

NSE Clearing Limited



Twenty Fifth Annual Report
2019-20



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Harun R Khan	:	Chairman
Mr. Salim Gangadharan		
Mr. Navin Kumar Maini		
Mr. C VR Rajendran		
Mrs. Bhagyam Ramani		
Mr. J Ravichandran		
Mr. Vikram Kothari	:	Managing Director

MANAGEMENT TEAM

Mr. Natarajan Ramasamy	:	Sr. Vice President and Head- Risk Analysis & Operations
Ms. Rana Usman	:	Sr. Vice President and Head- Clearing & Settlement
Mr. Ravindra Mohan Bathula	:	Sr. Vice President and Head- Legal
Late Mr. R. Jayakumar	:	Sr. Vice President and Company Secretary
Mr. Huzefa Mahuvawala	:	Vice President and Head Risk Management
Mr. Dhawal Shah	:	Vice President and Head Compliance
Ms. Hima Bindu Vakkalanka	:	Vice President and NCL Operational Risks & Projects
Mr. Nilesh Tinaikar	:	Vice President and NCL Development
Mr. Amit Amlani	:	Asst. Vice President & Chief Financial Officer
Ms. Moushumi Mandal	:	Asst. Vice President -Human Resources
Mr. Paul Moonjelil	:	Asst. Vice President & Chief Information Security Officer

CHIEF FINANCIAL OFFICER : Mr. Amit Amlani

COMPANY SECRETARY : Mr. Chirag S Nagda

AUDITORS : M/s. Khandelwal Jain & Co.
Chartered Accountants
12-B, Baldota Bhavan, 5th Floor,
Maharshi Karve Road,
Churchgate, Mumbai - 400 020

REGISTERED OFFICE : “Exchange Plaza”
Plot No. C-1, Block ‘G’
Bandra Kurla Complex
Bandra (East)
Mumbai – 400 051

REGISTRAR & TRANSFER AGENTS : Link Intime India Private Limited
C-101, 247 Park,
L.B.S Marg, Vikroli (West)
Mumbai - 400 083

BOARD'S REPORT

To,
The Members,

Your Directors have pleasure in presenting the Twenty-Fifth Annual Report and Audited Financial Statements of the NSE Clearing Limited (referred herein as the "NSE Clearing or NCL or 'your Company'") for the year ended March 31, 2020.

1. OPERATIONS**1 Settlement – Capital Market segment**

NSE Clearing successfully continued its track record of completing all settlements in a timely manner.

During the year under review, 247 rolling settlements were handled in de-materialised mode. Per settlement figures in value terms in the current year are as follows:

The average value of securities handled per settlement was ₹8,410.26 crores in 2019-20 compared to ₹7,866.56 crores in 2018-19. The average funds pay-in per settlement was ₹2,431.53 crores in 2019-20 compared to ₹2,150.38 crores in 2018-19. The average number of shares processed per settlement was about 4,322.21 lakhs in 2019-20 compared to 3,408.87 lakhs in 2018-19. Short deliveries per settlement averaged around 0.08% in 2019-20 as compared to 0.07% in 2018-19.

The highest trading volume of ₹93,427.94 crores was observed on Sep 20, 2019 and the highest deliverable value of ₹22,102.01 crores was observed on Nov 26, 2019. The percentage of the number of shares deliverable to the number of shares traded decreased to 20% in 2019-20 from 23% in 2018-19. The percentage of the value of shares deliverable to value of shares traded decreased to 21.59% in 2019-20 from 24.50% in 2018-19.

The Core Settlement Guarantee Fund stood at ₹302.11 crores for the month of March 2020. The details of settlements carried out by NSE Clearing are presented in the following Table No. 01.

Table No. 01**Settlement Statistics for 2019-2020 – Capital Market Segment**

Month	Quantity of Shares Traded (lakh)	Quantity of Shares Deliverable (lakhs)	% of Shares Deliverable to Total Shar	Value of Shares Traded (₹ Crores)	Value of Shares Deliverable (₹ Crores)	% of Delivery to Value of Shares Trade	% of Short Delivery to Delivery	Funds-Pay In (₹ Crores)	No. of settlements
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NSE CLEARING LIMITED

			es Trade d			d			
Apr-19	318767.1 3	83715.62	26.26	660248.7 3	164990.2 3	24.99	0.12	43313.9 3	19
May-19	364680.7 7	83204.95	22.82	778998.8 4	183175.4 0	23.51	0.14	50158.5 1	22
Jun-19	310164.7 0	62865.07	20.27	610435.4 4	144483.1 5	23.48	0.23	44334.4 0	19
Jul-19	384158.7 7	78884.32	20.53	759243.5 5	160922.8 2	21.20	0.16	41430.0 3	23
Aug-19	402907.5 2	78478.24	19.48	747664.9 8	156796.6 5	20.97	0.15	46762.0 2	20
Sep-19	403767.8 3	75737.14	18.76	769784.1 5	159663.8 3	20.74	0.18	50170.0 4	19
Oct-19	466023.6 0	85341.97	18.31	796884.7 5	159854.1 6	20.06	0.40	43308.7 1	20
Nov-19	587591.3 2	106424.1 1	18.11	915405.5 3	191870.7 6	20.96	0.30	58255.9 1	20
Dec-19	483402.4 4	85340.17	17.65	772598.6 4	153585.5 7	19.88	0.19	40309.8 7	21
Jan-20	471101.0 8	89459.08	18.99	848939.5 5	175343.3 6	20.65	0.10	45379.5 3	23
Feb-20	456468.0 2	91947.23	20.14	841110.9 0	174980.1 9	20.80	0.14	44786.1 8	20
Mar-20	712614.3 5	146187.2 3	20.51	1142001. 71	251666.9 1	22.04	0.13	92378.0 0	21

Note –

During the year under review, there was no physical settlement.

Values provided from July 01, 2019 are across all exchanges

2 Securities Lending and Borrowing segment

NSE Clearing is an Approved Intermediary (AI) for SLBS with SEBI. In 2019-20, the volumes in SLBS decreased by 11.92% from ₹30,593.78 crores in 2018-19 to ₹26,945.70 crores. As compared to the previous year, during 2019-20, securities traded in SLBS increased from 283 to 291. As on March 31, 2020, there are 232 participants, 6 custodian-cum-participants and 4 custodians registered in SLBS.

3 Settlement - F&O Segment

The period of April 2019 - March 2020 witnessed an increase in the total amount settled. The total value of settlement increased from ₹1,61,182.04 crores in 2018-19 to ₹1,94,844.51 crores in 2019-20. The highest monthly settlement was ₹48,493.22 crores in the month of March 2020. January 2020 witnessed the highest monthly trading volumes of ₹ 3,85,82,697.27 crores while the highest daily trading volumes on NSE during this period were ₹37,16,787.08 crores, witnessed on March 05, 2020 with total of 5,72,98,808 contracts being traded.

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The details of turnover and month-wise settlement values during the year April 01, 2019 to March 31, 2020 are tabulated in Table No. 02 below:

Table No. 02

Month	No. of Contracts Traded (in lakhs)	Turnover (in ₹ crores)	MTM Settlement (in ₹ crores)	Final Settlement (in ₹ crores)	Premium Settlement (in ₹ crores)	Exercise Settlement (in ₹ crores)	Total Settlement (in ₹ crores)
Apr-19	3381	22555286.48	7864.19	114.90	1522.91	93.85	9595.85
May-19	3767	25546456.65	12276.51	146.39	2098.09	109.29	14630.28
Jun-19	3630	24965438.48	8090.65	66.85	1249.92	645.86	10053.28
Jul-19	4174	28539461.48	11501.59	85.82	1569.65	69.64	13226.70
Aug-19	4766	30477793.54	13487.36	234.67	1894.34	150.23	15766.60
Sep-19	4489	28919661.14	14966.64	201.42	2130.16	409.56	17707.78
Oct-19	4495	29436065.76	10788.66	193.30	1730.35	336.68	13048.99
Nov-19	3948	27136841.85	8563.98	112.99	1487.78	364.08	10528.83
Dec-19	4092	28879300.26	9042.17	100.28	1842.95	533.20	11518.60
Jan-20	5446	38582697.27	10858.00	287.10	1781.57	292.96	13219.63
Feb-20	4948	34900563.67	14724.20	225.80	1795.74	309.01	17054.75
Mar-20	4142	24855507.63	38448.97	495.36	6478.39	3070.50	48493.22

Note : Values provided from July 29,2019 are across all exchanges

The details of month-wise F&O Physical settlement values starting from Apr 2019 to March 2020 are given in Table No. 03 below:

Table No. 03

(In ₹ crores)

Expiry Month	Value of Securities settlement	Value of Funds settlement
Apr-19	652.27	294.80
May-19	919.99	443.75
Jun-19	1249.17	666.92

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Jul-19	2316.89	1231.48
Aug-19	1486.15	728.49
Sep-19	1233.05	451.18
Oct-19	4877.60	2637.18
Nov-19	3936.79	1923.57
Dec-19	5125.77	2402.53
Jan-20	7662.50	5103.09
Feb-20	10071.92	4634.00
Mar-20	4676.94	2599.94

The Core Settlement Guarantee Fund for F & O Segment stood at ₹2211.84 crores for the month of March 2020.

4 Settlement - Currency Derivatives Segment

4.1 Currency Futures & Options

The year 2019-20 witnessed an increase in the total settlement values from ₹10,483.18 crores in 2018-19 to ₹11,209.86 crores. The highest monthly settlement value was ₹3,741.60 crores in the month of March 2020. The highest trading value in Currency Futures on NSE Clearing during this period was ₹ 73,523.58 crores witnessed on March 19, 2020 with total of 97,28,280 contracts being traded and in Currency Options it was ₹85,763.06 crores, witnessed on January 03, 2020 with total of 1,20,01,719 contracts being traded.

The details of turnover and month-wise settlement values during the year April 01, 2019 to March 31, 2020 are given in the following Table No. 04:

Table No. 04

Month	Currency Futures				Currency Options				Total Settlement (in ₹ crores)
	No. of Contracts Traded (in lakhs)	Turnover (in ₹ crores)	MTM Settlement (in ₹ crores)	Final Settlement (in ₹ crores)	No. of Contracts Traded (in lakhs)	Turnover (in ₹ crores)	Premium Settlement (in ₹ crores)	Exercise Settlement (in ₹ crores)	
Apr-19	509	361284.90	512.90	6.43	503	350070.19	102.98	25.65	647.97
May-19	501	356765.80	620.87	13.16	466	326493.52	104.43	26.76	765.22
Jun-19	426	301754.88	272.08	5.44	415	289374.23	74.05	25.58	377.15
Jul-19	448	314638.36	272.71	2.50	467	322275.74	78.80	24.45	378.46
Aug-19	783	564076.37	1258.37	30.64	1013	720969.53	159.92	86.26	1535.19

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Sep-19	771	557802.41	1144.10	18.06	1120	800450.87	119.93	51.15	1333.24
Oct-19	625	454400.72	256.87	19.31	932	663267.27	89.65	33.08	398.92
Nov-19	645	467675.89	440.08	16.66	1021	729844.64	88.39	37.23	582.37
Dec-19	693	504437.05	312.86	16.96	1019	725775.30	94.67	40.65	465.14
Jan-20	745	543538.38	367.06	17.52	1005	717428.39	103.57	42.02	530.16
Feb-20	731	534589.34	307.98	27.42	798	571422.41	91.64	27.41	454.45
Mar-20	1267	955579.90	3272.90	91.92	889	656193.21	243.68	133.09	3741.60

Note: Values provided from Aug 19, 2019 are across all exchanges

4.2 Interest Rate Derivatives

The year 2019-20 witnessed an increase in the total settlement values from ₹647.80 crores in 2018-19 to ₹1,420.31 crores. The highest monthly settlement value was ₹172.03 crores in the month of September 2019. The highest trading volume in Interest Rate Futures during this period was ₹6,116.09 crores witnessed on August 29, 2019 with total of 29,24,99 contracts being traded and in Interest Rate Options it was ₹705.24 crores, witnessed on March 11, 2020 with total of 34,450 contracts being traded.

The details of turnover and month-wise settlement values during the year April 01, 2019 to March 31, 2020 are given in Table No. 05 below:

Table No. 05

Month	Interest Rate Futures		Interest Rate Options		MTM Settlement (in ₹ crores)	Final Settlement (in ₹ crores)
	No. of Contracts Traded	Turnover (in ₹ crores)	No. of Contracts Traded	Turnover (in ₹ crores)		
Apr-19	1232112	24097.96	0	0.00	63.70	1.61
May-19	1145026	22661.54	0	0.00	84.20	0.36
Jun-19	1775758	36063.30	0	0.00	119.30	1.67
Jul-19	2193597	46067.48	0	0.00	158.13	3.04
Aug-19	1829521	38399.36	33	0.69	149.42	1.51
Sep-19	1935811	40073.07	0	0.00	171.43	0.60
Oct-19	1499268	31132.34	0	0.00	110.25	0.90
Nov-19	1330188	27628.89	0	0.00	108.19	1.44
Dec-19	1712506	34692.78	32200	656.39	151.68	0.84
Jan-20	1626368	32536.03	69072	1383.52	72.07	0.99
Feb-20	1683341	33927.77	147736	2962.71	56.54	1.71
Mar-20	2009851	40910.83	196362	4003.35	155.34	5.39

Note : Values provided from Aug 19, 2019 are across all exchanges

The Core Settlement Guarantee Fund for Currency Derivatives Segment stood at ₹168.40 crores for the month of March 2020.

5 Risk Management

5.1 Capital Market & Securities Lending & Borrowing segments

NSE Clearing has laid requisite focus towards risk management by putting in place an On-line Position monitoring system that has successfully and efficaciously addressed the market risks. Margins are computed on an on-line real-time basis at the client level. The Value at Risk (VaR) Margins are applied which is statistically arrived at covering 99% value at risk.

With effect from April 21, 2008, margins in the capital market are being levied on institutional trades also. These margins are levied on T+1 day in the capital market segment.

5.2 Futures & Options ,Currency and Commodity Derivatives segments

NSE Clearing has in place many risk management measures including monitoring of exposure on a real-time basis through the system called PRISM (Parallel Risk Management System) and also end of day monitoring of client level exposures.

The Most critical component of PRISM is the online real-time client level portfolio-based margining and monitoring system. The robustness of the system is time tested and has proved its efficient handling of volatile situations effectively, on numerous occasions in the past and especially on highly volatile days in the year. The actual margining and position monitoring is done on-line, on an intra-day basis. NSE Clearing uses the SPAN (Standard Portfolio Analysis of Risk) system for the purpose of margining, which is a portfolio-based system.

SPAN is a registered trademark of the Chicago Mercantile Exchange, used herein under License. The objective of SPAN is to identify overall risk in a portfolio of futures and options contracts for each member. The system treats futures and options contracts uniformly, while at the same time recognising the unique exposures associated with options portfolios like extremely deep out-of-money short positions and inter-month risk. SPAN is used to determine the largest loss that a portfolio might reasonably be expected to suffer from one day to the next day. The parameters used in the computation of margins are revised six times a day.

6 Corporate Debt Instruments Settlement

6.1 Over the Counter Trades

The average daily settlement value at NSE Clearing for OTC trades in Corporate Bonds, Commercial Papers (CP) and Certificate of Deposits (CD) during the financial year 2019-20 stands at ₹5,779.79 crores, ₹3,459.59 crores and ₹3,663.73 crores respectively. The highest settlement value, during this period, of ₹33,558.32 crores (across all corporate debt instruments) was recorded on April 03, 2019

The month-wise settlement statistics for corporate debt instruments are given in the following Table No. 06:

Table No. 06

Month	No. of Settlement Days	Total No. of Trades Settled	Settled Value (in ₹ crores)	Average Daily Settlement Value (in ₹ crores)
Apr-19	18	7964	333178.46	18509.91
May-19	22	9186	346998.62	15772.66
Jun-19	19	7639	287112.9	15111.21
Jul-19	23	8530	297442.26	12932.27
Aug-19	20	7429	230435.1	11521.76
Sep-19	19	6908	261208.19	13747.80
Oct-19	19	6563	175985.5	9262.39
Nov-19	20	7151	210686.43	10534.32
Dec-19	21	7119	199861.47	9517.21
Jan-20	23	8025	219028.73	9522.99
Feb-20	18	7316	251512.79	13972.93
Mar-20	20	7978	318881.76	15944.09

During the financial year 2019-20, NSE Clearing settled 1123 repo trades on corporate bonds valuing ₹1,53,484.65 crores as compared to 1805 repo trades valuing ₹1,18,045.00 crores settled in the previous year.

6.2 Exchange Traded

No trades were reported on the Exchange Traded Platform.

7 Mutual Fund Service System (MFSS)

As of March 31, 2020, 38 mutual fund houses with 13979 schemes were enabled under the revised MFSS scheme.

7.1 Subscription

The average daily value of funds settled for the subscription of mutual fund units for the period April 1, 2019 to March 31, 2020 was ₹23.57 crores. The highest settlement value was ₹ 128.88 crores and was observed on November 13, 2019.

7.2 Redemption

The average daily value of funds settled for the redemption of mutual fund units for the period April 1, 2019 to March 31, 2020 was ₹38.02 crores. The highest settlement value was ₹ 216.57 crores and was observed on November 24, 2019.

8 New Initiatives and Developments

8.1 Interoperability among Clearing Corporations

Interoperability among Clearing Corporations allows market participants to consolidate their clearing and settlement functions at a single CCP, irrespective of the Stock Exchanges on which the trades are executed. It is expected to lead to an efficient allocation of capital for the market participants, thereby saving on cost as well as provide better execution of trades.

SEBI, vide circular dated November 27, 2018, has issued guidelines for the introduction of interoperability. NSE Clearing has implemented the guidelines and introduced Interoperability among Clearing Corporations for Cash Market from July 01, 2019, Equity Derivatives from July 29, 2019 and Currency Derivatives segments from Aug 19, 2019. Post interoperability, NSE Clearing has emerged as the leading Clearing Corporation in all interoperable segments.

8.2 Client Margin Reporting in CM Segment

Regulatory provision of 'Mechanism for regular monitoring of and the penalty for short-collection/ non-collection of margins from clients' was available in the derivatives segments. In the cash segment, Clearing Corporation (CC) computes and collects upfront margin from trading member/clearing member by adjusting it against the available liquid assets of TM/CM at the time of the trade. However, the quantum, form and mode of collection of the margin from the client is left to the discretion of TM/CM.

In order to align and streamline the risk management framework of both cash and derivatives segments, with respect to the collection of margins from the clients and reporting of short collection/non-collection of margins, SEBI issued guidelines vide circular no CIR/HO/MIRSD/DOP/CIR/P/2019/137 dated November 19, 2019.

NSE Clearing has implemented reporting of client margins by Trading Members/ Clearing Members in January 2020.

9 Other achievements

CRISIL has continued its highest corporate credit rating of 'AAA/Stable' to NSE Clearing Limited. 'AAA/Stable' rating indicates the highest degree of strength with regard to honouring debt obligations. NSE Clearing is the first Indian Clearing Corporation to get this rating. The rating reflects NSE Clearing's rigorous risk management controls and adequate settlement guarantee cover.

NSE Clearing has been accorded this rating for the 12th consecutive year.

10 Opportunities and increased coverage

10.1 Clearing Members

New Clearing Members have been added on both Capital Market and F&O segments thereby providing a wider choice to clients. Clearing membership was granted to 35 new members in the F&O segment and 28 new members in the Capital Market segment. In the Currency Derivatives segment, 15 Clearing Members have been enabled.

10.2 Custodian Clearing Members & Professional Clearing Members (PCM)

1 Professional Clearing member in Capital Market segment was enabled during 2019-20 through whom clients can settle their transactions.

10.3 Participants & custodians in SLBM

232 participants, 6 custodian-cum-participants and 4 custodians are registered in SLBM as on March 31, 2020.

11 Multiple Depositories /Banks

NSE Clearing is electronically connected to both the depositories National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for securities settlement and 15 clearing banks namely Axis Bank Ltd., Bank of India, Canara Bank, Citibank N.A., HDFC Bank Ltd., Hongkong & Shanghai Banking Corporation Ltd., ICICI Bank, IDBI Bank Ltd., IndusInd Bank Ltd., Kotak Mahindra Bank Ltd., Standard Chartered Bank, State Bank of India, Union Bank of India, JP Morgan Chase Bank and Yes Bank for funds settlement.

2. INFORMATION TECHNOLOGY

Technology is a key business enabler and a strategic differentiator for NCL. As a Strategic Technology partner, NCL continues to deliver and maintain technology products and services. The initiatives undertaken during FY 2019-20 are broadly classified in the following categories.

2.1 Transformation Through New Products and Services

- **Interoperability of Clearing Corporation**

Interoperability among Clearing Corporations (CCPs) necessitates the linking of multiple Clearing Corporations. It allows market participants to consolidate their clearing and settlement functions at a single CCP, irrespective of the stock exchange on which the trade is executed. It is expected that the interoperability among CCPs would lead to an efficient allocation of capital for the market participants, thereby saving on costs as well as provide better execution of trades. Interoperability implemented for Cash Market (CM), Futures & Options (FO) & Currency Derivatives (CD) segments. Technology implementation based on next generation FIX Financial Information Exchange (FIX) protocol for real-time exchange-CC communication is implemented. 10G Infrastructure

which has high scalability, high availability with P2P interconnect links between exchanges is used. Connectivity with other exchanges and Clearing Corporations is established by deploying the required infrastructure for servers and storage at the main site and at the disaster recovery site. Exchange trading gateway established for all 3 segments at NSE main site and disaster recovery site. Disaster recovery site upgraded from 20Mbps to 100Mbps bandwidth. Oracle RAC implementation is done for NCMS (Collateral management system) for improving availability. Various interoperability business process automation implemented to improve business process efficiency.

2.2 Growth through New Technology

- Changes carried out for live Trading Session on Union Budget Day
- **Technology Upgrades:** Collateral Debt market system migrated from oracle forms to Java platform
- **Security Upgrades:** FTP to SFTP migration for Depository Poller completed
- **Common membership structure across segments:** Uniform membership structure across CM and CD Segment as proposed by SEBI which also acts as a precursor for Interoperability provided. Facility to create and maintain membership types like Trading member (TM), Self-Clearing Member (SCM), Trading Member Cum Clearing Member (TMCM), and Custodian/Professional Clearing Member (PCM) along with specifically defined operational aspects released.
- **API for Mutual Fund Service System (MFSS) order information:** Implementation of API to provide order information in real time by NSE Clearing to reduce the wait time and dependency of the various report published on extranet to members for orders placed on MFSS platform shared by Registrar and Transfer Agents (RTA).
- **Risk mitigation tool to clearing members:** Risk mitigation tool developed to clearing members for setting limits for each trading member at any point of the day and is updated on a real-time basis.
- **Automation of Auction T+2 and T+3:** Auction T+2 & T+3 activities including splitting auction square off the task for members & delivery versus payment has been automated.
- **Automation for Mutual Fund Service System (MFSS) subscription settlement processes**
- **XSIP (Exchange SIP) on (MFSS)** implemented which mandate registration with bill desk
- **Latency burst management multicast** solution for FIX gateway for order channel for BSE and MSE implemented

3. HUMAN RESOURCES

Following developments have taken place in Human Resources / Employee Relations front in the financial year 2019-20:

3.1 Learning & Development and Talent Management :

In FY 19-20, the major progress was made in the space of L&D and Talent Management. The key initiatives taken under the Talent and OD team were as follows: -

Learning & Development: To design and deploy a structured learning road map focussed on skill and capability building to enhance individual and collective knowledge, skills and behaviours for NSE group across levels.

In L&D, role and level-based interventions were designed basis 3 vital inputs viz. training need inputs are taken from various stakeholders, Competency framework of NSE and the future skills needs and behaviours researched linked to the business strategy. External benchmarking on learning and partnerships were factored in for content design & delivery. All the programs were designed keeping in mind the 60:40 principle wherein 60 % of learning would be to bridge the current gaps and 40% of learning to develop skills linked to future needs.

A shift in the learning approach was implemented by moving from a time defined module-based approach to longitudinal learning journeys focusing on both role & functional skill-building. In addition, each learning intervention has been designed to ensure a continuous engagement in terms of Pre-work & post work, check-Ins and webinars.

Talent Management & Succession planning - To identify and develop a leadership pipeline for NCL.

In the Talent management space, a detailed talent management process was put in place and talent conversations for select job levels were held with a 2 pronged approach of identifying critical roles & assessing potential talent to develop the leadership pipeline as per the succession planning framework. Development road maps to build & strengthen the leadership pipeline have been initiated through a 70: 20:10 principle consisting of a) in-house and on the job learning like role enhancement, bridge roles, projects & assignments, etc. b) classroom based development through customized learning interventions and learning opportunity through external flagship programs and c) post learning actionable, development feedback and conversations with learning partners and senior faculties.

3.2 Employee Engagement Initiatives:

Based on findings of the Employee Effectiveness Survey in FY 2018-19 on employee engagement and enablement level across the company action plans were initiated was formulated and accordingly implemented in discussion with the Leadership team and Functional Heads. Learning & Development, Career Planning and Employee Recognition were the three key focus areas.

A flagship Employee Recognition program was implemented in FY 2019-20. Recognitions have been broadly classified in 2 categories Individual and Team awards which are bestowed on the employee/es on Quarterly / Biannual basis. The objective of the program is to recognize and reward ideas, action and behaviors that will accelerate NSEIL's journey to continue to be a leader and role model across its businesses. Over and above recognizing functional contributions, the employee recognition program also recognizes employee's contribution to organization culture levers e.g. Ownership &

Accountability, Customer Service, etc.

Some of the employee engagement activities conducted by the Company are NSE's participation in TATA Mumbai Marathon Annual picnic with family, Annual day event. A state of art recreation facility has been created for employees offering employees options on health & fitness and recreation & sports. Various engagement options have been made available for employees' e/g. Gymnasium Yoga Classes, Kick Boxing, & Guitar with trainers, Chess, Table Tennis, Carrom, etc. A library enabled with both physical and digital mediums of reading has also been provided in the recreation facility. Employee Assistance Program and various staff welfare initiatives are also held on a periodic basis so as to enhance the employee engagement levels in the company.

3.3 Employee Relations:

The employee relations scenario has been harmonious throughout the period under consideration.

Succession policy

Your Company has formulated a Policy on succession planning for the Board and Senior Management Personnel for orderly succession to the Board and the Senior Management.

3.4. Resources committed towards strengthening regulatory functions and towards ensuring compliance with regulatory requirements applicable to Clearing Corporation

The Company has dedicated resources to manage the regulatory / compliance functions i.e. Membership compliance, Inspection, etc. There are 18 resources in these functions in various designations. Further, there are various committees (which are sub-committees of the Board) to oversee the regulatory functions, these committees comprise of members of the Board and external experts as required.

3.5 Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

The disclosures required to be given under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 are given in the following Table No. 07:

Table No. 07

1	Number of complaints of sexual harassment received in the year	Nil
2	Number of complaints disposed off during the year	Not applicable
3	Number of cases pending for more than 90 days	Not applicable
4	Number of workshops or awareness programs	Awareness program

NSE CLEARING LIMITED

	against sexual harassment carried out	for all employees and online training on POSH was conducted for all employees.
5	Nature of action taken by the employer	Not applicable

NSE Clearing Limited has complied with provisions relating to the constitution of the Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

NSEIL has a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace which is applicable to all the subsidiaries. Internal Committee is constituted as per the Act.

4.1 FINANCIAL RESULTS

The working of NCL during the year has resulted in a net profit after tax of Rs. 213.28 crore on standalone basis and Rs. 206.88 crore on Consolidated Basis, as per particulars given in Table No.08 below: -

Table No.08

Particulars	(Rs. In crore)			
	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Income	430.74	380.86	431.83	381.00
Expenditure	132.84	112.23	140.33	118.77
Profit before tax	297.90	268.63	291.50	262.23
Provision for tax (including deferred tax)	84.62	96.11	84.62	96.11
Profit after tax	213.28	172.52	206.88	166.11
Less: Items that will not be reclassified to profit or loss	(1.12)	(0.29)	(1.12)	(0.29)
Add/(less): Income-tax to relating items that will not be reclassified to profit or loss	0.33	0.10	0.33	0.10
Total comprehensive income	212.49	172.32	206.09	165.92
Surplus brought forward from previous year	189.17	71.55	165.18	54.47
	401.66	243.87	371.27	220.39
Less: Dividend distributed (including DDT) during FY2019-20 & FY 2018-19	97.65	43.40	97.65	43.40
Less: Contribution to core SGF (net of tax impact)	-	11.30	0.50	11.80
Less: Share issue Expenses				0.01
Amount available for appropriation	304.01	189.17	273.12	165.18

Appropriations				
Proposed Dividend		81.00		81.00
Corporate Dividend Tax		16.65		16.65
Balance carried to Balance Sheet		91.52		67.53
Total	304.01	189.17	273.12	165.18

The profit after tax was at Rs. 213.28 crores as compared to Rs. 172.52 crores for the previous year. For more details, please refer 'Management Discussion & Analysis' which forms part of the Board's Report.

4.2 DIVIDEND

In view of the above results, the Directors recommend payment of dividend of Rs.20/- per equity share for the year 2019-20 maintaining the payout ratio of around 40% (including dividend distribution tax).

4.3 PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

No loan or guarantee is given to any person during the year. The investments made by Company during the year are in accordance with the provisions of the Companies Act, 2013. The particulars of Investments made during the financial year are stated in the Notes to Accounts which forms part of this Annual Report.

4.4 PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of contracts or arrangements with related parties are given in Form AOC-2 and is attached herewith as **Annexure -1** to this Report.

The Company has adopted a Policy on Related Party transactions as approved by the Board which, is uploaded on the Company's website https://www.nscclindia.com/NSCCL/disclosures/resources/NSCCL_Policy_on_Materiality_and_Dealing_with_Related_Party_Transactions.pdf

4.5 DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

There is a high degree of automation in most of the key areas of operations and processes. Also, all the processes are well documented with comprehensive and well defined Standard Operating Procedures (SOPs) which, inter alia, includes the financial controls in the form of maker checker, strict adherence to financial delegation has given by the Board at various levels, systemic controls, information security controls as well as role based access controls, etc. Further, these controls are periodically reviewed for change management in the situations of the introduction of new processes/change in processes, change in the systems, change in personnel handling the activities, etc. Besides, these controls are independently reviewed by the internal auditors /operations reviewers of the Company including conducting the routine internal audit/ operations review by them

whereby the audit activity embeds validation/review of the controls to establish their adequacy and effectiveness. The Internal Auditors, Operational reviewers and Independent Practicing Company Secretary review the compliances by the Company with respect to various laws, rules, regulations, etc. as applicable to it on a quarterly basis. The observations, if any, of the internal audit, operations review and the secretarial review report issued by an independent practicing company secretary are also presented by them to the Audit Committee in every quarter.

The Statutory Auditors have conducted a review of internal financial controls including entity level controls, IT general controls, risk control matrix and process walk through on a sample basis as per the guidelines issued by the ICAI.

4.6 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

NSE IFSC Clearing Corporation Ltd. (NICCL) was incorporated as a public company on December 2, 2016 at Ahmedabad under the Companies Act, 2013. NICCL is the step-down subsidiary of the National Stock Exchange of India Limited (NSE), wherein 100% of its share capital is held by NSE Clearing Limited (NCL) formerly known as National Securities Clearing Corporation Limited (NSCCL), a wholly owned subsidiary of NSE.

NICCL, commenced operations as Clearing Corporation in GIFT City, Gandhinagar, Gujarat, India, with effect from June 05, 2017, after receiving approval from SEBI. SEBI further granted renewal of recognition to NICCL until May 28, 2021. The paid-up share capital of NICCL as on March 31, 2020, stood at Rs. 80 crores comprising of 8 crore equity shares of Rs. 10 each.

NICCL clears and settles trades executed on NSE IFSC. NICCL has the following types of clearing membership – Professional Clearing Member, Trading Cum Clearing Member, and Trading Cum Self Clearing Member. NICCL has put in place a robust and comprehensive Risk Management System. NICCL has adopted global best practices and adopted the CPMI IOSCO Principles for Financial Market Infrastructures (PFMIs).

Clearing Banks are the key link between clearing members and NICCL for funds settlement. Members are required to maintain and operate a clearing account with any one of the designated clearing banks empanelled with the Clearing Corporation. There are currently 4 clearing Banks empanelled with NICCL. During the financial year 2019-20, NICCL incurred a loss of Rs. 6.40 crores as compared to loss (after tax) of Rs. 6.40 crores for the financial year 2018-19.

