NSDL
Technology, Trust & Reach

NSDL e-GOVERNANCE INFRASTRUCTURE LIMITED

25TH Annual Report 2019-20


# Celebrating 25 Years of Redefining e-Governance Solutions

# MESSAGE FROM THE MD & CEO

We are celebrating the Silver jubilee of NSDL e-Governance Infrastructure Limited from December 2020. NSDL e-Governance Infrastructure Limited (NSDL e-Gov) was originally setup as a Depository in December 1995 and has over the years used its inherent strengths, project management capabilities & technology expertise to deliver state of the art e-Governance solutions which has helped Governments to identify and clear bottlenecks, promote transparency, reduce service delivery costs and deliver public services efficiently. The solutions have efficiently made use of information and communication technologies as a tool for delivering public services and benefits to the society at large.

The rapid growth of digitalization has led to many governments across the globe to introduce and incorporate e-Governance technology for better governance and administration. Through e-governance, government services are made available to citizens and businesses in a convenient, efficient and transparent manner. Relevant use of technology helps the government to channelize available resources for better productivity. It increases transparency and reduces overall costs. NSDL e-Gov works closely with various Government agencies for designing, managing and implementing e-Governance Projects. Over a period of time, NSDL e-Gov has gained varied experience and expertise in areas that help Governments overcome the various challenges faced by them in fulfilling their core responsibilities of delivering public services to the society. The world has changed dramatically since the outbreak of COVID-19. The COVID-19 pandemic is inflicting high and rising human costs worldwide. To slow down the spread of virus and protect human lives lockdowns, isolation and social distancing is imposed across the world. In this difficult time, e-Governance is the only technology that is fully functional and equipped to serve the society. NSDL e-Gov provides high availability in terms of system uptime, reliability and performance in terms of response time for their various e-Governance projects during this challenging period.

Our vision is to be regarded as a trusted partner for developing and implementing innovative IT-enabled Governance solutions and our mission is to deliver state-of-the-art, scalable and cost-effective e-governance solutions through collaborative engagements. Governments all over the world have, therefore, been embracing technology in various aspects of governance - be it revenue collection, public distribution, skill enhancement or infrastructure development. I am confident that NSDL e-Gov will successfully attain sustainable growth and will continue to focus on pursuing new opportunities in India and abroad and provide new value to society through Innovation.

With best wishes,

**GAGAN RAI**

*Managing Director & CEO*

# ANNUAL AND BUSINESS REPORT 2019-20

PROVIDING E-GOVERNANCE SOLUTIONS SINCE 1996

# TABLE OF CONTENT



## BOARD OF DIRECTORS AS ON MARCH 31, 2020

| | |
|---|---|
| **Mr. Shailesh Haribhakti** | *Chairman, Independent Director* |
| **Ms. D.N. Raval** | *Independent Director* |
| **Justice (Retd.) Ms. Nishita Mhatre** | *Independent Director* |
| **Mr. A. P. Hota** | *Additional Director (Independent Director Category)* |
| **Mr. J. Ravichandran** | *Director* |
| **Mr. Karan Bhagat** | *Director* |
| **Mr. Gagan Rai** | *Managing Director & CEO* |
| **Mr. Jayesh Sule** | *Whole Time Director & COO* |

## COMMITTEES UNDER THE COMPANIES ACT, 2013

### *Audit Committee*

**Mr. Shailesh Haribhakti** *Chairman*

**Justice (Retd.) Ms. Nishita Mhatre**

**Mr. Karan Bhagat**

### *Corporate Social Responsibility Committee*

**Ms. D.N. Raval,** *Chairperson*

**Mr. J. Ravichandran**

**Mr. Gagan Rai**

### *Nomination & Remuneration Committee*

**Ms. D.N. Raval,** *Chairperson*

**Mr. Shailesh Haribhakti**

**Mr. Karan Bhagat**

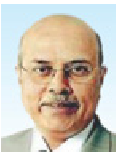
### *Risk Management Committee*

**Mr. Shailesh Haribhakti** *Chairman*

**Mr. J. Ravichandran**

**Mr. Karan Bhagat**

**Mr. Jayesh Sule** *(w.e.f. March 13, 2020)*



**Mr. Shailesh Haribhakti**
*Chairman - NSDL e-Governance and Independent Director*
(Eminent Chartered Accountant Chairman, Haribhakti & Co LLP)
(DIN : 00007347)

**Ms. D. N. Raval**
*Independent Director*
(Eminent Lawyer, Former Executive Director-SEBI)
(DIN : 02792246)

**Mr. J. Ravichandran**
*Director*
(Group President NSE)
(DIN: 00073736)

**Mr. Karan Bhagat**
*Director*
(Founder, Managing Director and Chief Executive Officer of IIFL Wealth)
(DIN: 03247753)

**Nishita Nirmal Mhatre**
*Independent Director,*
appointed w.e.f 16.9.2019
*(Retired Acting Chief Justice of Calcutta High Court)*
(DIN 08489369)

**Mr. Abhaya Prasad Hota**
*Additional Director (Independent Director Category),*
appointed w.e.f 16.9.2019
(Former Managing Director & CEO of National Payments Corporation of India)
(DIN- 02593219)

**Mr. Gagan Rai**
*Managing Director & CEO*
NSDL e-Governance
(DIN : 00059632)

**Mr. Jayesh Sule**
*Whole Time Director & COO*
NSDL e-Governance
(DIN : 07432517)

## MANAGEMENT TEAM

| | |
|---|---|
| Mr. Gagan Rai | *Managing Director & CEO* |
| Mr. Jayesh Sule | *Whole Time Director & COO* |
| Mr. Chandrashekhar Tilak | *Executive Vice President & Chief Risk Officer* *(Retired from the services of the Company w.e.f. May 31, 2020)* |
| Mr. Amit Sinha | *Executive Vice President* |
| Mr. Tejas Desai | *Executive Vice President & Chief Financial Officer* |
| Mr. Milind Mungale | *Executive Vice President & Chief Information Security Officer* |
| Mr. Dharmesh Parekh | *Executive Vice President & Chief Technology Officer* |
| Mr. Gopa Kumar T.N. | *Senior Vice President* |
| Mr. Hiten Mehta | *Senior Vice President* |
| Mr. Dattaram Mhadgut | *Senior Vice President* |
| Mr. Kapil Kapoor | *Vice President (Appointed as CRO w.e.f. June 1, 2020)* |
| Ms. Ashwini Naigaonkar | *Vice President* |
| Mr. Vivek Acharya | *Vice President* |
| Mr. Devendra Rane | *Vice President* |
| Mr. Nitin Joshi | *Vice President* |
| Mr. Ankush Deshpande | *Vice President* |

## COMPANY SECRETARY

Mr. Maulesh Kantharia

| **Statutory Auditors** | **Secretarial Auditors** | **Internal Auditors** |
|---|---|---|
| B S R & Associates LLP Chartered Accountants, *Mumbai* | S.N. Ananthasubramanian & Co, Company Secretaries, *Thane* | M/s Deloitte Touche Tohmatsu India LLP, Chartered Accountants, *Mumbai* |

## BANKERS

IDBI Bank

HDFC Bank

Axis Bank

Corporation Bank

Central Bank of India

## REGISTERED OFFICE

Times Tower, 1st Floor, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

website: www.egov-nsdl.co.in
e-mail : cs@nsdl.co.in

CIN: U72900MH1995PLC095642

> **“GREAT THINGS IN BUSINESS ARE NEVER DONE BY ONE PERSON. THEY’RE DONE BY A TEAM OF PEOPLE.”**

The company is engaged in providing IT enabled e-Governance Services, inter-alia comprising PAN Card issuance, Tax Information Network (TIN) and National Judicial Reference System (NJRS) for Income Tax Department and, Electronic Accounting System in Excise & Service Tax (EASIEST) for Central Board of Indirect Taxes and Customs (CBIC), Central Recordkeeping Agency (CRA) for National Pension System, was acting as a Registrar for Unique Identification Authority of India (UIDAI) including providing AADHAAR authentication services as Authentication Service Agency (ASA) & e-KYC services as KYC Service Agency (KSA), EzeeWill Service, e-Sign Service Provider(ESP) licensed by Controller of Certifying Authorities, Vidya Lakshmi Portal for education loan applicants, Vidyasaarathi Scholarship Portal, Workflow Management System for Central Board of Film Certification (CBFC), GST Suvidha Provider & Application Service Provider (ASP) and Data Centre Services.

# BOARD'S REPORT

## Dear Members

Your Directors are pleased to present the Twenty-Fifth Annual Report and the Audited Financial Statements of the company for the financial year ended March 31, 2020.

## 1. FINANCIAL SUMMARY

### 1.1 Performance at a glance

(Rs. in million except per share data)

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| Income | 7,546 | 7,911 |
| Expenditure | 5,698 | 5,894 |
| Depreciation | 275 | 199 |
| Profit before Tax | 1,573 | 1,818 |
| Profit after Tax | 1,212 | 1,245 |
| Net worth | 7,538 | 6,655 |
| Earnings Per Share | | |
| Basic (Rs.) | 30.30 | 31.12 |
| Diluted (Rs.) | 30.02 | 31.03 |
| Dividend paid / proposed (%)<br>(Face Value – Rs. 10 per equity share) | 100% | 65% |

During FY'20, Revenue from operations stood at Rs. 7,161 million as compared to Rs. 7,563 million in the previous year. The Profit AfterTax (PAT) during the year was Rs. 1,212 million as compared to Rs. 1,245 million in previous year. The Company has made provision for Tax of Rs. 360 million. No amount is proposed to be transferred to reserves.

### 1.2 Dividend

The Board of Directors have recommended a dividend of 100% i.e. Rs. 10 per equity share (on the face value of Rs. 10 each) for FY'20 for consideration of the shareholders. The dividend distribution would result in a cash outflow of Rs. 400 million (Payout ratio of 33% approx.).

# 2 MANAGEMENT DISCUSSION AND ANALYSIS

## 2.1 Business overview

Our company is engaged in providing IT enabled e-Governance Services, inter-alia comprising Tax Information Network (TIN), PAN card issuance and National Judicial Reference System (NJRS) for Income Tax Department, Central Recordkeeping Agency (CRA) for National Pension System, Unique Identification Authority of India (UIDAI) for providing Aadhaar authentication & e-KYC services, e-Sign Service Provider (ESP) licensed by Controller of Certifying Authorities, Vidya Lakshmi Portal for education loan applicants, Vidyasaarathi Scholarship Portal, Workflow Management System for Central Board of Film Certification (CBFC), GST Suvidha Provider & Application Service Provider for GST and Data Centre Services. There has been no change in the nature of business during the financial year under review.

## 2.2 ECONOMIC ENVIRONMENT

**Global economy**

As per World Economic Outlook Report issued by International Monetary Fund (IMF) of January 2020, global growth was estimated at 2.9% in 2019 and 3.3% in 2020. In the third quarter of 2019, growth among emerging market economies was weaker than expected. Global economic activity has weakened further in Q3 of 2019. Global economic activity has now come to a standstill as COVID-19 related lockdowns and social distancing are imposed in most of the countries across the world. The outlook is now largely contingent upon the intensity, spread and duration of the pandemic. There is strong probability that large parts of the global economy will slip into one of the worst recessions in recent times. It has been predicted that the pandemic will contract the world output by 3% in 2020, much worse than the 2008-09 financial crisis. Further, financial markets have become highly volatile after the outbreak of COVID-19. Panic sell-offs have resulted in wealth destruction in equity markets across advanced as well as emerging economies. Central banks and Governments are in war mode, responding to the situation with several conventional and unconventional measures.

**Domestic economy**

Domestic economic activity has been impacted severely by the lockdown which has extended over two months. High frequency indicators point to a collapse in demand beginning March 2020 across both urban and rural segments. International Monetary Fund (IMF) revised projected India's growth rate at 1.9% in FY 2020-21 instead of 5.8% earlier projected due to outbreak of COVID-19. However, most predictions are now expecting a contraction or a negative GDP rate. The fact remains that till medical interventions become available, no country is safe from the pandemic. Broad-based fiscal stimulus can preempt a steeper decline in confidence, lift demand and avert an even deeper downturn. The IMF urged countries to work together to find a permanent solution. India's use of new digital technologies to process applications for income support and deliver direct transfers to identified individuals are being appreciated by various World Authorities. As per April 2020 monetary policy statement issued by the Reserve Bank of India (RBI), the outlook for agriculture and allied activities appears to be the only silver lining, with food grains output at 292 million tonnes, being 2.4% higher than a year ago. Meanwhile, most service sector indicators for early 2020 moderated or declined. Indications suggest that several services such as tourism, airlines, hospitality sector and construction have been further adversely impacted by the pandemic. Disruptions in casual and contract labour would result in losses of activity in other sectors as well. India's merchandise trade slumped in April 2020, with exports shrinking by 60.3 per cent and imports by 58.6 per cent (y-o-y), respectively. While imports contracted in all 30 commodity groups in April, exports contracted in 28 out of 30 groups. The trade deficit narrowed in April 2020 – both sequentially and on a year-on-year basis – to its lowest level in 47 months. On the financing side, net foreign direct investment inflows picked up in March 2020 to US$ 2.9 billion from US$ 0.8 billion a year ago. In 2020-21 so far (till May 18), net foreign portfolio investment (FPI) in equities increased to US$ 1.2 billion from US$ 0.8 billion a year ago. In the debt segment, however, there were portfolio outflows of US$ 3.8 billion during the same period as compared with outflows of US$ 1.4 billion a year ago. India's foreign exchange reserves have increased by US$ 9.2 billion in 2020-21 so far (up to May 15) to US$ 487.0 billion according to data from RBI.

**Outlook**

As a consequence of COVID-19, aggregate demand may weaken and ease core inflation further. Heightened volatility in financial markets could also have a bearing on inflation. Apart from the continuing resilience of agriculture and allied activities, most other sectors of the economy will be adversely impacted by the pandemic, depending upon its intensity, spread and duration. The plummet in international crude prices could however, provide some relief. The need of the hour is to do whatever is necessary to shield the economy from the pandemic. Governments across the world have unleashed massive fiscal measures, including targeted health services support to protect the economic activity from the impact of the virus. For the year as a whole, there is still heightened uncertainty about the duration of the pandemic and how long social distancing measures are likely to remain in place and consequently, downside risks to domestic growth remain significant. On the other hand, upside impulses could be unleashed if the pandemic is contained and social distancing measures are phased out faster.

## 2.3 IT & ITeS INDUSTRY

The Indian Information Technology / Information Technology enables Services (IT/ITeS) industry has contributed immensely in positioning the country as a preferred investment destination. India's $191 billion IT industry employs over 4.3 million people and has largely managed to service its clients during the pandemic, with majority of its workforce working from home. According to the International Data Corporation (IDC), growth in global IT Spending is expected to reduce by 3-4% by the end of 2020, considering "Pessimistic Scenario" due to the outbreak of Coronavirus disease (COVID-19) pandemic. With corporates across the country implementing alternative ways of working, it is generating a parallel corporate line that demands to be connected from where they want, when they want and to whom they want. Enterprises are also exploring ways of working together that leverages conversations, meetings and assets across platforms with employees working remotely from wherever they are located to serve customers better and ensure business continuity. IDC expects the adoption of collaborative applications growing at a rapid pace after the COVID-19 outbreak. As organizations are taking preventive measures to curb the spread by encouraging their workforce to connect from home, there are different sets of challenges that the IT teams within the organization are grappling with - how to secure data and assets from cyber threats. IDC expects the adoption of a zero-trust policy to increase, in the months ahead, as an increasing number of people connect to work from personal networks. IDC recommends organizations to keep their VPNs and Firewalls updated with security patches in place.

Some of the major initiatives taken by the government to promote IT and ITeS sector in India are as follows:

- In May 2019, the Ministry of Electronics and Information Technology (MeitY) launched the MeitY Startup Hub (MSH) portal.
- In February 2019, the Government of India released the National Policy on Software Products 2019 to develop India as a software product nation.
- In December 2019, government permitted 26 per cent FDI in digital sectors.

e-Governance assumes greater importance in the context of management of today's complex structures to achieve rapid economic growth and improved quality of life. The technology and the methods used in e-Governance project provide a roadmap for efficient delivery of services at the door step. In today's time the development of any country depends on the uses of e- Governance and also their penetration. Development of any country can be judged by the scope of e-Governance in that country.

## 2.4 POLICY INITIATIVES BY THE GOVERNMENT DURING THE YEAR

In order to promote growth and investment, a new provision has been inserted in the Income-tax Act with effect from FY 2019-20 which allows any domestic company an option to pay income-tax at the rate of 22% subject to condition that it will not avail any exemption/ incentive. The effective tax rate for these companies works out to 25.17% inclusive of surcharge & cess. Also, such companies shall not be required to pay Minimum Alternate Tax.

Some of the major highlights of the Union Budget FY2020-21 relating to the IT sector are as follows:

- Policy to enable private sector to build Data Centre parks throughout the country to be launched soon.
- Fibre to the Home (FTTH) connections through Bharatnet to link 100,000 gram panchayats this year.
- Rs 6,000 crore (US$ 849.25 million) proposed for Bharatnet programme in 2020-21.
- Rs. 8,000 crore (US$ 1.13 billion) proposed over five years for National Mission on Quantum Technologies and Applications.

Our Company has pioneered in dynamic sphere of e-Governance and works with various governmental and regulatory authorities to provide some of the finest e-Governance infrastructures in the Country that help to achieve not only 'Ease of Doing Business' but goes well beyond it to achieve 'Ease of Living'.

## 2.5 OPPORTUNITIES AND CHALLENGES

It is apparent that the world has changed enormously in a short period of time. Once the current crisis is truly over, the post-crisis world could look quite different from what it is today. Businesses will become more virtual and geographically fragmented. More working from home will mean less automotive traffic, less energy consumed, more bits and bytes transmitted, a greater need for home offices, less need for commercial office space and less demand for affiliated services. This transition would especially apply to companies in financial services, professional services, as well as the corporate headquarters staff of almost any other type of business. Business professionals will become accustomed to virtual meetings. The COVID-19 pandemic is challenging business leaders to stabilize their business fundamentals amid an extraordinary crisis while simultaneously preparing for a suddenly uncertain future. The decisions they make now are likely to influence the positioning and performance of their business over the next two years and possibly, beyond. The restrictions on movement and social distancing to slow the spread of the disease mean that labour supply, transport and travel are today directly affected in ways they were not, during the financial crisis. Under these circumstances, forecasting requires strong assumptions about the progress of the disease and a greater reliance on estimated rather than reported data. More than 4 billion people around the world have been in some form of lockdown due to the Coronavirus pandemic. The biggest challenge businesses will face will be restarting their operations. On the other hand, back-end challenges relate to technical processes or human resource issues. These issues include lack of systems integration within a department, lack of integration across government departments and deployment of technology without proper process re- engineering.

**Business Impact**

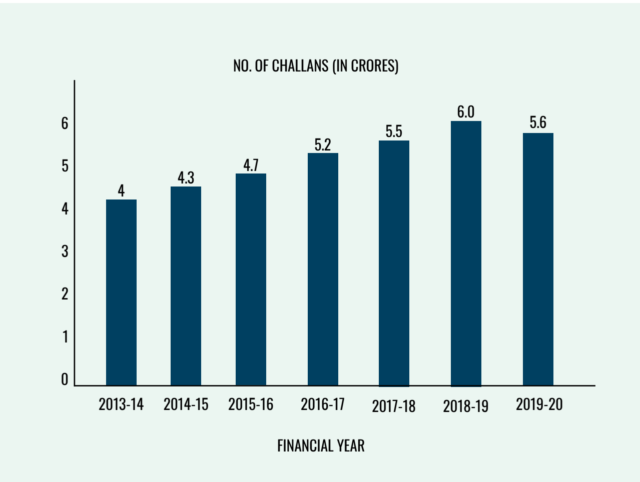
The volumes in various businesses took a dip in February 2020 and is still in recovery mode. While the online operations continued with a little impact, the activities involving physical paper based functions were hugely impacted. The main impact was on physical PAN applications and NPS account opening through points of services. Online activities like NPS settlement, e-Sign, e-KYC, Online PAN applications continues to function normally. The impact continues even now and may last a substantial part of the current Financial Year 2020-21. Business could face potential payment delays from financially stressed customers and service providers. Notwithstanding above, challenges for the business are largely external. Any changes in the policies of the Government may affect or impact our business and prospects. We compete with other service providers in response to Request For Proposals and foresee intense competition in the future. However, on the positive side, there exist a huge opportunity in other geographies for e-Governance services. Our company is making a lot of efforts in that directions and expects the results in short and medium term.

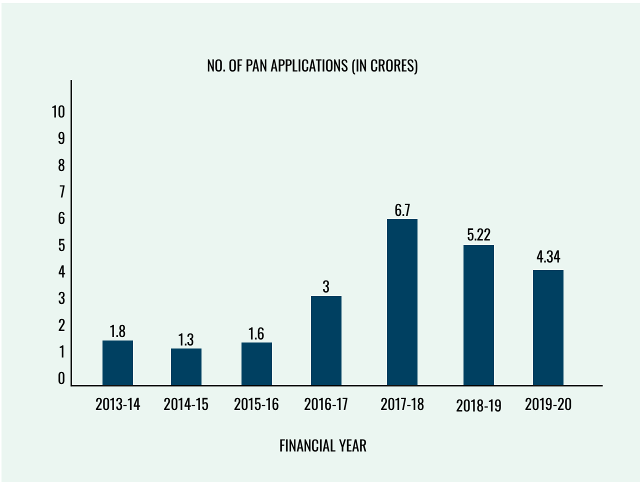
## 3. PROGRESS AT NSDL e-GOVERNANCE (NSDLe-Gov)

### 3.1 TAX INFORMATION NETWORK (TIN)

Our Company has established and manages nationwide Tax Information Network (TIN) on behalf of Income Tax Department (ITD). The principal component of TIN is the automation of system for administering Tax Deducted at Source (TDS) which today forms a significant part of direct tax collection. TIN also receives online information on collection of direct taxes under various heads, from the banks through 'Online Tax Accounting System' (OLTAS), which flows into the central database. Besides, TIN provides a facility to furnish Statement of Financial Transactions (SFT) containing information regarding high value transactions undertaken by various taxpayers. NSDL e-Gov also processes applications for Issuance of Permanent Account Number (PAN) and Tax Deduction and Collection Account Number (TAN). TIN also provides a facility to Government Offices (like PAO/DTO/CDDO) for upload of Form 24G Statement being filed by Government offices. These Government offices are identified by the Accounts Office Identification Number (AIN) which is mandatorily required for furnishing Form 24G Statement. NSDL e-Gov processes applications for issuance of AIN to Government Offices. NSDL e-Gov also provides a facility on TIN portal, to furnish TDS statement cum challans (Form 26QB) for payment of TDS on the sale of immovable property; Form 26QC for payment of TDS on Rent of Property and Form 26QD (with effect from September 1, 2019) for TDS on payments to Resident Contractors and Professionals by Individuals and HUF.

NSDL e-Gov has established connectivity with 26 tax collecting banks to upload tax collection data from more than 19,772 branches. During the year, more than 5.6 Crore challans were uploaded by banks. As on March 31, 2020, 5,771 TIN Facilitation Centres (FCs) were operational across around 1,534 locations providing e-TDS Returns acceptance services to taxpayers. During the year, around 4.34 crore PAN applications were processed by NSDL e-Gov while, the cumulative number has exceeded 33.01 crores. 15,727 Centers were operational across 3,538 towns/cities providing PAN application acceptance services.




### 3.2 ELECTRONIC ACCOUNTING SYSTEM IN EXCISE & SERVICE TAX (EASIEST)

Our Company has established a facility for Central Board of Indirect Taxes and Customs (CBIC) to receive on its behalf online information on collection of indirect taxes by the banks. This system is called Electronic Accounting System in Excise and Service Tax (EASIEST) and it is similar to the OLTAS system developed by NSDL e-Gov for Central Board of Direct Taxes (CBDT). As a part of this system, taxpayers have been provided with a web-based facility to verify challan details in respect of tax payments to keep a track on the challan status. During the year under review, NSDL e-Gov system has received challan data in respect of 0.8 lakh challans till June 2019. EASIEST was discontinued from June 2019.

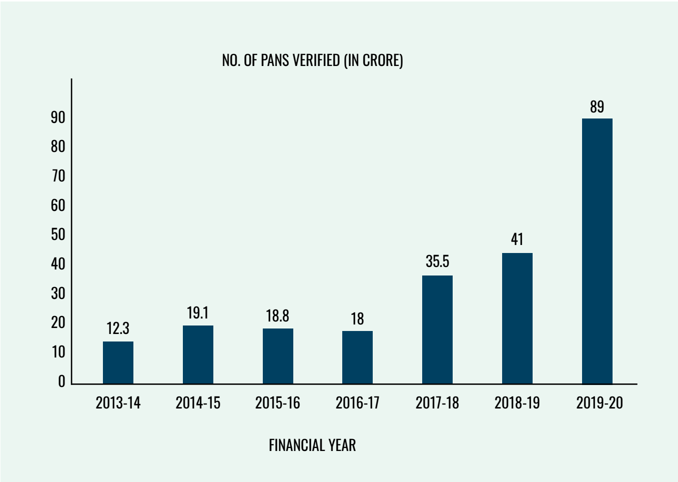
### 3.3 ONLINE PAN VERIFICATION (OPV) FACILITY

Our Company has established a portal to enable authorized entities to avail internet based service for verification of PANs i.e., Online PAN Verification (OPV) facility on behalf of Income Tax Department (ITD).

The users have three options for accessing this service viz;

1. Screen based PAN verification
2. File based PAN verification
3. Software based PAN verification

During the year, 89 crore PANs were verified by users of this service. As on March 31, 2020, 1,860 users were availing the OPV facility and around 251 crore PANs have been verified so far cumulatively.



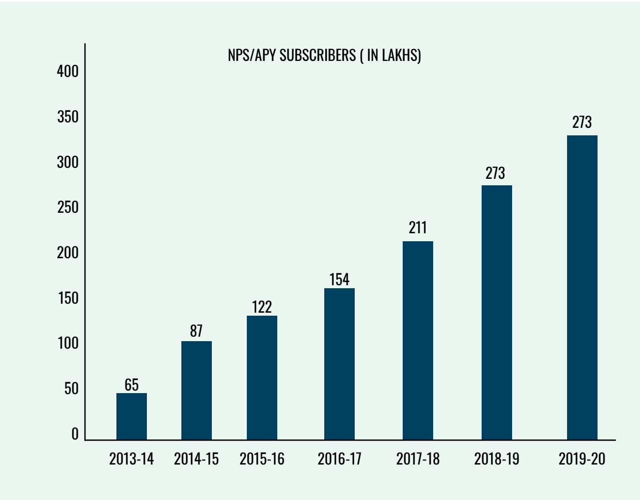

## 3.4 CENTRAL RECORDKEEPING AGENCY FOR NATIONAL PENSION SYSTEM

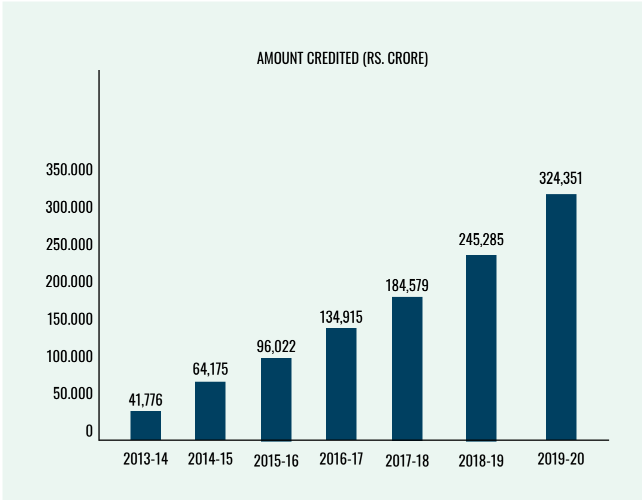
Our Company has been acting as the Central Recordkeeping Agency (CRA) for National Pension System (NPS) for over ten years now. Along with Central Government, CRA services are also being provided to various other sectors namely, Central Autonomous Bodies (CABs), State Governments/Union Territories, State Autonomous Bodies (SABs), Corporate Sector, All Citizens of India (referred as unorganized sector-UOS), NPS Lite and Atal Pension Yojana (APY).

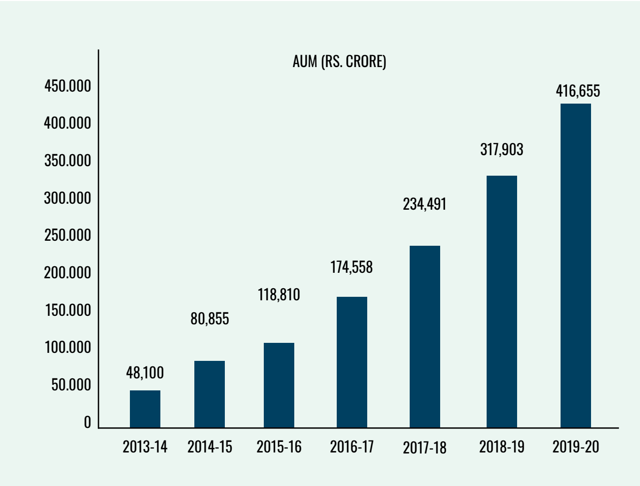
Sector-wise status of NPS as on March 31, 2020 is given below:

| Sr. No. | Sector | Number of Subscribers (lakhs) | Pension Contribution credited (Rs. Crore) |
|---|---|---|---|
| 1. | Central Government (including CABs) | 21.02 | 99,734 |
| 2. | State Government (including SABs) | 47.54 | 1,65,190 |
| 3. | All Citizens of India Sector | 10.68 | 14,370 |
| 4. | Corporate Sector | 9.47 | 32,608 |
| 5. | NPS Lite | 43.32 | 2,701 |
| 6. | Atal Pension Yojana (APY) | 211.42 | 9,747 |
| | **Total** | **343.45** | **3,24,350** |

Total Assets Under Management (AUM) under NPS has increased from Rs. 3,17,903 Cr. as of March 31, 2019 to Rs. 4,16,655 Cr. as of March 31, 2020, a growth of 31%.




a) **NPS Government Sector:** The Govt. sector consists of Central Government (including CABs) and State Governments/Union Territories (including SABs). So far, 31 State Governments/Union Territories have entered into agreement with NSDL e-Gov for availing its services as CRA. During the last year, more than 7,000 Nodal Offices were registered for Government Sector. In all, more than 25,700 Nodal Offices of Central Government (including the offices of 603 CABs) and 2.38 lakh Nodal Offices of State Governments (including the offices of 1,318 SABs) are registered with NSDL e-Gov.

b) **NPS Private Sector:** NPS Private Sector consists of All Citizens of India sector (also referred to as Unorganized Sector, i.e. UOS) and Corporate Sector. As of March 31, 2020, 82 entities were acting as Points of Presence (POPs) servicing subscribers under these sectors through more than 82,500 touch points across the country. So far, more than 6,800 Corporates have been registered to enroll their subscribers under NPS which also includes Public Sector Banks and Public Sector Enterprises which have mandatorily implemented NPS.

Tier II investment in Permanent Retirement Account (PRA) is a facility for the existing NPS Account holders to undertake investments over and above the investment in the normal pension account (i.e., Tier I). More than 2.44 lakh subscribers have availed the facility of Tier II account till March 31, 2020.

c) **eNPS:** NSDL e-Gov in its continuous endeavor to simplify procedures and modalities of NPS, developed an online platform (based on PFRDA guidelines) for registration and contribution. Using this platform, a Subscriber can register online through his/her associated Bank (with PAN as mandated KYC supporting document). For verification of PANs, the KYC details of the subscribers are verified and authorized by their Bankers. A Subscriber can also register through non-banking entities. In this case, similar to bank KYC verification, KYC will be done by the non-banking entity based on the existing relationship of the Subscriber with the entity. This process ensures that PRAN is available to the subscriber instantly. It has also provided the subscribers with convenience of contributing online anytime anywhere. So far, 29 Bankers and 33 Non-Bank entities have joined in eNPS for KYC verification process.

SBIePAY and BillDesk acts as Payment Gateway Service Providers for eNPS contributions and 53 Banks are associated with them through which subscribers can remit contribution to their NPS accounts. Contribution payment using UPI has also been made available in eNPS. During this financial year, around 2.43 lakh PRANs were generated under UOS, of which around 43% PRANs were generated through eNPS. Further, Rs. 3,422.85 Cr. was contributed through eNPS (by both, existing as well as new Subscribers) during this financial year.

e-Sign facility has been integrated with eNPS platform to enable a subscriber to sign his/her PRAN application electronically. This process has eliminated the requirement of submission of physical documents to CRA. During this financial year, more than 2.75 lakh subscribers availed this facility. The facility to activate Tier II account by existing Subscribers has also been made available under eNPS. Out of 2.44 Lakh Tier II accounts, nearly 1.37 lakhs accounts are opened through the eNPS module.

d) **Atal Pension Yojana (APY):** APY is an initiative towards making India a pensioned society through financial inclusion. The assured pension and fixed instalment amounts with respect to the age not only makes the scheme more attractive to the economically weaker sections but also makes the product simpler and comprehensible. APY is being administered by PFRDA within the institutional architecture of NPS. The scheme has been implemented through Banks / Payment Bank and Department of Posts. Till March, 31, 2020, 412 APY Service Providers (APY-SPs - PSUs/Private Banks/RRBs/DCCBs/SCBs/UCBs/DOP/SFBs/PAYB) have joined and these APY-SPs have registered around 1.69 Lakh branches under APY as service branches. More than 2.23 Cr. subscribers have been registered under APY till March 31, 2020.

e) **Online PRAN generation by Nodal Offices:** To facilitate the process of PRAN generation and timely upload of NPS contributions, NSDL e-Gov has developed and made available the functionality of Online PRAN Generation Module (OPGM) to Nodal Offices. So far, 35 POPs have adopted OPGM and have garnered more than 2.17 lakhs PRANs during this financial year. This accounts for more than 88% of the total PRANs generated under Private Sector (excluding PRANs generated through eNPS).

OPGM has also been adopted by 23 State Governments and a few Central Government Nodal Offices. During this financial year, more than 1.54 Lakhs PRANs have been generated in Government Sector using OPGM.

f) **Empowering Subscribers:**

**Scheme Preference Change:** As a part of empowering Subscribers, they can now change Scheme preference in their NPS account log-in through online mode or even through NPS Mobile App. They can opt for scheme preference change once in a Financial Year. In this financial year more than 3,800 Central Govt. (excl. CABs) Subscribers have opted schemes other than default scheme through various mode like at the time of Registration/ Shifting or Scheme Preference Change.

**Mobile App:** In order to provide ease of access, NPS Mobile App has been made available for NPS Subscribers. Using this App, subscriber can access various functionalities such as Transaction Statement, Contribution remittance, details of latest contributions, change in contact details, change in address details, change in Scheme preference under NPS after providing PRAN as User ID and IPIN as password. The App is available for download on 'Google Play Store' as 'NPS by NSDL e-Gov' for Android users. Similar app is also available for iOS and Windows users. During the financial year, new features such as Tier II Withdrawal request, option to raise grievances/queries, Pension and Returns Calculator were incorporated in Mobile App. Even registration can be done through App now. As on March 31, 2020, more than 34 lakh users have downloaded this App.

Bilingual version of Mobile App has also been made available for the convenience of NPS Subscribers. A subscriber has the option to choose the desired language option (either English or Hindi) on accessing the Mobile App. Further, similar to NPS Regular, a Mobile App has also introduced for NPS Lite/APY subscribers. As on March 31, 2020, more than 8 lakh users have downloaded this App.

.

**FATCA Certification:** NPS Trust has been designated as a Reporting Financial Institution under section 285BA of the Income tax Act, 1961 ('the Act') and is required to identify NPS account holders after carrying out the due diligence process as per Rules 114F to 114H of the Income-tax Rules, 1962 ('the Rules'). NPS Trust has initiated the due diligence process under the alternative procedure of FATCA and sought self-certification from the Subscribers (Accounts opened on or after July 1, 2014) regarding his / her status under Rules 114F to 114H.

NSDL e-Gov under the guidance of NPS Trust has initiated efforts to obtain FATCA certification from Subscribers. Initially, Subscribers were requested to submit physical applications. Subsequently, in order to facilitate quick FATCA compliance, facility to submit online FATCA Self-Certification was also provided to subscribers in their CRA login. Also, Nodal Offices were provided an option to update FATCA status for the associated subscribers in the CRA system. As on March 31, 2020, more than 35 lakh subscribers of NPS Regular and 0.54 lakh Subscribers of APY & NPS Lite are FATCA Compliant.

**Retirement Adviser:** The Retirement Advisers (RA) are appointed by PFRDA to engage in the activity of providing advice on NPS and thereby to extend the reach of NPS. The RA can be an individual, registered partnership firm, body corporate, or any registered Trust or society. An online platform has been made available in the CRA system during the financial year to facilitate registration of Retirement Advisers. As on March 31, 2020, 53 Retirement Advisers have been registered in the CRA system and 1,225 PRANs have been generated through them.

**Capacity Building & Marketing Initiatives:** Several initiatives have been taken to reach out to different stakeholders of NPS during FY 2019-20. During current Financial Year, 248 training programs were conducted across all sectors at various locations for the Nodal Offices on various processes involved under NPS, operational requirements and process disciplines to be followed. More than 7,600 attendees benefitted from attending these programs.

Subscriber Awareness Programmes (SAP) are conducted to complement the efforts of PFRDA to make NPS popular amongst the masses and also to increase the awareness about NPS across India about various features of NPS. During this financial year, 123 SAPs were conducted across 112 cities. Around 9,800 people attended and benefitted from these awareness programs.

**Digital Media Initiatives:** To be in step with digital revolution, we have made ourselves significantly present in the digital space. This has enabled us to build a strong association with our stakeholders, increase traction on our website and be the right source of information about the product on social platforms. We are actively present on three of the most powerful platforms of the digital era – Facebook, YouTube and Quora.

**a. Facebook**

The networking giant-Facebook has paved way for us to reach our existing as well as potential subscribers. On our Facebook page, we have been regularly posting updates on NPS, relevant notifications from PFRDA, and also news pieces about the product. Posting schedules of our 'Subscriber Awareness Programme' (SAP) has expanded our reach amongst the audience.

**b. Quora**

With our presence on Quora, we have been able to address queries related to NPS, in turn creating publicity for the product. This knowledge sharing platform has led to channeling more viewers towards NPS and its benefits. In a short span of time, our account on the forum has reached 5.5 lakh plus views and we have also become the most viewed writer of the topic 'NPS'.

**c. YouTube**

NSDL CRA's YouTube channel, called 'NSDL- NPS Ki Pathshala', have been utilized in imparting knowledge about NPS and also various operational related aspects. Since our priority has been providing more and more clarity on NPS, we have conceptualized our videos based on queries, grievances and feedback received from Subscribers and Nodal Offices. Our videos have helped our stakeholder's gain understanding about NPS and helped them take a more informed decision regarding NPS.

Similarly, to further our reach on information regarding APY, we have also started a YouTube channel called 'NSDL - APY Ki Pathshala'. The videos in APY Ki Pathshala are aimed at increasing awareness amongst APY Subscribers and Service Providers on APY product & features, FAQs etc.

