

Price Waterhouse & Co Chartered Accountants LLP

The Board of Directors
National Stock Exchange of India Limited
Exchange Plaza, Plot No C-1
Bandra Kurla Complex, Bandra (East)
Mumbai -400 051.

Independent Auditor's Report on the Statement of Consolidated Financial Results

1. We have audited the accompanying Statement containing the annual audited consolidated financial results of National Stock Exchange of India Limited ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and associate companies; (refer Note 39 to the consolidated financial statements) for the year ended March 31, 2019 together with the notes thereon (hereinafter referred to as the "Statement"), which we have initialed under reference to this report.

Management's Responsibility for the Consolidated Financial Results

2. Management of the Holding Company is responsible for the preparation of the accompanying Statement. The Management is also responsible for the preparation of the annual statutory consolidated financial statements in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 (the "accounting principles generally accepted in India"), basis which the above Statement containing the annual audited consolidated financial results has been prepared. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 ("the Act") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Statement.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

6. In our opinion and to the best of our information and according to the explanations given to us:
- (i) the Statement, together with the notes thereon are presented in the format prescribed under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
 - (ii) the annual audited consolidated financial results for the year ended March 31, 2019 as set out in the Statement gives a true and fair view of the total consolidated comprehensive income (comprising of consolidated profit and other comprehensive income), and other financial information of the Group and its associate companies for the year ended March 31, 2019 in accordance with the accounting principles generally accepted in India.

Emphasis of Matter

7. We draw your attention to Note 5 to the Statement, relating to the contingent liability, that describes the Orders issued by the Securities and Exchange Board of India (SEBI) on April 30, 2019 wherein disgorgement/ demand aggregating Rs.687.47 crores (excluding interest thereon at 12% p.a. from April 1, 2014 till the actual date of payment in respect of one Order and from September 11, 2015 till the actual date of payment in respect of the second Order) has been raised against the Holding Company pursuant to an investigation conducted in relation to preferential access to tick by tick data at the Holding Company's Colocation facility, Dark Fibre point to point connectivity and Governance and related matters. SEBI has further directed the Holding Company to undertake certain remedial measures, actions and imposed restrictions. The Holding Company has also received Adjudication notices covering identical matters, facts, circumstances and grounds as stated in each of the above Orders, which are currently pending for hearing before SEBI. The Holding Company is in the process of filing appeal to contest the aforesaid Orders with the Hon'ble Securities Appellate Tribunal, the future outcome of which is uncertain at this stage. Based on the legal opinion obtained by the Holding Company, no provision for any liability has been made towards the aforesaid demand from the Orders, including any monetary penalty from the pending Adjudication proceedings in these financial statements. Our opinion is not modified in respect of this matter.

Other Matters

8. We did not audit the financial statements of twelve subsidiaries, whose financial statements reflect total assets of Rs.12,819 crores and net assets of Rs. 2,453 crores as at March 31, 2019, total revenue of Rs. 1,296 crores, total comprehensive income (comprising of profit and other comprehensive income) of Rs. 536 crores and net cash inflows amounting to Rs. 549 crores for the year ended on that date, as considered in the consolidated financial statements of the Group. The consolidated financial statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive loss) of Rs. 31 crores for the year ended March 31, 2019 as considered in the consolidated financial statements, in respect of one associate company whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and associate company and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.



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9. The consolidated financial statements include the Group's share of total comprehensive income (comprising of profit and other comprehensive loss) of Rs. 76 crores for the year ended March 31, 2019 as considered in the consolidated financial statements, in respect of five associate companies whose financial information have not been audited. These financial information are unaudited and have been furnished to us by the Management. Our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these associate companies and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid associate companies, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group. Further, with respect to the one associate company referred to in paragraph 8 above, the auditor's report did not include the reporting under Section 143(3) of the Act.

Our opinion is not modified in respect of paragraphs 8 and 9 above.

10. The Statement dealt with by this report has been prepared for the express purpose of complying with Regulation 33 of Securities Contracts (Regulation) (Stock Exchange and Clearing Corporations) Regulations, 2018 (the "SECC Regulations") read with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations, 2015"). This Statement is based on and should be read with the audited consolidated financial statements of the Group and its associate companies, for the year ended March 31, 2019 on which we issued an unmodified audit opinion vide our report dated May 16, 2019.

