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Independent Auditor's Review Report on quarterly and year to date standalone unaudited financial results pursuant to the Regulation 33(1) of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 read with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**Review Report to
The Board of Directors
NSE Clearing Limited**

1. Introduction

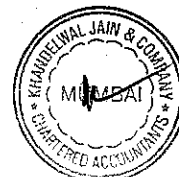
We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **NSE Clearing Limited** (the "Company") for the quarter and half year ended September 30, 2022 together with the related notes thereon (the "Statement"). The Statement has been prepared by the Company pursuant to Regulation 33 of Securities Contracts (Regulation) (Stock Exchange and Clearing Corporations) Regulations, 2018 (the "SECC Regulations"), as amended from time to time, read with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations, 2015"), as amended from time to time and SEBI Circulars.

This Statement, which is the responsibility of the Company's management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies, and other accounting principles generally accepted in India read with the Circular. Our responsibility is to express a conclusion on the Statement based on our review.

2. Scope of review

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.



3. Conclusion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SECC Regulation read with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and relevant circulars issued thereunder including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **Khandelwal Jain & Co.**

Chartered Accountants

Firm Registration No. 105049W



Narendra Jain

Narendra Jain

Partner

Membership No. 048725

UDIN: 22048725BBVWVJ8515

Place: Mumbai

Date: November 02, 2022

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2022

(Rs. in crores)

Sr. No.	PARTICULARS	Quarter ended	Quarter ended	Quarter ended	Half year ended	Half year ended	Year ended
		September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income						
	Revenue from operations						
	a) Income from Operations	156.62	139.76	97.58	296.39	190.26	454.77
	b) Other Operating Revenues	76.72	56.36	49.23	133.08	103.22	221.98
	Other income	22.28	17.42	13.57	39.70	25.38	52.24
	Total Income	255.62	213.54	160.38	469.17	318.86	728.99
2	Expenditure						
	(a) Employee benefits expenses	9.54	10.61	8.60	20.15	18.69	41.33
	(b) Depreciation and amortisation expenses	9.35	8.91	5.10	18.26	9.39	23.42
	(c) Space & Infrastructure Usage Charges	6.40	6.50	5.99	12.90	11.93	25.93
	(d) Technology related Expenses	27.12	17.93	22.55	45.05	39.71	69.20
	(e) Other expenses	17.20	17.16	12.99	34.35	22.58	57.63
	Total Expenses	69.61	61.11	55.23	130.71	102.30	217.51
3	Profit before exceptional item (1-2)	186.01	152.43	105.15	338.46	216.56	511.48
4	Add/(Less) : Exceptional Item (refer note 4)	-	-	-	-	68.23	68.23
	Reversal of Provision/(Provision) for Impairment of Intangible assets under development	-	-	-	-	15.63	15.63
	Settlement compensation	-	-	-	-	-	-
5	Profit before Tax (3-4)	186.01	152.43	105.15	338.46	300.42	595.34
6	Less : Tax expenses						
	Current tax	47.09	38.17	26.97	85.26	58.53	131.67
	Tax for earlier year	-	-	-	-	-	0.01
	Deferred tax	1.60	0.44	1.56	2.04	2.53	3.11
	Total tax expenses	48.69	38.61	28.53	87.30	61.06	134.79
7	Profit for the period (5-6)	137.32	113.82	76.62	251.16	239.36	460.55
8	Other comprehensive Income (Net)						
	<i>Items that will not be reclassified to profit or loss</i>						
	Remeasurements of post-employment benefit obligations	(0.05)	(0.28)	0.24	(0.33)	(0.37)	0.16
	<i>Income tax relating to items that will not be reclassified to profit or loss</i>						
	Tax Remeasurements of post-employment benefit obligations	0.01	0.07	(0.06)	0.08	0.09	(0.04)
	Total Other Comprehensive Income for the period	(0.04)	(0.21)	0.18	(0.25)	(0.28)	0.12
9	Total comprehensive Income for the period (7+8)	137.28	113.61	76.80	250.91	239.08	460.67
10	Paid-up equity share capital (Face value Rs. 10 per share)	45.00	45.00	45.00	45.00	45.00	45.00
11	Reserves (excluding Revaluation Reserve)						1074.83
12	Earnings per Share (EPS) (before contribution to Core SGF)						
	(a) Basic (Rs.)	30.52*	25.29*	17.03*	55.81*	53.19*	102.34
	(b) Diluted (Rs.)	30.52*	25.29*	17.03*	55.81*	53.19*	102.34
	* Not annualised						



