and members (maximum 25%). Further SEBI vide circular CIR/CFD/FAC/62/2016 dated May 05, 2016 advised Stock Exchange to transfer 25% of its annual profits to Core SGF. Accordingly total Core SGF as on March 31, 2019 is ₹ 2786.92 crores comprising of: a) ₹ 734.46 crores contributed by NCL by appropriating reserves / profits b) ₹ 376.15 crores received from NSE towards Core SGF. c) Member's contribution to Core SGF amounting to ₹ 361.93 crores is utilised out of the amount received from NSE towards 25% of its annual profits upto August 2015 d) The balance amount of 25% of Exchange profits amounting to ₹ 327.51 crores is credited to Core SGF e) ₹ 60.04 crores, ₹ 28.35 ,crores and ₹ 26.07, crores adjusted towards incremental requirement of Minimum Required Corpus (MRC) from the interest accrual on the cash contribution by NCL, NSE and NSE`s Contribution on behalf of members respectively. In addition to the above, Fines & penalties collected by NCL amounting to ₹ 485.71 crores and an amount of ₹ 386.70 crores being Income from investments of Core SGF funds have been credited to Core SGF.

NCL's own contribution to Core SGF for the quarter and year ended March 31, 2019 amounting to ₹ NIL and ₹ 17.46 crores respectively, (for the quarter ended Dec 31, 2018 ₹ 5 crores , for the quarter and year ended March 31, 2018 ₹ Nil and 192 crores respectively) have been appropriated out of profits.

Deposits from members & Clearing Banks (Unsecured)

The total deposits from members & Clearing Banks as on March 31, 2019 stood at ₹ 788.31 crores as against ₹ 768.14 crores as on March 31, 2018.

Fixed Assets

Total Gross Block as on March 31, 2019 was ₹ 36.05 crores. Total Accumulated depreciation up to March 31, 2019 was ₹ 25.24 crores. Net fixed Assets (including Capital W.I.P) were ₹ 63.40 crores.

Investments

The prudential policy of the Company permits to invest both long term and short term surplus funds in to deposits of highly rated banks, bonds issued by the Central / State governments, institutions and various corporates, debt oriented schemes of high performing mutual funds and select Exchange Traded Funds. As on March 31, 2019 the total non-current investments were ₹ 75.00 crores as against ₹ 70.00 crores as on March 31, 2018. Current investments were ₹ 365.50 crores as on March 31, 2019 as against ₹ 327.05 crores as on March 31, 2018, increase of ₹ 43.45 crores.

Other Non-Current and Current Assets

Total other assets (non-current and current) as on March 31, 2019 stood at ₹ 10,025.02 crores mainly comprising of cash and bank balances in current and Fixed Deposits amounting to ₹ 9886.74 crores, interest accrued on investments and Fixed Deposits amounting to ₹ 63.04 crores, trade receivables amounting to ₹ 9.66 crores.

Other Non-Current and Current Liabilities

Total other liabilities (non-current and current) as on March 31, 2019 stood at ₹ 6214.82 crores mainly comprising of Settlement Obligations payable ₹ 3489.82 crores, Margins from Members ₹ 4260.21 crores.

Taxation

The total Provision for tax (including deferred tax) for the year 2018-19 was ₹ 96.11 crores (net off tax on contribution to Core SGF) as against ₹ 92.49 crores for the year 2017-18.

Events occurring after the balance sheet date.

There are no transactions of material nature that have occurred after March 31, 2019 which could have any impact on the financial performance of the Company for the year 2018-19.

CEO – CFO CERTIFICATION

To,
The Board of Directors
NSE Clearing Limited

We, Vikram Kothari, Managing Director and Amit Amlani, Chief Financial Officer of the NSE Clearing 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, 2019 and that to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the auditors and the Audit committee

   i. significant changes, if any, in internal control over financial reporting during the year;

   ii. significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Mumbai	**Vikram Kothari**	**Amit Amlani**
April 30, 2019	**Managing Director**	**Chief Financial Officer**

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members
NSE Clearing Limited

We have examined all relevant records of **NSE Clearing Limited** (formerly known as National Securities Clearing Corporation Limited) (further known as the Company) for the purpose of certifying compliance of the disclosure requirements and corporate governance norms as specified for the Listed Companies for the financial year ended 31st March 2019. 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 recognised Clearing Corporation. We have obtained all the information and explanations to the best of our knowledge and belief, which were necessary for the purpose of this certification.

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 disclosure requirements and corporate governance norms as specified for listed companies.

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]

Place: Mumbai
Date: 24.04.2019

Avinash Bagul
Partner
FCS No.5578 ; CP No. 19862

ANNEXURE -7(i) TO BOARD'S REPORT

STATEMENT PURSUANT TO RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sr. No.	Name & Qualifications	Age in years	Designation/ Nature of Duties	Remuneration Received		Experience (No. of years)	Date of Commencement of Employment	Last Employment
				Gross	Net			
1	Mr. Vikram Kothari # CA ICWA.	48	Managing Director	12241345	7711007	23	November 7, 2017	Executive Director J P Morgan Chase Bank
2	Mr. Ravindra Bathula # LL.B.	49	General Counsel & Chief Compliance Officer	9382016	5920551	25	December 1, 2016	General Counsel National Stock Exchange of India Limited
3	Mr Natarajan Ramasamy# CFA, FRM Diploma in Business Finance, M.Sc	59	Head-Risk Analysis & Operations	12885094	6703545	34	December 1, 2016	Head - Clearing & Settlement National Stock Exchange of India Limited
4	Mr Huzefa Mahuvawala ACA	41	Vice President	11713861	7273992	19	December 1, 2016	Asst. Vice President National Stock Exchange of India Limited
5	Ms. Rana Usman # M.Com., PGDBM	48	Head - Clearing & Settlement	10512410	6699706	24	December 1, 2016	Sr. Asst. Vice President National Stock Exchange of India Limited
6	Mr R Jayakumar M.A., FCS, LL. B	52	Senior Vice President & Company Secretary	8727538	5715630	28	September 1, 2017	Assistant Vice President National Stock Exchange of India Limited
7	Ms. Hima Bindu Vakkalanka MBA	45	Vice President	8056699	5296166	23	September 1, 2017	Asst. Vice President National Stock Exchange of India Limited
8	Mr. Nilesh Tinaikar MMS	46	Vice President	8336130	5206165	24	September 1, 2017	Asst. Vice President National Stock Exchange of India Limited
9	Mr. Amit Amlani MBA DBM	42	Associate Vice President & Chief Financial Officer	5842144	3709690	19	September 1, 2017	Chief Manager National Stock Exchange of India Limited
10	Mr Sijo Eluvathingal CA	37	Associate Vice President	3463403	2347381	13	September 1, 2017	Senior Manager National Stock Exchange of India Limited

Notes:

1 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.

2 Besides the above, leave encashment amounting to ₹ 244405, ₹ 768013, ₹ 397095, ₹ 60460, ₹ 556642, ₹ 96076, ₹ 281832, ₹ 712366, ₹ 992673 was paid to Mr. Ravindra Bathula, Mr Sijo Eluvathingal, Mr Huzefa Mahuvawala, Mr Natarajan Ramaswamy, Ms Rana Usman, Mr R Jayakumar, Ms Hima Bindu Vakkalanka, Mr Nilesh Tinaikar and Mr Amit Amlani respectively.

3 Employees, whose names are marked with # are Key Management Personnel under SCR(SECC) Regulations, 2018 of SEBI. Their remuneration excludes 50% of their Variable Pay to be paid on deferred basis after three years.

4 Mr. Vikram Kothari was appointed as Managing Director for a period of three years with effect from November 7, 2017.

5 None of the employees mentioned above is a relative of any Director.

6 All Employees are in permanent employment of the Company on contractual basis governed by the employment terms & conditions and service rules.

7 None of the above employees is holding any equity share in the Company within the meaning of clause (iii) of sub-rule 2 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

8 The Company does not have any Employees Stock Option Plan (ESOP) Scheme for its employees.

ANNEXURE -7 (II) TO BOARD'S REPORT

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

The disclosures pertaining to remuneration in terms of Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 27 (6) of SCR (SECC) Regulations, 2018 are as per the details provided below.

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

Director's remuneration: ₹ 1,54,80,000

Employees' remuneration: ₹ 17,53,28,889

Median of employees' remuneration: ₹ 9,96,887

The ratio of remuneration of the Managing Director to the median remuneration of the employees of the Company for the financial year is 15.53 X

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

The percentage increase in remuneration of Managing Director, Company Secretary and Chief Financial Officer in the financial year is around 3.2%, 19% and 12% respectively.

iii. **The percentage increase in the median remuneration of employees in the**

Financial year

Last year's median: ₹ 11,24,901

Current median: ₹ 9,98,450

The percentage decrease in the median remuneration of employees in the financial year is around 11.24%. The remuneration under points (i) to (v) of these disclosures (except iv), excludes 50% of variable pay, payable to Key Managerial Personnel (defined as per the Companies Act, 2013) on a deferred basis as per SEBI norms and accumulated leave encashment, where applicable.

iv. **The number of permanent employees on the rolls of the Company**

As on March 31, 2019, there are 86 employees on the rolls of the Company.

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

Apart from performance based normal increment, there was no other additional salary revision was given in FY 2018-19.

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.