Towards the end of Dec 2019, the world witnessed Covid-19 pandemic outbreak, which also affected the working and operations of companies globally. In India, by mid of March 2020, stringent lockdown measures were announced by the Government. In spite of adhering to lockdown rules, it was ensured that the services provided during Financial Year ending was not hampered. Due care was taken to provide necessary support to our stakeholders and high availability was provided in terms of system uptime and also performance in terms of response time. Hence, all the major services were provided to the stakeholders in an uninterrupted manner despite the lockdown.

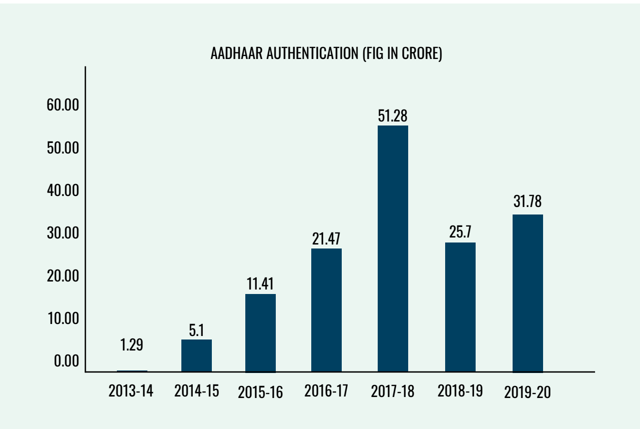
## 3.5 AADHAAR ENROLMENTS & RELATED SERVICES FOR UNIQUE IDENTIFICATION AUTHORITY OF INDIA (UIDAI)

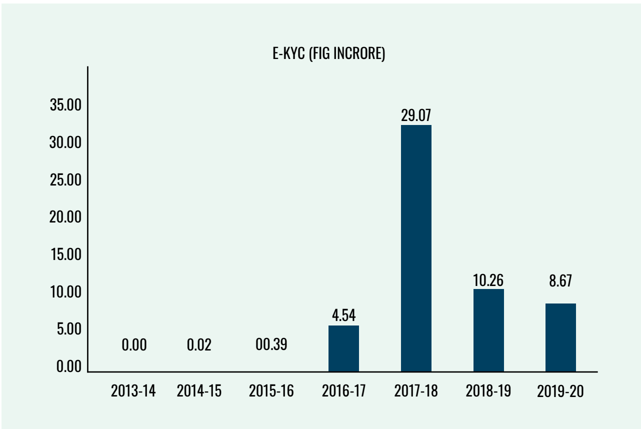
NSDL e-Gov was one of the Registrars of Unique Identification Authority of India (UIDAI) for the purpose of enrolment of residents for allotment of Unique Identification Number (called Aadhaar) on the basis of demographic & biometric details provided by the residents. These services are offered through Enrolment Agencies (EAs) empanelled with UIDAI. The EAs operate through a network of Enrolment Centers (ECs) and each EC has one or more Enrolment Stations (ESs).

NSDL e-Gov had carried out more than 10.67 crore Aadhaar enrolments (net of rejections) out of which, 9.15 crore Aadhaars have been generated by UIDAI. NSDL e- Gov ranked 5th amongst 194 Registrars of UIDAI in terms of number of Aadhaars generated and 3rd amongst Non-State Registrars.

NSDL e-Gov has been authorised by UIDAI as an Authentication Service Agency (ASA) and Authentication User Agency (AUA) for providing Aadhaar Authentication Services to various entities. NSDL e-Gov has also been authorised by UIDAI as KYC Service Agency (KSA) and KYC User agency (KUA) for providing Aadhaar based e-KYC services to various entities. e-KYC is aunique service through which Know Your Client (KYC) process can be performed electronically using Aadhaar database with explicit authorization by the Resident. As on now, 23 entities including Central/State Governments, Banks/Payment Bank, PSUs, avail these services from NSDL e-Gov. avail these services from NSDL e-Gov.

During FY 2019-20, our company has carried out 31.78 crore Aadhaar authentication and 8.67 crore e-KYC transactions. So far, 148.03 Crore authentication and 52.96 crore e KYC transactions have been carried out through NSDL e-Gov.




## 3.6 NATIONAL JUDICIAL REFERENCE SYSTEM (NJRS)

Income Tax Department (ITD) has appointed our company as the Implementation Agency (IA) for establishment of National Judicial Reference System (NJRS) to achieve efficiency in the tax litigation process.

NJRS is envisaged to provide mechanism to manage Appeals and Judgments through-

- **Appeals Repository and Management System (ARMS)** - ARMS is an online repository for all pending appeals at Income Tax Appellate Tribunal (ITAT), High Courts (HC) and Supreme Court (SC),
- **Judicial Research & Reference System (JRRS)** - JRRS is a repository of judicial orders as a single, indexed, searchable, cross-linked, database of Judgments / orders of ITAT, Authority of Advance Ruling (AAR), HC and SC.

Regional Scanning Centers (RSCs) have been setup at 28 locations for scanning of appeal documents. About 2.25 lac appeals documents of ITAT, HC and SC have been scanned so far.

Appeals and judgment data available in NJRS:

| Particulars | Tribunal (ITAT) | High Court (HC) | Supreme Court (SC) | Total |
|---|---|---|---|---|
| Judgments | 2,03,097 | 72,347 | 6,850 | 2,82,294 |
| Appeal data | 5,76,368 | 2,18,359 | 30,125 | 8,24,852 |

## 3.7 VIDYA LAKSHMI PORTAL FOR EDUCATIONAL LOAN SCHEMES OF BANKS

Vidya Lakshmi portal has been developed by our company, under the guidance of Department of Financial Services, (Ministry of Finance), Department of Higher Education (Ministry of Human Resource Development) and Indian Banks' Association (IBA). This Portal is a first of its kind portal providing single window for Students to access information and make application for Educational Loans provided by Banks.

Students can view, apply and track the education loan applications to banks anytime, anywhere by accessing the portal. The portal also provides linkage to National Scholarship Portal.

**Progress so far:-**

- Vidya Lakshmi Portal (www.vidyalakshmi.co.in) was launched on August 15, 2015.
- Currently 36 banks and 90 loan schemes are registered on Vidya Lakshmi Portal (VLP).
- As on March 31, 2020, a total of 14,31,040 students have registered on VLP, out of which 5,31,651 Students have applied for 6,86,124 loan schemes and 1,73,930 educational loans have been disbursed through VLP.
- As on March 31, 2020, 33 banks have submitted a total count of 5,99,267 Legacy applications (loan application data from August 15, 2015 to January 31, 2018) which have been uploaded on VLP.

# 4. OTHER PROJECTS

## i) e-Sign Service Provider (ESP) licensed by Controller of Certifying Authorities(CCA)

e-Sign is an online electronic (digital) signature service to facilitate Aadhaar holders to digitally sign documents. UIDAI provides facility for Aadhaar authentication using biometric of the Resident or One Time Pin (OTP), sent on the respective mobile no. of the Resident registered with UIDAI. e-Sign aims at transforming the use of digital signatures and promote paperless digital environment using Aadhaar. e-Sign has been recognized as a valid mode of signature under provisions of Second Schedule of the Information Technology Act and Guidelines issued by CCA (Electronic Authentication Technique and Procedure) Rules, 2015. e-Sign services can be used for various purposes like digital signing of application for opening of bank account, loans, Trading and/or DEMAT Account, customer onboarding, e NACH mandate, application for PAN, application for Permanent Retirement Account Number (PRAN) for National Pension System (NPS)/ Atal Pension Yojana (APY) etc.

So far, 115 entities comprising Banks, Insurance Companies, NBFC, Depository Participants, Stock Brokers, e-Commerce organizations, Financial Institutions, Corporate Bodies etc. have been registered with NSDL e-Gov as ASPs. Online PAN application, Online NPS modules, e-CinePramaan and GSP of NSDL e-Gov have implemented e-Sign services and are operational as an ASP. As on March 31, 2020, more than 5.76 crore e-Signs were generated. NSDL e-Gov undertakes various marketing initiatives to make this service popular for various usages & users.

## ii) Vidyasaarathi Portal for online acceptance of applications and distribution of scholarships to students

Vidyasaarathi portal (VSP) is developed by our company for online acceptance of scholarships applications and distribution of scholarships to students. VSP is a technology-enabled initiative by NSDL e-Gov and Tata Institute of Social Sciences (TISS) to bridge the gap in education finance in the country through an online platform. This solution has the ability to bring together various stakeholders like students, institutes and corporates on a single platform. The solution becomes more relevant in the wake of the recent CSR policy mandate and will assist subscriber organizations in shaping their CSR policy related to education.

**Features of Vidyasaarathi**

- Corporates can design their own educational finance schemes.
- Easy management of designed Schemes.
- Online system for submission and processing of Scholarship application forms. Archiving and retrieval of past scholarship records.
- Central trust (TISS) for scholarship disbursal.
- Help Desk support for students, corporates and institutes.

**Progress so far (as on March 31, 2020)**

1. Number of students registered on VSP- 8,21,423
2. Number of students who have applied for scholarships- 7,45,611
3. Number of Corporates on-board- 31
4. Number of Scholarship schemes published- 190
5. Total scholarship corpus- Rs. 17.45 Cr
6. Total scholarships awarded/disbursed- 6,428
7. Total scholarships due to be awarded/disbursed- 2,381

## (iii) Workflow Management System for Central Board of Film Certification (CBFC)

Central Board of Film Certification (CBFC) of the Ministry of Information and Broadcasting, Government of India has engaged NSDL e-Gov as the "Implementation Agency" for Design, Development, Implementation, Hosting and Maintenance of Online Film Certification Application Processing System and the CBFC website. This engagement is for a period of 3 years. This system enables applicants to submit film certification application online, upload scanned copies of supporting documents, make online payments and track the status of their certification application online. It also facilitates the CBFC officials to process the application, by providing a web- based interface to capture end-to-end application approval workflow for the departmental users associated with the certification process. This system would also help to better the inter departmental user interfaces, reduce administrative hassles, increase efficiency, transparency and minimize need of in-person visits by the applicants (producers/agents) to CBFC Offices.

This system was made operational on 27th March, 2017 and has so far generated more than 39,000 certificates for Films of various categories. Digitisation of old paper certificates issued by CBFC before the launch of this system was also undertaken and has been completed. These digitised certificates have been made available in the new system for internal reference.

### IV) GST Suvidha Provider

Our company is a registered GST Suvidha Provider (GSP) with Goods and Services Tax Network (GSTN) and offers GSP as well as Application Service Provider (ASP) services to various entities such as Dealers, Tax Consultants, Service Centre and other ASPs.

Currently, users are able to file for GSTR1 (sales invoices upload), GSTR 3B (summary Return), GSTR-6 (Input Service Distributor), GSTR-7 (TDS Return), ITC-04 (Job Work) and GSTR 9 (Annual Return) through NSDLgst Portal.

To cater to the needs of Corporates who require on-premise GST Compliance Solution for filing GST Returns, NSDL e-Gov has developed NSDLgst Lite solution which has been made available on-premise as well as on the cloud, having all the above features. This solution is being built in-house and will not require the earlier framework, thus managing the ongoing development issues, bugs /CRs would be easier.

System development for new simplified GST Returns as proposed by the GST Council is initiated and will be available in the NSDLgst Lite application. Similarly, System development for E-invoice Module has been initiated, thereby integrating with Invoice Registration Portal (IRP) through API. E-invoicing is introduced basically to report B2B invoices to the GST system in timely and organized manner. The e-invoicing data reported will be further used for e-way bill generation as well as preparation of the GST returns.

### V) NSDL GST Verification Services (GVS):

In addition to NSDL ASP and GSP services, GST Verification Services (GVS) have now been launched by our company, which is developed primarily to cater to the needs of Banks and other Lending Institutions.
Banks and Lending institutions are interested in verification facility for their Clients those who have applied for loan / overdraft facility and to whom loans have been granted.

GVS system enables the Lenders to verify GST compliance for their customers wherein, the Lenders will register on GVS system and the users (i.e. branches) can request for the following for a specific period:

1. Track Return Status (single and bulk verification) will help to find whether the customer has filed GSTR-1 and GSTR-3B returns and by which dates.
2. Search GSTIN (single and bulk verification) will help to find whether GSTIN is correct and present in GSTNs database.
3. PAN based GSTIN Search will help to find the GSTIN of Lending Institution’s customers.
4. Get GSTR-1 (data of Sales transaction) either in Summary format or at counter party wise.
5. Get GSTR-3B (GST liability discharge statement) in Summary format.
6. Dealer Compliance Report (for current financial year and previous financial year).
7. Purchase and Sales Report (Half Yearly Reports).

Total 26 entities have registered for GVS services which include Public , Private , Cooperative Banks and NBFCs.

### VI) Vidya Kaushal Portal:

Vidya Kaushal is a first of its kind platform developed to enable any Indian individual to apply for financial assistance / loan to pursue Skill development training courses. The unique skill platform aims to provide truly seamless access to skill loan funding aligned with the national vision of developing a skilled India, creating greater employment opportunities and employable skills.

Vidya Kaushal Portal (VKP) provides a single window for Students to access information and make application for Skill Loans provided by NBFC’s. This platform was launched on October 4, 2018 and is an initiative of National Skill Development Corporation (NSDC) and the same is powered and maintained by NSDL e-Gov.

As on March 31, 2020, stakeholder wise registrations that have taken place on VKP are as follows:-

- Students- 1,640
- Training Centers- 2,990
- Training Partners- 49
- NBFC- 6

**VII) Overseas Project Opportunities**

Our Company has been exploring business opportunities in various geographies like Malaysia, Philippines, Qatar etc. Ministry of External affairs (MEA) and Ministry of Electronics and Information Technology (MeitY) on behalf of the Govt. of India has taken a visionary initiative to promote Indian businesses in the technology sector under a flagship programme named 'Brand India – Digital Initiative'. MEA has now shortlisted NSDL e-Gov amongst other organisations under the 'Brand India Digital Initiative' for promoting India's capabilities globally, especially in the African continent. It has selected several of our products such as TIN, CRA, e-Sign, e-KYC, Vidya Lakshmi Loan Portal, Vidyasaarathi Scholarship Portal, Vidya Kaushal Skill financing Portal etc. for marketing in those Geographies. Our company is already empanelled with EXIM Bank for financing of such Projects. NSDL e-Gov is also exploring business opportunities in other geographies.

# 5. QUALITY OF SERVICE

## 5.1 Training & Orientation Programmes

Presence of trained staff is a prerequisite to provide quality services to the customer. Hence, training the staff of the intermediaries such as Facilitation Centres is a function which is considered as one of the important areas by our Company. Our Company has been conducting training & orientation programmes for the staff of the intermediaries who are providing services to customers.

Several initiatives have been taken to reach out to different stakeholders of NPS during FY 2019-20. During current Financial Year, 248 training programs were conducted across all sectors at various locations for the Nodal Offices on various processes involved under NPS, operational requirements and process disciplines to be followed. More than 7,600 attendees benefitted from attending these programs.

Subscriber Awareness Programmes (SAP) are conducted to complement the efforts of PFRDA to make NPS popular amongst the masses and also to increase the awareness about NPS across India about various features of NPS. During this financial year, 123 SAPs were conducted across 112 cities. Around 9,800 people attended and benefitted from these awareness programs.

## 5.2 ISO Certifications

**a. ISO 27001:2013 Certification (Information Security Management Standard)**

NSDL e-Gov continues to hold ISO 27001:2013 Certification for TIN, PAN, CRA, Aadhaar Authentication & e-KYC Services and GST projects. This is an enhanced version of the Information Security Standards published by International Standards Organization (ISO).

**b. ISO 22301:2012 Certification (Business Continuity Management Standard)**

The company is committed to deliver service to its customers on continuous basis, without interruption. NSDL e-Gov has implemented Business Continuity Management System (BCMS) Standard (ISO/IEC 22301:2012) to establish, manage, maintain and continually improve Business Continuity capabilities / practices for CRA-NPS project. An organization structure comprising of cross-functional teams has been identified to ensure BCMS implementation is effective. Periodic testing of BCP plans is carried out to ensure that it helps to be an overall resilient organization.

**c. ISO 20000:2011 Certification (IT Services Management Standard)**

For effectively meeting the SLA requirements of the Regulator, the company has adopted ITSM (Information Technology Service Management) framework for Central Record Keeping Agency System (National Pension System). The ITSM policy objectives focus on customer satisfaction, leveraging of latest technology, alignment of business needs with IT services and maintaining domain expertise and productivity of people above defined benchmark levels. The importance of service quality and its continual improvement is accorded due importance to ensure and enhance customer experience. ITSM helps to identify areas for improvement in services delivery and support. The same is achieved by integration of People, Processes, Technology and Partners (Customers and Suppliers).

**d. ISO 9001:2015 Certification (Quality Management Standard)**

Foundation of any customer satisfaction is the Quality of Service. Considering the nature of services offered by the company and the volume of transactions, it is very important to maintain high service quality and on sustained basis. Towards this objective, the company has implemented ISO 9001 Standard for quality management of its TIN & PAN Processes.

## 5.3 Capability Maturity Model Integration (CMMI)

CMMI (Capability Maturity Model Integration) is a model developed by the Carnegie Mellon Software Engineering Institute (SEI). The model expresses maturity of organisations at various capability levels and also defines the characteristics of effective processes for satisfying the requirements at each level. As a de facto standard reference model for process improvement, it is used by numerous companies throughout the world.

NSDL e-Gov was certified at Capability Maturity Model Integration for Services (CMMI SVC Version 1.3) - Level 5 for Central Recordkeeping Agency (CRA) – Subscriber Services and CRA Systems Infrastructure in March, 2020. An appraisal at maturity level 5 indicates that the organization is performing at the highest - an ‘Optimising’ level. At this level, processes are systematically managed by a combination of process optimization and continual process improvement.

NSDL e-Gov, by implementing high maturity process areas of CMMI SVC level 5, has affirmed its commitment to deliver best services to all its customers.

## 5.4 TIA942 rated 4 Certification for Bengaluru Datacentre

Our Company continues to hold TIA 942 rated 4 Certification for its Data Centre facility at the Disaster Recovery Site (DRS).

## 5.5 Inspections

Our Company carries out periodic inspections of the PAN Centres and Facilitation Centres for TIN and CRA. These inspections are conducted to verify whether these entities carry out operations as per the stipulated procedures. In case deviations are observed, appropriate penal action is initiated and entity is advised to immediately comply and plug the deviations.

## 6. RISK MANAGEMENT

In the normal course of business, our Company is exposed to following risks:

**(a) Business Risk:** This is attributable to the impact of market behaviour on the revenues of our Company and sustainability of business across cycles.

**(b) Business Continuity Risk:** This arises out of possible inability to conduct business and provide services on account of damage to physical assets and breakdown of infrastructure due to natural calamities, accidents, breakdowns etc.

**(c ) Operational Risk:** This arises out of any possible loss from operations due to third party liability, infidelity of employees, electronic & computer crimes, errors & omissions etc.

**(d) Financial Risk:** Our Company has been a zero-debt Company since its inception. The Company has followed the strategy of financing all its expansions, diversifications and infrastructure related expenditure through internal accruals.

**(e) Legal and Statutory Risk:** This is attributable to various legal and statutory compliances of laws and regulations governing the company.

**(f) Technological Risk:** This risk arises with fast advancement of technology at a very fast pace due to which the technology obsolete cycle is much faster than the envisaged life of the technology at the time of deployment.

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

### 6.1 Risk Management Policy

The Company has a Board approved Risk Management Policy which provides for Risk Management Governance Structure; Risk Management Process comprising Risk Identification, Risk Assessment, Risk Treatment, Risk Reviews & Status Update Reporting at all levels.

As a part of implementation of the said Policy, various risks have been identified and Risk Assessment Framework has been defined. Risk Management Training for Risk Owners, Risk Champions and Risk Coordinators were conducted. Top ten risks for the company have been identified and mitigation plans for the same have been developed. The implementation of mitigation plans is verified by the internal auditors. The policy is reviewed by auditors and reported to the Audit Committee.

### 6.2 Other Risk Mitigation Measures

**i) Disaster Recovery Site**

Our Company has set-up Backup Infrastructure operations at its Disaster Recovery Site (DRS) located at a geographically distant location. The readiness of the DRS is periodically tested. Our company continues to hold TIA 942 Rated 4 certified facility for its DRS Data Centre.

**ii) Insurance**

Our Company has obtained a Comprehensive Business Risk Insurance Policy to cover risks associated with business operations. The scope of cover of this insurance policy includes infidelity of employees and other perils. The policies have been obtained for the below mentioned projects:

a. Tax Information Network (TIN)
b. Central Recordkeeping Agency (CRA)
c. National Judicial Reference System (NJRS)
d. Aadhaar authentication and e-KYC services
e. e-sign Services

All the above policies are obtained to mitigate business related risks involved.

Our company has also obtained following insurance policies to cover the organization level risk and the policies are as under:-

- Directors & Officers Liability policy
- Cyber Liability Insurance Policy

Apart from these, our Company has taken adequate insurance cover for premises and equipment. The policy obtained is Electronic Equipment Insurance (EEI) and Office Umbrella Insurance Policy.
All the policies are renewed on time to ensure continuity.

**iii) Internal Controls and Audit**

Our Company has well established processes and clearly defined roles and responsibilities at various levels. Comprehensive operational manual and standard operating procedures have been put in place in various departments of our Company. There is an independent audit firm appointed for conducting internal and operations audit. The scope of internal and operations audit is approved by the Audit Committee. The report of the Internal Auditor alongwith management response is placed before the Audit Committee which reviews the same and advises on improvements in the internal controls.

Adequate internal financial controls with reference to the Financial Statements have been implemented. Review of internal financial controls is carried out covering entity level controls, key financial controls and operational controls. In order to ensure the operating effectiveness of such controls, testing of these control is independently carried out by the internal and operations auditors and the report is reviewed by the Audit Committee.

As a good IT-Governance practice, our Company undertakes Information Systems (IS) Audit for its TIN and CRA systems, every year.

**iv) COSO 2017 ERM Framework:**

Committee of Sponsoring Organizations of the Treadway Commission (COSO) provides thought leadership through development of comprehensive frameworks and guidance on internal control, enterprise risk management, and fraud deterrence designed to improve organizational performance and oversight. COSO Enterprise Risk Management (ERM) Framework 2017 focuses on integrating strategy with performance, highlights the importance of considering risk in both- strategy setting and driving performance. NSDL e Gov has adopted this framework during the year and is one of the very few corporates to have successfully implemented the same.

**v) Information/Cyber Security:**

The Company is ISO 27001 certified with comprehensive data protection policy encompassing physical security, perimeter (network infrastructure) security, Application security, Quality assurance. NSDL e-Governance believes in defence-in-depth strategy and has implemented state – of – the – art technology to safeguard its information assets. Information Security Policy is documented and provides guidelines for protection of assets from unauthorized access, use, disclosure, disruption, and modification. It also provides appropriate guidance for proper action and remediation for any kind of Information Security incidence. Confidentiality, Integrity & Availability of asset /services, guidelines for Information classification and roles and responsibilities are covered. NSDL e-Gov has devised a Cyber Security Policy to ensure that provisions / practices of Cyber Security Framework are deployed in the organisation which encompasses deployment and maintenance of necessary Cyber Security Program in the organisation.

**vi) Other Measures**

Our Company has a Secretarial & Legal team to advise the company on issues relating to compliance with various laws. The Company has implemented a computerized system for reporting and monitoring of various compliance requirements applicable to the company under various laws. The Company also seeks outside legal advice, wherever needed. Our Company uses information technology extensively for its various businesses. All technology services are regularly reviewed and capacity planning and system enhancement is undertaken based on the analysis of current usage and future needs.

## 7. CODE OF ETHICS AND VIGIL MECHANISM

Our Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. The Company has adopted a Code of Ethics ("the Code"), which lays down the principles and standards that should govern the actions of the Company, its directors and employees. Besides, the Staff Rules adopted by the Company also govern the conduct of the employees.

The Companies Act, 2013 provides for establishment of a vigil mechanism for directors and employees of the Company to report genuine concerns. In view of the above, the Company has formulated 'Whistle Blower Policy' to enable its directors and employees to report instances of unethical conduct, actual or suspected fraud or violation of the company's Code and Staff Rules and to prescribe the procedures to be followed by them.

Under this policy, any director or employee of the Company can report any actual or possible violation of the Code or Staff Rules or other applicable laws or an event he/she becomes aware of that could affect the business or reputation of the Company as per the procedure specified in the Policy. There is a Whistle Blower Committee constituted by the Company for overseeing the implementation of this Policy and to deal with complaints received under the Policy. The vigil mechanism so established provides for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. Details of Vigil Mechanism is provided on our Company's website: https://www.egov-nsdl.co.in/disclosures_notice.html

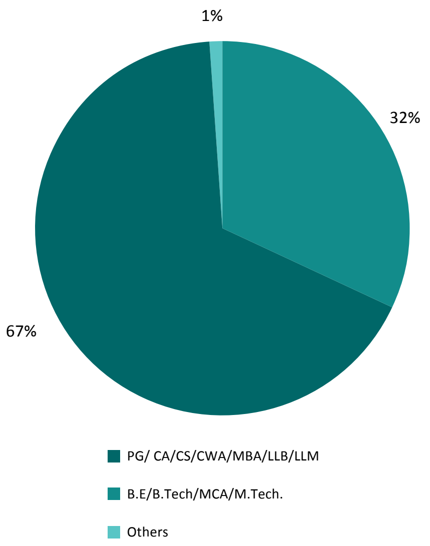
## 8. HUMAN RESOURCES

Our Company emphasizes on the quality of its human resources as employees are vital for the organization. The Company has created favourable work environment and has set up a human resource management system, which enables it to retain and attract high calibre employees. Employee relations at all locations are harmonious and cordial. The Company gives utmost importance to the training and development of its employees. Various training and orientation programmes are conducted, both in-house as well as external programmes. Officials across various levels are exposed to programmes according to their respective training needs. Our Company also nominates select employees to participate in various seminars and conferences both in India and abroad. A comprehensive induction programme is conducted for new recruits. Other training programmes are also conducted in order to keep abreast the employees in various technical, managerial and leadership areas. Special team building programmes are conducted for employees to increase their efficiency and performance as a team.

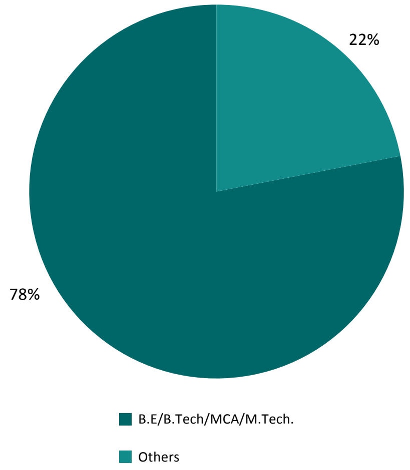
The Company also promotes family-friendly policies like Day Care and Work from Home which helps the employees in work-life balance. A good work-life balance for employees improves their motivation, reduces employees stress and increases employee retention

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

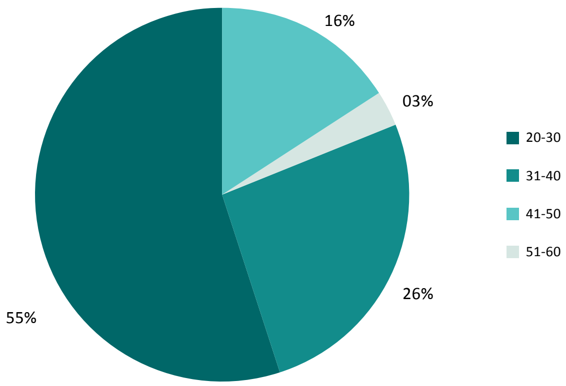
**BUSINESS OPERATIONS**




**IT SYSTEMS**




**AGE-GROUP WISE BREAK-UP**



## 9. CORPORATE GOVERNANCE

Corporate Governance primarily concerns transparency, full disclosure of material facts, independence of Board and fair play with all stakeholders. Our Company endeavours to constantly comply with and to continuously improve on these aspects with an overall view to earn trust and respect of the Members and other stakeholders. Corporate Governance at NSDL e-Governance Infrastructure Limited involves integrity, fairness, equity, transparency, trustworthiness, accountability and commitment to values in all facets of its operations and dealing with all its stakeholders. Responsible corporate conduct is integral to the way our Company conducts business. The Company strongly believes in adhering to high standards of corporate governance & practices and implements these by constituting a Board with eminent experts who provide vision and direction to the Company. The Company aims at maintaining highest standards of transparency, complying with all applicable laws and regulations, conducting its business in an ethical manner and protecting the interests of investors and other stakeholders. Our Company believes in adopting and adhering to the best recognised corporate governance practices and continuously benchmarking itself against each of such practices.

As a Company with a strong sense of values and commitment, we believe that financial viability of projects must go hand in hand with a sense of responsibility towards all stakeholders. This is an integral part of our Company's business philosophy.

### 9.1 BOARD OF DIRECTORS

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

Our Company has highly professional and experienced management team consisting of business/functional heads who look after day-to-day affairs of the Company under the direction of Managing Director & Chief Executive Officer (MD & CEO) who functions under the overall supervision and control of the Board.

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

Our Company is managed and guided by well-balanced Board comprising eminent persons with considerable professional expertise and experience in finance, accounting, legal, banking and other related fields. The Board comprises Eight (8) Directors, out of which Three (3) are Independent; Two (2) are Director and (1) is Additional Director (Independent Category) other than the Managing Director & CEO and Whole Time Director & COO.

### B. Board Procedures and Meetings

The Board also provides and evaluates the strategic direction of the Company, management policies and their effectiveness. A minimum of four pre-scheduled Board meetings are held every year. The Board also holds at least one meeting every year to discuss only business strategic issues. However, in case of a special and urgent business need, the Board also approves by Circular Resolution, certain items of business which are permitted by the Companies Act and which cannot be deferred till the next Board Meeting. A tentative annual calendar of Board meetings is finalised in the Board meeting with the approval of all Directors to facilitate them to plan their schedules for ensuring their meaningful participation in the meetings. The Board meetings are usually held at the registered office of the Company.

The Agenda for the Board Meeting is prepared in consultation with the Managing Director & CEO. All departments of the Company are advised to communicate their work plans and/or business proposals to the Company Secretary well in advance so that the same can be included in the Agenda for the Board/Committee meetings for deliberations and approval. All material information is incorporated in agenda and the same with appropriate supporting documents, is circulated well in advance for facilitating meaningful and focused discussions at the meeting. Significant developments and material events are brought to the notice of the Board as a part of the agenda paper in advance of the meeting or by way of presentation and discussion material during the meeting.

During the year under review, Four (4) Board Meetings were held on June 5, 2019; September 16, 2019; November 29, 2019; and March 13, 2020.

## C. Attendance of Directors at Board Meetings and number of other Directorships and Chairmanships/ Memberships of Committee of each Director in various companies:

| Sr. No. | Name of the Director | Category | Attendance Particulars | | Number of other Directorships | | No. of Committee Positions held in other companies | |
|---|---|---|---|---|---|---|---|---|
| | | | No. of Board Meetings held during tenure | No. of Board meetings attended | In Public Companies | InPrivate Companies | Member | Chairman |
| 1 | Mr. Shailesh Haribhakti | Non-Executive Chairman / /Independent | 4 | 4 | 10 | 9 | 5 | 5 |
| 2 | Justice (Retd.) Mr. B.N. Srikrishna * | Non-Executive / Independent | 2 | 1 | N.A. | N.A. | N.A. | N.A. |
| 3 | Mr. C.M.Vasudev * | Non-Executive / Independent | 2 | 1 | N.A. | N.A. | N.A. | N.A. |
| 4 | Ms. D.N. Raval | Non-Executive / Woman Independent Director | 4 | 4 | 10 | - | 2 | 1 |
| 5 | Justice (Retd.) Ms. Nishita Mhatre # | Non-Executive / Independent | 3 | 3 | - | - | - | - |
| 6 | Mr. A.P.Hota # | Non-Executive /Additional Director in Independent Category | 2 | 2 | 4 | - | 1 | 1 |
| 7 | Mr. J. Ravichandran | Director | 4 | 4 | 7 | 1 | 1 | - |
| 8 | Mr. Karan Bhagat | Director | 4 | 3 | 2 | 1 | - | - |
| 9 | Mr. Gagan Rai | Managing Director & CEO | 4 | 4 | None | None | None | None |
| 10 | Mr. Jayesh Sule | Whole Time Director & COO | 4 | 4 | None | None | None | None |

* Justice (Retd.) Mr. B.N.Srikrishna, (DIN: 01704550) an Independent Director and *Mr. C.M.Vasudev (DIN: 00143885) an Independent Director has retired as their tenure ends on September 24, 2019.

# Justice (Retd.) Ms. Nishita Mhatre (DIN : 08489369) was appointed as an Independent Director on September 16, 2019 in the Annual General Meeting (AGM) and

# Mr. A.P.Hota (DIN : 02593219) was appointed as an Additional Director in the category of Independent category (Non-executive) of the Company w.e.f September 16, 2019 to hold office from the date of this meeting till the date of next Annual General Meeting.

Notes:

1) Number of directorships and committee memberships are compiled based on the latest declarations provided by the Directors.
2) While considering Memberships/Chairmanships of Committees, only the Audit Committee and Stakeholders' Relationship Committees in all Public Limited Companies have been considered.

## D. Board level Changes

Board Level changes during the year are mentioned below:

1. Justice (Retd.) Ms. Nishita Mhatre (DIN: 08489369) was appointed as Independent Director of the Company considering her integrity, expertise and experience w.e.f. September 16, 2019 for a period of 3 years at 24th Annual General Meeting.
2. Mr. A.P. Hota (DIN: 02593219) was appointed as an Additional Director (Non-executive) in the Independent Director category of the Company considering his integrity, expertise and experience w.e.f. September 16, 2019 to hold office till the date of next Annual General Meeting.
3. Justice (Retd.) Mr. B. N. Srikrishna (DIN: 01704550), an Independent Director, on completion of his tenure, retired as a member of the Board w.e.f. September 24, 2019.
4. Mr. C. M. Vasudev, (DIN: 00143885), an Independent Director, on completion of his tenure, retired as a member of the Board w.e.f. September 24, 2019.

**Following is the current composition of the Board:**

| Sl. No | Name | Category / Designation |
|---|---|---|
| 1. | Mr. Shailesh Haribhakti | Independent Director |
| 2. | Ms. D.N. Raval | Woman Independent Director |
| 3. | Justice (Retd.) Ms. Nishita Mhatre | Independent Director |
| 4. | Mr. A. P. Hota | Additional Director (Independent Director Category) |
| 5. | Mr. J. Ravichandran | Director |
| 6. | Mr. Karan Bhagat | Director |
| 7. | Mr. Gagan Rai | Managing Director & CEO |
| 8. | Mr. Jayesh Sule | Whole Time Director & COO |

NSDL e-Gov Board comprises qualified members who bring in the required skills, expertise and competence that allows them to make an effective contributions to the Board and its various Committees. The Board members are committed to ensuring that the NSDL e-Gov Board is in compliance with the highest standards of corporate governance. Members are expected to possess the required qualifications, integrity, expertise and experience for the position.

The Company has received declarations from all the Independent Directors that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013. Further, as required under rule 6 (4) of the Companies (Appointment and Qualifications of Directors) Rules, 2014 the Independent Director shall enrol his/her name in the Databank, being maintained by the Indian Institute of Corporate Affairs to qualify as an Independent Director. All the Independent Directors have enrolled their names in the Databank. Justice (Retd.) Ms. Nishita Mhatre (DIN: 08489369) who possess the required qualifications, integrity, expertise and experience for the said position is in the process of clearing the online proficiency self-assessment test as required under rule 6 (4) of the Companies (Appointment and Qualifications of Directors) Rules, 2014 within the time limit prescribed under the said rule. Rest all Independent Directors having requisite experience do not need to clear the proficiency test and they are exempt under the said rule.

**To recommend appointment of Director(s) as per Companies Act, 2013:**

**a) To recommend Directors retiring by Rotation to the Board :**

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Jayesh Sule (DIN : 07432517), Whole Time Director & Chief Operating Officer of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re- appointment.

**b) To recommend change in designation of Additional Director :**

Mr. A.P.Hota (DIN : 02593219), who was appointed as Additional Director in the category of Independent Director w.e.f. September 16, 2019 and who holds office till the date of ensuing Annual General Meeting, as an Independent Director of the Company for a period of 3 years from the date of Annual General Meeting (AGM), and whose office shall not be liable to retire by rotation subject to approval of members. Mr. A.P.Hota has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for appointment.

**c) To recommend appointment of new Managing Director & CEO :**

Since the term of Mr. Gagan Rai, present MD & CEO of our company is expiring on February 17, 2021, the Nomination and Remuneration Committee (NRC) and the Board of Directors have decided to appoint Mr. Suresh Sethi as an Officer on Special Duty (OSD) until then.

Subsequently, with effect from February 18, 2021, it is proposed to appoint Mr. Suresh Sethi (DIN: 06426040) as the Managing Director & CEO of the Company, subject to approval of the Shareholders of the company in the ensuing Annual General Meeting. Necessary declarations have been obtained from Mr. Suresh Sethi.

Further, Nomination and Remuneration Committee and the Board in their meeting held on August 17, 2020 has approved to pay minimum managerial remuneration to Mr. Suresh Sethi (DIN:06426040) for a period of 3 years in case of no profit or inadequate profit under Section 197 read with Schedule V of the Companies Act, 2013 by passing a special resolution.

All these appointments have been recommended by the Nomination and Remuneration Committee and the Board.

**d) To approve minimum managerial remuneration to Mr. Gagan Rai (DIN: 00059632), MD & CEO:**

Approval of minimum managerial remuneration to Mr. Gagan Rai (DIN: 00059632), MD & CEO during the currency of his tenure for the F.Y. 2020-21 in case of no profit or inadequate profit under Section 197 read with Schedule V of the Companies Act, 2013 by passing a special resolution.

**e) To approve minimum managerial remuneration to Mr. Jayesh Sule (DIN: 07432517), WTD & COO:**

Approval of minimum managerial remuneration to Mr. Jayesh Sule (DIN: 07432517), WTD & COO during the currency of his tenure including the current F.Y. 2020-21 in case of no profit or inadequate profit under Section 197 read with Schedule V of the Companies Act, 2013 by passing a special resolution.

The above proposals were recommended by the Nomination and Remuneration Committee and approved by the Board in their meeting held on August 17, 2020 and recommended the same for approval of the Members in the ensuing Annual General Meeting.

## 9.2 BOARD COMMITTEES

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

- Audit Committee
- Nomination & Remuneration Committee
- Corporate Social Responsibility Committee
- Risk and Opportunities Management Committee

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

## A. Audit Committee

The Audit Committee assists the Board in its responsibility of overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and other regulatory requirements. The Committee's purpose is to oversee the accounting and financial process of the Company as also review quarterly and annual financial accounts of the Company. The Committee reviews reports of the Internal Auditors and Statutory Auditors and discusses their findings, suggestions, internal control system, scope of audit, observations of the auditors and also reviews accounting policies followed by the Company. The Committee also reviews the Operations Audit Reports submitted by Operations Auditors alongwith management response and suggests measures for further improvements in areas of operations and risk management. The terms of reference of the Committee are in line with the provisions of Section 177(4) of the Companies Act, 2013. During the financial year under review, Audit Committee was chaired by Mr. Shailesh Haribhakti, with Justice (Retd.) Ms. Nishita Mhatre and Mr. Karan Bhagat as its members. Out of three members of the Committee two are Independent Directors. The Managing Director & CEO, Whole Time Director & COO, Chief Financial Officer, Chief Risk Officer & Chief Information Security Officer are permanent invitees to the meetings of Audit Committee.