Restriction on Use

11. This report is addressed to the Board of Directors of the Holding Company and has been prepared for and only for the purposes set out in paragraph 10 above. This report should not be otherwise used by any other party for any other purpose.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/ E - 300009



Sumit Seth
Partner
Membership Number 105869

Place: Mumbai
Date: May 16, 2019

STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2019

(Rs. in crores unless otherwise stated)

Sr. No. Particulars	Year ended	
	31.03.2019 Audited	31.03.2018 Audited
1 Income		
(a) Revenue from operations	3,027.79	2,609.14
(b) Other Income	486.78	423.42
Total Income	3,514.57	3,032.56
2 Expenses		
(a) Employee benefits expense	306.39	263.28
(b) Depreciation and amortisation expense	142.02	125.59
(c) Other expenses	766.72	568.99
Total expenses	1,215.13	957.86
3 Profit before, share of net profits of investments accounted by using equity method, profit on sale of investments in associates and tax (1-2)	2,299.44	2,074.70
4 Share of net profit of associates accounted by using equity method	107.03	122.34
5 Profit before profit on sale of investment in associate and tax (3+4)	2,406.47	2,197.04
6 Profit on sale of investment in associate	169.74	-
7 Profit before tax (5+6)	2,576.21	2,197.04
8 Less: Income Tax expense		
(a) Current tax	857.84	681.05
(b) Deferred tax	10.33	54.52
Total Tax expenses	868.17	735.57
9 Profit for the year (7-8)	1,708.04	1,461.47
10 Other Comprehensive Income		
(a) <i>Items that will be reclassified to profit or loss (net of tax)</i>		
Changes in fair value of FVOCI debt instruments	2.87	(14.82)
(b) <i>Items that will not be reclassified to profit or loss (net of tax)</i>		
Remeasurements of post-employment benefit obligations	(2.91)	(0.91)
Changes in fair value of FVOCI equity instruments	(1.09)	6.67
Changes in foreign currency translation reserve	6.20	0.29
Total other comprehensive income for the year, net of taxes	5.07	(8.77)
11 Total comprehensive income for the year (9+10)	1,713.11	1,452.70
12 Paid-up equity share capital (Face value Re. 1 per share)	49.50	49.50
13 Reserves (excluding Revaluation Reserve)	7,737.39	7,300.06
14 Earnings per equity share (EPS) (FV Re. 1 each) - Basic and Diluted (Rs.)	34.51	29.52