INDEPENDENT AUDITORS' REPORT

To the Members of NSE Clearing Limited *(formerly known as National Securities Clearing Corporation Limited)*

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of NSE Clearing Limited *(formerly known as National Securities Clearing Corporation Limited)* ("theCompany"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). 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 independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Legal matters and uncertain tax positions As of March 31, 2019, the Company has various ongoing litigations on legal matters and proceedings with tax authorities involving uncertain direct and indirect tax positions. Refer note 33 and 34 to the standalone financial statements. Uncertain direct and indirect taxpositions There are various direct and indirect tax cases against the Company, including disallowance of certain expenses under income tax, applicability of service tax on certain services etc. 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 standalone financial statements.	Our audit procedures related to legal matters and uncertain tax positions included– • 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; • Obtaining details of litigations on legal matters and uncertain direct and indirect tax positions. • Reviewing orders and management responses thereto. • 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; • Reviewing expert's legal advice/opinion obtained by the Company's management for evaluating certain legal and tax matters; and • Evaluating competence and capabilities of the experts. Based on the above procedure, we noted that the Company has reviewed the above pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its standalone financial statements.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

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

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.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism 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 financial controls 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 system 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

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.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure 'A'**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other

Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure 'B'**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at March 31, 2019 on its financial position in its standalone financial statements – Refer Note 34 to the standalone financial statements.

ii. The Company did not have any long term contracts including derivatives contracts for which there were any material foreseeable losses - Refer Note 35 to the standalone financial statements.

iii. There were no amounts which were required to be transferred to theInvestor Education and Protection Fund by the Company during the year ended March 31, 2019 - Refer Note 36 to the standalone financial statements.

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration Number:105049W

Narendra Jain
Partner
Membership Number: 048725

Place: Mumbai
Date : April 30,2019

Annexure A to Independent Auditors' Report of even date on the standalone financial statements of NSE Clearing Limited

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statement for the year ended March 31, 2019. We report that:

i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

b) The Company has physically verified the fixed assets in accordance with a program of verification which in our opinion provides for physical verification of all fixed assets at reasonable intervals. We have been informed that no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable property in its name.

ii) The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of clause 3(ii) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi) The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii) a) According to the information and explanations given to us and on the basis of records examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other statutory dues, wherever applicable. According to the records of the Company, there were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, the dues of Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Custom, Duty of Excise and Value Added Tax which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

Sr. No.	Name of the Statue	Nature of the Dues	Period to which the amount related (Financial Year)	Amount (₹ in crores)	Forum where dispute is pending
1.	Income Tax Act, 1961	Income Tax and Interest thereon	1996-1997	0.06	Joint Commissioner of Income Tax
2.	Income Tax Act, 1961	Income Tax and Interest thereon	2010-2011	0.86	Commissioner of Income Tax (Appeals)
3.	Income Tax Act, 1961	Income Tax and Interest thereon	2011-2012	0.44	Commissioner of Income Tax (Appeals)
4.	Chapter V of Finance Act, 1944	Service Tax (including penalty)	July 2012 to June 2017	74.20*	Company is in the process of filing appeal before 'Customs, Excise and Service Tax Appellate Tribunal' (CESTAT)

* plus applicable interest

viii) The Company has not taken any loan from banks, financial institutions or government and the Company has not issued any debentures. Therefore, the provisions of clause 3(viii) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

ix) The Company has not taken any term loans and has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause 3(ix) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.

xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and section 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.

xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause 3(xiv) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore, the provisions of clause 3(xv) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

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

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration Number: 105049W

Narendra Jain
Partner
Membership Number: 048725

Place: Mumbai
Date: April 30,2019

Annexure B to the Independent Auditor's Report of Even Date On the Standalone Financial Statements of NSE Clearing Limited

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

We have audited the internal financial controls over financial reporting of NSE Clearing Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration Number: 105049W

Narendra Jain
Partner
Membership Number: 048725

Place: Mumbai
Date: April 30, 2019

BALANCE SHEET AS AT MARCH 31, 2019

(₹ in Crores)

		Particulars	Note No.	As at 31.03.2019 (Audited)	As at 31.03.2018 (Audited)
I		**ASSETS**			
	1	**Non-current Assets**			
	a	Property, Plant and Equipments	2	3.16	4.28
	b	Capital work-in-progress	2	3.11	4.15
	c	Other Intangible Assets	3	7.65	4.42
	d	Intangible assets under development	3	49.48	3.30
	e	Financial assets			
	i	Investments	4	75.00	70.00
	ii	Non-current bank balances	5	67.81	182.74
	iii	Other Financial assets	6	3.23	14.11
				209.44	283.00
	f	Income tax assets (net)	15	50.03	20.19
	g	Other Non -current assets	7	0.07	0.06
		Total Non-current Assets		259.54	303.25
	2	**Investments -Core Settlement Guarantee Fund**	**11**	2,786.92	2,414.32
	3	**Investment earmarked towards SGF - Commodity derivatives**	**5**	250.00	-
	4	**Current Assets**			
	a	Financial Assets			
	i	Investments	8	365.50	327.05
	ii	Trade Receivables	9	9.66	15.85
	iii	Cash and Cash equivalents	10	6,382.58	5,793.87
	iv	Bank balances other than cash and cash equivalents	5	399.43	566.03
	v	Other Financial assets	6	65.91	63.88
				7,223.08	6,766.68
	b	Other current assets	7	9.38	7.31
		Total Current Assets		7,232.46	6,773.98
		TOTAL ASSETS		10,528.92	9,491.56
II		**EQUITY AND LIABILITIES**			
	1	**Equity**			
	a	Equity Share capital	12 (a)	45.00	45.00
	b	Other Equity	12 (b)	443.87	576.25
		Total Equity		488.87	621.25
	2	**Core Settlement Guarantee Fund (Core SGF)**	**27**	2,786.92	2,414.32
	3	**Settlement Guarantee Fund (SGF)- Commodity derivatives**	**28**	250.00	-
		Liabilities			
	4	**Non-current liabilities**			
	a	Provisions	19	5.95	4.86
	b	Deferred tax liabilities (Net)	13 (c)	9.41	6.04
		Total Non-current Liabilities		15.36	10.90
	5	**Current Liabilities**			
	a	Financial Liabilities			
	i	Deposits	16	788.31	768.14
	ii	Trade payable to :	17		
		Micro, Small & Medium Enterprises.		-	-
		Others		15.75	10.78
	iii	Other financial liabilities	17	6,089.18	5,561.29
				6,893.24	6,340.21
	b	Provisions	19	6.35	6.12
	c	Income tax liabilities (net)	14	65.52	79.91
	d	Other current liabilities	18	22.66	18.85
		Total Current Liabilities		6,987.77	6,445.09
		Total Liabilities		10,040.05	8,870.30
		TOTAL EQUITY AND LIABILITIES		10,528.92	9,491.56
		Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements.
This is the Balance sheet referred to in our report of even date

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

NARENDRA JAIN
Partner
Membership No.: 048725

Place : Mumbai
Date : April 30, 2019

For and on behalf of the Board of Directors

HARUN R KHAN
Chairman [DIN :07456806]

VIKRAM KOTHARI
Managing Director [DIN : 07898773]

R. JAYAKUMAR
SVP & Company Secretary

AMIT AMLANI
AVP & Chief Financial Officer

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Crores)

Particulars	Notes	For the year ended 31.03.2019 (Audited)	For the year ended 31.03.2018 (Audited)
Income			
Revenue from operations	20	**318.86**	312.68
Other income	21	**62.00**	59.87
Total Income		**380.86**	372.55
Expenses			
Employee benefits expense	22	**27.68**	17.22
Depreciation and amortisation expense	2 & 3	**4.17**	3.38
Other expenses	23	**80.38**	100.63
Total Expenses		**112.23**	121.23
Profit before tax		**268.63**	251.32
Less : Tax expenses			
Current tax	13	**91.25**	87.03
Tax for earlier year		**1.40**	-
Deferred tax	13	**3.47**	5.46
Total tax expenses		**96.11**	92.49
Profit for the year (A)		**172.51**	158.83
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		**(0.29)**	(0.35)
Income tax relating to items that will not be reclassified to profit or loss			
Tax Remeasurements of post-employment benefit obligations		**0.10**	0.12
Total Other Comprehensive Income for the year (B)		**(0.19)**	(0.23)
Total Comprehensive Income for the year (A+B)		**172.32**	158.60
Earnings per Equity Share			
(FV ₹ 10 each) (before contributions to Core SGF)			
Basic and Diluted (₹)	31	**38.34**	35.30
Summary of significant accounting policies	1		

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

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

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

NARENDRA JAIN
Partner
Membership No.: 048725

Place : Mumbai
Date : April 30, 2019

For and on behalf of the Board of Directors

HARUN R KHAN
Chairman
[DIN :07456806]

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

R. JAYAKUMAR
SVP & Company Secretary

AMIT AMLANI
AVP & Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

(A) Equity Share Capital

	(₹ in Crores)
Balance as at 01.04.2017	**45.00**
changes in equity share capital during the year	-
Balance as at 31.03.2018	**45.00**
changes in equity share capital during the year	-
Balance as at 31.03.2019	**45.00**

Balance at the beginning of reporting year	Changes in equity share capital during the year	Balance at the end of reporting year
45.00	-	45.00

(B) Other Equity (₹ in Crores)

	Reserves and Surplus				
	Capital Reserve	General reserve	CSR reserve	Retained Earnings	Total
Balance at the 01.04.2017	10.00	494.71	13.92	144.21	662.84
Profit for the year				158.83	158.83
Other Comprehensive Income				(0.23)	(0.23)
Amount transferred from Retained earnings to CSR Reserve (Refer to Note 40)			(13.92)	13.92	-
Contribution to core SGF (Refer Note 27)				(192.00)	(192.00)
Tax on contribution to Core SGF				33.47	33.47
Transaction with owners in their capacity as owners					
Dividends paid				(72.00)	(72.00)
Dividend Distribution Tax				(14.66)	(14.66)
Balance at the 31.03.2018	**10.00**	**494.71**	**-**	**71.55**	**576.25**
Profit for the year				172.51	172.51
Other Comprehensive Income				(0.19)	(0.19)
Contribution to core SGF (Refer Note 27)				(17.46)	(17.46)
Tax on contribution to Core SGF				6.16	6.16
Settlement Guarantee Fund (SGF)- Commodity derivatives (Refer Note 28)		(250.00)		-	(250.00)
Transaction with owners in their capacity as owners					
Dividend paid				(36.00)	(36.00)
Dividend Distribution Tax				(7.40)	(7.40)
Balance at the 31.03.2019	**10.00**	**244.71**	**-**	**189.16**	**443.87**