(Rs. in crores)

STATEMENT OF STANDALONE ASSETS AND LIABILITIES			
Sr. No.	Particulars	As at 30.09.2022	As at 31.03.2022
		Unaudited	Audited
I	ASSETS		
1	Non-current assets		
a	Property, Plant and Equipments	82.40	82.28
b	Capital work-on-progress	14.08	20.40
c	Other Intangible Assets	8.44	7.68
d	Intangible assets under development	12.06	8.12
e	Financial assets		
i	Investments	90.00	90.00
ii	Non-current bank balances	5.88	155.82
iii	Other Financial assets	2.13	0.86
f	Income tax assets (net)	84.81	77.62
g	Other Non -current assets	0.00	0.00
		299.81	442.79
2	Investments -Core SGF	4,245.78	3,971.25
3	Investment earmarked towards SGF - Commodity derivatives	250.00	250.00
4	Current assets		
a	Financial Assets		
i	Investments	437.31	376.33
ii	Trade and other receivables	66.64	40.54
iii	Cash and Cash equivalents *	16,178.41	9,320.34
iv	Bank balances other than cash and cash equivalents *	1,122.54	1,014.36
	* Includes Rs.15,061.04 crores (March 2022: Rs.8,554.49 crores) pertaining to Settlement obligations and margin money from members.		
v	Other Financial assets	103.37	69.84
b	Other current assets	18.65	22.33
		17,926.93	10,843.74
	TOTAL ASSETS	22,722.51	15,507.77
II	EQUITY AND LIABILITIES		
1	Equity		
a	Equity Share capital	45.00	45.00
b	Other Equity	1,135.34	1,074.83
		1,180.34	1,119.83
2	Core Settlement Guarantee Fund (Core SGF)	4,245.78	3,971.25
3	Settlement Guarantee Fund (SGF)- Commodity derivatives	250.00	250.00
4	Non-current liabilities		
a	Provisions	10.33	9.88
b	Deferred tax liabilities (Net)	6.94	4.98
		17.27	14.86
5	Current liabilities		
a	Financial Liabilities		
i	Deposits (Unsecured)	1,547.56	1,219.94
ii	Trade payable	28.12	20.83
iii	Other financial liabilities *	15,099.88	8,595.34
	* Includes Rs.15,061.04 crores (March 2022: Rs.8,554.49 crores) pertaining to Settlement obligations and margin money from members.		
b	Provisions	9.19	9.96
c	Income tax liabilities (net)	93.76	67.66
d	Other current liabilities	250.59	238.10
		17,029.11	10,151.83
	TOTAL EQUITY AND LIABILITIES	22,722.51	15,507.77



STANDALONE STATEMENT OF CASH FLOW FOR THE HALF YEAR ENDED SEPTEMBER 30, 2022

(Rs. in crores)

	For the half year ended 30.09.2022 (Unaudited)	For the half year ended 30.09.2021 (Unaudited)	For the year ended 31.03.2022 (Audited)
A) CASHFLOW FROM OPERATING ACTIVITIES			
NET PROFIT BEFORE TAX	338.46	300.42	595.34
Add/(Less) :- Adjustments for :			
Depreciation	18.26	9.39	23.42
Net gain on financial assets mandatorily measured at Fair Value through Profit or Loss	(8.37)	(7.27)	(15.52)
Reversal of Provision/(Provision) for Impairment of Intangible assets under development	-	(68.23)	(68.23)
Settlement compensation	-	-	(15.63)
Less : Adjustments for :			
Interest income on Bank deposit	(29.05)	(18.25)	(36.83)
Provision for doubtful debts	-	-	(6.42)
Net gain on sale of investments mandatorily measured at Fair Value through Profit or Loss	(2.28)	0.15	0.15
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	317.01	216.21	476.28
Adjustments for :			
Decrease/(Increase) in Trade Receivable	(26.11)	15.46	30.41
Increase / (Decrease) in Trade payables	7.28	4.24	4.27
Decrease/(Increase) in other financial assets	(0.14)	(1.21)	(6.16)
Decrease/(Increase) in Other Assets	3.68	1.59	(7.55)
Increase / (Decrease) in Other Financial Liabilities	6,505.35	2,194.64	256.55
Increase / (Decrease) in Provision	(0.64)	(2.13)	3.40
Increase /(Decrease) in Other Liabilities	12.49	17.35	47.50
Proceed of Deposit from Trading member / applicant	385.22	151.65	432.25
Refund of deposit from trading members / applicant	(57.58)	(59.69)	(130.56)
CASH GENERATED FROM OPERATIONS	7,146.56	2,538.11	1,106.38
Contribution to Core SGF	(13.89)	-	-
Settlement Guarantee Fund (SGF)- Commodity derivatives	-	-	-
Direct Taxes paid (Net of Refunds)	(62.84)	(73.20)	(175.55)
NET CASH FROM OPERATING ACTIVITIES - Total (A)	7,069.84	2,464.91	930.83
B) CASHFLOW FROM INVESTING ACTIVITIES			
Investment in Equity Share Capital of Subsidiary	-	-	-
Purchase of Property, Plant and Equipment's/ Capital work-in-progress	(17.58)	43.27	(95.70)
Interest received	(5.60)	38.67	47.77
(Increase)/Decrease in Fixed deposit	41.77	(143.51)	(555.29)
Settlement compensation	-	-	83.86
Purchases of Investment	(50.34)	(68.11)	(68.13)
Sale of Investment	-	-	-
NET CASH USED IN INVESTING ACTIVITIES - Total (B)	(31.75)	(129.69)	(587.49)
C) CASHFLOW FROM FINANCING ACTIVITIES			
Dividend Paid (inclusive of corporate dividend tax)	(180.00)	(45.00)	(45.00)
NET CASH FROM FINANCING ACTIVITIES - Total (C)	(180.00)	(45.00)	(45.00)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	6,858.08	2,290.22	298.34
CASH AND CASH EQUIVALENTS : OPENING BALANCE*	9,320.34	9,022.00	9,022.00
CASH AND CASH EQUIVALENTS : CLOSING BALANCE*	16,178.41	11,312.22	9,320.34
* Includes amount received from Settlement obligations and margin money from members			
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENT	6,858.08	2,290.22	298.34



Notes:

- 1 The above unaudited standalone financial results for the quarter and half year ended September 30, 2022 have been reviewed by the Audit Committee and approved by the Board of Directors in their respective meeting held on November 2, 2022.
- 2 The Company in its annual general meeting held on July 5, 2022 has approved the payment of Dividend for the financial year ended March 31, 2022 of Rs. 40/- per equity share of Rs. 10/- each which was proposed by Board of Directors on April 28, 2022 and same was paid on July 7, 2022.
- 3 a) Securities and Exchange Board of India, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, interalia, 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 September 30, 2022 is Rs. 4,245.78 crores (as on March 31, 2022: Rs.3,971.25 crores).

Details of Core SGF as on September 30, 2022 is as follows:

	CM	FO	CD	Debt	TRI Party	Commodity	Other	Total
NSE Clearing Ltd's contribution(NCL)	107.00	672.00	122.00	3.00	8.50	5.00	-	917.50
National Stock exchange of India Ltd 's (NSE)' Contribution	54.00	336.00	48.00	1.00	8.50	2.50	327.51	777.51
Contribution by NSE on behalf of Member	53.00	336.00	61.00	-	-	2.50	-	452.50
BSE Limited 's Contribution	4.62	0.05	14.56	-	-	-	-	19.23
Metropolitan Stock Exchange of India 's Contribution	0.00	-	1.13	-	-	-	-	1.13
Penalty	225.34	1,086.83	47.14	-	-	0.14	-	1,359.44
Income on Investments	70.58	616.03	14.30	0.99	4.63	1.89	9.03	717.46
Others	1.00	-	-	-	-	-	-	1.00
Total	515.54	3,046.91	308.13	4.99	21.63	12.03	336.54	4,245.78

* NCL's own contribution to Core SGF appropriated out of profits during the quarter ended Sep 2022 Rs. 13.89 crores, Jun 2022 Rs. NIL and Sep 2021 Rs. NIL, for the half year ended Sep 22 Rs. 13.89 crores (For year ended March 2022 Rs. NIL)

- a) The Company had received approval from SEBI to start clearing & settlement activities in Commodity Derivatives and commenced operations w.e.f. October 12, 2018. As required by SEBI an amount of Rs.250 crores has been earmarked towards a separate fund to augment Settlement Guarantee Fund for Commodity Derivatives by way of appropriation from General Reserves. Further, the company has also earmarked investments amounting to Rs. 250 crores towards the same.
- 4 During the year ended March 31, 2022 contract pertaining to clearing and settlement system was terminated and an amount of Rs.83.86 crores was received towards the same. Accordingly, provision for impairment of intangible asset under development pertaining to the said contract made in year ended March 2021 amounting to Rs.68.23 crores has been reversed and the balance amount of Rs.15.63 crores is treated as settlement compensation. The same have been considered as exceptional items.
 - 5 Total bank guarantee provided by NCL in favour of ICCL towards Inter CCP collateral under interoperability framework as prescribed by SEBI as on September 30, 2022 Rs.3,750 crores (September 30, 2021 Rs.1000 crores, March 31, 2022 R.3,000 crores, June 2022 Rs.4,000 crores).
 - 6 On February 24, 2021 the Storage Area Network (SAN) system of the Company was impacted due to certain issues in the links with telecom service providers, resulting in the primary SAN becoming inaccessible to the host servers. This also resulted in the risk management system and clearing and settlement system of the Company and other systems such as index and surveillance systems of National Stock Exchange of India (NSE) becoming unavailable leading to a decision to halt the Trading at NSE. The Company had submitted a root cause analysis of the incident to SEBI. SEBI vide its letter dated July 2, 2021 directed the Company to pay financial disincentive of Rs.25 lakhs for not restoring its operations within the Recovery Time Objective (RTO). The Company has paid the same on July 14, 2021. Further, in this regard, SEBI has issued a show cause notice on August 11, 2021 to the Company and some of its employees alleging non-compliance with certain paragraphs of SEBI circular dated October 8, 2015, September 13, 2017, March 26, 2019 and Regulation 12(6) read with Regulation 7(4)(g) of SECC Regulation 2018. In this regard, the Company has taken necessary remedial actions and has also made necessary filing with SEBI, response for which is awaited. The Company is of the view that pending conclusion of this matter with SEBI, a reliable estimate of any obligations in respect of this matter cannot be presently made and therefore no provision/adjustment to this effect has been made in the financial results as of and for the quarter and half year ended September 30, 2022.
 - 7 During the year ended March 31, 2022, SEBI issued a show cause notice to the Company alleging non-compliance with certain paragraphs of SEBI circular dated December 17, 2018 for failure to share alerts with other exchange post interoperability. In this regard the Company has filed necessary response with SEBI. Pending conclusion of this matter with SEBI, The Company is of the view that a reliable estimate of any obligations in respect of this matter cannot be presently made and therefore no provision /adjustment to this effect has been made in the financial results as of and for the quarter and half year ended September 30, 2022.
 - 8 Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of the Company. The Company operates only in one Business Segment i.e. facilitating Clearing & Settlement in securities and the activities incidental thereto, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".
 - 9 Figures for Previous period / years are regrouped, reclassified and rearranged wherever necessary.

For and on behalf of Board of Directors
NSE CLEARING LIMITED


Managing Director
[DIN :07898773]

Place : Mumbai
Date : November 2, 2022