Statement of Asset and Liabilities		
(Rs. in crores unless otherwise stated)		
Particulars	As at 31.03.2019 Audited	As at 31.03.2018 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	549.50	535.35
Capital work-in-progress	6.60	31.72
Goodwill	123.18	67.35
Other intangible assets	89.65	50.30
Intangible assets under development	92.75	33.69
Investment in associates accounted for using the equity method	787.47	744.93
Financial assets		
- Investments	3,122.99	3,403.25
- Other financial assets		
Non-current bank balances	1,206.31	1,014.62
Others	175.66	60.82
Income tax assets (net)	423.96	275.59
Deferred tax assets (net)	8.88	5.49
Other non-current assets	17.40	14.64
Total non-current assets	6,604.35	6,237.75
Current assets		
Inventories	-	0.01
Financial assets		
- Investments	3,001.58	2,873.89
- Trade receivables	452.51	397.68
- Cash and cash equivalents*	6,592.61	6,244.14
- Bank balances other than cash and cash equivalents*	2,948.07	2,100.94
* Includes Rs.6,076.65 crores (Previous Year : Rs.5,547.04 crores) pertaining to Settlement obligation and margin money from members		
- Other financial assets	239.66	202.74
Other current assets	139.60	86.85
	13,374.03	11,906.25
Assets classified as held for sale	-	82.07
Total current assets	13,374.03	11,988.32
TOTAL ASSETS	19,978.38	18,226.07
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	49.50	49.50
Other equity	7,737.39	7,300.06
Equity attributable to owners of National Stock Exchange of India Limited	7,786.89	7,349.56
Non Controlling Interest	1.37	-
TOTAL EQUITY	7,788.26	7,349.56
CORE SETTLEMENT GUARANTEE FUND		
- Core Settlement Guarantee Fund paid	2,794.93	2,421.22
- Core Settlement Guarantee Fund payable	12.65	12.41
- Settlement Guarantee Fund paid - Commodity Derivatives	250.00	-
	3,057.58	2,433.63
INVESTOR PROTECTION FUND	0.10	0.10
LIABILITIES		
Non-current liabilities		
Other financial liabilities	9.66	9.64
Provisions	19.79	20.87
Deferred tax liabilities (net)	154.71	156.89
Other non-current liabilities	5.39	5.39
Total non-current liabilities	189.55	192.79
Current liabilities		
Financial liabilities		
Deposits	1,891.38	1,915.91
Trade payables		
Total Outstanding dues of micro enterprises and small enterprises	0.14	1.21
Total Outstanding dues of creditors other than micro enterprises and small enterprises	127.99	128.25
Other financial liabilities*		
* Includes Rs.6,076.65 crores (Previous Year : Rs.5,547.04 crores) pertaining to Settlement obligation and margin money from members	6,267.84	5,697.69
	8,287.35	7,743.06
Contract Liabilities	13.02	-
Provisions	76.48	61.00
Income tax liabilities (net)	124.76	97.87
Other current liabilities	441.28	348.06
Total current liabilities	8,942.89	8,249.99
TOTAL LIABILITIES	9,132.44	8,442.78
TOTAL EQUITY AND LIABILITIES	19,978.38	18,226.07

Segment Information

(a) Description of segments and principal activities

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO of the Company. The Group has identified the following segments i.e. Trading Services, Clearing Services, Data Feed, Index licensing and strategic investment as reporting segments based on the information reviewed by CODM.

1: **Trading services** : This part of the business offers services related to trading in equity, equity derivatives, debt, currency derivatives and commodity derivatives segments. Revenue includes transaction charges, listing and book building fees, revenue from data centre charges etc.

2: **Clearing services** : This part of the business offers clearing and settlement of the trades executed in the capital markets, future and options, currency derivative and commodity derivative segments.

3: **Data feed services** : This part of business offers services related to dissemination of price, volume, order book and trade data relating to securities and various indices to the stock and commodity brokers.

4: **Index licensing fees** : This part of the business is primary provider of indices and related products and services to various participants in capital market in India.

5: **Strategic investments** : This part of business is related to making or holding all strategic investments in the equity shares and / or other securities of various group companies.

6: Other segments includes End to End Solution, E-learning Solutions, Web Trading, IT services, IT Process Support charges, Software application development, and IT security services. The results of these operations are included in the "all other segments". This column includes head office and group services.

The above business segments have been identified considering :

- a) the nature of products and services
- b) the differing risks
- c) the internal organisation and management structure, and
- d) the internal financial reporting systems.

The segment information presented is in accordance with the accounting policies adopted for preparing the consolidated financial statements of the Group. Segment revenues, expenses and results include inter-segment transfers. Such transfers are undertaken either at competitive market prices charged to unaffiliated customers for similar goods or at contracted rates. These transfers are eliminated on consolidation.

(b) Segment Revenue :

Transactions between segments are carried out at arms length and are eliminated on consolidation. Segment revenue is measured in the same way as in the statement of profit or loss. Revenue and expenses which relate to the enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as Unallocable. The CODM primarily uses a measure of profit before tax to assess the performance of the operating segments.