Summary of significant accounting policies

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

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

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

For and on behalf of the Board of Directors

HARUN R KHAN
Chairman
[DIN :07456806]

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

NARENDRA JAIN
Partner
Membership No.: 048725

Place : Mumbai
Date : April 30, 2019

R. JAYAKUMAR
SVP & Company Secretary

AMIT AMLANI
AVP & Chief Financial Officer

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019

₹ in Crores

	For the year ended 31.03.2019 (Audited)	For the year ended 31.03.2018 (Audited)
A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	268.63	251.32
Add/(Less) :- Adjustments for :		
-Depreciation	4.17	3.38
-Net gain on financial assets mandatorily measured at Fair Value through Profit or Loss	(21.24)	(13.61)
Less : Adjustments for :		
-Interest income on Bank deposit	(37.09)	(42.73)
-Re-measurement of defined benefits plans	(0.29)	(0.35)
-Net gain on sale of investments mandatorily measured at Fair Value through Profit or Loss	(3.17)	(3.51)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	211.01	194.50
Adjustments for :		
Decrease/(Increase) in Trade Receivables	6.18	(10.96)
Increase / (Decrease) in Trade payables	4.97	(25.41)
Decrease/(Increase) in other financial assets	(3.28)	(0.03)
Decrease/(Increase) in Other Assets	(2.08)	5.90
Increase / (Decrease) in Other Financial Liabilities	528.88	(1,963.97)
Increase / (Decrease) in Provisions	1.31	6.21
Increase /(Decrease) in Other Liabilities	3.81	5.04
Proceeds of Deposits from Trading member / applicants	124.86	182.30
Refund of deposits from trading members / applicants	(104.68)	(101.76)
CASH GENERATED FROM OPERATIONS	770.99	(1,708.18)
Contribution to Core SGF	(17.46)	(192.00)
Settlement Guarantee Fund (SGF)- Commodity derivatives	(250.00)	-
Direct Taxes paid (Net of Refunds)	(130.72)	(58.51)
NET CASH FROM OPERATING ACTIVITIES - Total (A)	372.82	(1,958.69)

	For the year ended 31.03.2019 (Audited)	For the year ended 31.03.2018 (Audited)
		₹ in Crores
CASHFLOW FROM INVESTING ACTIVITIES		
Investment in Equity Share Capital of Subsidiary	(5.00)	(20.00)
Purchase of Property, Plant and Equipment's/ Capital work-in-progress	(52.40)	(8.60)
Interest received	49.21	56.16
(Increase)/Decrease in Fixed deposit	281.53	190.24
Purchases of Investment	(250.89)	(250.92)
Sale of Investment	236.84	188.12
NET CASH USED IN INVESTING ACTIVITIES - Total (B)	259.29	155.00
CASHFLOW FROM FINANCING ACTIVITIES		
Dividend Paid (inclusive of corporate dividend tax)	(43.40)	(86.66)
NET CASH FROM FINANCING ACTIVITIES - Total (C)	(43.40)	(86.66)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	588.71	(1,890.35)
CASH AND CASH EQUIVALENTS : OPENING BALANCE	5,793.87	7,684.22
CLOSING CASH AND CASH EQUIVALENTS : CLOSING BALANCE	6,382.58	5,793.87
NET INCREASE IN CASH AND CASH EQUIVALENT	588.71	(1,890.35)

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

NARENDRA JAIN
Partner
Membership No.: 048725

Place : Mumbai
Date : April 30, 2019

For and on behalf of the Board of Directors

HARUN R KHAN
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Managing Director
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R. JAYAKUMAR
SVP & Company Secretary

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AVP & Chief Financial Officer

BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES

Background

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

Pursuant to the application made by the Company with the Registrar of Companies, Maharashtra and subsequent approval thereof by the Registrar of Companies Maharashtra, the name of the Company has been changed from "National Securities Clearing Corporation Limited" to "NSE Clearing Limited" w.e.f. August 01, 2018.

Note 1: Significant accounting policies

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

(a) Basis of preparation

(i) Compliance with Ind AS

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

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

(ii) Historical cost convention

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

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

(b) Foreign currency translation and transactions

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

Effective April 1, 2018 the company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

(c) Revenue recognition

Effective April 1, 2018, the Company has adopted Ind AS 115, Revenue from contracts with customers using the modified retrospective transition approach, which is applied to contracts that were not completed as of April 1, 2018. The adoption of this standard did not have a material impact on the financial results for the year ended March 31, 2019.

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

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

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

(i) Clearing and Settlement charges, IT & support charges and processing charges are recognized on accrual basis as and when the services are rendered.;

(ii) In respect of Members who have been declared as defaulters by the Company all amounts (dues) remaining to be recovered, net of available security and insurance cover available if any, till the date of being declared as defaulters are written off as bad debts. All subsequent recoveries are accounted when received.

Shortages arising after the date of declaration of default are written off as bad debts in the year in which it arises, after exhausting all remedies including forfeiture of securities and insurance cover available if any.

Other overdue amounts are provided for as doubtful debts or are written off as bad debts, if the same are considered doubtful/irrecoverable in the opinion of the management.

(iii) Penal Charges, in the year of declaration of default, in respect of shortages due from the respective member, are booked to the extent such charges are recoverable.

(iv) Other insurance claims are accounted on accrual basis when the claims become due and payable.

(v) Income excludes applicable taxes and other levies

(d) Income taxes

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

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

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

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

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

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

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

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

(e) Leases

As a lessee

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

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

(f) Impairment of assets

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

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These do not include bank balances earmarked/restricted for specific purposes.

Restricted cash:

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

(h) Trade receivables

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

(i) Investments and other financial assets

(i) Classification

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

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

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

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

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

(ii) Measurement

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

Debt instruments

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

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

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

Equity instruments

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

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

(iii) Impairment of financial assets

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

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

(iv) De-recognition of financial assets

A financial asset is de-recognised only when

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

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

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

(v) Income recognition

Interest income

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

Dividends

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

(j) Financial liabilities

(i) Initial recognition and measurement

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

(ii) Subsequent measurement

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

(iii) Derecognition

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

(k) Derivatives

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

(l) Offsetting financial instruments

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

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

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

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

Depreciation methods, estimated useful lives and residual value

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

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

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

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

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

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

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

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

(n) Intangible assets

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

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

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

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

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

Computer software is amortised over a period of 4 years.

(o) Trade and other payables

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

(p) Provisions

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

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

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

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

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

(q) Contingent Liabilities

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

(r) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

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

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) defined benefit plans such as gratuity, and

(b) defined contribution plans such as provident fund and superannuation.

Gratuity obligations

Defined benefit plans Gratuity: The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the Balance Sheet date.

Actuarial gains and losses are recognized in OCI as and when incurred.

(iv) *Defined contribution plans*

Provident fund

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

Superannuation

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

(v) *Bonus plans*

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

(s) Core Settlement Guarantee Funds

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

(t) Contributed equity

Equity shares are classified as equity.

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

(u) Dividends

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

(v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

(w) Rounding of amounts

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

(x) Critical Accounting Estimates and Judgements

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

The areas involving critical estimates or judgements are:

Estimation of current tax expense and payable Note 13 and 14

Estimated useful life of intangible asset Note 3

Estimation of defined benefit obligation Note 26

Estimation of fair values of contingent liabilities refer Note 33

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

(y) Recent Accounting Pronouncement:

(i) Ind AS 116 – Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing standard, Ind AS 17 Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the lessee and the lessor. 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 twelve months, unless the underlying asset is of low value. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The new standard is mandatory for financial years commencing on or after 1 April 2019. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The Company is in the process of assessing the detailed impact of Ind AS 116. Presently, the Company is not able to reasonably estimate the impact that application of Ind AS 116 is expected to have on its financial statements.

(i) Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments :

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, which specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The company does not expect any significant impact of the amendment on its financial statements.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

(ii) Amendment to Ind AS 12 – Income taxes :

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes'.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not expect any material impact from this pronouncement on its financial statements. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

Accordingly, the Company will continue to recognised dividend distribution tax paid on distribution of dividend to its equity shareholders as part of dividend, pending any clarification.

(iii) Other Amendments –

Amendments to Ind AS 23 Borrowing costs, Amendment to Ind AS 28, Long term interest in Associates and Joint ventures, Ind AS 103 Business combinations and Ind AS 111, Joint arrangement are not applicable to the Company.

