

Independent Auditor's Review Report on quarterly 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 ended June 30, 2024 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
2	NSE IFSC Clearing Corporation Limited	Subsidiary

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(i) 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 Matters

6. i) We did not review the unaudited financial result of a subsidiary included in the consolidated unaudited financial results, whose financial results, before consolidation adjustments, reflect total revenues of Rs. 7.24 crore, total net loss after tax of Rs. 1.12 crore and total comprehensive loss of Rs. 1.05 crore for the quarter ended June 30, 2024, as considered in the consolidated unaudited financial results. These unaudited financial results have been reviewed 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.
- ii) The Statement includes the consolidated unaudited financial results for the quarter ended March 31, 2024 being the balancing figure between audited figures in respect of the full financial year ended March 31, 2024 and the year to date unaudited figures upto the third quarter ended December 31, 2023 which were subjected to review by us.

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



Place: Mumbai
Date: August 02, 2024

For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Registration No. 105049W
Pankaj
Inderchand Jain
Digitally signed by
Pankaj Inderchand Jain
Date: 2024.08.02
17:14:03 +05'30'
Pankaj Jain
Partner
Membership No. 048850
UDIN: 24048850BKFXRB8511



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 UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2024

(Rs. in crores)

Sr. No.	PARTICULARS	Quarter ended	Quarter ended	Quarter ended	Year ended
		June 30, 2024	March 31, 2024	June 30, 2023	March 31, 2024
		Unaudited	Unaudited	Unaudited	Audited
1	Income				
	Revenue from Operations				
	a) Income from Operations	441.57	418.64	194.75	1,262.60
	b) Other Operating Revenue	256.25	336.58	60.64	755.61
	Other income	61.92	53.51	32.50	170.70
	Total Income	759.74	808.73	287.89	2,188.91
2	Expenditure				
	(a) Employee benefits expenses	22.82	18.45	15.46	66.88
	(b) Depreciation and amortisation expenses	13.29	12.14	12.13	49.32
	(c) Space & Infrastructure Usage Charges	9.09	9.11	6.19	27.04
	(d) Technology related Expenses	41.39	37.78	35.34	150.88
	(e) Other expenses	30.06	44.16	19.66	116.26
	Total Expenses	116.65	121.65	88.78	410.38
3	Profit before exceptional item (1-2)	643.09	687.08	199.11	1,778.53
4	Add /(Less) : Exceptional Item				
	Settlement amount - SEBI (refer note 5)	-	-	(22.88)	(22.88)
5	Profit before Tax (3- 4)	643.09	687.08	176.23	1,755.65
6	Less : Tax expenses				
	Current tax	161.00	172.05	52.58	445.00
	Deferred tax	1.62	1.07	(1.86)	4.74
	Total tax expenses	162.62	173.12	50.72	449.74
7	Profit for the period (5-6)	480.47	513.96	125.51	1,305.91
8	Other comprehensive Income (Net)				
	<i>Items that will be reclassified to profit or loss</i>				
	Changes in foreign currency translation reserve	0.15	0.50	(0.05)	0.72
	<i>Items that will not be reclassified to profit or loss</i>				
	Remeasurements of post-employment benefit obligations	(1.47)	(0.10)	(1.20)	(1.10)
	<i>Income tax relating to items that will not be reclassified to profit or loss</i>				
	Tax Remeasurements of post-employment benefit obligations	0.35	0.01	0.30	0.25
	Total Other Comprehensive Income for the period	(0.97)	0.41	(0.95)	(0.13)
9	Total comprehensive Income for the period (7+8)	479.50	514.37	124.56	1,305.78
10	Paid-up equity share capital (Face value Rs. 10 per share)	1,445.00	1,445.00	45.00	1,445.00
11	Reserves (excluding Revaluation Reserve)				1,612.65
12	Earnings per Share (EPS) (before contribution to Core SGF) (refer note 8)				
	(a) Basic (Rs.) (FV Rs.10 each)	3.33*	5.21*	1.31*	13.50
	(b) Diluted (Rs.) (FV Rs.10 each)	3.33*	5.21*	1.31*	13.50
	* Not annualised				



Notes:

- 1 The above unaudited consolidated financial results for the quarter June 30, 2024 have been reviewed by the Audit Committee and approved by the Board of Directors in their respective meetings held on August 02, 2024. The financials results for the quarter ended June 30, 2024 are reviewed by the statutory auditors of the Company.
- 2 The consolidated 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).
- 3 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 June 30, 2024 is Rs. 9,130.28 crores (as on March 31, 2024: Rs.8,818.99 crores).