Initiatives and major events during the year ended March 31, 2020

Regulatory Updates:

1. RBI and SEBI have allowed Rupee derivatives (with settlement in foreign currency) to be traded in International Financial Services Centres (IFSCs), starting with Exchange Traded Currency Derivatives (ETCD) on January 20, 2020. NSE IFSC / NICCL has introduced INR-USD contracts (INR-USD & QINRUSD) at IFSC on May 8, 2020.

2. SEBI has relaxed net worth requirement for NICCL to Rs. 50 Crores (as compared to a minimum of Rs. 100 crore after 3 years of operations) or Risk-Based Capital whichever is higher for a period of one year till June 05, 2021.
3. SEBI has prescribed and shared a Cyber Capability Index (CCI) to gauge the cyber security preparedness of MIs. Based on SEBI guidelines CCI score for NICCL, for the quarter ending March 2020 was 89.15 and the same has been submitted to SEBI, after placing to NICCL SCT and NICCL Board.
4. NICCL has been granted recognition by ESMA as a "Third-Country CCP" under EMIR. This recognition of NICCL would enable European based intermediaries to participate in GIFT IFSC.
5. NICCL has submitted its application for recognition as a Non-UK CCP under the Temporary Recognition Regime ("TRR"). NICCL's name has been included in the interim list of third country CCPs that will offer clearing services and activities in the UK.

Operational Updates:

1. As of March 31, 2020, NICCL clear and settles derivative contracts on 3 Indices, 5 currencies, 2 commodities, and 140 single stocks for clearing and settlement purpose.
2. Till March 31, 2020, NICCL had 7 clearing members (3 Trading cum Clearing Members and 4 Trading cum Self Clearing Members).
3. The total value of the settlement for 2019-20 was US \$ 3.65 million. The highest monthly settlement was US \$ 0.982 million for March 2020.
4. NICCL accepts Cash, Fixed Deposit Receipt and Bank Guarantee as collaterals.
5. NICCL has 5 IFSC Banking Units (IBU) for issuance of collateral.
6. As of March 31, 2020, the Core Settlement Guarantee Fund stood at US \$ 1,203,269.87.

NCL has adopted a Policy for determining Material Subsidiaries which is available on the Company's website

<https://www.nscclindia.com/NSCCL/disclosures/resources/Policy-on-Determining-Material-Subsidiaries.pdf>

The Company does not have any joint venture or associate company(ies).

4.7 DEPOSITS

The Company has not invited, accepted or renewed any deposits within the meaning of Section 73 of the Companies Act, 2013. Accordingly, the requirement to furnish details relating to deposits covered under Chapter V of the Companies Act, 2013 does not arise.

4.8 RISK MANAGEMENT POLICY

The Company has an enterprise-wide risk assessment and review mechanism which inter alia consists of risk identification, assessment and categorisation of risks taking into account the impact and likelihood of risks and putting in place adequate

controls and mitigation plans which have helped in reducing the overall risk exposure for the Company and also the impact thereof.

In this direction, the Company has a Risk Management Committee, a subcommittee of the Board, which meets periodically to review the efficacy and adequacy of the Company's risk management exercise and the controls and mitigation plans put in place to reduce the overall impact of the various inherent risks.

For each of the identified risk areas, the Company maintains detailed Risk Registers mainly containing details such as risk description, risk indicators, categorisation of the risk, current controls and mitigation plans, etc.

In terms of SEBI requirements, the Clearing Corporation is required to constitute a Risk Management Committee inter alia to formulate a detailed risk management policy. The Risk Management Committee has formulated a risk management policy and monitors its implementation.

4.9 MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY AND THE DATE OF THE REPORT

There were no material changes and commitments affecting the financial position of your Company which have occurred between the end of the financial period to which the Financial Statements relate and the date of this Report.

4.10 DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

During the year under review, there were no significant or material orders passed by the Regulators or Courts or Tribunal which would impact the going concern status of your Company and its future operation.

4.11 EXPLANATIONS OR COMMENTS ON THE QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE AUDITOR IN HIS REPORT

There is no qualification, reservation or adverse remark or disclaimer made by the Auditors, appointed under Section 139 and 204 of the Companies Act, 2013, in their reports. Hence the need for explanations or comments by the Board does not arise. The report of the Secretarial Auditors is attached herewith as **Annexure-2** to this report. The report of the Statutory Auditors forms part of the financial statements.

During the year under review, neither the statutory auditors nor the secretarial auditors has reported to the Audit Committee under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against NCL by its officers or employees, the details of which would need to be mentioned in this Board's report.

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings' have been duly complied with by your Company.

4.12. SHARE CAPITAL

During the FY 2019-20, there is no change in the capital structure.

4.13 EXTRACTS OF THE ANNUAL RETURN

The extracts of the annual return as on March 31, 2020 in Form MGT-9 is attached herewith as **Annexure-3** and shall form part of this Report.

4.14 CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of your Company and its subsidiary, prepared in accordance with Indian Accounting Standard 110 issued by the Institute of Chartered Accountants of India, form part of the Annual Report and are reflected in the consolidated financial statements of your Company. Pursuant to Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of the subsidiary company is attached to the financial statements in Form AOC-1 is attached herewith as **Annexure-4**. The Company will make available the said financial statements and related detailed information of the subsidiary companies upon the request by any member of your Company or its subsidiary company.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the financial statements of your Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiary, are available on the website of your Company.

5.1 DIRECTORS AND KEY MANAGERIAL PERSONNEL

As per the provisions of Securities Contracts Regulation (Stock Exchanges and Clearing Corporations) Regulations, 2018, the Governing Board of every recognised clearing corporation shall include (a) Public Interest Directors; (b) Shareholder Directors; and (c) Managing Director. Mr. Harun R Khan (Chairman of the Board), Mr. Salim Gangadharan, Mr. N. K. Maini, Mr. C VR Rajendran and Mrs. Bhagyam Ramani are 'Public Interest Directors' category. Mr. J. Ravichandran is the Shareholder Director. Mr. Vikram Kothari is the Managing Director of the Company. The Managing Director is included in the category of 'Shareholder Director'. However, he is not liable to retire by rotation during his tenure as Managing Director.

The first 3 years' term of Mr. Harun R Khan and Mrs. Bhagyam Ramani, Public Interest Directors came to an end on September 7, 2019 and May 31, 2020 respectively. The NRC and the Board had recommended extension of their term for a further period of three years to SEBI. SEBI, vide its letter dated September 3, 2019 and vide its email dated May 26, 2020/June 01, 2020 respectively, extended their term as Public Interest Directors on the Board of NCL for a further period of three years [i.e., for Mr. Harun R Khan- from September 8, 2019 till September 7, 2022 and for Mrs. Bhagyam Ramani

from June 1, 2020 till May 31, 2023].

Subsequently, SEBI vide its letter dated September 17, 2019 approved the appointment of Mr. Harun R. Khan as the Chairman of the Governing Board of NCL till the expiry of his term as Public Interest Director on the Governing Board of NCL.

Mr. J. Ravichandran retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. However, Mr. J. Ravichandran, vide his letter dated June 04, 2020, has expressed his desire not to seek re-election at the forthcoming Annual General Meeting of NSE Clearing Limited. Accordingly, he will cease to be a Director of NSE Clearing Limited after the conclusion of the AGM. The Board wishes to acknowledge and place on record its appreciation for the immensely valuable suggestions and insights provided by Mr. J. Ravichandran as the Shareholder Director during the deliberations at the meetings of Board / Committees thereof.

The NRC and the Board have approved the proposal to recommend to the Shareholders, the appointment of Mr. K. S. Somasundaram [in place of Mr. J. Ravichandran] as a Shareholder Director on the Board of NCL. The said appointment shall be subject to the approval of SEBI. As a Shareholder Director, Mr. K. S. Somasundaram shall be liable to retire by rotation.

The composition of the Board is in conformity with the Companies Act, 2013 and SECC Regulations, enjoining specified combination of Executive, Non-Executive and Public Interest Directors with at least one Independent Women Director. The Chairman of the Board is a Non- Executive Director and is not related to the MD in conformity with SEBI Listing Regulations.

The Ministry of Corporate Affairs (MCA) has vide amendment to the Companies (Appointment and Qualification of Directors) Rules, 2014 mandated KYC of all the Directors through the e-Form DIR-3 KYC. All Directors of NCL have complied with the aforesaid requirement.

During the FY 2019-20, there was no other change in the Key Managerial Personnel of the Company.

With deep regret, your Board reports the sad demise of Mr. R. Jayakumar, Company Secretary who passed away due to prolonged illness on May 26, 2020 after serving the NSE Group almost from its very inception i.e. for more than 25 years. The Board expresses its deep condolences and places on record its sincere appreciation and gratitude for his thoroughness dedication and commitment during his tenure as the Company Secretary.

Mr. Chirag S Nagda was appointed as the Company Secretary of NCL, with effect from June 09, 2020 in place of Late Mr. R Jayakumar.

Pursuant to SECC Regulations, the Key Management Personnel of NCL as of March 31 2020 were Mr. R. Natarajan, Sr. Vice President , Ms. Rana Usman, Head - Clearing Settlement , Mr. Ravindra Mohan Bathula, General Counsel, Mr. R Jayakumar, Company Secretary, Mr. Huzefa Mahuvawala Head- Risk Management , Mr. Dhawal Shah, Head Compliance, Mr. Nilesh Tinaikar, Vice President, Ms. Hima Bindu, Vice President , Mr Amit Amlani, CFO, Mr. Paul Moonjelil CISO, Ms. Moushumi Mandal AVP- Human Resources.

5.2 NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board met seven times during the year on April 30, 2019, May 20, 2019, July 31, 2019, November 06, 2019, January 30, 2020, February 12, 2020 and March 25, 2020. For details of the meeting of the Board, please refer to the Corporate Governance Report, which forms part of this report.

Details of the composition of Committees of the Board, meetings held, attendance of the Directors at such Meetings and other relevant details are given in the Corporate Governance Report forming part of this Report.

5.3 DECLARATION BY INDEPENDENT DIRECTORS

As per SECC Regulations, SEBI has the powers to nominate Public Interest Director (PID on the Board of Exchanges. PID means an Independent Director, representing the interests of investors in the securities market and who is not having any association, directly or indirectly, which is in conflict with his role. PIDs have a fixed tenure and the approval of shareholders for their appointment is not necessary.

In terms of SECC Regulations, SEBI had nominated Mr. Harun R Khan, Mr. Salim Gangadharan, Mr. Navin K Maini, Mr. C VR Rajendran and Mrs. Bhagyam Ramani as Public Interest Directors.

All the PIDs have given declaration of independence as required under the applicable laws as well as confirmation that he/ she is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his / her ability to discharge his / her duties with an objective independent judgement and without any external influence. The enrollment of all PIDs in the Databank being maintained by Indian Institute of Corporate Affairs to qualify as an Independent Director has been completed and they have all furnished the declaration affirming their compliance with the relevant provisions of Companies (Appointment & Qualification of Directors) Rules along with the Declaration of Independence.

In the opinion of the Board, all the aforesaid Independent Directors possess the requisite expertise and experience and are the persons with integrity.

5.4 COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES & INDEPENDENCE OF DIRECTORS

Pursuant to requirements of the Companies Act, 2013, the Company has framed a policy on the appointment of Directors and Senior Management Personnel and a policy on remuneration of Directors and Key Management Persons identified under SCR (SECC) Regulations and under the Companies Act, 2013 and other employees and the same are in force. The relevant extracts from the above policies are given in **Annexure-5**.

5.5 MANNER OF FORMAL ANNUAL EVALUATION OF PERFORMANCE BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS WAS CARRIED OUT

As per the provisions of the Companies Act, 2013, the Nomination & Remuneration Committee (NRC) specifies the manner for effective evaluation of the performance of Board, its Committees and individual directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance. Accordingly, the evaluation of the performance of the Board, its Committees and of its individual directors are carried out in accordance with the Evaluation Policy put in place and other requirements stipulated by SEBI in this regard.

During the year under review, the Company actioned the feedback from the Board evaluation process conducted in the year 2018-19. The evaluation exercise in terms of Schedule IV of the Companies Act, 2013 was also carried out for the FY 2019-20 in a separate meeting of Independent Directors held on June 16, 2020. The performance of all the Directors was evaluated by the entire Board except the person being evaluated. The performance of the Committees was evaluated by the Board. The NRC also carried out the evaluation of individual Directors. The Board also carried out the evaluation of their own performance apart from its Committees and individual Directors.

I. The criteria for evaluation for each of the above are as follows:

(a) Performance evaluation of the Board

The performance of the Board of Directors is evaluated on the basis of various governance and business related parameters which include, inter- alia, Corporate Governance standards adopted by the Board and its implementation, understanding roles and responsibilities of Directors, commitment to highest ethical standards of integrity and probity, understanding of the objectives, values, vision and business of the Company, provision of entrepreneurial leadership, guidance to drive financial and business performance of the Company and periodic review of the same, ensuring necessary financial and human resource support to achieve Company's objectives, etc.

(b) Performance evaluation of the Committees

In addition to the principles stated above for evaluation of Board, to the extent applicable to the respective committees, constructive recommendations made by the Committee(s) to the Board are also kept in mind while evaluating their performance.

(c) Performance evaluation of the Directors

The individual director's performance has been largely evaluated based on his/her level of participation and contribution to the performance of Board/Committee(s) in respect of the above areas. Besides the same, the skills, knowledge, experience, attendance record, the devotion of sufficient time and efficient discharge of responsibilities towards the Company, Board and Committees of which he/she is a member and timely disclosure of personal interest, compliance of Code of Conduct and Ethics, Code for Independent Directors, etc., are also taken into account.

If the individual director whose performance is to be evaluated is a Public Interest Director (PID), the NRC, while evaluating the performance of such PID, shall also keep in mind the policy, if any, framed for performance review of PIDs besides this policy, guiding criteria of performance review, evaluation mechanism, the recommendation to SEBI for extension of PID, etc. as laid down by SEBI in its circular No. SEBI/HO/MRD/DOP2DSA2/CIR/P/2019/26 dated February 5, 2019.

The Performance evaluation criteria of the Board, its Committees, Individual Directors, the Chairperson and PID is available on your Company's website www.nscclindia.com.

6 DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that -

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of NCL at the end of the financial year i.e., 31st March, 2020 and of the profits of NCL for that year;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of NCL and for preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the annual accounts on a going concern basis;
- (v) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and were operating effectively.

7 CORPORATE SOCIAL RESPONSIBILITY

NCL is covered under the purview of Section 135 of the Companies Act 2013 and hence it needs to spend 2% of its average net profit for identified CSR purposes. Since the contribution of the subsidiary companies of NSE Group is negligible and there would be efforts duplication if each individual Company within the group undertakes CSR activities on its own and difficulties in scaling up of these activities could arise, it was decided by the Boards of the respective companies in NSE Group that CSR efforts for the Group be undertaken commonly and the actual spend be allocated to the respective Companies in proportion to their legal obligation.

Therefore, a common CSR function was created under NSE as a group resource and the actual CSR spend was proportionately allocated to the respective Companies. However, the CSR Committees for these Companies which monitor the spending are separate. A common CSR policy was prepared and approved by CSR Committees and Boards of the respective companies. With the rapid increase in the number of CSR projects, it was felt that a separate and focused entity in the form of a Section 8 Company could be established to create a measurable impact and enter into collaborations with on ground implementation partners for scale up of programmes. Accordingly, NSE Foundation was incorporated as a company under Section 8 of the Companies Act, 2013 on 5th March 2018 for which wholly committed but previous years unspent CSR funds have been transferred to NSE Foundation. Effective April 1, 2018, CSR projects of NSE group including NCL are being implemented by the NSE Foundation.

During the year 2019-20, Rs. 4.53 crores was required to be spent to implement the Corporate Social Responsibility Policy of the Company in the manner laid down in sub-section (5) of section 135 of the Companies Act 2013 and the actual amount transferred to NSE Foundation towards approved projects was Rs.4.53 Crores, which is 100% of the amount to be spent by the Company. During the year 2019-20, NSE Foundation spent the entire amount of Rs. 4.53 crores towards the approved CSR projects.

The CSR policy is available on your Company's website www.nscclindia.com. The disclosures required to be made in the Board's Report as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached herewith as **Annexure-6**.

8.1. CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of corporate governance and adhere to corporate governance requirements.

NSE Clearing Limited (NCL) is a public limited company, whose securities are not listed on any of the stock exchanges. As per Regulation 33 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the disclosure requirements and corporate governance norms as specified for listed companies are *mutatis mutandis* applicable to a recognised clearing corporation. NCL has always been involved in good governance practices and endeavors

continuously to improve upon the same. A report on corporate governance for the financial year 2019-20 is furnished as part of the Annual Report for the information of all its stakeholders as **Annexure-7**. The certificate from a Practicing Company Secretary confirming compliance with the conditions of Corporate Governance norms specified for listed companies is also attached to the above report.

8.1 AUDIT COMMITTEE

The Audit Committee comprises four Directors viz., Mr. Harun R Khan, Mr. Salim Gangadharan, Mr. C VR Rajendran and Mrs. Bhagyam Ramani as its members with Mr. Harun R Khan as its Chairman. The Committee met four times during the year i.e., April 30, 2019, July 31, 2019, November 06, 2019 and January 30, 2020 respectively. The details of the attendance of members of the Audit Committee at their meetings held on the above dates are given in Table No. 09 hereunder:-

Table No. 09:

Name	Number of meetings held during the year	Number of meetings attended
Mr. Harun R Khan	4	4
Mr. Salim Gangadharan	4	4
Mr. C VR Rajendran	4	4
Mrs. Bhagyam Ramani	4	4

8.2 STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee was constituted by the Board of NSE Clearing Limited in its meeting held on January 30, 2019. The Committee comprises three Directors viz. Mr. Harun R Khan, Mr. N. K. Maini and Mrs. Bhagyam Ramani as its members with Mr. Harun R Khan as its Chairman. The details of the attendance of members of the Stakeholders Relations Committee at their meetings held on July 31, 2019 are given in Table No. 10 hereunder:-

Table No. 10:

Name	Number of meetings held during the year	Number of meetings attended
Mr. Harun R Khan	1	1
Mr. N. K. Maini	1	1
Mrs. Bhagyam Ramani	1	1

8.3 NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee (NRC) comprises three Directors viz., Mr. N.K.Maini, Mr. Harun R Khan, and Mr. C VR Rajendran as its members with Mr. N.K. Maini as its Chairman. The Committee met five times during the year i.e., April 30, 2019, July 30, 2019, November 05, 2019, January 29, 2020 and March 24, 2020 respectively. The details of the attendance of members of NRC at their meetings held on the above dates are given in Table No.11 hereunder:-

Table No.11:

Name	Number of meetings held during the year	Number of meetings attended
Mr. N.K.Maini	5	5
Mr. Harun R Khan	5	5
Mr. C VR Rajendran	5	5

8.4 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review is presented in a separate section forming part of the Annual Report.

8.5 VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has, in continuation of the Company's pursuit to establish good corporate governance practice, formulated the 'Whistle Blower Policy' and the policy is in force since January 2015. The Policy, as on date, provides a mechanism to the Directors and employees of the Company for reporting instances of unethical conduct, actual or suspected fraud or violation of the Company's Code of conduct or Ethics policy or law to the Chairman of Audit Committee (cases of financial nature) / Regulatory Oversight Committee (other cases) or the Ethics Counselor, as the case may be. Protected Disclosures should preferably be reported in writing as soon as possible after the whistle blower becomes aware of the same.

All Protected Disclosures reported under the Policy will be thoroughly investigated by the Ethics Counselor or Chairman of the Audit Committee/ Regulatory Oversight Committee or a suitable competent person of their choice, as the case may be, of the Company. No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure. Complete protection will be given to whistleblowers against any unfair practice.

If the findings of the investigator(s) conclude commission of an unethical and improper act, disciplinary action or any other action, as deemed appropriate, will be initiated against the person concerned.

A report is being submitted to the Chairman of the Regulatory Oversight Committee/Audit committee as and when any Protected Disclosures are received

along with the results of investigations if any and the action initiated with regard to the same. The Board of NCL periodically takes up every policy for its review and for bringing in suitable changes wherever required so that the policy remains relevant at all times. Accordingly, the Board of NCL at its meeting held January 30, 2020 reviewed the Whistle Blower Policy and approved suitable changes therein.

As per the requirements of SEBI (Listing Obligations & Disclosure Requirements Regulations, 2015, whistle blower policy is provided in the Company's web-site for the information of the shareholders at the following location: https://www.nscclindia.com/NSCCL/disclosures/resources/Whistle_Blower_Policy_NCL.pdf

8.6 BUSINESS RESPONSIBILITY REPORT

The Securities and Exchange Board of India ('SEBI') under Regulation 34(2)(f) of Listing Regulations, 2015 read with National Guidelines on Responsible Business Conduct issued by Ministry of Corporate Affairs requires companies to present a Business Responsibility Report ('BRR') to its stakeholders in the prescribed format.

As stipulated under the Listing Regulations, the Business Responsibility Report (BRR), describing initiatives taken by NCL from an environmental, social and governance perspective, in the prescribed format form is hosted on NCL's website www.nscclindia.com.

9. STATUTORY AUDITORS

M/s. Khandelwal Jain & Co., Chartered Accountants [Firm Regn. No. 105049W] were appointed as the Statutory Auditors of the Company for a period of 5 (five) years from the conclusion of 22nd Annual General Meeting, i.e., June 22, 2017 till the conclusion of 27th Annual General Meeting.

In continuation of its term of appointment, the said Audit Firm carried on the Statutory Audit of the Company for the financial year ended 31st March 2020.

NCL has obtained the certificate from M/s Khandelwal Jain & Co., Chartered Accountants that they are eligible to continue to act as the Statutory Auditor of the Company for FY 2020-2021 as required under Section 139 of the Companies Act, 2013. The requirement of seeking ratification of the members for the continuance of their appointment has been withdrawn consequent upon the changes made by the Companies (Amendment) Act, 2017 with effect from May 07, 2018. Hence the resolution seeking ratification of the members for their appointment is not being placed at the ensuing Annual General Meeting.

The Statutory Auditors' Report for the Financial Year 2019 -20 does not contain any qualification, reservation or adverse remarks.

10 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO

10.1 Conservation of Energy and Technology Absorption

The disclosure of particulars with respect to conservation of energy and technology absorption in terms of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014 are given hereunder:-

NSE and its group companies are aware that their business operations and use of natural resources has an impact on the environment. Being a responsible corporate citizen, it is NSE Group's vision to continuously reduce its carbon footprint, enhance environmental protection practices and promote sustainable business operations.

The NSE Group (which includes NCL) strives to:

- Minimize carbon/Water footprint and ensure sustainable business operations; Minimize pollution of all forms;
- Compliance with all local and national environmental legislation, regulations and codes of practice relevant to the industry sector in which it operates;
- Continual improvement in its environmental performance;

NCL, a wholly owned subsidiary of NSE, is carrying on its operations from the premises of NSE. NCL, together with other companies in NSE Group, has undertaken following major technological initiatives towards effective energy conservation, namely:-

i. Green Power through Wind Power Plant:

NSE has commissioned the 6.25 MW (i.e. 5 nos. of 1.25 MW of Wind Mills) Wind Power Plant at Satara in Maharashtra in the year 2014. In Wind Power Plant, the Wind Electric Generator (WEG) converts the Kinetic Energy available in the Wind to Electrical Energy by using a Rotor, Gearbox and Generator. With regard to the operation of Wind Power Plant, it goes hand-in-hand with the Local Electricity Board. The Plant is connected to the Main Power Grid of the Local Electricity Board. As per renewable energy policy of Govt. of Maharashtra, the quantum of electricity generated through the Wind Power Plant is fed to the grid, which gets set off against the power consumption towards High Tension (HT) installation of the 'Wind farmer' (which in this case is NSE) anywhere in that grid. Accordingly, the aforesaid Wind Power Plant has generated 1,12,77,061 electricity units in the last year.

ii. Thermal Energy Storage System:

Thermal Energy Storage System has been introduced in the Air-conditioning (AC) System at Exchange Plaza. It was observed that most of the Services (i.e. AC Chillers, AHU's, Lifts, Lighting, PC, Plumbing System, etc.) in the building were operated mainly during office / day hours. Amongst them, the AC Chillers and its associated equipments used to consume more than 30% of the total peak demand load. In view of this, NSE had decided to reduce its demand load during peak hours by introducing the aforesaid plant in the existing AC System. In this system, the AC Chillers are being operated at

night hours to form the “Chill” (i.e. Glycol Water at a temperature below zero degree centigrade) which gets stored in a Thermal Storage Tank. The next day, the stored Chill is being utilised through Heat Exchangers for air-conditioning the entire Office area. On account of this, the Services which were operating mainly during office hours have been distributed and NSE had surrendered the extra power. This way, NSE has saved around 14,123 Demand KVA in the last year.

iii. **Building Management System:**

The Building Management System (BMS) had been installed at the inception stage itself to enable NSE to operate the Building's Services more effectively. By using BMS System, the Air Handling Units (AHU) of the air-conditioning system are being operated (i.e. switching ON /OFF) as per the exact time table scheduled for respective floors. It also helps NSE to regulate/control the temperature of the workspace area well within a prescribed tolerance. With this effective operation and regulation of AHU's, electricity is being conserved on a day-to-day basis.

iv. **Occupancy Sensors:**

Motion/Occupancy Sensors have been installed at the entire Office areas to operate the Lights automatically based on the occupancy in the respective areas.

v. **Lighting Transformer and LED Lights:**

Lighting Transformers have been introduced in the lighting feeders to regulate incoming power supply which reduces excess power consumption and enhances the life of the luminaries. Additionally, LED Lights have been introduced across the entire Office area. These measures have saved around 35,560 units in the last year.

vi. **Automatic Power Factor Control Units:**

The Automatic Power Factor Control Units have been installed to improve the power factor (i.e. by counterbalancing the inductive load of the building with capacitive load) of the entire electrical load of the Building. Power Supplier gives incentives i.e. by passing certain discount in the electricity bill on account of this regularly.

vii. **Solar Power Plant:**

The Solar Power Plant of the capacity of 10 KW has been installed in the building which harnesses the Solar Power to cater to part of the lighting load at Exchange Plaza. This way NSE has saved around 365 units in the last year.

viii. **Rainwater Harvesting System:**

Envisaging water scarcity in the future as well as present water shortages, a proper Hydro - Geological survey was conducted at Exchange Plaza to explore the possibility of harvesting the rainwater in the periphery of Exchange Plaza. Accordingly, post survey and feasibility, the Rainwater Harvesting System has been installed. By using this

System, water is percolated into the soil in the Exchange Plaza campus.

ix. **Vermiculture Plant:**

The compostable material like food waste collected from Canteen, Garden Organics and Paper and Cardboard gets collected at one place. Post shredding, the aforesaid organic material gets loaded into a Vermiculture plant for the decomposing process. Post 7 days of an on-going process, vermicompost / manure gets generated and is being used for Gardening purposes. This way NSE has generated around 780 Kg of manure in the last year.

x. **Sewerage Treatment Plant:**

This plant has been installed at the inception stage itself to enable NSE to reuse building's domestic and flushing water (i.e. after treatment) for its Cooling Towers associated with Air-conditioning System and for Gardening purposes every day. This way NSE has saved around 21,778 Kilolitres of Water in the last year.

10.1 Foreign Exchange earnings/outgo during the year under review

There were no foreign exchange earnings during the year. However, the foreign exchange outgo towards revenue payments during the year was Rs. 0.62 crore, Capital payments were Rs.5.19 Crores including Capital contribution of Rs. 5.00 Crores to NSE IFSC Clearing Corporation Limited.

Sl. No	Name and Description of the main products /	NIC Code of the product/	% to total turnover of the company
1	Processing & Clearing services of securities	6619	41.91%

11 PARTICULARS OF EMPLOYEES

As on March 31, 2020, there are 103 employees on the payroll of NCL. A Statement of Particulars of Employees covered under the provisions of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed herewith as **Annexure-8**. The ratio of compensation paid to each key management personnel, vis-a-vis. median of compensation paid to all employees of NSE Clearing Limited is enclosed herewith as **Annexure-9**.

12 COVID-19

The Coronavirus (COVID 19) outbreak is an unprecedented global situation that all countries are dealing with in terms of its human and economic consequences. The World Health Organization (WHO) has declared COVID 19 a 'pandemic'. The Government of India and various state governments have been putting in place several measures including instituting a complete "lockdown" to combat the spread and transmission of the virus.

NSE Clearing Limited is committed to supporting the government in the nation's battle against the pandemic and in providing assistance to alleviate the difficulties faced by the eco system due to COVID 19. As a part of its commitment, NSE group has contributed Rs. 26 crores towards PM Cares Fund and certain State Government funds for combating the spread of COVID-19 virus in the country. In addition to this, many employees of the NSE Group also separately contributed one day's salary towards the PM Cares Fund for this purpose.

MCA had issued an advisory on preventive measures to contain the spread of COVID 19. A new web-based form called CAR (Company affirmation of readiness towards COVID-19) on a voluntary basis was deployed by MCA on 23rd March, 2020. NSE Clearing Limited has reported its compliance and confirmed its readiness towards COVID-19 in FORM CAR (Companies Affirmation of Readiness Towards COVID-19).

The measures taken by NSE Clearing Limited to deal with COVID -19 included initiatives inter-alia such as:

- a) Seamless operations of the market
- b) Business operations with minimal staff strength of 9% to 10% employees operating from office.
- c) No cyber security incidents reported
- d) Business continuity measures
- e) COVID operating guidelines implemented:
- f) All work from office employees placed at nearby hotels in BKC with pick up and drop services by the company.
- g) COVID help desk for addressing employee queries.
- h) Aarogya Setu App usage mandatory for all employees
- i) Safety precautions :
 - Thermal temperature check at all entry points.
 - Mandatory usage of masks and Social distancing norms to be followed.
 - Premise sanitization across all floors and sanitizers at all entry points.
 - Cafeteria services – batch wise with social distance norms
 - COVID health risk covered under organization medical benefit plan.
 - Employee communication on an ongoing basis through mailers, virtual town halls.
 - All work from home employees provided Technology enable online tools for collaboration and communication.

13 ACKNOWLEDGMENT

Your Directors wish to place on record their gratitude for the co-operation and support extended by the Government of India, Securities and Exchange Board of India and Reserve Bank of India. The Board also wishes to place on record their sincere appreciation for the unstinted efforts of the employees at all levels towards the continued growth of NCL.