2 Property Plant and Equipment

(₹ in Crores)

	OFFICE EQUIP-MENTS	FURNI-TURE AND FIXTURES	COM-PUTER SYS - OFF AUTOM	TELECOM-MUNICA-TION SYS-TEMS	CLEARING AND SET-TLEMENT SYSTEM	Total	Capital Work in Progress
Year ended March 31 , 2018							
Gross carrying amount							
Opening gross carrying amount	0.01	0.06	0.47	0.05	31.17	31.76	2.84
Additions	-	-	-	-	2.79	2.79	4.10
Disposals	-	-	-	-	(0.42)	(0.42)	-
Transfers	-	-	-	-	-	-	(2.79)
Closing gross carrying amount	**0.01**	**0.06**	**0.47**	**0.05**	**33.54**	**34.13**	**4.15**
Accumulated depreciation							
Opening accumulated depreciation	0.01	0.05	0.37	0.05	27.88	28.36	-
Depreciation for the year	-	0.01	0.05	-	1.85	1.91	-
Disposals	-		-	-	(0.42)	(0.42)	-
Closing accumulated depreciation	**0.01**	**0.06**	**0.42**	**0.05**	**29.31**	**29.85**	**-**
Net carrying amount	**-**	**-**	**0.05**	**-**	**4.23**	**4.28**	**4.15**
Year ended March 31, 2019							
Gross carrying amount							
Opening gross carrying amount	0.01	0.06	0.47	0.05	33.54	34.13	4.15
Additions	-	-	0.07		0.97	1.04	-
Disposals	(0.01)	(0.00)	(0.31)	(0.05)	(16.14)	(16.51)	(1.04)
Transfers	-	-				-	
Closing gross carrying amount	**-**	**0.06**	**0.23**	**-**	**18.37**	**18.66**	**3.11**
Accumulated depreciation							
Opening accumulated depreciation	0.01	0.06	0.42	0.05	29.31	29.85	-
Depreciation for the year	0.00	-	0.05	-	2.11	2.16	
Disposals	(0.01)	-	(0.31)	(0.05)	(16.14)	(16.51)	-
Closing accumulated depreciation	**0.00**	**0.06**	**0.16**	**-**	**15.28**	**15.50**	**-**
Net carrying amount	**(0.00)**	**(0.00)**	**0.07**	**-**	**3.09**	**3.16**	**3.11**

3 intangible Assets

(₹ in Crores)

	COMPUTER SOFTWARE	Intangible assets under development
Year ended March 31 , 2018		
Gross carrying amount		
Opening gross carrying amount	8.27	4.23
Additions	3.88	2.95
Disposals	-	-
Transfers	-	(3.88)
Closing gross carrying amount	**12.15**	**3.30**
Accumulated Amortisation and impairment		
Opening accumulated Amortisation	6.26	-
Amortisation for the year	1.47	-
Disposals	-	-
Closing amortization	**7.73**	**-**
Net carrying amount	**4.42**	3.30
Year ended March 31, 2019		
Gross carrying amount		
Opening gross carrying amount	12.15	3.30
Additions	5.24	51.42
Disposals	-	
Transfers	-	(5.24)
Closing gross carrying amount	**17.39**	49.48
Accumulated Amortisation and impairment		
Opening accumulated Amortisation	7.73	-
Amortisation for the year	2.01	-
Disposals	-	-
Closing amortization	**9.74**	-
Net carrying amount	**7.65**	49.48

Significant estimate: Useful life of intangible assets under development

The Company has completed the development of software that is used in its various business processes. As at 31 March 2019, the net carrying amount of this software was ₹ 7.65 crores (31 March 2018: ₹4.42 crore). The Company estimates the useful life of the software to be 4 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 4 years, depending on technical innovations and competitor actions.

4 Non Current Investments

	31.03.2019		31.03.2018	
	Number of Units	(₹ in Crores)	Number of Units	(₹ in Crores)
Investment in equity instruments (fully paid up)				
Unquoted equity instruments at cost				
In subsidiary companies				
NSE IFSC Clearing Corporation Limited **	7,50,00,000	75.00	7,00,00,000	70.00
In Others				
NSE Foundation (Section 8 Company) [* Re.1 (Previous Year Re.1/-)]	6,000	-*	6,000	-*
Total equity instruments		75.00		70.00
Aggregate amount of quoted investments and market value thereof		-		-
Aggregate amount of unquoted investments		**75.00**		**70.00**

* Re 1/-

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

**Investment in Right issue of ₹.5.00 crores during the year (Previous year ₹ 20.00 Crores)

5 Other Bank Balances

	Non-current		Current	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	(₹ in Crores)		(₹ in Crores)	
Deposits with original maturity for more than 12 months	**67.81**	182.74	**337.01**	491.99
Earmarked Deposits with original maturity for more than 12 months	**1,030.05**	754.53	**1,550.11**	1,121.23
Deposits with original maturity for more than 3 months but less than 12 months	-	-	**44.69**	56.31
Earmarked Deposits with original maturity for more than 3 months but less than 12 months	-	-	**205.53**	136.00
Earmarked Deposits with original maturity less than 12 months*	-	-	**17.73**	17.73
Total	**1,097.86**	937.27	**2,155.07**	1,823.26
Less :				
Amount disclosed under Core SGF Investments (note 11)	**999.05**	754.53	**1,536.64**	1,257.23
Amount disclosed under Investments -SGF for Commodity segment (refer Note 28)	**31.00**	-	**219.00**	-
Total	**67.81**	182.74	**399.43**	566.03

* Earmarked towards withheld payouts.

6 Others Financial Assets

	Non-current		Current	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	(₹ in Crores)		(₹ in Crores)	
Advances recoverable in cash				
Unsecured, considered good	-	-	0.13	0.11
Other loans and advances				
Security Deposits	0.22	0.22	-	-
Others				
Interest accured on Bank deposits	3.01	13.89	60.03	61.28
Other receivable	-	-	5.75	2.50
Total	3.23	14.11	65.91	63.88

7 Others Assets

	Non-current		Current	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	(₹ in Crores)		(₹ in Crores)	
Advance to suppliers	-	-	0.00	0.01
Balances with GST authorities	-	-	2.55	0.75
Other receivable*	-	-	6.18	6.18
Prepaid expenses	0.07	0.06	0.64	0.37
Total	0.07	0.06	9.38	7.31

* Other receivable is Deposits with Supreme Court pursuant to its directives in a case filed by the Company with regard to sale of collateral securities with the company of a defaulter member (refer note 33 (ii))

8 Current Investments

	31.03.2019		31.03.2018	
	Number of Units	₹ In crores	Number of Units	₹ In crores
I Investment in mutual funds				
Un-quoted investments in mutual funds at FVPL				
UTI Liquid Fund - Cash Plan -Direct- Growth	2,28,426	69.92	694	0.20
L&T Liquid Fund - Direct - Growth	2,51,986	64.57	2,51,986	60.05
Axis Liquid Fund -Direct - Growth	2,24,037	46.45	2,24,037	43.18
Edelweiss Liquid Fund - Direct - Growth	1,60,152	38.49	-	-
Mirae Asset Cash Management Fund - Direct Plan - Growth	1,62,256	31.98	55,591	10.19
LIC MF Liquid Fund - Direct - Growth	82,609	28.00	-	-
Templeton India Tma - Direct - Growth	76,651	21.45	76,651	19.92
Invesco India Liquid Fund - Direct - Growth	73,784	18.98	-	-
JM Liquid Fund - Direct - Growth	32,61,795	16.70	1,10,69,512	52.66
SBI Premier Liquid Fund - Direct - Growth	43,691	12.80	-	-
Reliance Liquid Fund - Tp - Direct - Growth	20,192	9.21	-	-
Kotak Liquid Fund - Direct - Growth	14,462	5.47	14,462	5.09
Axis Liquid Fund - Direct - Growth	3,584	0.74	1,840	0.35
Reliance Liquid Fund - Direct - Growth	793	0.36	-	-
JM Liquid Fund - Direct - Growth	74,539	0.38	-	-
UTI Money Market - Direct Plan - Growth	-	-	3,33,066	64.94
Tata Liquid Fund Direct Plan - Growth	-	-	81,194	26.01
Reliance Liquid Fund - Cash Plan - Direct - Growth	-	-	1,57,069	44.09
JM Liquid Fund - Direct – Growth	-	-	74,539	0.35
Total mutual fund		**365.50**		**327.05**
Total current investments		**365.50**		**327.05**
Aggregate amount of quoted investments and market value thereof		-		-
Aggregate amount of unquoted investments		365.50		327.05

9 Trade receivables

	Current	
	31.03.2019	31.03.2018
	(₹ in Crores)	
Unsecured, considered good		
Receivable from related parties (Refer to Note No. 30)	-	8.24
Others	**9.66**	7.61
	9.66	15.85

10 Cash and cash equivalents

	Current	
	31.03.2019	31.03.2018
	(₹ in Crores)	
In current accounts	297.35	1,267.07
Deposits held for the purpose of meeting short term cash commitments	6,162.00	4,791.97
Cash on hand	-	-
	6,459.36	6,059.05
Less :		
Amount disclosed under Core SGF Investments (note 11)	76.77	265.18
Total	6,382.58	5,793.87

11 Core SGF investments

	31.03.2019	31.03.2018
	(₹ in Crores)	
Fixed Deposits	2,535.69	2,011.76
Cash and cash equivalents	76.77	265.18
Accrued interest	143.87	137.38
Income Tax Assets	30.59	-
	2,786.92	2,414.32

12 (a) Share Capital

	31.03.2019	31.03.2018
	(₹ in Crores)	
Authorised		
4,50,00,000 (Previous Year :4,50,00,000) Equity Shares of ₹10 each.	45.00	45.00
Issued, Subscribed and Paid-up		
4,50,00,000 (Previous Year :4,50,00,000) Equity Shares of ₹10 each fully paid up.	45.00	45.00
(all the above shares are held by the holding company- National Stock Exchange of India Limited and its nominees)		
Total	45.00	45.00

Aggregate number of bonus shares issued during the period of five years immediately preceeding the reporting date

Particulars	Aggregate No. of Shares				
Equity Shares	2018-19	2017-18	2016-17	2015-16	2014-15
Fully paid up by way of Bonus Shares	-	-	-	-	-

There is no movement either in the number of shares or in amount between previous year and current year. The company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders

Details of shareholders holding more than 5% share in the company

	31.03.2019		31.03.2018	
	No.	% holding	No.	% holding
National Stock Exchange of India Limited and its nominees	**4,50,00,000**	**100%**	4,50,00,000	100%

<u>Capital management</u>

The Company considers the following components of its Balance Sheet to be managed capital:

Total equity (as shown in the balance sheet). – retained profit, other reserves, share capital

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company aims to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The Company is not subject to financial covenants in any of its significant financing agreements.