All members of the Audit Committee have good knowledge of financial matters. The Chairman of the Audit Committee, Mr. Shailesh Haribhakti, Independent Director, is a Chartered Accountant, Cost Accountant and Certified Internal Auditor. He possesses extensive accounting and related financial & risk management expertise. The Chairman of the Audit Committee also attends the Annual General Meeting. The composition of the Audit Committee meets the requirements of the Companies Act. Company Secretary of the Company acts as the Secretary to the Audit Committee. During FY' 20, four meetings of the Audit Committee were held. Details of attendance of each director at the Committee Meetings held during the year are as follows:

| Sr. No. | Name of the Member | No. of meetings held during the tenure | No. of meetings attended |
|---|---|---|---|
| 1. | Mr. Shailesh Haribhakti | 4 | 4 |
| 2. | Mr. C.M Vasudev* | 2 | 1 |
| 3. | Justice (Retd.) Ms. Nishita Mhatre** | 3 | 3 |
| 4. | Mr. Karan Bhagat | 4 | 1 |

* Not a member w.e.f . 24.9.2019 pursuant to his retirement.

** Justice (Retd.) Ms. Nishita Mhatre (DIN: 08489369) was appointed as an Independent Director on the Board w.e.f. 16.9.2019 in the Annual General Meeting (AGM).

## B. Nomination & Remuneration Committee

The Board has constituted the Nomination and Remuneration Committee with Ms. D.N. Raval as Chairperson and Mr. Shailesh Haribhakti and Mr. Karan Bhagat as members of the Committee. Out of the three members, two are Independent Directors.

The Committee identifies persons who are qualified to be co-opted as Directors and recommends to the Board for their appointment. The Committee carries evaluation of every director's performance. It also formulates the criteria for determining qualifications, positive attributes of Directors and Senior Management Personnel. It recommends to the Board, policy relating to the remuneration for the directors, key managerial personnel and other employees. Accordingly, the company has in place a Board approved Remuneration Policy.

The Committee is also involved in recommending to the Board revision in the salary structure for employees and in deciding terms of appointment / re-appointment and grant of Annual Increment and Performance Linked Incentive for Managing Director & CEO and Whole Time Director & COO. The Committee has formulated the criteria for determining qualifications, positive attributes and independence of directors.

The Composition of the Nomination and Remuneration Committee meets the requirements of the Companies Act. Company Secretary of the Company acts as the Secretary to the Nomination and Remuneration Committee. Details of attendance of each director at the Nomination and Remuneration Committee Meeting held during the year are as follows:

| Sr. No. | Name of the Member | No. of Meetings held during the tenure | No. of meetings attended |
|---|---|---|---|
| 1. | Mr. B.N. Srikrishna * | 2 | 1 |
| 2. | Ms. D.N. Raval | 4 | 4 |
| 3. | Mr. Shailesh Haribhakti | 4 | 4 |
| 4. | Mr. Karan Bhagat | 4 | 2 |

* Not a member w.e.f . 24.09.2019 pursuant to his retirement

## C . Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee acts under the Chairmanship of Ms. D.N. Raval with Mr. J Ravichandran & Mr. Gagan Rai as members. The composition of the Committee meets the requirements of the Companies Act, 2013 and Rules notified thereunder. The Committee has formulated a Corporate Social Responsibility Policy which indicates the activities to be undertaken by the company. The Committee recommends to Board the amount of expenditure to be incurred on the activities to be undertaken by the company and monitors the CSR Policy of the company from time to time. The Committee reviews the implementation reports submitted by recipients of funds and evaluation reports submitted by Independent Evaluator.

The Committee meets periodically to discuss matters relating to CSR of the Company. Company Secretary acts as the Secretary to the Committee.

Details of attendance of each director at the CSR Committee Meetings held during the year are as follows:

| Sr. No. | Name of the Member | No. of Meetings held during the tenure | No. of meetings attended |
|---|---|---|---|
| 1. | Ms. D.N. Raval | 4 | 4 |
| 2. | Mr. J Ravichandran | 4 | 3 |
| 3. | Mr. Gagan Rai | 4 | 4 |

## D. Risk and Opportunities Management Committee (ROMC)

The Board at its meeting held on March 16, 2018 has constituted Risk Management Committee (RMC) consisting of representatives of the Board. The Committee was re-named as Risk & Opportunities Management Committee w.e.f. September 16, 2019. Details of attendance of each director at the Risk & Opportunities Management Committee Meetings held during the year are as follows:

| Sr. No. | Name of the Member | No. of Meetings held during the tenure | No. of meetings attended |
|---|---|---|---|
| 1. | Mr. Shailesh Haribhakti | 4 | 4 |
| 2. | Mr. J. Ravichandran | 4 | 4 |
| 3. | Mr. Karan Bhagat | 4 | 1 |
| 4. | Mr. Jayesh Sule (i nducted w.e.f. 13.3.2020) | 1 | 1 |

## E. Meetings of the Independent Directors

In terms of the provisions of Schedule IV of the Companies Act, 2013, a separate meeting of the Independent Directors was held on March 13, 2020 without participation of non-independent directors and management representatives, interalia, to discuss:

(a) the performance of non-independent directors and the Board as a whole;
(b) the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors
(c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors were present at the said Meeting. The meetings of Independent Directors was chaired by Mr. A.P. Hota who has been elected as Lead Independent Director pursuant to cessation of office by Justice (Retd.)Mr.B.N.Srikrishna.

### 9.3 CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR

Nomination & Remuneration Committee has formulated the following criteria:

1. Any person who in the opinion of the Board is not disqualified under section 164 of the Companies Act, 2013 and who possesses ability, integrity, relevant expertise and experience can be appointed as director of the Company. Further, members are expected to possess the required qualifications, integrity, expertise and experience (including proficiency) of the independent directors' position of the Company.
2. Any person who is proposed to be appointed as Independent Director shall meet the criteria specified under section 149(6) of the Companies Act, 2013 and shall possess qualifications as stated in Rule 5 and Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and shall comply with the Code of Conduct specified in Schedule IV of the Companies Act, 2013 as amended or re-enacted from time to time.
3. The Company shall obtain adequate declarations from prospective candidate about his eligibility, consent and non-applicability of disqualifications.

### 9.4 BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, an annual performance evaluation of the Board as a whole, the directors individually as well as the evaluation of the Committees of the Board has been carried out in the following manner as per the parameters laid down:

- As required under Section 178 (2), the Nomination and Remuneration Committee has carried out evaluation of every director's performance;
- As required under Schedule IV, Independent Directors of the Company have carried out performance evaluation of the Chairman and of non-independent directors and Board as a whole and have also assessed the quality, quantity and timeliness of flow of information between the company management and the Board;&
- As per section 134 (3) (p) read with schedule IV, the entire Board has carried out the annual evaluation of their own performance and that of its Committees and individual Directors.

A separate meeting of the Independent Directors was held on March 13, 2020 to review the performance of Non-Independent Directors and the Board, taking into account the views of Directors. The performance of the Independent Directors was evaluated by the entire Board except the person being evaluated. The performance of the Committees was evaluated by the Board seeking inputs from the Committee Members. The Board carried out the evaluation of their own performance and that of its Committees and individual Directors keeping in mind the inputs received from the review by the Independent Directors.

### 9.5 REMUNERATION POLICY

In accordance with the provisions of Companies Act, 2013, the Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy relating to the remuneration for its directors, key managerial personnel and other employees. The Board approved Remuneration Policy is set out as **Annexure A** and forms part of this report and the same are uploaded on the NSDL e-Gov website also at: https://www.egov-nsdl.co.in/disclosures_notice.html

During F.Y. 2017, our Company introduced NSDL e-Governance Infrastructure Limited – Employee Stock Option Plan 2017 ("ESOP 2017") which covers eligible employees of the Company and its future subsidiaries. The company has granted stock options (each option carrying entitlement for one equity share) on December 4, 2017 to eligible employees at an exercise price of Rs. 310 per share. These stock options vested after the expiry of one year from the date of grant and can be exercised as per grant conditions for respective employees from the date of vesting at the exercise price and payment of perquisite tax. Pursuant to exercise of stock options by employee of the Company, 2,681 fully paid equity shares of face value of Rs.10 each of the Company for cash with premium of Rs. 300 per equity share aggregating to Rs. 8,31,110 the Board at its meeting held on March 13, 2020 approved the allotment of 2,681 equity share in accordance with the terms of ESOP Scheme, 2017. Relevant disclosures under the Companies Act, 2013 on Employee's Stock Option is set out as **Annexure F** and forms part of this report.

## 9.6 SHAREHOLDING PATTERN

ShareholdingPatternasonMarch31,2020 is as follows:

| Sr.No. | Name of the Shareholder | Number of shares held | % Holding (rounded off to 2 decimals) |
|---|---|---|---|
| 1 | NSE Investments Limited | 10,018,000 | 25.04% |
| 2 | Administrator of the Specified Undertaking of the Unit Trust of India-DRF | 2,732,000 | 6.83% |
| 3 | IIFL Special Opportunities Fund | 28,94,507 | 7.23% |
| 4 | IIFL Special Opportunities Fund – Series 4 | 24,99,178 | 6.25% |
| 5 | IIFL Special Opportunities Fund – Series 2 | 20,16,366 | 5.04% |
| 6 | State Bank of India | 2,000,000 | 5.00% |
| 7 | HDFC Bank Ltd. | 2,000,000 | 5.00% |
| 8 | AXIS Bank Limited | 2,000,000 | 5.00% |
| 9 | Deutsche Bank A.G. | 2,000,000 | 5.00% |
| 10 | IIFL Special Opportunities Fund – Series 5 | 19,47,396 | 4.87% |
| 11 | Citicorp Finance India Ltd. | 1,250,000 | 3.12% |
| 12 | HSBC Ltd. | 1,250,000 | 3.12% |
| 13 | Standard Chartered Bank | 1,250,000 | 3.12% |
| 14 | Oriental Bank of Commerce | 9,13,000 | 2.28% |
| 15 | Union Bank of India | 1,125,000 | 2.81% |
| 16 | IIFL Special Opportunities Fund – Series 3 | 9,33,293 | 2.33% |
| 17 | Bank of Baroda (After Dena Bank merger) | 625,000 | 1.56% |
| 18 | Canara Bank | 500,000 | 1.25% |
| 19 | IIFL Special Opportunities Fund – Series 7 | 16,63,166 | 4.16% |
| 20 | IIFL Special Opportunities Fund – Series 6 | 46,094 | 0.12% |
| 21 | Soach Global Digital Infrastructure Holdings Limited | 3,37,000 | 0.84% |
| 22 | ESOP Holders | 7,981 | 0.02% |
| **Total** | | **4,00,07,981** | **100%** |

## 9.7 GENERAL BODY MEETINGS

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

| AGM | Date | Venue |
|---|---|---|
| 22nd AGM | September 20, 2017 | The Taj Mahal Palace Gateway Room, Colaba Mumbai |
| 23rd AGM | August 10, 2018 | Times Tower, 1st Floor, Kamala Mills Compound, Lower Parel, Mumbai – 400013 |
| 24th AGM | September 16, 2019 | Times Tower, 1st Floor, Kamala Mills Compound, Lower Parel, Mumbai – 400013 |

The Twenty Fifth Annual General Meeting of our Company is scheduled to be held on September 18, 2020 at 10.00 a.m. at the Registered office of NSDL e- Governance Infrastructure Limited, Times Tower, 1st Floor, Kamala Mills Compound, Lower Parel, Mumbai–400013 through Video Conferencing (VC) / Other Audio Visual Means (OAVM) in compliance with the provisions of the Companies Act, 2013 and the Rules made thereunder read with General Circular No. 14/ 2020 dated 8th April 2020, General Circular No. 17/2020 dated 13th April 2020 and General Circular 20/2020 dated 5th May 2020 issued by the Ministry of Corporate Affairs.

## 9.8 GENERAL SHAREHOLDER INFORMATION

- **Company Registration details:**
  The Company is registered with the Registrar of Companies, Mumbai, State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is U72900MH1995PLC095642.
- **Financial year:** 1st Aprilto31st March
- **Record date for dividend payment :** Date of AGM
- **Listing on stock exchange:**
  The Company is not listed in any of the stock exchanges in India or abroad.
- **Branch offices**

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

| NEW DELHI | KOLKATA | CHENNAI | AHMEDABAD |
|---|---|---|---|
| 409/410, Ashoka Estate Bldg., 4th Floor, Barakhamba Road, Connaught Place, New Delhi – 110 001 | 5th Floor, "The Millenium", Flat No. 5W, 235/2A, Acharya Jagdish Chandra Bose Road, Kolkata – 700 020 | 6A, 6th Floor, Kences Tower, # 1 Ramkrishna Street, North Usman Road, T. Nagar, Chennai – 600 017 | Unit No. 407, 4th Floor, 3rd Eye One Commercial Complex Co-op. Soc. Ltd., C.G. Road, Ahmedabad – 380 006 |

- **Address for correspondence:**
  Shareholders' correspondence should be addressed to The Company Secretary at the registered office of the Company at Times Tower, 1st Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.
  Tel.:(022)24994200 • E-mail ID : cs@nsdl.co.in • Website: www.egov-nsdl.co.in
  CIN:U72900MH1995PLC095642

Shareholders are requested to intimate any changes pertaining to their bank account details, e-mail address, Power of Attorney, change of name, change of address, their contact details etc., to their respective Depository Participants (DP).

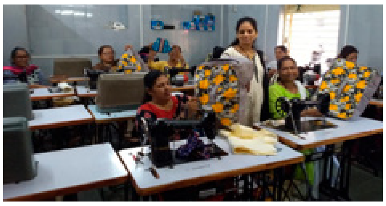

CSR

## 10 CORPORATE SOCIAL RESPONSIBILITY

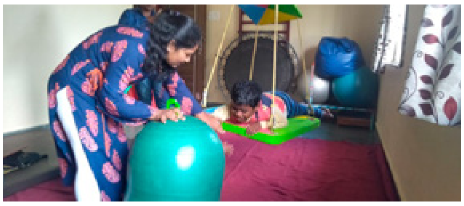
Our Company has been making contributions to socially useful projects since 2007. In accordance with the provisions of the Companies Act, 2013 the Company has re- constituted the Corporate Social Responsibility (CSR) Committee of the Board and has adopted a CSR Policy which inter-alia provides the CSR activities which can be undertaken by the Company. The Committee recommend to the Board a CSR Policy, recommend the amount of expenditure to be incurred on the activities and to monitor CSR Policy from time to time. The CSR projects undertaken by the Company are broadly covered under the following areas as permitted under Schedule VII of the Companies Act, 2013:

- Promoting healthcare including preventive healthcare;
- Promoting education including special education;
- Setting up homes and hostels for women and orphans &
- Promoting gender equality and empowering women.

The Annual Report as required under Companies (CSR Policy) Rules, 2014, on CSR activities undertaken by the Company is annexed herewith as **Annexure B** and forms part of the Report.

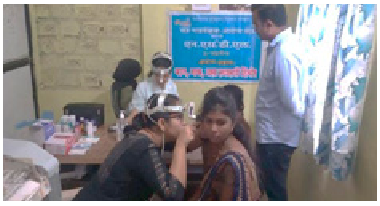
Skills and Entrepreneurial quality development Program at AsmitaMumbai



Training programme at Sanvedana Cerebral Palsy Vikasan Kendra- Latur

Sanganak Pradnya,
Computer training programme through BAVP Aurangabad



Sant Gadgebaba Arogya Kendra Slum Health Care Project through Babasaheb Ambedkar Vaidyakiya Pratishthan (BAVP) Aurangabad

Childcare and Rehabilitation Center, Vatsalya Trust, Mumbai

Dialysis and T.B. Medicine related services through Nana Palkar Smruti Samiti, Mumbai

Entertainment Programme at Dilasa Day Care Center (Second home and helpline for senior citizens) Implemented through Parivartan Mahila Sanstha, Dombivali

## 11 DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(3)(c) of the Companies Act, 2013, the Directors confirm that to the best of their knowledge and belief and according to the information and explanations obtained by them:

(a) in the preparation of the annual accounts for the financial year ended March 31, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) 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 the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors have ensured that the annual accounts are prepared on a going concern basis;

(e) 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.

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

## 12 OTHER DISCLOSURES

### i) SUBSIDIARY

Our Company has set up a subsidiary company in Malaysia in 2017 in the name NSDL e-Governance (Malaysia) Sdn. Bhd. The said subsidiary is a Joint Venture between our company and SOTG Consultancy Sdn. Bhd. of Kuala Lumpur, Malaysia. Our company hold 51% and SOTG Consultancy holds 49% of the equity share capital in the said Joint Venture Company. The purpose of setting up the Joint Venture is to explore e-governance project opportunities in Malaysia and other neighboring countries. The financials of the subsidiary company are made available and consolidated in terms of the requirements of Section 129(3) of the Companies Act, 2013. Pursuant to provisions of Section 129(3) of the Companies Act, 2013 and forms part of the Annual Report. Pursuant to provisions of Section 129 (3) of the Companies Act, 2013 read with Rule 5 of the Companies Accounts (Rules) 2014, a statement in Form AOC-1 is attached to the financial statements of the Company. The Board has decided to initiate the process of closure of Malaysian subsidiary.

### ii) AUDITORS

#### a) STATUTORY AUDITORS

The members at the Twenty First Annual General Meeting of the Company held on September 8, 2016 have appointed M/s BSR & Associates, LLP [ICAI Registration Number 116231W/W-100024] as Statutory Auditors of the Company to hold office for a period of five years from FY 2016-17 till the conclusion of AGM to be held in the year 2021 subject to ratification at every Annual General Meeting for which auditors had conveyed their acceptance. The requirement of seeking ratification of the members for continuance of their appointment has been withdrawn consequent upon the changes made by the Companies (Amendment) Act, 2017 w.e.f. 7th May, 2018 by the Ministry of Corporate Affairs (MCA). Hence, the resolution seeking ratification of the members for their appointment is not being placed at the ensuing Annual General Meeting (AGM).

Further, the Auditors' Report from Statutory Auditors does not contain any qualifications, reservations or adverse remarks. There were no frauds which are reported to have been committed by employees or officers of the Company. The report of the Statutory Auditor forms part of the financial statements.

#### b) SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s S.N. Ananthasubramanian & Co., a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the Financial Year 2019-20. The Secretarial Audit Report is annexed herewith as **Annexure C** and forms part of this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. The applicable Secretarial Standards have been duly complied by our Company.

#### c) INTERNAL AUDITORS

The Company has been undertaking Internal Audit since inception. In terms of the provisions of the Companies Act, 2013 and Rules notified thereunder, the Company has appointed M/s Deloitte Touche Tohmatsu India LLP, Chartered Accountants as Internal Auditors for a period of two years from FY 2019-20 to carry out Internal and Operations Audit of the Company. Internal Auditors carry out the audit as per the Audit Plan approved by the Audit Committee and submit report on a quarterly basis to the Audit Committee. Internal Auditors evaluate the effectiveness of internal controls and suggest measures for their improvement.

#### d) COST AUDITORS:

The provision of section 148(1) of the Companies Act, 2013 read with Rules made there under pertaining to maintaining the cost records do not apply to the Company.

### iii) PUBLIC DEPOSITS

The Company has not invited, accepted or renewed any deposits from the public 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.

## iv) RELATED PARTY TRANSACTIONS

During the financial year, there were no related party transactions made by the Company with related parties as defined under the Companies Act, 2013. The Company has, however, paid remuneration to Key Management Personnel pursuant to their employment which is in the ordinary course of business and at arms' length basis. The details of the transaction pertaining to FY'20 is set out in AOC – II.

## v) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

The Company has taken following initiative in respect of conservation of energy:
Solar Photovoltaic (PV) Panels with Installed capacity of 20 Kw was commissioned at Data Center site in Pune. The Solar PV system at Datacenter site in Pune has generated 25,706 units in FY'20.

Further, the Company has used Information Technology extensively in its operations.
Foreign Exchange earnings/outgo during the year under review:

| Sr. No. | Particulars | FY 2019-20 | FY 2018-19 |
|---|---|---|---|
| 1 | Foreign Exchange Earnings | Nil | Nil |
| 2 | Foreign Exchange<br>Outgo/Expenditure incurred in foreign currency | 154.81 | 139.83 |

## vi) EXTRACT OF ANNUAL RETURN

The extract of the annual return as provided under sub-section (3) of section 92 of the Companies Act, 2013 read with Companies (Management and Administration) Rules,2014 in Form MGT 9 is set out as **Annexure D** and forms part of this report. MGT-9 is available on the website: https://www.egov-nsdl.co.in/disclosures_notice.html

## vii) PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule, 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, is set out as **Annexure E** and forms part of this Report.

## viii) ORDERS PASSED AGAINST THE COMPANY

During the year under review, there were no orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

## ix) PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company continues to hold 51% of share capital in NSDL e-Governance (Malaysia) Sdn. Bhd. The Company had given a loan of Rs. 42 lacs to the overseas subsidiary, NSDL e-Governance (Malaysia) Sdn. Bhd., in FY 2017-18. Subsidiary has not yet commenced its business operations and has not been given any guarantee covered under the provisions of Section 186 of the Companies Act, 2013. The investment and the loan made by the company are given in the notes to the financial statements.

## x) MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments, affecting the financial position of the Company which occurred during between the end of the financial year to which the financial statements relate and the date of this report.

## xi) DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy named as Positive Work Environment Policy in line with the requirements of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. The Policy has been formed to prohibit, prevent or deter the commission of acts of sexual harassment of women at workplace and to provide the procedure for redressal of complaints pertaining to sexual harassment. An Internal Committee ('IC') has been set up to redress complaints received regarding sexual harassment. All employees (regular or temporary including contractor employees, probationer, trainee and apprentice) are covered under this policy.

No Complaints were received during the year 2019-20. Awareness program for all employees was conducted during the year.

Pursuant to the Companies (Accounts) Amendment Act, 2018 effective from July 31, 2018, the Company has complied with provisions related to the constitution of Internal Committee under the Act.

### xii) COVID-19 pandemic

The World Health Organization (WHO) has declared COVID-19 a pandemic. The Government of India and various state Governments have been putting in place several measures like complete lockdown to combat the spread of the virus. MCA had issued an advisory on preventive measures to contain the spread of COVID 19. A new web based form called CAR (Company affirmation of readiness towards COVID-19) on a voluntary basis was deployed by MCA on 23rd March, 2020. NSDL e-Gov has reported its compliance and confirmed its readiness towards COVID-19 in FORM CAR (Companies Affirmation of Readiness Towards COVID-19).

## 13 CAUTIONARY STATEMENT

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

## 14 APPRECIATION

Our Directors are grateful for the support and co-operation extended by the Government of India, Reserve Bank of India, Ministry of Finance, Ministry of Corporate Affairs, Ministry of HRD, Ministry of Textiles, Ministry of Information and Broadcasting, Pension Fund Regulatory and Development Authority (PFRDA), Central Board of Direct Taxes, Central Board of Indirect Taxes and Customs (CBIC), Central Board of Film Certification, Unique Identification Authority of India, Controller of Certifying Authorities, State Governments/Union Territories, State Commercial Tax Departments, Department of Telecommunications (DoT), Indian Banks' Association, Business Partners, Facilitation Centers, Points of Service, Enrolment Agencies, Consultants, Suppliers and Bankers. Our Directors express their deep sense of appreciation to all the employees whose outstanding professionalism, commitment and initiatives have made the organization's growth and success possible.

Finally, the Directors wish to express their gratitude to the Members for their trust and support.

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

*Sd/-*

Place: **Mumbai** **SHAILESH HARIBHAKTI**

Date: August 17, 2020 CHAIRMAN (DIN: 00007347)

# ANNEXURES TO BOARD'S REPORT

# ANNEXURE A

## 1. Policy

Statement Background

NSDL e-Governance Infrastructure Limited (NSDL e-Gov) is engaged in the business of providing Information Technology (IT) enabled e-Governance services to various clients. As a company in the IT & ITeS segment, it is dependent on highly-skilled individuals who specialize in a broad range of disciplines. The Company's ability to implement a comprehensive human capital strategy to attract, retain, reward, and motivate such individuals is fundamental to its long-term success. Compensation is a key component of the Company's human capital strategy, as the Company implements its client-focused integrated business model strategy and helps clients to automate their various processes in an efficient manner. NSDL e-Gov favours competitive, stimulating and fair remuneration structures offering an overall competitive and attractive remuneration package. Remuneration includes salary, any variable part of remuneration as well as social, pension and other benefits. The Companies Act, 2013 provides that Nomination and Remuneration Committee shall formulate a Remuneration Policy with approval of the Board, relating to the remuneration for the directors, key managerial personnel and other employees considering the following:

(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

**Policy**

The Board of NSDL e-Gov, in continuation of company's pursuit to maintain a responsible, performance-based Remuneration Policy that is aligned with the long-term interests of the employees and shareholders, decided to formulate 'Remuneration Policy' to provide for the right balance between meeting shareholders' expectations and paying our employees competitively. Accordingly, a Remuneration Policy ("the Policy") has been formulated with a view to facilitate competitiveness by paying market-informed, competitive remuneration levels for comparable roles and experience, subject to performance; promote meritocracy by recognizing individual performance, with a particular emphasis on contribution and provide the appropriate balance of Fixed Remuneration and Variable Remuneration consistent with risk alignment, position and role in the company.

This policy comes into force with effect from September 1, 2014.

## 2. Purpose and Objectives

The objective of this document is to provide for a framework for adequately remunerating the directors, key managerial personnel and other employees to attract, retain and motivate directors and employees of the quality required to run the company.

NSDL e-Gov recognizes the following as the purpose of this Policy:

i) To support a performance culture that is based on merit, differentiate and reward excellent performance, both in the short and long term, and recognize the Company's values;

ii) To enable the Company to attract and retain employees, and motivate them to achieve results with integrity and fairness;

iii) To balance the mix of Fixed Remuneration and Variable Remuneration, to appropriately reflect the value and responsibility of the role performed day to day and to influence appropriate behaviors and actions;

iv) To maintain remuneration levels which is consistent with, and promotes, effective risk management practices;

v) To promote teamwork and collaboration across the Company; &

vi) To take into account the long-term performance of the Company, in order to create sustainable value for the Company's shareholders.

The Policy is to be approved by the Board of Directors and monitored in terms of implementation by the Nomination and Remuneration Committee of the Board.

## 3. Definitions

The definitions of some of the key terms used in this Policy are given below.

"Board" means the Board of Directors of the Company.

"Company" means NSDL e-Governance Infrastructure Limited.

"Director" means member of the Board of Directors of the Company.

"Employee" means every employee on the rolls of the Company (whether working in India or abroad).

"Key Managerial Personnel" means the Managing Director, the Deputy Managing Director, the Chief Operating Officer, the Chief Financial Officer, the Company Secretary and any other employee designated as Key Managerial Personnel by the Board.

"Nomination and Remuneration Committee" means the Nomination and Remuneration Committee constituted by the Board of Directors under the provisions of the Companies Act, 2013 including any of its amendment or re-enactment.

"Senior Management" means KMPs and employees in the cadre of Functional Heads and above.

"Fixed Remuneration" means the portion of remuneration which is payable to employees without any linkage to performance evaluation.

"Variable Remuneration" means portion of remuneration which is payable to employees on the basis of evaluation of their performance.

"Employee Stock Option" means a right granted to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe at a future date the shares of the Company , at a pre-determined price as per the ESOP Plan of the Company.

## 4. Scope and Applicability

This Policy is applicable for determination of remuneration for the directors, key managerial personnel, senior management and other employees of the Company.

## 5. Remuneration Governance

5.1 The Board is responsible for approval of the Remuneration Policy as well as related rules and regulations. It also has overall responsibility for the approval of remuneration plans and remuneration expenses.

5.2 Nomination and Remuneration Committee is responsible for recommending to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees and reviewing the Remuneration Policy from time to time and recommending to the Board any changes required in the Policy.

5.3 The implementation of the Remuneration Policy is the responsibility of the Senior Management of the Company.

5.4 The Remuneration Policy shall be disclosed in the Board's Report submitted to shareholders every year.

## 6. Equal Remuneration Opportunity

The Company does not tolerate any form of discrimination, in particular discrimination based on ethnicity, gender, sexual orientation, religion, age, marital or family status, pregnancy, disability etc. All employment-related decisions, including decisions on remuneration, are based on an individual's qualifications, performance and behaviour and/ or other legitimate business considerations.

## 7. Remuneration Structure

The mix of Fixed and Variable Remuneration is designed to ensure adequate consideration of risk in remuneration decisions. It varies from employee to employee depending on their position and role within the Company.

**7.1 Fixed Remuneration**

Fixed Remuneration to employees, is normally paid in the form of salary and other allowances, benefits and fixed portion of performance linked incentive. It is based on the role and experience of the individual and his or her individual long-term sustained performance. Monthly salary is set at levels designed to retain employees throughout business cycles.

**7.2 Variable Remuneration or Performance Linked Incentive**

The level of Variable Remuneration granted to employees is entirely at the discretion of the Company, and may be zero in cases of substandard performance. The Company takes decisions on Variable Compensation based on absolute and relative performance of the Company, as well as individual performance of its employees.

**7.3 Employee Stock Option Plan (ESOPs)**

Granting ESOPs to employees is entirely the sole discretion of the Company, and may be granted in cases of exceptational performance. The primary objective of ESOP is to reward the key employees for their association, dedication and contribution to the goals of the Company. The Company intends to use this Plan to attract, retain and motivate key talents working with the Company, its Subsidiary, or its Holding Company, present or future as the case may be, by way of rewarding their high performance and motivate them to contribute to the overall corporate growth and profitability. The Company takes decisions on grant of ESOPs based on absolute and relative performance of the Company, as well as individual performance of its employees.

## 8. Determination of Remuneration for Employees

8.1 Total Remuneration of employees shall comprise appropriate mix of fixed and variable remuneration for all the employees in the cadre of Officer and above.

8.2 Total Remuneration of employees below the cadre of Officer shall comprise fixed remuneration as determined from time to time.

8.3 Fixed Remuneration for the new recruits shall be determined based on the role, experience, statutory requirements and other factors.

8.4 Fixed Remunerations during salary revision shall be determined based on the current functions and role of the respective levels and external factors.

8.5 Variable remuneration shall be derived for various levels based on the long term performance development and other external factors.

8.6 Total Variable Remuneration (PLI) payable to all employees in a year would be limited to 10% of the Profit After Tax (PAT) as per the audited financial statements of the previous financial year.

8.7 The Company adopts a performance culture with a strong emphasis on disciplined risk management, ethics and compliance-centered behavior.

8.7 A). Employee Stock Option Plan (ESOPs) – ESOPs may be granted to eligible employees subject to necessary approvals and prescribed limits under Companies Act, 2013 and Rules notified thereunder and any other applicable laws.

"Eligibility Criteria" means the criteria as may be determined from time to time by the Nomination and Remuneration Committee for determining the eligibility of Employees for Grant of Employee Stock Options under the Plan.

8.8 Allocation and distribution decisions pertaining to PLI are based on the performance of the Company and the employee. To support this, the Company has a performance management system based on various performance rating criteria. This is well laid down in Staff Rules of the Company.

8.9 Performance management criteria are designed to foster teamwork and collaboration, as well as support a strong culture of ethical values and professional standards.

## 9. Determination of Remuneration for Directors

**9.1 Non-ExecutiveDirectors**

a) Non-Executive Directors shall be paid remuneration by way of sitting fee for attending each meeting of the Board or any Committee thereof within the permissible limits prescribed under the Companies Act, 2013 from time to time as may be approved by the Board / shareholders.

b) Directors may be paid Commission as a percentage of profits of the Company within the permissible limits prescribed under the Companies Act, 2013 from time to time.

c) Sitting fee and Commission payable to the Independent Directors and Women Directors shall not be less than the sitting fee and commission payable to other non- executive directors.

**9.2 Managing Director / Whole Time Director**

a) Managing Director / Whole Time Director shall be paid remuneration by way of monthly salary as approved by the Board & Shareholders within the limits prescribed under the Companies Act, 2013 and any rules framed thereunder.

b) Variable Remuneration to Managing Director / Whole Time Director shall be paid as a percentage of Annual Salary which shall not be less than 50% and more than 100% of the Annual Salary as may be determined by the Board and approved by the Shareholders.

c) Variable Remuneration to Managing Director / Whole Time Director shall be payable based on the evaluation of performance by the Board or Nomination and Remuneration Committee.

d) Managing Director / Whole Time Director shall also be entitled to various perquisites / benefits as determined by the Board and approved by the shareholders.

## 10 Review of remuneration package

10. Nomination and Remuneration Committee shall carry out review of remuneration package for employees at such intervals as decided by the Committee based on the business activities of the Company, profitability, industry conditions and regulatory situations prevailing in the Country and appropriately recommend to the Board revision in remuneration package for employees.

10.2 Any revision in the remuneration of Directors shall be subject to requisite approval of the shareholders under the applicable provisions of the Companies Act, 2013.

## 11 Amendment

Any amendment to this Policy shall require the approval of the Board of Directors upon recommendation from the Nomination and Remuneration Committee.

# ANNEXURE B

## THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

**1. A brief outline of the company's CSR policy, including overview of projects or programs being/proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

**CSR Policy is stated herein below:**

Weblink of the website: https://egov-nsdl.co.in/Brief%20outline%20of%20CSR%20Policy-New.pdf

**2. The Composition of the CSR Committee (As on June 18, 2020).**

| Sr.No. | Name of Member | Designation |
|---|---|---|
| 1 | Ms. Dharmishta Raval | Chairperson, Independent Director |
| 2 | Mr. J. Ravichandran | Director |
| 3 | Mr. Gagan Rai | Managing Director & CEO |

**3. Average net profit of the company for last three financial years**

Average net profit: Rs. 18,826 lakhs

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

The Company was required to spend Rs. 429.05 lakhs towards CSR during FY 2019-20

(Rs. 376.52 lakhs as 2% average net profit for last three financial years plus Rs. 48.03 lakhs as carried forward amount (from FY 2015-16, FY 2016-17 & FY 2017-18 & FY 2018-19 as allocated balance, and Rs. 4.50 lakhs (unspent unallocated balance) from FY'19. During the year an amount of Rs. 390.71 lakhs has been allocated and spent and Rs. 98.03 lakhs is allocated unspent amount.

**5. Details of CSR spent during the financial year**

(a) Total amount spent during the financial year: Rs. 390.71 lakhs

(b) Amount unspent, if any; 98.03 lakhs

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

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|
| Sr. No | CSR project or activity identified. | Sector in which the Project is covered | Projects or programs: 1)Local area or other 2)Specify the state and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects programs ref (&) | Cumulative Expenditure upto reporting period (!!) | Amount spent: Direct or through implementing agency ( *) |
| 1 | Sant Gadgebaba Arogya Kendra Slum Health Care Project (Refer note i) | Promoting health care including preventive health care | 1) Local 2) Aurangabad, Maharashtra | 16,08,152 | 16,08,152 | 72,69,402 | 16,08,152 |
| 2 | Sanganak Pradnya (Refer note i) | Promoting education including special education | 1) Local 2) Aurangabad, Maharashtra | 7,11,000 | 7,11,000 | 42,57,000 | 7,11,000 |
| 3 | Guruvarya Lahuji Salve Slum Health Center (Refer note i) | Promoting health care including preventive health care | 1) Local 2) Aurangabad, Maharashtra | 23,61,010 | 23,61,010 | 81,72,060 | 23,61,010 |
| 4 | Dialysis and T.B. Medicine related services (Refer note ii) | Promoting health care including preventive health care | 1)Local 2) Mumbai, Maharashtra | 50,00,000 | 50,00,000 | 2,28,00,000 | 50,00,000 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 5 | Childcare and rehabilitation Center (Refer note iii) | Setting up homes and hostels for women and orphans | 1) Local 2) Mumbai, Maharashtra | 40,00,000 | 40,00,000 | 2,40,00,000 | 40,00,000 |
| 6 | DIVYANGJAN (Refer note iii) | • Measures for reducing inequalities faced by socially and economically backward groups; • Promoting education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects; | 1) Local 2) Mumbai, Maharashtra | 20,00,000 | 20,00,000 | 40,00,000 | 20,00,000 |
| 7 | % Cerebral Palsy Vikasan Kendra (Refer note iv) | • Promoting health care including preventive health care • Promoting education including special education | 1) Local 2) Latur, Maharashtra | 35,18,000 | 35,18,000 | 1,39,14,080 | 35,18,000 |
| 8 | Apang Ayuktalaya (Refer note v) | Promoting education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects | 1) Local 2) Mumbai, Maharashtra | 19,65,556 | 19,65,556 | 31,90,276 | 19,65,556 |
| 9 | Dilasa Day Care Center – Second home and helpline for senior citizens) (Refer note vi) | Setting up old age homes, day care centers and such other facilities for senior citizens | 1)Local 2)Maharashtra | 20,00,000 | 20,00,000 | 60,93,800 | 20,00,000 |
| 10 | Skills and Entrepreneurial quality development Program (Refer note vii) | Promoting education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects | 1) Local 2) Mumbai, Maharashtra | 20,00,000 | 20,00,000 | 40,00,000 | 20,00,000 |
| 11 | Upgradation of Neurosurgery facility of KEM Hospital (Refer note viii) | •Promoting health care including preventive health care | 1) Local 2) Mumbai, Maharashtra | 25,00,000 | 25,00,000 | 50,00,000 | 25,00,000 |
| 12 | Purva Seema Vikas Pratishthan (PSVP) Refer note ix) | • Promoting education among children | 1) Local 2) Pan India | 29,00,000 | 29,00,000 | 29,00,000 | 29,00,000 |
| 13 | Vishnu Aba Trust Refer note x) | • Promoting education among children | 1) Local 2) Mumbai, Maharashtra | 80,000 | 80,000 | 80,000 | 80,000 |
| 14 | Dnyanada Institute of Piping Refer note xi) | Promoting education and employment enhancing vocation skills especially among children and livelihood enhancement projects | 1)Local 2)Pune , Maharashtra | 25,00,000 | 25,00,000 | 25,00,000 | 25,00,000 |
| 15 | Vidya Saarthi Scholarship | • Promoting education | 1) Local 2) Pan India | 98,03,000 | 59,27,500 Refer note # | 1,13,47,500 | 59,27,500 |
| **Total** | | | | **4,29,46,718** | **3,90,71,218** | **11,95,24,118** | **3,90,71,218 (**)** |

**Notes –**

**1) (*) All projects are implemented by implementing agencies. Details of implementing agencies are as follows:**

i) Babasaheb Ambedkar Vaidyakiya Pratishthan
ii) Nana Palkar Smruti Samiti
iii) Vatsalya Trust, Mumbai
iv) Sanvedana Cerebral Palsy Vikasan Kendra
v) Punyatma Prabhakar Sharma Seva Mandal
vi) Parivartan Mahila Sanstha
vii) Asmita
viii) Malabar Hill Rotary Foundation
ix) Purva Seema Vikas Pratishthan (PSVP)
x) Vishnu Aba Trust
xi) Dnyanada Institute of Piping ## ( included a part of C/f from previous year)

**2) (**) Inclusive of amount spent on capacity building and administrative overheads**

**3) (!!) Amount spent from FY 2014-15 has been considered for arriving at cumulative expenditure upto reporting period**

**4) The Company has considered Maharashtra as local area for CSR projects.**

Note: Column (6) ref (&) : In wake of the Covid-19 outbreak and the consequent national lockdown, funds allocated to the various implementing agencies, to the tune of Rs. 189.82 lacs were disbursed after March 31, 2020, hence it will be considered as allocated unspent for FY 20'

**6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report -**

NSDL e-Governance Infrastructure Limited believes in creating a positive impact over the society to the extent feasible and is strongly committed towards Corporate Social Responsibility (CSR) and has been making contributions to various socially useful projects in accordance with its CSR Policy. In consonance with the broad provisions outlined in the Companies Act, 2013, the Company has allocated/ spent Rs. 390.71 lakhs during FY 2019-20 on CSR activities / projects as defined in schedule VII of the Companies Act, 2013. During the year under review, the Company, while continuing to support its ongoing projects, has associated itself with few new projects and also intends to expand its CSR initiatives in a systematic manner to create meaningful contribution in the development of the under-privileged and weaker sections of society. The Company envisages valuable CSR spend in the field of education through the Vidyasaarthi project where the students are applying for scholarships.
In view of above, Rs. 98.03 lakhs was unspent as on March 31, 2020 towards Vidyasaarathi project. Further, due to nationwide lock-down during COVID-19 pandemic, funds amounting to Rs.189.82 lakhs was disbursed after March 31, 2020.