For and on behalf of the Board of Directors

Place: Mumbai
Date: June 17, 2020

Harun R Khan
Chairman

NSE CLEARING LIMITED

ANNEXURE -1 TO DIRECTORS' REPORT

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies(Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

Nil

- (a) Name(s) of the related party and nature of relationship: **N.A.**
- (b) Nature of contracts/arrangements/transactions **N.A.**
- (c) Duration of the contracts / arrangements/transactions **N.A.**
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any **N.A.**
- (e) Justification for entering into such contracts or arrangements or transactions **N.A.**
- (f) date(s) of approval by the Board **N.A.**
- (g) Amount paid as advances, if any: **N.A.**
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 **N.A.**

2. Details of material contracts or arrangement or transactions at arm's length basis

- (a) Name(s) of the related party and nature of relationship
Please see Annexure to AOC -2
- (b) Nature of contracts/arrangements/transactions
Please see Annexure to AOC -2
- (c) Duration of the contracts / arrangements/transactions
Please see Annexure to AOC -2
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
Please see Annexure to AOC -2
- (e) Date(s) of approval by the Board, if any:
Approved by the Audit Committee on April 30, 2019 as all transactions are in the ordinary course of business and at arm's length basis.
- (f) Amount paid as advances, if any: **Nil**

For NSE Clearing Limited

Place: Mumbai
Date: June 17, 2020

Harun R Khan
Chairman

NSE CLEARING LIMITED

ANNEXURE TO AOC-2

(a) Names of the related parties and related party relationship

Sr. No.	Related Party	Nature of Relationship
1	National Stock Exchange of India Limited (NSE)	Holding Company
2	NSE IFSC Clearing Corporation Limited	Subsidiary
3	NSE Investments Limited (Formerly known as NSE Strategic investment Limited)	Fellow Subsidiary
4	NSE Data & Analytics Limited (Formerly known as DotEx International Limited)	Fellow Subsidiary's Subsidiary
5	NSEIT Limited	Fellow Subsidiary's Subsidiary
6	NSE Indices Limited (Formerly known as India Index Services & Products Limited)	Fellow Subsidiary's Subsidiary
7	NSE Infotech Services Limited	Fellow Subsidiary's Subsidiary
8	NSE.IT (US) Inc.	Fellow Subsidiary's Subsidiary
9	Aujas Networks Private Limited	Fellow Subsidiary's Subsidiary's Subsidiary
10	NSE Foundation	Fellow Subsidiary
11	National Securities Depository Limited	Holding Company's Associate
13	BFSI Sector Skill Council of India	Holding Company's Associate
14	Power Exchange India Limited	Associate of Fellow Subsidiary
15	NSDL e-Governance Infrastructure Limited	Associate of Fellow Subsidiary
16	Market Simplified India Limited	Associate of Fellow Subsidiary
17	Computer Age Management Services Private Limited	Associate of Fellow Subsidiary
18	Receivables Exchange Of India Limited	Associate of Fellow Subsidiary
19	Mr. T Venkata Rao–Managing Director (upto 06.11.2017) Mr. Vikram Kothari–Managing Director (w.e.f. 07.11.2017) Mr. Harun R Khan –Director (w.e.f September 8, 2016) Mr. Salim Gangadharan-Director (w.e.f May 3, 2016) Mr. N.K Maini-Director (w.e.f May 25,2016) Mr. Ravi Narain-Director (upto June 02, 2017) Mr. C.V.R Rajendran- Director(w.e.f May 3,2016) Ms. Bhagyam Ramani–Director (w.e.f June 01, 2017) Mr. J Ravichandran – Directors (w.e.f. November 17, 2017)	Key Management personal/Directors

(b) Details of transaction (including service tax wherever levied) with parties are as follows :

(in crore)

Name of the Related Party	Nature of Transactions	Year ended March 31, 2020	Year ended March 31, 2019
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NSE CLEARING LIMITED

National Stock Exchange of India Limited	<ul style="list-style-type: none"> • Clearing and Settlement charges • Usage charges paid • Usage charges received • Reimbursement paid for expenses on staff on deputation • Salary liability transferred • Reimbursement paid for other expenses incurred • Space & Infrastructure Usage Charges • Contribution to Core SGF • Reimbursement received for services rendered • Dividend 	200.87 21.70 1.66 11.66 - 39.66 5.29 - 0.38 81.00	164.81 20.01 - 9.50 - 37.20 10.74 - 0.91 36.00
NSE IFSC Clearing Corporation Limited	<ul style="list-style-type: none"> • Investment in Equity Share Capital • Reimbursement paid for other expenses incurred 	5.00 0.89	5.00 1.90
NSEIT Limited	<ul style="list-style-type: none"> • Repairs & Maintenance – Clearing & Computer systems 	13.74	4.79
NSE Infotech Services Limited	<ul style="list-style-type: none"> • Repairs & Maintenance – Clearing & Computer systems 	0	2.08
NSE Foundation	<ul style="list-style-type: none"> • Investment in Equity Share Capital • Contribution towards CSR Expenses 	- 4.53	- 4.41
National Securities Depository Limited	<ul style="list-style-type: none"> • Depository operation fees 	0.28	0.27
Computer Age Management Services Private Limited	<ul style="list-style-type: none"> • Cash management charges 	0.30	0.75
Mr. T Venkata Rao - Managing Director (upto 06.11.2017)	<ul style="list-style-type: none"> • Gross remuneration including allowances, non-cash perquisites and contribution to Provident Fund and Superannuation Fund etc. 	0.24	0.50
Mr. Vikram Kothari- Managing Director (w.e.f 07.11.2017)	<ul style="list-style-type: none"> • Gross remuneration including allowances, non- cash perquisites and contribution to Provident Fund and Superannuation Fund etc. 	1.67	1.29
Directors	<ul style="list-style-type: none"> • Sitting Fees paid to Directors <ul style="list-style-type: none"> • Mr. HR Khan • Mr. Salim Gangadharan • Mr. Navin Kumar Maini • Mr. Ravi Narain • Mr. CVR Rajendran • Mrs. Bhagyam Ramani 	0.30 0.30 0.26 - 0.31 0.29	0.38 0.27 0.30 - 0.21 0.27

ANNEXURE -2 TO DIRECTORS' REPORT

Form No. MR-3 SECRETARIAL AUDIT REPORT

For the year ended 31st March, 2020

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014]

To
The Audit Committee/Board of Directors/Members
NSE Clearing Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (East)
Mumbai- 400051

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **NSE Clearing Limited (formerly known as National Securities Clearing Corporation Limited) having CIN No. U67120MH1995PLC092283** (hereinafter called the 'Company') during the financial year from April 01, 2019 to March 31, 2020, ('the year'/'audit period'/'period under review').

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the company's corporate conducts/statutory compliances/board processes and expressing our opinion thereon.

We are issuing this report based on:

- (i) our **verification** of the books, papers, minute books, scanned copies of minutes of Board and Committee, statutory registers, soft copy of the various records sent over mail as provided by the company and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the company during the financial year ended 31st March 2020 as well as before the issue of this report;
- (ii) Our **observations** during our visits to the Corporate office of the Company;
- (iii) **Compliance Certificates** confirming Compliance with all laws applicable to the company given by Key Managerial Personnel / Senior Managerial Personnel of the company and taken on record by Audit Committee / Board of Directors, and
- (iv) **Representations** made, documents shown and information provided by the company, its officers, agents, and authorised representatives during our conduct of secretarial Audit.

We hereby report that in our opinion, during the audit period covering the financial year ended on 31st March 2020 the Company has:

- (i) complied with the statutory provisions listed hereunder, and
- (ii) Board-processes and compliance mechanism are in place

to the extent, in the manner and subject to the reporting made hereinafter.

The members are requested to read along with our letter of even date annexed to this report as Annexure- A.

1. Compliance with specific statutory provisions

We further report that:

1.1 We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions/ clauses of:

- (i) The Companies Act, 2013 and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and Rules and Regulations made thereunder, of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings (to the extent applicable);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Regulations'):
 - (a) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; to the extent applicable to recognized Clearing Corporations pursuant to Securities Contract (Regulation) (Stock Exchange and Clearing Corporation) Regulations, 2018; and
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (vi) Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards).
- (vii) Following other laws as applicable specifically to the Company are:
 - a) The Securities Exchange Board of India Act, 1992;
 - b) Securities Contracts (Regulation) (Stock Exchanges & Clearing Corporations) Regulations, 2018; and
 - c) Rules, Regulations, Circulars, Orders, Notification, and Directives issued under the above statutes to the extent applicable.

1.2 During the period under review, and also considering the compliance related action taken by the company after 31st March 2020 but before the issue of this report, the company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us :

(i) **Complied with** the applicable provisions/clauses of the Act, Rules, SEBI Regulations and Agreements mentioned under sub-paragraphs (ii),(iii),(iv) (v) and (vii) of paragraph 1.1 above.

(ii) Generally complied with the applicable provisions/ clauses of :

(a) The Act and rules mentioned under paragraph 1.1 (i);

(b) The Secretarial standards on meetings of the Board of Directors (SS-1) and Secretarial standards on General Meetings (SS-2) mentioned under paragraph 1.1 (vi) above to the extent applicable to Board and Committee meetings held during the year and the 24th Annual General Meeting held on 26th June 2019 (24th AGM). The Compliance of the provisions of the Rules made under the Act [paragraph 1.1(i)] and SS-1 [paragraph 1.1(vi)] with regard to the Board/ Committee meeting held through video conferencing were verified based on the minutes of the meeting provided by the company.

1.3 We are informed that, during/ in respect of the year, the company was not required to initiate any compliance related action in respect of the following laws/rules/regulations/standards, and was consequently not required to maintain any books, papers, minute books or other records or file any form/ returns thereunder:

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- c. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
- f. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014

1.4 There was no other law that was specifically applicable to the company, considering the nature of its business. Hence the requirement to report on compliance with any other specific law under paragraphs 1.1 and 1.2 above did not arise.

2. Board processes:

We further report that:

2.1 The Board of Directors of Company as on March 31, 2020 comprised of:

- (i) One Executive Director,
- (ii) One Non- Executive Non-Independent Director, and
- (iii) Five Non- Executive Independent Directors, including a woman Independent Director.

2.2 The processes relating to the following changes in the composition of the board of Directors during the year were carried out in compliance with the provisions of the Act and SECC and LODR Regulations:

- (i) Re- appointment of Mr. J Ravichandran (DIN:00073736) as Director retiring by rotation at 24th AGM,
- (ii) Re- appointment of Independent Directors namely Mr Harun R Khan (DIN: 07456806) w.e.f. 8th September 2019, Mr Salim Gangadharan (DIN: 06796232)

w.e.f. 3rd May 2019, Mr Navin Kumar Maini (DIN: 00419921) w.e.f. 25th May 2019 and Mr C VR Rajendran (DIN: 00460061) w.e.f. 3rd May 2019, all the mentioned re-appointments were upon approval received from SEBI.

2.3 Adequate notice was given to all the directors to enable them to plan their schedule for the Board and Committee meeting.

2.4 Notice, Agenda and detailed notes on agenda of Board and Committee meetings was sent to directors at least seven days in advance.

2.5 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.

2.6 We note from the minutes verified that, at the Board meetings held during the year:

(i) Majority decisions were carried through; and

(ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the minutes.

3. Compliance mechanism

There are reasonably adequate systems and processes in the company, commensurate with the company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

4. During the period under review there were no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Place: Mumbai
Date: June 17, 2020

For BNP & Associates
Company Secretaries
Firm Registration No. P2014MH037400

Avinash Bagul
Partner
FCS:5578 CP No:19862
UDIN: F005578B000350307

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

**To,
The Audit Committee/ Board of Directors/Members,
NSE Clearing Limited**

Secretarial Audit Report of even date is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the company after March 31, 2020 but before the issue of this report.
4. We have considered compliance related actions taken by the company based on independent legal /professional opinion obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the company on a test basis. We believe that the processes and practices we followed, provides a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
7. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit Report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai
Date: June 17, 2020

**For BNP & Associates
Company Secretaries
Firm Registration No. P2014MH037400**

**Avinash Bagul
Partner
FCS:5578 CP No:19862
UDIN: F005578B000350307**

ANNEXURE 3 TO DIRECTORS' REPORT

Form No. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details:

i	CIN	U67120MH1995PLC092283
ii	Registration Date	31 st August 1995
iii	Name of the Company	NSE Clearing Limited (Formerly known as National Securities Clearing Corporation Limited)
iv	Category / Sub-Category of the Company	Limited by shares / Indian Non-Govt. Co.
v	Address of the Registered office and contact details	Exchange Plaza, Plot C-1, Block G Bandra-Kurla Complex, Bandra (East) Mumbai-400 051 Tel: 022- 2659 8222, Fax : 022- 2659 8198
vi	Whether listed company (Yes/ No)	No
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Ltd., C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai – 400 083. Tel: 022 –4918 6270, Fax:022- 4918 6060

II. Principal business activities of the company

All the Business activities contributing 10 % or more of the total turnover of the company are:-

Sl. No	Name and Description of main products / services	NIC Code of the product/	% to total turnover of the company
1	Processing & Clearing services of securities	6619	41.91%

III. Particulars of holding, subsidiary and associate companies

Sr. No	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	National Stock Exchange of India Limited, Exchange Plaza, Plot C-1, Block G, Bandra-Kurla Complex, Bandra (East) Mumbai- 400 051	U67120MH1992 PLC069769	Holding company	100 %	2(46) read with 2(87) (ii) of the Companies Act, 2013
2	NSE IFSC Clearing Corporation Limited Unit -1202, Brigade International Financial Centre 12 th Floor, Block-14, Road 1C, Zone -1, GIFT SEZ GIFT CITY, Gandhinagar, Gujarat-382 355	U65990GJ2016PLC094545	Subsidiary Company	100%	2(46) read with 2(87) (ii) of the Companies Act, 2013

IV Shareholding Pattern (equity share capital break-up as % of total equity)

(i) Category-wise shareholding

Category of Shareholders	Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter(s)	–	–	–	–	–	–	–	–	–
(1) Indian	–	–	–	–	–	–	–	–	–
a) Individual/ HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	4,49,99,952	48	4,50,00,000	100%	4,49,99,952	48	4,50,00,000	100%	0
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any other	–	–	–	–	–	–	–	–	–
Subtotal A (1)	4,49,99,952	48	4,50,00,000	100%	4,49,99,952	48	4,50,00,000	100%	0
(2) Foreign	–	–	–	–	–	–	–	–	–
a) NRIs- Individuals	–	–	–	–	–	–	–	–	–
b) Other-Individuals	–	–	–	–	–	–	–	–	–

c) Bodies Corp.	—	—	—	—	—	—	—	—	—
d) Banks/ FI	—	—	—	—	—	—	—	—	—
e) Any other	—	—	—	—	—	—	—	—	—
Subtotal A (2):-	—	—	—	—	—	—	—	—	—
Total shareholding of Promoter (A)= A (1)+ A(2)	4,49,99,952	48	4,50,00,000	100%	4,49,99,952	48	4,50,00,000	100%	0
B. Public Shareholding	—	—	—	—	—	—	—	—	—
1. Institutions	—	—	—	—	—	—	—	—	—
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks/ FI	—	—	—	—	—	—	—	—	—
c) Central Govt.	—	—	—	—	—	—	—	—	—
d) State Govt. (s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIs	—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others (specify)	—	—	—	—	—	—	—	—	—
Sub-total (B)(1):-	—	—	—	—	—	—	—	—	—
2. Non-Institutions	—	—	—	—	—	—	—	—	—
a) Bodies Corp.	—	—	—	—	—	—	—	—	—
i) Indian	—	—	—	—	—	—	—	—	—
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals	—	—	—	—	—	—	—	—	—
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	—	—	—	—	—	—	—	—	—
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	—	—	—	—	—	—	—	—	—
c) Others (specify)	—	—	—	—	—	—	—	—	—
Sub-total (B)(2):-	—	—	—	—	—	—	—	—	—
Total Public Shareholding (B)=(B)(1)+ (B)(2)	—	—	—	—	—	—	—	—	—
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total (A+B+C)	4,49,99,952	48	4,50,00,000	100%	4,49,99,952	48	4,50,00,000	100%	0

ii) Shareholding of Promoters-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	National Stock Exchange of India Limited	4,50,00,000	100%	0	4,50,00,000	100%	0	0
	Total	4,50,00,000	100%	0	4,50,00,000	100%	0	0

iii) Change in Promoters' Shareholding (please specify, if there is no) change

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	No change	No change	No change	No change
2	Date-wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	No change	No change	No change	No change.
3	At the end of the year	No change	No change	No change	No change

- iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and holders of GDRs and ADRs):
NSE is the sole shareholder holding 100% of equity shares in NCL

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	N.A.	N.A.	N.A.	N.A.
2	Date-wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/sweatequityetc.):	N.A.	N.A.	N.A.	N.A.
3	At the end of the year (or on the date of separation, if separated during the year)	N.A.	N.A.	N.A.	N.A.

- v) Shareholding of the Directors and Key Managerial Personnel: **NIL**

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	N.A.	N.A.	N.A.	N.A.
2	Date-wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	N.A.	N.A.	N.A.	N.A.
3	At the end of the year	N.A.	N.A.	N.A.	N.A.

V. INDEBTEDNESS –

Indebtedness of the Company including interest outstanding/accrued but not due for payments- **NIL**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	N.A.	N.A.	N.A.	N.A.
i) Principal Amount	N.A.	N.A.	N.A.	N.A.
ii) Interest due but not paid	N.A.	N.A.	N.A.	N.A.
iii) Interest accrued but not due	N.A.	N.A.	N.A.	N.A.
Total (i+ii+iii)	N.A.	N.A.	N.A.	N.A.
Change in Indebtedness during the financial year	N.A.	N.A.	N.A.	N.A.
* Addition	N.A.	N.A.	N.A.	N.A.
* Reduction	N.A.	N.A.	N.A.	N.A.
NetChange	N.A.	N.A.	N.A.	N.A.
Indebtedness at the end of the financial year	N.A.	N.A.	N.A.	N.A.
i) Principal Amount	N.A.	N.A.	N.A.	N.A.
ii) Interest due but not paid	N.A.	N.A.	N.A.	N.A.
iii) Interest accrued but not due	N.A.	N.A.	N.A.	N.A.
Total (i+ii+iii)	N.A.	N.A.	N.A.	N.A.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Mr. Vikram Kothari, Managing Director	Total Amount (Rs in Crores)
1	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income- tax Act, 1961	1.61	1.61
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.02	0.02
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission -as % of profit -others, specify...	-	-
5	Others, please specify (contribution to PF and other fund. Exempted allowances, tax paid by employer, withheld variable	0.05	0.05
	Total (A)	1.67	1.67
	Ceiling as per the Act-5%		14.11
	Ceiling as per the Act-11%		31.04

B. Remuneration to other Directors:

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors- Present	Mr. Harun R Khan	Mr. Salim Gangadharan	Mr. Navin Kumar Maini	Mr. C VR Rajendran	Mrs. Bhagyam Ramani	
	Fee for attending board & committee meetings	3,025,000	3,025,000	2,625,000	3,100,000	2,850,000	14,625,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)						
2	Other Non-Executive Directors-Present	Mr. J. Ravichandran	-	-	-	-	-
	Fee for attending board & committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-

C. Remuneration to Key Managerial Personnel (Other than MD/MANAGER/MTD)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	0.90	0.64	1.54
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	0.01	0.01
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify (contribution to provident fund and other fund, exempted allowance)	-	0.06	0.02	0.08
	Total	-	0.96	0.67	1.63

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board of Directors

Place: Mumbai
Date: June 17, 2020

Harun R Khan
Chairman

ANNEXURE -4 TO DIRECTORS' REPORT

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Form AOC 1

**(Pursuant to first proviso to sub-section (3) of section 129 read with
rule 5 of Companies (Accounts) Rules, 2014)**

Part "A" Subsidiary

Name of the Subsidiary	NSE IFSC Clearing Corporation Limited
The date since when subsidiary was acquired	02-Dec-16
Reporting date	31-Mar-20
Share Capital	80.00
Reserves and Surplus	-24.17
Total Assets	76.89
Total Liabilities	76.89
Investments	-
Turnover	1.09
Profit before Taxation	-6.40
Provision for Taxation	-
Profit after Taxation	-6.40
Proposed Dividend	-
% of shareholding	100%

Notes:-

1. NSE IFSC Clearing Corporation Limited is a wholly owned subsidiary of
NSE Clearing Limited.

ANNEXURE - 5 TO BOARD'S REPORT

Relevant extracts from Nomination and Remuneration policies of NCL

(a) Criteria for determining qualifications, positive attributes and independence of a director:

- Satisfaction of the 'fit & proper person criteria' stipulated under SCR (SECC) Regulations 2018 and other requirements as prescribed by SEBI from time to time.
- Assessment of the appointee against a range of criteria which includes, but not be limited to, qualifications, skills, diverse industry experience, background and other qualities relevant to the business of the Company and required to operate successfully in the position.
- The extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company.
- The nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment.
- Ability of the appointee to represent the company.
- Ability to work individually as well as a member of the Board and with the senior management.
- Influential communicator with power to convince other in a positive way.
- Ability to participate actively in deliberation and group processes.
- Strategic thinking and facilitation skills.
- Act impartially keeping in mind the interest of the company on priority basis.
- Fulfills the criteria for determining independence.
- If the individual director whose performance is to be evaluated is a Public Interest Director (PID), the NRC, while evaluating the performance of such PID for recommending his name for nomination/re-nomination on the Board, shall also keep in mind the guiding criteria of performance review, evaluation mechanism, recommendation to SEBI for extension of PID, etc. as laid down by SEBI in its circular No. SEBI/HO/MRD/DOP2DSA2/CIR/P/2019/26 dated February 5, 2019.

(b) Policy on directors' remuneration:

- The remuneration / compensation / commission, etc. to be paid to Directors is determined by the Nomination & Remuneration Committee and recommended to the Board for approval.
- The remuneration / compensation / commission, etc. shall be subject to the approval of the shareholders of the Company, the Central Government and SEBI, wherever required. It shall be as per the statutory provisions of the Companies Act, 2013 read with the rules made thereunder for the time being in force. The requirements prescribed by SEBI from time to time in this regard shall be followed while determining the compensation payable to Directors.

ANNEXURE -6 TO DIRECTORS' REPORT

Annual Report of CSR activities for FY 2019-20

1. NSE Group CSR Vision

NSE Group works to improve the financial wellbeing of people at large through a committed approach to offer investment products that suit the varied needs of people. It has improved access to financial markets for people across the country by the introduction of transparent and efficient systems, improved safety measures for investors, empowering investors through awareness and education on financial planning, investor protection and investment-related issues.

Besides this, NSE Group has continuously endeavored to integrate sustainable and responsible business practices through environment-friendly measures such as recycling of waste, reducing paper, water and energy conservation, use of renewable sources of energy, eco-friendly infrastructure, gender diversity and inclusive workplace policies.

NSE Group further understands that the economic and social well-being of the community is closely interlinked to their habitats and the environment. NSE Group therefore strives to integrate triangulated focus to improve the quality of life of its identified beneficiaries towards creating inclusive societies, while meeting its social, economic and environmental responsibilities.

The key focus sectors identified by NSE Group for social intervention impact the triple disadvantaged sections of our population. The key change and impact indicators in every programme strive to align with the nation's social development goals and the larger global sustainable development goals.

(a) CSR Focus Areas, Objectives and Goals

The CSR objectives have been identified basis the larger mandate outlined in Section 135 of the Companies Act 2013 and Companies (CSR Policy) Rules 2014 as well as to meet NSE's community engagement aspirations.

NSE Group has currently identified five CSR areas, as issues of concern to be addressed in the developmental landscape in India. They are i) Primary Education, ii) Elder Care, iii) Sanitation & Safe Drinking Water, iv) Environment Sustainability and v) Skill Development & Entrepreneurship. In addition, during times of natural calamities and disasters NSE Group strives to provide speedy relief and assistance to affected geographies and communities through contributions to the Prime Minister's relief fund, emergency disbursements to undertake relief through NGOs etc. NSE also undertakes research and studies in areas specified in Schedule VII including promoting education.

The NSE Group CSR programmes seek to impact some of the most marginalised communities by undertaking long term strategic programmes with a strong emphasis on the behaviour change activities which are embedded in the programme design. Projects implemented under these verticals are not one-time activities but are on a long term programme mode that will achieve the pre-determined goals and impact.

In addition to the focal areas of social intervention, a number of internal CSR activities such as environmental awareness, nature trails, blood donation camps, visits to the project sites etc. which engage and motivate employees to be socially responsible have been undertaken by the CSR Society Focus Group of NSE Group.

The core CSR focus verticals are further detailed in the following sections.

- **Primary Education**

The NSE Group CSR initiatives in Primary Education focus on bridging the literacy gaps of children aged between 5 -12 years from disadvantaged communities who form the bottom rung of society. The programme outcomes contribute to the holistic development of children which includes addressing their physical, mental and aspirational needs through supplementary and in-school programmes.

NSE Group has identified interventions in capacity building and training of teachers that will augment teacher-student ratio and directly impact the quality and quantity of attention that is currently provided per student. The aim is to improve reading, writing, critical thinking, arithmetic and problem-solving, application and behavioural skills and create a cadre of highly motivated teachers who become change agents.

- **Sanitation and Safe Drinking Water**

The initiatives in WASH (Water, Sanitation and Hygiene) programmes are aligned to the goals of the Swacch Bharat Mission and the Swacch Bharat Swacch Vidyalaya. Under this, NSE Group supports retrofitting of sanitation projects in the schools and communities it is present in as well as takes up awareness building on sanitation, safe drinking water, solid waste management and other WASH-related aspects to ensure usable WASH facilities in schools, Anganwadis, etc. and strive towards sustainable open defecation (ODF) free communities through sustained behaviour change communication.

- **Elder Care**

Demographic Ageing is rapidly advancing with 1 in 6 Indians slated to be a senior citizen by 2050. This poses a huge set of challenges and stresses on the nation and society, which include a larger financially dependent population, increased demands on health care systems, social security, protection and management.

The area is challenging as this problem has not been taken up as an imminent issue. Projects considered under the elder care segment focus on enhancing the holistic well-being of the underprivileged ageing population by awareness campaigns,

addressing their mental and physical health indicators through health camps etc., addressing elder abuse, loneliness, economic and financial independence by activities that create awareness of issues relating to the elderly.

- **Environmental Sustainability**

The environmental ecosystem is a fragile relationship between various elements such as air, water, soil, flora, fauna etc. Some critical issues that pose an unprecedented challenge are pollution (of soil water and air), ground-water depletion, solid & liquid waste management, loss of forests with the accompanying biodiversity etc. Further, in light of unexplained climate change leading to disasters that cause widespread damage and economic losses such as floods or droughts which are increasing with each passing year, both interventions and innovative solutions are required to address the same.

In keeping with NSE Group's commitment to environmental conservation, issues such as restoration of ecological balance in communities, protection of flora and fauna, agroforestry, conservation of natural resources and maintaining quality of soil, air and water will be addressed.

- **Skill Development and Entrepreneurship**

India has an unparalleled youth demographic- 65% of its population is 35 years or under and over 62% of the population is in the working-age group (15-59 years). While this demographic dividend promises immense opportunities, it brings its own set of challenges such as equipping youth and those in the employable band with adequate, relevant, job-ready skills.

The initiatives on skill development are aligned to National Policy for Skill Development & Entrepreneurship 2015, the National Skill Development Mission and other Government schemes in short and long term skill development, apprenticeship, vocational training, upskilling, entrepreneurship etc. and contribute to the outcomes envisaged under the universal Sustainable Development Goal 8- promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

- **Disaster Relief and Rehabilitation**

From time to time various geographical areas of the country are affected by natural disasters such as Earthquakes, Floods, Landslides, Cyclones, Tsunamis, Urban Flood, Heat waves and Drought etc. as well as emergencies and calamities in urban and rural areas. Relief and rehabilitation activities will be undertaken through NGOs/implementation partners or through contributions to Government bodies/institutions set up by the State /Central Government to undertake such relief and rehabilitation activities.

- **Prime Minister's National Relief Fund**

From time to time various regions in India are affected by natural calamities such as floods, storms, earthquakes, etc. Emergency relief assistance is provided by the State Govt. & Central Govt. agencies, NGOs etc. and also through Prime Minister's National Relief Fund. NSE has taken up contribution to the 'Prime Minister's National Relief Fund' and emergency disbursements to NGOs to provide speedy relief to affected

communities as one of the CSR focus areas in such circumstances if and when the need arises, under the CSR policy.

- Research and Studies in areas specified in Schedule VII including promoting Education

Research activities may be undertaken in the areas as described in Schedule VII of the Companies Act, 2013, or in the areas promoting education such as Economics, policy, regulatory, corporate governance etc. as CSR activities.

(b) Selection Criteria for Projects

The NSE Group CSR objectives have been identified basis the larger mandate of the Sec. 135 of the Companies Act 2013 and the Companies (CSR Policy) Rules 2014, which outlines the corporate social responsibility of companies. NSE Group has further defined the CSR interventions to be undertaken and laid down the criteria for selecting projects on a long-term timeline to achieve outlined indicators to create a sustainable impact in identified communities.

The implementing agencies (NGOs) are selected after intense scrutiny and due diligence by NSE Group programme monitoring and evaluation (PME) partners. This includes, legal & financial due diligence, conformation to guidelines prescribed in Sec.135, programme evaluation, past track records and so on.

The programme proposals go through a detailed assessment on various parameters such as type of beneficiaries, relevance of the scope of work to thematic requirements, focus on the larger community, emphasis on training and capacity building, working with Government schemes, departments, sustainability of the intervention, innovativeness, uniqueness, scalability, replication of programmes, outputs, outcomes, plan for monitoring and evaluation, impact assessment and employee engagement opportunities.

After the first phase of programme implementation, NSE Group CSR team had developed a reference framework based on the FINITE model to benchmark the projects. **F**ocused (in location /approach and sector), **I**nnovative (in design, concept and outcomes) **N**iche (Unique in approach, intervention and programmes) **I**mpactful (in quantitative and qualitative programme outputs and outcomes) **T**racked (in programme achievements, programme objectives involving NSE staff, NGOs, community and beneficiaries) and **E**ngaging (To all stakeholders- community, company and beneficiaries due to uniqueness of methodology, engagements and tools).

The projects are selected on a number of parameters such as alignment to the CSR vision and CSR policy of NSE Group, focus verticals, geographical regions in backward districts, needs of the community, impact of the programme, beneficiaries profile and sustainability of the project after completion.

(c) Monitoring and Evaluation of CSR Initiatives

Rigorous monitoring and evaluation processes ensure the success of the CSR programmes. NSE Group through empaneled Project Management and Evaluation agencies (PMEs) of repute and experience, apply stringent criteria while selecting the NGO partner and the programmes. The projects have the key indicators defined and impact assessed in the CSR projects undertaken.

These key indicators are tracked on a regular basis by frequent desk reviews, site visits, follow-ups, capacity building, quarterly on-site programmatic and financial scrutiny as well as advice on organizational or programmatic corrections to ensure on the ground impact and sustainability of the programme.

(d) Projects undertaken by NSE Group CSR during the FY 2019-20

PRIMARY EDUCATION

i. Eureka Super Kidz

This project has concluded a term of three years and impacted 2886 children in 100 villages of six districts in Tamil Nadu namely: Cuddalore, Kanchipuram, Thiruvallur, Thiruvannamalai, Trichy and Vellore. The model which is an after school remedial education programme is run in 101 learning centres that were established to impart quality education. Children from grades 3-8 were covered in Maths, Language and Science to improve their foundation in these subjects.

The programme built the capacity of the tutors and block trainers (trained community youth) through workshops on classroom management, soft skills and innovative teaching techniques. The programme also intervened through tinkering labs to provide a trigger for scientific temperament, health sessions for awareness on better nutrition and “Walk ‘n’ Talk English” program to help better engage the parents and community. The programme also worked with 417 children from 28 tribal villages. A 27% increase was observed in enrolment rate and an average of 50% improvement in the skills taught to the students.

The community contributed to the project in the form of Panchayat Thailavars’ (community elders) sponsorship of the village level events. Each child and family also contributed a small sum towards the tutor’s cost. These mechanisms of leveraging funds have enabled a self-sustainability within the project.

ii. Fellowship Sponsorship Programme

This three-year programme benefitted 2100 students in 60 schools, supported by 60 teaching fellows (42 in Mumbai and 18 in Chennai) drawn from various professions, to teach in government schools. Embedding of such trained and skilled teaching fellows within the educational systems leads to a high transference of skill sets to the students. This, in turn, leads to improved learning outcomes in numeracy and language as well as a propensity to learn.

A Student Vision Scale measures academic achievement, exposure, access, values and mindsets. In the last year of the programme, there was 16.3% increase in the Student Vision Scale. The learning outcomes for the students have shown a steady increase in Maths and reading comprehension. In addition

to learning and other outcomes, the Fellow's leadership development journey assessed on a Fellow Commitment Scale saw an increase of 13.5% in the third year of the programme.

iii. **Girl Child Education Programme**

The five-year Girl Child Education project runs 100 out-of-school learning centres in 100 villages of Purulia and Bankura Districts in West Bengal, some of which are extremely remote.

The project objective is to improve access to quality education for out of school girl children through learning centres and to improve their learning outcomes. Efforts will be made to also ensure their transition to formal schooling and continue their schooling. These learning centres have employed community women or girls as teachers. 100 community teachers have been trained in pedagogy and maintain these centres which are in remote locations. The programme follows a cyclical approach in which the girl child is engaged for a period of five years to build a strong learning foundation. This encourages and help the children in seeking admission in Government Secondary Schools due to the improved conceptual proficiency in English, Bengali, Mathematics and EVS.

The project also focuses on motivating children of remote tribal and other backward communities where 95% of the families have an income below Rs. 40,000/- p.a. to join the learning centres and leverage the education imparted in daily life. This project engages with the community to ensure sustainability of the initiative and the learning centres are set up with the help of the community in the spaces provided by them. This project has reached 1668 girl children in Purulia and 1513 girl children in Bankura in its third year of intervention. Significant learning improvement has been observed as 87% children moved beyond the baseline level in Maths, English, Bengali and EVS.

iv. **School Partnership Programme**

This education project in 25 Municipal Hindi and Marathi medium schools of Mumbai reached out to 9498 children living in urban slums. The school children were first generation learners from low income families who had migrated to Mumbai.

Each school had teachers who were trained in child protection policy, student-sensitive approaches, remedial classes, reading promotion exercises and formation of active Bal Samuha (children's groups). The approach focused on making classroom learning a joyful experience for children, through a specially-designed curriculum framework. The model of enhancing classroom transactions was implemented through four types of interventions in the school, namely; (1) *First Step Forward*, which ensures reading and writing readiness for children in grade 1; (2) *Remedial Class* in Language & Math for grades 1 to 5; (3) Reading Promotion Programme grades 2 to 5 and (4) Library sessions and Bal Samuha to enhance reading skills and confidence among children. Training and capacity building of 156 government school teachers and the programme staff was conducted regularly to ensure quality and sustainability.