The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods. Refer note 12B for the final and interim dividends declared and paid.

Compliance with externally imposed capital requirements:

Capital requirement of Company is regulated by Securities and Exchange Board of India (SEBI). As per Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, Clearing corporation shall have a minimum net worth of ₹300 crores at all times. Minimum requirement of Net worth is maintained throughout the year ended March 31, 2019.

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 risked based capital and net worth requirement for CCs effective from FY2019-20. The networth requirement for the Company calculated as prescribed by SEBI in the above circular works out to around ₹1100 crores. The Company has sufficient resources to meets this networth requirement.

12 (b) Other equity (₹in Crores)

	Reserves and Surplus				
	Capital Reserve	General reserve	CSR reserve	Retained Earnings	Total
Balance at the 01.04.2017	**10.00**	**494.71**	**13.92**	**144.21**	**662.84**
Changes in accounting policy					
Profit for the Year				158.83	158.83
Other Comprehensive Income				(0.23)	(0.23)
Amount transferred from Retained earnings to CSR Reserve (Refer to Note No. 40)			(13.92)	13.92	-
Contribution to core SGF (Refer Note No. 27)				(192.00)	(192.00)
Tax on contribution to Core SGF				33.47	33.47
Transaction with owners in their capacity as owners					-
Dividends paid *				(72.00)	(72.00)
Dividend Distribution Tax				(14.66)	(14.66)
Balance as at 31.03.2018	**10.00**	**494.71**	**-**	**71.55**	**576.25**
Balance at the 01.04.2018	**10.00**	**494.71**	**-**	**71.55**	**576.25**
Profit for the Year				172.51	172.51
Other Comprehensive Income				(0.19)	(0.19)
Contribution to core SGF (Refer Note No. 27)				(17.46)	(17.46)
Tax on contribution to Core SGF				6.16	6.16
Settlement Guarantee Fund (SGF)- Commodity derivatives (Refer Note No. 28)		(250.00)		-	(250.00)
Transaction with owners in their capacity as owners					
Dividends paid #				(36.00)	(36.00)
Dividend Distribution Tax				(7.40)	(7.40)
Balance as at 31.03.2019	**10.00**	**244.71**	**-**	**189.17**	**443.87**

The Board of directors, in their meeting on April 30, 2019, proposed a dividend of ₹ 18.00 per equity share. The proposal is subject to the approval of shareholders at the Annual General Meeting. The total dividend proposed for the year ended March 31, 2019 amounted to ₹81.00 crores excluding Dividend Distribution Tax.

During the year ended March 31, 2019, the amount of per share dividend recognized as distribution to equity shareholders was ₹ 8/- per equity share. The dividend paid during the year ended March 31, 2019 amounted to ₹ 36.00 crore excluding Dividend distribution Tax ₹ 7.40 crores.

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

13 Income Tax

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

	31.03.2019	31.03.2018
	(₹ in Crores)	
Statement of profit and loss		
Current Tax		
Current tax on profit for the period	91.25	87.03
Adjustment for current tax of prior periods	1.40	-
Total current tax expense	92.65	87.03
Deferred tax expense (income)		
Decrease (increase) in deferred tax assets	(2.33)	0.94
(Decrease) increase in deferred tax liabilities	5.80	4.52
Total deferred tax expense (benefit)	3.47	5.46
Total for statement of profit and loss	96.11	92.49

	31.03.2019	31.03.2018
OCI section	(₹ in Crores)	
Related to items recognised in OCI during in the year:		
Re-measurement of the defined benefit(liability) / asset	0.10	0.12
Income tax charged to Other Comprehensive Income	0.10	0.12

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

	31.03.2019	31.03.2018
	(₹ in Crores)	
Profit before income tax expense	268.63	251.32
Tax rate (%)	34.94%	34.61%
Tax at the Indian Tax Rate	93.87	86.98
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
(Profit)/ Loss on sale of investments taxed at other than Statutory rate	3.51	1.26
Contribution to NSE Foundation towards CSR	0.77	3.24
Short Provision for previous years	1.40	-
MTM realized on sale of investments	(3.43)	-
Others	(0.00)	1.01
Income Tax Expense	96.11	92.49

c) **Deferred tax liabilities (net)**

The balance comprises temporary differences attributable to:

Particulars	31.03.2019	31.03.2018
	(₹ in Crores)	
Deferred income tax assets		
Property, plant and equipment and investment property		
Financial Assets at Fair Value through OCI	-	-
Financial Assets at Fair Value through profit and Loss		
Others	2.93	0.50
Total deferred tax assets (a)	2.93	0.50
Deferred income tax liabilities		
Property, plant and equipment and investment property	0.46	0.65
Financial Assets at Fair Value through OCI		
Financial Assets at Fair Value through profit and Loss	11.88	5.89
Others		
Total deferred tax liabilities (b)	12.34	6.54
Net Deferred Tax Assets /(Liabilities) (a)-(b)	(9.41)	(6.04)

d) **Movement in Deferred Tax Assets** **(₹ in Crores)**

Particulars	Property, plant and equipment	Financial Assets at Fair Value through profit and Loss	Financial Assets at Fair Value through OCI	Others (Gratuity, PBVP, LE)	**Total**
At 01 April 2017	**1.05**	-	-	**0.27**	**1.32**
Charged / (Credited)					
- to profit or loss	(1.05)	-	-	0.11	**(0.94)**
- to other comprehensive income	-	-	-	0.12	**0.12**
At 31st March 2018	-		-	**0.50**	**0.50**
Charged / (Credited)					
- to profit or loss		-	-	2.33	**2.33**
- to other comprehensive income	-	-	-	0.10	**0.10**
At 31st March 2019	-	-	-	**2.93**	**2.93**

e) **Movement 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	Others	Total
At 01 April 2017	-	**2.02**	-	-	**2.02**
Charged / (Credited)					
- to profit or loss	0.65	3.87	-		**4.52**
- to other comprehensive income	-	-	-	-	-
At 31st March 2018	**0.65**	**5.89**	-	-	**6.54**
Charged / (Credited)					
- to profit or loss	(0.19)	5.99			**5.80**
- to other comprehensive income					-
At 31st March 2019	**0.46**	**11.88**	-	-	**12.34**

f) The company recognizes MAT credit available as an asset only to the extent there is reasonable certainty that the company will pay normal income tax during the specified period. Accordingly, MAT credit entitlement not recognized in books of accounts till March 31, 2019 is ₹119.29 crore out of which MAT credit entitlement to be carried forward is ₹99.15 crore. Further, if even the MAT credit will be recognised the same will be directly credited to reserves and not the statement to profit & loss account as the same is arising out of contribution to Core SGF.

		31.03.2019	31.03.2018
14	**Income tax liabilities (net)**	(₹ in Crores)	
	Income Tax (Net of Advances)	**65.51**	79.89
	Fringe Benefit Tax (Net of Advances)	**0.01**	0.02
		65.52	79.91

		31.03.2019	31.03.2018
15	**Income tax assets (net)**	(₹ in Crores)	
	Income Tax paid including TDS (Net of Provisions)	50.01	20.17
	Fringe Benefit Tax (Net of Provisions)	0.02	0.02
		50.03	20.19

16 **Deposits (Unsecured)**

	Current	
	31.03.2019	31.03.2018
	(₹ in Crores)	
Security Deposit from Clearing Members	318.41	320.60
Security Deposit in lieu of Bank Guarantee/securities	73.62	67.93
Deposits from applicants for membership	2.23	2.48
Deposits from Clearing Banks	394.05	377.13
Total	788.31	768.14

17 **Other financial liabilities**

	Current	
	31.03.2019	31.03.2018
	(₹ in Crores)	
Trade payables		
Trade payables	4.99	6.09
Trade payables to related parties (ref to Note No.30)	10.76	4.69
	15.75	10.78
Others		
Margins From Members	2,579.08	1,278.41
Settlement Obligations payable	3,489.82	4,260.21
Creditor for Capital Expenditure	0.23	1.22
Other liabilities	20.04	21.45
	6,089.18	5,561.29
	6,104.93	5,572.07

Trade payables include outstanding amounts of ₹ NIL (Previous Year: ₹ NIL) (including interest of ₹ Nil, (Previous Year ₹ Nil) payable to Micro, Small & Medium Enterprises. Total outstanding dues to Micro, Small & Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

18 Other current liabilities

	Current	
	31.03.2019	31.03.2018
	(₹ in Crores)	
Statutory payments	9.17	5.73
Amount payable into Core SGF	12.65	12.41
Advances from debtors	0.85	0.71
	22.66	18.85

19 Provision employee benefits

	Non-current		Current	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	(₹ in Crores)		(₹ in Crores)	
Provisions for Leave encashments	-	-	1.94	2.12
Provision for Gratuity	3.93	3.28	0.51	0.43
Provision for variable pay and other allowances	2.02	1.58	3.90	3.57
	5.95	4.86	6.35	6.12

20 Revenue from operations

(₹ in Crores)

	For the year ended 31.03.2019	For the year ended 31.03.2018
Sale of Services		
Clearing & Settlement Charges	141.89	122.49
Other operating revenues		
Connect to NSE Services	5.90	4.24
Interest received	161.45	175.91
SLB settlement Charges	0.95	1.64
Processing Charges	8.67	8.40
Total	318.86	312.68