**7. CSR Committee states that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.**

| | |
|---|---|
| Sd/- | Sd/- |
| **GAGAN RAI** | **DHARMISHTA RAVAL** |
| *MD & CEO* | *CHAIRPERSON - CSR COMMITTEE* |
| DIN - 00059632 | DIN - 02792246 |

# ANNEXURE C
# Form No. MR - 3
## SECRETARIAL AUDIT REPORT
## FOR THE FINANCIAL YEAR ENDED 31st March, 2020

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

To,
The Members,
**NSDL e-Governance Infrastructure Limited**
CIN: U72900MH1995PLC095642
Times Tower, 1st Floor, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel, Mumbai- 400013

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

Based on our verification of the Company's books, 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 authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2020**, 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 **31st March, 2020** 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 – **Not applicable as the securities of the Company are not listed with any Stock Exchange;**

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

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings – **Not applicable to the extent of Foreign 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'): – **Not applicable as the securities of the Company are not listed with any Stock Exchange.**
   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
   i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

vi. The Company has identified the following laws as specifically applicable to the Company:

a. Pension Fund Regulatory and Development Authority (PFRDA) Act, 2013 and PFRDA (Central Recordkeeping Agency) Regulations, 2015 and applicable provisions of other allied intermediary regulations notified under PFRDA Act 2013 as amended from time to time;

b. Aadhar (Targeted Delivery of Financial and other subsidies, Benefits and Services) Act, 2016 and applicable provisions of Aadhar (Authentication) Regulations, 2016 and other Regulations notified under Aadhar Act, 2016 as amended;

c. Information Technology Act, 2000 and applicable provisions of Information Technology (Certifying Authorities) Rules, 2000 and other allied Rules and Regulations notified under Information Technology Act, 2000.

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

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

(ii) The Listing Agreements entered into by the Company with Stock Exchange(s) –
**Not applicable as the Securities of the Company are not listed with the Stock Exchange.**

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

**We further report that:**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. The changes in the composition of the Board of Directors which took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All decisions of the Board and Committee thereof were carried with requisite majority.

**We further report that** based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the Company has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines; and as informed, no material notice was received from any statutory / regulatory authority.

**We further report that** during the audit period no major event having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. above have taken place.

The Report is to be read with our letter of even date which is annexed as Annexure – A hereto and forms an integral part of this report.

**For S. N. ANANTHASUBRAMANIAN & Co. Company Secretaries**
*ICSI Unique Code: P1991MH040400*
Peer Review Cert. No.: 606/2019

**S. N. Ananthasubramanian**
Partner
FCS: 4206 | COP No.: 1774
ICSI UDIN: F004206B000333911
11th June, 2020 | Thane

# ANNEXURE D
# Form No. MGT-9
## EXTRACT OF ANNUAL RETURN

**as on the financial year ended on March 31, 2020**

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

## I. REGISTRATION AND OTHER DETAILS:

i) CIN : U72900MH1995PLC095642
ii) Registration Date : 27/12/1995
iii) Name of the Company : NSDL e-Governance Infrastructure Limited
iv) Category / Sub-Category of the Company : Company limited by shares, Indian Non- Government Company
v) Address of the Registered office and contact details : Times Tower, 1st Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai, 400013.
vi) Whether listed company : No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Alankit Assignments Ltd. Alankit Heights | 3E/7 Jhandewalan Extension | New Delhi - 110055, INDIA

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---|---|---|---|
| 1 | IT enabled e-Governance Services | 631 | 100 |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. N0 | Name And Address Of The Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | NSDL e-Governance (Malaysia) Sdn. Bhd. 2-29, PV 128, Jalan Genting Kelang, 53300 Kuala Lumpur, Malaysia | N.A. | SUBSIDIARY | 51 | Sec 2(87) |

- NSDL e-Governance (Malaysia) Sdn. Bhd.is a Subsidiary Company.
- The company has subscribed 51% of the share capital of the subsidiary.

# IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoters** | | | | | | | | | |
| **(1) Indian** | | | | | | | | | |
| a) Individual/ HUF | | | | | | | | | |
| b) Central Govt | | | | | | | | | |
| c) State Govt (s) | | | | | | | | | |
| d) Bodies Corp. | | | | | | | | | |
| e) Banks / FI | 27,32,000 | 0 | 27,32,000 | 6.83 | 27,32,000 | 0 | 27,32,000 | 6.83 | 0 |
| f) Any Other…. | | | | | | | | | |
| **Sub-total (A) (1):-** | **27,32,000** | **0** | **27,32,000** | **6.83** | **27,32,000** | **0** | **27,32,000** | **6.83** | **0** |
| **(2) Foreign** | | | | | | | | | |
| a) NRIs - Individuals | | | | | | | | | |
| b) Other – Individuals | | | | | | | | | |
| c) Bodies Corp. | | | | | | | | | |
| d) Banks / FI | | | | | | | | | |
| e) Any Other…. | | | | | | | | | |
| **Sub-total (A) (2):-** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total shareholding of Promoter (A) = (A)(1)+(A)( 2)** | **27,32,000** | **0** | **27,32,000** | **6.83** | **27,32,000** | **0** | **27,32,000** | **6.83** | **0** |
| **B. Public Shareholding** | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| a) Mutual Funds | | | | | | | | | |
| b) Banks / FI | 1,36,63,000 | 0 | 1,36,63,000 | 34.15 | 1,36,63,000 | 0 | 1,36,63,000 | 34.15 | 0 |
| c) Central Govt | | | | | | | | | |
| d) State Govt(s) | | | | | | | | | |
| e) Venture Capital Funds | | | | | | | | | |
| f) Insurance Companies | | | | | | | | | |
| g) FIIs | | | | | | | | | |
| h) Foreign Venture Capital Funds | | | | | | | | | |
| i) Others (specify)AIF | 1,20,00,000 | 0 | 1,20,00,000 | 30 | 1,20,00,000 | 0 | 1,20,00,000 | 30 | 0 |
| **Sub-total (B)(1):-** | **2,56,63,000** | **0** | **2,56,63,000** | **64.15** | **2,56,63,000** | **0** | **2,56,63,000** | **64.15** | **0** |
| **2. Non-Institutions** | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 1,12,68,000 | 0 | 1,12,68,000 | 28.17 | 1,12,68,000 | 0 | 1,12,68,000 | 28.17 | 0 |
| ii) Overseas | 3,37,000 | 0 | 3,37,000 | 0.84 | 3,37,000 | 0 | 3,37,000 | 0.84 | 0 |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh (ESOP Holders) | 5,300 | 0 | 5,300 | 0.01 | 7,981 | 0 | 7,981 | 0.01 | 0 |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | | | | | | | | | |
| c) Others (specify) | | | | | | | | | |
| **Sub-total (B)(2):-** | **1,16,10,000** | **0** | **1,16,10,000** | **29.02** | **1,16,12,981** | **0** | **1,16,12,981** | **29.02** | **0** |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | **3,72,73,300** | **0** | **3,72,73,300** | **93.17** | **3,72,75,981** | **0** | **3,72,75,981** | **93.17** | **0** |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total (A+B+C) | 4,00,05,300 | 0 | 4,00,05,300 | 100 | 4,00,07,981 | 0 | 4,00,07,981 | 100 | 0 |

### ii) Shareholding of Promoters

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Share holding at the end of the year | | | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbe red to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbe red to total shares | % change in shareholding during the year |
| 1 | Administrator of the Specified Undertaking of the Unit Trust of India-DRF | 27,32,000 | 6.83 | 0 | 27,32,000 | 6.83 | 0 | 0 |
| | Total | 27,32,000 | 6.83 | 0 | 27,32,000 | 6.83 | 0 | 0 |

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

| Sr. No. | | 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 | 27,32,000 | 6.83 | 27,32,000 | 6.83 |
| 2 | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| 3 | At the End of the year | 27,32,000 | 6.83 | 27,32,000 | 6.83 |

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): As on March 31, 2020**

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | **For Each of the Top 10 Shareholders** | **No. of shares** | **% of total shares of the company** | **No. of shares** | **% of total shares of the company** |
| 1 | NSE Investments Ltd. (earlier known as NSE Strategic Investment Corporation Ltd.) | 1,00,18,000 | 25.04 | 1,00,18,000 | 25.04 |
| 2 | IIFL Special Opportunities Fund | 28,94,507 | 7.23 | 28,94,507 | 7.23 |
| 3 | IIFL Special Opportunities Fund – Series 4 | 24,99,178 | 6.25 | 24,99,178 | 6.25 |
| 4 | IIFL Special Opportunities Fund – Series 2 | 20,16,366 | 5.04 | 20,16,366 | 5.04 |
| 5 | State Bank of India | 20,00,000 | 5.00 | 20,00,000 | 5.00 |
| 6 | HDFC Bank Ltd. | 20,00,000 | 5.00 | 20,00,000 | 5.00 |
| 7 | AXIS Bank Limited | 20,00,000 | 5.00 | 20,00,000 | 5.00 |
| 8 | Deutsche Bank A.G. | 20,00,000 | 5.00 | 20,00,000 | 5.00 |
| 9 | IIFL Special Opportunities Fund – Series 5 | 19,47,396 | 4.87 | 19,47,396 | 4.87 |
| 10 | Citicorp Finance India Limited | 12,50,000 | 3.12 | 12,50,000 | 3.12 |

**(v) Shareholding of Directors and Key Managerial Personnel: NIL**

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | **For Each of the Directors and KMP** | 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 | | | | |
| 2 | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| 3 | At the End of the year | | | | |

## V. INDEBTEDNESS : NIL

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

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year**<br>i) Principal Amount<br>ii) Interest due but not paid<br>iii) Interest accrued but not due | | | | |
| Due | | | | |
| **Total (i+ii+iii)** | | | | |
| **Change in Indebtedness during the financial year**<br>• Addition<br>• Reduction | | | | |
| **Net Change** | | | | |
| **Indebtedness at the end of the financial year**<br>i) Principal Amount<br>ii) Interest due but not paid<br>iii) Interest accrued but not due | | | | |
| **Total (i+ii+iii)** | | | | |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| Sr. no. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---|---|---|---|---|---|---|
| | | Gagan Rai<br>MD& CEO | Jayesh Sule<br>WTD & COO | --- | ---- | |
| 1 | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961<br>(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | 4,16,72,,596<br>32,66,460 | 2,21,98,036<br>44,700 | | | 6,38,70,632<br>33,11,160 |
| 2 | Stock Option | | | | | |
| 3 | Sweat Equity | | | | | |
| 4 | Commission<br>- as % of profit<br>- others, specify… | | | | | |
| 5 | Others, please specify - PF, Superannuation. | 61,59,900 | 38,10,000 | | | 99,69,900 |
| | Total (A) | 5,10,98,956 | 2,60,52,736 | | | 7,71,51,692 |
| | Ceiling as per the Act (Rounded off) | | | | | 16,65,00,000 |

## B. Remuneration to other directors:

| Sr. no. | Particulars of Remuneration | Name of Directors | | | | | | | Total Amount |
|---|---|---|---|---|---|---|---|---|---|
| | | Mr. Shailesh Haribhakti | Mr. C.M. Vasudev | Justice (Retd.) Mr. B.N. Srikrishna | Ms. D.N. Raval | Justice (Retd.) Ms. Nishita Mhatre | Mr. A. P. Hota | Mr.Ravi Narain | |
| 1 | **Independent Directors**<br>• Fee for attending board committee meetings<br>• Commission<br>• Others, please specify | 10,00,000<br>16,00,551 | 1,00,000<br>16,00,551 | 1,00,000<br>16,00,551 | 6,50,000<br>16,00,551, | 3,50,000<br>- | 1,50,000-<br>- | -<br>16,00,551 | 23,50,000<br>80,02,755 |
| | **Total (1)** | **26,00,551** | **17,00,551** | **17,00,551** | **22,50,551** | **3,50,000** | **1,50,000** | **16,00,551** | **1,03,52,755** |
| 2 | **Other Non-Executive Directors**<br>• Fee for attending board committee meetings<br>• Commission<br>• Others, please specify | **Mr. J. Ravichandran**<br>6,50,000<br>16,00,551<br>- | **Mr. Karan Bhagat**<br>-<br>16,00,551<br>- | - | - | - | - | - | 6,50,000<br>32,01,102<br>- |
| | **Total (2)** | 22,50,551 | 16,00,551 | Nil | Nil | Nil | Nil | Nil | 38,51,102 |
| | **Total (B)=(1+2)** | 48,51,102 | 33,01,102 | 17,00,551 | 22,50,551 | 3,50,000 | 1,50,000 | 16,00,551 | 1,42,03,857 |
| | **Total Managerial Remuneration** | | | | | | | | 9,13,55,549 |
| | **Overall Ceiling as per the Act (Rounded off)** | | | | | | | | 18,31,63,000 |

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| Sr. no. | Particulars of Remuneration | Key Managerial Personnel | | |
|---|---|---|---|---|
| | | Company Secretary | CFO | Total |
| 1 | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961<br>(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 27,10,891<br>5100<br>Nil | 58,77,458<br>26,700<br>Nil | 85,88,349<br>31,800<br>Nil |
| 2 | Stock Option | Nil | | |
| 3 | Sweat Equity | Nil | | |
| 4 | Commission<br>- as % of profit<br>- others, specify... | Nil | | |
| 5 | Others, please specify-PF Superannuation | 90,792 | 7,76,394 | 8,67,186 |
| | Total | 28,06,783 | 66,80,552 | 94,87,335 |

## VII) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

| Type | Sections of the Companies Act | Brief Description Penalty | Details of Punishment Compounding fees imposed | Authority [RD / NCLT made, / COURT] | Appeal if any (give Details) |
|---|---|---|---|---|---|
| **A. COMPANY**<br>(i) Penalty<br>(ii) Punishment<br>(iii) Compounding | | | | | |
| **B. DIRECTORS**<br>(i) Penalty<br>(ii) Punishment<br>(iii) Compounding | | | | | |
| **C. OTHER OFFICERS IN DEFAULT**<br>(i) Penalty<br>(ii) Punishment<br>(iii) Compounding | | | | | |

# Annexure - E

## Pursuant to Section 197 of the Companies Act, 2013

| Name and Qualifications | Age | Designation | Remuneration Received (Rs.) | Experience (No. of years) | Date of commencement of employment | Last Employment and Designation |
|---|---|---|---|---|---|---|
| Mr. Gagan Rai B.Com.(Hons), M.A. (Eco), I.C.W.A, C.A.I.I.B, D.P.P.E.C | 64 | Managing Director & CEO | 5,10,98,956 | 45 | August 1, 1996 | Executive Director, NSDL |
| Mr. Jayesh Sule B.Com., F.C.A. | 57 | Whole Time Director & COO | 2,60,52,736 | 36 | July 29, 1996 | Asst. Vice President, NSEIL |

- Remuneration includes basic pay, other allowances, performance linked incentive, company's contribution to Provident Fund, Superannuation, Medical Reimbursement and value of perquisites.
- Nature of employment is contractual.
- None of the above is a relative of any Director.
- Employee's Stock Options were granted to MD & CEO and WTD & COO. During the FY 2019-20, they have not exercised the options and hence none of the above is holding equity share(s) in the Company.
- Employed throughout the financial year.

# Annexure - F

## Report on Fair Valuation, Amortization of Compensation Cost And Disclosures of Employee Stock Options Of NSDL e-Governance Infrastructure Ltd.

## About the Report (Issued by KP Capital Advisors Pvt. Ltd. - ESOP FINANCIAL)

NSDL e-Governance Infrastructure Ltd. ("the Company") has granted Employee Stock Options to its employees. The scope of this report is to calculate the fair value of the said options granted under the ESOP Scheme of the Company and includes the following -

1. Computation of the fair value of the options using the Black Scholes Option-pricing model granted under the ESOP Scheme.
2. Computation of the compensation cost (based on Intrinsic value and fair value of the options granted) for the financial year ended March 31, 2020.
3. Disclosures as required under the Companies Act 2013 and/or disclosures in notes to Accounts as required by ICAI guidance note

The report also details the variables used for the calculation of fair value and compensation cost along with the rationale behind them.

## 1. Introduction and Methodology

The SEBI (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as "SEBI Regulations") recommend calculation of the fair value of options using the Black- Scholes Options Pricing Model or any other option pricing model. Since the Black-Scholes model has been widely used globally for valuing employee stock options, we have used the same model for the purpose of our calculations.

The Black-Scholes model requires the consideration of certain variables such as volatility, risk free rate, expected dividend yield, expected option life, market price and exercise price for the calculation of fair value of the option. These variables significantly influence the fair value and any change in these variables could significantly affect the fair value of the option.

The variables that influence the fair value of the option and the impact of changes in those underlying variables on the option value are presented below.

| | Change in Variable | Change in Option Value |
|---|---|---|
| Exercise price | Increases | Decreases |
| Market price | Increases | Increases |
| Current expected dividend yield | Increases | Decreases |
| Risk-free rate of return | Increases | Increases |
| **Expected option life*** | **Increases** | **Increases** |
| Volatility of the stock | Increases | Increases |

* Expected option life as distinguished from the maximum option life.

**Table 1: Correlation between the variables and Fair Value**

We have explained our rationale behind the assumptions made for the purpose of the calculation of fair value later in this report.

## 2. Computation of the Compensation Cost

The total compensation under Fair Value method for the year ended March 31, 2020 is ₹1,24,01,301

Reversals though Profit & Loss account for the year are 1,45,853.

**Assumptions -**

1. We have relied on the information provided by the company for the number of options granted, cancellations and expirations.

## 3. Disclosures under Companies Act 2013 and/or disclosures in notes to accounts

The following disclosure needs to be made in the Annexure to the Directors Report as per SEBI Regulations –

**Summary of Status of ESOPs Granted**

The position of the existing schemes is summarized as under -

| Sr.No. | Particulars | Employee Stock Option Plan 2017 ("ESOP 2017") |
|---|---|---|
| **I. Details of the ESOS** | | |
| 1 | Date of Shareholder's Approval | Approved on December 4, 2017 |
| 2 | Total Number of Options approved | 4,00,000 |
| 3 | Vesting Requirements | 25%/33% of the options granted will vest every year starting from one year from date of grant |
| 4 | ExercisePrice or Pricing formula (Rs.) | At FMV as per independent valuer's report |
| 5 | Maximum term of Options granted (years) | 7 years |
| 6 | Source of shares | Primary issuance |
| 7 | Variation in terms of ESOP | Nil |

| **II. Option Movement during the year** | | |
|---|---|---|
| 1 | No. of Options Outstanding at the beginning of the year | 3,85,857 |
| 2 | Options Granted during the year | 0 |
| 3 | Options Forfeited / lapsed during the year | 2,682 |
| 4 | Options Vested during the year | 1,07,346 |
| 5 | Options Exercised during the year | 2,681 |
| 6 | Total number of shares arising as a result of exercise of options | 2,681 |
| 7 | Money realised by exercise of options (Rs.) (As informed by the Company) | 8,31,110 |
| 8 | Number of options Outstanding at the end of the year | 3,80,494 |
| 9 | Number of Options exercisable at the end of the year | 2,09,392 |

| III | **Weighted average exercise price of Options granted during the year whose** | |
|---|---|---|
| (a) | Exercise price equals market price | No Options Granted during the year 2019-20 |
| (b) | Exercise price is greater than market price | |
| (c) | Exercise price is less than market price | |
| | | |
| | **Weighted average fair value of options granted during the year whose** | |
| (a) | Exercise price equals market price | No Options Granted during the year 2019-20 |
| (b) | Exercise price is greater than market price | |
| (c) | Exercise price is less than market price | |

| | |
|---|---|
| The weighted average market price of options exercised during the year (Rs.) (As informed by the company) | 465.00 |

## IV Employee-wise details of options granted during the financial year 2019-20 to:

**(i) Senior managerial personnel:**

| Name | No.of options granted |
|---|---|
| No Options Granted during the year 2019-20 | |

**(ii) Employees who were granted, during the year , options amounting to 5% or more of the options granted during the year**

| Name | No.of options granted |
|---|---|
| No Options Granted during the year 2019-20 | |

**(iii) Identified employees who were granted option, during the year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.**

| Name | No.of options granted |
|---|---|
| No Options Granted during the year 2019-20 | |

**Method and Assumptions used to estimate the fair value of options granted during the year:**
The fair value has been calculated using the Black Scholes Option Pricing model
The Assumptions used in the model are as follows:

| Date of grant | Particulars |
|---|---|
| 1. Risk Free Interest Rate | No Options Granted during the year 2019-20 |
| 2. Expected Life | |
| 3. Expected Volatility | |
| 4. Dividend Yield | |
| 5. Price of the underlying share in market at the time of the | |

**Assumptions:**
Stock Price: Share price is taken as informed by the Company
Volatility: The historical volatility over the expected life has been considered to calculate the fair value.
Risk-free rate of return: The risk-free interest rate being considered for the calculation is the interest rate
Exercise Price: Exercise Price of each specific grant has been considered.

Time to Maturity: Time to Maturity / Expected Life of options is the period for which the Company expects the options to be live.

Expected divided yield: Expected dividend yield has been calculated as an average of dividend yields for five financial years preceding the date of the grant.

| | |
|---|---|
| Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 (As informed by the Company) | 30.01 |

# STANDALONE FINANCIAL STATEMENT

# INDEPENDENT AUDITOR'S REPORT

To the Members of
**NSDL e-Governance Infrastructure Limited**

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of NSDL e-Governance Infrastructure Limited (''the Company "), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income). standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements. including 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 ("Act") in the manner ·o required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income. changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Other Information

The Company's management and 13oard of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report. but does not include the financial statements ancl our auditors' 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 responibility 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 in the audit or otherwise appears lo 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.

### Management's and Board of Directors' Responsibility for the Standalone Financial Statement

The Company's Management and Board of Directors are 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 lair view of the state of affairs, profit and other comprehensive income. changes in equity and ca h flows or the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This respon ibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policie : making judgments and estimate that are reasonable and prudent; and design. impl .menrarion and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation or 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, the Management and Board of Directors are responsible for assessing the Company' ability to continue as a going concern. disclosing, us applicable, matters related to going concern and using the going concern basi of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations. or has no realistic alternative but to do so.

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

## Auditor's Responsibilitie 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors 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.

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 mailers that may reasonably be thought to bear on our independence, and where applicable. related safeguards.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order. 2016 ("the Order") issued by the Central Government in terms of section 143 ( 11) of the Act, we give in the "Annexure A'" a statement on the matter specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion. proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion. the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the ba is or the written representations received from the directors as on 31 March 2020 taken record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

   i. The Company has di closed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 29 to the standalone financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

   iv. The disclosures in the standalone financial statements regarding holdings as wel I as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

   (C) With respect to the matter to be included in the Auditors' Report under section 197( 16):

   In our opinion and according to the information and explanations given to us. the remuneration paid by the company to its directors during the current year is in accordance with the provi ions or cction 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under ection 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

**For B S R & Associates LLP**
*Chartered Accountants*
Firm's Registration No: 116231W/W-100024

**Shabbir Readymadewala**
*Partner*
Membership No. 100060
ICAI UDIN: 20100060AAAABR5098

**Place: Mumbai**
Date: 22 June 2020

# NSDL e-Governance Infrastructure Limited

## Annexure A to the Independent Auditors' Report

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2020, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified over a period of 2 year by the management. In our opinion, this frequency of physical verification is reasonable having regard to the size of the Company and the nature of its asset. In the current year company has covered certain class of assets for physical verification. No material discrepancies identified on such phyical 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 title deeds of immovable properties included in fixed assets are held in the name of the Company.

(ii) The Company is a service company, primarily rendering information technology and related services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans. secured or unsecured to companies. firms. limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act.") Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion. and according to the information and explanations given to us and based on the audit procedures conducted by us. the Company has complied with the provisions of Section 185 and 186 of the Act with respect to investment made by the Company. The Company had not granted any loan, guarantee or security to the parties covered under the provisions of Section 185 and 186 of the Act. Accordingly, compliance under Section 185 and 186 of the Act in respect or pending loan, guarantee or securities are not applicable to the Company.

(v) ln 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 the directives issued by the Reserve Bank of India. as per the provisions of Sections 73 to 76, any other relevant provisions of the Act and rule framed thereunder. Accordingly. paragraph 3(v) of the Order is not applicable to the Company.

(vi) As informed to us by the management. the Central Government has not prescribed the maintenance of cost record under section 148 of the Act for any of the services rendered by the Company.

(vi) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State In urance. Income-tax, Goods and Service Tax, duty of Customs, Cess and any other material statutory dues have been generally regularly deposited during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of Sales tax. Value added tax, Service tax, duty of Customs and duty of Excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Service Tax, duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues in respect of Income Tax, and GST which have not been deposited on account of any dispute. The dues of Central Sales Tax/Value Added Tax as disclosed below have not been deposited by the Company on account or disputes as at 31 March 2020:

| Name of the Statute | Nature of the Dues | Amount (Rs In lakhs) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| The Maharashtra Value Added Tax Act. 2002 | Sales Tax, Interest and Penalty | 2,260 | 2015-2016 | Appellate Tribunal |

(viii) In our opinion and according to the information and explanations given to us, the Company did not have any outstanding loans or borrowings from any financial institution or bank or government or dues to debenture holders during the year.

(ix) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us. no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid or provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly. paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and details of such related party tran actions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the ompany, the Company has not made any preferential allotment or private placement or shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) or the Order is 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;mr ny, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) In our opinion and according to the information and explanations given to us. the Company is not required 10 be registered under section 45-IA of the Reserve Bank of India Act I 934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

**For B S R & Associates LLP**
*Chartered Accountants*
Firm's Registration No: 116231W/W-100024

**Shabbir Readymadewala**
*Partner*
Membership No. 100060
ICAI UDIN: 20100060AAAABR5098

**Place: Mumbai**
Date: 22 June 2020

## Annexure B to the Independent Auditors' report on the Standalone financial statements of NSDL e-Governance Infrastructure Limited for the year ended 31 March 2020

## Report on the Internal Financial Controls with reference to the aforesaid Standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

### Opinion

We have audited the internal financial controls with reference to standalone financial statements of NSDL e-Govemance Infrastructure Limited (vthe Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

### Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 it bu iness. including adherence to company's policies, the safeguarding of its assets. the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records. and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the tandards on Auditing, prescribed under section 143( I 0) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Standalone financial statements were established and maintained and whether 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 with reference to Standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone financial statements included obtaining an understanding of such internal financial controls. assessing the risk that a material weakness exists. and testing and evaluating the design and operating effectiveness of internal control based on the asses cd risk. The procedures selected depend on the auditor's judgement, including the assessment of the ri ks or material misstatement of the Standalone financial statements. whether clue 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 with reference to Standalone financial statements.

## Meaning of Internal Financial controls with Reference to financial statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation or financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that ( l) 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 acqui ition, use, or disposition or the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial controls with Reference to financial statements

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

**For B S R & Associates LLP**
*Chartered Accountants*
Firm's Registration No: 116231W/W-100024

**Shabbir Readymadewala**
*Partner*
Membership No. 100060
ICAI UDIN: 20100060AAAABR5098

**Place: Mumbai**
Date: 22 June 2020

## Balance Sheet as at 31 March 2020

*Currency : (₹ in Lakhs except equity share and per equity share data)*

| | | | | As at 31.03.2020 | As at 31.03.2019 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **1** | **Non-current assets** | | | | |
| | a | Property, plant and equipment | 2 | **4,855** | 13,083 |
| | b | Capital work-in-progress | | **543** | 513 |
| | c | Right-of-use assets | 27 | **1,461** | - |
| | d | Other intangible assets | 2 | **39** | 413 |
| | e | Financial assets | | | |
| | i | Investments | 4 | **38,492** | 32,610 |
| | ii | Other financial assets | 5 | **2,329** | 2,931 |
| | f | Income tax assets (net) | 6 | **2,567** | 1,857 |
| | g | Deferred tax assets (net) | 6 | **249** | 89 |
| | h | Other non-current assets | 7 | **100** | 499 |
| | **Total non-current assets** | | | **50,635** | 51,995 |
| **2** | **Current assets** | | | | |
| | a | Financial assets | | | |
| | i | Investments | 8 | **2,120** | 4,642 |
| | ii | Trade receivables | 9 | **21,071** | 18,188 |
| | iii | Cash and cash equivalents | 10 | **4,099** | 3,939 |
| | iv | Other bank balances (bank balances other than iii above) | 11 | **907** | 1,610 |
| | v | Other financial assets | 5 | **2,492** | 2,069 |
| | b | Other current assets | 7 | **4,471** | 2,589 |
| | **Total current assets** | | | **35,160** | 33,037 |
| **3** | **Assets held for sale** | | 3 | **8,240** | - |
| | | **Total assets** | | **94,035** | 85,032 |

## Balance Sheet as at 31 March 2020

*Currency : (₹ in Lakhs except equity share and per equity share data)*

| | | | | As at 31.03.2020 | As at 31.03.2019 |
|---|---|---|---|---|---|
| | | **Equity and liabilities** | | | |
| **1** | **Equity** | | | | |
| | a | Equity share capital | 12 | **4,001** | 4,001 |
| | b | Other equity | 13 | **71,379** | 62,640 |
| **2** | **Liabilities** | | | | |
| | **Non-current liabilities** | | | | |
| | a | Financial liabilities | | | |
| | i | Lease liabilities | 27 | **668** | - |
| | ii | Other financial liabilities (Other than provisions in ("b") below) | 15 | **164** | 328 |
| | b | Provisions | 16 | **216** | 412 |
| | **Total non-current liabilities** | | | **1,048** | 740 |
| | **Current liabilities** | | | | |
| | a | Financial liabilities | | | |
| | i | Trade payables | | | |
| | | -- Dues of micro enterprises and small enterprises | 14 & 30 | **606** | 508 |
| | | -- Dues of creditors other than micro enterprises and small enterprises | 14 | **8,272** | 8,486 |
| | ii | Lease liabilities | 27 | **722** | - |
| | iii | Other financial liabilities (Other than provisions in ("b") below) | 15 | **1,035** | 760 |
| | b | Provisions | 16 | **2,903** | 2,099 |
| | c | Income tax liabilities (net) | 6 | **-** | 537 |
| | d | Other current liabilities | 17 | **4,069** | 5,261 |
| | **Total current liabilities** | | | **17,607** | 17,651 |
| | **Total equity and liabilities** | | | **94,035** | 85,032 |
| Summary of significant accounting policies and The accompanying notes are an integral part of the financial statements. | | | 1 to 35 | | |

As per our report of even date attached
**For B S R & Associates LLP**
***Chartered Accountants***
Firm's Registration No: 116231W/W-100024

For and on behalf of the Board of Directors of
**NSDL e-Governance Infrastructure Limited**
(CIN: U72900MH1995PLC095642)

Sd/-
**Shabbir Readymadewala**
***Partner***
Membership No. 100060

Sd/-
**Shailesh Haribhakti**
***Chairman***
DIN-00007347

Sd/-
**Gagan Rai**
***Managing Director and CEO***
DIN-00059632

Sd/-
**Jayesh Sule**
***Whole Time Director***
DIN-07432517

Place : **Mumbai**
Date : 22 June 2020

Sd/-
**Tejas Desai**
***Chief Financial Officer***

Sd/-
**Maulesh Kantharia**
***Company Secretary***

## Statement of Profit and Loss for the year ended 31 March 2020

*Currency : (₹ in Lakhs except equity share and per equity share data)*

| | Note | For the year ended 31.03.2020 | For the year ended 31.03.2019 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 18 | **71,613** | 75,625 |
| Other income | 19 | **3,849** | 3,480 |
| **Total Income** | | **75,462** | 79,105 |
| **Expenses** | | | |
| Employee benefits expense | 20 | **6,863** | 6,518 |
| Finance cost | 27 | **162** | 18 |
| Depreciation and amortisation expense | 2 & 27 | **2,747** | 1,987 |
| Other expenses | 21 | **49,963** | 52,402 |
| **Total Expenses** | | **59,735** | 60,925 |
| **Profit before tax** | | **15,727** | 18,180 |
| Less : Tax expenses | | | |
| Current tax | 6 | **3,764** | 5,741 |
| Deferred tax | | **(160)** | (9) |
| **Total tax expenses** | | **3,604** | 5,732 |
| **Profit for the year (A)** | | **12,124** | 12,448 |
| **Other Comprehensive Income** | | | |
| ***Items that will not be reclassified subsequently to profit or loss*** | | | |
| Re-measurement of the defined benefit liability / asset (net of tax) | | **(379)** | (14) |
| **Total Other Comprehensive Income (net of tax) (B)** | | **(379)** | (14) |
| **Total Comprehensive Income (A+B)** | | **11,745** | 12,434 |
| **Earnings per equity share** | | | |
| -- Basic ( ₹ ) | | **30.30** | 31.12 |
| -- Diluted ( ₹ ) | | **30.02** | 31.03 |
| Summary of significant accounting policies and The accompanying notes are an integral part of the financial statements. | 1 to 35 | | |

As per our report of even date attached
**For B S R & Associates LLP**
***Chartered Accountants***
Firm's Registration No: 116231W/W-100024

For and on behalf of the Board of Directors of
**NSDL e-Governance Infrastructure Limited**
(CIN: U72900MH1995PLC095642)

Sd/-
**Shabbir Readymadewala**
***Partner***
Membership No. 100060

Sd/-
**Shailesh Haribhakti**
***Chairman***
DIN-00007347

Sd/-
**Gagan Rai**
***Managing Director and CEO***
DIN-00059632

Sd/-
**Jayesh Sule**
***Whole Time Director***
DIN-07432517

Place : **Mumbai**
Date : 22 June 2020

Sd/-
**Tejas Desai**
***Chief Financial Officer***

Sd/-
**Maulesh Kantharia**
***Company Secretary***

## Statement of changes in Equity for the year ended 31 March 2020

*Currency : (₹ in Lakhs)*

### A. EQUITY SHARE CAPITAL

| Balance as at 1 April 2018 | Changes in equity share capital during the year | Balance as at 31 March 2019 |
|---|---|---|
| 4,000 | 1 | 4,001 |

| Balance as at 1 April 2019 | Changes in equity share capital during the year | Balance as at 31 March 2020 |
|---|---|---|
| 4,001 | - | 4,001 |

## B. OTHER EQUITY

*Currency : (₹ in Lakhs)*

| Particulars | Other Equity | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Reserves and Surplus | | | ESOP Reserve | Security premium | Other Comprehensive Income | |
| | Capital redemption reserve | General reserve | Retained earnings | | | Other items of comprehensive income | |
| **Balance at the April 1, 2018** | **2,500** | **29,843** | **21,038** | **97** | **-** | **(490)** | **52,988** |
| Transfer from Statement of Profit and Loss | - | 10,000 | (10,000) | - | - | - | **-** |
| Adjustment on initial application of IndAS 115, net of tax | - | - | 86 | - | - | - | **86** |
| Re-measurement of the defined benefit liability / asset | - | - | - | - | - | (14) | **(14)** |
| Share based payments to employees | - | - | - | 250 | - | - | **250** |
| Issue of shares under ESOP | - | - | - | - | 16 | - | **16** |
| Dividend (including dividend distribution tax) | - | - | (3,134) | - | - | - | **(3,134)** |
| Profit for the year ended March 31, 2019 | - | - | 12,448 | - | - | - | **12,448** |
| **Balance at the March 31, 2019** | **2,500** | **39,843** | **20,438** | **347** | **16** | **(504)** | **62,640** |

*Currency : (₹ in Lakhs)*

| Particulars | Other Equity | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Reserves and Surplus | | | ESOP Reserve | Security premium | Other Comprehensive Income | |
| | Capital redemption reserve | General reserve | Retained earnings | | | Other items of comprehensive income | |
| **Balance at the April 1, 2019** | **2,500** | **39,843** | **20,438** | **347** | **16** | **(504)** | **62,640** |
| Re-measurement of the defined benefit liability / asset | - | - | - | - | - | (379) | **(379)** |
| Share based payments to employees | - | - | - | 121 | - | - | **121** |
| Issue of shares under ESOP | | | | | 8 | | **8** |
| Dividend (including dividend distribution tax) | - | - | (3,135) | - | - | - | **(3,135)** |
| Profit for the year ended March 31, 2020 | - | - | 12,124 | - | - | - | **12,124** |
| **Balance at the March 31, 2020** | **2,500** | **39,843** | **29,427** | **468** | **24** | **(883)** | **71,379** |

**Note:**

**# Purpose of Reserve stated as follows**:

**(a) Capital redemption reserve**: Capital redemption reserve is created to purchases its own shares out of free reserves and same to be utilized in accordance with the provision of the Companies Act, 2013.

**(b) General reserve**: The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes.

**(c) ESOP reserve**: The ESOP reserve is created out equity shares issued as per terms and conditions stated in Employee Stock options plan 2017 and same will be utilized as free reserve.

(d) Securities premium : Securities premium is used to record the premium on issue of shares. The reserve to be utilized in accordance with the provisions of the Companies Act, 2013.