Segments	31.03.2019				31.03.2018			
	Segment Revenue	Inter-segment revenue and elimination	Revenue from operations	Segment Results	Segment Revenue	Inter-segment revenue and elimination	Revenue from operations	Segment Results
Trading Services	2,450.45	41.31	2,409.14	1,674.96	2,132.72	35.96	2,096.76	1,504.88
Clearing Services	318.86	139.67	179.19	103.15	312.68	120.65	192.03	121.35
Data feed Services	91.34	0.48	90.86	86.97	76.67	0.44	76.23	73.38
Index Licensing Services	88.32	15.42	72.90	43.34	89.13	11.66	77.47	69.62
Strategic Investments	313.36	282.99	30.37	28.49	115.55	97.33	18.22	11.35
Other Segments	372.81	127.48	245.33	(122.89)	361.18	212.74	148.44	(128.12)
Total	3,635.14	607.35	3,027.79	1,814.02	3,087.93	478.78	2,609.14	1,652.46
Add: Unallocable income (Net of expense)				338.30				237.76
Add: Interest income				147.12				184.48
Profit before, share of net profits of investments accounted by using equity method, profit on sale of investments in associates and tax				2,299.44				2,074.70
Add: Share of net profit of associates accounted by using equity method				107.03				122.34
Profit before profit on sale of investment in associate and tax				2,406.47				2,197.04
Add: Profit on sale of investment in associate				169.74				-
Profit before Tax				2,576.21				2,197.04
Less: Tax Expense:								
Current Tax				(857.84)				(681.05)
Deferred Tax				(10.33)				(54.52)
Total Tax Expenses				(868.17)				(735.57)
Net profit after tax				1,708.04				1,461.47

The previous year figures have been reclassified to conform with current year disclosure classifications.

(c) Revenue From External Customers based on geographies

The company is domiciled in India. The amount of Group revenue from external customers broken down by location of customers.

	31.03.2019	31.03.2018
India	2,898.19	2,489.94
Outside India	129.60	119.20
Total Revenue	3,027.79	2,609.14

(d) Segment Assets :

Segment assets are measured in the same way as in the Balance Sheet. These assets are allocated based on the operations of the segment.

Segments	31.03.2019	31.03.2018
Trading Services	2,365.34	2,278.87
Clearing Services*	10,045.48	8,810.87
Data feed Services	9.04	6.36
Index Licensing Services	17.89	19.28
Strategic Investments	805.09	975.11
Other Segments	289.65	177.80
Total Segment Assets	13,532.49	12,268.29
Unallocable Assets	6,445.89	5,957.78
Total Assets	19,978.38	18,226.07

There are no non current assets situated outside India.

Investments held by the Group are not considered to be segment assets but are managed by the central treasury function. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as unallocable. Interest income are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

* Segment Assets include amount pertaining to Core SGF maintained by NSE Clearing Limited, NSE IFSC Clearing Corporation Limited (NSE IFSC CC) as follows:

Particulars	31.03.2019	31.03.2018
Contribution to Core SGF	2,786.92	2,414.32
Contribution to SGF- Commodity Derivatives	250.00	-
Contribution to Core SGF-NSE IFSC CC	8.01	6.90

(e) Segment Liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

Segments	31.03.2019	31.03.2018
Trading Services	1,785.29	1,756.22
Clearing Services	9,954.37	8,812.80
Data feed Services	10.54	11.81
Index Licensing Services	1.78	3.89
Strategic Investments	0.15	1.39
Other Segments	128.78	106.22
Total Segment Liabilities	11,880.91	10,692.33
Unallocable Liabilities	309.11	184.08
Settlement Guarantee Fund	(3,057.58)	(2,433.63)
Total Liabilities	9,132.44	8,442.78

Notes :