21 Other income and other gains/(losses)

	For the year ended 31.03.2019	For the year ended 31.03.2018
Other income		
Interest Income :		
On Bank Deposits	37.09	42.73
On Others	0.00	0.00
	37.09	42.73
Miscellaneous Income	0.50	0.02
	37.59	42.75
Other gains/(losses)		
Net gain on financial assets mandatorily measured at Fair Value through Profit or Loss	21.24	13.61
Net gain on sale of investments mandatorily measured at Fair Value through Profit or Loss	3.17	3.51
	24.41	17.11
Total	62.00	59.87

		For the year ended 31.03.2019	For the year ended 31.03.2018
22	**Employee benefits expenses**		
	Salaries, wages and bonus	**17.31**	11.76
	Salaries, wages and bonus of Deputed Staff (Refer Note 25)	**7.90**	4.34
	Contribution to provident and other fund	**0.69**	0.35
	Employees welfare expenses	**1.78**	0.77
	Total	**27.68**	17.22
23	**Other expenses**		
	Space & Infrastructure Usage Charges	**9.10**	4.70
	Common Usage Expenses	**17.24**	15.97
	Insurance Premium	**0.14**	0.14
	Printing, Stationery & Consumables	**0.67**	0.47
	Auditors' Remuneration (refer note below)	**0.33**	0.25
	Professional fees	**2.90**	2.16
	Repairs & Maintenance :		
	- On Building	**0.43**	0.18
	- On Computer systems	**20.06**	28.62
	- Others	**0.10**	0.21
	IT Management & Consultancy Charges	**1.51**	6.16
	Software Expenses	**8.88**	7.32
	Directors' Sitting fees	**0.29**	0.40
	Electricity expenses	**4.00**	3.27
	Rates and Taxes	**0.01**	0.00
	Cost of investments written off (Refer to Note 4)	**-**	0.01
	Contribution to NSE foundation towards CSR (Refer to Note 40)	**4.41**	18.71
	Other expenses	**10.31**	12.07
	Total	**80.38**	100.63

Note :

Payment to auditor		
As auditor :		
Audit fees	**0.12**	0.10
Tax audit fee	**0.04**	0.04
Limited review	**0.05**	0.04
In other capacity		
Taxation matters	**0.09**	0.06
Certification matters	**0.02**	-
Other services	**0.01**	0.01
Total	**0.33**	0.25

24 **Expenditure in foreign currency :**

Travelling Expenses: ₹0.02 Crores (Previous Year ended March 31,2018 : ₹0.60Crores)

Others: ₹ 0.93 Crores (Previous Year ended March 31,2018 : ₹ 0.16 Crores)

Capital payments : ₹ 43.81 Crores (Previous Year ended March 31,2018 : ₹20.00 Crores) including Equity Contribution of ₹5.00 crores in wholly own Subsidiary Set up in special economic Zone(SEZ) (Previous Year ended March 31,2018 : ₹ 20.00 crores).

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

During the year, certain employees of NSEIL were deputed to the Company for IT management and consultancy, accordingly Salaries, wages and bonus of Deputed Staff pertains to amount reimbursed by the company to National Stock Exchange of India Limited (NSEIL) in respect of employees made available to the company. Accordingly, necessary provisions as required for all retirement benefits and other long term employee benefits as per Ind AS 19 - Employee Benefits as notified under Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended , was carried out by NSEIL in respect of employees made available to the company

26 **Disclosure under Ind AS 119 on Employee Benefits notified under Rule 7 of the Companies (Accounts) Rules, 2015.**

i) **Defined Benefit Plan :**

Provident Fund: Company has contributed ₹ 0.44 Crores (previous year : ₹0.29 crores) towards Provident Fund during the year ended March 31, 2019 to Employee Provident Fund Organisation.

Gratuity: The company provides for gratuity for employees as per Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity, The amount of Gratuity is payable on retirement/termination of the emplyee's last drawn basic salary per month multiplied for the number of years of service.

A Balance Sheet

(i) The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the period are as follows:

(₹ in Crores)

	31.03.2019	31.03.2018
Liability at the beginning of the year	**3.71**	1.87
Interest cost	**0.29**	0.13
Current service Cost	**0.27**	0.07
Transfers	-	2.43
Benefits paid	**(0.12)**	(0.82)
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	**0.05**	(0.20)
Actuarial (gains)/losses on obligations - due to experience	**0.24**	0.23
Liability at the end of the year	**4.44**	3.71

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

(₹ in Crores)

	31.03.2019	31.03.2018
Fair value of plan assets as at the end of the year	-	-
Liability as at the end of the year	**(4.44)**	(3.71)
Net (liability) / asset	**(4.44)**	(3.71)

(iii) **Balance sheet reconciliation**

(₹ in Crores)

	31.03.2019	31.03.2018
Opening net liability	**3.71**	1.87
Expenses recognized in Statement of Profit or Loss	**0.56**	0.20
Expenses recognized in OCI	**0.29**	0.03
Net (liability)/asset transfer in	-	2.43
Employers contribution	**(0.12)**	(0.82)
Amount recognised in the Balance Sheet	**4.44**	3.71

B Statement of Profit & Loss

(i) Net interest cost for current period

(₹ in Crores)

	31.03.2019	31.03.2018
Interest cost	0.29	0.13
Interest income	-	-
Net interest cost for current period	**0.29**	0.13

(ii) Expenses recognised in the Statement of Profit & Loss

(₹ in Crores)

	31.03.2019	31.03.2018
Current service cost	0.27	0.07
Net interest cost	0.29	0.13
Expenses recognised in the Statement of Profit & Loss	**0.56**	0.20

(iii) Expenses recognised in the Other Comprehensive Income

(₹ in Crores)

	31.03.2019	31.03.2018
Re-measurement		
Expected return on plan assets	-	-
Actuarial (gain) or loss	0.29	0.03
Net (income)/expense for the period recognized in OCI	**0.29**	0.03

C Sensitivity Analysis

(₹ in Crores)

	31.03.2019	31.03.2018
Projected Benefit Obligation on Current Assumptions	**4.44**	3.71
Delta Effect of +1% Change in Rate of Discounting	**(0.24)**	(0.20)
Delta Effect of -1% Change in Rate of Discounting	**0.27**	0.23
Delta Effect of +1% Change in Rate of Salary Increase	**0.26**	0.22
Delta Effect of -1% Change in Rate of Salary Increase	**(0.24)**	(0.20)
Delta Effect of +1% Change in Rate of Employee Turnover	**(0.01)**	(0.01)
Delta Effect of +1% Change in Rate of Employee Turnover	**0.01**	0.01

D Significant actuarial assumptions are as follows:

	31.03.2019	31.03.2018
Discount rate	**7.48%**	7.68%
Rate of return on plan assets	**N.A.**	N.A.
Salary escalation	**8.00%**	8.00%
Attrition rate	**12.00%**	12.00%

E Maturity Analysis of Projected Benefit Obligation: From the Employer Projected Benefits Payable in Future Years From the Date of Reporting

	31.03.2019	31.03.2018
1st Following Year	**0.50**	0.43
2nd Following Year	**0.57**	0.41
3rd Following Year	**0.47**	0.45
4th Following Year	**0.45**	0.38
5th Following Year	**0.43**	0.36
Sum of Years 6 To 10	**2.04**	1.74

27 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.

I Details of Core SGF as on March 31, 2019 are as follows : (₹ in Crores)

Details of MRC of Core SGF	CM	FO	CD	Debt	TRI Party	Com-modity	Total
NCL own contribution	77.96	593.00	47.00	3.00	8.50	5.00	**734.46**
Interest Adjusted towards NCL`s Contribution	21.04	31.00	8.00	-	-	-	**60.04**
Contribution by NSE on behalf of Member	42.93	296.00	23.00	-	-	-	**361.93**
Interest Adjusted towards member`s Contribution	6.07	16.00	4.00	-	-	-	**26.07**
Contribution by NSE	40.65	297.00	24.00	1.00	8.50	5.00	**376.15**
Interest Adjusted towards NSE`s Contribution	9.35	15.00	4.00	-	-	-	**28.35**
Total	**198.00**	**1,248.00**	**110.00**	**4.00**	**17.00**	**10.00**	**1,587.00**
Previous Year	148.00	1,248.00	94.00	4.00	-	-	1,494.00

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

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

III Contribution made during the year 2018-19 (₹ in Crores)

Contribution during the year	CM	FO	CD	Debt	TRI Party	Com-modity	Other #	Total
NCL own contribution								
Direct Contribution	**3.96**	-	-	-	8.50	5.00	-	17.46
Adjusted from Interest Income **	**21.04**	-	8.00	-	-	-	-	29.04
Total	**25.00**	-	**8.00**	-	**8.50**	**5.00**	-	**46.50**
Contribution by NSE on behalf of Member								
Direct Contribution	-	-	-	-	-	-	-	-
Contribution adjusted from NSE Other Contribution #	5.93	-	-	-	-	-	-	5.93
Adjusted from Interest Income **	6.07	-	4.00	-	-	-	-	10.07
Total	**12.00**	-	**4.00**	-	-	-	-	**16.00**
Contribution by NSE								
Direct Contribution	-	-	-	-	-	-	-	-
Adjusted agaisnt NSE`s Own and member`s contribution	-	-	-	-	-	-	-	-
Contribution adjusted from NSE Other Contribution #	3.65	-	-	-	8.50	5.00	(23.08)	(5.93)
Adjusted from Interest Income **	9.35	-	4.00	-			-	13.35
Total	**13.00**	-	**4.00**	-	**8.50**	**5.00**	**(23.08)**	**7.42**