Details of Core SGF as on June 30, 2024 is as follows:

	CM	FO	CD	Debt	TRI Party	Commodity	Other	Total
NSE Clearing Ltd's contribution(NCL)	194.00	2,594.00	122.00	3.00	8.50	5.00	-	2,926.50
National Stock exchange of India Ltd 's (NSE) Contribution	88.73	2,530.93	59.51	1.00	8.50	2.50	-	2,691.17
Contribution by NSE on behalf of Member	97.00	606.00	61.00	-	-	2.50	-	766.50
BSE Limited 's Contribution	8.27	16.65	16.32	-	-	-	-	41.24
Metropolitan Stock Exchange of India 's Contribution	0.00	-	2.93	-	-	-	-	2.93
Penalty	348.76	1,466.29	58.08	-	-	0.41	-	1,873.54
Income on Investments	99.09	676.54	40.24	1.11	7.06	3.35	-	827.40
Others	1.00	-	-	-	-	-	-	1.00
Total	836.86	7,890.41	360.07	5.11	24.06	13.76	-	9,130.28

- NCL's own contribution to Core SGF appropriated out of profits for the quarter ended June 30, 2024 NIL, quarter ended March 31, 2024 Rs. 1,400 crores of an additional contribution with an objective to augment the Core SGF as desired by SEBI, for quarter ended June 30, 2023 Rs. 41.00 crores and for the year ended March 31, 2024 Rs. 1,441 crores.
 - During the quarter ended June 30, 2024, an amount of Rs.74.95 crores has been received from NSE to further augment the Core SGF of equity derivative segment (FO).
 - The Holding Company has received a letter dated May 03, 2024 from SEBI advising NCL/NSE to augment Core SGF of NCL in equity derivative segment (FO) to at least Rs. 10,500 crores within six months. The Holding Company is in the process of augmenting the same within the timelines provided by SEBI. Further, NCL's additional contribution amounting to Rs. 1,382.00 crores and NSE's additional contribution amounting to Rs.1,849.99 crores along with Income earned thereon included under 'Other' as at March 31, 2024 has been transferred to FO segment and NCL's additional contribution amounting to Rs. 18.00 crores and NSE's contribution amounting to Rs. 11.73 crores along with Income included under 'Other' as at March 31, 2024 has also been transferred to CM segment.
 - 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 June 30, 2024 is Rs.40.32 crores (as on March 31, 2024: Rs. 38.25 Crores) comprising of Rs.38.55 crores (as on March 31, 2024: Rs. 36.89 crores) contributed by NICCL by appropriating reserves / profits and Fines & penalties collected by NICCL amounting to Rs.0.08 crores (as on March 31, 2024: Rs.0.08 crores) & an amount of Rs 1.69 crores (as on March 31, 2024 Rs. 1.29 crores) being Income from investments of Core SGF funds have been credited to Core SGF. The Subsidiary, NSE IFSC Clearing Corporation (NICCL)'s Own Contribution to SGF during the quarter ended June 30, 2024 is Rs 1.51 crores and Rs 1.65 crores for the quarter ended June 30, 2023 (Rs 25.03 crores for the year ended March 31, 2024).
- 4 Total bank guarantee provided by Holding Company in favour of ICCL towards Inter CCP collateral under interoperability framework as prescribed by SEBI as on June 30, 2024 Rs.8,000 crores (March 31, 2024 Rs.8,000 crores and June 30, 2023 Rs. 5,500 crores).
- 5 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 Holding Company to pay financial disincentive of Rs. 0.25 crores for not restoring its operations within the Recovery Time Objective (RTO). The 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 Holding Company and an employee 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 quarter ended June 30, 2023 and for the year ended March 31, 2024.
- 6 Pursuant to 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, there was increase in receipt of Margin money from members which resulted in increase in other operating revenue for the quarter/year ended March 31, 2024 and quarter ended June 30, 2024.
- 7 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, filed detailed response and consent application with SEBI. On March 19, 2024, revised settlement terms were also filed with SEBI. The hearing in the Settlement Proceedings have been concluded and as approved by the Board, NCL has filed Revised Settlement Terms (RST) before the internal committee of 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 ended June 30, 2024.
- 8 The Holding Company in its Letter of Offer dated March 18, 2024 offered 140,00,00,000 equity shares by way of Rights issue at a face value of Rs 10 each and at a price of Rs 10 per equity share. The issue opened on March 22, 2024. The Holding Company allotted 140,00,00,000 equity shares on March 27, 2024 on the basis of allotment approved by the Board of Directors aggregating to Rs. 1,400 crores. The proceeds of the said Right issue have been fully utilised in March 2024 towards contribution to Core Settlement Guarantee Fund as per terms of the letter of offer for rights issue. Pursuant to the allotment of equity shares on rights basis, basic and diluted earnings per share have been adjusted for all the periods presented retrospectively for the quarter ended June 30, 2023, quarter ended March 31, 2024 and year ended March 31, 2024 for the bonus element in respect of rights issue in accordance with Ind AS 33. For the purpose of calculation of bonus element in respect of rights issue the Book Value as on March 26, 2024 has been considered as Fair Value.
- 9 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".
- 10 During the quarter Subsidiary NSE IFSC Clearing Corporation (NICCL) received renewal of recognition under regulation 12 of International Financial Services Centres Authority (MII) Regulations 2021 for a period of one year commencing on 29th Day of May 2024 and ending on 28th Day of May 2025.
- 11 The figures for quarter ended March 31, 2024 are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the financial year which were subjected to review by Statutory Auditors.
- 12 Figures for previous period / year's are regrouped, reclassified and rearranged wherever necessary.

For and on behalf of Board of Directors
NSE CLEARING LIMITED


VIKRAM KOTHARI
Managing Director & CEO
[DIN :07898773]

Place : Mumbai
Date : August 02, 2024