It was observed that 92% of students had progressed through remedial classes and the attendance rate had increased by 80%. The readership promotion programme which focused on developing children's linguistic competencies witnessed 98% improvement in reading skills. The project has also increased self-esteem, leadership and participation at school level events through 414 Bal Samuha or Children's Groups.

v. Leadership Training of the Panchayat Elementary Education Officers (PEEOs – Principals of Senior Secondary Adarsh Schools)

The Principal training programme conducted in Jaipur intends to build the academic and leadership skills of the 6000 Principals of the Adarsh schools so that they can ensure effective implementation of the State Improvement for Quality Education (SIQE) programme and improve the quality of education delivered by their schools. Through detailed six-days training 4000 PEEOs have been trained to support and monitor schools for effective implementation of Child Centric Pedagogy (CCP) and Continuous and Comprehensive Evaluations (CCE) processes which is expected to gradually impact the quality of education delivered by the schools at scale. PEEOs are now actively participating in workshops/meetings with District Institute of Education Training (DIET) faculty to develop worksheets, summative tools, teaching-learning materials etc.

The feedback gathered from the programme shows that almost 100% participants found the training useful, 68% respondents found the session highly satisfactory and 65% said that their understanding of children's evaluation methods was highly satisfactory.

vi. Learning Enhancement Program for children in Marginalized Communities

The project has impacted 4300 children through support classes, 12,555 children through library intervention and 6256 parents through engagement workshops in 120 communities in five cities of Maharashtra viz. Nagpur, Nashik, Thane, Pune and Aurangabad. The project was designed to assist children of grades 1 & 2 with early literacy and numeracy. The programme also included support classes for grades 3 to 8 to address specific competencies based on children's learning needs in Language and Math and has seen improvement in 85% children out of the 4700 children enrolled. Access to good quality age appropriate books to all children in the targeted communities through a community library program was also part of the project.

Under the parents' education initiative, workshops were conducted on child development, child safety, storytelling, numeracy skills etc. with material and usage instructions to engage with their children for enhancement in academic development.

vii. Learning Orbit for Village Excellence

This programme brings together a diverse and dynamic pool of young people from the local and urban communities to create inspired and collaborative learning in 30 government schools of Kotra and Gogunda blocks in Udaipur district of Rajasthan. The objectives of the project are to increase the attendance, learning outcomes, personal and professional development of teachers, build aspirations in students to complete school education, enable students with systems thinking abilities and provide mentorship to induce 'life

preparedness' in students. The project is in its third year of implementation and reaches around 2600 students through direct classroom interventions.

This in-school programme has placed the trained fellows to teach the students in schools. They use two manuals which have been created for children to learn. One that focuses on the concepts of Math, language and social studies through themes and another on social and emotional learning through – physical, cognitive, emotional and social aspects. Improvement has been observed in students in both Math and in English.

The programme further includes community learning festivals which have become spaces to create awareness and encourage education, learning and participation among out of school children, school administration and community members. Learning festivals have engaged more than 5000 children out of which 400 children were school dropouts.

Active community participation has been witnessed in the project with the community contributing spaces for two additional learning centres and collaborating with the fellows and school leaders to conduct the learning festivals. Through community intervention, a night school has been established which assists the community adults to learn the basic maths and language. A novel way to promote gender sensitization, group cohesion and team spirit has been introduced through Ultimate Frisbee, a non-contact team sport played with a Frisbee where girls are encouraged to participate in the game.

viii. Prajwala: Strengthening the KGBVs to ensure quality education for all (Madhya Pradesh)

This three-year education initiative aims to cover all 207 residential Kasturba Gandhi Balika Vidyalayas (KGBV) across Madhya Pradesh and impact more than 30,000 girl students.

Young adolescent girls belonging predominantly to the backward and economically weaker families in far flung districts areas reside in KGBV hostels and are enrolled in the nearby government upper primary schools in 5-8 grades. The programme is in its third year of implementation and intends to improve the quality of education delivered to the girl students by improving both the learning environment in the girls' hostels and the schools that they are enrolled in. The programme objective is met through training and placement of community volunteers, one in each hostel for providing academic support and creating a conducive learning environment for foundational skills of literacy and numeracy.

Over the last one year of implementation, there has been an average increase of proficiency in language and mathematics in the range of 15-18% across all the grades. Further, training to 187 government teachers has been provided to embed sustainability and ensure institutionalization of the model along with capacity building of the School Management Committees (SMCs), which are oriented of their role and entrusted responsibilities. Additionally, hostel wardens are trained to promote a culture of collective learning in the hostels.

The intervention also has a feature of advocacy aimed at strengthening the state, district and block-level administration in order to improve the quality of

KGBVs, by sharing regular progress of the programme and interacting closely with senior administration officials to ensure improvements.

ix. Prajwala: Strengthening the KGBVs of the state to ensure quality education for all (Rajasthan)

Project Prajwala is a three-year project being implemented in 200 KGBVs across the state of Rajasthan in a phased manner. The program has been implemented to address the prevailing learning gap at different levels and to provide comprehensive development of the girl child, in association with UNICEF as the technical partner. Initiated in the year 2018-19, the programme now reaches out to all the KGBVs across Rajasthan benefiting around 25,000 girl students annually.

Working the lines of Project Prajwala (Madhya Pradesh), this project has placed 400 trained female academic support fellows to provide academic support in all KGBVs of Rajasthan State. Over the last one year of implementation, there has been average increase in language and mathematics scores in the range of 20-30% across all the grades. Six workbooks have been developed in Hindi and Mathematics according to the various learning levels, which has now been approved and accepted by the state department of education for strengthening the remedial programme. Additionally, hostel wardens are trained to promote a culture of collective learning in the hostels.

The project also aims to strengthen the participation of the School Management Committees (SMCs) for facilitating effective management of the schools and sensitize the block/district /state level government department officials so that the required academic support and monitoring is ensured resulting in improvement in quality outputs.

x. Rehli Shiksha Pahal Program (RSPP)

This project seeks to upgrade learning opportunities for elementary school students in 214 villages and 150 schools in the Raheli block of Sagar district in a span of five years.

Balmitra and Janmitra who are trained community youth, visit villages and engage with parents to create a positive learning atmosphere in the homes of the children, ensuring the regularity of their wards to school. The Bal Mitras set-up and manage Community Learning Centres (CLCs), while the Janmitras extend academic support to the Balmitra and motivates the school teachers to participate in activity-based learning practices and also orients School Management Committees (SMCs) towards their role and responsibilities. They also provide print material to the parents, enabling them to monitor and assess the learning levels of their children. One digital CLC has also been established to provide basic computer education to children and the community. Under the project, 307 school teachers have been trained in creative pedagogy and usage of TLMs based on Activity Based Learning methods. To help slow learners gain an interest in subjects and absorb concepts of language and basic numeracy, 38 'Active and Attractive' classrooms have been created to facilitate activity-based teaching methods.

Formation and orientation of 1350 SMC members in the schools have been undertaken and active participation of the members encouraged through regular

meetings. Through in-school and out of school initiatives, 6223 students are guided to improve their learning. 6369 parents and community members have been engaged through village organization meetings (Aam Sabha) to introduce the programme objectives and create mass awareness about the importance of education. The programme interventions have led to a 45% increase in the learning levels of students and a 20% increase in school attendance among children.

xi. Anupad

Anupad is an educational programme to improve the learning outcomes in 18 government-run Ashramshalas in Nashik District. It is designed for students of grades 5 to 7 who lag in basic competencies in Language and Maths. The programme provides need-based input to children in an accelerated manner to enhance these learning competencies and achieves its objectives by placing trained Shikshan Mitras or community volunteers to build capacities of teachers and headmasters through onsite support and workshops. The entire programme is implemented in close collaboration with the Tribal Development Department (TDD), Govt. of Maharashtra to ensure sustainability. The project has recently entered the third year of implementation. In two years, training and capacity building sessions have been provided to 54 teachers and headmasters of all the selected 18 Ashramshalas and reached 2606 students from grades 5 to 7. Assessments show that there has been an overall increase of 25% in learning outcomes in language and 22% in Maths.

xii. Serving and Enriching Education to Under-privileged Urban Children in Bhiwandi- Nizampur and Malegaon

The project is in its third year with the distinct feature being its keen focus on the disadvantaged children from the marginalized communities mostly consisting of unskilled migrant workers working in the unorganized power loom industry in Bhiwandi and Malegaon. The implementation of the project is through the 'Children Resource Centre' (CRC) or 'Shikshan Ranjan Kendras' which takes learning into the communities and literally to the doorsteps of the child. The CRCs are nested within the community and in the schools, which are managed by trained community youth (Shikshan Mitras). The Shikshan Mitras through home visits, meetings and community interactions emphasize the importance of education, especially of girl children. Parents are also updated on the children's progress of learning and academic development.

In addition, sustainability mechanisms are established in the form of Bal Panchayats and Parents' Apex body. Mediums like puppet shows, street plays and awareness rallies are organized to create awareness around education and WASH among children, their parents and within their community. To instill reading habits among children, libraries in local government schools have been strengthened with educational books and reading materials.

The project currently reaches out to 1637 disadvantaged children and their families. The project has identified and re-enrolled 40 school dropout children in the local government schools.

xiii. Student Teacher Empowerment Program

The project was implemented in a predominantly tribal and backward district of Sheopur in Madhya Pradesh reaching 5395 students and 180 teachers in 40 government schools.

The program endeavours to build capabilities in teachers, the government and the community to build a conducive learning environment for students. The project is implemented through 20 Shikshan Mitras (trained resource persons) who work jointly with the school teachers to bring a systemic change in the teaching learning practices inside the classrooms by using a variety of teaching learning aids to make the students' classroom learning experience more engaging and joyful. Each student's portfolio is maintained and performance is tracked for addressing learning needs.

The project is in its third year and all 40 schools have at least one vibrant classroom prepared by the students and the Shikshan Mitras. There has been a 20% improvement in learning outcomes in Math and Hindi. Attendance records from all schools have reported an improvement of over 20% in student attendance. More than 70% teachers were rated high during classroom observation and for rest of the teachers, action plans have been devised to address area of concerns. 60% of students demonstrated improvement in general behaviour inside the classroom and the handling of school property.

SANITATION and SAFE DRINKING WATER

xiv. Prajwala- Sanitation (Madhya Pradesh)

This WASH programme complements the Project Prajwala Education programme in 207 KGBVs of Madhya Pradesh. The main objectives of the programme are to ensure improved knowledge, attitude and practices among students and teachers towards various aspects of WASH in the KGBVs in Madhya Pradesh, retrofitting of WASH infrastructure to make the KGBVs WASH compliant and develop systems for operation and maintenance (O & M) of WASH infrastructure in the KGBVs. NSE Foundation has a partnership with Rajya Shiksha Kendra (RSK), Government of Madhya Pradesh for this project with UNICEF as the technical advisor.

The project is in its second year of activity and is currently implemented in 137 KBVs. The benefits have touched the lives of 10,353 students through various WASH interventions. In addition, 137 wardens, 137 assistant wardens and 822 non-teaching staff have been trained on best hygiene practices such as hand washing at critical times, safe handling of water and food, use of toilets, menstrual hygiene management.

As a part of hardware intervention, toilet blocks were made functional in 62 KGBVs. 58 low cost prefabricated hand washing stations were installed, dish wash stations were constructed in 51 KGBVs and running water has been ensured in 62 KGBVs.

xv. Prajwala- Sanitation (Rajasthan)

Project Prajwala has been designed to improve the status of Water Sanitation and Hygiene (WASH) facilities of 200 Kasturba Gandhi Balika Vidyalyas (KGBVs) in 33 districts of Rajasthan. The project is currently in its second year

and has reached 24,471 girl children through various interventions. The project works on a partnership model with local NGOs for field support, organizations such as UNICEF for technical support and the education department of Rajasthan for systemic support and sustainability. The key project activities are retrofitting sanitation infrastructure in the schools, behaviour change communication (BCC) for children, capacity building and training and development of operations and maintenance (O&M) protocols in schools.

35 units of group handwashing stations and dishwashing units have been constructed. Additionally, due to the impact of the awareness programmes, the school managements have undertaken retrofitting and augmentation of existing infrastructure through cash and in-kind support from municipal corporations, Panchayati Raj Institutions and individual donors to make WASH a priority in the schools. Activities included repair of the sanitation block, kitchens, cloth washing stations and incinerators, improving facilities for personal hygiene in dormitories, construction of compost pits and kitchen gardens and improving the overall cleanliness of the campus.

Behaviour Change Communication (BCC) sessions for the stakeholders on various themes around WASH have been conducted throughout the year for promoting and inculcating adequate change in WASH behaviour. WASH kits for schools containing educational material for capacity building of various stakeholders like teachers, non-teaching staff, students, adolescent girls, etc. have been developed and distributed in all 200 schools. These kits include cognitive reminders, posters, observation booklets, progress registers, activity kits like water testing kit, seed kit and accessories like gloves, apron, scarf etc. for the school cook to improve hygiene practices.

Capacity building of 386 teachers on WASH through training programmes and orientation of School Management Committee (SMC) in 187 schools on their role in developing school WASH plan and on O&M of WASH facilities have been conducted. Training and formation of adolescent girl groups for focused interventions on Menstrual Hygiene Management (MHM) has been conducted for 4000 girl students.

xvi. Promoting WASH Compliant Ashramshalas

The NSE Group project, 'Promoting WASH Compliant Ashramshalas' is a three-year model project on Water, Sanitation and Hygiene (WASH) in Ashramshalas. Ashramshalas are residential schools run by the Tribal Development Department (TDD). These schools, usually, located in remote areas offer a residential educational facility to children from disadvantaged tribal backgrounds especially those whose parents seasonally migrate for work. NSE Foundation initiated this unique project in partnership with the Tribal Development Department along with technical support from UNICEF, basis a WASH benchmarking and assessment report. The project aims to impact around 70,000 students, around 2000 school staff and TDD officers.

The project looks into three major components: (1) Retrofitting of WASH infrastructure as per the Benchmarking and Assessment survey of Ashramshalas (2) Enhanced awareness, knowledge and behaviour change on the aspects of WASH by students, teachers, government officials of TDD and

sanitation workers (3) Build or improve systems around operations and maintenance.

Currently, the project is in its third phase. During phase-1 and phase-2, project has reached out more than 23,615 students in 120 ashramshalas in 2019-20 (172 cumulative of 3 phases) through various WASH interventions, such as retrofitting, renovation and repair of water, sanitation, kitchen and other related facilities as well as the software sessions for behaviour change etc. In these 120 ashramshalas, group sessions on Menstrual Hygiene Management (MHM) with 6481 adolescent girls were conducted. Under the project intervention, a total of 1104 WASH facilities have been retrofitted/repared. Structured BCC sessions on hand washing, safe drinking water, use of toilet and O&M have been conducted with child cabinets, teachers and students. Around 11,908 students of the child cabinet have been trained on leadership and peer learning strategies. In addition, 1358 teachers have been trained on WASH practices, 818 SMC members have been trained and strengthened and around 1800 government officials have been sensitized about the importance of WASH and the project objectives. Approximately, Rs. 43 lakhs has been contributed towards WASH infrastructure by the School Management Committees (SMC).

xvii. Swachha Vidyalaya Swachh Aadat

Swachha Vidyalaya Swachh Aadat project is designed around WASH interventions in 312 schools in Dumka and Pakur Districts of Jharkhand State. This project has completed its three-year period in which it aimed to capacitate 104 schools each year in planned phases, in order to ensure that children in these schools have access to basic facilities such as functional school toilets, safe drinking water, clean surroundings and awareness on hygiene. Developing children as change agents, the project aims to integrate WASH in School into community water and sanitation initiatives thereby helping to foster improved hygiene in schools and communities. Through its three year initiative, the programme has reached 39,141 students, who received training on personal hygiene practices, methodology of safe handling of drinking water, food hygiene and kitchen management of mid-day meal schemes etc. 1,900 teachers have been trained on importance of WASH in schools, their role, responsibility and methodology on imparting hygiene education and 5,000 School Management Committee (SMC) members were trained on the preparation of School Development Plan and advocacy strategies to adopt for leveraging school improvement funds.

In the year 2019-20, School Management committees have leveraged funds of Rs. 62 lakhs towards improved WASH infrastructure in project schools. To ensure safe drinking water, water quality testing of sources was undertaken and iron removal filters were installed in locations with high iron contamination.

ELDER CARE

xviii. Elderly Enrichment Centres

The Urban Elder Enrichment centres Program was designed to provide holistic services for lower income senior citizens in the select wards of Mumbai through the establishment of 'Elderly Enrichment Centres' (EEC). These centres

provided physical and psychological recreational spaces for senior citizens in the community.

The project addressed physical, mental, social, recreational, educational and counselling needs of elderly. The initiatives were carried out through small group interactions, as well as individual guidance and support including home visits. Awareness of legal rights and prevention of elder abuse was undertaken through local community- based organizations (CBOs). Group activities like yoga and other therapies were organized to prevent loneliness and socio-emotional issues.

Physical and mental health care management services like health check- up and camps, consultation referrals, low cost medications, cataract surgery for 31 elders were conducted and hearing check was availed by 77 elderly. Yoga for overall health recorded participation of 1604 elderly. The programme received the participation of 581 elderly in community group sessions. Linkages to avail government schemes such as SC ID cards, old age pension and procurement of eligibility documents- self -identity, residence/ income/ age certificates were also facilitated for the senior citizens. There was also enhanced participation of senior citizens as volunteers within the EEC related activities and support to senior citizen within the community thereby strengthening the elder for elders' concept.

xix. Nation Supports Elderly

This programme worked with the elderly demographic of 20 villages in Karra block of Khunti district, which is dominated by the Munda tribes and forms a part of the Red Corridor. The district is an educationally backward district and most of the inhabitants have been excluded from the education system for generations, leading to a low rate of literacy.

The project aimed at reaching out to senior citizens through various interventions as well as to create a shift in their financial well-being through improved access to rights and entitlements. Around 5000 elderly were reached through various interventions, such as awareness and access to pension schemes (2618 elderly), social security schemes like Ayushman Bharat Yojana (1214 elderly), health camps for the screening of diseases and provision of basic medicines for their recovery from several illnesses (2447 elderly). Besides, the project also focused on the formation of Elderly Self-Help Groups (ESHGs) and capacity building of elderly to enhance their skills and link them to government livelihood schemes for income generation. This programme was driven by trained Vridha Mitras, who were community volunteers, based in the project villages and aware of the local dialects, communities and customs.

This recently concluded programme was implemented through Sarathi centres which served as an information cum recreational centre for the senior citizens wherein awareness and capacity was built through workshops, training and other sessions. 105 elderly were trained on poultry farming, fish farming and mushroom farming. The programme also advocated for the various concerns of the elderly at the different levels to widen the agenda of the local administration and the various State departments.

xx. Rashtriya Netra Yagna

This project has recently concluded and aimed to reduce reversible blindness and treat eye diseases for elderly from the lower socioeconomic strata of the society, especially from the rural areas. The senior citizens were reached through a network of eye hospitals and other NGOs located in various districts across India. These organizations conduct vision and eye health camps in rural areas and assist with the entire lifecycle of treatment from identification, facilitation of surgery and post-surgery care for elderly patients. The programme also assisted with the rehabilitation of the elderly who are visually handicapped in cases where permanent blindness cannot be cured.

The project was aligned with the government's National Programme for Control of Blindness. The interventions included: pre-surgery testing; cataract surgeries, post-surgery care and follow up which has benefited 7450 senior citizens across various locations in India.

xxi. Shraddha: Towards Active and Healthy Ageing

This project has taken shape from the need to establish an alternate scalable model to mainstream elderly by restoring a sense of self-worth, strength and recognizing their inherent capacity to handle life's problems. The intervention enables conditions in families and communities to facilitate active ageing for the elderly, through self-help collectives in four blocks of four states: 1. Ghatanji (Yavatmal, Maharashtra) 2. Pochampalli (Yadari, Telangana) 3. Kolaghat (Purbi Midnapore, West Bengal) 4. Basantpur (Supaul, Bihar). The project has completed its third year and has ensured inclusion of 5320 elderly through 405 Elderly Self-Help Groups (ESHGs). Apart from this, needs and social-health-economic profiles of 5992 elderly have been enumerated and 35% of them were successfully linked to one or more government schemes.

398 ESHG have gained access to banks through the opening of savings bank accounts. The inter-lending has been able to provide for initiation of supplementary livelihoods for 2000+ individual elderly and their families. Credit access from bank/financial institutions of Rs. 3,55,500/- was obtained at Kolaghat project location. Seed Capital provided under the project saw the commencement of 33 different petty trades and livelihoods, with 35% of the seed capital provided as loan to individuals for agriculture and grocery shops.

Mobility was restored of 2163 elderly members either through provision of customized Poly-centric knee devices for 1547 elders or through cataract surgeries for 616 senior citizens. Accredited Clinics or Gram Chikitsa were able to provide 11,855 treatments during the project ensuring the assisted elderly remain active with availability of health facility at their doorstep. Nearly 62% of the elderly were able to receive specialist medical consultation at the multi-specialty health camps.

DISTRICT TRANSFORMATION STRATEGY

xxii. Aalambana: Towards Active Ageing

This project currently engages with 10,610 rural elderly poor cumulatively to address primary concerns of a) Social inclusion for countering isolation and neglect, b) working towards Financial Inclusion and Economic Security, c) Access to Health Care as a livelihood capital and d) Digital Literacy and Digital

Inclusion. The project is being implemented in Sapotra block in Karauli district of Rajasthan, Mandapam block in Ramanathapuram district of Tamil Nadu and Rajnagar block in Birbhum district of West Bengal.

The programme has mobilized, trained and capacitated approximately 10,610 elderly into 779 self-help collectives to engage better with existing or new livelihoods and enable provision for livelihood assets or restoration support. These groups have generated a cumulative savings of Rs. 95 lakhs within the project earning interest of more than Rs. 6.28 lakhs. 553 self-help groups have got bank accounts opened.

Given the relative lack of health care access in rural areas, a community managed module for health care to manage chronic ailments and palliative care for the bed-ridden destitute elderly is in the process of being institutionalized. Cataract surgeries and provision of poly-centric knee braces for mobility restoration have been undertaken for 5,020 beneficiaries.

xxiii. Akshara

This education project aims to reach students of all primary schools in Rameswaram Island located in Ramanathapuram District of Tamil Nadu. The project objective is to bridge learning gaps of students in all the government primary schools through support classes from grades 2 to 5. This project has completed year one of intervention activities reaching 26 schools and 1,924 primary students. The interventions supplement the school curriculum with innovative teacher learning material, capacity building of teachers, increasing learning levels of student through in school activities to achieve the project objectives. The activities of the project are planned over a period of three years to improve the learning levels of students in Maths, English and Tamil by the community teachers.

xxiv. Alokito Shoishab (Enlightened Childhood)

This project is designed to reach around 6900 school children in 114 government schools in Rajnagar block, Birbhum district of West Bengal. The project aims to strengthen the basic foundation of children of grades 1 & 2 and to provide remedial education support for under privileged and weak students of grades 3 & 4. The project also builds capacity of School Management Committees (SMCs), School Development Committees (SDCs) and teachers. The project recently commenced its third year of intervention and has set up basic foundation and remedial education centres in 107 primary schools reaching out to 3545 children from grade 1 to 5.

Out of 45 intervention schools, new teaching methodologies have been implemented in 42 government primary schools. Master trainers from these schools have commenced sessions on life skills with children from grades 3 to 5. School Development Committees have been formed and School Development Plans have been prepared in all 45 (100%) selected schools. Three schools received playing equipment like- football, cricket bat and ball, skipping rope etc. from their respective gram panchayats and two of them received saplings for kitchen gardening and beautification of the schools. 3972 community level stakeholders, grass root level govt. service providers and 76

block and district level govt. officials have been oriented on the project purpose and activities and sensitized on issues related to children's rights, importance of education, causes and consequences of school dropout, child labour, child marriage etc.

xxv. Bhu-Jaldhara: Integrated Watershed Programme

The recently commenced programme aims to address inadequate access to water for both drinking and irrigation purposes which are major concerns in the tribal-dominated hilly areas in the drought-prone region of Karauli district (Karauli Block) in Rajasthan.

The programme seeks to enhance natural resources in the form of water and soil of the selected area through community-led initiatives. The programme is seeded on a participative approach to ensure sustainability and equity at the community level. It is designed to strengthen the institutional framework by capacitating Village Watershed Development Committees (VWDCs) in 60 Villages on Integrated Watershed Management through a participatory planning process for sustainability. The programme plans to augment groundwater recharge through appropriate soil and water conservation and rainwater harvesting measures. The programme envisages enhancing household income by 30 per cent through the adoption of good practices in agriculture, horticulture and livestock management and establishing market linkages. This programme will aim to reach 4500 farmers and more than 11,000 households in the community.

xxvi. Building Water Security for Green Rameswaram

This project in the Rameswaram Island of Ramanathapuram District in Tamil Nadu aims to build water security across 21 wards of Rameswaram Municipality and two Gram Panchayat of Rameswaram Island in Ramanathapuram district.

To realize the Tamil Nadu State Vision 2023 of environmental preservation through conservation of natural resources, protection of the coastal zones and fragile ecosystems, the Rameswaram Island Development Committee of the district administration is in the process of building a balanced eco-system through building water security for realizing the vision of 'Clean and Green Rameswaram'.

The project involves ensuring safe drinking water through RO plants owned, operated and maintained by the community in 8 locations through RO plants. In year 1, two (2) RO plants have been installed where there was contribution of land, stabilizer, raw water pumping system from the government and community. In addition, the project implemented rainwater harvesting structures in both community (20) and individual spaces (15) for demonstration and piloting with individuals contributing towards storage tank units. Rain water recharging structures (15), kitchen gardens (75), soak pit (50) and vermi-composting (5), demonstration of bio gas unit at individual households and schools (15), water quality testing and developing a system of Operation and Maintenance (O & M) were activities implemented in the year.

To ensure sustainability, focus will be on building institutions like Pasumai (Green) Groups, Water User Committees, School Management Committees

(SMCs) for effective management through collaboration with other organizations and the district administration.

xxvii. Comprehensive elder care programme for senior citizens

The project aims to create village level multi-activity centres to improve the overall health of the elderly. These centres would become hubs for creating awareness, recreational activities and mobilization of senior citizens to generate demand, advocacy for better public health care system with a special focus on geriatric health care in Shahada block of Nandurbar district, Maharashtra.

The major features are weekly geriatric clinics at primary health centres (PHCs) and on a bi-weekly basis at the rural hospital block level. Further, the programme undertakes digitalization of data from the geriatric clinic, training of existing ASHA (Accredited Social Health Activist) workers, community health workers, nurses and doctors from the public health system in elderly care. Ensuring availability of the medication, counselling and physiotherapy services at primary levels and awareness and mobilization of the elderly to create demand and advocacy for elderly focused PHCs are part of the programme.

Under this recent project, a baseline survey of 360 elderly of Shahada block has been completed with health facility assessment of one rural hospital, 13 primary health centres and 47 sub-centres. The non-communicable disease screening camps for the elderly has commenced and 1959 elderly were screened for hypertension and diabetes.

xxviii. Creating Enablers for ODF Sustainability

This recently commenced project is a scale-up of the existing project in Navapur and now extending to the adjacent Nandurbar block under its interventions for a term of 3 years. It will focus on hardware and software support for facilitating functional sanitation facilities in schools, ashramshalas, anganwadis and public health centres. Behaviour change communication among students, teachers, anganwadi workers, PHC staff, gram panchayats and village water and sanitation committees will be ensured for optimising demand, resources and operations and maintenance of WASH facilities. Capacity building of resources at gram panchayat and Block level will be undertaken for Solid and Liquid Waste management and Operations and Maintenance solutions.

The project would facilitate retrofitting of existing sanitary infrastructure, hand washing stations, drinking water facilities and other WASH infrastructure to ensure sustained improved hygiene and behaviour change in 252 govt. schools, 15 Ashramshalas and 12 Primary Healthcare facilities present in the entire block. It would further ensure sustained ODF activities in the 137 Gram Panchayats based on the guidelines of the Swachh Bharat Mission reaching more than 33,000 community members over three years.

xxix. Drinking Water Kiosks with Fluoride and Desalinity Remediation

This recent project is a supplementary effort to the existing safe drinking water and sanitation programmes. In both Birbhum and Ramanathapuram, the quality of water in many locations within the districts is below the prescribed drinking water standards due to high levels of fluoride (Birbhum) and salinity

(Ramanathapuram) which makes it unfit for consumption and leads to multiple health problems. An innovative technology model has been designed by International Centre for Clean Water- IIT Madras to address these challenges.

The project is based on Capacitive Deionization (CDI), an affordable and sustainable technology to remove dissolved solids to produce clean drinking water that meets WHO standards. Digital Water Kiosks (DWK), an all-weather modular structure built exclusively for community drinking water will also be part of the project. It will also include software activities to create awareness on safe drinking water and build capacities of community members to contribute and maintain the water kiosks for sustainability.

xxx. EQUIP Mandapam Block (Education Quality Improvement Project)

The EQUIP (Education Quality Improvement Project) in Ramanathapuram is undertaken for 3026 children in 60 primary schools, 6 middle schools and 60 out-of-school learning centres in Mandapam block of Ramanathapuram district of Tamil Nadu has completed two years of intervention. This project aims to ensure basic competencies in rural under-privileged students of grades 3-5 in Maths, English and Tamil and for grades 6-8 with regards to basic skills in Math and English through both in school and after school interventions focusing on children lagging in basic skills.

Learning festivals in more than 15 schools have been organized and maximum participation from parents and local community was ensured. 84 expert and local teachers (Shikshan Mitras) and 36 expert trainers have been trained in innovative pedagogy and technology enabled learning along with creation of low-cost teacher learning materials to make classes more effective.

xxxi. EQUIP Thiruppullani Block (Education Quality Improvement Project)

This project is a scale-up of the existing education programme EQUIP, implemented in Mandapam Block to Thiruppullani Block which aims to provide quality of primary education to 1532 children from disadvantaged sections. Interventions in 35 government schools and 30 out of school centres will be established in 50 villages, which will be managed by a shikshan mitra; a trained youth from the community. The project aims to create a sustainable model to improve the quality of education in rural children by providing attractive learning materials including learning videos and inputs to ensure that those in grades 3-5 achieve basic competencies in Math, English and Tamil and children in grades 6, 7, 8 achieve basic skills in Math and English through both in school and after school interventions with interested teachers focusing especially on children lagging in basic skills. In addition, the video-based Math and Science experiment sessions conducted twice a month is expected to induce curiosity and a propensity to learn in children.

xxxii. Everyone Forever – Water Services and Systems Strengthening

This is a project for the provision of safe drinking water in Rajnagar and Khoyrasol Block of Birbhum district in anganwadi centres, schools and communities. The project has three major components: (1) ensure availability and functionality of water infrastructure in schools, anganwadis and communities (2) enhance awareness, knowledge and foster behavioural change towards best practices of WASH among students, teachers,

government officials and sanitation workers and (3) build/improve systems around operations and maintenance.

The project has completed one year so far and reached 713 students in 13 government schools who have been trained on activities such as good handwashing practices, personal health and hygiene etc. 5883 community people have been reached through 21 community water points and 643 individuals reached through 10 water points in anganwadi centres. 10 Village Water Sanitation Committees (VWSC) have been strengthened and 30 Jalbandhus trained to look after the village water structures

The project was successful in influencing active participation of the locals with the Gram Panchayat contributing a total of Rs. 12 lakhs and communities contributing Rs.1.28 lakhs towards certain activities of the project.

xxxiii. Foundational Learning Enhancement in Government Schools

This recently commenced project aims to improve and ensure the quality of teaching-learning processes in primary grades in 100 schools in the Hindaun block of Karauli, by; 1) enhancing the literacy and numeracy competencies of children from grade 1-2 through improved quality of classroom teaching-learning processes and print-rich learning environment and 2) building foundational competencies of language and mathematics of students in grades 3 to 5 through structured remedial inputs which offer more individualized instruction to children. The three-year project will build capacities of school teachers in the 100 schools to ensure that the improved interventions continue in a sustained manner.

xxxiv. Gram Samruddhi

This recently initiated programme envisions to reach marginalized and tribal communities in drought-prone areas of 30 villages and 244 hamlets in Akkalkuwa and Dhadgaon blocks in Nandurbar district of Maharashtra. It will assist farmers with best practices on sustainable and environment-friendly agricultural, soil and water conservation activities to progressively improve the quality of soil and water.

The programme will include indigenous systems to enhance the existing natural resources of the selected area through community initiatives and bringing it under a management system which would be more sustainable and equitable. Alternate income generation activities through crop diversification etc. and market linkages for its sale will be facilitated for the farmers.

Capacity building and strengthening of 2000 farmers and local institutions like existing self-help groups will be undertaken for the sustainability and community ownership of the project.

xxxv. Samarthya: Improving the Quality of Life of the Senior Citizens

The project focuses on the elderly in Nandurbar, Navapur, Akkalkuwa and Dhadgaon blocks of Nandurbar district in Maharashtra. It aims to empower rural senior citizens through health interventions, financial and digital literacy, capacity building in need-based professional activities with market linkages to make them socially and financially independent in the Nandurbar district.

The project in the second year of implementation has reached 3,529 senior citizens through the formation of 309 Elderly Self-Help Groups, providing healthcare coverage to 4,459 elderly through mobile medical units, processing of pension application and performing cataract surgeries.

The focus is on senior citizens residing in rural areas to empower them through social, emotional and financial activities. The programme is modelled on the self-help group concept with a sustainable option for livelihoods through self-help collectives. As part of livelihood activities, chemical free chia and quinoa crops have been promoted with selected beneficiaries on a pilot basis and market linkage activities will be undertaken after the harvesting is completed.

Special Elderly OPD days have also been established with 83 Primary Health Centres (PHC) and Rural Hospitals (RHs). These are fixed days in a week when the elderly can go to the clinics and get themselves checked exclusively.

xxxvi. Improving Language and Numeracy skills (Mandrail)

This recently commissioned project is working in 123 villages of Mandrail block of Karauli district and aims to upgrade learning outcomes for 8,138 elementary school students of 132 Primary Schools and Upper Primary government schools.

Under the project, the cluster coordinators engage with the teachers, parents, communities and Panchayati Raj representatives to create a positive learning atmosphere in schools and at homes.

In addition, support is provided to teachers in conducting multi-grade teaching practices, child-friendly pedagogy etc. The project team also works towards strengthening the School Management Committees (SMCs) by orienting them on their roles and responsibilities, developing School Development Plans (SDPs), leveraging funds and monitoring usage and maintenance of school facilities. Additionally, child cabinets (Bal Panchayat) are being formed in all the schools in a phased manner, where the elected leaders will be oriented on their roles and responsibilities and will be encouraged to take up monitoring of health and hygiene, as well as academic-related issues in schools.

The programme interventions during the first year have focused on providing remedial support to about 5533 students of 33 schools through 16 trained Shiksha Mitras so that their learning levels can be increased by 50 per cent in three years' time. The project aims to re-enroll around 500 out of school children and to build capacities of approximately 264 teachers in its first year.

xxxvii. Jaldhara- Integrated Wash, Sanitation and hygiene interventions

This project has recently commenced the second year of activities to develop a decentralized community-managed water supply system in selected villages of Akkalkuwa and Dhadgaon blocks in Nandurbar, Maharashtra.

The project also includes technological enhancements like piped water supply systems, water purification and treatment systems apart from the physical interventions for enhancing water resource development and management. The drinking water supply is targeted to reach 20 villages and 40

government schools, sanitation interventions covering 40 villages and menstrual hygiene management reaching 7,500 women and 2,500 adolescent girls.

User households are also being organized into Village Water & Sanitation Committees (VWSC) at the habitation level with an executive committee of 10-12 members. The VWSC is responsible for planning, execution, operation and maintenance of the drinking water supply scheme which would be integrated into this programme with Government of India's Swajal (or any other applicable scheme) programme. Till date, Rs. 37,400/- has been mobilized by the VWSCs.

112 tribal families have benefitted from drinking water supply related activities carried out in year 1. Also, 20 zilla parishad schools have been selected for behaviour change communication (BCC) interventions and retrofitting of school WASH infrastructure. Total 2116 students are covered under BCC interventions and 11 school plans have been prepared for retrofitting of WASH infrastructure. Under the Menstrual Hygiene Management (MHM) around 1859 women and 40 adolescent girls have been benefitted through community based MHM sessions.

xxxviii. Magic English Vaachan: Improving English proficiency of students in Zilla Panchayat Primary Schools

The objective of this three-year project is to improve the English proficiency of students from 424 zilla parishad primary schools in Nandurbar district, Maharashtra reaching 30,000 students and building capacities of 1200 teachers. The project implementation is rolled out in two phases: phase one with 100 schools and phase two scaling to 324 schools

The programme delivers high levels of proficiency in English through an enjoyable process that simulates the way children naturally learn the mother tongue or other languages from the environment. The programme is a three-level/ three-year immersive model with each level comprising of 72 sessions of 40 minutes each. Teachers are equipped with high-quality printed and audio-visual content and infrastructure along with teacher manuals which provide detailed session-by-session usage of these materials in the classroom.

Materials have been supplied for the level 1 programme along with teaching and learning materials (TLMs), visual aids and kits to all the phase one schools. They are supported by dedicated trainers who provide extensive training through workshops, on-site visits and through telephonic support. Training and support services to schools help them complete the 72 sessions of the level one programme.

xxxix. ODF Sapotra

The project is currently implemented in 167 villages of 34 gram panchayats in the Sapotra block of Karauli district to achieve ODF plus sustainability through behavioural change and improvement of WASH facilities. Currently, the project is in its second year of activities. Detailed project reports of all major institutions (175 schools, 49 AWCs and 5 PHCs) and 10,000 households was prepared and retrofitting work of WASH facilities in 59 schools has been completed.

163 trained School Management Committees are taking the lead in leveraging funds for development of WASH facilities in their schools and are monitoring the operations. Rs. 22.66 lakhs was leveraged from government and community for improvement in school facilities through SMCs. 279 child cabinet leaders have commenced monitoring hygiene of the peer students and are motivating their parents and other members of the community on sanitation and hygiene.

At the community level, 25,846 persons, have been made aware on usage of household toilets, its maintenance, benefits of hand washing and handling of drinking water through community level campaigns. Moreover, in 88 villages, Village Health Sanitation and Nutrition Committees have been mobilized. About 350 members of these Committees trained post which 49 village sanitation plans have been prepared.

xi. ODF sustainability in Nandurbar

This project focuses on sustainable Open Defecation Free (ODF) communities, WASH compliant institutions such as anganwadis, schools, ashramshalas and primary health centres of Nandurbar district. The intervention covers 114 gram panchayats (GPs) in the Navapur block.

The project addresses three major components: (1) retrofitting of wash infrastructure in schools and anganwadis (2) enhanced awareness, knowledge and behaviour change on the aspects of wash in schools, anganwadis, PHCs and communities (3) build or improve systems around operations and maintenance.

Currently, the project is in its second year and more than 25,000 people from 68 GPs and more than 14,000 students have benefitted through various WASH interventions, such as retrofitting, renovation and repair of water and sanitation facilities as well as the software sessions for behaviour change which include group sessions on Menstrual Hygiene Management (MHM) with adolescent girls, hand washing sessions etc. Also, a total of Rs. 27 lakhs have been leveraged from government funds towards the programme activities.

xli. Project MindSpark

The project aims to improve academic learning outcomes through a technology-enabled program for students to enable reading, writing and develop a scientific temper in 35 Ashram schools of Nandurbar district, Maharashtra.

The technology used is a computer-based, adaptive-learning program that helps a child to improve his/her skills in Maths and Language. It allows each student to follow a learning path that is based on their current level and at a pace they are comfortable with.

The project has recently commenced and will improve the learning outcomes in language and numeracy of 11,857 tribal students in grades 1 to 8 across 35 Ashramshalas in Nandurbar district. The government ashramshalas have been identified and selected for the project after a detailed scoping to ensure that the school's infrastructure could support the technology platform. 28 of these ashramshalas have been selected in the Nandurbar Project Office jurisdiction

and 7 government Ashramshalas have been selected for the project in Taloda Project Office jurisdiction. Requisite permissions have been procured from the tribal department project office (PO).

xlii. Promoting Sustainability of WASH facilities and child centered governance in schools

The project envisages promoting sustainability of WASH facilities and child centered governance in 37 government schools of Rameswaram Island, in Ramanathapuram district of Tamil Nadu.

The project has undertaken augmentation and retrofitting of WASH facilities such as toilets, urinals, hand washing stations in five schools, pilot demonstrations through retrofitting of toilets for children with special needs, restoration of safe drinking water points, rain water harvesting structures in 20 schools, installation of water purifiers in 20 schools, kitchen and waste management and development of systems for Operation and Maintenance (O&M) of WASH infrastructure in the schools. Water testing kits worth Rs. 1.30 lakhs have been provided by the government to complement the efforts of the programme.

To ensure sustainability, the focus is on a systematic behaviour change communication (BCC) programme by orienting 6000 students, building capacity of more than 500 stakeholders like the SMCs, child cabinet representatives, headmasters, teachers, mid-day meal organizers and sanitation staff around WASH and its O&M.

xliii. Promotion of Thiruppullani as Swachh and Swasth Block

The project was initiated in the Thiruppullani block of the Ramanathapuram District in Tamil Nadu to promote sustainability of WASH facilities in schools, Anganwadi Centres (AWCs), PHCs (Public Health centres) and community of Thiruppullani block.

Activities under the project included augmentation and retrofitting of WASH facilities such as toilets, urinals, handwashing stations in 45 schools, two PHCs and three community tanks, restoration of safe drinking water points, rain water harvesting structures, installation of water purifiers, water quality testing, waste management and developing systems for Operation and Maintenance (O&M) of WASH infrastructure in the schools, AWCs and PHCs.

All 45 schools provided support in the form of materials such as cement, bricks and sand as per the need amounting to about Rs. 1.50 lakhs by getting contributions from the various stakeholders.

Under this project, efforts will be undertaken to maximize stakeholders' engagement, especially district administration for convergence and mobilizing support and participation in project activities. Further, emphasis will be on awareness and BCC sessions, building capacity and involving the various stakeholders both in schools and community. A notable improvement was observed amongst community members across 138 target villages with regard to adopting improved and safe WASH practices in the first year.

xliv. Promotion of Swachh and Swasth in Hindaun Block

This newly commenced project is a replication of the existing programme being implemented in Thiruppullani block of Ramanathapuram district to Hindaun Block of Karauli district of Rajasthan. The objective is to facilitate implementation of sanitation and safe drinking water in selected schools, anganwadis and public health centres through retrofitting and repair of sanitation facilities, capacity building of teachers, students, anganwadi workers, water and sanitation (WATSAN) committees. The awareness and behaviour change communication with children and community members to create an ODF plus environment will be emphasized along with linkages to various government schemes for tapping resources for operations and maintenance in Hindaun Block. Hardware and software support to ensure the maintenance and usage of sanitation facilities in schools, anganwadis and PHCs along with behaviour change communication will be an important feature of the awareness modules.

xliv. Sahaj Path- Bridging learning gaps

This recently commenced project aims to improve the quality of education in primary schools (grades 1 to 4) of Dubrajpur block in Birbhum district, West Bengal over 3 years by creating a cadre of teachers capable of using alternative pedagogy to improve the learning outcomes of students. The programme will select 90 schools for intervention with a cadre of trained shikshan mitras who will be attached to each government school for conducting remedial classes for children who are below grade-appropriate levels and teacher training of school teachers. The programme has started with recruitment and training of the shikshan mitras who will be soon allotted the individual intervention schools.

xlvi. Samrakshana

Project Samrakshana is designed to reach the senior citizens in Rameswaram island of Ramanathapuram district, Tamil Nadu. The project aims to promote inclusion of the elderly through strengthening their financial, social and health capital through interventions. Facilitation, awareness building and linkages with entitlements and government schemes are being undertaken. Financial empowerment will also be carried out through the activity of the elderly self-help groups (ESHGs) which are collectives. The ESHGs would assist in self-sustenance and income generation for active elders through loaning, inter-lending and group livelihood activities such as weaving of palm tree leaves into various small items such as trays, baskets and boxes. Around 1,623 elders of Rameswaram have been organised in this way into 99 ESHGs with training on how to conduct the activities of the ESHG which includes the records of meetings, book-keeping, opening and operation of bank accounts etc. initiated. The elders have mobilized Rs. 9.17 lakhs as savings within the project ESHGs. Health interventions have reached 1734 patients by addressing ailments of the elderly through mobile medical vans which reach the doorstep of the people. Cumulatively more than 13,900 elderly would be benefitted through the various interventions.

xlvii. Serving and Enriching Education for tribal hamlets in Nandurbar district

The project aims to improve access and upgrade the quality of primary

education to the children from disadvantaged sections focusing on the tribal communities in Talode block of Nandurbar district in Maharashtra. 46 Children's Resource Centres will be established in 46 villages (1 centre in each village) and managed by a shikshan mitra who is a trained youth from the community to bring education to the doorstep of children in remote tribal hamlets.

This recently initiated programme will reach remote areas where the out of school learning centres will be embedded within the community to conduct special training for children, following-up on progress on education, enrolment, retention and grassroots facilitation. Special education pedagogical methods on activity-based learning and personality development through street plays, puppet shows, use of drama, games therapy etc. will be used by the shikshan mitra to assist 2688 children for improved learning along with life skills and inputs on health and hygiene.

xlvi. Project Shikshan

The programme aims to improve language and numeracy skills through after school remedial classes for students from grades 1-5 in 175 government schools in Sapotra block, Karauli district of Rajasthan. The project will directly benefit 9,609 students, 531 teachers and 2,608 School Management Committee (SMC) members.

Local community youth who have been trained, provide remedial academic support to around 5,000 children studying in 120 government schools. They are responsible for teaching Language and Mathematics to these children using child-friendly pedagogy and teaching-learning material. So far, the interventions have led to a 30% increase in learning levels.

The project builds capacities of the SMC members to prepare School Development Plans (SDPs), leverage funds and monitor the progress of children, thus taking ownership for the education of their children and community schools.

An amount of Rs. 22.66 lakhs was leveraged from government and community for improvement of the school facilities through SMCs. Child cabinets have been formed in all the 175 schools wherein during the first year, 341 leaders have been trained on their roles and responsibilities to inculcate a sense of participation and leadership in children.

xlvi. Shiksha Deep Prakalpa

This three-year project plans to create sustainable community-led Supplementary Learning centres (SLCs) to ensure equity and quality in education for primary school children within the Khoyrasol block in Birbhum District, West Bengal. The project focuses primarily on improving academic learning levels through Shikshan Mitras (SMs) of primary school children in the 10 Gram Panchayats of Khoyrasol.

The SLCs working in an after-school model offer remedial education in Language and Math, library-based literacy activities and a series of community-based educational events to emphasize the importance of community and family

participation in a child's schooling and education. Over the year 2019-2020, the project set up 65 CLCs and started with 2300+ students in the learning centre.

Till date, 65 learning camps have been conducted in every village based on strategically designed activities and subject-based learning modules. The camps were attended by around 3000 students. Outside the formal learning activities, 55 Shiksha Melas or Children fairs aimed at creating sustainable education and a child friendly ecosystem outside the formal education structure have been held in the community. Meetings are held with local school teachers primarily to make them aware of the objectives and activities of the project to create a mutual understanding for a conducive development of the educational ecosystem in the area.

i. Skill Mitra and Udyog Mitra Model for Livelihood

This recently launched programme will be implemented in two blocks of Ramanathapuram district: Mandapam and Thiruppullani. It aims to reach 6000 unemployed youth to provide skill training for sustainable livelihoods along with rural micro-enterprise development through mentorship.

The programme will create awareness among rural youth about the job market, educate them on the skill gap and bring them one step closer to livelihood opportunities either through linkages with vocational courses available in the region or through attachment with small business owners named Udyog Mitras, who are expected to train the youth in the trade and then the youth has the option of either continuing with the Udyog mitra or start his/her own enterprise. Once the candidate is placed, he/she will be tracked through a technology back-end to ensure continuity of livelihood for the youth.

ii. Student Teacher Empowerment Programme- PLUS

This recently commenced project aims to provide an enhanced learning environment to students in all government primary schools in Ramanathapuram Block of Ramanathapuram district, Tamil Nadu.

The programme of three years duration will deploy 24 Shikshan Mitra (resource persons) to cover all 73 primary schools in the district. 4500 students of grades 1- 5 will be provided with a quality education intervention along with the capacity building of the school teachers. The programme has been designed to improve the foundational skills of literacy and numeracy, make schooling at primary levels more interesting and relevant. Life skill sessions and empowering teachers to ensure programme sustainability through collaboration and capacity building.

iii. Sustainable Community ODF (Mandapam Block)

The NSE Group project is implemented in 28 villages of Mandapam Block, Ramanathapuram District, Tamil Nadu will impact around 50000 beneficiaries in three years and aims at ensuring sustainable ODF status in the block.

The project currently in its first year has retrofitted and repaired the sanitation facilities in 20 schools, 10 Anganwadis and 2500 households apart from five integrated women sanitary complexes in communities. 560 WASHMAN

Committee members have undergone intensive training to take ownership of the programme and undertake activities in the communities. More than 2500 villagers have been reached to increase awareness and ownership towards community sanitation and ODF sustainability. 210 school teachers and 150 other stakeholders such as SMC members have been trained in hygiene practices and supervision of the same.

Funds were leveraged from the community to create ownership and the community has contributed Rs. 4.97 lakhs so far towards renovation of individual household and community toilets.

liii. Sustainable Community ODF Program (Ramanathapuram Block)

This project is a scale-up of the Mandapam programme and implemented through WASHMAN Committees (Water and Sanitation, Personal Hygiene, Menstrual Hygiene Management, Nutrition) which is a voluntary committee consisting of 20 women including adolescent girls to monitor, execute the field level implementation of the project. The programme has formed and trained WASHMAN committee members in all 25 Panchayat of Ramnad Block. 500 WASHMAN committee members are serving the society on a voluntary basis and they supervise the renovation or restoration of the damaged Community Toilets, School toilets, Anganwadi Toilets and Individual Household Latrines (IHHLs).

140 school teachers and 126 anganwadi workers have been trained under this project. Retrofitting of sanitation facilities in 17 schools has been undertaken and the SMC has contributed Rs. 57,590/- towards renovation of various school toilet complexes which is a sign of community ownership of the project.

liv. Sustainable Environment and Integrated Livelihoods through Soil & Water Conservation and Improving Soil Health

The programme is based in eight Gram Panchayats, covering 76 villages of Sapotra and Mandrail blocks of Karauli district, Rajasthan. Karauli is classified as a semi-arid region and the irrigated agriculture is only 11% of the net sown area. However, despite the rocky terrain, a large proportion of the population depends on agriculture and livestock for their livelihood.

The programme will support activities around soil and water conservation, demonstrating sustainable agriculture practices and technologies having the potential to ameliorate environmental outcomes on augmenting water supply, protecting and improving soil health while providing a solution to sustainable livelihoods challenges.

This programme is driven by the Village Development Committee (VDCs) to ensure sustainability through the strengthening of community institutions in governance and management of infrastructure created under the project in 20,000 hectares of land. Apart from the improvement and conservation of soil, the programme will also demonstrate a low-cost production system incorporating components of organic/ natural farming methods, efficient irrigation methods using renewable source of energy such as solar-based irrigation pumps and improve the status of pasture land in the villages having the potential to support existing livestock population.

The project will engage more than 35,000 community members in three years of intervention. The selected villages have a significant proportion of Scheduled Tribe and Scheduled Caste population. Currently, the programme has started mobilization of VDCs in 75 villages out of which 24 project villages have formalized the VDC and 13 villages have completed their Village Development Planning Rs. 57350/- has been mobilised by VDCs till date. The building of field bunding, waste weir, land levelling etc., would commence shortly.

iv. SCORE (Sustainable Conservation of Water Resources through Enabling)

The recently initiated three year project aims to promote and strengthen community-led natural resources management by building community owned organizations in 60 villages, renovate 70 water bodies, 30 irrigation tanks and 40 drinking water cum domestic ponds) for harvesting rainwater and achieving food security and access to clean drinking water, sustain farming with construction of 50 farm ponds and protect the environment by planting 5000 robust trees in village common lands and catchment areas, while enabling poor and vulnerable farmers to improve farm productivity and income using improved agricultural practices.

The interventions under the project include renovation of more than 40 village ponds, water for drinking and domestic needs of rural households, rejuvenation of water sources, water conservation and planned agriculture. The renovation of village ponds will also help recharge the groundwater and aquifers. The renovation and repair of 30 minor irrigation tanks will make available water for sustainable agriculture. Apart from renovating the existing water bodies, the project aims to establish smaller rain fed farm ponds with community participation and plantation of fruit trees.

lvi. Sustainable livelihood by way of providing construction Skill training and employment / self-employment

The aim of the program is to improve the livelihood of rural households by providing a residential vocational training centre in Nandurbar, Maharashtra. The vocational centre will empower 600 unemployed youth through training in the selected market-driven courses for the rural construction industry such as rural masonry, painting, plumbing, electrical skills, among others.

The youth are selected from the district of Nandurbar with the students currently coming from Shahada and Nandurbar blocks. The programme has completed six months training for two batches with 75 youths. During the training, the students were taken for exposure visits to the city where construction work is underway so that the students could have a hands-on experience of what is being taught in the classroom.

lvii. Swaccho – Nirapad Parivesh (Clean and Safe Environment)

This project aims to make Rajnagar block, of Birbhum district of West Bengal, an Open Defecation Free (ODF) sustainable block as per ODF Sustainability guidelines of Government of India in three years. Currently, in its second year benefitting a total of 5643 students (46% of girls) who have been reached across 63 schools and trained on handwashing techniques, personal health and hygiene etc.

WASH interventions include retrofitting, renovation and repair of sanitation facilities to provide schools with improved WASH facilities, including sessions for behavioural change. The intervention follows peer group strategy where child cabinets were strengthened in 57 schools. A total of 1169 girl students are part of these child cabinets who have been provided with training on health and hygiene, handwashing with soaps, personal hygiene, leadership and peer learning strategies which included group sessions on menstrual hygiene management (MHM) for adolescent students.

In addition, 90 teachers and 1810 School Management Committee members have been trained on WASH practices and 28 Government representatives at Block and Panchayat level have been sensitized about the importance of WASH in schools and communities. 136 Anganwadi Workers have attended sessions on operation and maintenance for the sustainability of anganwadi toilets and 105 Village Water Sanitation Committee members were oriented on their roles and responsibilities so as to undertake Water and Sanitation initiatives in their respective areas. Under the project intervention, 96 WASH toilets, 49 handwashing stations and 111 urinals have been repaired and made functional.

lviii. Swaccho – Nirapad Parivesh (Clean and Safe Environment) Khoyrasol block of Birbhum district

This project is a scale-up of the existing programme implemented in Rajnagar block of Birbhum district. It aims to facilitate implementation of sanitation and safe drinking water in 146 Zila Parishad schools, 208 anganwadis and Gram Panchayats of the Khoyrasol block through retrofitting and repair of sanitation facilities in schools and anganwadis. Capacity building of teachers, students, Gram Panchayats, Village Water and Sanitation Committees and anganwadi workers will be also carried out to ensure sustainability by involving all the stakeholders. Community triggering and hygiene events for sustaining ODF status, linkages with various government schemes for tapping resources for operations and maintenance will also be undertaken.

lix. Swachhta Se Swasthyata

The recently commenced project is being implemented in the Mandrail Block of Karauli District in 35 Schools, Anganwadi Centres and five health Centres. It aims at improving awareness of the SBM-ODF sustainability guidelines amongst families, community governance (21,844) and institutional duty bearers (98 anganwadi centres, 132 schools, 5 primary health centres, leading to an increased demand for quality WASH services. The programme will improve the uptake of WASH services by 1250 families and communities currently being provided by government and civil society actors, thereby leading to improved health outcomes. The intervention will also strengthen 132 School Management Committees and 123 VHSNCs for designing and implementation of Villages WASH plans aligned with SBM-ODF sustainability guidelines. To ensure sustainability, the newly commissioned project will aim at influencing key stakeholders (VHSNCs), PRIs, Block/District/State Officials) for increased government and community investments on water availability and community sanitation in the water scarce areas of the block.

ix. Sustainable Drinking Water Safety and Security Project (Nandurbar)

This project is designed to provide safe and secure drinking water facilities to habitations and schools in Nandurbar and Navapur block of Nandurbar district, Maharashtra. Water resource strengthening, rainwater harvesting, creating drinking water storage and solar mini pipe water supply scheme will be commissioned so that selected schools and communities have access to drinking water. This project is based on the Swajal model of the Government of India, which is a community drinking water supply scheme, targeting unreached habitations of the aspirational districts which will be operated and maintained by the community.

In Year 1, execution of water supply schemes (10 solar based water supply scheme and 1 scheme with innovative storage tanks) in 11 habitations have been completed. The interventions provide direct benefit to around 2376 population. It includes 373 households in 20 habitations with 1638 population and 22 village level institutions (school, anganwadi and PHC sub-centre) benefiting around 738 population.

The programme is designed to ensure village level water safety and security through a sustainable approach. While one-time capital investment in the infrastructure is necessary, it is not enough for future maintenance of water safety and security. To ensure safe water quality, water security in terms of source reliability and water systems in terms of financial, technical and institutional sustainability, community involvement is critical.

Thus, the focus is on bridging the drinking water infrastructure gap and to create a community model for sustainable operation and maintenance for the infrastructure through local resource mobilization and involvement of the local administration.

Active participation of community during planning, implementation and execution of scheme was encouraged. Community members contributed to the land space required for installing storage tank, solar panel, dual pump etc. All the project habitations have contributed their portion of the O & M fund. The Gram Panchayat has contributed around Rs.72,000/- from its funds towards installation of the structures and played a crucial role in coordinating with line departments and mobilizing mandatory supportive documents such as land donation certificates, yield test, WQ test, providing NOC etc.

lxi. Sustainable livelihood by way of providing Skill training and employment / self-employment

The project aims at augmenting the livelihood of rural households by providing skill training to rural elderly men and women in the field of apiculture (honey beekeeping) and neem seed oil production in Rajnagar block of Birbhum district.

This two-year programme will mobilize the existing elderly self-help groups supported by NSE Foundation in the area. Interested ESHGs will be provided with training and machinery to be used in honey beekeeping (apiaries etc.) and neem oil production. The trained ESHGs will be given assistance to set-up their units. Market linkages will be also provided so that the beneficiaries can directly sell their products in the market. Post training and business setup, beneficiaries

will be monitored and tracked to ensure sustainability and progress of their business.

lxii. Technical Assistance for implementing village water safety and security

This project has recently commenced and aims to facilitate the implementation of community-led village water safety and security (VWSS) plan and drinking water supply scheme in 20 villages in Mandrail and Sapotra blocks of Karauli district, Rajasthan.

The project will be in partnership with local government agencies and the Public Health Department to ensure sustained, safe and secured water supply in the project villages. The project will demonstrate the community-led adoption of the drinking water supply program which is the cornerstone of Jal Jeevan Mission; an ambitious mission taken up by the Government of India for integrating and ensuring rural water safety and security of each household.

This two-year project will primarily focus on software support for facilitating community-led village water safety and security planning process and demonstrating innovative practices and technologies for optimising water demand. Innovative technology demonstrations like non-electric and automated chlorination solutions, environmentally responsible liquid waste treatment plans and promoting waste-water reuse are the activities that will be undertaken.

lxiii. Water, agriculture & food security (WAFS)

Ramanathapuram district is one of the water distressed districts in the state of Tamil Nadu. Among the 11 Panchayat unions, Bogalur, Kamudhi, Kadaladi and Mudukulathur unions are highly susceptible to water scarcity. This project will cover 25 villages in Bogalur and 26 villages in Mudukulathur to create water and food security by undertaking water resource development and introduction of climatic resilient agriculture system with alternative cropping and community-led initiatives.

Ooranies have been known historically to provide drinking water for the communities and they are time-tested mechanisms to sustain life in Ramanathapuram. Renovation of 45 ooranies will be carried out along with restoring 45 minor irrigation tanks and creation of 150 farm ponds under this project. Further, removal of Prosopis Juliflora, a tenacious weed which has extensively infested the region and promotion of orchard activity will be undertaken in 500 acres of land with the plantation of high yielding fruit trees. Alternative cropping in the command area which has water-efficient cropping pattern will be carried in around 750 acres of land. Through the learnings from the region, developing livelihood alternatives and enhancing existing livelihoods in the community will be taken up which will in turn lead to improved economic income and food security.

lxiv. Vidya- Enhancing learning of tribal students

The project aims to provide a supportive learning environment to first generation learners through quality teaching learning material for Marathi, English and Mathematics for 3,694 students in 31 villages and 35 schools of Akkalkuwa and Dhadgaon blocks of Nandurbar district, Maharashtra. 50 functional Balbhavans will be established to implement these activities and it will also provide Spoken English classes. Libraries, both conventional and digital will be provided to

strengthen foundation skills and enhance knowledge of students in spoken English. Training and capacity building to 50 teachers from government middle schools will be conducted.

This programme has recently commenced and completed the baseline survey of all selected schools with 320 students being tested on literacy and numeracy competencies. 70 teachers from 22 schools have been trained to conduct spoken English classes. The TLM for this project makes use of audio lessons supported by an audio teacher. Regular spoken English classes have been initiated in all the selected schools.

DISASTER RELIEF AND REHABILITATION

lxv. Creating Disaster Resilient and Child Friendly Model Schools in Odisha

Odisha was hit by Cyclone Fani on 3rd May 2019. The project commenced post the Cyclone Fani to create Disaster Resilient Child friendly models in 9 schools of Khorda district of Odisha affected by the cyclone. The project aims to cover 4,076 children, parents and teachers by providing functional sanitation and drinking water facilities in schools. Prototype designs have been developed for making disaster resilient and safe schools. Capacity building of relevant government staff, masons, community organisations etc. and other stakeholders involved in school construction has commenced. The learnings and material have been compiled in a manual on disaster resilient schools in the context of Odisha and compiled in association with the Odisha State Disaster Management Authority (OSDMA).

lxvi. Enabling Drought Free Villages in Nandurbar

Many parts of Maharashtra have been hit by drought since the past few years impacting overall agricultural productivity, water security and sustainability of local livelihoods. The district of Nandurbar has been affected by moderate to severe drought due to scanty rainfall this year leading it to be classified under the drought affected districts. The State government's aim to make Maharashtra a drought-free state by end of 2019 have led to the implementation of various initiatives under the Jal Yukt Shivar. One such initiative is the Gaalmukta Dharan Gaalyukta Shivar (GDGS) Yojana- under the Jal Yukt Shivar Yojana programme, the GDGS scheme involves desilting of small dams/ water bodies in the state with the aim of increasing water storage capacity and providing silt to the farmers in a PPP model involving CSR, community and the local administration.

The concluded project focused on de-silting of small and large water bodies which provided drinking water to nearby communities, provision of silt to farmers to enhance crop productivity, IEC/BCC on drinking water usage, handling and storage practices. The de-silting encourages ground water recharge of nearby wells due to percolation of water into the ground. Desilting of 29 water bodies has been completed and a total of 188240 CuM of silt extracted and distributed to 517 farmers. The State Government supported the project by bearing fuel expenses amounting to Rs. 22.43 lakhs (at approximately Rs. 11.92/CuM) and the community contributed by bearing transportation expenses totaling approximately Rs. 1.88 Cr. In addition revival of a defunct water pipeline which now serves water to 9000 individuals from six villages was taken up with the

convergent efforts of NSE Foundation, the community, district administration and local leaders.

Ixvii. Public Health Recovery and Restoration in Flood affected districts of Maharashtra (Technical collaboration with UNICEF)

Parts of Maharashtra had received a large amount of rainfall in 2019 which resulted in floods across 761 villages. Kolhapur and Sangli districts of Maharashtra were the worst affected as several of the households in these blocks of the two districts were dependent on borewell, handpump or open wells. Due to extensive water logging in sanitation pits and septic tanks, with no resources and knowhow of desludging, many of the water sources were contaminated.

Considering these needs, the project was implemented in the two districts with the objective of mitigating post flood WASH risks by addressing gaps in water supply, sanitation, health & hygiene promotion practices and services. Supporting the restoration of WASH services with the community and government as counterparts was an important feature of the project.

Installation of nine water storage and filtration units along with restoration of school toilets in ten schools is underway. Technical approval from Public Works department, Zila Parishad Kolhapur for hazard resilient community latrine block designed under this project has been approved and the construction of the same will be completed soon. An amount of Rs. 30,000/- has been leveraged from the Zila Parishad of both the districts towards rebuilding the community toilets.

Further, hygiene promotion on fecal oral disease transmission and hand washing practice has been demonstrated in all ten schools covering 2,075 students, teachers and community members.

Ixviii. Recovery and Disaster Risk Reduction actions on WASH

In response to the massive destruction in the aftermath of the Kerala floods in 2018, a critical intervention to test the water quality, initiate a process of systemic model for water quality testing, capacity building around safe water and provision of water filtration units for isolated and marginalized communities was initiated.

This project was designed in two phases. In the first phase, the focus was to meet the basic needs of clean and safe drinking water for affected communities in hard to reach areas through installation of water filters as well as provide technical and capacity building support to government line departments and communities. The second phase focused on provision of technical support to the agencies of government of Kerala for enhanced recovery programming and capacity building on key topics related to water safety and landslide risk management.

Under the project, 277 water quality testing and 250 chlorine testing kits were distributed to district administration workers. 20 water filtration units and 10 household filtration units were installed in hard to reach areas in 5 districts benefitting approximately 700 families. A module on landslide risk mitigation for panchayats was also developed. 375 government frontline workers were trained

on water quality testing and treatment and 372 PRI and community members were trained on landslide risk management in seven landslide prone/affected districts. Further the project has trained 1750 community members on the basics of water quality testing and treatment. Additionally, capacity building of panchayat officials and leaders were undertaken from 15 panchayats on the steps to address landslide risk and water quality testing and treatment during disasters.

Ixix. Retrofitting of WASH and other infrastructure in GAJA Cyclone affected schools

In November 2018, the State of Tamil Nadu was hit by Cyclone Gaja which led to a considerable loss of public and private property and lives, which led to this project in the cyclone affected schools of Nagapattinam and Thanjavur. 30 government aided schools located in Thanjavur (Pattukottai and Orathanadu Blocks) and Nagapattinam districts (Kilvelur, Thirumarugal, Kolidam, Sembarankoil, Vedaraniyam and Thalainayar Blocks) were part of this project.

The interventions involved repair and retrofitting of damaged WASH and school infrastructure such as toilet blocks, hand washing stations, compound wall, classroom windows, roof etc., which has benefitted 10,702 students. Child cabinets in 22 schools were formed and trained to maintain the facilities in the schools. 3,660 girl children were educated on Menstrual Hygiene Management (MHM). Capacity building of 90 kitchen staff members on hygiene education and management of food, nutrition and food waste was undertaken. 78 sanitation workers were trained to ensure the maintenance of the renovated WASH structures.

Waste-water management and kitchen gardens have also been adopted in the 30 schools. As a result of meetings with Parents Teachers Association (PTA) Members, school administration and PRI members, in seven schools, the PTA and students contributed in kind to provide additional facilities like borewell and tiles to the toilets.

Ixx. Revitalizing and Retrofitting of Water and Sanitation Facilities

This project is a response to the massive destruction in the State of Kerala due to the floods during the months of July /August 2018. The project has retrofitted and revitalized water, sanitation and hygiene infrastructure damaged by floods of 15 schools and focused on Behaviour Change Communication (BCC) so that the upgraded school infrastructure is operated and maintained in a sustainable manner.

The activities implemented across 15 schools of disaster affected Idukki district in Kerala were focused to make the schools functional by revitalizing and retrofitting WASH and other damaged facilities. Behavioural change communication (BCC) activities to inculcate safe and hygienic practices in children were also a part of the project. Retrofitting and redesigning of the mid-day meal kitchens in some of the schools which were damaged and required minor repairs was also undertaken. One school whose infrastructure facilities was retrofitted as part of the project has seen new enrolments for the academic year 2019-20 increase by 290% and the respective SMC was awarded the best SMC of Idukki District for their efforts to improve the school admissions. The

project was successfully completed in July 2019 benefitting a total of 2947 children.

COVID- 19 Pandemic Relief

The various projects had responded to the COVID-19 pandemic since February 2020. The NSE Foundation through the NGO partners had reached out to the respective communities in the pre-lockdown phase which lasted from the third week of February to the third week of March through capacity building and training of field staff as well as behaviour change and awareness in communities to ensure social distancing and personal hygiene measures. In the lockdown phase as well, relief activities have been undertaken for vulnerable communities especially the destitute elderly who do not have access to essential commodities like food and medicines. In education, innovative ways of reaching students through local radio and TV cable networks, social media groups, mobile phones etc. have been initiated for continuity of the learning curriculum.

The awareness campaign continued during the lock down phase to reinforce the messages to communities on measures to be followed during COVID-19 through street and wall paintings, road art at junction points etc. The Project Monitoring & Evaluation agencies have undertaken partner connect initiatives and conducted multiple webinars with project partners to conduct trainings on addressing issues arising out of such unprecedented lockdown in terms of project implementation and community outreach. The implementation agencies were encouraged to relook at planning and strategy at both organizational and programmatic level for the upcoming financial year 2020 -21.

To support the efforts of government, a contribution has been made amounting to Rs. 20 Crores to the PM CARES Fund from the NSE Group CSR funds.

Since Mumbai has been one of the worst affected cities in India, a project to supply and distribute PPE kits, N-95 masks and other medical supplies to COVID designated government hospitals and fever clinics in slum settlements in Mumbai was also initiated.

As a part of employee engagement activities around 6000 migrant workers and their families returning to their home state on foot were given food kits and water to provide some succour on their long and arduous journey back home.

NSE CSR Focus Group

The CSR Focus Group was formed in 2012 consisting of employees volunteering to contribute part of their time to undertake CSR activities internally with the help of NGO partners.

The group conducts/coordinates various social activities internally for employees to encourage volunteering for the NSE Group CSR initiatives and activities such as blood donation camps, organising awareness building programmes on solar power and sustainable lifestyles, recycling of waste paper, screening of documentaries on environmental & social issues, NGO-melas related to social entrepreneurship, education, health & environmental awareness including organising of guest lectures on social issues, nature awareness walks, relief activities in times of disasters and calamities, observing National / International

Days, such as Children's Day, Women's Day, support of Earth Hour, CSR project visits etc.

Amphan, a powerful tropical cyclone made landfall in West Bengal in the month of May, causing widespread damage. West Bengal being the epi-center of the cyclone's landfall, was severely affected. The storm was considered the strongest to hit the region in over a decade affecting three districts in West Bengal, namely, South and North 24 Parganas and East Midnapore. Relief to cover the food requirements of 200 families for a month, in far flung villages of two districts of South and North 24 Parganas was initiated. The rations were distributed by local NGOs in close coordination with the Kolkata regional office under the employee engagement activities

NSE Foundation

With the rapid increase in the number of CSR projects, it was felt that a separate and focused entity in the form of a Section 8 Company was required to create a measurable impact and enter into collaborations with on ground implementation partners for scale up the CSR programmes. Accordingly, NSE Foundation was incorporated as a company under Section 8 of the Companies Act, 2013 on 5th March 2018, to initiate, supervise and co-ordinate activities to implement the Corporate Social Responsibility policy of NSE and its Group Companies as mandated under the Companies Act, 2013. Further, approvals were received from the relevant tax authorities under (i) section 12A of the Income-tax Act, 1961 for registration as an entity for charitable purpose and (ii) section 80G of the Income-tax Act, 1961 as an eligible entity to receive contribution for charitable purpose from other entities. The CSR projects earlier undertaken by NSE were then assigned to be taken forward by NSE Foundation which has since then further expanded the number of projects implemented.

Web-link for NSE Group CSR Policy:

https://www.nscclindia.com/NSCCL/disclosures/resources/NSE_CSR_Policy.pdf

- 2. The Composition of the CSR Committee of NSE Clearing Ltd.:** The Committee presently consists of Mr. Harun R Khan, Mr. N. K. Maini and Ms. Bhagyam Ramani as its Members. Mr. Harun R Khan is the Chairman of the Committee.
- 3. Average net profit of NSE Clearing Ltd. for last three financial years (FY 2016-17, 2017-18 and FY 2018-19):** The average net profit of NSE Clearing Ltd. calculated pursuant to Section 135 read with Section 198 for last three Financial Years is Rs.226,50,00,000/-.
- 4. Prescribed CSR expenditure (2% of the amount as in item 3 above):** Rs.4,53,00,000/-
- 5. Details of CSR spend of NSE Clearing Ltd. during the financial year 2019-20**
 - (a) Total amount to be spent for the financial year 2019-20: Rs.4,53,00,000/-
 - (b) Amount unspent, if any for the financial year: Rs. Nil
 - (c) Manner in which the amount spent during the financial year is detailed below:

In order to implement the CSR projects of the NSE Group, NSE Foundation was incorporated as a company under Section 8 of the Companies Act, 2013 on 5th March 2018 for which wholly committed but previous years unspent CSR funds have been transferred to NSE Foundation. Effective April 1, 2018 CSR projects of NSE group including the Company are being implemented by the NSE Foundation. During the year 2019-20, the Company has contributed Rs.4.53 Crores being its CSR budget for the year based on 3 years average net profit in respect of FY 2016-17, 2017-18 and FY 2018-19 to NSE Foundation to be spent on various CSR activities as stated in the CSR policy of the Company. The amount was fully spent by the Foundation and the details of the amounts spent by NSE Foundation during FY 2019 - 20 (including for projects committed by the Company before the formation of the Foundation) are given below:

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the state and district where projects or programmes was undertaken	Cumulative Amount outlay (Committed Budget)	Amount spent during FY 19 -20 on projects or programs sub heads (1) Direct expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period (NSE CSR + NSE Foundation)
1	Various CSR activities as per the CSR policy approved by NSE	Various CSR sectors as per approved policy	Various places in India		4,53,00,000 (by transfer to NSE Foundation)	27,65,34,086
1	Serving and Enriching Education to Under-privileged Tribal Children in Talode Block of Nandurbar District	Primary Education	Taloda Block, Nandurbar District, Maharashtra	23,77,491	1,59,933	1,59,933
2	Project 'Vidya'	Primary Education	Akkalkuwa and Dhadgaon Blocks, Nandurbar District, Maharashtra	38,52,417	10,32,923	10,32,923
3	Project Mindspark	Primary Education	All Blocks, Nandurbar District, Maharashtra	53,82,377	17,77,582	17,77,582
4	JALDHARA: Integrated Water, Sanitation and Hygiene (WASH) interventions in Nandurbar, Maharashtra	Sanitation and Safe Drinking Water	Akkalkuwa and Dhadgaon Blocks, Nandurbar District, Maharashtra	47,43,976	7,69,674	7,69,674
5	Pilot Initiative on Comprehensive Elderly Care Programme in Nandurbar district by operationalising the National Programme for Health Care of Elderly (NPHCE) scheme of the Government.	Elder Care	Shahada Block, Nandurbar District, Maharashtra	12,10,760	3,73,028	3,73,028
6	To provide sustainable livelihood by way of providing construction Skill training and employment / self-employment for Rural Youth from Nandurbar, Maharashtra.	Skill Development and Entrepreneurs hip	All Blocks, Nandurbar District, Maharashtra	11,11,697	2,75,173	2,75,173
7	Creating Enablers For Odf Sustainability	Sanitation and Safe Drinking Water	Nandurbar Block, Nandurbar District, Maharashtra	35,44,223	4,40,084	4,40,084

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the state and district where projects or programmes was undertaken	Cumulative Amount outlay (Committed Budget)	Amount spent during FY 19 -20 on projects or programs sub heads (1) Direct expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period (NSE CSR + NSE Foundation)
8	"Gram Samrudhi"- Community Led Climate Smart Initiatives, to Safeguard Local Livelihood and Environment at Dhadgaon and Akkalkuva, tribal blocks in Nandurbar district of Maharashtra	Environmental sustainability	Akkalkuva and Dhadgaon Blocks, Nandurbar District, Maharashtra	55,03,453	-	-
9	Project- Student Teacher Empowerment Program (STEP) PLUS	Primary Education	Ramanathapuram Block, Ramanathapuram District, Tamil Nadu	44,90,817	5,24,951	5,24,951
10	Sustainable Community ODF Program at Ramanathapuram Block, Ramanathapuram District, Tamil Nadu.	Sanitation and Safe Drinking Water	Ramanathapuram Block, Ramanathapuram District, Tamil Nadu	40,72,555	4,03,156	4,03,156
11	SCORE [Sustainable Conservation of Water Resources Through Enabling] Community-led Development	Environmental sustainability	Thiruppullani Block, Ramanathapuram District, Tamil Nadu	33,02,072	3,61,730	3,61,730
12	Skill Mitra and Udyog Mitra Model for Livelihood in Two Blocks of Ramanathapuram (Tamilnadu)	Skill Development and Entrepreneurs hip	Mandapam & Thiruppullani Blocks, Ramanathapuram District, Tamil Nadu	46,22,900	-	-
13	Equip Thiruppullani Project (Education Quality Improvement Project)	Primary Education	Thiruppullani Block, Ramanathapuram District, Tamil Nadu	31,92,002	4,32,262	4,32,262
14	Drinking Water Kiosks with Fluoride and Desalinity Remediation	Sanitation and Safe Drinking Water	Khoyrasol & Mandapam Blocks, Birbhum and Ramanathapuram District, West Bengal and Tamil Nadu	51,95,259	-	-
15	Hand In Hand India	Environmental sustainability	Bogalur & Mudukulathur Blocks	81,78,130	-	-
16	Sahaj Path: Bridging Learning gaps of students in government primary schools of Dubrajpur block of Birbhum district, West Bengal	Primary Education	Dubrajpur Block, Birbhum District, West Bengal	42,92,693	3,28,793	3,28,793
17	'Disha'- Sustainable livelihood by way of providing Skill training and employment / self-employment for Rural Elderly Men and Women from Birbhum, West Bengal.	Elder Care	Rajnagar Block, Birbhum District, West Bengal	33,90,127	5,28,355	5,28,355
18	Wash Scale Up Initiative Swaccho - Nirapad Parivesh (Clean And Safe Environment)	Sanitation and Safe Drinking Water	Khoyrasol Block, Birbhum District, West Bengal	45,45,852	4,63,590	4,63,590

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the state and district where projects or programmes was undertaken	Cumulative Amount outlay (Committed Budget)	Amount spent during FY 19 -20 on projects or programs sub heads (1) Direct expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period (NSE CSR + NSE Foundation)
19	Improving language and numeracy skills of 8,139 children in primary and upper primary schools of Mandrail block in Karauli district of Rajasthan State	Primary Education	Mandrail Block, Karauli District, Rajasthan	27,18,706	2,94,169	2,94,169
20	Making Mandrail Block of Karauli district as Open Defecation Free Sustainable Block through School, AWC and Community centered WASH interventions	Sanitation and Safe Drinking Water	Mandrail Block, Karauli District, Rajasthan	28,17,768	77,984	77,984
21	JAL SAMARTHYA- TECHNICAL ASSISTANCE FOR IMPLEMENTING VILLAGE WATER SAFETY AND SECURITY (VWSS) IN SELECTED VILLAGES FROM MANDRAIL AND SAPOTRA BLOCKS OF KARAULI DISTRICT RAJASTHAN AND ITS MAINSTREAMING IN JAL JEEVAN MISSION	Sanitation and Safe Drinking Water	Sapotra & Mandrail Blocks, Karauli District, Rajasthan	46,22,900	3,30,207	3,30,207
22	Sustainable Environment & Livelihoods through Soil & Water Conservation and Improving Soil Health.	Environmental sustainability	Sapotra & Mandrail Blocks, Karauli District, Rajasthan	64,61,053	5,84,204	5,84,204
23	Foundational Learning Enhancement In Primary Grades [I-V] In Government Schools In Hindaun Block Of Karauli District Rajasthan	Primary Education	Hindaun Block, Karauli District, Rajasthan	41,82,624	2,35,658	2,35,658
24	Promotion of Swachh and Swasth Hindaun block of Karauli district in Rajasthan	Sanitation and Safe Drinking Water	Hindaun Block, Karauli District, Rajasthan	49,53,107	-	-
25	Bhu-Jal Dhaara (A Livelihood Improvement Project Through Integrated Watershed Development)	Environmental sustainability	Karauli Block, Karauli District, Rajasthan	55,03,453	3,25,423	3,25,423
26	Creating Disaster Resilient and Child Friendly Model Schools in Odisha	Disaster Relief	Brahmagiri & Krushnaprasad blocks Puri district, Odisha	18,38,153	14,59,422	14,59,422

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the state and district where projects or programmes was undertaken	Cumulative Amount outlay (Committed Budget)	Amount spent during FY 19 -20 on projects or programs sub heads (1) Direct expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period (NSE CSR + NSE Foundation)
27	Public Health Recovery and Restoration (including Drinking Water and Sanitation) in Disaster (Flood) Affected Districts of Maharashtra (Technical collaboration with UNICEF)	Disaster Relief	Karvir, Hathkalangale and Shirol blocks (Kolhapur District); Miraj and Palus blocks (Sangli District), Maharashtra	18,49,160	12,20,116	12,20,116
28	Education Activity Centre – Urban Pune	Primary Education	Pune City, District- Pune, State- Maharashtra	12,30,721	-	5,37,495
29	Project Grow With Books- Rural	Primary Education	Haveli- Mulashi Tehasil, District- Pune State- Maharashtra	24,88,362	-	12,78,080
30	Saksham- Quality Education for Age Appropriate Learning	Primary Education	District- Buldhana State- Maharashtra	30,15,344	-	21,45,023
31	Quality Education Program.	Primary Education	District- Thane State- Maharashtra	36,28,073	-	19,88,084
32	Project Chunauti	Primary Education	Mankhurd, Mumbai State- Maharashtra	28,13,534	-	17,37,499
33	Serving & Enriching Education To Under Privileged Children- Urban	Primary Education	Thane and Pune State- Maharashtra	43,04,263	-	24,65,964
34	Serving & Enriching Education To Under Privileged Children- Rural	Primary Education	Medha Dist- Satara State- Maharashtra	43,04,263	-	24,49,283
35	Integrated Social Assistance and Health Security for the Elderly	Elder Care	Mumbai and Chennai State- Maharashtra and Tamilnadu	33,95,000	-	27,15,393
36	Primary Education Program / Fellow Sponsorship Program	Primary Education	Mumbai, MH and Chennai, TN	1,12,67,165	10,14,540	64,37,286
37	Elderly Care Program	Elder Care	Lower Parel, Mumbai	38,34,632	22,691	12,80,332
38	Muktangan Primary School Programme	Primary Education	Mumbai, Maharashtra	30,51,366	38,964	15,58,265
39	School Partnership Programme	Primary Education	Mumbai, Maharashtra	57,21,284	1,44,466	31,41,779
40	Eureka Superkidz	Primary Education	Cuddalore, Kanchipuram, Thiruvallur, Thiruvannamalai, Trichy and Vellore Dist., Tamil Nadu	63,52,928	3,35,005	43,22,907

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the state and district where projects or programmes was undertaken	Cumulative Amount outlay (Committed Budget)	Amount spent during FY 19 -20 on projects or programs sub heads (1) Direct expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period (NSE CSR + NSE Foundation)
41	Every Child in School And Learning Well	Primary Education	Nagpur, Nashik, Thane, Pimpri - Chinchwad and Aurangabad Dist, Maharashtra	53,04,274	3,31,434	36,29,864
42	Girl child educate programme	Primary Education	Purulia and Bankura Dist., West Bengal	98,61,841	10,30,863	35,69,457
43	Rehli Shiksha Palah Program (RSPP)	Primary Education	Dist. Sagar, Madhya Pradesh	52,51,122	7,05,316	15,37,825
44	Educate Girls Program	Primary Education	Ajmer, Rajasthan	66,33,399	-	36,87,821
45	Saksham	Primary Education	Kalvan and Nashik	87,28,914	3,61,602	11,22,973
46	Girls Empowerment through education training & action-GEETA	Primary Education	Bahraich district, Uttar Pradesh	3,99,946	-	2,89,558
47	Shraddha – Towards Active And Healthy Ageing	Elder Care	1. Yavatmal, Maharashtra 2. Nalgonda, Telangana, 3. Purbi Midnapore, West Bengal 4. Supaul, Bihar	94,86,453	13,05,650	67,60,267
48	Nation Supports Elderly	Elder Care	Jharkhand	8,60,151	1,48,847	5,79,001
49	Piloting Sustainable WASH In School For Enabling Better Health, Hygiene And Environment.	Sanitation and Safe Drinking Water	Nashik, Maharashtra	10,28,135	-	4,87,136
50	School Health Project	Sanitation and Safe Drinking Water	Mumbai, Maharashtra	13,76,124	-	5,71,798
51	Improving Sanitation for Rural Schools in Maharashtra	Sanitation and Safe Drinking Water	Nashik and Akola, Maharashtra	18,01,393	-	8,28,273
52	Swachh Vidyalaya, Swachh Aadat	Sanitation and Safe Drinking Water	Dumka and Pakur Districts, Jharkhand	47,00,185	9,22,254	29,38,025
53	Promoting WASH Compliant Ashramshala, Maharashtra	Sanitation and Safe Drinking Water	Nashik District, Maharashtra	2,07,09,430	42,67,235	1,52,23,609
54	Humanitarian Assistance For Flood Affected Communities In Bihar, India	Disaster Relief	Bihar	13,84,230	-	12,05,176
55	Project Grow with Books SMC	Primary Education	Haveli-Mulashi Tehsil, District-Pune State- Maharashtra	1,66,911	-	47,444

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the state and district where projects or programmes was undertaken	Cumulative Amount outlay (Committed Budget)	Amount spent during FY 19 -20 on projects or programs sub heads (1) Direct expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period (NSE CSR + NSE Foundation)
56	Orientation of the Principals of the Adarsh Schools	Primary Education	Jaipur State- Rajasthan	50,13,214	-	16,20,708
57	Project Prajwala- Wash Compliant KGBVs (MP)	Sanitation and Safe Drinking Water	All KGBV Madhya Pradesh	1,01,51,245	27,25,141	39,72,083
58	Project Prajwala -Swachh Balika, Swachh Vidyalaya: Validating Scalable Models for WASH in Schools	Sanitation and Safe Drinking Water	All KGBV Rajasthan	80,92,954	10,39,232	35,03,372
59	Serving and Enriching Education to Under-privileged Urban Children in Bhiwandi- Nizampur and Malegaon	Primary Education	Malegaon and Bhiwandi Maharashtra	57,44,194	10,01,446	33,36,547
60	Project Prajwala - Education in KGBVs	Primary Education	All KGBV Rajasthan	1,05,77,689	33,55,947	35,58,652
61	Student Teacher Empowerment Program	Primary Education	Sheopur, Madhya Pradesh	47,17,005	7,75,431	31,62,302
62	Project Learning Orbit for Village Excellence in partnership	Primary Education	Udaipur, Rajasthan	44,20,794	7,45,106	23,06,702
63	Rashtriya Netra Yagna	Elder Care	22 District across 11 state	21,47,754	8,80,552	8,80,552
64	Capacity Building of Ashramshala staff and TDD officials on WASH	Sanitation and Safe Drinking Water	Nashik, Maharashtra	4,42,079	-	-
65	Improving Language and Numeracy skills in Primary schools of Sapotra Block in Karauli District of Rajasthan State.	Primary Education	Block Sapotra, District Karauli , Rajasthan	37,88,392	7,20,508	13,90,346
66	Project Alokito Shoishab (Enlightened Childhood)	Primary Education	Block Rajnagar, District Birbhum, West Bengal	27,53,981	7,63,945	14,70,722
67	Project EQUIP (Education Quality Improvement Project)	Primary Education	Block Mandapam, District Ramanathapuram, Tamilnadu	54,33,738	16,24,276	26,77,551
68	Working towards making Sapotra Block of Karauli district Open Defecation Free through Community and School based WASH interventions.	Sanitation and Safe Drinking Water	Block Sapotra, District Karauli , Rajasthan	41,50,823	8,30,866	8,30,866
69	Swaccho – Nirapad Parivesh (Clean and Safe Environment),	Sanitation and Safe Drinking Water	Block Rajnagar, District Birbhum, West Bengal	33,59,385	11,11,759	15,48,104
70	Aalambana – Towards Active and Healthy Ageing	Elder Care	Block Rajnagar West Bengal, Block Mandapam TamilNadu and Block Sapotra Rajasthan	1,71,92,424	-	14,65,199

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the state and district where projects or programmes was undertaken	Cumulative Amount outlay (Committed Budget)	Amount spent during FY 19 -20 on projects or programs sub heads (1) Direct expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period (NSE CSR + NSE Foundation)
71	Project Prajwala - Education in KGBVs	Primary Education	All KGBV Madhya Pradesh	97,35,601	16,26,554	37,74,276
72	Project "CLEAN" (Climate & Livelihoods Enhancement and Nutrition) for Elders	Elder Care	1. Yavatmal, Maharashtra 2. Nalgonda, Telangana, 3. Purbi Midnapore, West Bengal 4. Supaul, Bihar	4,47,449	46,454	46,454
73	Project for ODF sustainability in Nandurbar	Sanitation and Safe Drinking Water	Nandurbar Dist. Maharashtra	50,55,150	12,48,767	22,05,008
74	Sustainable Community ODF Program in Mandapam Block, Ramanathapuram District, Tamil Nadu.	Sanitation and Safe Drinking Water	Block Mandapam, District Ramanathapuram, Tamilnadu	39,49,351	9,26,314	29,04,456
75	Enhancing post-disaster Re-Habilitation and Recovery through Provision of Safe Water in Kerala	Disaster Relief	Wayanad, Idukki, Pathanamthitta, Allapuzha and Thrissur districts, Kerala	23,17,285	3,32,965	36,85,900
76	Enhancing post-disaster Re-Habilitation and Recovery through Provision of Safe Water in Kerala	Disaster Relief	Idukki district, Kerala	19,93,363	6,97,722	28,81,711
77	Everyone Forever - Water Services and Systems Strengthening: Rajnagar and Khoyrasol Blocks of Birbhum District in West Bengal	Sanitation and Safe Drinking Water	Rajnagar and Khoyrasol blocks in Birbhum district, West Bengal	66,03,016	6,12,108	15,57,523
78	Project Samarthya: Elderly Care programme(55 Years+) in Nandurbar district, Maharashtra	Elder Care	Nandurbar, Navapur, Akkalkuwa and Dhadgaon blocks, Maharashtra	56,06,334	1,63,815	14,53,608
79	Implementation of Karadi Path Magic English SLL programme for improving English proficiency of students from Zilla Panchayat Primary Schools in selected blocks in Nandurbar District, Maharashtra.	Primary Education	Nandurbar and Navapur blocks , Maharashtra	1,37,04,372	32,76,382	32,76,382
80	Ensuring sustainable drinking water safety and security in the identified schools and habitations in Nandurbar and Navapur blocks of Nandurbar district	Sanitation and Safe Drinking Water	Nandurbar and Navapur block ,Nandurbar district Maharashtra	38,37,224	17,11,127	31,37,106

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the state and district where projects or programmes was undertaken	Cumulative Amount outlay (Committed Budget)	Amount spent during FY 19 -20 on projects or programs sub heads (1) Direct expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period (NSE CSR + NSE Foundation)
81	Akshara: Learning Centers for Primary Children in Rameswaram	Primary Education	Rameswaram Island, Ramanathapuram District, Tamil Nadu	15,57,315	1,89,759	4,82,847
82	ShikshaDeep Prakalpa	Primary Education	Khoyrasol Block, Birbhum District, West Bengal	36,50,346	2,42,102	9,89,966
83	"Promoting Sustainability of WASH facilities and child centered governance in the Schools of Rameswaram"	Sanitation and Safe Drinking Water	Rameswaram Island, Ramanathapuram District, Tamil Nadu	18,43,861	2,85,201	11,66,200
84	Promotion of Tiruppullani as Swachh and Swasth Block.	Sanitation and Safe Drinking Water	Thiruppullani, Ramanathapuram District, Tamil Nadu	56,06,334	4,10,781	16,79,705
85	Building Water Security for Green Rameswaram	Sanitation and Safe Drinking Water	Rameswaram Island, Ramanathapuram District, Tamil Nadu	18,93,695	2,71,813	11,11,456
86	Enabling Drought Free Villages through Integrated & Participatory Watershed Management in Nandurbar, Maharashtra	Disaster Relief	Nandurbar District, Maharashtra	93,43,890	-	52,60,193
87	"Samrakshana: Building Resilience among the Senior Citizens in Green Rameswaram"	Elder Care	Rameswaram Island, Ramanathapuram District, Tamil Nadu	39,24,434	6,85,695	6,85,695
88	Rehabilitation of 30 Government Schools affected by Gaja Cyclone at Nagapattinam District and Thanjavur District, Tamil Nadu	Disaster Relief	Nagapattinam District and Tanjore District Tamil Nadu	16,19,608	2,86,180	23,48,899
89	CSR Focus Group	Various Activities*	Mumbai, Maharashtra	-	2,01,681	5,82,439
90	Capacity Building	Capacity Building	Mumbai, Maharashtra	-	17,88,532	66,03,502
91	PME**	Project Monitoring	NA	-	31,53,907	61,42,795
				41,17,29,468	5,67,59,350	17,06,33,857

*Activities undertaken by NSE CSR Focus Group covers Blood Donation Camps, Nature trails, Fani cyclone relief, Covid-19 relief, NGO Melas, Environment awareness, Employee Engagement for CSR projects of the Company etc.

**Project Monitoring and Evaluation Agency for conducting programmatic evaluation, monitoring, audit and impact assessment so as to ensure achievement of defined indicators of the projects.

NSE Foundation, as the implementing agency, currently implements the above projects with the help of the NGOs and other entities as given below and provides periodic updates on the progress of the CSR projects, fund utilization, and an annual report of CSR activities to the Company. The CSR Committee of the Company monitors the CSR activities undertaken and implemented by NSE Foundation.

1	Aid India	29	Kalike (Technical Advisor TATA Strive)
2	All India Inst. Of Local Self Government	30	Karadi Path Education Company Pvt. Ltd.
3	Americares India Foundation	31	Karuna Trust
4	Bharatiya Agro Industries Foundation (BAIF)	32	Learning Links Foundation
5	Bodh Shiksha Samiti	33	Magic Bus India Foundation
6	Centre For Environment Education (CEE)	34	Oxfam India
7	Centre For Microfinance (Cmf)	35	Paragon Charitable Trust
8	Charities Aid Foundation India	36	Pipal Tree Foundation
9	Child in Need Institute (CINI)	37	Pipal Tree Venture Pvt. Ltd.
10	Collectives for Integrated Livelihood Initiatives (CINI)	38	Plan International (India Chapter)
11	Developmental Association For Human Advancement (DEHAT)	39	Pratham Education Foundation
12	DHAN Vayalagam (Tank) Foundation	40	Primove Infrastructure Development Consultants Pvt. Ltd.
13	Dignity Foundation	41	QUEST
14	Door Step School	42	Registered Engineers for Disaster Relief – India (RedR- India)
15	Educational Initiatives	43	Samavesh Society for Development and Governance
16	Family Welfare Agency	44	Sanskar Wahini Gram Vikas Shikshan Sanstha
17	FINISH Society	45	SRIJAN
18	Foundation To Educate Girls Globally	46	Tata Institute of Social Sciences
19	Gandhigram Trust	47	Teach For India
20	Gramalaya Trust	48	Tomorrow's Foundation
21	Hand in Hand Inclusive Development and Services (HHIDS)	49	VidyarambamTrust
22	Hand In Hand India	50	Vikas Sahayog Pratishthan
23	Helpage India	51	Vikramshila Education Resource Society
24	IIMPACT	52	Vision Foundation India
25	India Society for Agribusiness Professional (ISAP)	53	WASH (Water, Sanitation and Hygiene) Institute
26	Innodi Water Technologies Private Limited	54	Water For People
27	Jal Seva Charitable Foundation	55	Youth For Unity And Voluntary Action (YUVA)
28	Jatan sansthan		

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reason for not spending the amount in its Board report

In the year under report, Rs.4.53Crores being the amount required to be spent to implement the Corporate Social Responsibility Policy of the Company in the manner laid down in sub-section (5) of section 135 of the Companies Act 2013, the actual amount as transferred to NSE Foundation towards approved projects is Rs.4.53Crores, which is 100% of the amount to be spent at the Company level,

leaving a shortfall of Rs. Nil. The Foundation during the year has also spent the entire amount of Rs.4.53Crores towards the approved CSR projects.

- 7. The implementation and Monitoring of the CSR Policy, is in compliance with CSR objectives and Policy of the company.**

(Managing Director)	(Chairman Committee) CSR
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ANNEXURE 7 TO DIRECTORS' REPORT

Report on Corporate Governance

I. BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is the application of best management practices, compliance of law and commitment to values and ethical business conduct to achieve the Company's objective of enhancing shareholder value and effective discharge of its social responsibility. NSE Clearing Limited ("NCL" or "the Company" or "Clearing Corporation") is a company incorporated under the Companies Act, 1956. NCL is also a recognised Clearing Corporation under Securities Contracts (Regulation) Act, 1956 read with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 [SCR (SECC) Regulations, 2018]. NCL is required to comply with Securities Contracts (Regulation) Act, 1956, the Rules and Regulations laid down thereunder and the directives and circulars issued by Securities and Exchange Board of India (SEBI) from time to time for the purpose of its governance. As per Regulation 33 of the SCR (SECC) Regulations, 2018, the disclosure requirements and corporate governance norms as specified for listed companies are mutatis mutandis applicable to a recognised clearing corporation. In continuation of its pursuit to establish good corporate governance practice and for the information of its stakeholders, NCL is furnishing this Report for the financial year ended on March 31, 2020.