Contribution during the year	CM	FO	CD	Debt	TRI Party	Com-modity	Other #	Total	
Income during the period (Net Off adjustment towards MRC) **								Current year	Previous year
Penalty	13.75	160.61	8.66	-	-	-	-	183.03	103.45
Income on Investments	17.29	119.62	9.40	0.12	0.99	0.14	24.53	172.10	149.54
Less : Income adjusted against MRC**	36.46	-	16.00	-	-	-	-	52.46	62.00
Income on Investments (Net Off adjustment towards MRC)	(19.17)	119.62	(6.60)	0.12	0.99	0.14	24.53	119.65	87.54

IV Details of Core SGF a on March 31, 2019 are as follows :

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

(₹ in Crores)

I	Contribution to Corpus of Core SGF	CM	FO	CD	Debt	TRI Party	Com-modity	Other #	Total
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	-	-	-	-	**388.00**
c	Contribution by NSE	50.00	312.00	28.00	1.00	8.50	5.00	327.51	**732.01**
1	Total (a+b+c+d)	**198.00**	**1,248.00**	**110.00**	**4.00**	**17.00**	**10.00**	**327.51**	**1,914.51**
2	Penalty*	53.37	406.41	25.93	-	-	-	-	**485.71**
3	Income on Investments (After allocation towards MRC)*	22.74	279.19	18.27	0.80	0.99	0.14	64.56	**386.70**
	Grand Total (1+2+3)	**274.11**	**1,933.60**	**154.20**	**4.80**	**17.99**	**10.14**	**392.07**	**2,786.92**

II	Details of Investment	CM	FO	CD	Debt	TRI Party	Com-modity	Other	Total
1	Mutual Funds								-
2	Fixed Deposit with Banks	234.29	1,785.93	123.97	1.82	17.00	10.00	362.68	**2,535.69**
3	Flexi Fixed Deposits	18.96	31.23	18.75	-	-	-	1.10	**70.04**
4	Balance in Bank Accounts	1.09	0.98	1.94	2.73	-	-	-	**6.74**
5	Accrued interest	16.70	94.82	7.77	0.21	0.89	0.13	23.34	**143.86**
6	Prepaid taxes	3.07	20.64	1.77	0.04	0.10	0.01	4.96	**30.59**
	Grand Total (1+2+3+4+5+6)	**274.11**	**1,933.60**	**154.20**	**4.80**	**17.99**	**10.14**	**392.07**	**2,786.92**
	Previous year	229.53	1,653.36	136.14	4.68	-	-	390.62	2,414.32

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

Other contribution is balance amount of transfer from NSE pertain to 25% of NSE`s Annual profits as contribution to Core SGF . SEBI vide circular CIR/CFD/FAC/62/2016 dated May 05, 2016 advised Stock

Exchange to transfer 25% of its annual profits upto August 2015 to Core SGF and utilise the same for contribution required by Members and NSE.

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

28 During the year, the Company 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.

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

Major Customer

Revenue from one major customer (related party) is ₹139.67 crores (previous year Rs 120.55 crores) which is more than 10% of the total revenue of the Company.

30 In compliance with Indian Accounting Standard (Ind AS)-24 - "Related Party Disclosures" notified under section 133 of the Act read with Companies (Accounting Standards) Rules 2015 , the required disclosures are given in the table below:

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

Sr. No.	Related Party	Nature of Relationship
1	National Stock Exchange of India Limited	Holding Company
2	NSE IFSC Clearing Corporation Ltd	Subsidiary
3	NSE Investments Limited (formerly NSE Strategic Investment Corporation Limited)	Fellow Subsidiary
4	NSE Foundation	Fellow Subsidiary
5	NSEIT Limited	Fellow Subsidiary's Subsidiary
6	NSE Data & Analytics Ltd (formerly DotEx International Limited)	Fellow Subsidiary's Subsidiary

Sr. No.	Related Party	Nature of Relationship
7	NSE Indices Limites (formerly India Index Services & Products Limited)	Fellow Subsidiary's Subsidiary
8	NSE Infotech Services Limited	Fellow Subsidiary's Subsidiary
9	NSE.IT (US) Inc.	Fellow Subsidiary's Subsidiary's Subsidiary
10	Aujas Networks Private Limited.	Fellow Subsidiary's Subsidiary's Subsidiary
11	Mr. T Venkata Rao (Managing Director) (Upto 06.11.2017)	Key Managerial Personnel
12	Mr. Vikram kothari (Managing Director) (w.e.f. 07.11.2017)	Key Managerial Personnel
13	Ms.Bhagyam Ramani(Director)(w.e.f. 01.06.2017)	Key Managerial Personnel
14	Mr. C VR Rajendran(Director)	Key Managerial Personnel
15	Mr. Harun R Khan (Director)	Key Managerial Personnel
16	Mr. Salim Gangadharan(Director)	Key Managerial Personnel
17	Mr.N K Maini (Director)	Key Managerial Personnel
18	Mr. J. Ravichandran-Director (w.e.f November 17, 2017)	Key Managerial Personnel
19	Mr.Ravi Narain (Director)(upto 02.06.2017)	Key Managerial Personnel

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

(₹ in Crores)

Name of the Related Party	Nature of Transactions	Year ended 31.03.2019	Year ended 31.03.2018
National Stock Exchange of India Ltd.	• Clearing and Settlement charges received	**164.81**	141.70
	• Usage charges paid	**20.01**	18.73
	• Contribution received towards Core SGF	-	284.40
	• Reimbursement paid for expenses on staff on deputation	**9.50**	5.66
	• Salary Liability transferred	-	4.36
	• Reimbursement paid for other expenses incurred	**37.20**	46.89
	• Reimbursement received for services Rendered	**0.91**	0.96
	• Space & Infrastructure usage Charges paid	**10.74**	5.51
	• Dividend paid	**36.00**	72.00
	• Outstanding balance – (Credit) / Debit	**(9.18)**	8.24

(₹ in Crores)

Name of the Related Party	Nature of Transactions	Year ended 31.03.2019	Year ended 31.03.2018
NSE IFSC Clearing Corporation Ltd	• Reimbursement paid for other expenses incurred	**1.90**	1.83
	• Investment in Equity Share Capital	**5.00**	20.00
	• Outstanding balance – (Credit) / Debit	**4.13**	2.38
	• Investment in Equity Share Capital	**75.00**	70.00
NSEIT Ltd.	• Repairs & Maintenance – Clearing & Computer systems	**4.79**	2.81
	• Outstanding balance – (Credit) / Debit	**(1.32)**	(1.76)
NSE Infotech Services Limited	• Repairs & Maintenance – Clearing & Computer systems	**2.08**	10.66
	• Outstanding balance – (Credit) / Debit	**(0.26)**	(2.93)
NSE Foundation	• Investment in Equity Share Capital		0.01
	• Contribution towards CSR	**4.41**	18.71
	• Outstanding balance – (Credit) / Debit	**-**	-
Key Management Personnel (Mr. T Venkata Rao - Managing Director (Upto 06.11.2017)	Short term employee Benefits* $	**0.50**	1.69
	Post - employment Benefits#	**-**	0.73
	Long term employee Benefits*	**-**	0.25
Key Management Personnel (Mr. Vikram Kothari- Managing Director (From 07.11.2017)	Short term employee Benefits *	**1.18**	0.40
	Post - employment Benefits **	**0.04**	0.02
	Long term employee Benefits	**0.07**	-

(₹ in Crores)

Name of the Related Party	Nature of Transactions	Year ended 31.03.2019	Year ended 31.03.2018
Directors	Sitting fees :		
	Mr. Harun R Khan	**0.38**	0.43
	Mr. Salim Gangadharan	**0.27**	0.36
	Mr.N K Maini	**0.30**	0.36
	Mr. C VR Rajendran	**0.21**	0.31
	Ms.Bhagyam Ramani	**0.27**	0.15
	Mr.Ravi Narain	-	0.06

* Includes amount paid towards Leave encashment, Medical allowance & Leave Travel allowance and 50% of the variable pay payable after 3 years subject to certain conditions.

Includes amount paid towards Gratuity.

$ pertaining to earleir years

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

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

31 In accordance with Indian Accounting Standard (Ind AS) 33 - "Earning per Share" issued by the Institute of Chartered Accountants of India, the required disclosure is given below.

Basic and diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year, by weighted average number of equity shares outstanding during the year.

	Year ended 31.03.2019	Year ended 31.03.2018
Net Profit attributable to Shareholders (₹ In Crores)*	**172.51**	158.83
Weighted Average number of equity shares issued No. (in Crores)	**4.50**	4.50
Earnings per share of ₹ 10/- each (in ₹) (Basic and diluted)	**38.34**	35.30

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earning per share of the Company remain the same.

There are no instruments (including contingently issuable shares) issued that could potentially dilute basic earnings per share in the future.

32 **Capital and other commitments :**

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for ₹73.68 crores (Previous Year :₹ 0.57 crores) and other Commitments ₹ 0.60 crores (Previous Year :1.65 crores)

33 Contingent liabilities and Commitments :

(i) Claims against company not acknowledged as debts: ₹ 6.59 Crores (Previous Year : ₹ 6.74 Crores)

(ii) A suit field against the Company for damages / compensation amounting to ₹ NIL (Previous Year : ₹ 152.57 Crores along with interest thereon and was disputed by the Company, the Suit has been withdrawn during the year).

(iii) On account of disputed demand of Income tax ₹45.16 Crores (Previous Year : ₹4.95 Crores).

On account of disputed demand of Service tax ₹74.20 Crores plus interest as applicable the Company is in the process of filing appeal before CESTAT. (Previous Year : ₹44.20 crores plus interest and penalty, as applicable)

Accordingly based on the legal opinion received by the company, Company is of the view that the above matters are not likely to have any impact on financial position of the Company.