- 1 The above consolidated financial results for the year ended March 31, 2019 have been reviewed by the Audit Committee and approved by the Board of Directors in its meeting held on May 16, 2019. The financial results for the year ended March 31, 2019 were subjected to an audit by the Statutory Auditors.
- 2 The Company has paid Final Dividend of Rs. 462.47 crores (including Dividend distribution tax) as approved by the Shareholders in the Annual General Meeting held on August 3, 2018. The Company has also paid an Interim Dividend of Rs. 552.00 crores (including Dividend distribution tax) as approved by the Board of Directors at its meeting held on October 31, 2018.
- 3 The Board of Directors have recommended a dividend of 800% (Rs.8 per equity shares of Rs. 1/- each).
- 4 In case of NSE Clearing Limited (NCL), Securities and Exchange Board of India, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, interlia, has issued norms related to the computation and Minimum Required Contribution (MRC) to the Core Settlement Guarantee Fund by the Clearing Corporation (minimum 50%), Stock Exchange (minimum 25%) and members (maximum 25%). Further SEBI vide circular CIR/CFD/FAC/62/2016 dated May 05, 2016 advised Stock Exchange to transfer 25% of its annual profits to Core SGF. Accordingly total Core SGF as on March 31, 2019 is Rs.2,786.92 crores comprising of: a) Rs.734.46 crores contributed by NCL by appropriating reserves / profits b) Rs.376.15 crores received from NSE towards Core SGF. c) Member's contribution to Core SGF amounting to Rs. 361.93 crores is utilised out of the amount received from NSE towards 25% of its annual profits upto August 2015 d) The balance amount of 25% of Exchange profits amounting to Rs. 327.51 crores is credited to Core SGF e) Rs.60.04 crores ,Rs.28.35 ,crores and Rs.26.07, crores adjusted towards incremental requirement of Minimum Required Corpus (MRC) from the interest accrual on the cash contribution by NCL, NSE and NSE's Contribution on behalf of members respectively. In addition to the above, Fines & penalties collected by NCL amounting to Rs.485.71 crores and an amount of Rs 386.70 crores being Income from investments of Core SGF funds have been credited to Core SGF.
NCL's own contribution to Core SGF for the year ended March 31, 2019 amounting to Rs. 17.46 crores, have been appropriated out of profits.

Further, SEBI vide circular no. SEBI/HO/MRD/DSA/ CIR / P/2016/125 dated November 28, 2016 has issued norms for set up of a fund and minimum corpus of such fund to guarantee the settlement of trades executed in the stock exchanges in International Financial Service Centre (IFSC). Accordingly, NSE's subsidiary- NSE IFSC Clearing Corporation Limited has contributed Rs.8 crs (March 18 : Rs.7 crs) towards its Core SGF.

- 5 Securities and Exchange Board of India (SEBI) had directed NSE to carry out an investigation including forensic examination by independent external agencies in respect of certain aspects of NSE's Colocation facility. NSE got the investigation carried out and submitted the reports to SEBI. Further, SEBI had directed that pending completion of the investigations, all revenues emanating from the colocation facility with effect from September 2016 be transferred to a separate bank account. Accordingly, as of March 31, 2019, an amount of Rs.2,258.71 crores (March 31, 2018 Rs.1,197.26 crores) was transferred to a separate bank account and have been invested. These investments along with accruals have been shown under restricted /earmarked investments and bank balances.
Three show cause notices were issued by SEBI to the Company and to some of its employees, including former employees, in respect of the preferential access to tick by tick data in Colocation facility, Dark Fibre point to point connectivity and Governance and related matters which were responded to. Further, NSE had also filed a Consent Application with SEBI on August 31, 2018 in respect of the said show cause notices.
SEBI vide its letter dated April 30, 2019 has returned the Consent Application filed by NSE and has passed orders in respect of all the three show cause notices. In the first order, it has passed a direction on NSE inter alia to disgorge an amount of Rs.624.89 crores along with interest at the rate of 12% per annum from April 01, 2014 till the actual date of payment and certain non-monetary and restrictive directions prohibiting the Company from raising funds from the market, through issuance of equity, debt or other securities for a period of six months from the date of the order; in the second order it passed a direction to deposit a sum of Rs. 62.58 crores along with interest at the rate of 12% p.a. from September 11, 2015 till the actual date of payment along with other non-monetary and restrictive directions and in the third order it has passed certain non-monetary and remedial directions on NSE.
Additionally, NSE has also received Adjudication notices covering the above three orders which are currently pending for hearing before SEBI.
The Company has received the orders passed by SEBI and has sought legal advise thereon. Having regard thereto, the Company believes that it has strong grounds to contest the above orders including monetary liability (including from adjudication proceedings) raised by SEBI. The company intends to file appeals before the Hon'ble Securities Appellate Tribunal (SAT) against the orders passed by SEBI. Accordingly, no provision for any liability in this regard is considered necessary in the financial statements for the year ended March 31, 2019.
- 6 Previous year figures have been regrouped / reclassified / restated wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 16, 2019



Vikram Limaye
Managing Director & CEO

May prosperity always bloom