II. BOARD OF DIRECTORS

A. Composition of the Board and Category of Directors

As on March 31, 2020, the Board consists of 7 Directors of which two are Shareholder Director (of which one is Managing Director) and five are Public Interest Directors. The Board of Directors in the Nomination & Remuneration Policy underscored the need for board diversity by stating that the Board shall have an appropriate combination of executive and non-executive directors and their appointments will be based on meritocracy in the context of skills, diverse experience, independence and knowledge, which the Board as a whole requires to be effective, keeping in mind SEBI prescribed norms such as qualification (in the area of law, finance, accounting, economics, management, administration or any other area relevant to the financial markets), at least one person having experience and background in finance /accounts who may preferably be inducted in the audit committee, persons currently holding positions of trust and responsibility in reputed organizations or person who have retired from such positions. Accordingly, the Directors are chosen from among eminent persons or experts in the field of law, finance, accounting, taxation, information technology, economics, commerce, management, etc. None of the Directors of the Company are inter-se related with each other. The Chairman of the Board of Directors is a non-executive Director. With the approval of SEBI, the Company has appointed Mr. Harun R Khan, a Non-

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Executive director as well as a Public Interest Director, as Chairman of the Board of Directors.

The composition of the Board is in conformity with SCR (SECC) Regulations, 2018 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition of the Board as on March 31, 2020 was as follows:-

Name of Director	Category of Directorship
Mr. Harun R. Khan	Chairman & Public Interest Director (Non-executive Independent Director)
Mr. Salim Gangadharan	Public Interest Director (Non-executive Independent Director)
Mr. Navin K. Maini	Public Interest Director (Non-executive Independent Director)
Mr. C. VR. Rajendran	Public Interest Director (Non-executive Independent Director)
Mrs. Bhagyam Ramani	Public Interest Director (Non-executive Independent Director)
Mr. J. Ravichandran	Shareholder Director (Non-executive Director)
Mr. Vikram Kothari	Managing Director & CEO (Executive Director)

Changes during the year:

1. The first term of 3 PIDs i.e. Mr. Salim Gangadharan, Mr. C. VR. Rajendran and Mr. Navin K. Maini came to an end on May 02, 2019, May 02, 2019, and May 24, 2019, respectively. SEBI vide its letter dated April 30, 2019, approved the re-nomination of the retiring PIDs for a further term of three years each i.e. for Mr. Salim Gangadharan -from May 3, 2019 till May 2, 2022, for Mr. C VR Rajendran -from May 3, 2019 till May 2, 2022 and for Mr. Navin K. Maini- from May 25, 2019 till May 24, 2022.
2. SEBI vide its letter dated August 05, 2019 had acceded to the re-appointment of Mr. J. Ravichandran as Shareholder Director effective from June 26, 2019, being the date of approval by the Shareholders at the previous AGM held on the said date.
3. The first term of Mr. Harun R. Khan, as PID came to an end on September 07, 2019. SEBI vide its letter dated September 03, 2019, approved his re-nomination as PID for a further term of three years i.e. from September 08, 2019 to September 07, 2022.

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The Board of Directors of NCL comprises of qualified members who bring in the required skills, expertise and competence that allows them to make an effective contribution to the deliberations at the Meetings of the Board and its Committees. The Board members are committed to ensuring that the NCL Board is in compliance with the highest standards of corporate governance.

The skills/expertise/competencies/positive attributes, etc. that are identified for

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appointment of a candidate as Director to function effectively, in the context of the business and sector of the Company are:

- **Qualifications** - law, finance, accounting, economics, management, administration, or any other area relevant to the financial markets.
- **Experience** - capital and financial Market, financial and Management skill, management of the finance function of an enterprise, accounting, economics, financial reporting process, financial securities, commodity market, derivatives market, futures market, equity market, debt market, index, SME Market, etc.
- **Knowledge** - understanding and knowledge of the entity and applicable regulatory norms, constructive and analytical decision-making abilities, understanding of the risk attached with the business structure, understanding of the role, responsibilities, and obligations, etc.
- **Technology** - Technical/Professional skills in relation of Company's business, analysing technological trends, innovation, creative ideas for business, research, and innovation, digitisation and allied knowledge in the field of science and technology.
- **Leadership** - demonstrable leadership skills, leadership experience with regard to managing a company including practical understanding, risk management, processes, strategic planning, guiding and leading management teams to make decisions, facilitation skills, strong interpersonal and communications.
- **Governance** - corporate governance, compliance, transparency, board governance, accountability to stakeholders, corporate ethics, and values, strengthening regulatory functions, protecting shareholder interests, law and other areas relevant to business/sector and industry in which company operates.

Skills	Mr. Harun R Khan	Mr. Salim Gangadharan	Mr. Navin K Maini	Mr. C. VR. Rajendran	Mrs. Bhagyam Ramani	Mr. J. Ravichandran	Mr. Vikram Kothari
Qualifications	✓	✓	✓	✓	✓	✓	✓
Experience	✓	✓	✓	✓	✓	✓	✓
Knowledge	✓	✓	✓	✓	✓	✓	✓
Technology	✓	✓	✓	✓	✓	✓	✓
Leadership	✓	✓	✓	✓	✓	✓	✓
Governance	✓	✓	✓	✓	✓	✓	✓

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Board Diversity

NCL has over the years been fortunate to have eminent persons from diverse fields to serve as Directors on its Board. Pursuant to the SEBI Listing Regulations, NCL has ensured the diversity of the Board in terms of experience, knowledge, perspective, background, gender, age, and culture.

D&O Insurance for Directors

In line with the requirements of Regulation 25(10) of the SEBI Listing Regulations, NSE group has taken Directors and Officers Insurance (D&O) which is applicable to NCL for all its Directors and Members of the Senior Management for such quantum and for such risks as determined by the Board.

Chairman of the Board

The Governing Board of NCL, vide a Circular Resolution dated September 06, 2019 elected Mr. Harun R. Khan, Public Interest Director as Chairman of the Governing Board of NCL to hold office as Chairman of the Governing Board for a period effective from the date of approval from SEBI till the expiry of his term as Public Interest Director on the Governing Board of NCL. Further, SEBI vide its letter dated September 17, 2019 approved the appointment of Mr. Harun R. Khan as the Chairman of the Governing Board of NCL.

Managing Director

The MD is at the helm of operations and responsible for the Company's day-to-day operations. MD functions according to the guidance and direction provided by the Board and provides strategic directions, lays down policy guidelines and ensures the implementation of the decisions of the Board and its various Committees.

BOARD MEETINGS

Schedule of Board / Committee meetings

The dates of the Board / Committee and the Annual General Meeting are proposed in advance. The final annual schedule that is fixed is circulated to all the Directors as part of the agenda in the Board meeting for information.

Directors have independent access to the Company Secretary. The Company Secretary attends all Board meetings and generally assists Directors in the discharge of their duties and also ensures good information flow within the Board and between the Board and Senior Management. In addition, the Company Secretary attends to secretarial and Board governance matters and is responsible for ensuring that Board procedures are followed.

Voting on a resolution in the meeting of the Governing Board is valid only when the number of PIDs that have cast their vote on such resolution is equal to or more than the number of Shareholder Directors who have cast their vote on such resolution.

Board agenda

The Board agenda is prepared by the respective department and are finalised in consultation with the MD. The Board agenda and notes thereof are ordinarily sent to the Directors in advance to enable them to read and comprehend the matters to be dealt with and seek further information / clarification, if required.

The agenda of the Board meetings is managed in such a way that it allows for flexibility when it is needed. Directors are provided with complete information related to agenda items in a timely manner. Wherever it is not practicable to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary items on the agenda are permitted after obtaining permission of the Chairman of the Board/Meeting and with the concurrence of Independent Directors.

The Board has chosen to receive all its agenda papers electronically for all its Board and Committee meetings and has eliminated the need for hard copy of Agenda Papers. However, hard copy of the Board agenda papers are sent to the Directors at specific request. The Agenda papers for Board and Committee meetings are uploaded onto a secure portal which can be accessed on iPad.

At the quarterly Board meetings, the MD gives a comprehensive update on NCL's business and operations. The CFO presents the financial performance and significant financial highlights. Certain business heads provide an update on their areas of business and Key Management Personnel are present at Board meetings, when required. Agenda also includes minutes of the meetings of all the Board Committees and unlisted subsidiary for the information of the Board.

For any business exigencies, the resolutions are passed by circulation and later placed at the subsequent Board / Committee Meeting for noting. Any feedback or observations made by the Board, wherever necessary, form part of the action taken report for their review at the subsequent meetings.

The Company also provides regular updates to Board members on material changes to regulatory requirements applicable to the Directors periodically.

The minutes of Board meetings are prepared with details of the matters considered by the Board and are reviewed by the Managing Director before being circulated to the other Directors for their comments.

Following the Board and Committee meetings, an effective post meeting follow-up, review and reporting process is undertaken for the decisions taken by them. Important decisions taken at Board / Committee meetings are communicated promptly to the concerned departments.

Number of Board Meetings

The Board of Directors met seven times during the year on April 30, 2019, May 20, 2019, July 31, 2019, November 06, 2019, January 30, 2020, February 12, 2020, and March 25, 2020. The maximum gap between any two meetings was less than one hundred and twenty days.

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B. Directors' Attendance Record and Directorships held

As mandated by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Directors are neither members of more than ten Board level Committees or act as Chairperson of more than five such committees across all entities in which he or she is a Director. Table No.1 gives the details of the composition of the Board, attendance and details of Committee Membership and Committee Chairmanships.

Table No.1

(1) Details of Directors along with the Directorship(s) and Chairmanship(s) or Membership(s) of Committees in other companies for the year 2019-20:

Name of the Director	Category	Attendance			No. of Directorships/Chairmanships and Committee Chairmanships / Memberships			
		Number of Board Meetings during the Held	Attended	Last AGM	Directorship(s)/ Chairmanship(s)* [Reg.17A of SEBI LODR Regulations] (Listed entity)	Directorship(s)/ Chairmanship(s)* [Reg.17A of SEBI LODR Regulations] (unlisted entity)	Committee Membership(s)* [Reg.26(1) of SEBI LODR Regulations]	Committee Chairmanship(s) ** [Reg.25(1) of SEBI LODR Regulations]
Mr. Harun R Khan	Chairman, Public interest Director	7	7	Y	2 (1. Bandhan Bank Limited – Non-executive Independent Director 2. NSE Clearing Limited - Non-executive Independent Director)	1	3	2
Mr. Salim Gangadharan	Public interest Director	7	7	Y	2 (1. The South Indian Bank Limited- Non-executive Director, 2. NSE Clearing Limited- Non-executive Independent Director)	1	1	-

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Mr. Navin Kumar Maini	Public interest Director	7	6	Y	2 (1. Ugro Capital Limited- Non-executive Independent Director, 2. NSE Clearing Limited- Non-executive Independent Director)	2	3	-
Mr. C VR Rajendran	Public interest Director	7	7	N	2 (1. CSB Bank Limited- Managing Director, 2. NSE Clearing Limited- Non-executive Independent Director)	-	2	-
Mrs. Bhagyam Ramani	Public interest Director	7	6	N	5(1. Gujarat Sidhee Cement Limited- Non-executive Independent Director, 2. Saurashtra Cement Limited- Non-executive Independent Director, 3. Lloyds Metals and Energy Limited- Non-executive Independent Director, 4. Capri Global Capital Limited- Non-executive Independent Director, 5. NSE Clearing Limited- Non-executive Independent Director)	4	7	-
Mr. J. Ravichandran	Shareholder Director	7	7	Y	1 (NSE Clearing Limited- Non-executive Director)	7	-	-
Mr. Vikram Kothari, Managing Director	Executive Director	7	7	Y	1 (NSE Clearing Limited- Managing Director)	-	-	-

Y= Yes; N=No

* The Directorships/ Committee memberships held by Directors as mentioned

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above, do not include Directorships/Committee memberships in Section 8 Companies.

** Memberships/Chairmanships of only the Audit Committee and Shareholders Relationship Committee of all Public Companies have been considered.

(2) Separation of Offices of Chairman & Chief Executive Officer

The Company has been following the principle of separation of the role of Chairman and the Chief Executive Officer. Mr. Harun R Khan is the Non-Executive Chairman of the Board. Mr. Vikram Kothari is the Managing Director of the Company and is entrusted with the day to day management of the affairs of the Company. The Managing Director carries out his functions subject to superintendence, control, and management of the Board of Directors of the Company.

C. Responsibilities of the Board

The Company conducts orientation programs for new Directors covering various operations of the Company so as to familiarise themselves with the various functions being carried out by the Company. The details of familiarization programmes imparted to independent directors are given in the Company's website at the following location:

https://www.nscclindia.com/NSCCL/disclosures/resources/Familiarisation_programme_19_20.pdf

The Company also provides training in various fields such as operation, risk management, compliance, information security, etc. to every Public Interest Director each year. Every director inducted on the Board is well known in the financial services industry and has the ability to understand basic financial statements and information and related documents/papers.

Mr. Harun R Khan, Chairman, Mr. Navin K. Maini, PID, Mr. C VR. Rajendran, PID, Mr. Vikram Kothari, MD and Mr. Dhawal Shah, Head- Compliance of NCL had attended a conclave of Public Interest Directors of Market Infrastructure Institutions (MIIs) in mid-February, 2020 at NISM campus, Patanganga organized by National Institute of Securities Market (NISM) - the educational initiative of SEBI. At the said conclave, presentations were made by distinguished speakers and the key topics covered included topics on Excellence in Corporate Governance, Recent changes in SECC Regulations, Emerging Risks in Capital Markets and Technology in Financial Services.

The regular updates inter-alia provided by the Company to the Board include the following:

- Annual capital and revenue budgets and updates
- Quarterly financial results
- Status report on the operations of different segments
- Minutes of the meetings of Audit Committee and other committees of the Board
- Details of joint ventures, if any etc.

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- Details of foreign exchange exposures and the steps taken to limit the risk of adverse exchange rate movements.
- Other information, which is required to be placed before the Board as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is taken to the Board as and when the event occurs.

A quarterly report on compliance of various laws, rules, and regulations, to which the Company is subjected, is placed before the Audit Committee for its review. The Audit Committee from time to time reviews the report and gives suggestions for improvement of compliance level/process. On its review, a consolidated report on a quarterly basis is placed before the Board at its subsequent meetings. Besides the above, the compliance certificate as envisaged in Regulation 17 of SEBI (LODR) Regulations, 2015 is also provided to the Board by the Managing Director and the Chief Financial Officer.

D. Code of Conduct

A code of conduct for Directors and Senior Management Personnel of the Company is framed. They have affirmed compliance with the Code of Conduct. As per the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Code of Conduct, has been hosted on the website of the Company. The Managing Director of the Company has affirmed to the Board of Directors that the Code of Conduct has been complied by the Directors and senior management personnel and the same is attached herewith and forms part of Corporate Governance Report.

As per the requirement of the SEBI (LODR) Regulations, 2015, the code of conduct, has been hosted on the website of the Company at

https://www.nscclindia.com/NSCCL/disclosures/resources/NSCCL_code_board.pdf

E. Independent Directors/ Public Interest Directors (PID)

(1) Independent Directors on the Board of NCL are not less than 21 years in age and do not hold any shares in NCL.

(2) Attributes

The Company as a policy inducts only those persons as Independent Directors who have integrity, experience and expertise, foresight, managerial qualities, and ability to read and understand financial statements.

(3) Tenure

The tenure of Independent Directors is in line with the directives issued by SEBI from time to time.

(4) Freedom to Independent Directors

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The Company takes all possible efforts to enable the Independent Directors to perform their functions effectively. However, as per SEBI requirement, the elected directors shall not interfere in the day- to- day management of the Company particularly relating to the surveillance and risk management functions of the Company. The Company always strives to strike a balance between both the above requirements without compromising on compliance of such requirements.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and are independent of the management.

F. Remuneration of Directors

In order to align compensation levels with market levels and at the same time attract, retain and motivate Directors of the quality required to run the company successfully, the compensation being paid to Managing Director is periodically reviewed and revised. The remuneration includes both fixed and variable components. The Company pays only sitting fee to its Non-executive Directors. The terms and conditions of appointment of Independent Directors/Public Interest Directors and Shareholder Directors are governed by the provisions of the Companies Act, 2013 & Rules laid down thereunder, Securities Contracts (Regulation)(Stock Exchanges and Clearing Corporations) Regulations, 2018, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the circulars issued thereunder by SEBI. The terms and conditions of service in respect of the Managing Director of the Company are governed by the resolution passed by the shareholders, provisions of the Companies Act, 2013 & Rules laid down thereunder, Securities Contracts (Regulation)(Stock Exchanges and Clearing Corporations) Regulations, 2018 and the circulars issued thereunder by SEBI.

As per the terms of appointment, the non-executive directors are not eligible for severance pay or notice period. The Managing Director is not eligible for severance pay. The notice period for the Managing Director is three (03) months.

SEBI had laid down certain norms in terms of the compensation policy for the Key Management Personnel which are as under:-

- A. The variable pay component will not exceed one third of the total pay.
- B. 50 % of the variable pay will be paid on a deferred basis after 3 years.
- C. ESOPs and other equity linked instruments shall not be offered or provided as part of the compensation for the Key Management Personnel.
- D. Compensation will be subject to malus and claw-back arrangement as per prevailing SEBI/SECC Rules & Regulations.

Accordingly, the Company has framed Remuneration policy in conformity with norms specified by SEBI for its employees, which include Key Management Personnel and the Managing Director. For details on the Remuneration Policy, please refer to the Annexure to the Board' Report.

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None of the Directors of the Company hold any shares or any convertible instruments in the Company.

The details of remuneration paid to the Managing Director during FY 2019-20 are given in Table No.02 below:-

Table No.02

(Rs.in crores)

Name & Designation	Salary & Allowances	Variable Pay*	Perquisites in cash or in kind	Contribution to PF and other	Total
Mr. Vikram Kothari Managing Director	1.18	0.21	0.02	0.05	1.46

*Excludes 50% of the Variable Pay of Rs. 0.21 crore to be paid on deferred basis after 3 years

The sitting fees paid to the Non-Executive Directors for attending the meetings of the Board and its Committees during the year FY 2019-20 is given in Table No.03 below:-

Table No.03

Name	Board meetings		Board Committees		Total
	No. of meetings attended	Amount (Rs.)	No. of meetings attended	Amount (Rs.)	
Mr. Harun R Khan, Chairman	7	700,000	31	2,325,000	3,025,000
Mr. Salim Gangadharan	7	700,000	31	2,325,000	3,025,000
Mr. N K Maini	6	600,000	27	2,025,000	2,625,000
Mr. C VR Rajendran	7	700,000	32	2,400,000	3,100,000
Mrs. Bhagyam Ramani	6	600,000	30	2,250,000	2,850,000
Mr. J. Ravichandran	*	*	*	*	*

Sitting fees are exclusive of Goods & Service Tax (as applicable).

*As per the decision taken by the Board, the employees of NSE who are Directors on the Boards of its subsidiaries are not eligible for sitting fees from such companies. NCL is one of the subsidiaries of NSE. Mr. J Ravichandran, being an employee of NSE, is NSE's representative on the Board of NCL. Accordingly, he was not paid any sitting fee for the Board or committee meetings attended by him.

III. Committees of the Board**(A) Audit Committee**

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The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial information to be provided to the shareholders and others, the systems of internal controls, which the management and the Board of Directors have established, financial reporting and the compliance process. The Committee maintains open communication with statutory auditors, internal auditors, and operational auditors. The Internal Auditors report directly to the Audit Committee.

The Audit Committee reviews the reports of the internal auditors, operational auditors, statutory auditors, and secretarial auditors. The terms of reference of Audit Committee is as per the provisions contained in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

The Audit Committee consists of four Directors viz., Mr. Harun R Khan, Mr. Salim Gangadharan, Mr. C VR Rajendran and Mrs. Bhagyam Ramani as its members with Mr. Harun R Khan as its Chairman. The Committee met four times during the year i.e., April 30, 2019, July 31, 2019, November 06, 2019, and January 30, 2020, respectively. The details of the attendance of members of the Audit Committee at their meetings held on the above dates are given in Table No.04 hereunder:-

Table No.04:

Name	Number of meetings held during the year	Number of meetings attended
Mr. Harun R Khan	4	4
Mr. Salim Gangadharan	4	4
Mr. C VR Rajendran	4	4
Mrs. Bhagyam Ramani	4	4

The Officer responsible for the finance function and the representatives of the statutory auditors, internal auditors and operational auditors are regularly invited to the Audit Committee meetings. The Company Secretary is the Secretary to the Committee.

All members of the Audit Committee have requisite accounting and financial management expertise. Mr. Harun R Khan, Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on June 26, 2019 to answer shareholders queries.

The maximum gap between any two meetings was less than one hundred and twenty days.

(B) Nomination & Remuneration Committee (NRC)

The NRC has laid down the policy for compensation of employees including

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Key Management Personnel in terms of the compensation norms prescribed by the SEBI. The NRC has also laid down performance evaluation criteria for the Board of Directors, individual directors (including independent directors) and Committees of the Board of Directors. As per SEBI Regulations, the Compensation Committee shall consist of majority of Public Interest Directors and shall be chaired by a Public Interest Director. Further, as per requirements of the Companies Act, 2013, the Company is required to constitute a Nomination and Remuneration Committee (NRC) consisting of three or more non-executive directors out of which not less than one-half shall be independent directors. The Chairman of NRC shall be different from Chairman of the Board. The NRC was constituted by the Board for the purpose of discharging its functions required under both the Companies Act, 2013 and under SEBI requirements.

The scope and functions of the Nomination and Remuneration Committee are in accordance with Section 178 of the Companies Act, 2013, the Listing Regulations and the SECC Regulations.

The Nomination & Remuneration Committee (NRC) comprises three Directors viz., Mr. N. K. Maini, Mr. Harun R Khan, and Mr. C VR Rajendran as its members with Mr. N. K. Maini as its Chairman. SEBI has approved the induction of Mr. M V Nair and Mr. Parveen Kumar Gupta as Independent External Experts of NRC of NCL for the limited purpose of selection of Managing Director. The Committee met five times during the year i.e., April 30, 2019, July 30, 2019, November 5, 2019, January 29, 2020, and March 24, 2020, respectively.

The NRC had approved the performance ratings, fixation of the variable pay for FY 2019-20 and the remuneration for FY 2020- 21 of the KMPs under SECC Regulations and the Senior Management.

The details of the attendance of members of NRC at their meetings held on the above dates are given in Table No.05 hereunder:-

Table No.05:

Name	Number of meetings held during the year	Number of meetings attended
Mr. N.K.Maini	5	5
Mr. Harun R Khan	5	5
Mr. C VR Rajendran	5	5

Mr. N. K. Maini, the Chairman of the Nomination & Remuneration Committee, attended the Annual General Meeting (AGM) held on June 26, 2019 to answer shareholders queries.

The Information regarding the performance evaluation criteria of Independent Directors is covered in the Board's Report.

(C) Risk Management Committee

In terms of SEBI requirements, the Clearing Corporation is required to constitute a Risk Management Committee inter alia to formulate a detailed

risk management policy. The Board has constituted Risk Management Committee to formulate risk (settlement related risks) management policy and to monitor its implementation, to review the strategic, cyber and business risk (non- settlement risks) and to advise the Board with respect to the same. The Committee consists of Mr. Salim Gangadharan, Mr. C VR Rajendran, Mrs. Bhagyam Ramani and Prof. Ananth Narayan, Independent External Expert as its members with Mr. Salim Gangadharan as its Chairman. The Board of NCL has inducted Mr. Kapil Seth as Independent External Expert on RMC w.e.f. June 01, 2020 in place of Prof. Ananth Narayan who resigned from the Committee. During the year, the Committee met 6 times i.e., on April 27, 2019, June 06, 2019, July 30, 2019, November 05, 2019, January 13, 2020, and January 29, 2020.

The details of the attendance of members of RMC at their meetings held on the above dates are given in Table No.06 hereunder:-

Table No.06:

Name	Number of meetings held during the year	Number of meetings attended
Mr. Salim Gangadharan	6	6
Mr. C VR Rajendran	6	6
Mrs. Bhagyam Ramani	6	6
Prof. Ananth Narayan	6	5

(D) Stakeholders Relationship Committee

In terms of SEBI requirements, the Clearing Corporation is required to constitute a Stakeholders Relationship Committee inter alia to look into various aspects of interest of shareholders and other security holders. The Stakeholders Relationship Committee was constituted by the Board of NSE Clearing Limited in its meeting held on January 30, 2019. It consists of Mr. Harun R Khan, Mr. N. K. Maini and Mrs. Bhagyam Ramani as its members with Mr. Harun R Khan as its Chairman. The Committee met once in the FY 2019-20 as per the provisions of SEBI (LODR) Regulations, 2015 on July 31, 2019. All the members had attended the meeting.

Mr. Harun R Khan, Chairman of the Stakeholders Relationship Committee attended the Annual General Meeting (AGM) held on June 26, 2019 to answer shareholders queries.

(E) Corporate Social Responsibility (CSR) Committee

The Committee was constituted, inter alia, to formulate and recommend to the Board a Corporate Social Responsibility Policy, to recommend the amount of expenditure to be incurred on the activities, and to monitor the Corporate Social Responsibility Policy of the Company from time to time.

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The CSR Committee consists of Mr. Harun R Khan, Mr. N. K. Maini, and Mrs. Bhagyam Ramani as its members with Mr. Harun R Khan as its Chairman. The CSR Committee met 2 times i.e., on April 26, 2019 and November 05, 2019.

The details of the attendance of members of CSR at their meetings held on the above dates are given in Table No.07 hereunder:-

Table No.07:

Name	Number of meetings held during the year	Number of meetings attended
Mr. Harun R Khan	2	2
Mr. N.K.Maini	2	2
Mrs. Bhagyam Ramani	2	2

Besides the above, the Company also has constituted the following SEBI mandated Committees namely:

SEBI Mandated Committees

- (i) Advisory Committee
- (ii) Regulatory Oversight Committee
- (iii) Standing Committee on Technology
- (iv) Member and Core Settlement Guarantee Fund Committee
- (v) Grievance Redressal Committee

Other Functional Committee(s):

1. Pricing Committee

IV. Auditors

The Audit Committee considers the profile of the audit firms, qualifications and experience of partners auditing books and accounts of the Company, strengths and weaknesses, if any, of the audit firm and other related aspects and then recommends appointment of Auditor and the remuneration payable to them to the Board/shareholders. The Audit Committee also periodically discusses with the Auditors the annual audit programme and the depth and detailing of the audit plan to be undertaken by them.

The Board has appointed an external firm of Chartered Accountants as its internal auditor in order to ensure the independence and credibility of the internal audit process.

V. Secretarial Audit

The Company has engaged the services of M/s. BNP & Associates., Practicing Company Secretaries, to conduct Secretarial Audit pursuant to the requirements of the Companies Act, 2013 and the rules laid down

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thereunder for the financial year ended March 31, 2020. The report of the Secretarial Auditors is placed before the Audit Committee and the Board.

VI. Annual Secretarial Compliance Report

NSE Clearing Limited has undertaken an audit for the financial year 2019-20 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder.

The Annual Secretarial Compliance Report has been obtained from M/s. BNP & Associates, Company Secretaries in terms of SEBI circular of February 8, 2019.

VII. Management Discussion and Analysis

The Annual Report has a detailed report on Management Discussion and Analysis.

VIII. CEO/CFO certification

The Managing Director and CFO certification of the financial statements for the financial year 2019-20 is enclosed at the end of the report.

IX. General Shareholder Information

(A) Annual General Meeting: The 25th Annual General Meeting of the Company will be held on Thursday, July 16, 2020 at 03:30 p.m. at the Conference Room, Ground Floor, 'A' Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra-Kurla Complex, Bandra (EAST), Mumbai – 400 051. For details, please refer to the Notice of this AGM.

(B) Financial year: 2019-20

(C) Dividend Payment date: within 5 days from the date of declaration by the shareholders at the ensuing AGM
Proposed dividend for financial year 2019-20: Rs.20/- per equity share of Rs.10/- each

(D) Registrar and Transfer Agent:

The address for communication and contact details of the Registrar and Transfer Agent are as under:

M/s. Link Intime India Pvt. Ltd, C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083. Tel. No.022-4918 6270.

(E) Share Transfer system: The equity shares of NCL are in dematerialised form. Further, the ISIN of equity shares is suspended by NCL to prevent transfers not approved by NCL pursuant to Article 63 of its Articles of Association and to ensure compliance of the provisions of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018. Therefore, if and when application for approval of transfer is received adherence to compliance of SECC Regulations will be ensured.

(F) Distribution of shareholding: NCL is a wholly owned subsidiary of NSE. Accordingly, NSE holds 100% of the paid-up equity share capital of NCL.

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(G) Dematerialization of shares: The Company's shares are dematerialised.

(H) Plant locations: None

(I) Address for correspondence: The Secretarial Department, NSE Clearing Limited, Exchange Plaza, Plot No. C-1, "G" Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051. The Company is also having its branch offices at five locations namely Mumbai, Delhi, Kolkata, Chennai, and Ahmedabad. Shareholders are requested to intimate all changes pertaining to their Bank details, email addresses, Power of Attorney, change of name, change of address, contact details, etc., to their Depository Participants (DP).

(J) Compliance Officer- As on March 31, 2020, Mr. Dhawal Shah is the Head of Compliance of NCL.

X. Other Disclosures

(1) Basis of related party transactions

The transactions with related parties are entered in the ordinary course of business and at arm's length price. The details of the related party transactions are disclosed in the Annual Report. The 'Policy on dealing with related party transactions' of the Company is available on the website of the Company at the following location:

https://www.nscclindia.com/NSCCL/disclosures/resources/NSCCL_Policy_on_Materiality_and_Dealing_with_Related_Party_Transactions.pdf

The Audit Committee of the Company has granted omnibus approval for the Related Party Transactions (RPTs) which are of repetitive nature and / or entered in the ordinary course of business and are at arm's length. During the financial year 2019-20, NCL did not have any material pecuniary relationship or transactions with Non-Executive Directors.

(2) Details of non-compliance by the Company, penalties, strictures imposed on the Company by SEBI or any other statutory authority on any matter related to capital markets during the last three years:

None

(3) Vigil mechanism / Whistle Blower Policy

The Company has established a mechanism for Directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the code of conduct or ethics policy. The Company also provides for adequate safeguards against victimization of employees who avail of the mechanism and also allows direct access to the Chairman of the Audit Committee (for financial matters) or Chairman of the Regulatory Oversight Committee (for other matters) in exceptional cases. No personnel has been denied access to the audit committee. Details of the Policy have been disclosed on the website of the Company.

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[https://www.nscclindia.com/NSCCL/disclosures/resources/Whistle Blower Policy NCL.pdf](https://www.nscclindia.com/NSCCL/disclosures/resources/Whistle%20Blower%20Policy%20NCL.pdf)

(4) Compliance with the non-mandatory requirements [Part E of Schedule II Regulation 27(1) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]

In addition to the above, NCL also complies with non-mandatory requirements of Part E of Schedule II prescribed under Regulation 27(1) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 like maintaining a Chairman's office at the Company's expense, reimbursement of expenses incurred by Chairman in performance of his duties, dissemination of financial results to the shareholders, unqualified financial statements, direct reporting of internal auditors to the audit committee, etc.

(5) Subsidiary Companies

As on 31st March 2020, NCL has one wholly owned subsidiary namely NSE IFSC Clearing Corporation Limited.

The 'Policy for determining material subsidiaries' is available on the Website of the Company.

<https://www.nscclindia.com/NSCCL/disclosures/resources/Policy-on-Determining-Material-Subsidiaries.pdf>

(6) Disclosure of Accounting Treatment in the preparation of Financial Statements.

NCL follows the guidelines of Accounting Standards laid down by the Central Government under the provisions of Section 133 of the Companies Act, 2013 in the preparation of its financial statements.

(7) Communication with Shareholders

The data related to quarterly and annual financial results, shareholding pattern, Board meetings, general meetings, the terms and conditions of appointment of independent directors, details of vigil mechanism, etc., are provided in the Company's web-site for the information of the shareholders at the following location: <http://www.nscclindia.com/#>

The Clearing Corporation disseminates all material information to its shareholders through periodical communications. The financial results are published periodically in the newspapers as per the requirements of SEBI (LODR) Regulations, 2015.