34 The Company's pending litigations comprise of claims against the Company and proceedings pending with Statutory and Tax Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, whenever required and disclosed the contingent liabilities, whereever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position. (Refer note no .33)

35 In accordance with the relevant provisions of the Companies Act, 2013, the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses as of March 31, 2019 and March 31, 2018.

36 For the year ended March 31, 2019 and March 31, 2018, the Company is not required to transfer any amount into the Investor Education & Protection Fund as required under relevant provisions of the Companies Act, 2013.

37 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.

In Company's assessment, the above judgement is not likely to have a significant impact, and therefore presently no provision has been made in the financial statements. The Company will continue to monitor the developments in this matter.

38 A Fair value measurement

(i) Fair Value Hierarchy:

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value and are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three level prescribed under the accounting standard. An explaination of each level follows underneath the table.

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
Financial Assets					
Financial Investments at FVPL					
Mutual Fund - Growth Plan	8	365.50	-	-	365.50
Total Financial Assets		365.50	-		365.50

Assets and Liabilities which are measured at Amortised Cost for which - recurring fair Value measurements At March 31, 2019	Notes	Level 1	Level 2	Level 3	Total March 31, 2019
Financial Assets					
Investments					
Fixed Deposit	5	-	3,431.42	-	3,431.42
Total Financial Assets		-	3,431.42	-	3,431.42

Financial Assets and Liabilities measured at Fair Value recurring fair Value measurements At March 31, 2018	Notes	Level 1	Level 2	Level 3	Total March 31, 2019
Financial Assets					
Financial Investments at FVPL					
Mutual Fund - Growth Plan	8	327.05	-	-	327.05
Total Financial Assets		327.05	-	-	327.05

Assets and Liabilities which are measured at Amortised Cost for which - recurring fair Value measurements At March 31, 2018	Notes	Level 1	Level 2	Level 3	Total March 31, 2019
Financial Assets					
Investments					
Fixed Deposit	5	-	2,926.18	-	2,926.18
Total Financial Assets		-	2,926.18	-	2,926.18

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 hierarachy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements). The categories used are as follows :

- Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, exchange traded funds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, debentures, government securities and commercial papers) is determined using FIMMDA valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

There are no transfers between levels 1 and 2 during the period. The Company's policy is to recognise transfers into and transfers out of fair value hirerchy level as at the end of reporting period.

ii) **Valuation technique used to determine fair value :**

Specific valuation techniques used to value financial instruments include:

1) The use of quoted market prices or dealer quotes for similar instruments in case of quoted equity shares, exchange traded funds and mutual funds.

2) The fair value of the unlisted equity instruments is determined using the price / book multilple (P/B) multiple approach.

3) All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, where the fair values have been determined as per 2 above.

iii) **Fair value measurements using significant unobservable inputs (level 3)**

No item falling in level 3 during the restated period .

iv) **Valuation processes :**

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO).

B Financial Instruments by category

₹ In crores

	31-Mar-19		31-Mar-18	
	FVPL	Amortised Cost	FVPL	Amortised Cost
Financial Assets				
Investments				
Fixed Deposits	-	3,431.42	-	2,926.18
Mutual Funds	365.50	-	327.05	-
Trade receivables	-	9.66	-	18.35
Cash and Cash equivalents	-	6,382.58	-	5,793.86
Other financial assets	-	69.14	-	75.49
Total financial assets	**365.50**	**9,892.80**	**327.05**	**8,813.88**

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 Assessment & Review Committee (RARC), which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The RARC is supported by Treasury department among others, that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Treasury department activities are designed to:

- protect the Company's financial results and position from financial risks
- maintain market risks within acceptable parameters, while optimising returns; and
- protect the Company's financial investments, while maximising returns.

The Treasury department is responsible to maximise the return on companies internally generated funds.

A MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintains a conservative funding and investment strategy, with a positive cash balance throughout the year ended 31st March, 2019 and 31st March, 2018. This was the result of cash generated from operating activities and investing activities to provide the funds to service the financial liabilities on a day-to-day basis.

The Company's treasury department regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated by the operating entities, over and above the amount required for working capital management and other operational requirements, is retained as cash equivalents (to the extent required) , other highly liquid investments and excess is invested in interest bearing term deposits and other highly marketable debt investments including the government securities with appropriate maturities to optimise the returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.

	Carrying amount	Payable on demand	Less than 3 months	3-6 months	6-12 months	More than 12 months	Total
As at March 31, 2019							
Trade payables	15.75	-	15.75	-	-	-	15.75
Deposits	788.31	788.31	-	-	-	-	788.31
Creditor for Capital Expenditure	0.23	-	0.23	-	-	-	0.23
Margins From Members	2,579.08	2,579.08	-	-	-	-	2,579.08
Settlement Obligations payable	3,489.82	3,489.82	-	-	-	-	3,489.82
Other liabilities	20.04	-	20.04	-	-	-	20.04
As at March 31, 2018							
Trade payables	10.78	-	10.78	-	-	-	10.78
Deposits	768.14	768.14	-	-	-	-	768.14
Creditor for Capital Expenditure	1.22	-	1.22	-	-	-	1.22
Margins From Members	1,278.41	1278.41	-	-	-	-	1,278.41
Settlement Obligations payable	4,260.21	4260.21	-	-	-	-	4,260.21
Other liabilities	21.45	-	21.45	-	-	-	21.45

B MANAGEMENT OF MARKET RISK

The Company’s size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

• price risk; and

• interest rate risk

The above risks may affect the Company’s income and expenses, 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
1. PRICE RISK		
The Company is mainly exposed to the price risk due to its investment in mutual funds and exchange traded funds. The price risk arises due to uncertainties about the future market values of these investments. At 31st March, 2019, the exposure to price risk due to investment in mutual funds amounted to ₹ 365.50 crores (March 31, 2018: ₹ 327.05 crores).	In order to manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio in accordance with the limits set by the risk management policies. The Treasury department maintains a list of approved financial instruments. The use of any new investment must be approved by the Chief Financial Officer.	As an estimation of the approximate impact of price risk, with respect to mutual funds and exchange traded funds , the Company has calculated the impact as follows. For mutual funds, a 0.25% increase in prices would have led to approximately an additional ₹ 0.91 crores gain in the Statement of Profit and Loss (Previous year : ₹ 0.82 crores) . A 0.25% decrease in prices would have led to an equal but opposite effect.

C MANAGEMENT OF CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

Trade and other receivables

Concentrations of credit risk with respect to trade receivables are limited, due to the Company's customer base being large and diverse and also on account of member's deposits kept by the company as collateral which can be utilised in case of member default. Further, amount lying in Core settlement Guarantee fund (CSGF) is available for utilisation in case of settlement default by member. All trade receivables are reviewed and assessed for default on a quarterly basis.

Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low.

Revenue from top customer is account for 98% (Previous Year 98%)

Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks, investments in commercial papers, government securities, investments in mutual funds and exchange traded funds. The Company has diversified portfolio of investment with various number of counter-parties which have secure credit ratings hence the risk is reduced. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Company's Treasury department.

The Company's maximum exposure to credit risk as at March 31, 2019 and March 31, 2018 is the carrying value of each class of financial assets as disclosed in note no. 4,5,6 ,8 10 and 11.

40 a) As per Section 135 of the Act, every Company having net worth of ₹ 500 crores or more or a Turnover of ₹ 1000 crores or more or a Net Profit of ₹ 5 crores or more during any financial year is required to spend at least 2% of its Average Net Profit made during the immediately 3 preceding financial years on the Corporate Social Responsibility (CSR) activities. Gross amount required to be spent by the Company is ₹ 4.41 Crores (Previous Year ₹4.79 Crores) .the details of spending is as given below:

b) Amount spent / contribution to NSE Foundation towards CSR during the year on:

₹ In crores

	Particulars		In Cash	Yet to be paid in Cash	Total
i	Construction / acquisition of any asset	Current Year	-	-	-
		Previous Year	-	-	-
ii	On purposes other than (i) above (through Contribution to NSE Foundation)	Current Year	4.41	-	4.41
	On purposes other than (i) above (through Contribution to NSE Foundation)	Previous Year *	18.71	-	18.71

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

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

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

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

NARENDRA JAIN
Partner
Membership No.: 048725

Place : Mumbai
Date : April 30, 2019

For and on behalf of the Board of Directors

HARUN R KHAN
Chairman
[DIN :07456806]

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

R. JAYAKUMAR
SVP & Company Secretary

AMIT AMLANI
AVP & Chief Financial Officer

Form AOC-1

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

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

Part A Subsidiaries

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

1. Sl. No.1
2. Name of the subsidiary:- **NSE IFSC Clearing Corporation Limited**
3. The date since when subsidiary was acquired:- **02-December 2016**
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period.:- **Similiar**
5. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.:- **Reporting currency is Rupees.**
6. Share capital:- **₹ 75.00 Crores**
7. Reserves and surplus:- **₹ -22.03 Crores**
8. Total assets**:- ₹ 84.31 Crores**
9. Total Liabilities:- **₹ 84.31 Crores**
10. Investments:- Nil
11. Turnover**:- ₹ 0.13 Crores**
12. Profit before taxation:- **₹ -6.40 Crores**
13. Provision for taxation:- **Nil**
14. Profit after taxation:- **₹ -6.40 Crores**
15. Proposed Dividend:- **Nil**
16. Extent of shareholding (in percentage):- **100%**

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

1. Names of subsidiaries which are yet to commence operations:- NSE IFSC Clearing Corporation Limited (Commencement on 05-June-2017)
2. Names of subsidiaries which have been liquidated or sold during the year:- Nil

Part B Associates and Joint Ventures

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

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

1. Names of associates or joint ventures which are yet to commence operations.
2. Names of associates or joint ventures which have been liquidated or sold during the year.

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified".