

Independent Auditor's Review Report on quarterly and year to date consolidated 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**

Introduction

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **NSE Clearing Limited** (the "Parent Company") and its subsidiary (the Parent Company and its subsidiary together referred to as "the Group"), for the quarter and nine months ended December 31, 2023 together with the related notes thereon ("the Statement"), being submitted by the Parent Company pursuant to the requirement of 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.
2. This Statement is the responsibility of the Parent Company's Management and approved by the Parent 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. Our responsibility is to express a conclusion on the Statement based on our review.

Scope of review

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.



4. The Statement includes the results of the following entity:

Sr. No.	Name of the Entity	Relationship
1	NSE Clearing Limited	Parent Company
2	NSE IFSC Clearing Corporation Limited	Subsidiary Company

Conclusion

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the report of the other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, 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.

Other Matter

6. We did not review the interim condensed financial statements of a subsidiary included in the consolidated unaudited financial results, whose financial results, before consolidation adjustments, total revenues of Rs. 5.76 crore and Rs. 10.18 crore, total net profit/(loss) after tax of Rs. 0.30 crore and (Rs. 6.87 crore) and total comprehensive Income/(loss) of Rs. 0.41 crore and (Rs. 6.71 crore) for the quarter and nine months ended December 31, 2023, respectively, as considered in the consolidated unaudited financial results. These interim condensed financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of the above matter.

Place: Gandhinagar
Date: January 20, 2024



For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Registration No. 105049W
NARENDRAKUMA
R RAJKUMAR JAIN
Digitally signed by
NARENDRAKUMAR RAJKUMAR JAIN
Date: 2024.01.20 16:59:13 +05'30'
Narendra Jain
Partner
Membership No. 048725
UDIN: 24048725BKEZBH3596



NSE CLEARING LIMITED

CIN: U67120MH1995PLC092283

Regd. Off.: "EXCHANGE PLAZA", Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051, India

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2023

(Rs. in crores)

Sr. No.	PARTICULARS	Quarter ended	Quarter ended	Quarter ended	Nine months ended		Year ended
		December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023	December 31, 2022	March 31, 2023
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income						
	Revenue from Operations						
	a) Income from Operations	348.19	301.02	153.24	843.96	449.63	633.97
	b) Other Operating Revenue	203.34	155.05	90.23	419.03	223.32	281.93
	Other income	47.16	37.53	29.33	117.19	69.18	99.63
	Total Income	598.69	493.60	272.80	1,380.18	742.13	1,015.53
2	Expenditure						
	(a) Employee benefits expenses	16.93	16.04	8.79	48.43	29.99	41.60
	(b) Depreciation and amortisation expenses	13.01	12.04	10.50	37.18	30.41	44.77
	(c) Space & Infrastructure Usage Charges	5.90	5.84	6.12	17.93	19.02	25.07
	(d) Technology related Expenses	40.88	36.88	22.38	113.10	71.12	111.80
	(e) Other expenses	28.01	24.43	19.00	72.10	54.56	76.69
	Total Expenses	104.73	95.23	66.79	288.74	205.10	299.92
3	Profit before exceptional item (1-2)	493.96	398.37	206.01	1,091.44	537.03	715.61
4	Add /(Less) : Exceptional Item						
	Settlement amount - SEBI (refer note 5)	-	-	-	(22.88)	-	-
5	Profit before Tax (3- 4)	493.96	398.37	206.01	1,068.56	537.03	715.61
6	Less : Tax expenses						
	Current tax	122.79	97.58	51.05	272.95	136.31	182.78
	Deferred tax	1.94	3.59	(1.64)	3.67	0.40	3.32
	Total tax expenses	124.73	101.17	49.41	276.62	136.71	186.10
7	Profit for the period (5-6)	369.23	297.20	156.60	791.94	400.32	529.51
8	Other comprehensive Income (Net)						
	<i>Items that will be reclassified to profit or loss</i>						
	Changes in foreign currency translation reserve	0.13	0.14	0.59	0.22	3.79	3.53
	<i>Items that will not be reclassified to profit or loss</i>						
	Remeasurements of post-employment benefit obligations	(0.26)	0.46	0.13	(1.00)	(0.21)	(0.23)
	<i>Income tax relating to items that will not be reclassified to profit or loss</i>						
	Tax Remeasurements of post-employment benefit obligations	0.06	(0.12)	(0.02)	0.24	0.06	0.06
	Total Other Comprehensive Income for the period	(0.07)	0.48	0.70	(0.54)	3.64	3.36
9	Total comprehensive Income for the period (7+8)	369.16	297.68	157.30	791.40	403.96	532.87
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)						1,182.74
12	Earnings per Share (EPS) (before contribution to Core SGF)						
	(a) Basic (Rs.)	82.05*	66.04*	34.80*	175.99*	88.96*	117.67
	(b) Diluted (Rs.)	82.05*	66.04*	34.80*	175.99*	88.96*	117.67
	* Not annualised						

Notes:

- The above consolidated unaudited financial results for the quarter and nine months ended December 31, 2023 have been reviewed by the Audit Committee and approved by the Board of Directors in their respective meetings held on January 20, 2024. The financials results for the quarter and nine months ended December 31, 2023 are reviewed by the statutory auditors of the company.
- The consolidated unaudited financial results represent the results of Business Operations of NSE Clearing Limited (Holding Company) and its subsidiary company NSE IFSC Clearing Corporation Limited (wholly owned Subsidiary Company).
- a) Securities and Exchange Board of India, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, inter alia, has issued norms related to the computation and Minimum Required Contribution (MRC) to the Core Settlement Guarantee Fund by the Clearing Corporation (minimum 50%), Stock Exchange (minimum 25%) and members (maximum 25%). Further SEBI vide circular CIR/CFD/FAC/62/2016 dated May 05, 2016 advised Stock Exchange to transfer 25% of its annual profits to Core SGF. Accordingly, total Core SGF of the Holding Company as on December 31, 2023 is Rs. 6,636.76 crores (as on March 31, 2023: Rs.4,797.23 crores).

Details of Core SGF as on December 31, 2023 is as follows:

	CM	FO	CD	Debt	TRI Party	Commodity	Other	(Rs. in crores) Total
NSE Clearing Ltd's contribution(NCL)	174.00	1,212.00	122.00	3.00	8.50	5.00	-	1,524.50
National Stock exchange of India Ltd 's (NSE)' Contribution	87.00	606.00	48.00	1.00	8.50	2.50	1,290.64	2,043.64
Contribution by NSE on behalf of Member	87.00	606.00	61.00	-	-	2.50	-	756.50
BSE Limited 's Contribution	7.56	8.62	16.32	-	-	-	-	32.50
Metropolitan Stock Exchange of India 's Contribution	0.00	-	1.97	-	-	-	-	1.97
Penalty	315.08	1,338.27	55.49	-	-	0.25	-	1,709.08
Income on Investments	78.80	415.47	37.10	1.08	6.38	2.91	25.81	567.56
Others	1.00	-	-	-	-	-	-	1.00
Total	750.45	4,186.36	341.88	5.08	23.38	13.16	1,316.46	6,636.76

- NCL's own contribution to Core SGF appropriated out of profits for the nine months ended December 2023 Rs. 41 crores and nine months ended December 2022 Rs. 57.54 crores (during the quarter ended December 2022 Rs. 43.65 crores, for year ended March 2023 Rs. 267.89 crores).
 - As per Regulation 31 of International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 notified on 12th April 2021, a recognised clearing corporation shall establish and maintain a Settlement Guarantee Fund to guarantee the settlement of trades executed in the stock exchanges in International Financial Service Centre (IFSC) and the fund shall have a corpus equivalent to at least the minimum required corpus as arrived at from the monthly stress test value or USD 1 million, whichever is higher.
- Total Core SGF of Subsidiary NSE IFSC Clearing Corporation (NICCL) as on December 31, 2023 is Rs.26.62 crores (as on March 31, 2023: Rs. 11.91 Crores) comprising of Rs.25.63 crores (as on March 31, 2023: Rs. 11.59 crores) contributed by NICCL by appropriating reserves / profits and Fines & penalties collected by NICCL amounting to Rs.0.08 crores (as on March 31, 2023: Rs.0.05 crores) & an amount of Rs 0.91 crores (as on March 31, 2023 Rs. 0.27 crores) being Income from investments of Core SGF funds have been credited to Core SGF. Further, NSE IFSC Clearing Corporation Limited contribution to its Core SGF during the quarter ended September 2023 Rs. 12.21 crores and during the nine months ended December 31, 2023 Rs.13.86 crores.
- The Holding 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.
 - During the nine months ended December 2023, an amount of Rs. 1,330.17 crores has been received from NSE to further augment the Core SGF out of which an amount of Rs. 40.28 crores has been utilised towards Core SGF requirement of NCL/ICCL. The balance amount of Rs. 1,289.89 crores has been included under 'Other' above.
 - Total bank guarantee provided by Holding Company in favour of ICCL towards Inter CCP collateral under interoperability framework as prescribed by SEBI as on December 31, 2023 Rs.8,000 crores (December 31, 2022 Rs.4,000 crores, September 30, 2023 Rs. 8,000 crores and March 31, 2023 Rs.4,000 crores).
 - On February 24, 2021 the Storage Area Network (SAN) system of the Holding 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 Holding 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 Holding 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. 0.25 crores for not restoring its operations within the Recovery Time Objective (RTO). The Holding Company paid the same on July 14, 2021. Further, in this regard, SEBI had 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 for which detail response is filed. In this regard, the Holding Company has taken necessary remedial actions and also filed consent application with SEBI on September 03, 2021, against this, preliminary hearing on maintainability of the said consent application had taken place and the Holding Company had also filed revised settlement terms on March 19, 2023. SEBI accepted the revised terms for settlement of the same on payment of Rs.22.88 crores. The Holding Company paid the settlement amount of Rs.22.88 crores in June 2023 and SEBI disposed of the proceedings of the show cause vide settlement order dated June 20, 2023. The same is disclosed as exceptional item in the financial results for the nine months ended December 31, 2023.
 - During the Quarter ended September 30, 2023, the provisions of SEBI circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/84 dated June 8, 2023 pertaining to upstreaming of client funds to Clearing Corporations came into effect, resulting in increase in Margin money from members with the company and increase in other operating revenue.
 - During the quarter ended December 31, 2023, SEBI issued a show cause notice to the Holding Company alleging non-compliance with certain regulations of SECC 2018 and certain paragraphs of SEBI circular dated November 27, 2018 regarding Inter-CCP collateral under interoperability among clearing corporation framework. In this regard, the Holding Company has taken necessary remedial actions and is in the process of filing necessary response with SEBI. The Holding 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 nine months ended December 31, 2023.
 - Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Holding 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 Holding Company. The Group 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".
 - In respect of NSE IFSC CC Limited, during the FY 2020-21, National Stock Exchange (NSE) and Singapore Stock Exchange (SGX) had entered into a collaboration agreement to cement the key terms for operationalising the NSE IFSC-SGX Connect which will bring together international and Gujarat International Finance Tec City (GIFT) participants to create a bigger liquidity pool for Nifty Products in Gift City and to develop the infrastructure for the connect and ensure member readiness prior to its implementation. Further the Company on March 28, 2022 has entered into an operational agreement with SGX India Connect IFSC Private Limited, Singapore Exchange Derivatives Clearing Limited (SGX DC) and NSE IFSC Limited to operationalise the NSE IFSC-SGX Connect. As per this operational agreement, Company is required to provide collateral to SGX-DC for the due performance by the Company of its clearing obligations in respect of the trades placed by SGX-SPV on NSE IFSC. For this Company has availed Bank Guarantee facility from Standard Chartered Bank to the tune of USD 50 million Rs. 415.60 crores upto December 31, 2023. NSE IFSC-SGX Connect has been launched on July 29, 2022. Further SGX has informed its members on April 17, 2023 that full-scale operation of the NSE IFSC-SGX Connect ("Connect") with the transition of SGX Nifty derivatives to NSE IFSC all US dollar denominated Nifty derivatives contracts started exclusively trading on NSE IFSC w.e.f. July 03, 2023.
 - The Subsidiary Company received Show Cause Notice (SCN) on 21.10.2022 for non-achievement of positive Net Foreign Exchange (NFE) during the first block of five years as one on the condition for Letter of Approval (LOA) issued by SEZ Authority. The Development Commissioner after considering the Company's submissions and personal hearing, passed an order dated 22.05.2023 levying a nominal penalty of Rs.10,000/-. SEZ (Second Amendment) Rules, 2023 dated 27.04.2023 has now exempted entities in IFSC from applicability of provisions of positive NFE and the Development Commissioner has taken cognizance of the same while passing the said order. Based, on the above facts and circumstances and in view of expiring of LOA on June 01, 2023, the Company has made a payment of Rs. 10,000/- towards penalty and filed an appeal with the office of Director General of Foreign Trade (New Delhi) on May 27, 2023. The same was intimated to the Sr. Development Commissioner on May 29, 2023. Basis the intimation about the appeal against the order, the SEZ authority has extended LOA for continued operation under the SEZ-scheme for a period of four years till June 01, 2027.
 - Figures for previous period / year's are regrouped, reclassified and rearranged wherever necessary.

For and on behalf of Board of Directors
NSE CLEARING LIMITED

Place : Gandhinagar
Date : January 20, 2024

Sd/-

VIKRAM KOTHARI
Managing Director
[DIN :07898773]