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Independent Auditor's Report

To the Members of NSE Indices Limited

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of **NSE Indices Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of cash flows for the year then ended, and notes to financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis of 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 Standards are further described in the Auditor's Responsibilities for the Audit of the 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 financial statements under the provisions of the Companies Act, 2013 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.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of 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 read with the rules made thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for



our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 financial statements, including the disclosures, and whether the 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 matters 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 (Auditor's Report) Order, 2016 ('the Order') issued by the Government of India – Ministry of Corporate Affairs, in terms of sub-section (11) of section 143 of the Act, we enclose in the annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.



- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of the pending litigations its financial position in its financial statements – refer note 29 to the financial statements;
 - (ii) The Company does not have any long-term contracts for which there were any material foreseeable losses. The Company does not have any derivative contracts.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For K. S. Aiyar & Co.
Chartered Accountants
ICAI Firm Registration No. 100186W

Sachin A. Negandhi
Sachin A. Negandhi

Partner

Membership No: 112888

Place: Mumbai

Date: April 25, 2019

Annexure – A to the Auditor’s Report

(Referred to in paragraph 1 under the heading ‘Report on Other Legal and Regulatory Requirements’ of our Report of even date on the financial statements for the year ended on March 31, 2019, of **NSE Indices Limited**)

In our opinion, and on the basis of such checks of the books and records as we considered appropriate and according to the information and explanations given to us during the normal course of audit, which were necessary to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) A substantial portion of the fixed assets have been physically verified by the management during the year and in our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company does not hold any immovable properties. Accordingly, the provisions of clause 3(ii)(c) of the Order are not applicable.
- (ii) The Company is a service Company and therefore does not maintain any inventory; the directions in this regard are therefore not applicable.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, provisions of clauses 3 (iii) (a), 3 (iii) (b) and 3 (iii) (c) of the Order are not applicable.
- (iv) As informed, the Company has not advanced any loans, made any investments or given any guarantees and securities. Accordingly, clause 3 (iv) of the Order is not applicable.
- (v) The Company has not accepted any deposit from the public and consequently the directives issued by the Reserve Bank of India, provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, with regard to the deposits accepted from the public are not applicable to the Company. No order has been passed by the Company Law Board, National Law Tribunal or Reserve Bank of India or any other court or any other tribunal.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 in respect of services carried out by the Company.
- (vii) (a) According to the records of the Company, provident fund, income tax, goods and services tax, duty of customs, cess and other material statutory dues applicable to it have been generally regularly deposited during the year with

Sachin

the appropriate authorities. As informed to us, the directions relating to employee's state insurance are not applicable to the Company.

According to the information and explanations given to us, there are no undisputed dues in respect of provident fund, income-tax, goods and service tax, duty of customs, cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable.

- (b) According to the records of the Company, sales tax, income-tax, duty of customs, service tax, duty of excise and value added tax which have not been deposited on account of any dispute, are as follows:

Name of Statute (Nature of dues)	Financial Year to which the amount relates	Forum where the dispute is pending	Amount (₹ in lakhs)
Income Tax Act, 1961. (Tax/ Interest)	2010-11	Commissioner of Income Tax (Appeals) XXII – Mumbai	78.91
Income Tax Act, 1961. (Tax/ Interest)	2011-12	Commissioner of Income Tax (Appeals) XXII – Mumbai	135.44
Income Tax Act, 1961. (Tax/ Interest)	2012-13	Commissioner of Income Tax (Appeals) XXII – Mumbai	153.08
Income Tax Act, 1961. (Tax/ Interest)	2013-14	Commissioner of Income Tax (Appeals) XXII – Mumbai	13.36
Income Tax Act, 1961. (Tax/ Interest)	2014-15	Deputy Commissioner of Income Tax – 14(2)(1), Mumbai	386.81

- (viii) According to the information and explanations given to us, the Company has not taken any money from any financial institution, bank, Government or debenture holder, and accordingly clause 3 (viii) of the Order is not applicable to the Company.

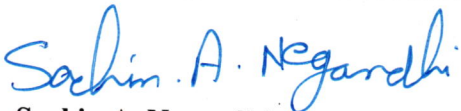
- (ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term



loans outstanding during the year. Accordingly, clause 3 (ix) of the Order is not applicable to the Company.

- (x) According to the information and explanations furnished by the management, which have been relied upon by us, there were no frauds on or by the Company noticed or reported during the course of our audit.
- (xi) In our opinion, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion all transactions with the related parties are in compliance with sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with them.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For K. S. Aiyar & Co.
Chartered Accountants
ICAI Firm Registration No: 100186W



Sachin A. Negandhi
Partner

Membership No.: 112888

Place: Mumbai

Date: April 25, 2019

Annexure - B to the Independent Auditor's Report of even date on the Financial Statements of NSE Indices Limited**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to 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 control with reference to 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 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 control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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

Place: Mumbai
Date: April 25, 2019

For K. S. Aiyar & Co.
Chartered Accountants
ICAI Firm Registration No: 100186W

Sachin A. Negandhi

Sachin A. Negandhi
Partner
Membership No.: 112888

NSE INDICES LIMITED
(FORMERLY KNOWN AS INDIA INDEX SERVICES AND PRODUCTS LIMITED)

BALANCE SHEET AS AT MARCH 31, 2019

Particulars	Notes	(Rs. In lakhs)	
		As at 31.03.2019	As at 31.03.2018
ASSETS			
Non-current assets			
Property, Plant and Equipment	2	28.17	45.52
Capital work-in-progress	2	-	40.01
Other Intangible assets	3	335.03	31.67
Intangible assets under development	3	-	410.99
Financial Assets			
- Investments	4	4,133.36	3,975.25
- Other financial assets	5		
Non-current bank balances		720.00	-
Income Tax Assets (Net)	7	30.62	21.71
Total Non-current assets		5,247.18	4,525.15
Current assets			
Financial Assets			
- Investments	9	19,484.40	18,493.96
- Trade receivables	10	1,188.31	1,305.31
- Cash and cash equivalents	11	164.92	53.00
- Bank balances other than cash and cash equivalents	12	-	167.00
- Other financial assets	6	0.28	42.68
Other current assets	8	271.56	93.91
Total Current assets		21,109.47	20,155.86
TOTAL ASSETS		26,356.65	24,681.01
EQUITY AND LIABILITIES			
EQUITY			
Equity Share capital	13 a	130.00	130.00
Other Equity	13 b	25,033.10	23,414.51
TOTAL EQUITY		25,163.10	23,544.51
LIABILITIES			
Non-current liabilities			
Provisions	17	0.62	1.17
Deferred tax liabilities (Net)	14	864.63	614.18
Total Non-current liabilities		865.25	615.35
Current liabilities			
Financial Liabilities			
- Trade payables	15		
(i) total outstanding dues of micro enterprises and small enterprises		2.61	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		136.31	225.67
Provisions	18	4.96	2.57
Income tax liabilities (net)	16	76.47	129.01
Other current liabilities	19	107.95	163.90
Total Current liabilities		328.30	521.15
TOTAL LIABILITIES		1,193.55	1,136.50
TOTAL EQUITY AND LIABILITIES		26,356.65	24,681.01

Summary of significant accounting policies 1
Notes refer to above form an integral part of the Balance sheet

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

For K. S. AIYAR & CO.
Chartered Accountants
ICAI Firm Registration No: 100186W

Sachin A. Negandhi

SACHIN A. NEGANDHI
Partner
Membership Number: 112888

Place : Mumbai
Date : 25 April 2019

For and on behalf of the Board of Directors

L. Ravi Sankar
L. RAVI SANKAR
Chairman
(DIN 00185931)

Mukesh Agarwal
MUKESH AGARWAL
Managing Director
(DIN 03054853)

Virag Shah
VIRAG SHAH
Chief Financial Officer

NSE INDICES LIMITED
(FORMERLY KNOWN AS INDIA INDEX SERVICES AND PRODUCTS LIMITED)

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

PARTICULARS	NOTES	(Rs. In lakhs)	
		For the year ended 31.03.2019	For the year ended 31.03.2018
Income			
Revenue from operations	20	8,832.08	8,913.02
Other income	21	2,193.67	1,584.44
Total Revenue		11,025.75	10,497.46
Expenses			
Employee benefit & Deputed Personnel Cost	22	546.62	501.30
Legal Expenses	24	2,019.00	-
Other expenses	23	745.39	901.32
Depreciation	2,3	110.44	22.82
Total Expenses		3,421.45	1,425.44
Profit before tax		7,604.30	9,072.02
Less : Tax expense			
Current tax	14	1,818.10	2,734.04
Deferred tax		250.19	(164.14)
Total tax expense		2,068.29	2,569.90
Profit after tax (A)		5,536.01	6,502.12
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Others- Defined Benefit Plans : Gratuity Provisions		0.89	-
Income tax relating to items that will not be reclassified to profit or loss		(0.26)	-
Total Other Comprehensive Income (B)		0.63	-
Total Comprehensive Income for the period (A+B)		5,536.64	6,502.12
Earnings per equity share :	27		
Basic (in Rs.)		425.85	500.16
Diluted (in Rs.)		425.85	500.16
Summary of significant accounting policies	1		

Notes refer to above form an integral part of the Statement of Profit & Loss

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

For K. S. AIYAR & CO.
Chartered Accountants
ICAI Firm Registration No: 100186W

Sachin A. Negandhi
SACHIN A. NEGANDHI
Partner
Membership Number: 112888

Place : Mumbai
Date : 25 April 2019

For and on behalf of the Board of Directors

L. Ravi Sankar
L. RAVI SANKAR
Chairman
(DIN 00185931)

Mukesh Agarwal
MUKESH AGARWAL
Managing Director
(DIN 03054853)

Virag Shah
VIRAG SHAH
Chief Financial Officer

NSE INDICES LIMITED
(FORMERLY KNOWN AS INDIA INDEX SERVICES AND PRODUCTS LIMITED)

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

(A) EQUITY SHARE CAPITAL

(Rs. In lakhs)

Balance as at 01.04.2018	130.00
changes in equity share capital during the year	-
Balance as at 31.03.2019	130.00

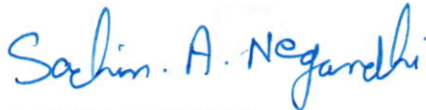
(B) OTHER EQUITY

(Rs. In lakhs)

Particulars	Reserves and Surplus			Total
	General reserve	Corporate Social Responsibility Reserve	Retained Earnings	
Balance at the April 1,2017	5,228.04	201.77	14,924.81	20,354.62
Profit for the year			6,502.12	6,502.12
Other Comprehensive Income	-	-	-	-
Transfer back from Corporate Social Responsibility reserve to Retained Earnings	-	(201.77)	201.77	-
Transaction with owners in their capacity as owners				
Dividend paid (Including dividend distribution tax)	-	-	(3,442.23)	(3,442.23)
Balance as at 31.03.2018	5,228.04	-	18,186.47	23,414.51
Balance at the April 1,2018	5,228.04	-	18,186.47	23,414.51
Profit for the year			5,536.01	5,536.01
Other Comprehensive Income	-	-	0.63	0.63
Transaction with owners in their capacity as owners				
Dividend paid (Including dividend distribution tax)	-	-	(3,918.05)	(3,918.05)
Balance as at 31.03.2019	5,228.04	-	19,805.06	25,033.10

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


For K. S. AIYAR & CO.
Chartered Accountants
ICAI Firm Registration No: 100186W



SACHIN A. NEGANDHI
Partner
Membership Number: 112888

Place : Mumbai
Date : 25 April 2019

For and on behalf of the Board of Directors



L. RAVI SANKAR
Chairman
(DIN 00185931)



VIRAG SHAH
Chief Financial Officer



MUKESH AGARWAL
Managing Director
(DIN 03054853)