As per our report of even date attached
**For B S R & Associates LLP**
***Chartered Accountants***
Firm's Registration No: 116231W/W-100024

For and on behalf of the Board of Directors of
**NSDL e-Governance Infrastructure Limited**
(CIN: U72900MH1995PLC095642)

Sd/-
**Shabbir Readymadewala**
***Partner***
Membership No. 100060

Sd/-
**Shailesh Haribhakti**
***Chairman***
DIN-00007347

Sd/-
**Gagan Rai**
***Managing Director and CEO***
DIN-00059632

Sd/-
**Jayesh Sule**
***Whole Time Director***
DIN-07432517

Place : **Mumbai**
Date : 22 June 2020

Sd/-
**Tejas Desai**
***Chief Financial Officer***

Sd/-
**Maulesh Kantharia**
***Company Secretary***

NSDL

## Cash Flows Statement
### *for the year ended 31 March 2020*

*Currency : (₹ in Lakhs)*

| | | For the year ended 31.03.2020 | For the year ended 31.03.2019 |
|---|---|---|---|
| **A)** | **Cash flow from operating activities** | | |
| | **Profit before tax** | **15,727** | 18,180 |
| | | | |
| | **Adjustments for :** | | |
| | Depreciation and amortisation | **2,747** | 1,987 |
| | Amortisation of Premium / Discount on Govt/Debt Securities | **172** | 146 |
| | Loss on sale /discard of assets | **1** | 12 |
| | Provision for impairment of assets | **-** | 6 |
| | Loss on sale of current investment | **-** | 5 |
| | Provision for doubtful debts | **1,063** | - |
| | | | |
| | Interest income on Long Term Investment | **(2,610)** | (2,263) |
| | Interest income on Bank deposit | **(257)** | (190) |
| | Share based payments to employees | **121** | 250 |
| | Finance cost | **162** | 18 |
| | Gratuity OCI | **-** | (14) |
| | (Profit)/Loss on sale/redemption of long term investments | **(2)** | - |
| | Dividend received - Others | **(163)** | (116) |
| | | | |
| | **Operating cash flow before changes in working capital** | **16,961** | 18,021 |
| | | | |
| | **Changes in working capital** | | |
| | Trade Receivables | **(3,945)** | (1,650) |
| | Other Assets | **(1,817)** | 825 |
| | Trade Payables | **(1,313)** | (1,605) |
| | Other financial liabilities, other liabilities and provisions | **503** | 3,012 |
| | | | |
| | **Net changes in working capital** | **10,389** | 18,603 |
| | Prior-period adjustments (Net) | | |
| | Income taxes paid | **(5,011)** | (5,912) |
| | | | |
| | **Net cash generated from operating activities** | **5,378** | 12,691 |

| | | For the year ended 31.03.2020 | For the year ended 31.03.2019 |
|---|---|---|---|
| **B)** | **Cash flow from investing activities** | | |
| | Purchase of property plant and equipment and capital advances given | **(1,219)** | (2,737) |
| | Proceeds from sale of property, plant and equipment | **3** | 21 |
| | Interest paid on income tax | **-** | (18) |
| | Interest received | **2,403** | 2,312 |
| | Dividend received - Others | **163** | 116 |
| | Purchase of non-current investments (net of interest accrued upto date of purchase) | **(6,073)** | (7,933) |
| | Purchase of current investments | **-** | (6,618) |
| | Investment in fixed deposit | **884** | (1,249) |
| | Proceeds from sale of non-current investments | **52** | 100 |
| | Proceeds from sale of current investments | **2,500** | 5,736 |
| | | | |
| | | | |
| **B)** | **Net cash used in investing activities** | **(1,287)** | (10,270) |
| | | | |
| **C)** | **Cash flow from financing activities** | | |
| | Proceeds from issue of share capital (including security premium amount) | **8** | 17 |
| | Dividend paid | **(2,600)** | (2,600) |
| | Dividend distribution tax paid | **(535)** | (535) |
| | Lease liability paid | **(804)** | |
| | | | |
| **C)** | **Net cash used in financing activities** | **(3,931)** | (3,118) |
| | **Net increase in cash and cash equivalents at the end of the period** | **160** | (697) |
| | | | |
| | **Cash and cash equivalents at the beginning of the year** | **3,939** | 4,635 |
| | | | |
| | **Cash and cash equivalents at the end of the year** | **4,099** | **3,939** |

Notes to Cash Flow Statement :

1. Cash and cash equivalent represent cash, bank balances with original maturity of less than three months.
2. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS - 7 on Statement of Cash Flow as notified under Companies (Accounts) Rules, 2014 as amended from time to time.
3. Previous period's figures have been regrouped/ reclassified wherever necessary to correspond with the current period classification / disclosure.

As per our report of even date attached
**For B S R & Associates LLP**
***Chartered Accountants***
Firm's Registration No: 116231W/W-100024

For and on behalf of the Board of Directors of
**NSDL e-Governance Infrastructure Limited**
(CIN: U72900MH1995PLC095642)

Sd/-
**Shabbir Readymadewala**
***Partner***
Membership No. 100060

Sd/-
**Shailesh Haribhakti**
***Chairman***
DIN-00007347

Sd/-
**Gagan Rai**
***Managing Director and CEO***
DIN-00059632

Sd/-
**Jayesh Sule**
***Whole Time Director***
DIN-07432517

Place : **Mumbai**
Date : 22 June 2020

Sd/-
**Tejas Desai**
***Chief Financial Officer***

Sd/-
**Maulesh Kantharia**
***Company Secretary***

## 1. Corporate information

NSDL e-Governance Infrastructure Limited ("the Company") was incorporated in December 1995, is engaged in providing Information Technology (IT) enabled e-Governance services. The current projects of the Company are Central Recordkeeping Agency (CRA) under the National Pension System regulated by Pension Fund Regulatory and Development Authority (PFRDA); Tax Information Network (TIN), the activity of processing the applications for allotment of Permanent Account Number (PAN) and National Judicial Reference System (NJRS) on behalf of Income Tax Department, Government of India; Electronic Accounting System in Excise and Service Tax (EASIEST) on behalf of Central Board of Indirect Taxes and Customs (CBIC), Government of India and acting as a Registrar to Unique Identification Authority of India (UIDAI), Planning Commission, Government of India.

The company is a public limited company and domiciled in India. The address of the corporate office is 1st floor, Times Tower, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013.

The Board of Directors approved the standalone financial statements for the year ended March 31, 2020 and authorised for issue on June 22nd, 2020.

### 1.1 Summary of significant accounting policies :

**a) Statement of compliance**

These standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act as amended from time to time

**b) Basis of preparation of standalone financial statements**

These standalone financial statements have been prepared in Indian Rupee (₹) which is the functional currency of the Company.

These standalone financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Group has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method.

**c) Use of estimates**

The preparation of the standalone financial statements in conformity with the recognition and measurement principles of the Ind AS requires management of the Company to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the standalone financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these standalone financial statements have been disclosed below. Accounting estimates could change from period to period. Although these estimate are based on management's best knowledge of current events and actions, uncertainty about the assumption and estimates could result in the outcome requiring material adjustment to the carrying amount of asset and liabilities.

**Estimation of uncertainties relating to the global health pandemic from COVID-19:**

In view of the unprecedented COVID-19 pandemic and economic forecasts, the Management has evaluated the impact on the standalone financial statements and made appropriate adjustment where necessary. In assessing the recoverability of its assets including receivables and unbilled receivables, the Company has considered internal and external information upto the date of approval of these standalone financial statements including economic forecasts. The Company has performed analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets.

However, the actual impact of COVID-19 on the Company's standalone financial statements may differ from that estimated and the Company will continue to closely monitor any material changes to future economic conditions

### Defined benefit

The cost of the defined benefits that includes gratuity and compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

**Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease equires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

**Income taxes**

The company's tax jurisdictions is only in India. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.
The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

**d) Revenue Recognition**

The Company earns revenue primarily from providing Information Technology (IT) enabled e-Governance services. The Company offers integrated portfolio of IT, business and engineering services and solutions.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

To recognise revenues, the Company applies the following five step approach;
(1) identify the contract with a customer,

(2) identify the performance obligations in the contract,

**Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The policy has been further explained under note 'q'.

**Trade receivables**

The Company estimates the un-collectability of accounts receivable by analysing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

(3) determine the transaction price,
(4) allocate the transaction price to the performance obligations in the contract and
(5) recognize revenues when a performance obligation is satisfied.

**Performance obligations**

A performance obligation is a promise in a contract to transfer a distinct good or service to the client and is the unit of accounting in Ind AS 115.

The performance obligations of the Company are satisfied over time as services are rendered.

(1) The subscription income is recognised over the subscription period;
(2) The installation revenue is recognised over the period when the Company is expected to realise economic benefits from such installation;
(3) The carriage income is recognised on a straight-line basis;
(4) Other operating revenues are recognised on satisfaction of performance obligation by transferring services (control of asset) to the customer.

**Determination of transaction price**

Revenue is measured based on transaction price which includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Revenues also exclude taxes collected from customers.

**Allocation of transaction price**

A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. For contracts with multiple performance obligations, the Company allocates the contract's transaction price to each performance obligation based on the relative standalone selling price. The primary method used to estimate standalone selling price is the adjusted market assessment approach, under which the Company evaluates the price in that market that a customer is willing to pay for those services. While determining relative standalone selling price and identifying separate performance obligations require judgment, generally relative standalone selling prices and the separate performance obligations are readily identifiable as the Company sells those performance obligations unaccompanied by other performance obligations.

**Contract balances**

A contract asset is right to consideration in exchange of services that the Company has rendered to a customer when that right is conditioned on something other than passage of time. Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

A contract liability is the obligation to render services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the company renders services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company renders services as per the contract.

i. Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.
ii. Revenue related to fixed price maintenance and support services contracts, where the Company is standing ready to provide services is recognized based on time elapsed mode and revenue is straight lined over the period of performance.
iii. Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software,
iv these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.
v Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.

Revenue is measured based on the transaction price, which is the consideration, adjusted for service level credits and incentives, if any, as specified in the contract with the customer.

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Use of significant judgements in revenue recognition:

i. The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

ii) Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as service level credits and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations

iii) The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

iv) The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of licence whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered

**Interest income**

For all debt instruments measured either at amortised cost or at fair value through Profit or loss , interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

**Dividend income**

Dividend income is recognised when the Company’s right to receive the payment is established, which is generally when shareholders approve the dividend.

**e) Property, plant and equipment**

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation/amortization and impairment loss, if any. The cost is inclusive of freight, installation cost, duties, taxes, borrowing cost and other incidental expenses for bringing the asset to its working conditions for its intended use but net of indirect taxes, wherever input credit is claimed.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under ‘Capital work-in-progress’.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as separate component of assets with specific useful lives and provides depreciation over their useful life.

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.

Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred.
The cost and related accumulated depreciation are eliminated from the standalone financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss.

Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

**f) Leases**

The Company as a lessee

The Company's lease asset classes primarily consist of leases for premise. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight -line method from the commencement date over the lease term.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The standard includes two recognition exemptions for lessees — leases of 'low value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease ierm of 12 months or less).

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information.

The Company has recorded the lease liability as the present value of the remaining lease payments, discounted at the incremental discounted rate as at 9% April 1, 2019 and the right of use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized. The Company has used the exemption option available for existing leases and applied the available exemptions regarding the recognition of short term leases and low value leasing assets.

The Company has also used the practical expedient provded by the standard and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The Company does not have any lease contracts wherein it acts as a lessor.

On transition, the adoption of the new standard resulted in recognition of right-of-use asset of Rs. 1461 Lacs and a lease liability of Rs. 1390 Lacs Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The weighted average incremental discounted rate of 9 % has been applied to lease liabilities recognised in the balance sheet at the date of initial application (refer Note no 28).

All the other above amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**g) Depreciation**

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method.

Depreciation on additions / deletions is provided on pro-rata basis from the date of acquisition/ up to the date of deletion

Depreciation on assets is provided on the straight-line method using the rates based on the economic useful life of assets as estimated by the management but not being more than the limits specified in Schedule II of the Companies Act, 2013 as below:

| Assets | Estimated Useful Lives |
|---|---|
| Central System | 6 years |
| Servers | 6 years |
| Computers | 3 years |
| Communication (Network) | 6 years |
| Electrical Installations | 10 years |
| Office Equipment’s | 5 years |
| Furniture | 10 years |
| Buildings | 60 years |

Computer Software is amortized over a period of 2 years.

Depreciation is not recorded on capital work-in-progress until installation is complete and the asset is ready for its intended use. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

**h) Intangible assets**

Intangible assets comprising of software are recorded at acquisition cost and are amortized over the estimated useful life on straight line basis. Cost of development and production incurred till the time software is ready for use is capitalised.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Research cost are expensed as incurred.

**Development costs**

Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use
- Its intention to complete and its ability and intention to use the asset
- How the asset will generate future economic benefits
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

**i) Impairment of tangible and intangible assets**

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**j) Foreign currency transactions and translation**

**Transactions and translations**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency at the rates prevailing on the reporting period date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting period-end date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction.

**k) Employee benefit costs**

- **Short- term employee benefits**

  All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably

- **Post-Employment benefits**

**Defined Contribution plans**

Provident Fund: Employees are entitled to receive benefits in respect of provident fund, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' basic salary). The contributions, as specified under the law were made to Recognised Provident Fund.

Superannuation: Certain employees of the Company are participants in a defined contribution plan. The company has no further obligations to the Plan beyond its annual contributions which are contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India

**Defined benefit Plans**

i) Gratuity: The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

The Company has maintained a Group Gratuity Cum Life Assurance Scheme with the Life Insurance Corporation of India (LIC) towards which it annually contributes a sum determined by LIC.

The 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, and the fair value of any plan assets is deducted. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary using the Projected Unit Credit Method, which recognises 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. The Company recognises the net obligation of a defined benefit plan in its balance sheet as an asset or liability.

Gains or losses through re-measurement of the net defined benefit liability / (asset) are recognised in other comprehensive income. The actual return of portfolio of plan assets, in excess of yields computed by applying the discount rate used to measure the defined benefit obligation are recognised in other comprehensive income. The effects of any plan amendments are recognised in statement of profit and loss.

ii) Compensated absences: The company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

**l) Income Tax**

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

**Current tax**

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**Deferred tax**

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

**m) Provisions, Contingent liabilities and Contingent assets**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the standalone financial statements. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. A contingent asset is neither recognised nor disclosed in the standalone financial statements.

**n) Cash Flow statement.**

Cash flows are reported using the indirect method, whereby profit or loss for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**o) Cash and Bank balances**

Cash and cash equivalents comprise cash in hand, balance with banks and term deposits with banks with original maturity up to three months.

Other bank balances comprises of term deposit with banks having maturity of more than three months but less than twelve months from the Balance sheet date.

**p) Earnings per share**

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.

**q) Financial instruments**

**Initial recognition**

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition.

**Subsequent measurement**

**Financial assets**

Financial assets are classified into the following specified categories: financial assets “at amortised cost”, “fair value through other comprehensive income”, “fair value through Profit or Loss”. The classification depends on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset at the time of initial recognition.

Financial assets are recognised by the company as per its business model.
All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially at fair value through profit or loss.

Income and expense is recognised on an effective interest basis for debt instrument, Other Equity instruments are classified as “fair value through Profit or Loss”.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

**Loans and receivables**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as “loans and receivables”. Loans and receivables (including trade and other receivables) and others are measured at amortised cost using the effective interest rate (EIR) method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

**Impairment of financial assets**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**Derecognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**Loans and receivables**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**Subsequent measurement**

**Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

**Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

**Financial liabilities**

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**Investment in subsidiaries**

Investment in subsidiaries is carried at cost in the separate standalone financial statements.

**Financial liabilities and equity instruments**

**Equity instruments**

Equity instruments are recorded at the proceeds received, net of direct issue costs.

**Financial liabilities**

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities.

**Financial liabilities at fair value through profit or loss (FVTPL)**

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

**Non-current Assets Held for Sale and Discontinued Operations**

Non-current assets held for sale are measured at lower of the carrying value and the fair value less cost to sell.

**Offsetting arrangements**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

**r) Dividends**

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.

**1.2 Recent Indian Accounting Standards (Ind AS)**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Recent Indian Accounting Standards (Ind AS).

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2019:

i) Ind AS 116 - Leases

ii) Income tax consequences in case of dividends (Ind AS 12 – Income Taxes (amendments relating to income tax consequences of dividend));

iii) Accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities (Ind AS 12 – Income Taxes (amendments relating to uncertainty over income tax treatments));

iv) Accounting treatment for specific borrowings post capitalization of corresponding qualifying asset (Ind AS 23 – Borrowing Costs);

v) Accounting for prepayment features with negative compensation in case of debt instruments (Ind AS 109 – Prepayment Features with Negative Compensation);

vi) Accoutnting for plan amendment, curtailment or settlement occurring in-between the reporting periods in case of long-term employee benefit plans (Ind AS 19 – Plan Amendment, Curtailment or Settlement);

## 2. Property, plant, equipments and intangible assets

*Currency : (₹ in Lakhs)*

| Particulars | Property, Plant and Equipments | | | | | | | | Other Intangible assets | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Land Freehold | Building | Computers | Data and Telecommunication equipments | Electric installation | Office equipment | Furniture and fixtures | Total | Computer Softwares (others) | Total |
| **Gross carrying value as of 1 April 2019** | 1,574 | 9,422 | 6,727 | 1,806 | 1,283 | 2,692 | 1,231 | 24,735 | 4,827 | 4,827 |
| Additions | | 197 | 713 | 112 | 73 | 165 | 288 | 1,548 | 30 | 30 |
| Deletions | 1,574 | 4,328 | 1 | 119 | 871 | 1,973 | 839 | 9,705 | - | - |
| **Gross carrying value as of 31 March 2020** | - | 5,291 | 7,439 | 1,799 | 485 | 884 | 680 | 16,578 | 4,857 | 4,857 |
| **Accumulated depreciation as of 1 April 2019** | - | 4,074 | 4,669 | 976 | 474 | 1,057 | 402 | 11,652 | 4,414 | 4,414 |
| Depreciation | | 92 | 593 | 179 | 97 | 446 | 123 | 1,530 | 404 | 404 |
| Accumulated depreciation on deletion | | 154 | 1 | 43 | 190 | 866 | 205 | 1,459 | - | - |
| **Accumulated depreciation as of 31 March 2020** | - | 4,012 | 5,261 | 1,112 | 381 | 637 | 320 | 11,723 | 4,818 | 4,818 |
| **Carrying value as of 31 March 2020** | - | 1,279 | 2,178 | 687 | 104 | 247 | 360 | 4,855 | 39 | 39 |

*Currency : (₹ in Lakhs)*

| Particulars | Property, Plant and Equipments | | | | | | | | Other Intangible assets | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Land Freehold | Building | Computers | Data and Telecommunication equipments | Electric installation | Office equipment | Furniture and fixtures | Total | Computer Softwares (others) | Total |
| **Gross carrying value as of 1 April 2018** | 1,574 | 9,354 | 6,451 | 1,188 | 1,395 | 2,645 | 1,318 | 23,925 | 4347 | 4,347 |
| Additions | - | 68 | 583 | 651 | - | 101 | 1 | 1,404 | 480 | 480 |
| Deletions | - | - | 307 | 33 | 112 | 54 | 88 | 594 | - | - |
| **Gross carrying value as of 31 March 2019** | 1,574 | 9,422 | 6,727 | 1,806 | 1,283 | 2,692 | 1,231 | 24,735 | 4,827 | 4,827 |
| **Accumulated depreciation as of 1 April 2018** | - | 3,987 | 4,431 | 873 | 490 | 681 | 388 | 10,850 | 3791 | 3,791 |
| Depreciation | - | 87 | 530 | 135 | 90 | 424 | 98 | 1,364 | 623 | 623 |
| Accumulated depreciation on deletion | - | - | 292 | 32 | 106 | 48 | 84 | 562 | - | - |
| **Accumulated depreciation as of 31 March 2019** | - | 4,074 | 4,669 | 976 | 474 | 1,057 | 402 | 11,652 | 4,414 | 4,414 |
| **Carrying value as of 31 March 2019** | 1,574 | 5,348 | 2,058 | 830 | 809 | 1,635 | 829 | 13,083 | 413 | 413 |

The aggregate depreciation has been included under depreciation and amortisation expenses in the Statement of Profit and Loss

## 3. Assets held for sale

The Company has decided to sell its Data Centre at Bangalore, for this purpose Company has carried out valuation of Data centre and will offer that price to its current partner in Data centre business. The particulars of the assets held for sale are as under:

| Particulars | WDV of assets as on 31.03.2020 (₹ in Lakhs) |
|---|---|
| Land & Building | 5,749 |
| Furniture, fixture and office equipment's | 2,491 |
| Total | 8,240 |

## 4. Non-current investments

*Currency : (₹ in Lakhs)*

| | | Rate of interest % | Year of maturity | No. of bonds/ debentures/share | Face value | As at 31 March, 2020 (₹ in Lakhs) | As at 31 March, 2019 (₹ in Lakhs) |
|---|---|---|---|---|---|---|---|
| **Quoted Debt Securities Investments at amortised cost :** | | | | | | | |
| **Investment in Tax free bonds** | | | | | | | |
| 1 | Power Finance Corporation Limited | 8.20 | 2022 | 100,000 | 1,000 | 1,084 | 1,084 |
| 2 | Indian Railway Finance Corporation Limited | 8.10 | 2027 | 50,000 | 1,000 | 534 | 534 |
| 3 | National Highway Authority of India Limited | 8.30 | 2027 | 200,000 | 1,000 | 2,182 | 2,182 |
| 4 | Indian Railway Finance Corporation Limited | 7.34 | 2028 | 250,000 | 1,000 | 2,574 | 2,574 |
| 5 | National Highway Authority of India Limited | 8.50 | 2029 | 80,000 | 1,000 | 800 | 800 |
| 6 | National Housing Bank | 8.63 | 2029 | 7,220 | 5,000 | 361 | 361 |
| 7 | Rural Electrification Corporation | 8.63 | 2029 | 50,000 | 1,000 | 500 | 500 |
| 8 | National Housing Bank | 8.68 | 2029 | 40,000 | 5,000 | 2,053 | 2,053 |
| 9 | National Thermal Power Corporation Limited | 7.37 | 2035 | 6,246 | 1,000 | 62 | 62 |
| 10 | Rural Electrification Corporation | 7.21 | 2022 | 130 | 1,000,000 | 1,329 | 1,329 |
| 11 | National Thermal Power Corporation Limited | 7.15 | 2025 | 90 | 1,000,000 | 912 | 912 |
| 12 | National Housing Bank | 8.46 | 2028 | 40 | 1,000,000 | 443 | 443 |
| 13 | Power Finance Corporation Limited | 8.46 | 2028 | 150 | 1,000,000 | 1,672 | 1,672 |
| 14 | Rural Electrification Corporation | 8.46 | 2028 | 250 | 1,000,000 | 2,894 | 2,894 |
| 15 | National Bank for Agriculture and Rural Development | 7.35 | 2031 | 150,000 | 1,000 | 1,578 | 1,578 |
| 16 | National Hydroelectric Power Corporation Limited | 8.67 | 2033 | 50,000 | 1,000 | 634 | 634 |
| 17 | National Bank for Agriculture and Rural Development | 7.35 | 2031 | 100,000 | 1,000 | 1,117 | 1,117 |
| 18 | Indian Renewable Energy Development Agency Limited | 7.17 | 2025 | 270 | 1,000,000 | 2,877 | 2,877 |
| 19 | National Highway Authority of India Limited | 7.35 | 2031 | 100,000 | 1,000 | 1,125 | 1,125 |
| 20 | National Highway Authority of India Limited | 7.39 | 2031 | 50,000 | 1,000 | 556 | 556 |
| 21 | Indian Railway Finance Corporation Limited | 7.35 | 2031 | 150,000 | 1,000 | 1,663 | 1,663 |
| 22 | National Bank for Agriculture and Rural Development | 7.35 | 2031 | 200,000 | 1,000 | 2,221 | 2,221 |
| 23 | National Housing Bank | 8.76 | 2034 | 20,000 | 5,000 | 1,241 | 1,241 |
| 24 | National Housing Bank | 8.68 | 2029 | 10,000 | 5,000 | 591 | 591 |
| 25 | Power Finance Corporation Limited | 7.21 | 2022 | 150 | 1,000,000 | 1,538 | 1,538 |
| 26 | Power Finance Corporation Limited | 9.10 | 2029 | 50 | 1,000,000 | 512 | - |
| 27 | National Hydroelectric Power Corporation Limited | 8.18 | 2023 | 50,000 | 1,000 | 538 | - |
| 28 | National Thermal Power Corporation Limited | 7.32 | 2029 | 150 | 150,000 | 1,476 | - |
| 29 | National Thermal Power Corporation Limited | 7.32 | 2029 | 250 | 250,000 | 2,489 | - |
| 30 | Power Grid Corporation of India Limited | 8.40 | 2029 | 100 | 1,000,000 | 1,059 | - |

*Currency : (₹ in Lakhs)*

| | | Rate of interest % | Year of maturity | No. of bonds/ debentures/share | Face value | **As at 31 March, 2020 (₹ in Lakhs)** | **As at 31 March, 2019 (₹ in Lakhs)** |
|---|---|---|---|---|---|---|---|
| **Investment in non convertible debentures** | | | | | | | |
| 31 | Housing Development and Finance Corporation Limited | 8.79 | 2020 | 2 | 1,000,000 | - | 20 |
| 32 | Power Finance Corporation Limited | 9.36 | 2021 | 2 | 1,000,000 | 20 | 20 |
| 33 | Housing Development and Finance Corporation Limited | 9.40 | 2021 | 4 | 1,000,000 | 40 | 40 |
| 34 | EXIM Bank Limited | 9.25 | 2022 | 2 | 1,000,000 | 20 | 20 |
| 35 | Rural Electrification Corporation | 9.35 | 2022 | 4 | 1,000,000 | 40 | 40 |
| 36 | Infrastructure Leasing & Finance Services Limited | 9.55 | 2023 | 550 | 1,000 | 6 | 6 |
| 37 | HDB Financial Services Limited | 9.60 | 2023 | 2 | 1,000,000 | 20 | 20 |
| 38 | HDB Financial Services Limited | 10.19 | 2024 | 1 | 1,000,000 | 10 | 10 |
| 39 | IDFC Bank Limited | 8.80 | 2025 | 10 | 1,000,000 | 100 | 100 |
| 40 | Indian Railway Finance Corporation Limited | 9.09 | 2026 | 2 | 1,000,000 | 20 | 20 |
| 41 | State Bank of India | 9.95 | 2026 | 296 | 10,000 | 31 | 31 |
| 42 | Power Finance Corporation Limited | 8.94 | 2028 | 4 | 1,000,000 | 41 | 41 |
| 43 | Indian Railway Finance Corporation Limited | 8.79 | 2030 | 1 | 1,000,000 | 10 | 10 |
| 44 | India Infrastructure Finance Company Limited | 9.41 | 2037 | 5 | 1,000,000 | 56 | 56 |
| | | | | | | | |
| | | | | | | **39,029** | **32,975** |
| | Less : Amortisation of premium | | | | | 531 | 359 |
| | Less : Provision for impairment of assets | | | | | 6 | 6 |
| | | | | | | **38,492** | **32,610** |

## 5. Other financial assets

(Unsecured considered good):

*Currency : (₹ in Lakhs)*

| Particulars | Non-current | | Current | |
|---|---|---|---|---|
| | **31.03.2020 (₹ in Lakhs)** | **31.03.2019 (₹ in Lakhs)** | **31.03.2020 (₹ in Lakhs)** | **31.03.2019 (₹ in Lakhs)** |
| **Others** | | | | |
| Security deposit | **1,260** | 1,245 | **-** | 2 |
| Interest accrued on investments | **-** | - | **1,243** | 923 |
| Less: Provision for impairment of assets | **-** | - | **-** | (1) |
| Interest accrued on bank deposits | **13** | 6 | **46** | 81 |
| Restricted deposits with banks against performance guarantee | **785** | 966 | **-** | - |
| Unbilled revenue | **140** | 304 | **877** | 816 |
| Deferred expenses | **131** | 410 | **326** | 248 |
| **Total** | **2,329** | 2,931 | **2,492** | 2,069 |

## 6. Income taxes

(A) The major components of income tax expense for the years ended 31st March 2020 and 31st March 2019 are:

Profit or loss section

| | **31.03.2020 (₹ in Lakhs)** | 31.03.2019 (₹ in Lakhs) |
|---|---|---|
| Current taxes | **3,764** | 5,741 |
| Deferred taxes | **(160)** | (9) |
| Income tax expense reported in the statement of profit or loss | **3,604** | 5,732 |

OCI section

Deferred tax benefits related to items recognised in OCI during the year ending:

| Particulars | **31.03.2020 (₹ in Lakhs)** | 31.03.2019 (₹ in Lakhs) |
|---|---|---|
| Re-measurement of the defined benefit liability / asset | **(379)** | (14) |
| | **(379)** | (14) |

(B) Reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes

| Particulars | 31.03.2020 | 31.03.0219 |
|---|---|---|
| Profit before income taxes | **15,727** | 18,180 |
| Enacted tax rates in India | **25.170%** | 34.944% |
| Computed expected tax expenses | **3,959** | 6,353 |
| | | |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:** | | |
| Income exempt from tax | **(643)** | (807) |
| Donation | **23** | 56 |
| Disallowance u/s 14A | **90** | 113 |
| Provision for employees long term incentive plan | **102** | 6 |
| Others | **73** | 11 |
| Total income tax expense | **3,604** | 5,732 |

(C) The movement in the current income tax asset/ (liability) for the year ended 31 March 2020 and 31 March 2019 is as follows:

| Particulars | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) |
|---|---|---|
| Net current income tax asset/ (liability) at the beginning | **1,320** | 1,149 |
| Income tax paid | **5,011** | 5,912 |
| Current income tax expense | **(3,764)** | (5,741) |
| Income tax on other comprehensive income | | |
| Net current income tax asset/ (liability) at the end | **2,567** | 1,320 |

(D) The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

| **Particulars** | **31.03.2020 (₹ in Lakhs)** | **31.03.2019 (₹ in Lakhs)** |
|---|---|---|
| **Deferred income tax assets** | | |
| Provision for compensated absences | 322 | 375 |
| Provision for doubtful debts | 268 | 42 |
| Others | (43) | 102 |
| **Total deferred income tax assets** | 547 | 519 |
| | | |
| **Deferred income tax liabilities** | | |
| Difference between tax balance and book balance of fixed assets | 267 | 316 |
| Adjustment on initial application of IndAS 115 | - | 46 |
| Amortisation of Revenue | 13 | - |
| Others | 18 | 68 |
| **Total deferred income tax liabilities** | 298 | 430 |
| | | |
| **Deferred income tax Assets ( net )** | 249 | 89 |

(E) The gross movement in the deferred income tax account for the year ended 31 March 2020 and 31 March 2019, is as follows:

| **Particulars** | **31.03.2020 (₹ in Lakhs)** | **31.03.2019 (₹ in Lakhs)** |
|---|---|---|
| **Net deferred income tax assets at the beginning** | **89** | 126 |
| **Add:** | | |
| Provision for compensated absences | **(53)** | |
| Provision for gratuity expenses | **-** | 35 |
| Provision for doubtful debts | **226** | |
| Amortisation of assets | **-** | (29) |
| Other | **(163)** | 15 |
| Less: | | |
| Difference between tax balance and book balance of fixed assets | **(49)** | 90 |
| Adjustment on initial application of Ind AS 115 | **(46)** | 46 |
| Amortisation of Revenue | **(55)** | (78) |
| | | |
| **Net deferred income tax assets at the end** | **249** | **89** |

## 7. Other assets

| Particulars | | Non-current | | Current | |
|---|---|---|---|---|---|
| | | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) |
| (A) | **Capital advances** | **14** | 172 | **-** | - |
| (B) | **Advances to related parties** | **42** | 42 | **-** | - |
| (C) | **Other advances** | | | | |
| | Prepaid expenses | **42** | 283 | **782** | 1,104 |
| | Loans to employees | **2** | 2 | **-** | 3 |
| | GST credit receivable | **-** | - | **1,807** | 1,092 |
| | Advance to suppliers | **-** | - | **1,851** | 369 |
| | Others | **-** | - | **31** | 21 |
| | | | | | |
| | | **100** | **499** | **4,471** | 2,589 |

## 8. Current investments

*Currency : (₹ in Lakhs)*

| | | As at 31 March, 2020 | | | | | As at 31 March, 2019 | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Year of maturity | Rate of interest | No. of Units | Face Value | Amount | No. of Units | Face Value | Amount |
| **Non convertible debentures** | | | | | | | | | |
| 1 | Rural Electrification Corporation | 2019 | 8.72 | 2 | 1,000,000 | - | 2 | 1,000,000 | 19 |
| 2 | TATA Capital Financial Services Limited | 2019 | 9.95 | 2 | 1,000,000 | - | 2 | 1,000,000 | 10 |
| 3 | Rural Electrification Corporation | 2020 | 8.65 | 2 | 1,000,000 | - | 2 | 1,000,000 | 19 |
| 4 | Housing Development and Finance Corporation Limited | 2020 | 8.79 | 2 | 1,000,000 | 20 | - | - | - |
| | | | | | | | | | |
| **Liquid Mutual funds** | | | | | | | | | |
| 1 | Units of Axis Treasury Advantage Fund - Institutional Daily Dividend Reinvestment | | | - | - | - | 56,055 | 1,007 | 565 |
| 2 | Units of Axis Liquid Fund - Institutional Daily Dividend Reinvestment | | | 52,576 | 1,001 | 526 | 50,474 | 1,001 | 505 |
| 3 | Units of Principal Cash Management Fund-Dividend Reinvestment Daily | | | - | - | - | 53,279 | 952 | 507 |
| 4 | Units of UTI Liquid Cash Plan Fund - Institutional Plan (Daily Dividend Option) | | | 51,592 | 1,019 | 526 | 49,553 | 1,019 | 505 |
| 5 | Aditya Birla Sun Life Liquid Fund-Daily Dividend - Direct Plan | | | - | - | - | 500,355 | 100 | 502 |
| 6 | LIC MF Liquid Fund- Daily Dividend Reinvestment | | | 47,935 | 1,098 | 526 | 46,009 | 1,098 | 505 |
| 7 | ICICI Prudential Liquid Plan- Daily Dividend Reinvestment | | | 521,726 | 100 | 522 | 500,815 | 100 | 502 |
| 8 | IDFC Cash Fund- Daily Dividend Reinvestment | | | | | | 50,048 | 1,002 | 502 |
| 9 | Canara Robeco Liquid Fund- Direct Daily Dividend Reinvestment | | | | | | 49,872 | 1,006 | 501 |
| | Total | | | | | 2,120 | | | 4,642 |

## 9. Trade receivables

*Currency : (₹ in Lakhs)*

| Particulars | Current | |
|---|---|---|
| | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) |
| **Unsecured, considered good unless stated otherwise** | | |
| Unsecured, considered good | 21,071 | 18,188 |
| Credit Impaired | 119 | - |
| Doubtful | 1,063 | 119 |
| | **22,253** | 18,307 |
| Less: Provision for doubtful debts | **(1,182)** | (119) |
| | | |
| **Total** | **21,071** | 18,188 |

## 10. Cash and cash equivalents

| Particulars | Current | |
|---|---|---|
| | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) |
| **Cash and cash equivalents** | | |
| Cash on hand | **1** | 1 |
| Balances with banks in current accounts | **4,098** | 3,938 |
| | **4,099** | 3,939 |

## 11. Other bank balances

| Particulars | Current | |
|---|---|---|
| | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) |
| Bank deposits with original maturity for more than 3 months but less than 12 months | **907** | 1,610 |
| | | |
| **Total** | **907** | 1,610 |

## 12. Equity share capital

*Currency : (₹ in Lakhs)*

| Particulars | Non-current | |
|---|---|---|
| | **31.03.2020 (₹ in Lakhs)** | **31.03.2019 (₹ in Lakhs)** |
| **Authorised** | | |
| 500,000,000 (31 March 2019: 500,000,000) equity shares of ₹ 10 each. | **50,000** | 50,000 |
| **Issued, Subscribed and Paid-up** | | |
| 40,007,981 (31 March 2019: 40,005,300) equity shares of ₹ 10 each fully paid up. | **4,001** | 4,001 |
| **Total** | **4,001** | 4,001 |

### a) Reconciliation of number of shares

| Particulars | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|
| | **Number of shares** | **Amount (₹ in Lakhs)** | Number of shares | Amount (₹ in Lakhs) |
| **Equity shares** | | | | |
| Opening balance | **40,005,300** | **4,001** | 40,000,000 | 4,000 |
| Issued during the year | **2,681** | **0** | 5,300 | 1 |
| Closing balance at the end of the year | **40,007,981** | **4,001** | **40,005,300** | **4,001** |

### b) Rights, preferences and restrictions attached to shares

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, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### c) Details of shareholders holding more than 5% share in the Company

| Particulars | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|
| | **Numbers of shares held** | **% of holding** | Numbers of shares held | % of holding |
| NSE Investments Limited | **10,018,000** | **25.04** | 10,018,000 | 25.05 |
| IIFL Special Opportunities Fund | **2,894,507** | **7.24** | 2,894,507 | 7.24 |
| Administrator of Specified Undertaking of Unit Trust of India | **2,732,000** | **6.83** | 2,732,000 | 6.83 |
| IIFL Special Opportunities Fund – Series 4 | **2,499,178** | **6.25** | 2,499,178 | 6.25 |
| IIFL Special Opportunities Fund – Series 2 | **2,016,366** | **5.04** | 2,016,366 | 5.04 |

### d) Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back

The Company has neither allotted equity shares without receipt of cash or as bonus shares nor bought back any equity shares during preceding five financial years

## 13. Other equity

*Currency : (₹ in Lakhs)*

| | | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) |
|---|---|---|---|
| a) | **Capital redemption reserve** | | |
| | (i) Opening balance | **2,500** | 2,500 |
| | (ii) Transfer from retained earnings | **-** | - |
| | | **2,500** | 2,500 |
| | | | |
| b) | **General reserve** | | |
| | (i) Opening balance | **39,843** | 29,843 |
| | (ii) Transfer from retained earnings | **-** | 10,000 |
| | | **39,843** | 39,843 |
| | | | |
| c) | **Retained earnings** | | |
| | (i) Opening balance | **20,438** | 21,038 |
| | (ii) Adjustment on account adoption of Ind AS 115 | **-** | 86 |
| | (iii) Transfer to general reserve | **-** | (10,000) |
| | (iv) Dividend (including tax on dividend) | **(3,135)** | (3,134) |
| | (vi) Profit for the year | **12,124** | 12,448 |
| | | **29,427** | 20,438 |
| | | | |
| d) | **Other comprehensive income** | | |
| | (i) Opening balance | **(504)** | (490) |
| | (ii) Re-measurement of the defined benefit net liability / asset (net of tax) | **(379)** | (14) |
| | | **(883)** | (504) |
| | | | |
| e) | **ESOP reserve** | | |
| | (i) Opening balance | **347** | 97 |
| | (ii) Share based payments to employees | **121** | 250 |
| | | **468** | 347 |
| | | | |
| f) | **Securities premium** | | |
| | (i) Opening balance | **16** | - |
| | (ii) Share based payments to employees | **8** | 16 |
| | | **24** | 16 |
| | | | |
| | | **71,379** | **62,640** |

## 14. Trade payables

*Currency : (₹ in Lakhs)*

| Particulars | | Current | |
|---|---|---|---|
| | | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) |
| Trade payables | | | |
| | Dues of micro enterprises and small enterprises | 606 | 508 |
| | Dues of creditors other than micro enterprises and small enterprises | 8,272 | 8,486 |
| | | **8,878** | **8,994** |

## 15. Other financial liabilities

| Particulars | Non-current | | Current | |
|---|---|---|---|---|
| | **31.03.2020 (₹ in Lakhs)** | 31.03.2019 (₹ in Lakhs) | **31.03.2020 (₹ in Lakhs)** | 31.03.2019 (₹ in Lakhs) |
| Liability for expenses | **-** | - | **-** | 3 |
| Creditors for capital expenditure | **-** | - | **351** | 130 |
| Directors' commission payable | **-** | - | **122** | 112 |
| Other liabilities | **-** | - | **155** | 316 |
| Deferred revenue | **164** | 328 | **407** | 199 |
| | | | | |
| **Total** | **164** | **328** | **1,035** | **760** |

## 16. Provision

| Particulars | Non-current | | Current | |
|---|---|---|---|---|
| | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) |
| Provision for leave travel allowance | **-** | - | **42** | 48 |
| Provision for employee incentives | **-** | 171 | **1,126** | 940 |
| Gratuity payable | **-** | - | **672** | 280 |
| Provision for leave encashment | **216** | 241 | **1,063** | 831 |
| | | | | |
| **Total** | **216** | **412** | **2,903** | **2,099** |

## 17. Other current liabilities

*Currency : (₹ in Lakhs)*

| Particulars | Current | |
|---|---|---|
| | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) |
| Advances from customers | **995** | 853 |
| Goods and service tax payable | **801** | 1,041 |
| TDS payable | **250** | 408 |
| Other statutory liabilities | **54** | 42 |
| Income received in advance | **1,969** | 2,917 |
| | | |
| **Total** | **4,069** | 5,261 |

## 18. Revenue from operations

| Particulars | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) |
|---|---|---|
| Revenue disaggregation by nature of services is as follows: | | |
| Sale of services | | |
| Transaction fees | **56,963** | 59,605 |
| Accounts maintenance fees | **14,175** | 15,189 |
| **Other operational income** | **475** | 731 |
| | | |
| Other operating revenues | | |
| Recovery against bad debts | **-** | 100 |
| | | |
| **Total** | **71,613** | 75,625 |

**Information about major customers:**

No single customer represents 10% or more of the Company's total revenue during the year ended March 31, 2020 and March 31, 2019. While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially) satisfied performance obligations, along with the broad time band for the expected time to recognise those revenues, the Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts. Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc.)

**The table below discloses the movement in contract liabilities during the year ended 31 March 2020 and 31 March 2019**

| | 31-Mar-20 | 31 March 2019 |
|---|---|---|
| Balance at the beginning of the year | 2,917 | 3,719 |
| Add: Invoices Raised for which no revenue is recognised during the year | 1,969 | 2,917 |
| Less: Revenue recognised that was included in the contract liabilities at the beginning of the year | 2,917 | 3,719 |
| Balance at the end of the year | 1,969 | 2,917 |

Contract liabilities include payments received in advance of performance under the contract, and are realized with the associated revenue recognized under the contract.

**Reconciliation of revenue recognised in the statement of profit and loss with the contracted price**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Revenue from contracts with customers (as per Statement of Profit and Loss) | **71,613** | 75,625 |
| Add: Discounts, rebates, refunds, credits, price concessions | **-** | - |
| Less / Add: Deferred and unbilled revenue adjustments | **1,017** | 1,120 |
| Add: Allocation of transaction price from bundled contracts | **-** | - |
| **Contracted price with the customers** | **70,596** | 74,505 |

**Practical expedients used**

In accordance with the practical expedient in Para 63 of Ind AS 115, the Company has not adjusted the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. The Company has evaluated the impact of COVID – 19 resulting from termination or deferment of contracts by customers. The Company has concluded that the impact of COVID – 19 is not material on the existing revenues basis the current estimates.

## 19. Other income

*Currency : (₹ in Lakhs)*

| Particulars | **31.03.2020 (₹ in Lakhs)** | 31.03.2019 (₹ in Lakhs) |
|---|---|---|
| **Interest income** | | |
| On investment | **2,695** | 2,307 |
| On overdue trade receivables | **677** | 358 |
| On Security deposits | **75** | - |
| On others | **-** | 86 |
| | | |
| Dividend income | **163** | 116 |
| Support charges | **66** | 80 |
| Data centre revenue | **-** | 357 |
| Rent income | **171** | 156 |
| Miscellaneous income | **2** | 20 |
| | | |
| **Total** | **3,849** | **3,480** |

## 20. Employee benefits expenses

| **Particulars** | **31.03.2020 (₹ in Lakhs)** | 31.03.2019 (₹ in Lakhs) |
|---|---|---|
| Salaries, wages and bonus | **5,762** | 5,361 |
| Share based payments to employees | **121** | 250 |
| Contribution to provident and other fund | **699** | 643 |
| Staff welfare expenses | **281** | 264 |
| | | |
| **Total** | **6,863** | 6,518 |

## 21. Other expenses

*Currency : (₹ in Lakhs)*

| Particulars | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) |
|---|---|---|
| Rent | **112** | 1,579 |
| Communication expenses | **793** | 800 |
| Travelling and conveyance expenses | **651** | 659 |
| Annual fees | **933** | 743 |
| Processing charges | **38,457** | 41,072 |
| Repairs and maintenance | | |
| - To buildings | **294** | 327 |
| - To computers, trading and telecommunication systems | **5,545** | 5,084 |
| - To others | **85** | 114 |
| Insurance | **148** | 153 |
| Rates and taxes | **99** | 122 |
| Advertisement and publicity | **110** | 135 |
| Legal and professional fees | **435** | 342 |
| Printing and stationery expenses | **19** | 29 |
| Payment to auditor (refer note below) | **31** | 38 |
| Electricity charges / power fuel | **372** | 437 |
| Directors' sitting fees | **30** | 37 |
| Directors' commission | **122** | 124 |
| Excess provision written back | **-** | 1 |
| Provision for doubtful debts | **1,063** | - |
| Loss on sale /discard of assets (net) | **1** | 12 |
| Loss on sale of investment | **-** | 5 |
| Expenditure incurred on CSR activities (refer note 32) | **181** | 322 |
| Miscellaneous expenses | **482** | 267 |
| **Total** | **49,963** | 52,402 |
| **Note :** | | |
| **Payment to auditor** | | |
| **As auditor:** | | |
| Audit fees | 27 | 24 |
| Tax audit fee | 2 | 4 |
| **In other capacity:** | | |
| Certification matters | 6 | - |
| Limited review Certification | 5 | 10 |
| **Total** | **40** | 38 |

## 22. Earnings Per Share

*Currency : (₹ in Lakhs)*

In accordance with Indian Accounting Standard 33 - "Earning Per Share" notified under Rule 7 of the Companies (Accounts) Rules, 2014.

| Particulars | | 31.03.2020 | 31.03.2019 |
|---|---|---|---|
| **Net profit attributable to shareholders** | | | |
| (a) | Profit before exceptional item and tax | **15,727** | 18,180 |
| | Tax on above | **3,604** | 5,732 |
| | Profit after tax and before exceptional item (A) | **12,124** | 12,448 |
| | Other comprehensive income (B) | **(379)** | (14) |
| Total Comprehensive Income (A+B) | | **11,745** | 12,434 |
| | | | |
| **Weighted average number of equity shares issued (No. in lakhs)** | | **401** | 400 |
| | | | |
| **Basic earnings per share of ₹ 10/- each (in ₹)** | | **30.30** | 31.12 |
| | | | |
| **Weighted average number of equity shares issued (No. in lakhs)** | | **404** | 401 |
| | | | |
| **Diluted earnings per share of ₹ 10/- each (in ₹)** | | **30.02** | 31.03 |

## 23. Financial Instruments

### 23.1 Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2019 were as follows:

| Particulars | Other financial liabilities (Other than provisions in ("b") below) | Financial assets/ liabilities at fair value through profit or loss | | Financial assets/ liabilities at fair value through OCI | | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|---|
| | | Designated Upon Initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | |
| **Assets:** | | | | | | | |
| Cash and cash equivalents (Refer Note 10) | 3,939 | - | - | - | - | 3,939 | 3,939 |
| Investments | | | | | | | |
| Tax free bonds (refer note 4) | 32,182 | - | - | - | - | 32,182 | 32,182 |
| Liquid mutual fund units (refer note 8) | - | - | 4,594 | - | - | 4,594 | 4,594 |
| Non convertible debentures (refer note 4 & 8) | 482 | - | | - | - | 482 | 482 |
| Trade receivables (Refer Note 9) | 18,188 | - | - | - | - | 18,188 | 18,188 |
| Other financial assets (Refer Note 5) | 6,610 | - | - | - | - | 6,610 | 6,610 |
| **Total** | 61,401 | - | 4,594 | - | - | 65,995 | 65,995 |
| **Liabilities:** | | | | | | | |
| Trade payables (Refer Note 14) | 8,994 | - | - | - | - | 8,994 | 8,994 |
| Other financial liabilities (Refer Note 15) | 1,088 | - | - | - | - | 1,088 | 1,088 |
| **Total** | 10,082 | - | - | - | - | 10,082 | 10,082 |

The carrying value and fair value of financial instruments by categories as of 31 March 2020 were as follows:

*Currency : (₹ in Lakhs)*

| Particulars | Amortised cost | Financial assets/ liabilities at fair value through profit or loss | | Financial assets/ liabilities at fair value through OCI | | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|---|
| | | Designated Upon Initial recognition | Mandatory | Equity instruments designated upon initial recognition | Manda-tory | | |
| Assets: | | | | | | | |
| Cash and cash equivalents (Refer Note 10) | 4,099 | - | - | - | - | 4,099 | 4,099 |
| Investments | | | | | | | |
| Tax free bonds (refer note 4) | 38,083 | - | - | - | - | 38,083 | 38,083 |
| Liquid mutual fund units (refer note 8) | - | - | 2,120 | - | - | 2,120 | 2,120 |
| Non convertible deben-tures (refer note 4 & 8) | 434 | - | | - | - | 434 | 434 |
| Trade receivables (Refer Note 9) | 21,071 | - | - | - | - | 21,071 | 21,071 |
| Other financial assets (Refer Note 5) | 4,821 | - | - | - | - | 4,821 | 4,821 |
| Total | 68,509 | - | 2,120 | - | - | 70,628 | 70,628 |
| Liabilities: | | | | | | | |
| Trade payables (Refer Note 14) | 8,878 | - | - | - | - | 8,878 | 8,878 |
| Other financial liabilities (Refer Note 15) | 1,199 | - | - | - | - | 1,199 | 1,199 |
| Total | 10,077 | - | - | - | - | 10,077 | 10,077 |

## 23.2 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis

| **Particulars** | **As of 31 March 2019** | **Fair value measurement at end of the reporting period/year using** | | |
|---|---|---|---|---|
| | | **Level 1** | **Level 2** | **Level 3** |
| Assets | | | | |
| Investments in liquid mutual fund units (Refer Note 8) | | 4,594 | - | - |
| Investments in tax free and govt bonds (Refer Note 4) | | - | 32,182 | - |
| Investments in non convertible debentures (Refer Note 4) | | 482 | - | - |

*Currency : (₹ in Lakhs)*

| Particulars | As of 31 March 2020 | Fair value measurement at end of the reporting period/year using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| Assets | | | | |
| Investments in liquid mutual fund units (Refer Note 8) | | 2,120 | - | - |
| Investments in tax free and govt bonds (Refer Note 4) | | - | 38,083 | - |
| Investments in non convertible debentures (Refer Note 4) | | 434 | - | - |

The fair value of liquid mutual funds is based on quoted price. The fair value of tax free bonds and government bonds is based on quoted prices and market observable inputs. The fair value of non-convertible debentures is based on quoted prices.

## 23.3 Financial risk management

**Financial risk factors**

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

**Credit risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹18,188 lakhs and ₹ 19,975 lakhs as of 31 March 2019 and 31 March 2020, respectively. Trade receivables is typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Revenue from top customer | 5 | 4 |
| Revenue from top five customers | 13 | 9 |

**Credit risk exposure**

The allowance for lifetime expected credit loss on customer balances for the year ended March 2019 was 119 lakhs

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Balance at the beginning | 119 | - |
| Amounts written off | - | - |
| Net remeasurment of loss allowance | 1,063 | 119 |
| **Balance at the end** | **1,182** | **119** |

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by government and quasi government organizations, non convertible debentures issued by government aided institutions and certificates of deposit which are funds deposited at a bank for a specified time period.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Sales to certain customers are either based on advance payments or restricted to certain limits to contain exposures to credit risk.

ECL:
The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, available information etc.) and applying experienced credit judgement. Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. The Company expects the historical trend of minimal credit losses to continue.

In calculating expected credit loss the Company has taken into account estimates of possible effect from pandemic relating to COVID-19. Basis this assessment, the management believes allowance required for doubtful trade receivables provided in books is considered adequate.

**Liquidity risk**

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The Companies working capital including cash and cash equivalents and investment are as follows :

*₹ in Lakhs*

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Current assets | 35,160 | 33,037 |
| Current liability | 17,607 | 17,651 |
| **Working capital** | **17,553** | 15,386 |
| Cash and cash equivalents | 4,099 | 3,939 |
| Investments | 2,120 | 4,642 |

As of 31 March 2019 and 31 March 2020, the outstanding employee benefit obligations were ₹ 280 lakhs and ₹ 672 lakhs (refer note no 16) respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2020

*₹ in Lakhs*

| Particulars | Less than 1 year | 1-2 years | 4-7 years | Total |
|---|---|---|---|---|
| Trade payables (refer note 14) | 8,878 | - | - | 8,878 |
| Other financial liabilities (refer note 15) | 1,199 | - | - | 1,199 |

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2019:

*₹ in Lakhs*

| Particulars | Less than 1 year | 1-2 years | 4-7 years | Total |
|---|---|---|---|---|
| Trade payables (refer note 14) | 8,994 | - | - | 8,994 |
| Other financial liabilities (refer note 15) | 1,088 | - | - | 1,088 |

## 24 Disclosure under Indian Accounting Standard 19 (Ind As 19) on Employee Benefits:

**i) Defined contribution plan:**

(a) Company's contribution towards superannuation amounting to ₹155 Lakhs (31 March 2019: ₹154 lakhs).

(b) Provident fund: Eligible employees of the Company receive benefit under the provident fund which is a defined contribution plan where in both the employee and the Company make monthly contributions equal to a specified percentage of the covered employees' salary. These contributions are made to the fund administered and managed by the Government of India. The Company's monthly contributions are charged to the statement of profit and loss in the period they are incurred. The total charge for the year amounts to ₹ 234 Lakhs (31 March 2019 - ₹ 215 Lakhs).

**ii) Defined benefit plan :**

(a) Gratuity: Company has charged the gratuity expense to Statement of profit and loss based on the actuarial valuation of gratuity liability at the end of the year. The projected unit credit method used to show the position is as under.

**i) Assumptions:**

*(₹ in Lakhs)*

| **Particulars** | **31.03.2020** | 31.03.2019 |
|---|---|---|
| Weighted Average Duration of the Projected Benefit Obligation | **9** | 9 |
| Discount rate | **6.87%** | 7.76% |
| Rate of return on plan assets | **6.87%** | 7.76% |
| Salary escalation | **8.00%** | 8.00% |
| Attrition rate | **5.00%** | 5.00% |

**ii) Sensitivity analysis**

*(₹ in Lakhs)*

| Particulars | **31.03.2020** | 31.03.2019 |
|---|---|---|
| | | |
| Projected benefit obligation on current assumptions | **4,410** | 3,580 |
| Delta effect of +1% change in rate of discounting | **(323)** | (260) |
| Delta effect of -1% change in rate of discounting | **378** | 303 |
| Delta effect of +1% change in rate of salary increase | **370** | 299 |
| Delta effect of -1% change in rate of salary increase | **(323)** | (261) |
| Delta effect of +1% change in rate of employee turnover | **(33)** | (9) |
| Delta effect of -1% change in rate of employee turnover | **37** | 10 |

**iii) Table showing change in benefit obligation:**

*(₹ in Lakhs)*

| **Particulars** | **31.03.2020** | 31.03.2019 |
|---|---|---|
| Liability at the beginning of the year | **3,568** | 3,070 |
| Interest cost | **278** | 238 |
| Current service cost | **268** | 244 |
| Benefits paid | **(79)** | (26) |
| Actuarial (gains)/losses on obligations - due to change in financial assumptions | **290** | (8) |
| Actuarial (gains)/losses on obligations - due to experience | **74** | 50 |
| **Liability at the end of the year** | **4,398** | 3,568 |

**iv) Table showing fair value of plan assets:**

*(₹ in Lakhs)*

| Particulars | 31.03.2020 | 31.03.2019 |
|---|---|---|
| **Fair value of plan assets at the beginning of the year** | **3,287** | 2,737 |
| Interest income | **256** | 212 |
| Contributions | **278** | 337 |
| Benefits paid | **(79)** | (26) |
| Actuarial gain / (loss) on plan assets | **(15)** | 27 |
| **Fair value of plan assets at the end of the year** | **3,727** | 3,287 |

**v) Amount recognised in the Balance Sheet**

*(₹ in Lakhs)*

| Particulars | 31.03.2020 | 31.03.2019 |
|---|---|---|
| Fair value of plan assets as at the end of the year | **3,727** | 3,287 |
| Liability as at the end of the year | **4,398** | 3,568 |
| **Net (liability) disclosed in the Balance Sheet** | **(672)** | (280) |

**vi) Net interest cost for current period/year**

*(₹ in Lakhs)*

| Particulars | 31.03.2020 | 31.03.2019 |
|---|---|---|
| Interest cost | **278** | 238 |
| Interest income | **(256)** | (212) |
| **Net interest cost for current seat** | **22** | 26 |

**vii) Expenses recognised in the Statement of Profit & Loss**

*(₹ in Lakhs)*

| Particulars | 31.03.2020 | 31.03.2019 |
|---|---|---|
| Current service cost | **268** | 244 |
| Net interest cost | **22** | 26 |
| **Expenses recognised in the Statement of Profit & Loss** | **290** | 270 |

**viii) Expenses recognised in the other comprehensive income**

*(₹ in Lakhs)*

| Particulars | 31.03.2020 | 31.03.2019 |
|---|---|---|
| Expected return on plan assets | **15** | (27) |
| Actuarial (gain) or loss | **364** | 41 |
| **Net(income) response for the year recognized in OCI** | **379** | 14 |

**(ix) Balance sheet reconciliation**

*(₹ in Lakhs)*

| Particulars | 31.03.2020 | 31.03.2019 |
|---|---|---|
| Opening net liability | **268** | 244 |
| Expenses recognized in statement of profit or loss | **22** | 26 |
| Expenses recognized in OCI | **379** | 14 |
| Employers contribution | **278** | 337 |
| **Amount recognised in the balance sheet** | **672** | 280 |

**(x) Category of assets**

*(₹ in Lakhs)*

| Particulars | 31.03.2020 | 31.03.2019 |
|---|---|---|
| LIC of India - Insurer managed funds | **3,727** | 3,287 |
| **Total** | **3,727** | 3,287 |

**(xi) Expected contribution for next year**

| Particulars | 31.03.2020 | 31.03.2019 |
|---|---|---|
| Expected contribution for next year | **350** | 293 |
| **Total** | **350** | 293 |

**25.** The Company's business is to provide IT enabled e-Governance services to its clients in India. All other activities of the Company revolve around the main business. As such, there are no reportable segments as per the Ind AS 108 –'Operating Segment'.

## 26. Related Party Transactions

In compliance with Indian Accounting Standard 24 - "Related Party Disclosures" notified under the Rule 7 of the Companies (Accounts) Rules, 2014, the required disclosures are given in the table below:

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

| Related party |
|---|
| **a. Company having substantial interest** |
| IIFL Special Opportunities Fund (from February 16, 2018) |
| NSE Investments Limited (erstwhile NSE Strategic Investments Corporation Limited) (from October 1, 2013) |

| |
|---|
| **b. Key Managerial Personnel** |
| Mr. Gagan Rai - Managing Director & CEO |
| Mr. Jayesh Sule - WTD & COO |
| Mr. Tejas Desai - CFO |
| Mr.Maulesh Kantharia - Company Secretary |

| |
|---|
| **c. Foreign subsidiary** |
| NSDL e-Governance(Malaysia) SDN BHD |

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

*(₹ in Lakhs)*

| Nature of transactions | For the year ended | KMP of the Company and KMP of Parent Company | Foreign subsidiary | Company having substantial interest |
|---|---|---|---|---|
| Dividend paid | March 31, 2020 | - | - | 1,431 |
| | March 31, 2019 | - | - | 1,431 |
| | | | | |
| Remuneration paid | March 31, 2020 | 866 | - | - |
| | March 31, 2019 | 829 | - | - |
| | | | | |
| Loans and advances | March 31, 2020 | - | 42 | - |
| | March 31, 2019 | - | 42 | - |

The above remuneration excludes gratuity, leave encashment and other benefits for which separate actuarial valuation is not available.

## 27 Change due to Transition to Ind AS 116 “Leases”

Following are the changes in the carrying value of right-of-use assets for the year ended 31 March 2020:

*(₹ in Lakhs)*

| Particulars | As at 31 March 2020 (₹ in Lakhs) |
|---|---|
| **Balance as of 1 April 2019** | - |
| Reclassified on account of adoption of Ind AS 116 | 2,274 |
| Additions | - |
| Deletions | - |
| Depreciation | 813 |
| **Balance as of 31 Mar 2020** | **1,461** |

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss

The following is the break-up of current and non-current lease liabilities as at 31 March 2020

| Particulars | As at 31 March 2020 (₹ in Lakhs) |
|---|---|
| Current lease liabilities | 722 |
| Non-current lease liabilities | 668 |
| **Total** | **1,390** |

The following is the break-up of current and non-current lease liabilities as at 31 March 2020.

*(₹ in Lakhs)*

| Particulars | As at 31 March 2020 (₹ in Lakhs) |
|---|---|
| **Balance as of 1 April 2019** | - |
| Reclassified on account of adoption of Ind AS 116 | 2,032 |
| **Additions** | |
| Finance cost accrued during the period | 162 |
| **Deletions** | |
| Payment of lease liabilities | 804 |
| **Balance as of 31 Mar 2020** | 1,390 |

Interest on lease liabilities is ₹ 162 lakhs for the year ended on 31 March 2020

The table below provides details regarding the contractual maturities of lease liability as at 31 March 2020 on an undiscounted basis:

| Particulars | As at 31 March 2020 (₹ in Lakhs) |
|---|---|
| Less than one year | 822 |
| One to five years | 712 |
| More than five years | - |
| **Total** | **1,533** |

Rental expense recorded for short-term leases was ₹ 99.82 lakhs for the year ended 31 March 2020

Rental expense recorded for leases of low -value assets was ₹ 12.18 lakhs for the year ended 31 March 2020

The total cash outflow for leases is ₹ 804 lakhs for the year ended 31 March 2020, including cash outflow of short-term leases and leases of low-value assets.

## 28. Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for ₹ 299 lakhs (previous year : ₹ 1896 lakhs)

## 29. Contingent liability:

(i) Claims against the Company not acknowledged as debts: ₹ 99 lakhs (31 March 2019 : ₹ 99 lakhs) (net) #

(ii) On account of disputed demand raised by Sales tax officer for MVAT and CST: ₹ 2,260 lakhs (31 March 2019 ₹ 2,260 lakhs) @

(iii) **Supreme Court ruling on contribution to provident fund :**

There has been a Supreme Court (SC) judgement dated 28th February 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any.

# MVAT payable to seller on purchase of Times Tower premises

@ Demand raised by sales tax officer for MVAT and CST payable on services provided by Company. The Company has filed appeal with - Maharashtra Sales Tax Tribunal.

## 30. Details of dues to micro and small, medium enterprises as defined under the MSMED Act, 2006

Under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, which came into force from 2 October 2006, and on the basis of the information and records available with the Company, the following disclosures are made for the amounts due to the micro and small enterprise.

*(₹ in Lakhs)*

| **Particulars** | **31 March 2020** | 31 March 2019 |
|---|---|---|
| | | |
| The amounts remaining unpaid to micro and small suppliers as at the end of the year | | |
| -- Principal | 606 | 508 |
| -- Interest | - | - |
| | | |
| Amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| | | |
| Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006 | - | - |
| | | |
| Amount of interest accrued and remaining unpaid at the end of the accounting year | - | - |
| | | |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006 | - | - |

## 31. Employee Stock Option Plan

The shareholders of the Company had approved NSDL Employees Stock Option Plan, 2017 on December 4, 2017. As per ESOP 396, 192 Nos Stock Options granted on December 4, 2017 to Managing Director and other specified categories of employees of the Company. The options are to be granted at exercise price per option of ₹ 310/- ., upon vesting, shall entitle the holder to acquire 1 equity share of ₹ 10 as face value, with an exercise period of 3 years from the date of vesting.

| Grant date | Exercise Price | Options granted | Options vested and Exercisable | Options unvested | Options exercised | Options cancelled | Rounding off difference | Options out-standing |
|---|---|---|---|---|---|---|---|---|
| December 4, 2017 | 310.00 | 396,192 | 209,392 | 171,102 | 7,981 | 7,717 | 2 | 380,492 |
| Total | | 396,192 | 209,392 | 171,102 | 7,981 | 7,717 | 2 | 380,492 |

Movement of stock options during the year

*(₹ in Lakhs)*

| Particulars | For the year ended 31 March 2020 | | | | For the year ended 31 March 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | **No. of options** | **Range of exercise prices** | **Weighted average exercise price** | **Weighted average remaining contractual life (Years)** | No. of options | Range of exercise prices | Weighted average exercise price | Weighted average remaining contractual life (Years) |
| Outstanding at the beginning of the year | 385,857 | 310 | 310 | 4.03 | 396,192 | 310.00 | - | 6.03 |
| Granted during the year | - | - | - | - | - | - | - | - |
| Adjusted for corporate action of bonus and split | - | - | - | - | - | - | - | - |
| Forfeited during the year | 2,682 | 310 | 310 | - | 5,035.00 | 310.00 | - | - |
| Expired during the year | - | - | - | - | - | - | - | - |
| Exercised during the year | 2,681 | 310 | 310 | - | 5,300.00 | 310.00 | - | - |
| Rounding off difference | 2 | - | - | - | | | | |
| Outstanding at the end of the year | 380,492 | 310 | 310 | 3.03 | 385,857 | 310.00 | - | 4.03 |
| | | | | | | | | |
| Exercisable at the end of the year | 209,392 | 310 | 2.19 | | - | - | - | - |

Significant assumptions used to estimate the fair value of options:

| Variables | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| 1. Risk Free Interest Rate | No Options Granted during the year 2019-20 | 6.77% |
| 2. Expected Life | | 3.83 |
| 3. Expected Volatility | | 60.18% |
| 4. Dividend Yield | | 2.10% |
| 5. Price of the underlying share in market at the time of the option grant (₹) | | 310.00 |

**32.** As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the Company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

a) Gross amount spent by the Company on Corporate Social Responsibility activities during the financial year 2019-20 is ₹ 371 lakhs (31 March 2019: ₹ 181 lakhs).

b) Amount spent during the year:

*(₹ in Lakhs)*

| | Amount paid | Paid in subsequent period | Yet to be paid | Total |
|---|---|---|---|---|
| | | | | |
| Construction / acquisition of any asset | - | - | - | - |
| On above purpose | 181 | 190 | 98 | 469 |

## 33. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its funds in a manner that it achieve maximum returns (net of taxes) with minimum risk to the capital and consider the liquidity concerns for its working capital requirements.

To meet the above objectives, the Company invests it funds in bank fixed deposits receipts (FDRs) and the tax free bonds, mutual funds as per the Company's investment policy.

Since the Company has no loan and borrowings, the disclosure requirement related to capital management defined in clause 135 (a) (ii), and (b) to (e) to the Ind AS 1 "Presentation of Financial Statements" are not applicable to the Company.

**34.** For the year ended March 31, 2019, 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.

**35.** "The beginning of 2020 has witnessed the global spread of COVID-19, i.e. coronavirus. It is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business. Global threat is continuing to grow, and at a rapidly accelerating rate.

Considering the unprecedented and ever evolving situation, the Company has done detailed assessment of its assets comprising of tangible and intangible assets, investments, receivables (including unbilled) and other current assets considering both internal and external information available till date. On the basis current assessment and estimates, the company does not see risk of recoverability of its current and non-current assets and accordingly no material adjustment is required in its financial statements. Given the uncertainties associated with nature, condition and duration of COVID -19, the impact assessment on the company's financial statements will be continuously made and provided for as required. Considering the fact that the global situation is evolving day by day with new facts and numbers, the management is continuously monitoring the material changes."

As per our report of even date attached
**For B S R & Associates LLP**
***Chartered Accountants***
Firm's Registration No: 116231W/W-100024

For and on behalf of the Board of Directors of
**NSDL e-Governance Infrastructure Limited**
(CIN: U72900MH1995PLC095642)

Sd/-
**Shabbir Readymadewala**
***Partner***
Membership No. 100060

Place : **Mumbai**
Date : 22 June 2020

Sd/-
**Shailesh Haribhakti**
***Chairman***
DIN-00007347

Sd/-
**Gagan Rai**
***Managing Director and CEO***
DIN-00059632

Sd/-
**Jayesh Sule**
***Whole Time Director***
DIN-07432517

Sd/-
**Tejas Desai**
***Chief Financial Officer***

Sd/-
**Maulesh Kantharia**
***Company Secretary***

# CONSOLIDATED FINANCIAL STATEMENT

# Independent Auditor's Report

To the Members of
**NSDL e-Governance Infrastructure Limited**

## Report on the Audit of Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of NSDL e-Governance Infrastructure Limited (hereinafter referred to as the "Holding Company") and it's a subsidiary (Holding Company and its subsidiary together referred to as "the Group") which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement or profit and loss (including other comprehensive income). consolidated statement of changes in equity and consolidated statement of cash llows for the year then ended. and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statement ").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act. 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India. of the consolidated state of affairs of the Group as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash llows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*** section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfil led our other ethical responsibilities in accordance with these requirements.

### Other Information

The Holding Company management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report. but does not include the financial statement and our auditors· report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so. consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If. ba ed 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.

### Management's and Board of Directors' Responsihilities for the Consolidated Financial Statements

The Holding Company's Management and Board or Directors are responsible for the preparation and presentation or these consolidaied financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income. consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standard, (Ind A ) specified under section 133 or the Act. The respective Management and Board or Directors or the companies included in the Group are responsible for maintenance or adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company.

and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent: and the design, implementation and maintenance of adequate internal financial control, that were operating effectively for en uring accuracy and completeness of the accounting records, relevant to the preparation and presentation or the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board or Directors or the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern. disclosing, as applicable, matters related to going concern and using the going concern basi of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations. or has no realistic alternative but to do so.

The respective Board or Directors of the companies included in the Group is responsible for overseeing the financial reporting proces of each company.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if. individually or in the aggregate, they could reasonably be expected to influence the economic clecisions of users taken on the basis of these consolidated 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 consolidated financial statements. whether due to fraud or error. design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion. forgery. intentional omissions, misrepresentations. or the override or internal control.

- Obtain an undersranding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial taternents and the operating effectiveness of such controls based on our audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained. whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists. we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue a a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information or such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company of which we are the independent auditor. 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.

## Other Matters

The financial statements of one subsidiary whose financial statements reflect total assets of Rs. 5.47 lakhs as at 31 March 2020. total revenues of Rs. Nil and net cash flows amounting to Rs. 5.11 lakhs for the year ended on that date. as considered in the consolidated financial statements, have not been audited either by us or by other auditors. These unaudited financial statements have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of ection 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group. The above total assets, revenues and net cashflows are before giving effect to any consolidation adjustments

Our opinion on the consol idatcd financial statements. and our report on Other Legal and Regulatory Requirements below. i · not modified in respect of the above matters with respect to the financial statements certified by the Management.

## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit we report and on the consideration of the unaudited financial statements of a subsidiary, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion. proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statemem.

d) In our opinion. tile aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements or the I lolding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

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

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 30 to the consolidated financial statements.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020.

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2020.

iv, The disclosures in the consolidated financial statements regarding holdings as well as dealing in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial satements since they do not pertain to the financial year ended 31 March 2020.

B. With respect to the matter to be included in the Auditor's report under section 197( 16):
In our opinion and according to the information and explanations given to us. the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197( 16) which are required to be commented upon by us.

**For B S R & Associates LLP**
*Chartered Accountants*
Firm's Registration No: 116231W/W-100024

**Shabbir Readymadewala**
*Partner*
Membership No. 100060
ICAI UDIN: 20100060AAAABS8954

**Place: Mumbai**
Date: 22 June 2020

## Annexure A to the Independent Auditors' report on the consolidated financial statements of NSDL e-Governance Infrastructure Limited for the year ended 31 March 2020

## Report on the internal financial controls with reference to the aforesaid consolidated financial statement under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

### Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of NSDL e-Governance Infrastructure Limited (hereinafter referred to as "the Holding Company").

In our opinion, the Holding Company has, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by the Holding Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### Management's Responsibility for Internal Financial Controls

The holding Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the holding Company considering the essential components of internal control stated in the Guidance ore. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### Auditors' Responsibility

Our responsibility is to express an oprruon on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectivene s. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of' internal financial controls with reference to consolidated financial statements, as essing the risk that a material weakness exists. and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have is sufficient and appropriate to provide a basis for audit opinion on the internal financial controls with reference to consolidated financial statements.

## Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

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

## Other Matters

Our aforesaid reports under cction 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial control with reference to consolidated financial statements is restricted to the Holding Company since the subsidiary of the Holding Company is a foreign subsidiary, which is not subject to the Report on the Internal Financial Controls.

**For B S R & Associates LLP**
*Chartered Accountants*
Firm's Registration No: 116231W/W-100024

**Shabbir Readymadewala**
*Partner*
Membership No. 100060
ICAI UDIN: 20100060AAAABS8954

**Place: Mumbai**
Date: 22 June 2020

## Consolidated Balance Sheet as at 31 March 2020

*Currency : (₹ in Lakhs)*

| Particulars | | | | As at 31.03.2020 | As at 31.03.2019 |
|---|---|---|---|---|---|
| | | **Assets** | | | |
| | | | | | |
| 1 | **Non-current assets** | | | | |
| | a | Property, plant and equipment's | 2 | **4,854** | 13,100 |
| | b | Capital work-in-progress | | **543** | 513 |
| | c | Right of use assets | 28 | **1,461** | - |
| | d | Other intangible assets | 2 | **40** | 413 |
| | e | Financial assets | | | |
| | i | Investments | 4 | **38,491** | 32,610 |
| | ii | Other financial assets | 5 | **2,329** | 2,934 |
| | f | Income tax assets (net) | 6 | **2,570** | 1,856 |
| | g | Deferred tax assets (net) | 6 | **248** | 83 |
| | h | Other non-current assets | 7 | **58** | 457 |
| | | **Total non-current assets** | | **50,594** | 51,966 |
| | | | | | |
| 2 | **Current assets** | | | | |
| | a | Financial assets | | | |
| | i | Investments | 8 | **2,120** | 4,642 |
| | ii | Trade receivables | 9 | **21,071** | 18,188 |
| | iii | Cash and cash equivalents | 10 | **4,104** | 3,939 |
| | iv | Other bank balances (bank balances other than iii above) | 11 | **907** | 1,610 |
| | v | Other financial assets | 5 | **2,492** | 2,069 |
| | | | | | |
| | b | Other current assets | 7 | **4,471** | 2,589 |
| | | **Total current assets** | | **35,165** | 33,037 |
| | | | | | |
| 3 | **Assets held for sale** | | 3 | **8,240** | - |
| | | | | | |
| | | **Total assets** | | **93,999** | 85,003 |

*Currency : (₹ in Lakhs)*

| Particulars | | | | As at 31.03.2020 | As at 31.03.2019 |
|---|---|---|---|---|---|
| | | **Equity and liabilities** | | | |
| | | | | | |
| 1 | **Equity** | | | | |
| | a | Equity share capital | 12 | **4,001** | 4,001 |
| | b | Other equity | 13 | **71,350** | 62,617 |
| | | **Equity attributable to shareholders of the company** | | **75,369** | 66,629 |
| | | Non-controlling interest | 13 | **(18)** | (11) |
| | | **Total equity** | | **75,351** | 66,618 |
| | | | | | |
| 2 | **Liabilities** | | | | |
| | **1** | **Non-current liabilities** | | | |
| | a | Financial liabilities | | | |
| | i | Lease liabilities | 28 | **668** | - |
| | ii | Other financial liabilities (Other than provisions in ("b") below) | 15 | **164** | 328 |
| | iii | Provisions | 16 | **216** | 412 |
| | | **Total non-current liabilities** | | **1,048** | 740 |
| | 2 | **Current liabilities** | | | |
| | a | Financial liabilities | | | |
| | i | Trade payables | | | |
| | | 1. Dues of micro enterprises and small enterprises | 14 & 31 | **606** | 508 |
| | | 2. Dues of creditors other than micro enterprises and small enterprises | 14 | **8,265** | 8,486 |
| | ii | Lease liabilities | 28 | **722** | - |
| | iii | Other financial liabilities (Other than provisions in ("b") below) | 15 | **1,035** | 759 |
| | b | Provisions | 16 | **2,903** | 2,099 |
| | c | Income tax liabilities (net) | 6 | **-** | 532 |
| | d | Other current liabilities | 17 | **4,069** | 5,261 |
| | | **Total current liabilities** | | **17,600** | 17,645 |
| | | | | | |
| | | **Total equity and liabilities** | | **93,999** | 85,003 |
| Summary of significant accounting policies and The accompanying notes are an integral part of the financial statements. | | | 1 to 36 | | |

As per our report of even date attached
**For B S R & Associates LLP**
***Chartered Accountants***
Firm's Registration No: 116231W/W-100024

For and on behalf of the Board of Directors of
**NSDL e-Governance Infrastructure Limited**
(CIN: U72900MH1995PLC095642)

Sd/-
**Shabbir Readymadewala**
***Partner***
Membership No. 100060

Sd/-
**Shailesh Haribhakti**
***Chairman***
DIN-00007347

Sd/-
**Gagan Rai**
***Managing Director and CEO***
DIN-00059632

Sd/-
**Jayesh Sule**
***Whole Time Director***
DIN-07432517

Place : **Mumbai**
Date : 22 June 2020

Sd/-
**Tejas Desai**
***Chief Financial Officer***

Sd/-
**Maulesh Kantharia**
***Company Secretary***

## Consolidated Statement of Profit and Loss for the financial year ended 31st March 2020

*Currency : (₹ in Lakhs)*

| | | For the year ended 31.03.2020 | For the year ended 31.03.2019 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 18 | **71,613** | 75,625 |
| Other income | 19 | **3,849** | 3,480 |
| **Total Income** | | **75,462** | 79,105 |
| Expenses | | | |
| Employee benefits expense | 20 | **6,863** | 6,518 |
| Finance costs | 28 | **162** | 18 |
| Depreciation and amortisation expense | 2 & 28 | **2,746** | 1,989 |
| Other expenses | 21 | **49,977** | 52,416 |
| **Total Expenses** | | **59,748** | 60,941 |
| **Profit before tax** | | **15,714** | 18,164 |
| Less : Tax expenses | | | |
| Current tax | 6 | **3,761** | 5,737 |
| Deferred tax | | **(165)** | (3) |
| **Total tax expenses** | | **3,596** | 5,734 |
| **Profit for the year (A)** | | **12,118** | 12,430 |
| **Other comprehensive income** | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Re-measurement of the defined benefit liability / asset (net of tax) | | **(379)** | (14) |
| **Total other comprehensive income (net of tax) (B)** | | **(379)** | (14) |
| **Total comprehensive income (A+B)** | | **11,739** | 12,416 |
| **Profit attributable to:** | | | |
| Owners of the company | | **11,750** | 12,423 |
| Non-controlling Interest | 27 | **(11)** | (7) |
| **Profit for the year** | | **11,739** | 12,416 |
| **Earnings per equity share** | | | |
| - Basic (₹) | | **30.29** | 31.08 |
| - Diluted (₹) | | **30.01** | 30.99 |
| Summary of significant accounting policies and The accompanying notes are an integral part of the financial statements. | 1 to 36 | | |

As per our report of even date attached
**For B S R & Associates LLP**
***Chartered Accountants***
Firm's Registration No: 116231W/W-100024

For and on behalf of the Board of Directors of
**NSDL e-Governance Infrastructure Limited**
(CIN: U72900MH1995PLC095642)

Sd/-
**Shabbir Readymadewala**
***Partner***
Membership No. 100060

Place : **Mumbai**
Date :

Sd/-
**Shailesh Haribhakti**
***Chairman***
DIN-00007347

Sd/-
**Tejas Desai**
***Chief Financial Officer***
Date :

Sd/-
**Gagan Rai**
***Managing Director and CEO***
DIN-00059632

Sd/-
**Jayesh Sule**
***Whole Time Director***
DIN-07432517

Sd/-
**Maulesh Kantharia**
***Company Secretary***

## Consolidated statement of changes in equity for the year ended 31 March 2020

### A. EQUITY SHARE CAPITAL

*Currency : (₹ in Lakhs)*

| Balance as at 1 April 2018 | Changes in equity share capital during the year | Balance as at 31 March 2019 |
|---|---|---|
| 4000 | 1 | 4001 |

| Balance as at 1 April 2019 | Changes in equity share capital during the year | Balance as at 31 March 2020 |
|---|---|---|
| 4001 | - | 4001 |

## B. OTHER EQUITY

*Currency : (₹ in Lakhs)*

| Particulars | Other equity | | | | | | Attributable to non controlling interest | Total |
|---|---|---|---|---|---|---|---|---|
| | Attributable to owners of the company | | | | | | | |
| | Reserves and surplus | | | ESOP reserve | Securities premium | Other comprehensive income | | |
| | Capital redemption reserve | General reserve | Retained earnings | | | Other items of other comprehensive income | | |
| **Balance at the April 1, 2018** | **2,500** | **29,843** | **21,033** | **97** | **-** | **(490)** | **(4)** | **52,979** |
| Transfer from retained earnings | - | 10,000 | (10,000) | - | - | - | - | **-** |
| Adjustment on initial application of IndAS 115, net of tax | - | - | 86 | - | - | - | - | **86** |
| Re-measurement of the defined benefit liability / asset | - | - | - | - | - | (14) | - | **(14)** |
| Share based payments to employees | - | - | - | 250 | 16 | - | - | **266** |
| Non controlling interest of minority shareholders in subsidiary | - | - | - | - | | - | (7) | **(7)** |
| Dividend (including tax on dividen) | - | - | (3,134) | - | - | - | - | **(3,134)** |
| Profit for the year ended March 31, 2019 | - | - | 12,430 | - | - | - | - | **12,430** |
| **Balance at the March 31, 2019** | **2,500** | **39,843** | **20,415** | **347** | **16** | **(504)** | **(11)** | **62,606** |

*Currency : (₹ in Lakhs)*

| Particulars | Other equity | | | | | | Attribut-able to non con-trolling interest | Total |
|---|---|---|---|---|---|---|---|---|
| | Attributable to owners of the company | | | | | | | |
| | Reserves and surplus | | | ESOP reserve | Secu-rities premium | Other compre-hensive income | | |
| | Capital redemp-tion reserve | General reserve | Retained earnings | | | Other items of other compre-hensive income | | |
| **Balance at the April 1, 2019** | **2,500** | **39,843** | **20,415** | **347** | **16** | **(504)** | **(11)** | **62,606** |
| Re-measurement of the defined benefit liability / asset | - | - | - | - | - | (379) | - | **(379)** |
| Share based payments to employees | - | - | - | 121 | - | - | - | **121** |
| Non controlling interest of minority shareholders in subsidiary | | | | | | | (7) | **(7)** |
| Share based payments to employees | | | | | 8 | | - | **8** |
| Dividend (including tax on dividen) | - | - | (3,135) | - | - | - | - | **(3,135)** |
| Profit for the year ended March 31, 2020 | - | - | 12,118 | - | - | - | - | **12,118** |
| **Balance at the March 31, 2020** | **2,500** | **39,843** | **29,398** | **468** | **24** | **(883)** | **(18)** | **71,332** |

**Note:**

**# Purpose of Reserve stated as follows:**

**(a)** **Capital redemption reserve**: Capital redemption reserve is created to purchases its own shares out of free reserves and same to be utilized in accordance with the provision of the Companies Act, 2013.

**(b)** **General reserve**: The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes.

**(c)** **ESOP reserve**: The ESOP reserve is created out equity shares issued as per terms and conditions stated in Employee Stock options plan 2017 and same will be utilized as free reserve.

**(d)** **Securities premium** : Securities premium is used to record the premium on issue of shares. The reserve to be utilized in accordance with the provisions of the Companies Act, 2013.

As per our report of even date attached
**For B S R & Associates LLP**
***Chartered Accountants***
Firm's Registration No: 116231W/W-100024

For and on behalf of the Board of Directors of
**NSDL e-Governance Infrastructure Limited**
(CIN: U72900MH1995PLC095642)

Sd/-
**Shabbir Readymadewala**
***Partner***
Membership No. 100060

Sd/-
**Shailesh Haribhakti**
***Chairman***
DIN-00007347

Sd/-
**Gagan Rai**
***Managing Director and CEO***
DIN-00059632

Sd/-
**Jayesh Sule**
***Whole Time Director***
DIN-07432517

Place : **Mumbai**
Date : 22 June 2020

Sd/-
**Tejas Desai**
***Chief Financial Officer***

Sd/-
**Maulesh Kantharia**
***Company Secretary***

## Consolidated Statement of Cash Flows for the year ended 31 March 2020

*Currency : (₹ in Lakhs)*

| | | For the year ended 31.03.2020 | For the year ended 31.03.2019 |
|---|---|---|---|
| A) | **Cash flow from operating activities** | | |
| | **Profit before tax** | **15,714** | 18,164 |
| | **Adjustments for :** | | |
| | Depreciation and amortisation | **2,746** | 1,989 |
| | Amortisation of premium / discount on Government/debt securities | **172** | 146 |
| | Loss on sale /discard of assets | **1** | 12 |
| | Provision for impairment of assets | **-** | 6 |
| | Provision for doubtful debts | **1,063** | - |
| | Loss on sale of current investment | **-** | 5 |
| | **Adjustments for :** | | |
| | Interest Income on Long Term Investment | **(2,610)** | (2,263) |
| | Interest Income on Bank deposit | **(257)** | (190) |
| | Finance cost | **162** | 18 |
| | Share based payments to employee | **121** | 250 |
| | Gratuity OCI | **-** | (14) |
| | (Profit)/Loss on sale/redemption of long term investments | **(2)** | |
| | Dividend received - others | **(163)** | (116) |
| | **Operating cash flow before changes in working capital** | **16,947** | 18,007 |
| | | | |
| | **Changes in working capital** | | |
| | Trade receivable | **(3,946)** | (1,650) |
| | Other Assets | **(1,817)** | 825 |
| | Trade Payable | **(1,313)** | (1,605) |
| | Other financial liabilities, other liabilities and provisions | **522** | 3,019 |
| | **Net changes in working capital** | **10,393** | 18,596 |
| | Income taxes paid | **(5,007)** | (5,911) |
| | | | |
| | **Net cash used in operating activities (A)** | **5,386** | 12,685 |

*Currency : (₹ in Lakhs)*

| | | **For the year ended 31.03.2020** | For the year ended 31.03.2019 |
|---|---|---|---|
| B) | **Cash flow from investing activities** | | |
| | Purchase of property plant and equipment and capital advances given | **(1,222)** | (2,740) |
| | Proceeds from sale of fixed assets | **3** | 21 |
| | Interest received | **2,403** | 2,312 |
| | Dividend received | **163** | 116 |
| | Purchase of non-current investments (net of interest accrued upto date of purchase) | **(6,073)** | (7,933) |
| | Purchase of current investments | **-** | (6,618) |
| | Investment in fixed deposit | **884** | (1,249) |
| | Proceeds from redemption of non-current investments | **52** | 100 |
| | Proceeds from redemption of current investments | **2,500** | 5,736 |
| | Interest paid on income tax | **-** | (18) |
| | | | |
| | **Net cash used in investing activities (B)** | **(1,290)** | (10,273) |
| | | | |
| C) | **Cash flow from financing activities** | | |
| | Proceeds from issue of share capital (including security premium amount) | **8** | 17 |
| | Dividend paid | **(2,600)** | (2,600) |
| | Dividend distribution tax paid | **(535)** | (535) |
| | Lease liability paid | **(804)** | |
| | | | |
| | **Net cash used in financing activities (C)** | **(3,931)** | (3,118) |
| | **Net increase/(decrease) in cash and cash equivalents at the end of the year (A+B+C)** | **165** | (705) |
| | **Cash and cash equivalents at the beginning of the year** | **3,939** | 4,644 |
| | **Cash and cash equivalents at the end of the year** | **4,104** | 3,939 |

Notes to Consolidated Cash Flow Statement :

1 Cash and cash equivalent represent cash, bank balances with original maturity of less than three months.

2 "The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS - 7 on Statement of Cash Flow as notified under Companies (Accounts) Rules, 2014 as amended from time to time."

3 Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current period classification / disclosure.

As per our report of even date attached
**For B S R & Associates LLP**
***Chartered Accountants***
Firm's Registration No: 116231W/W-100024

For and on behalf of the Board of Directors of
**NSDL e-Governance Infrastructure Limited**
(CIN: U72900MH1995PLC095642)

Sd/-
**Shabbir Readymadewala**
***Partner***
Membership No. 100060

Sd/-
**Shailesh Haribhakti**
***Chairman***
DIN-00007347

Sd/-
**Gagan Rai**
***Managing Director and CEO***
DIN-00059632

Sd/-
**Jayesh Sule**
***Whole Time Director***
DIN-07432517

Place : **Mumbai**
Date : 22 June 2020

Sd/-
**Tejas Desai**
***Chief Financial Officer***

Sd/-
**Maulesh Kantharia**
***Company Secretary***

# INDEPENDENT AUDITORS' REPORT

## NSDL e-Governance Infrastructure Limited

Notes to consolidated financial statements

for the year ended 31st March 2020

*Currency : (₹ in Lakhs)*

### 1. Corporate information

NSDL e-Governance Infrastructure Limited ("the Company") was incorporated in December 1995, is engaged in providing Information Technology (IT) enabled e-Governance services. The current projects of the Company are Central Recordkeeping Agency (CRA) under the National Pension System regulated by Pension Fund Regulatory and Development Authority (PFRDA); Tax Information Network (TIN), the activity of processing the applications for allotment of Permanent Account Number (PAN) and National Judicial Reference System (NJRS) on behalf of Income Tax Department, Government of India; Electronic Accounting System in Excise and Service Tax (EASIEST) on behalf of Central Board of Indirect Taxes and Customs (CBIC), Government of India and acting as a Registrar to Unique Identification Authority of India (UIDAI), Planning Commission, Government of India.

The company is a public limited company and domiciled in India. The address of the corporate office is 1st floor, Times Tower, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013.

The Board of Directors approved the standalone financial statements for the year ended March 31, 2020 and authorised for issue on June 22nd, 2020.

### 1.1 Summary of significant accounting policies :

**a) Statement of compliance**

These consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act as amended from time to time

**b) Basis of preparation of standalone financial statements**

These standalone financial statements have been prepared in Indian Rupee (₹) which is the functional currency of the Company.

These consolidated financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Group has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method.

**c) Use of estimates**

The preparation of the consolidated financial statements in conformity with the recognition and measurement principles of the Ind AS requires management of the Company to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these consolidated financial statements have been disclosed below. Accounting estimates could change from period to period. Although these estimate are based on management's best knowledge of current events and actions, uncertainty about the assumption and estimates could result in the outcome requiring material adjustment to the carrying amount of asset and liabilities.

**Estimation of uncertainties relating to the global health pandemic from COVID-19:**
In view of the unprecedented COVID-19 pandemic and economic forecasts, the Management has evaluated the impact on the consolidated financial statements and made appropriate adjustment where necessary. In assessing the recoverability of its assets including receivables and unbilled receivables, the Company has considered internal and external information upto the date of approval of these consolidated financial statements including economic forecasts. The Company has performed analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets.
However, the actual impact of COVID-19 on the Company's consolidated financial statements may differ from that estimated and the Company will continue to closely monitor any material changes to future economic conditions.

### Defined benefit

The cost of the defined benefits that includes gratuity and compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**Property, plant and equipment**
Property, plant and equipment represent a significant proportion of the asset base of the company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

**Leases**
The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease equires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

**d) Revenue Recognition**
The Company earns revenue primarily from providing Information Technology (IT) enabled e-Governance services. The Company offers integrated portfolio of IT, business and engineering services and solutions.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

To recognise revenues, the Company applies the following five step approach;
(1) identify the contract with a customer,
(2) identify the performance obligations in the contract,

**Income taxes**

The company's tax jurisdictions is only in India. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

**Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The policy has been further explained under note 'q'.

**Trade receivables**

The Company estimates the un-collectability of accounts receivable by analysing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

(3) determine the transaction price,

(4) allocate the transaction price to the performance obligations in the contract and

(5) recognize revenues when a performance obligation is satisfied.

**Performance obligations**

A performance obligation is a promise in a contract to transfer a distinct good or service to the client and is the unit of accounting in Ind AS 115.

The performance obligations of the Company are satisfied over time as services are rendered.

(1) The subscription income is recognised over the subscription period;

(2) The installation revenue is recognised over the period when the Company is expected to realise economic benefits from such installation;

(3) The carriage income is recognised on a straight-line basis;

(4) Other operating revenues are recognised on satisfaction of performance obligation by transferring services (control of asset) to the customer.

**Determination of transaction price**

Revenue is measured based on transaction price which includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Revenues also exclude taxes collected from customers.

**Allocation of transaction price**

A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. For contracts with multiple performance obligations, the Company allocates the contract's transaction price to each performance obligation based on the relative standalone selling price. The primary method used to estimate standalone selling price is the adjusted market assessment approach, under which the Company evaluates the price in that market that a customer is willing to pay for those services. While determining relative standalone selling price and identifying separate performance obligations require judgment, generally relative standalone selling prices and the separate performance obligations are readily identifiable as the Company sells those performance obligations unaccompanied by other performance obligations.

**Contract balances**

A contract asset is right to consideration in exchange of services that the Company has rendered to a customer when that right is conditioned on something other than passage of time. Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

A contract liability is the obligation to render services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the company renders services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company renders services as per the contract.

i. Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.
ii. Revenue related to fixed price maintenance and support services contracts, where the Company is standing ready to provide services is recognized based on time elapsed mode and revenue is straight lined over the period of performance.
iii. Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software,
iv These services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.
v Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.

Revenue is measured based on the transaction price, which is the consideration, adjusted for service level credits and incentives, if any, as specified in the contract with the customer.

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

**Use of significant judgements in revenue recognition:**

i. The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

ii) Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as service level credits and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

iii) The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

iv) The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of licence whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered

**Interest income**

For all debt instruments measured either at amortised cost or at fair value through Profit or loss , interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

**Dividend income**

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

**e) Property, plant and equipment**

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation/amortization and impairment loss, if any. The cost is inclusive of freight, installation cost, duties, taxes, borrowing cost and other incidental expenses for bringing the asset to its working conditions for its intended use but net of indirect taxes, wherever input credit is claimed.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as separate component of assets with specific useful lives and provides depreciation over their useful life.

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.

Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred.

The cost and related accumulated depreciation are eliminated from the consolidated financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss.

Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

**f) Leases**

The Company as a lessee

The Company's lease asset classes primarily consist of leases for premise. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight -line method from the commencement date over the lease term.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The standard includes two recognition exemptions for lessees — leases of 'low value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease ierm of 12 months or less).

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information.

The Company has recorded the lease liability as the present value of the remaining lease payments, discounted at the incremental discounted rate as at 9% April 1, 2019 and the right of use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized. The Company has used the exemption option available for existing leases and applied the available exemptions regarding the recognition of short term leases and low value leasing assets.

The Company has also used the practical expedient provded by the standard and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.
The Company does not have any lease contracts wherein it acts as a lessor.

On transition, the adoption of the new standard resulted in recognition of right-of-use asset of Rs. 1461 Lacs and a lease liability of Rs. 1390 Lacs Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The weighted average incremental discounted rate of 9 % has been applied to lease liabilities recognised in the balance sheet at the date of initial application (refer Note no 28).

All the other above amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**g) Depreciation**

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method.
Depreciation on additions / deletions is provided on pro-rata basis from the date of acquisition/ up to the date of deletion

Depreciation on assets is provided on the straight-line method using the rates based on the economic useful life of assets as estimated by the management but not being more than the limits specified in Schedule II of the Companies Act, 2013 as below:

| Assets | Estimated Useful Lives |
|---|---|
| Central System | 6 years |
| Servers | 6 years |
| Computers | 3 years |
| Communication (Network) | 6 years |
| Electrical Installations | 10 years |
| Office Equipment’s | 5 years |
| Furniture | 10 years |
| Buildings | 60 years |

Computer Software is amortized over a period of 2 years.
Depreciation is not recorded on capital work-in-progress until installation is complete and the asset is ready for its intended use. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

**h) Intangible assets**

Intangible assets comprising of software are recorded at acquisition cost and are amortized over the estimated useful life on straight line basis. Cost of development and production incurred till the time software is ready for use is capitalised.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.
Research cost are expensed as incurred.

**Development costs**

Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use
- Its intention to complete and its ability and intention to use the asset
- How the asset will generate future economic benefits
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

**i) Impairment of tangible and intangible assets**

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**j) Foreign currency transactions and translation**

**Transactions and translations**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency at the rates prevailing on the reporting period date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting period-end date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction.

**k) Employee benefit costs**

- **Short- term employee benefits**

  All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably

- **Post-Employment benefits**

**Defined Contribution plans**

Provident Fund: Employees are entitled to receive benefits in respect of provident fund, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' basic salary). The contributions, as specified under the law were made to Recognised Provident Fund.

Superannuation: Certain employees of the Company are participants in a defined contribution plan. The company has no further obligations to the Plan beyond its annual contributions which are contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India

**Defined benefit Plans**

a) Gratuity: The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

The Company has maintained a Group Gratuity Cum Life Assurance Scheme with the Life Insurance Corporation of India (LIC) towards which it annually contributes a sum determined by LIC.

The 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, and the fair value of any plan assets is deducted. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary using the Projected Unit Credit Method, which recognises 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. The Company recognises the net obligation of a defined benefit plan in its balance sheet as an asset or liability.

Gains or losses through re-measurement of the net defined benefit liability / (asset) are recognised in other comprehensive income. The actual return of portfolio of plan assets, in excess of yields computed by applying the discount rate used to measure the defined benefit obligation are recognised in other comprehensive income. The effects of any plan amendments are recognised in statement of profit and loss.

ii) Compensated absences: The company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

**l) Income Tax**

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

**Current tax**

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**Deferred tax**

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

**m) Provisions, Contingent liabilities and Contingent assets**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the consolidated financial statements. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. A contingent asset is neither recognised nor disclosed in the consolidated financial statements.

**n) Cash Flow statement.**

Cash flows are reported using the indirect method, whereby profit or loss for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**o) Cash and Bank balances**

Cash and cash equivalents comprise cash in hand, balance with banks and term deposits with banks with original maturity up to three months.

Other bank balances comprises of term deposit with banks having maturity of more than three months but less than twelve months from the Balance sheet date.

**p) Earnings per share**

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.

**q) Financial instruments**

**Initial recognition**

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition.

**Subsequent measurement**

**Financial assets**

Financial assets are classified into the following specified categories: financial assets "at amortised cost", "fair value through other comprehensive income", "fair value through Profit or Loss". The classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset at the time of initial recognition.

Financial assets are recognised by the company as per its business model.
All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially at fair value through profit or loss.

Income and expense is recognised on an effective interest basis for debt instrument, Other Equity instruments are classified as "fair value through Profit or Loss".
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

**Loans and receivables**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including trade and other receivables) and others are measured at amortised cost using the effective interest rate (EIR) method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

**Impairment of financial assets**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**Derecognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**Loans and receivables**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**Subsequent measurement**

**Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

**Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

**Financial liabilities**

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**Investment in subsidiaries**

Investment in subsidiaries is carried at cost in the separate consolidated financial statements.

**Financial liabilities and equity instruments**

**Equity instruments**

Equity instruments are recorded at the proceeds received, net of direct issue costs.

**Financial liabilities**

Financial liabilities are classified as either financial liabilities “at fair value through profit or loss” or other financial liabilities.

**Financial liabilities at fair value through profit or loss (FVTPL)**

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

**Non-current Assets Held for Sale and Discontinued Operations**

Non-current assets held for sale are measured at lower of the carrying value and the fair value less cost to sell.

**Offsetting arrangements**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

**r) Dividends**

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.

**1.2 Recent Indian Accounting Standards (Ind AS)**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Recent Indian Accounting Standards (Ind AS).

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2019:

i) Ind AS 116 - Leases
ii) Income tax consequences in case of dividends (Ind AS 12 – Income Taxes (amendments relating to income tax consequences of dividend));
iii) Accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities (Ind AS 12 – Income Taxes (amendments relating to uncertainty over income tax treatments));
iv) Accounting treatment for specific borrowings post capitalization of corresponding qualifying asset (Ind AS 23 – Borrowing Costs);
v) Accounting for prepayment features with negative compensation in case of debt instruments (Ind AS 109 – Prepayment Features with Negative Compensation);
vi) Accounting for plan amendment, curtailment or settlement occurring in-between the reporting periods in case of long-term employee benefit plans (Ind AS 19 – Plan Amendment, Curtailment or Settlement);

## 2. Property, plant, equipment's and intangible assets

*Currency : (₹ in Lakhs)*

| | Property, Plant and Equipments | | | | | | | | Other Intangible assets | |
|---|---|---|---|---|---|---|---|---|---|---|
| Particulars | Land Free-hold | Build-ing | Com-puters | Data and Tele-commu-nication equip-ments | Electric installa-tion | Office equip-ment | Furni-ture and fixtures | Total | Comput-er Soft-wares (others) | Total |
| | | | | | | | | | | |
| **Gross carrying value as of 1 April 2019** | **1,574** | **9,422** | **6,727** | **1,806** | **1,285** | **2,694** | **1,247** | **24,755** | **4,827** | **4,827** |
| Additions | - | 198 | 713 | 112 | 73 | 165 | 289 | 1,550 | 30 | 30 |
| Deletions | 1,574 | 4,328 | 1 | 119 | 881 | 1,976 | 849 | 9,728 | - | - |
| **Gross carrying value as of 31 March 2020** | **-** | **5,292** | **7,439** | **1,799** | **477** | **883** | **687** | **16,577** | **4,857** | **4,857** |
| | | | | | | | | | | |
| **Accumulated depreciation as of 1 April 2019** | **-** | **4,074** | **4,670** | **976** | **474** | **1,057** | **404** | **11,655** | **4,414** | **4,414** |
| Depreciation | | 92 | 593 | 179 | 97 | 446 | 123 | 1,530 | 403 | 403 |
| Accumulated depreciation on deletion | - | 154 | 1 | 43 | 192 | 867 | 206 | 1,463 | - | - |
| **Accumulated depreciation as of 31 March 2020** | **-** | **4,012** | **5,262** | **1,112** | **379** | **636** | **321** | **11,722** | **4,817** | **4,817** |
| **Carrying value as of 31 March 2020** | **-** | **1,280** | **2,177** | **686** | **98** | **247** | **366** | **4,854** | **40** | **40** |

*Currency : (₹ in Lakhs)*

| Particulars | Property, Plant and Equipments | | | | | | | | Other Intangible assets | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Land Free-hold | Build-ing | Com-puters | Data and Tele-commu-nication equip-ments | Electric installa-tion | Office equip-ment | Furni-ture and fixtures | Total | Comput-er Soft-wares (others) | Total |
| | | | | | | | | | | |
| **Gross carrying value as of 1 April 2018** | **1,574** | **9,354** | **6,451** | **1,188** | **1,397** | **2,647** | **1,334** | **23,945** | **4,347** | **4,347** |
| Additions | **-** | **68** | **583** | **651** | **-** | **101** | **1** | **1,404** | **480** | **480** |
| Deletions | **-** | **-** | **307** | **33** | **112** | **54** | **88** | **594** | **-** | **-** |
| **Gross carrying value as of 31 March 2019** | **1,574** | **9,422** | **6,727** | **1,806** | **1,285** | **2,694** | **1,247** | **24,755** | **4,827** | **4,827** |
| | | | | | | | | | | |
| **Accumulated depreciation as of 1 April 2018** | **-** | **3,987** | **4,432** | **873** | **490** | **681** | **388** | **10,851** | **3,791** | **3,791** |
| Depreciation | **-** | **87** | **530** | **135** | **90** | **424** | **100** | **1,366** | **623** | **623** |
| Accumulated depreciation on deletion | **-** | **-** | **292** | **32** | **106** | **48** | **84** | **562** | **-** | **-** |
| **Accumulated depreciation as of 31 March 2019** | **-** | **4,074** | **4,670** | **976** | **474** | **1,057** | **404** | **11,655** | **4,414** | **4,414** |
| **Carrying value as of 31 March 2019** | **1,574** | **5,348** | **2,057** | **830** | **811** | **1,637** | **843** | **13,100** | **413** | **413** |

The aggregate depreciation has been included under depreciation and amortisation expenses in the Statement of Profit and Loss

## 3. Assets held for sale

The Company has decided to sell its Data Centre at Bangalore, for this purpose Company has carried out valuation of Data centre and will offer that price to its current partner in Data centre business. The particulars of the assets held for sale are as under:

*Currency : (₹ in Lakhs)*

| Particulars | WDV of assets as on 31.03.2020 (₹ in Lakhs) |
|---|---|
| Land & Building | 5,749 |
| Furniture, fixture and office equipment's | 2,491 |
| **Total** | **8,240** |

## 4. Non-current investments

*Currency : (₹ in Lakhs)*

| | | Rate of interest % | Year of maturity | No. of bonds/ debentures/share | Face value | **As at 31 March, 2020 (₹ in Lakhs)** | As at 31 March, 2019 (₹ in Lakhs) |
|---|---|---|---|---|---|---|---|
| **Quoted debt securities investments at amortised cost :** | | | | | | | |
| **Investment in tax free bonds** | | | | | | | |
| 1 | Power Finance Corporation Limited | 8.20 | 2022 | 100,000 | 1,000 | 1,084 | 1,084 |
| 2 | Indian Railway Finance Corporation Limited | 8.10 | 2027 | 50,000 | 1,000 | 534 | 534 |
| 3 | National Highway Authority of India Limited | 8.30 | 2027 | 200,000 | 1,000 | 2,182 | 2,182 |
| 4 | Indian Railway Finance Corporation Limited | 7.34 | 2028 | 250,000 | 1,000 | 2,574 | 2,574 |
| 5 | National Highway Authority of India Limited | 8.50 | 2029 | 80,000 | 1,000 | 800 | 800 |
| 6 | National Housing Bank | 8.63 | 2029 | 7,220 | 5,000 | 361 | 361 |
| 7 | Rural Electrification Corporation | 8.63 | 2029 | 50,000 | 1,000 | 500 | 500 |
| 8 | National Housing Bank | 8.68 | 2029 | 40,000 | 5,000 | 2,053 | 2,053 |
| 9 | National Thermal Power Corporation Limited | 7.37 | 2035 | 6,246 | 1,000 | 62 | 62 |
| 10 | Rural Electrification Corporation | 7.21 | 2022 | 130 | 1,000,000 | 1,329 | 1,329 |
| 11 | National Thermal Power Corporation Limited | 7.15 | 2025 | 90 | 1,000,000 | 912 | 912 |
| 12 | National Housing Bank | 8.46 | 2028 | 40 | 1,000,000 | 443 | 443 |
| 13 | Power Finance Corporation Limited | 8.46 | 2028 | 150 | 1,000,000 | 1,672 | 1,672 |
| 14 | Rural Electrification Corporation | 8.46 | 2028 | 250 | 1,000,000 | 2,894 | 2,894 |
| 15 | National Bank for Agriculture and Rural Development | 7.35 | 2031 | 150,000 | 1,000 | 1,578 | 1,578 |
| 16 | National Hydroelectric Power Corporation Limited | 8.67 | 2033 | 50,000 | 1,000 | 634 | 634 |
| 17 | National Bank for Agriculture and Rural Development | 7.35 | 2031 | 100,000 | 1,000 | 1,117 | 1,117 |
| 18 | Indian Renewable Energy Development Agency Limited | 7.17 | 2025 | 270 | 1,000,000 | 2,877 | 2,877 |
| 19 | National Highway Authority of India Limited | 7.35 | 2031 | 100,000 | 1,000 | 1,125 | 1,125 |
| 20 | National Highway Authority of India Limited | 7.39 | 2031 | 50,000 | 1,000 | 556 | 556 |
| 21 | Indian Railway Finance Corporation Limited | 7.35 | 2031 | 150,000 | 1,000 | 1,663 | 1,663 |
| 22 | National Bank for Agriculture and Rural Development | 7.35 | 2031 | 200,000 | 1,000 | 2,221 | 2,221 |
| 23 | National Housing Bank | 8.76 | 2034 | 20,000 | 5,000 | 1,241 | 1,241 |
| 24 | National Housing Bank | 8.68 | 2029 | 10,000 | 5,000 | 591 | 591 |
| 25 | Power Finance Corporation Limited | 7.21 | 2022 | 150 | 1,000,000 | 1,538 | 1,538 |
| 26 | Power Finance Corporation Limited | 9.10 | 2029 | 50 | 1,000,000 | 512 | - |
| 27 | National Hydroelectric Power Corporation Limited | 8.18 | 2023 | 50,000 | 1,000 | 538 | - |
| 28 | National Thermal Power Corporation Limited | 7.32 | 2029 | 150 | 150,000 | 1,476 | - |
| 29 | National Thermal Power Corporation Limited | 7.32 | 2029 | 250 | 250,000 | 2,489 | - |
| 30 | Power Grid Corporation of India Limited | 8.40 | 2029 | 100 | 1,000,000 | 1,059 | - |

*Currency : (₹ in Lakhs)*

| | | Rate of interest % | Year of maturity | No. of bonds/ debentures/share | Face value | **As at 31 March, 2020 (₹ in Lakhs)** | As at 31 March, 2019 (₹ in Lakhs) |
|---|---|---|---|---|---|---|---|
| **Investment in non convertible debentures** | | | | | | | |
| 31 | Housing Development and Finance Corporation Limited | 8.79 | 2020 | 2 | 1,000,000 | - | 20 |
| 32 | Power Finance Corporation Limited | 9.36 | 2021 | 2 | 1,000,000 | 20 | 20 |
| 33 | Housing Development and Finance Corporation Limited | 9.40 | 2021 | 4 | 1,000,000 | 40 | 40 |
| 34 | EXIM Bank Limited | 9.25 | 2022 | 2 | 1,000,000 | 20 | 20 |
| 35 | Rural Electrification Corporation | 9.35 | 2022 | 4 | 1,000,000 | 40 | 40 |
| 36 | Infrastructure Leasing & Finance Services Limited | 9.55 | 2023 | 550 | 1,000 | 6 | 6 |
| 37 | HDB Financial Services Limited | 9.60 | 2023 | 2 | 1,000,000 | 20 | 20 |
| 38 | HDB Financial Services Limited | 10.19 | 2024 | 1 | 1,000,000 | 10 | 10 |
| 39 | IDFC Bank Limited | 8.80 | 2025 | 10 | 1,000,000 | 100 | 100 |
| 40 | Indian Railway Finance Corporation Limited | 9.09 | 2026 | 2 | 1,000,000 | 20 | 20 |
| 41 | State Bank of India | 9.95 | 2026 | 296 | 10,000 | 31 | 31 |
| 42 | Power Finance Corporation Limited | 8.94 | 2028 | 4 | 1,000,000 | 41 | 41 |
| 43 | Indian Railway Finance Corporation Limited | 8.79 | 2030 | 1 | 1,000,000 | 10 | 10 |
| 44 | India Infrastructure Finance Company Limited | 9.41 | 2037 | 5 | 1,000,000 | 56 | 56 |
| | | | | | | **39,028** | **32,975** |
| | Less : Amortisation of premium | | | | | 531 | 359 |
| | Less : Provision for impairment of assets | | | | | 6 | 6 |
| | | | | | | **38,491** | **32,610** |

## 5. Other financial assets

(Unsecured considered good)

| Particulars | Non-current | | Current | |
|---|---|---|---|---|
| | **31.03.2020 (₹ in Lakhs)** | 31.03.2019 (₹ in Lakhs) | **31.03.2020 (₹ in Lakhs)** | 31.03.2019 (₹ in Lakhs) |
| **Others** | | | | |
| Security deposit | **1,260** | 1,248 | **-** | 2 |
| Interest accrued on investments | **-** | - | **1,243** | 923 |
| Less: Provision for impairment of assets | **-** | | **-** | (1) |
| Interest accrued on bank deposits | **13** | 6 | **46** | 81 |
| Restricted deposits with banks against performance guarantee | **785** | 966 | **-** | - |
| Unbilled revenue | **140** | 304 | **877** | 816 |
| Deferred expenses | **131** | 410 | **326** | 248 |
| | | | | |
| **Total** | 2,329 | 2,934 | **2,492** | 2,069 |

## 6. Income taxes

(A) The major components of income tax expense for the years ended 31st March 2020 and 31st March 2019 are:

Profit or loss section

*Currency : (₹ in Lakhs)*

| Particulars | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) |
|---|---|---|
| Current taxes | **3,761** | 5,737 |
| Deferred taxes | **(165)** | (3) |
| Income tax expense reported in the statement of profit or loss | **3,596** | 5,734 |

OCI section

Deferred tax benefits related to items recognised in OCI during the year ending:

| Particulars | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) |
|---|---|---|
| Re-measurement of the defined benefit liability / asset | **(379)** | (5) |
| Income tax expense reported in the statement of profit or loss | **(379)** | (5) |

(B) Reconciliation of the Income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes

| Particulars | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|---|---|
| Profit before income taxes | **15,714** | 18,164 |
| Enacted tax rates in India | **25.170%** | 34.944% |
| Computed expected tax expenses | **3,955** | 6,347 |
| | | |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:** | | |
| | | |
| Income exempt from tax | **(643)** | (780) |
| Donation | **23** | 56 |
| Disallowance u/s 14A | **90** | 113 |
| Provision for employees long term incentive plan | **102** | 6 |
| Others | **69** | 12 |
| Total income tax expense | **3,596** | 5,754 |

The movement in the current income tax asset/ (liability) for the year ended March 31, 2020 and year ended March 31, 2019 as follows:

*Currency : (₹ in Lakhs)*

| Particulars | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) |
|---|---|---|
| Net current income tax asset/ (liability) at the beginning | **1,324** | 1,150 |
| Income tax paid | **5,007** | 5,911 |
| Current income tax expense | **(3,761)** | (5,737) |
| Income tax on other comprehensive income | | |
| | | |
| Net current income tax asset/ (liability) at the end | **2,570** | 1,324 |

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

| Particulars | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) |
|---|---|---|
| **Deferred income tax assets** | | |
| Provision for compensated absences | **322** | 375 |
| Provision for doubtful debts | **268** | 42 |
| Others | **(43)** | 102 |
| **Total deferred income tax assets** | **547** | 519 |
| | | |
| Deferred income tax liabilities | | |
| Difference between tax balance and book balance of fixed assets | **268** | 322 |
| Adjustment on initial application of IndAS 115 | **-** | 46 |
| Amortisation of Revenue | **13** | 68 |
| Other | **18** | - |
| **Total deferred income tax liabilities** | **299** | 436 |
| **Deferred income tax Assets after (net)** | **248** | 83 |

The gross movement in the deferred income tax account for the year ended March 31, 2020 and year ended March 31, 2019, is as follows:

*Currency : (₹ in Lakhs)*

| Particulars | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) |
|---|---|---|
| **Net deferred income tax assets at the beginning** | **83** | 126 |
| **Add :** | | |
| Provision for compensated absences | **(53)** | - |
| Provision for gratuity expenses | **-** | 35 |
| Provision for doubtful debts | **226** | - |
| Amortisation of assets | **-** | (29) |
| Other | **(163)** | 16 |
| **Less :** | | |
| Difference between tax balance and book balance of fixed assets | **(54)** | 96 |
| Adjustment on initial application of IndAS 115 | **(46)** | 46 |
| Amortisation of Revenue | **(55)** | (77) |
| | | |
| **Net deferred income tax assets at the end** | **248** | 83 |

## 7. Other assets

*Currency : (₹ in Lakhs)*

| | | Non-current | | Current | |
|---|---|---|---|---|---|
| | | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) |
| (A) | **Capital advances** | **14** | 172 | **-** | - |
| (B) | **Other advances** | | | | |
| | Prepaid expenses | **42** | 283 | **782** | 1,104 |
| | Loans to employees | **2** | 2 | **-** | 3 |
| | GST credit receivable | **-** | - | **1,807** | 1,092 |
| | Advance to suppliers | **-** | - | **1,851** | 369 |
| | Others | **-** | - | **31** | 21 |
| | | **58** | 457 | **4,471** | 2,589 |

## 8. Current investments

*Currency : (₹ in Lakhs)*

| | | As at 31st March, 2020 | | | | | As at 31st March, 2019 | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Year of maturity | Rate of interest | **No. of Units** | **Face Value** | **(₹ in Lakhs)** | No. of Units | Face Value | (₹ in Lakhs) |
| **Non convertible debentures** | | | | | | | | | |
| 1 | Rural Electrification Corporation | 2019 | 8.72 | 2 | 1,000,000 | - | 2 | 1,000,000 | 19 |
| 2 | TATA Capital Financial Services Limited | 2019 | 9.95 | 2 | 1,000,000 | - | 2 | 1,000,000 | 10 |
| 3 | Rural Electrification Corporation | 2020 | 8.65 | 2 | 1,000,000 | - | 2 | 1,000,000 | 19 |
| 4 | Housing Development and Finance Corporation Limited | 2020 | 8.79 | 2 | 1,000,000 | 20 | - | - | - |
| | | | | | | | | | |
| **Liquid Mutual funds** | | | | | | | | | |
| 1 | Units of Axis Treasury Advantage Fund - Institutional Daily Dividend Reinvestment | | | - | - | - | 56,055 | 1,007 | 565 |
| 2 | Units of Axis Liquid Fund - Institutional Daily Dividend Reinvestment | | | 52,576 | 1,001 | 526 | 50,474 | 1,001 | 505 |
| 3 | Units of Principal Cash Management Fund- Dividend Reinvestment Daily | | | - | - | - | 53,279 | 952 | 507 |
| 4 | Units of UTI Liquid Cash Plan Fund - Institutional Plan (Daily Dividend Option) | | | 51,592 | 1,019 | 526 | 49,553 | 1,019 | 505 |
| 5 | Aditya Birla Sun Life Liquid Fund-Daily Dividend - Direct Plan | | | - | - | - | 500,355 | 100 | 502 |
| 6 | LIC MF Liquid Fund- Daily Dividend Reinvestment | | | 47,935 | 1,098 | 526 | 46,009 | 1,098 | 505 |
| 7 | ICICI Prudential Liquid Plan- Daily Dividend Reinvestment | | | 521,726 | 100 | 522 | 500,815 | 100 | 502 |
| 8 | IDFC Cash Fund- Daily Dividend Reinvestment | | | | | | 50,048 | 1,002 | 502 |
| 9 | Canara Robeco Liquid Fund- Direct Daily Dividend Reinvestment | | | | | | 49,872 | 1,006 | 501 |
| | **Total** | | | | | **2,120** | | | **4,642** |

## 9. Trade receivables

*Currency : (₹ in Lakhs)*

| | Current | |
|---|---|---|
| | **31.03.2020 (₹ in Lakhs)** | 31.03.2019 (₹ in Lakhs) |
| **Unsecured, considered good unless stated otherwise** | | |
| Unsecured, considered good | **21,071** | 18,188 |
| Credit Impaired | **119** | - |
| Doubtful | **1,063** | 119 |
| | **22,253** | 18,307 |
| Less : Provision for doubtful debts | **(1,182)** | (119) |
| | **21,071** | 18,188 |
| | | |
| **Total** | **21,071** | **18,188** |

## 10. Cash and cash equivalents

*Currency : (₹ in Lakhs)*

| | Current | |
|---|---|---|
| | **31.03.2020 (₹ in Lakhs)** | 31.03.2019 (₹ in Lakhs) |
| **Cash and cash equivalents** | | |
| Balances with banks in current accounts | **4,103** | 3,938 |
| Cash on hand | **1** | 1 |
| | **4,104** | 3,939 |

## 11. Other bank balances

| | Current | |
|---|---|---|
| | **31.03.2020 (₹ in Lakhs)** | 31.03.2019 (₹ in Lakhs) |
| Bank Deposits with original maturity for more than 3 months but less than 12 months | **907** | 1,610 |
| Total | **907** | 1,610 |

## 12. Equity share capital

*Currency : (₹ in Lakhs)*

| | Non-current | |
|---|---|---|
| | **31.03.20 (₹ in Lakhs)** | 31.03.2019 (₹ in Lakhs) |
| | | |
| **Authorised** | | |
| 50,00,00,000 (Previous Year 50,00,00,000) equity shares of Rs 10 each. | **50,000** | 50,000 |
| | | |
| **Issued, Subscribed and Paid-up** | | |
| 4,00,07,981 (Previous year 4,00,05,300) equity shares of Rs.10 each fully paid up. | | |
| | **4,001** | 4,001 |
| | | |
| **Total** | **4,001** | 4,001 |

### a) Reconciliation of number of shares

| | **As at March 31, 2020** | | As at March 31, 2019 | |
|---|---|---|---|---|
| | **Number of shares** | **Amount (₹ in Lakhs)** | Number of shares | Amount (₹ in Lakhs) |
| **Equity shares** | | | | |
| Opening balance | **40,005,300** | **4,001** | 40,000,000 | 4,000 |
| Changed during the year | **2,681** | **0** | 5,300 | 1 |
| Closing balance | **40,007,981** | **4,001** | 40,005,300 | 4,001 |

### b) Rights, preferences and restrictions attached to shares

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, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**c) Details of shareholders holding more than 5% share in the company**

| | **As at 31.03.2020** | | As at 31.03.2019 | |
|---|---|---|---|---|
| | **Numbers of Shares Held** | **% of Holding** | Numbers of Shares Held | % of Holding |
| NSE Investments Limited | **10,018,000** | **25.04** | 10,018,000 | 25.05 |
| IIFL Special Opportunities Fund | **2,894,507** | **7.24** | 2,894,507 | 7.24 |
| Administrator of Specified Undertaking of Unit Trust of India | **2,732,000** | **6.83** | 2,732,000 | 6.83 |
| IIFL Special Opportunities Fund – Series 4 | **2,499,178** | **6.25** | 2,499,178 | 6.25 |
| IIFL Special Opportunities Fund – Series 2 | **2,016,366** | **5.04** | 2,016,366 | 5.04 |

**d) Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back**

'The Company has neither allotted equity shares without receipt of cash or as bonus shares nor bought back any equity shares during preceding five financial years

## 13. Other Equity

*Currency : (₹ in Lakhs)*

| | | **31.03.2020 (₹ in Lakhs)** | 31.03.2019 (₹ in Lakhs) |
|---|---|---|---|
| **a)** | **Capital redemption reserve** | | |
| | (i) Opening balance | **2,500** | 2,500 |
| | (ii) Transfer from retained earnings | **-** | - |
| | | **2,500** | 2,500 |
| | | | |
| **b)** | **General reserve** | | |
| | (i) Opening balance | **39,843** | 29,843 |
| | (ii) Transfer from retained earnings | **-** | 10,000 |
| | | **39,843** | 39,843 |
| | | | |
| **c)** | **Retained earnings** | | |
| | (i) Opening balance | **20,415** | 21,033 |
| | (ii) Adjustment on initial application of IndAS 115, net of tax | **-** | 86 |
| | (iii) Transfer to general reserve | **-** | (10,000) |
| | (iv) Dividend (including tax on dividend) | **(3,135)** | (3,134) |
| | (v) Profit for the year | **12,118** | 12,430 |
| | | **29,398** | 20,415 |
| | | | |
| **d)** | **Non controlling interest of minority shareholders in subsidiary** | | |
| | (i) Opening balance | **(11)** | (4) |
| | (ii) Non controlling interest of minority shareholders in subsidiary | **(7)** | (7) |
| | | **(18)** | (11) |
| **e)** | **Other comprehensive income** | | |
| | (i) Opening balance | **(504)** | (490) |
| | (ii) Re-measurement of the defined benefit net liability / asset (net of tax) | **(379)** | (14) |
| | | **(883)** | (504) |
| **f)** | **ESOP reserve** | | |
| | (i) Opening balance | **347** | 97 |
| | (ii) Share based payments to employees | **121** | 250 |
| | | **468** | 347 |
| **g)** | **Securities premium** | | |
| | (i) Opening balance | **16** | - |
| | (ii) Share based payments to employees | **8** | 16 |
| | | **24** | 16 |
| | | **71,332** | 62,606 |

## 14. Trade payables

*Currency : (₹ in Lakhs)*

| | | Current | |
|---|---|---|---|
| | | **31.03.2020 (₹ in Lakhs)** | 31.03.2019 (₹ in Lakhs) |
| Trade payables | | | |
| | Dues of micro enterprises and small enterprises | 606 | 508 |
| | Dues of creditors other than micro enterprises and small enterprises | 8,265 | 8,486 |
| | | | |
| | | **8,871** | 8,994 |

## 15. Other financial liabilities

*Currency : (₹ in Lakhs)*

| | Non-current | | Current | |
|---|---|---|---|---|
| | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) |
| Liability for expenses | - | - | - | 3 |
| Creditors for capital expenditure | - | - | 351 | 130 |
| Directors' commission payable | - | - | 122 | 112 |
| Other liabilities | - | - | 155 | 316 |
| Deferred expenses | 164 | 328 | 407 | 198 |
| Total | 164 | 328 | 1,035 | 759 |

## 16. Provision

*Currency : (₹ in Lakhs)*

| | Non-current | | Current | |
|---|---|---|---|---|
| | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) | 31.03.2020 (₹ in Lakhs) | 31.03.2019 (₹ in Lakhs) |
| Provision for leave travel allowance | - | - | 42 | 48 |
| Provision for employee Incentives | - | 171 | 1,126 | 940 |
| Gratuity payable | - | - | 672 | 280 |
| Provision for leave encashment | 216 | 241 | 1,063 | 831 |
| Total | 216 | 412 | 2,903 | 2,099 |

## 17. Other current liabilities

*Currency : (₹ in Lakhs)*

| | Current | |
|---|---|---|
| | **31.03.2020 (₹ in Lakhs)** | 31.03.2019 (₹ in Lakhs) |
| Advances from customers | **995** | 853 |
| Goods and service tax payable | **801** | 1,041 |
| TDS payable | **250** | 408 |
| Other statutory liabilities | **54** | 42 |
| Income received in advance | **1,969** | 2,917 |
| | | |
| **Total** | **4,069** | 5,261 |

## 18. Revenue from operations

*Currency : (₹ in Lakhs)*

| | **31.03.2020 (₹ in Lakhs)** | 31.03.2019 (₹ in Lakhs) |
|---|---|---|
| Revenue disaggregation by nature of services is as follows: | | |
| **Sale of services :** | | |
| Transaction fees | **56,963** | 63,054 |
| Accounts maintenance fees | **14,175** | 11,740 |
| Other operational income | **475** | 731 |
| | | |
| **Other operating revenues** | | |
| Recovery against bad debts | **-** | 100 |
| | | |
| **Total** | **71,613** | 75,625 |

Revenue disaggregation by industry vertical.

Information about major customers:

No single customer represents 10% or more of the Company's total revenue during the year ended March 31, 2020 and March 31, 2019. While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially) satisfied performance obligations, along with the broad time band for the expected time to recognise those revenues, the Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts. Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc.).

**The table below discloses the movement in contract liabilities during the year ended March 31 2020**

| | |
|---|---|
| Balance at the beginning of the year | 2,917 |
| Add: Invoices Raised for which no revenue is recognised during the year | 1,969 |
| Less: Revenue recognised that was included in the contract liabilities at the beginning of the year | 2,917 |
| Balance at the end of the year | 1,969 |

Contract liabilities include payments received in advance of performance under the contract, and are realized with the associated revenue recognized under the contract.

*Currency : (₹ in Lakhs)*

| **Reconciliation of revenue recognised in the statement of profit and loss with the contracted price** | **31 March 2020 (₹ in Lakhs)** | **31 March 2019 (₹ in Lakhs)** |
|---|---|---|
| **Particulars** | | |
| Revenue from contracts with customers (as per Statement of Profit and Loss) | 71,613 | 75,625 |
| Add: Discounts, rebates, refunds, credits, price concessions | - | - |
| Less / Add: Deferred and unbilled revenue adjustments | 1,017 | 1,120 |
| Add: Allocation of transaction price from bundled contracts | - | - |
| **Contracted price with the customers** | **70,596** | **74,505** |

**Practical expedients used**

In accordance with the practical expedient in Para 63 of Ind AS 115, the Company has not adjusted the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. The Company has evaluated the impact of COVID – 19 resulting from termination or deferment of contracts by customers. The Company has concluded that the impact of COVID – 19 is not material on the existing revenues basis the current estimates.

## 19. Other income

*Currency : (₹ in Lakhs)*

| | **31.03.2020 (₹ in Lakhs)** | 31.03.19 (₹ in Lakhs) |
|---|---|---|
| On investment | **2,695** | 2,307 |
| On overdue trade receivables | **677** | 358 |
| On Security deposits | **75** | - |
| On others | **-** | 86 |
| | | |
| Dividend income | **163** | 116 |
| Support charges | **66** | 80 |
| Rent income | **171** | 513 |
| Miscellaneous income | **2** | 20 |
| | | |
| **Total** | **3,849** | 3,480 |

## 20. Employee benefits expenses

*Currency : (₹ in Lakhs)*

| | **31.03.2020 (₹ in Lakhs)** | 31.03.2019 (₹ in Lakhs) |
|---|---|---|
| Salaries, wages and bonus | **5,762** | 5,361 |
| Share based payments to employees | **121** | 250 |
| Contribution to provident and other fund | **699** | 643 |
| Staff welfare expenses | **281** | 264 |
| | | |
| **Total** | **6,863** | 6,518 |

## 21. Other expenses

*Currency : (₹ in Lakhs)*

| | **31.03.2020 (₹ in Lakhs)** | 31.03.2019 (₹ in Lakhs) |
|---|---|---|
| Rent | **114** | 1,590 |
| Communication expenses | **793** | 800 |
| Travelling and conveyance expenses | **651** | 659 |
| Annual fees | **933** | 743 |
| Processing charges | **38,457** | 41,072 |
| Repairs and maintenance | | |
| - To buildings | **294** | 327 |
| - To computers, trading and telecommunication systems | **5,545** | 5,084 |
| - To others | **85** | 114 |
| Insurance | **148** | 153 |
| Rates and taxes | **99** | 122 |
| Advertisement and publicity | **110** | 135 |
| Legal and Professional fees | **434** | 342 |
| Printing and stationery expenses | **19** | 29 |
| Payment to auditor (refer note below) | **31** | 38 |
| Electricity charges / power fuel | **372** | 437 |
| Directors' sitting fees | **30** | 37 |
| Directors' commission | **121** | 124 |
| Provision for doubtful debts | **1,063** | - |
| Excess provision written back | **-** | 1 |
| Loss on sale /discard of assets (net) | **1** | 12 |
| Loss on sale of investment | **-** | 5 |
| Expenditure incurred on CSR activities (refer note 33) | **181** | 322 |
| Other Expenses | **496** | 270 |
| Total | **49,977** | 52,416 |
| | | |
| **Note :** | | |
| **Payment to auditor** | | |
| **As auditor :** | | |
| Audit fees | **27** | 24 |
| Tax audit fee | **2** | 4 |
| In other capacity | | |
| Certification matters | **6** | 10 |
| Limited review Certification | **5** | - |
| Total | **40** | 38 |

## 22. Earnings Per Share

In accordance with Indian Accounting Standard 33 - "Earning per Share" notified under Rule 7 of the Companies (Accounts) Rules, 2014.

*Currency : (₹ in Lakhs)*

| | | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|---|---|---|
| **Net profit attributable to shareholders** | | | |
| (a) | Profit before exceptional item and tax | 15,714 | 18,164 |
| | Tax on above | 3,596 | 5,734 |
| | Profit after tax and before exceptional item (A) | **12,118** | 12,430 |
| | Other comprehensive income (B) | (379) | (14) |
| Total Comprehensive Income (A+B) | | 11,739 | 12,416 |
| | | | |
| | | | |
| **Weighted Average number of equity shares issued (No. in lakhs)** | | **400** | **400** |
| | | | |
| **Basic earnings per share of ₹ 10/- each (in ₹)** | | **30.29** | **31.08** |
| | | | |
| **Weighted Average number of equity shares issued (No. in lakhs)** | | **404** | **401** |
| | | | |
| **Diluted earnings per share of ₹ 10/- each (in ₹)** | | **30.01** | **30.99** |

## 23. Disclosure under Indian Accounting Standard 19 (Ind As 19) on Employee Benefits:

**i) Defined contribution plan:**

(a) Company's contribution towards superannuation amounting to ₹ 161 Lakhs (Previous Year : ₹ 154 lakhs).

(b) Provident fund: Eligible employees of the Company receive benefit under the provident fund which is a defined contribution plan where in both the employee and the Company make monthly contributions equal to a specified percentage of the covered employees' salary. These contributions are made to the fund administered and managed by the Government of India. The Company's monthly contributions are charged to the statement of profit and loss in the period they are incurred. The total charge for the year amounts to ₹ 234 Lakhs (31 March 2019 - ₹ 215 Lakhs).

**ii) Defined benefit plan :**

(a) Gratuity: Company has charged the gratuity expense to statement of profit & loss based on the actuarial valuation of gratuity liability at the end of the year. The projected unit credit method used to show the position is as under.

**(i) Assumptions:**

*Currency : (₹ in Lakhs)*

| | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|---|---|
| Weighted Average Duration of the Projected Benefit Obligation | **9** | 9 |
| Discount rate | **6.83%** | 7.76% |
| Rate of return on plan assets | **6.83%** | 7.76% |
| Salary escalation | **8.00%** | 8.00% |
| Attrition rate | **5.00%** | 5.00% |

**(ii) Sensitivity analysis**

*Currency : (₹ in Lakhs)*

| | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|---|---|
| Projected benefit obligation on current assumptions | **4,410** | 3,580 |
| Delta effect of +1% change in rate of discounting | **(323)** | (260) |
| Delta effect of -1% change in rate of discounting | **378** | 303 |
| Delta effect of +1% change in rate of salary increase | **370** | 299 |
| Delta effect of -1% change in rate of salary increase | **(323)** | (261) |
| Delta effect of +1% change in rate of employee turnover | **33** | (9) |
| Delta effect of -1% change in rate of employee turnover | **37** | 10 |

**(iii) Table showing change in benefit obligation:**

*Currency : (₹ in Lakhs)*

| | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|---|---|
| **Liability at the beginning of the year** | **3,568** | 3,070 |
| Interest cost | **278** | 238 |
| Current service cost | **268** | 244 |
| Benefits paid | **(79)** | (26) |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions | | |
| Actuarial (gains)/losses on obligations - due to change in financial assumptions | **290** | (8) |
| Actuarial (gains)/losses on obligations - due to experience | **74** | 50 |
| **Liability at the end of the period/year** | **4,398** | 3,568 |

**(iv) Table showing fair value of plan assets**

*Currency : (₹ in Lakhs)*

| | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|---|---|
| **Fair value of plan assets at the beginning of the year** | **3,287** | 2,737 |
| Interest income | **255** | 212 |
| Contributions | **278** | 337 |
| Benefits paid | **(79)** | (26) |
| Actuarial gain / (loss) on plan assets | **(15)** | 27 |
| **Fair value of plan assets at the end of the period/year** | **3,726** | 3,287 |

**(v) Amount recognised in the Balance Sheet**

*Currency : (₹ in Lakhs)*

| | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|---|---|
| Fair value of plan assets as at the end of the period/year | **3,726** | 3,287 |
| Liability as at the end of the year | **4,398** | 3,567 |
| **Net (liability) / asset disclosed in the Balance Sheet** | **(672)** | (280) |

**(vi) Net interest cost for current period/year**

*Currency : (₹ in Lakhs)*

| | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|---|---|
| Interest cost | **278** | 238 |
| Interest income | **(255)** | (212) |
| **Net interest cost for current period/year** | **23** | 26 |

**(vii) Expenses recognised in the Statement of Profit & Loss**

*Currency : (₹ in Lakhs)*

| | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|---|---|
| Current service cost | **268** | 244 |
| Net interest cost | **23** | 26 |
| **Expenses recognised in the Statement of Profit & Loss** | **291** | 270 |

**(viii) Expenses recognised in the other comprehensive income**

*Currency : (₹ in Lakhs)*

| | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|---|---|
| Expected return on plan assets | **15** | (27) |
| Actuarial (gain) or loss | **364** | 41 |
| **Net (income)/expense for the period/year recognized in OCI** | **379** | 14 |

**(ix) Balance sheet reconciliation**

*Currency : (₹ in Lakhs)*

| | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|---|---|
| **Opening net liability** | **280** | 333 |
| Expenses recognized in statement of profit or loss | **291** | 270 |
| Expenses recognized in OCI | **379** | 14 |
| Employers contribution | **(278)** | (337) |
| **Amount recognised in the balance sheet** | **672** | 280 |

**(x) Category of assets**

*Currency : (₹ in Lakhs)*

| | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|---|---|
| LIC of India - Insurer managed funds | **3,726** | 3,283 |
| **Total** | **3,726** | 3,283 |

**(xi) Expected contribution for next year**

*Currency : (₹ in Lakhs)*

| | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|---|---|
| Expected contribution for next year | **350** | 293 |
| **Total** | **350** | 293 |

# 24 Financial instruments

## 24.1 Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2019 were as follows:

*Currency : (₹ in Lakhs)*

| Particulars | Amortised cost | Financial assets/ liabilities at fair value through profit or loss | | Financial assets/ liabilities at fair value through OCI | | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|---|
| | | Designated Upon Initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | |
| **Assets:** | | | | | | | |
| Cash and cash equivalents (refer note 10) | 3,939 | - | - | - | - | 3,939 | 3,939 |
| Tax free bonds (refer note 4) | 32,185 | - | - | - | - | 32,185 | 32,185 |
| Liquid mutual fund units (refer note 8) | - | - | 4,594 | - | - | 4,594 | 4,594 |
| Non convertible debentures (refer note 4 & 8) | 482 | - | - | - | - | 482 | 482 |
| Trade receivables (refer note 9) | 18,188 | - | - | - | - | 18,188 | 18,188 |
| Other financial assets (refer note 5) | 6,613 | - | - | - | - | 6,613 | 6,613 |
| **Total** | 61,407 | - | 4,594 | - | - | 66,001 | 66,001 |
| **Liabilities:** | | | | | | | |
| Trade payables (refer note 14) | 8,994 | - | - | - | - | 8,994 | 8,994 |
| Other financial liabilities (refer note 15) | 1,087 | - | - | - | - | 1,087 | 1,087 |
| **Total** | 10,081 | - | - | - | - | 10,081 | 10,081 |

The carrying value and fair value of financial instruments by categories as of March 31, 2020 were as follows:

*Currency : (₹ in Lakhs)*

| Particulars | Amortised cost | Financial assets/ liabilities at fair value through profit or loss | | Financial assets/ liabilities at fair value through OCI | | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|---|
| | | Designated Upon Initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | |
| **Assets:** | | | | | | | |
| Cash and cash equivalents (refer note 10) | 4,104 | - | - | - | - | 4,104 | 4,104 |
| Tax free bonds (refer note 4) | 38,077 | - | - | - | - | 38,077 | 38,077 |
| Liquid mutual fund units (refer note 8) | - | - | 2,120 | - | - | 2,120 | 2,120 |
| Non convertible debentures (refer note 4 & 8) | 434 | - | - | - | - | 434 | 434 |
| Trade receivables (refer note 9) | 21,071 | - | - | - | - | 21,071 | 21,071 |
| Other financial assets (refer note 5) | 4,821 | - | - | - | - | 4,821 | 4,821 |
| **Total** | 68,507 | - | 2,120 | - | - | 70,627 | 70,627 |
| **Liabilities:** | | | | | | | |
| Trade payables (refer note 14) | 8,871 | - | - | - | - | 8,871 | 8,871 |
| Other financial liabilities (refer note 15) | 1,199 | - | - | - | - | 1,199 | 1,199 |
| **Total** | 10,070 | - | - | - | - | 10,070 | 10,070 |

## 24.2 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis

*Currency : (₹ in Lakhs)*

| Particulars | As of March 31, 2019 | Fair value measurement at end of the reporting year | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Assets** | | | | |
| Investments in liquid mutual fund units (refer note 8) | | 4,594 | - | - |
| Investments in tax free and Government bonds (refer note 4 and 8) | | - | 32,185 | - |
| Investments in non convertible debentures (refer note 8) | | 482 | | - |

| Particulars | As of March 31, 2020 | Fair value measurement at end of the reporting year | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Assets** | | | | |
| Investments in liquid mutual fund units (refer note 8) | | 2,120 | - | - |
| Investments in tax free and Government bonds (refer note 4 and 8) | | - | 38,077 | - |
| Investments in non convertible debentures (refer note 8) | | 434 | | - |

The fair value of liquid mutual funds is based on quoted price. The fair value of tax free bonds and government bonds is based on quoted prices and market observable inputs. The fair value is of non-convertible debentures is based on quoted prices.

## 24.3 Financial risk management

**Financial risk factors**

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

**Credit risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹18,188 lakhs and ₹ 19,975 lakhs as of 31 March 2019 and 31 March 2020, respectively. Trade receivables is typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. Credit risk has always been managed by the Company by continuously monitoring credit worthiness of customers to which the Company grants credit terms in the normal course of business

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

*Currency : (₹ in Lakhs)*

| Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|
| Revenue from top customer | 5 | 4 |
| Revenue from top five customers | 13 | 9 |

**Credit risk exposure**

The allowance for lifetime expected credit loss on customer balances for the year ended March 2019 was ₹ 119 lakhs.

| Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|
| Balance at the beginning | 119 | 119 |
| Amounts written off | - | - |
| Net remeasurment of loss allowance | 1,063 | |
| Balance at the end | 1,182 | 119 |

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by government and quasi government organizations, non convertible debentures issued by government aided institutions and certificates of deposit which are funds deposited at a bank for a specified time period.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Sales to certain customers are either based on advance payments or restricted to certain limits to contain exposures to credit risk.

ECL:

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, available information etc.) and applying experienced credit judgement. Exposures to customers outstanding at the end of each reporting period are reviewed by the Group to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. The Group expects the historical trend of minimal credit losses to continue.

In calculating expected credit loss the Company has taken into account estimates of possible effect from pandemic relating to COVID-19. Basis this assessment, the management believes allowance required for doubtful trade receivables provided in books is considered adequate.

**Liquidity risk**

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company has no outstanding bank borrowings. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The companies working capital including cash and cash equivalents and investment are as follows :

| Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|
| Current assets | 35,165 | 33,037 |
| Current liability | 8,007 | 8,651 |
| Working capital | 27,158 | 24,386 |
| Cash and cash equivalents | 5,011 | 5,549 |
| Investments | 2,120 | 4,642 |

As of 31 March 2019 and 31 March 2020, the outstanding employee benefit obligations were Rs. 280 lakhs and Rs. 672 lakhs (refer note no 14) respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.
The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2020:

| Particulars | Less than 1 year | 1-2 years | 2-4 years | 4-7 years | Total |
|---|---|---|---|---|---|
| Trade payables (refer note 14) | 8,871 | - | - | - | 8,871 |
| Other financial liabilities (refer note 15) | 1,199 | - | - | - | 1,199 |

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2019:

| Particulars | Less than 1 year | 1-2 years | 2-4 years | 4-7 years | Total |
|---|---|---|---|---|---|
| Trade payables (refer note 14) | 8,994 | - | - | - | 8,994 |
| Other financial liabilities (refer note 15) | 1,087 | - | - | - | 1,087 |

**25** The Company's business is to provide IT enabled e-Governance services to its clients in India. All other activities of the Company revolve around the main business. As such, there are no reportable segments as per the Ind AS 108 –'Operating Segment'

## 26 Related Party Transactions

In compliance with Indian Accounting Standard 24 - "Related Party Disclosures" notified under the Rule 7 of the Companies (Accounts) Rules, 2014, the required disclosures are given in the table below:

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

| Related party |
|---|
| |
| **a. Company having substantial interest** |
| IIFL Special Opportunities Fund (from February 16, 2018) |
| NSE Investments Limited (erstwhile NSE Strategic Investments Corporation Limited) (from October 1, 2013) |
| |
| **b. Key Managerial Personnel** |
| Mr. Gagan Rai- Managing Director & CEO |
| Mr. Jayesh Sule - WTD & COO |
| Mr. Tejas Desai - CFO |
| Mr.Maulesh Kantharia - Company Secretary |
| |
| c. Foreign subsidiary |
| NSDL e-Governance(Malaysia) SDN BHD |

## 26. Details of transactions (including service tax wherever levied) with related parties are as follows :

| Nature of transactions | For the year ended | KMP of the Company and KMP of parent Company | Foreign subsidiary | Company having substantial interest |
|---|---|---|---|---|
| Dividend paid | March 31, 2020 | - | - | 1,431 |
| | March 31, 2019 | - | - | 1,431 |
| | | | | |
| Remuneration paid | March 31, 2020 | 866 | - | - |
| | March 31, 2019 | 829 | - | - |

The above remuneration excludes gratuity, leave encashment and other benefits for which separate actuarial valuation is not available.

## 27. Minority interest

| Percentage of holding | % |
|---|---|
| NSDL e-Governance Infrastructure Limited | 51 |
| Minority | 49 |
| Total | 100 |

| Share capital of NSDL e-GOVERNANCE ( MALAYSIA) SDN BHD | Nos. | Value in MYR |
|---|---|---|
| NSDL E-Governance Infrastructure Limited | 51 | 510 |
| Minority | 49 | 490 |
| Total | 100 | 1,000 |

**Breakup of reserves & surplus**

Reserve and surplus calculation

*Currency : (₹ in Lakhs)*

| | NSDL e-Governance Infrastructure Limited | Minority |
|---|---|---|
| Opening | (3.89) | (3.74) |
| Adjustment on account of capital reduction | | |
| Profit / (loss) during the year | (7.37) | (7.09) |
| Total reserves and surplus | (11.27) | (10.83) |

## 28. CHANGE DUE TO TRANSITION TO IND AS - 116 "LEASES"

Following are the changes in the carrying value of right of use assets for the year ended 31 March 2020:

| Particulars | As at 31 March 2020 (₹ in Lakhs) |
|---|---|
| **Balance as of 1 April 2019** | - |
| Reclassified on account of adoption of Ind AS 116 | 2,274 |
| Additions | - |
| Deletions | - |
| Depreciation | 813 |
| **Balance as of 31 Mar 2020** | **1,461** |

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss

The following is the break-up of current and non-current lease liabilities as at 31 March 2020.

| Particulars | As at 31 March 2020 (₹ in Lakhs) |
|---|---|
| Current lease liabilities | 722 |
| Non-current lease liabilities | 668 |
| Total | 1,390 |

The following is the movement in lease liabilities during the year ended 31 March 2020

| Particulars | As at 31 March 2020 (₹ in Lakhs) |
|---|---|
| **Balance as of 1 April 2019** | - |
| Reclassified on account of adoption of Ind AS 116 | 2,032 |
| **Additions** | |
| Finance cost accrued during the period | 162 |
| **Deletions** | |
| Payment of lease liabilities | 804 |
| **Balance as of 31 Mar 2020** | **1,390** |

Interest on lease liabilities is ₹ 162 lakhs for the year ended on 31 March 2020

The table below provides details regarding the contractual maturities of lease liability as at 31 March 2020 on an undiscounted basis:

| Particulars | As at 31 March 2020 (₹ in Lakhs) |
|---|---|
| Less than one year | 822 |
| One to five years | 712 |
| More than five years | - |
| **Total** | **1,534** |

Rental expense recorded for short-term leases was ₹ 171 lakhs for the year ended 31 March 2020

Rental expense recorded for leases of low -value assets was Nil lakhs for the year ended 31 March 2020

“The total cash outflow for leases is ₹ 804 lakhs for the year ended 31 March 2020, including cash outflow of short-term leases and leases of low-value assets.”

## 29 Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for ₹ 299 lakhs (previous year ₹1896 lakhs)

## 30 Contingent liability:

(i) Claims against the Company not acknowledged as debts: ₹ 99 lakhs (Previous Year : ₹ 99 lakhs) (net) #

(ii) On account of disputed demand raised by Sales tax officer for MVAT and CST: ₹ 2,260 lakhs (Previous Year: ₹ 2,260 lakhs) @

(iii) Supreme Court ruling on contibution to provident fund: There has been a Supreme Court (SC) judgement dated 28th February 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any.”

# MVAT payable to seller on purchase of Times Tower premises

@ Demand raised by sales tax officer for MVAT and CST payable on services provided by company. The Company has filed appeal with - Maharashtra Sales Tax Tribunal.

## 31 Details of dues to micro and small, medium enterprises as defined under the MSMED Act, 2006

Under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, which came into force from October 2, 2006 and on the basis of the information and records available with the Company, the following disclosures are made for the amounts due to the Micro and Small enterprises:

| Particulars | | 31 March 2020 | 31 March 2019 |
|---|---|---|---|
| The amounts remaining unpaid to micro and small suppliers as at the end of the year | | | |
| | Principal | **606** | **508** |
| | Interest | | |
| | | | |
| Amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | | **-** | **-** |
| | | | |
| Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006 | | - | - |
| | | | |
| Amount of interest accrued and remaining unpaid at the end of the accounting year | | - | - |
| | | | |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006 | | - | - |

## 32 Employee Stock Option Plan

The shareholders of the Company had approved NSDL Employees Stock Option Plan, 2017 on December 4, 2017. As per ESOP 396, 192 Nos Stock Options granted on December 4, 2017 to Managing Director and other specified categories of employees of the Company. The options are to be granted at exercise price per option of ₹ 310/- ., upon vesting, shall entitle the holder to acquire 1 equity share of ` 10 as face value, with an exercise period of 3 years from the date of vesting.

| **Grant date** | **Exercise Price** | **Options granted** | **Options vested and Exercisable** | **Options unvested** | **Options exercised** | **Options cancelled** | **Rounding off difference** | **Options outstanding** |
|---|---|---|---|---|---|---|---|---|
| December 4, 2017 | 310.00 | 396,192 | 209,392 | 171,102 | 7,981 | 7,717 | 2 | 380,492 |
| Total | | 396,192 | 209,392 | 171,102 | 7,981 | 7,717 | 2 | 380,492 |

Movement of stock options during the year

| **Particulars** | **For the year ended 31 March 2020** | | | | For the year ended 31 March 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | **No. of options** | **Range of exercise prices Rs.** | **Weighted average exercise price Rs.** | **Weighted average remaining contractual life (Years)** | No. of options | Range of exercise prices Rs. | Weighted average exercise price Rs. | Weighted average remaining contractual life (Years) |
| Outstanding at the beginning of the year | 385,857 | 310 | - | 4.03 | 396,192 | 310.00 | - | 6.03 |
| Granted during the year | - | - | - | - | - | - | - | - |
| Adjusted for corporate action of bonus and split | - | - | - | - | - | - | - | - |
| Forfeited during the year | 2,682 | 310 | 310 | - | 5,035.00 | 310.00 | - | 0 |
| Expired during the year | | | - | | - | - | - | - |
| Exercised during the year | 2,681 | 310 | 310 | - | 5,300.00 | 310.00 | - | 0 |
| Rounding off difference | 2 | | - | | | | | |
| Outstanding at the end of the year | 380,492 | 310 | 310.00 | 3.03 | 385,857 | 310.00 | - | 4.03 |
| Exercisable at the end of the year | 209,392 | 310 | 2.19 | | - | - | - | - |

Significant assumptions used to estimate the fair value of options:

| Variables | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| 1. Risk Free Interest Rate | No Options Granted during the year 2019-20 | 6.77% |
| 2. Expected Life | | 3.83 |
| 3. Expected Volatility | | 60.18% |
| 4. Dividend Yield | | 2.10% |
| 5. Price of the underlying share in market at the time of the option grant (Rs.) | | 310.00 |

**33** As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

a) Gross amount spent by the Company on Corporate Social Responsibility activities during the financial year 2019-20 is ₹181 lakhs (Previous year : ₹ 322 lakhs)

b) Amount spent during the year :

| Particulars | Amount paid | Paid in subsequent period | Yet to be paid | Total |
|---|---|---|---|---|
| Construction / acquisition of any asset | - | - | | - |
| On above purpose | 181 | 190 | 98.03 | 469 |

## 34 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its funds in a manner that it achieve maximum returns (net of taxes) with minimum risk to the capital and consider the liquidity concerns for its working capital requirements.

To meet the above objectives, the Company invests it funds in bank fixed deposits receipts (FDRs) and the tax free bonds, mutual funds as per the Company's investment policy.

Since the Company has no loan and borrowings, the disclosure requirement related to capital management defined in clause 135 (a) (ii), and (b) to (e) to the Ind AS 1 "Presentation of Financial Statements" are not applicable to the Company.

**35** For the year ended March 31, 2019, 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.

36 The beginning of 2020 has witnessed the global spread of COVID-19, i.e. coronavirus. It is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business. Global threat is continuing to grow, and at a rapidly accelerating rate.

Considering the unprecedented and ever evolving situation, the Company has done detailed assessment of its assets comprising of tangible and intangible assets, investments, receivables (including unbilled) and other current assets considering both internal and external information available till date. On the basis current assessment and estimates, the company does not see risk of recoverability of its current and non-current assets and accordingly no material adjustment is required in its financial statements. Given the uncertainties associated with nature, condition and duration of COVID -19, the impact assessment on the company's financial statements will be continuously made and provided for as required. Considering the fact that the global situation is evolving day by day with new facts and numbers, the management is continuously monitoring the material changes."

As per our report of even date attached
**For B S R & Associates LLP**
***Chartered Accountants***
Firm's Registration No: 116231W/W-100024

Sd/-
**Shabbir Readymadewala**
***Partner***
Membership No. 100060

Place : **Mumbai**
Date : 22 June 2020

For and on behalf of the Board of Directors of
**NSDL e-Governance Infrastructure Limited**
(CIN: U72900MH1995PLC095642)

Sd/-
**Shailesh Haribhakti**
***Chairman***
DIN-00007347

Sd/-
**Gagan Rai**
***Managing Director and CEO***
DIN-00059632

Sd/-
**Jayesh Sule**
***Whole Time Director***
DIN-07432517

Sd/-
**Tejas Desai**
***Chief Financial Officer***

Sd/-
**Maulesh Kantharia**
***Company Secretary***

# Form AOC-I

**ANNEXURE**

(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/ associate companies/ joint ventures**

**Part "A" : Subsidiaries**

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

1. Sl. No. : 1217834-M
2. Name of the subsidiary : NSDL e-Governance (Malaysia) Sdn. Bhd.
3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period * : 31 March 2020
4. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. * : As on 1st April 2019 : MYR @ INR100 to MYR 16.91; as on 31st March 2020 : MYR @ INR100 to MYR 17.45 and Average Rate : MYR @ INR100 to MYR 17.18
5. Share capital* : MYR1,000/Rs.17,450
6. Reserves & surplus* : MYR -2,17,288/Rs. -37,67,409
7. Total assets* : MYR 31,382/Rs.5,47,613
8. Total Liabilities* : MYR 251,619/Rs. 43,90,744
9. Investments* : NIL
10. Turnover* : NIL
11. Profit before taxation* : MYR-95,286/Rs. -16,37,020
12. Provision for taxation* : NIL
13. Profit after taxation* : MYR-95,286/Rs. -16,37,020
14. Proposed Dividend* : NIL
15. % of shareholding* : 51%

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

1. Names of subsidiaries which are yet to commence operations
2. NSDL e-Governance (Malaysia) Sdn. Bhd.Names of subsidiaries which have been liquidated or sold during the year.

**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/Joint Ventures | |
|---|---|
| 1. Latest audited Balance Sheet Date | N.A. |
| | |
| 2. Shares of Associate/Joint Ventures held by the company on the year end | |
| No. | N.A. |
| Amount of Investment in Associates/Joint Venture | N.A. |
| Extend of Holding % | N.A. |
| 3. Description of how there is significant influence | N.A. |
| | |
| 4. Reason why the associate/joint venture is not consolidated | N.A. |
| 6. Networth attributable to Shareholding as per latest audited Balance Sheet | N.A. |
| 7. Profit / Loss for the year | |
| i. Considered in Consolidation | N.A. |
| ii. Not Considered in Consolidation | |

1. Names of associates or joint ventures which are yet to commence operations : NSDL e-Governance (Malaysia) Sdn. Bhd.
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.

Sd/-
**Shailesh Haribhakti**
***Chairman***
DIN-00007347

Sd/-
**Gagan Rai**
***Managing Director and CEO***
DIN-00059632

Sd/-
**Jayesh Sule**
***Whole Time Director***
DIN-07432517

Place : **Mumbai**
Date : 22 June 2020

Sd/-
**Tejas Desai**
***Chief Financial Officer***

Sd/-
**Maulesh Kantharia**
***Company Secretary***

# Form 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 arms 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

(b) Nature of contracts/arrangements/transactions

(c) Duration of the contracts / arrangements/transactions

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

(e) Justification for entering into such contracts or arrangements or transactions

(f) date(s) of approval by the Board

(g) Amount paid as advances, if any:

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

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 :

Name: NSDL e-Governance (Malaysia) SDN. BHD.

Relationship: Subsidiary(51% Holding)

(b) Nature of contracts/arrangements/transactions

(c) Duration of the contracts / arrangements/transactions

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

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

(f) Amount paid as advances till 31st March 2020, if any: Rs. 42,20,100/- (Pertaining to advance remitted in FY'18)

Form shall be signed by the persons who have signed the Board's report.

Sd/-
**Shailesh Haribhakti**
***Chairman***
DIN-00007347

Sd/-
**Gagan Rai**
***Managing Director and CEO***
DIN-00059632

Sd/-
**Jayesh Sule**
***Whole Time Director***
DIN-07432517

Place : **Mumbai**
Date : 22 June 2020

Sd/-
**Tejas Desai**
***Chief Financial Officer***

Sd/-
**Maulesh Kantharia**
***Company Secretary***

## NOTES

# NOTES

NSDL
Technology, Trust & Reach

25[TH]
Annual Report
2019-20

NSDL e-GOVERNANCE INFRASTRUCTURE LIMITED


## REGISTERED OFFICE


1st Floor, Times Tower, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.
Tel: +91 22 4090 4242 Fax: +91 22 2491 5217 e-mail: cs@nsdl.co.in website: www.egov-nsdl.co.in
CIN: U72900MH1995PLC095642