Annual Report: Annual report containing, inter alia, Audited Accounts, Board's Report, Report on Corporate Governance, Management Discussion & Analysis other material and related matters/ information is circulated to the shareholders and others entitled thereto.

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(8) Redressal of shareholders' complaints

The Company is a wholly owned subsidiary of National Stock Exchange of India Limited. The Company did not receive any grievance from its shareholder(s) in respect by transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, etc. during the year.

XI. General Body Meetings

Location, date, and time of the general meetings held in the last three years till March 31, 2020:-

Type of meeting	Date	Time	Venue	Special Resolution passed
24 th Annual General Meeting	26- June-2019	2:30 p.m.	Conference Room, Ground Floor, 'A' Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051	-
Extra-Ordinary General Meeting	July 26, 2018	10.00 a.m.	Conference Room, Ground Floor, 'A' Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051	Change in name of the Company
23 rd Annual General Meeting	08- June-2018	5.15 p.m.	Conference Room, Ground Floor, 'A' Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051	-
Extra-Ordinary General Meeting	22- August-2017	11.00 a.m.	Board Room, Fifth Floor, B-1 Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra- Kurla Complex, Bandra(East), Mumbai – 400 051	-
Extra-Ordinary General Meeting	17- July-2017	3.00 p.m.	Board Room, Fifth Floor, B-1 Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra- Kurla Complex, Bandra(East), Mumbai – 400 051	Extension of term of Appointment of Mr. T. Venkata Rao as Managing Director
22 nd Annual General Meeting	22-June-2017	4.15 p.m.	Board Room, Fifth Floor, B-1 Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra- Kurla Complex, Bandra(East), Mumbai –400 051	-

The Company did not pass any resolution through postal ballot in the last year. The requirement of passing any resolution by postal ballot is not applicable to NCL as the number of shareholders of NCL is less than 200.

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XII. Certificate on compliance of corporate governance norms

As required under SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, NCL has obtained Corporate Governance compliance certificate from a Practicing Company Secretary. The same is given as an Annexure to the Board's Report.

XIII. As required under Clause 10(i) of Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirement) (Amendment) Regulations, 2018, NCL obtained a certificate from a Company Secretary in practice that none of the directors on the Board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The same is given as an Annexure to the Board's Report.

XIV. The Board has accepted recommendations of its committees, made during FY 2019-20, which are mandatorily required to be accepted.

XV. The details of the total fees for all services paid by NCL and its subsidiary, NSE IFSC Clearing Corporation Limited, on a consolidated basis, to M/s. Khandelwal Jain & Co., Chartered Accountants, the statutory auditors of NCL and all entities in the network firm/ network entity of which the statutory auditor is a part are given below:-

Particulars	NSE Clearing Limited (NCL)	NSE IFSC Clearing Corporation Limited (NICCL)
As auditor :		
Audit fees	1,400,000	150,000
Tax audit fee	440,000	-
Limited review	750,000	75,000
In other capacity :		
Taxation matters	1,500,000	-
Certification matters	300,000	117,455
Out of pocket	108,000	-
Other services	-	177,132
Total	4,498,000	519,587

XVI. The disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are given in the main part of the Board's Report under Sr. No.3.

XVII. A declaration signed by Managing Director stating that the members of Board of Directors and Senior Management Personnel have affirmed compliance with the code of conduct of board of directors and senior management is attached herewith and forms part of the Corporate Governance Report.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS
[pursuant to Regulation 34(3) and Schedule V Para C clause
(10)(i) of the SEBI (Listing Obligations and Disclosure
Requirements) Regulations, 2015]

To,
The Members of
NSE CLEARING LIMITED
Exchange Plaza C-1 Block G,
Bandra Kurla Complex,
Bandra East Mumbai-400051

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of NSE CLEARING LIMITED having CIN: U67120MH1995PLC092283 and having its registered office at Exchange Plaza C-1 Block G Bandra Kurla Complex Bandra East Mumbai 400051 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Directors	DIN	Date of appointment in Company
1.	HARUN RASID KHAN	07456806	08/09/2016
2.	SALIM GANGADHARAN	06796232	03/05/2016
3.	NAVIN KUMAR MAINI	00419921	25/05/2016
4.	RAJENDRAN CHINNA VEERAPPAN	00460061	03/05/2016
5.	BHAGYAM RAMANI	00107097	01/06/2017
6.	JAGANNATHAN RAVICHANDRAN	00073736	17/11/2017
7.	VIKRAM KOTHARI	07898773	07/11/2017

Ensuring the eligibility of the directors for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For N. L. Bhatia & Associates
Practicing Company Secretaries
UIN: P1996MH055800
UDIN: F008663B000333086

PLACE: MUMBAI
DATE: JUNE 10,2020

Bhaskar Upadhyay
Managing Partner
FCS: 8863
CP. No. 9625

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR
MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the code of conduct for the Financial Year 2019-20.

For the purpose of this declaration, Senior Management Personnel means Key Managerial personnel appointed under the Companies Act, 2013, Key Management Persons appointed under SCR (SECC) Regulations, 2018, Head of Compliance and Chief Information Security Officer as on March 31, 2020.

Signature:

Date: June 17, 2020

Name: Vikram Kothari

Place: Mumbai

Managing Director

MANAGEMENT DISCUSSION & ANALYSIS

Global economic activity witnessed a synchronized slowdown in 2019 amid growing trade tensions between the US and China and elevated geopolitical uncertainty including Brexit. Higher trade tariffs and prolonged trade policy uncertainty weighed on global trade and dampened investment prospects. Global growth prospects improved towards the end of 2019 with favourable developments on account of US-China trade negotiations and diminishing Brexit concerns.

The COVID-19 outbreak began in China in late 2019, rapidly spreading to the rest of the World, most notably in the US and Europe. Governments and policy makers worldwide have been responding by announcing large-scale fiscal and monetary stimuli to help mitigate the economic and social shock caused by COVID-19. Most countries across the world are expected to witness negative growth for FY 2021.

Indian Economic Overview

The Indian economy decelerated for the fourth consecutive year, with GDP growth in FY20 falling to 4.2%. The slowdown was led by a sharp deceleration in investment growth, reflecting a muted demand environment, weak business confidence, low capacity utilisation and tight financial conditions since mid-2018. The COVID-19 outbreak towards the end of the fiscal year further impacted the economic activity in the fourth quarter.

In FY20, the revised figure for the Centre's gross fiscal deficit as a share of GDP stood at 3.8% of GDP. On the positive side, India's external vulnerability has reduced further, with the current account deficit expected to fall to near -1% of GDP in FY20. This, along with a surge in foreign exchange reserves to all-time high levels, bodes well for the Indian Rupee. The RBI started easing in early 2019 as a response to the widening negative output gap besides ensuring adequate liquidity in the system that had been impacted due to the NBFC crisis in 2018. A cut in the corporate tax rate and higher infrastructure spending provided further fillip to the economy.

RBI has announced a slew of measures including a steep cut in policy rates, injection of adequate liquidity using conventional as well as unconventional means, relief on debt servicing and improvement in access to working capital, among others. The Government's Rs. 20 Trn '*Atmanirbhar Bharat*' economic package that focuses on providing support to all crucial sectors and segments of the economy through structural reforms should further strengthen India's macroeconomic fundamentals, enhance ease of doing business, and bring in transparency and efficiency gains. The prospects of private investments ramping up in the medium-term remains significant, supported by lower corporate tax and lending rates. This bodes well for strong financial markets growth in terms of capital raising and inflows from domestic and foreign investors.

Capital market scenario and its impact on NSE

FY 20 was a mixed bag for Indian equity markets. Tight financial conditions, weak economic growth on the domestic front kept investor sentiments muted; a prolonged US-China trade war and concerns about a no-deal Brexit weighed on the overall market performance, while a slew of fiscal (corporate tax cuts, infrastructure spending) and monetary measures (rate cuts, easy liquidity) provided downside support.

Global markets, however, saw a huge downturn post the outbreak of Coronavirus in China in the later part of FY20. Global equities that had reached life-time highs in January 2020 corrected to bear market trajectory. India was no different, with the Market benchmark Nifty 50 falling by approx. 26%.

Even as foreign capital outflows surged towards the end of FY 20, domestic institutional flows remained strong, supported by steady retail flows through the Systematic Investment Plan (SIP) route. Monthly SIP inflows into domestic mutual funds have averaged at around Rs. 834 Bn. in FY20. Also, with around Rs. 800 Bn. raised through debt as well as equity from the primary market during FY20, it resulted in a robust y-o-y growth of 66%.

Key government initiatives

- Corporate tax cut: The Government in September 2019 lowered the corporate tax rate from 30% to 22% for existing companies, accompanied by withdrawal of extant exemptions/ incentives, effectively resulting in simplification of tax code.
- National Infrastructure Pipeline: The Government unveiled 'National Infrastructure Pipeline' in December 2019, providing a roadmap of infrastructure investments worth Rs102trn over the next five years.
- PSU bank mergers and recapitalisation: Government announced merger of 10 public sector banks (PSBs) into four large, financially stronger banks. The Government also provided an upfront capital infusion of Rs700bn into PSBs to provide additional lending and liquidity support.
- Liquidity support to NBFCs: Liquidity crisis in the non-banking financial companies (NBFCs), following the default of a few NBFCs, hit the Indian economy last year. The Government took a host of measures to provide much needed support to NBFCs including additional liquidity support to housing finance companies by National Housing Bank. The Government also provided a one-time partial credit guarantee to PSBs for purchase of pooled assets of financially sound NBFCs to ease the flow of bank credit to NBFCs.
- Funding support to stalled real estate projects: The real estate sector was the most affected by the liquidity stress in the NBFC/HFC space owing to their rising dependence on non-banking avenues for funds. To alleviate the stress in the real estate sector, the Government established a Category-II alternate investment fund with a corpus of Rs 250bn to provide last mile funding to stalled real estate projects.
- 'Atmanirbhar Bharat' package to fight Coronavirus: To mitigate the economic and social impact of rapidly spreading COVID-19, the Government announced a Rs.20 Trn stimulus package (including measures announced by the RBI) focused on all crucial sectors and segments of the economy including MSMEs, Power, Agriculture and allied sectors, Coal, Defence, Civil Aviation, Healthcare, Education, and Public Sector Enterprises (PSEs).
- Improving business ecosystem: India further scaled from rank 77 to rank 63 as per Ease of Doing Business 2020 report of the World Bank.
- Foreign Direct Investment: India is one of the most open economies in the world, with almost 100% FDI permitted under the automatic route for most major sectors. Net Foreign direct investment was ~US\$39 billion in 2019.

Outlook

An impending growth recovery in 2020-21 has been temporary derailed by the COVID-19 outbreak. GDP growth is expected to weaken further, in line with rest of the world, as disruptions in domestic and global supply chains hit business activity. India being largely a domestic-focussed economy is expected to perform better relative to its emerging market peers. Quick and effective policy response by the RBI coupled with fiscal measures announced by the Government will support the economy tide over a difficult but temporary setback.

India's economic fundamentals remain strong, due to a stable inflation trajectory, low current account deficit, record-high forex reserves, consumption-driven demographics and India continues to be an attractive destination for investments. The private investment climate is expected to revive in the medium-term, supported by low interest rates, improvement in domestic demand and benefits from the corporate tax cut. Reforms proposed in the Government's package have the potential to transform the agricultural sector raising farm incomes significantly and serve to introduce the Indian farmer as a competitor in the global agro-commodity markets. The shift towards embracing technological solutions, has gathered pace in the last few years, and could prove transformational. Strong economic growth over the medium to long term, technological innovations, robust risk management systems, strong domestic and international flows and a strong regulatory framework would continue to be the key drivers for the securities market.

Risks and concerns

While the medium to long-term fundamentals of the Indian economy remain strong, the domestic capital market and especially the inflow of foreign funds are susceptible to developments in the global economy. The Coronavirus outbreak is most likely to lead to a global recession and hence remains a key risk. However, once the virus is contained, with well supported fiscal and monetary measures, the overall economic activity is expected to pick up.

Internal Control systems and their Adequacy

The Company has well established internal control systems commensurate with the size and nature of its business and are adequate to ensure compliance with various internal processes and procedures as well as with various statutory and legal requirements, The Company has appointed reputed firms of Chartered Accountants to review the effectiveness of the internal control systems and observations, if any, are submitted to the Audit Committee of the Board for its review / recommendations

Financials

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015], Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Companies Act 2013 (the Act). Consolidated Financial statements have also been presented in this Annual Report.

Financial performance –Standalone (2019-20)

During the year 2019-20, the total revenue has increased by around 13.10% from Rs.380.86 crores for the year 2018-19 to Rs. 430.74 crores for the year 2019-20.

The total expenditure for the year 2019-20 was Rs.132.84 crores as compared to Rs.112.23 crores for the year 2018-19, an increase of around 18.36 % over the previous year.

The total Profit Before tax for the year 2019-20 was Rs. 297.90 crores as against Rs. 268.63 crores for the year 2018-19, increased by around 10.90% over the previous year.

The total Provision for tax (including deferred tax) for the year 2019-20 was Rs 84.62 crores as against Rs. 96.11 crores for the year 2018-19.

The total Profit after tax for the year 2019-20 was Rs. 213.28 crores as against Rs. 172.52 crores for the year 2018-19, increase by around 23.63% over the previous year.

The total Comprehensive Income for the year 2019-20 was Rs. 212.49 crores as against Rs.172.32 crores for the year 2018-19, increase by around 23.31% over the previous year.

Operating Revenues

Clearing & Settlement charges

National Clearing Limited (NCL), a wholly owned subsidiary of the National Stock Exchange of India (NSE), carries out the clearing and settlement of the trades executed in the CM, F&O and CD segments of NSE. The clearing & settlement charges for the year 2019-20 increased by around 27.23% from Rs.141.89 crores for the year 2018-19 to Rs.180.53 crores for the year 2019-20. During the year, as prescribed by SEBI interoperability framework among Clearing corporations was implemented which allows market participants to consolidate their clearing and settlement functions at a single Clearing Corporation, irrespective of the stock exchanges on which the trades are executed.

Interest & Other Investment income

During the year 2019-20 the total investment income increased from Rs.223.45crores for the year 2018-19 to Rs.244.57 crores for the year 2019-20.

Other Operating Revenues

During the year 2019-20, the other operating revenues decreased from Rs.15.52 crores for the year 2018-19 to Rs.5.41 crores for the year 2019-20.

Expenditure

Other expenses

During the year 2019-20 other expenses were at Rs.89.27 crores as against the other expenses of Rs.80.38 for the year 2018-19

Employee cost

Employee related expenses for FY 2019-20 was Rs.33.80 crores which was Rs.27.68 crores for the year 2018-19. For the year 2019-20, the total employee cost as a percentage to total income was 7.85% and as a percentage of expenditure was 25.44% which is comparable to the industry standards.

Depreciation

Depreciation increased by around 134.17% from Rs.4.17 crores for the year 2018-19 to Rs.9.77 crores for the year 2019-20.

Financial Statement as on March 31, 2019

Share Capital

The total paid up capital of the Company as on March 31, 2020 is Rs. 45 crores divided in to 4,50,00,000 equity shares of Rs. 10 each.

Reserves & Surplus

The total other Equity as on March 31, 2020 is Rs.558.71 crores comprising General reserve of Rs.244.71 crores, Capital Redemption Reserve of Rs10.00 crores and balance in P&L A/c of Rs.304.01 crores.

During the previous year, the Company has received approval from SEBI to start clearing & settlement activities in Commodity Derivatives. As required by SEBI minimum amount of Rs.250 crores has been earmarked towards a separate fund for the purpose of augmenting Settlement Guarantee Fund for Commodity

Derivatives by way of appropriation from General Reserves.

Thus the total Net worth of the Company as on March 31, 2020 is Rs.603.71 crores (excluding contribution to Core SGF) and Rs.1588.17 crores (including contribution to Core SGF and contribution to Settlement Guarantee Fund (SGF)- Commodity derivatives) and the book value is Rs.134.16 per share (excluding contribution to Core SGF) and Rs.352.53 per share(including contribution to Core SGF and contribution to Settlement Guarantee Fund (SGF)- Commodity derivatives)

Core Settlement Guarantee Fund (Core SGF)

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 as on March 31, 2020 is Rs.3149.13 crores comprising of: a) Rs.734.46 crores contributed by NSE Clearing Ltd (NCL) by appropriating reserves / profits b) Rs.373.65 crores received from National Stock Exchange of India (NSE) towards Core SGF. c) Member's contribution to Core SGF amounting to Rs. 364.43 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.69.04 crores, Rs.32.35 crores and Rs.31.07 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.646.81 crores and an amount of Rs. 569.81 crores being Income from investments of Core SGF funds have been credited to Core SGF.

NCL's own contribution to Core SGF for the quarter ended March 2020, Dec 19 and March 19 amounting to Rs. NIL, Rs. NIL and Rs. Nil respectively and for Year ended March 2020 RS. Nil and year ended March 31, 2019 Rs.17.46 crores have been appropriated out of profits.

Further incremental requirement of Contribution to core SGF adjusted from interest accrual on respective investments for Quarter ended March 19 is Rs. NIL and for quarter ended Dec 19 is Rs. 2.00 crores viz: from NCL Rs.1 crore , NSE Rs.1 crore on behalf of members and

similarly same for quarter ended March 19 is NIL. Also, Incremental requirement of Contribution to core SGF of Rs.18 Crores for Year ended March 2020 viz: from NCL Rs.9 crores, NSE Rs. 4 crores and NSE Rs.5 crores on behalf of members has been adjusted from interest accrual on respective investments, Similarly same for Pervious year ended March 19 is Rs.52.46 crores Viz from NCL Rs.29.04 crores, NSE Rs. 13.35 crores and NSE Rs.10.07 crores on behalf of members.

Deposits from members & Clearing Banks (Unsecured)

The total deposits from members & Clearing Banks as on March 31, 2020 stood at Rs.838.26 crores as against Rs.788.31 crores as on March 31, 2019.

Fixed Assets

Total Gross Block as on March 31, 2020 was Rs.65.21 crores. Total Accumulated depreciation up to March 31, 2020 was Rs.35.01 crores. Net fixed Assets (including Capital W.I.P) were Rs.93.68 crores.

Investments

The prudential policy of the Company permits to invest both long term and short term surplus funds in to deposits of highly rated banks, bonds issued by the Central / State governments, institutions and various corporates, debt oriented schemes of high performing mutual funds and select Exchange Traded Funds. As on March 31, 2020 the total non-current investments were Rs.80.00 crores as against Rs.75.00 crores as on March 31, 2019. Current investments were Rs.290.64 crores as on March 31, 2020 as against Rs.365.50 crores as on March 31, 2019, net decrease of Rs.69.86 crores.

Other Non-Current and Current Assets

Total other assets (non-current and current) as on March 31, 2019 stood at Rs.9,811.20 crores mainly comprising of cash and bank balances in current and Fixed Deposits amounting to Rs.9,647.02 crores, interest accrued on investments and Fixed Deposits amounting to Rs.68.61 crores, trade receivables amounting to Rs.14.29 crores.

Other Non-Current and Current Liabilities

Total other liabilities (non-current and current) as on March 31, 2020 stood at Rs.8,833.56 crores mainly comprising of Settlement Obligations payable Rs.2,346.80 crores, Margins from Members Rs.6,352.44 crores.

Taxation

The total Provision for tax (including deferred tax) for the year 2019-20 was (Rs.84.62 net off tax on contribution to Core SGF) crores as against Rs.96.11 crores for the year 2018-19.

Events occurring after the balance sheet date.

There are no transactions of material nature that have occurred after March 31, 2020 which could have any impact on the financial performance of the Company for the year 2019-20.

Financial performance –Consolidated (2019-20)

During the year 2019-20, the total revenue has increased by around 13.34% from Rs.381.00 crores for the year 2018-19 to Rs.431.83 crores for the year 2019-20.

The total expenditure for the year 2019-20 was Rs.140.33 crores as compared to Rs.118.77 crores for the year 2018-19, an increase of around 18.16 % over the previous year.

The total Profit Before tax for the year 2019-20 was Rs.291.50 crores as against Rs.262.23 crores for the year 2018-19, increased by around 11.16% over the previous year.

The total Provision for tax (including deferred tax) for the year 2019-20 was Rs 84.62 crores as against Rs. 96.11 crores for the year 2018-19.

The total Profit after tax for the year 2019-20 was Rs.206.88 crores as against Rs.166.11 crores for the year 2018-19, increase by around 24.54% over the previous year.

The total Comprehensive Income for the year 2019-20 was Rs.210.86 crores as against Rs.169.19 crores for the year 2018-19, increase by around 24.63% over the previous year.

Operating Revenues

Clearing & Settlement charges

National Clearing Limited (NCL), a wholly owned subsidiary of the National Stock Exchange of India (NSE), carries out the clearing and settlement of the trades executed in the CM, F&O and CD segments of NSE. The clearing & settlement charges for the year 2019-20 increased by around 27.23% from Rs.141.89 crores for the year 2018-19 to Rs.180.53 crores for the year 2019-20.

Interest & Other Investment income

During the year 2019-20 the total investment income increased from Rs.223.58crores for the year 2018-19 to Rs.245.89 crores for the year 2019-20.

Other Operating Revenues

During the year 2019-20, the other operating revenues decreased from Rs.15.52 crores for the year 2018-19 to Rs.5.41 crores for the year 2019-20.

Expenditure

Other expenses

During the year 2019-20 other expenses were at Rs.93.85 crores as against the other expenses of Rs.84.68 for the year 2018-19

Employee cost

Employee related expenses for FY 2019-20 was Rs.35.29 crores which was Rs.29.47 crores for the year 2018-19. During the year, certain employees of NSEIL were deputed to the Company for IT management and consultancy, accordingly, Salaries, wages and bonus of Deputed Staff pertains to amount reimbursed by the company to The National Stock Exchange

of India Limited (NSEIL) in respect of employees made available to the company. For the year 2019-20, the total employee cost as a percentage to total income was 8.17% and as a percentage of expenditure was 25.15% which is comparable to the industry standards.

Depreciation

Depreciation increased by around 142.08% from Rs.4.62 crores for the year 2018-19 to Rs.11.19 crores for the year 2019-20.

Financial Statement as on March 31, 2019

Share Capital

The total paid up capital of the Company as on March 31, 2020 is Rs.45 crores divided in to 4,50,00,000 equity shares of Rs.10 each.

Reserves & Surplus

The total other Equity as on March 31, 2020 is Rs. 534.55 crores comprising General reserve of Rs.244.71 crores, Capital Redemption Reserve of Rs. 10.00 crores, Foreign Currency Translation Reserve of Rs.6.72 crores and balance in P&L A/c of Rs.273.11 crores.

Derivatives by way of appropriation from General Reserves.

Thus the total Net worth of the Company as on March 31, 2019 is Rs.488.87 crores (excluding contribution to Core SGF) and Rs.1473.33 crores (including contribution to Core SGF and contribution to Settlement Guarantee Fund (SGF)- Commodity derivatives) and the book value is Rs.108.64 per share (excluding contribution to Core SGF) and Rs.327.41 per share(including contribution to Core SGF and contribution to Settlement Guarantee Fund (SGF)- Commodity derivatives)

Core Settlement Guarantee Fund (Core SGF)

a) 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, 2020 is Rs.3149.13 crores comprising of: a) Rs.734.46 crores contributed by NSE Clearing Ltd (NCL) by appropriating reserves / profits b) Rs.373.65 crores received from National Stock Exchange of India (NSE) towards Core SGF. c) Member's contribution to Core SGF amounting to Rs. 364.43 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.69.04 crores, Rs.32.35 crores and Rs.31.07 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.646.81 crores and an amount of Rs. 569.81 crores being Income from investments of Core SGF funds have been credited to Core SGF.

NCL's own contribution to Core SGF for the quarter ended March 20, Dec 19 and March 19 amounting to Rs. NIL, Rs. NIL and Rs. Nil respectively and for Year ended March 2020 RS. Nil and year ended March 31, 2019 Rs.17.46 crores have been appropriated out of profits.

Further incremental requirement of Contribution to core SGF adjusted from interest accrual on respective investments for Quarter ended March 19 is Rs. NIL and for quarter ended Dec 19 is Rs. 2.00 crores viz : from NCL Rs.1 crore , NSE Rs.1 crore on behalf of members and similarly same for quarter ended March 19 is NIL. Also Incremental requirement of Contribution to core SGF of Rs.18 Crores for Year ended March 2020 viz : from NCL Rs.9 crores, NSE Rs. 4 crores and NSE Rs.5 crores on behalf of members has been adjusted from interest accrual on respective investments. Similarly, same for Pervious year ended March 19 is Rs.52.46 crores Viz from NCL Rs.29.04 crores, NSE Rs. 13.35 crores and NSE Rs.10.07 crores on behalf of members.

b) 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 total Core SGF as on March 31 , 2020 of Subsidiary NSE IFSC Clearing Corporation Limited (NICCL) is Rs.9.34 crores comprising of Rs.9.05 crores contributed by NICCL by appropriating reserves / profits and Fines & penalties collected by NICCL amounting to Rs.0.02 crores & an amount of Rs 0.22 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 for the quarter ended March 19, Dec 19 and March 19 amounting to Rs. NIL s, Rs. NIL and Rs. 0.50 crores, respectively and Contribution for year ended March 2020 is Rs.0.50 Crores and for year ended March 31, 2020 Rs.0.50 crores.

c) During previous financial year 2018-19, the Company 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.

Deposits from members & Clearing Banks (Unsecured)

The total deposits from members & Clearing Banks as on March 31, 2020 stood at Rs.842.52 crores as against Rs.791.63 crores as on March 31, 2019.

Fixed Assets

Total Gross Block as on March 31, 2020 was Rs.72.84 crores. Total Accumulated depreciation up to March 31, 2020 was Rs.36.96 crores. Net fixed Assets (including Capital W.I.P) were Rs.99.36 crores.

Investments

The prudential policy of the Company permits to invest both long term and short term surplus funds in to deposits of highly rated banks, bonds issued by the Central / State governments, institutions and various corporates, debt oriented schemes of high performing mutual funds

and select Exchange Traded Funds. As on March 31, 2020 the total non-current investments were Rs.80.00 crores as against Rs.75.00 crores as on March 31, 2019. Current investments were Rs.290.64 crores as on March 31, 2020 as against Rs.365.50 crores as on March 31, 2019, net decrease of Rs.69.86 crores.

Other Non-Current and Current Assets

Total other assets (non-current and current) as on March 31, 2019 stood at Rs.9,872.53 crores mainly comprising of cash and bank balances in current and Fixed Deposits amounting to Rs.9,708.50 crores, interest accrued on investments and Fixed Deposits amounting to Rs.68.75 crores, trade receivables amounting to Rs.14.29 crores.

Other Non-Current and Current Liabilities

Total other liabilities (non-current and current) as on March 31, 2020 stood at Rs.8,840.47 crores mainly comprising of Settlement Obligations payable Rs.2,346.80 crores, Margins from Members Rs.6,356.02 crores.

Taxation

The total Provision for tax (including deferred tax) for the year 2019-20 was (Rs.84.62 net off tax on contribution to Core SGF) crores as against Rs.96.11 crores for the year 2018-19.

Events occurring after the balance sheet date.

There are no transactions of material nature that have occurred after March 31, 2020 which could have any impact on the financial performance of the Company for the year 2019-20.

CEO – CFO Certification

**To,
The Board of Directors
NSE Clearing Limited**

We, Vikram Kothari, Managing Director and Amit Amlani, Chief Financial Officer of the NSE Clearing Limited hereby certify to the Board that:

- a. We have reviewed financial statements and the cash flow statement for the year ended on March 31, 2020 and that to the best of our knowledge and belief :
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
 - i. significant changes, if any, in internal control over financial reporting during the year;
 - ii. significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Mumbai
Date: June 17, 2020

Vikram Kothari
Managing Director

Amit Amlani
Chief Financial Officer

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members of
NSE Clearing Limited.

We have examined all relevant records of **NSE Clearing Limited** (formerly known as National Securities Clearing Corporation Limited) (further known as the Company) for the purpose of certifying compliance of the disclosure requirements and corporate governance norms as specified for the Listed Companies for the financial year ended 31st March 2020. In terms of Regulation 33 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the disclosure requirements and corporate governance norms as specified for listed companies have become mutatis mutandis applicable to a recognised Stock Exchange. We have obtained all the information and explanations to the best of our knowledge and belief, which were necessary for the purpose of this certification.

We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified for listed company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

BNP & Associates
Company Secretaries
Firm Regn. No. P2014MH037400
PR. NO: 637/2019

Place: Mumbai
Date: June 17, 2020

Avinash Bagul
Partner
FCS No: 5578 CP NO: 19862
UDIN: F005578B000350318

**ANNEXURE 8(I) TO DIRECTORS' REPORT
STATEMENT PURSUANT TO RULE 5(2) OF THE
COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

Sr. No.	Name & Qualifications	Age in years	Designation/ Nature of	Remuneration Received		Experience (No.of	Date of Commencement of	Last Employment
				Gross	Net			
1	Mr. Vikram Kothari # & CA ICWA.	49	Managing Director	14609817	9203742	24	November 7, 2017	Executive Director J P Morgan Chase Bank
2	Mr. Ravindra Bathula # & LL.B.	50	General Counsel	10475271	6435661	26	December 1, 2016	Head - General Counsel National Stock Exchange of India Ltd.
3	Mr Natarajan Ramasamy # & CFA, FRM Diploma in Business Finance, M.Sc	60	Head-Risk Analysis & Operations	13037887	6810272	35	December 1, 2016	Head - Clearing & Settlement National Stock Exchange of India Ltd.
4	Mr Huzefa Mahuvawala # CA	42	Vice President	12588123	7706243	20	December 1, 2016	Asst. Vice President National Stock Exchange of India Ltd.
5	Ms. Rana Usman # & M.Com, PGDBM	49	Head - Clearing & Settlement	11636248	7164020	25	December 1, 2016	Sr. Asst. Vice President National Stock Exchange of India Ltd.
6	Mr R Jayakumar # CS LLB MA	53	Senior Vice President & Company Secretary	9464863	6117939	30	September 1, 2017	Assistant Vice President National Stock Exchange of India Ltd.
7	Ms. Hima Bindu Vakkalanka # MBA	46	Vice President	8520783	5506375	24	September 1, 2017	Asst. Vice President National Stock Exchange of India Ltd.
8	Mr. Nilesh Tinaikar # MMS	48	Vice President	8430825	5520278	24	September 1, 2017	Asst. Vice President National Stock Exchange of India Ltd.
9	Mr. Amit Amlani # MBA DBM	43	Associate Vice President	6380835	4290648	20	September 1, 2017	Chief Manager National Stock Exchange of India Ltd.
10	Mr Dhawal Shah @ C.A	41	Vice President	1939683	1515227	17	December 02, 2019	Head - Operations MCX Clearing Corporation Limited
11	Mr Paul Moonjelil @ # B.E	41	Associate Vice President	2034947	1628398	18	August 05, 2019	Senior Manager Price Waterhouse
12	Ms Moushumi Mandal Suganth @ # M.M.S	42	Associate Vice President	2010744	1330828	19	December 01, 2019	Associate Vice President National Stock Exchange of India Limited
13	Mr Aniket Bhanu B.E, PGDBM	36	Vice President	5364520	3892960	12	July 03, 2017	Partner Giganalytics LLP

- Gross Remuneration includes Salary and other benefits, Company's contribution to Provident Fund, Pension, Superannuation Fund, taxable value of perquisites etc. Net remuneration represents gross remuneration less Company's contribution to provident, pension and superannuation funds, taxable value of perquisites, profession tax and income tax. Where applicable, the amounts also include certain allowances accrued during previous year(s) but claimed in the current year.
- Besides the above, leave encashment amounting to Rs.268711, Rs 553019, Rs 24263, Rs 528050, Rs 169289, Rs 328379, Rs 366148, Rs 280077 was paid to Mr. Ravindra Bathula, Mr Huzefa Mahuvawala, Mr Natarajan Ramaswamy, Ms Rana Usman, Mr R Jayakumar, Ms Hima Bindu Vakkalanka, Mr Nilesh Tinaikar and Mr Amit Amlani respectively.
- Employees, whose names are marked with # are Key Management Personnel under SCR(SECC) Regulations, 2012 of SEBI. The remuneration of employee marked with & excludes 50% of their Variable Pay to be paid on deferred basis after 3 years.
- None of the employees mentioned above is a relative of any Director.
- All Employees are in permanent employment of the company on contractual basis governed by the employment terms & conditions and service rules.
- Employees whose name has been marked with @ were employed with the company for part of the year.
- None of the above employees is holding any equity share in the company within the meaning of clause (iii) of sub-rule 2 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- The Company does not have any Employees Stock Option Plan (ESOP) Scheme for its employees.

NSE CLEARING LIMITED

ANNEXURE 8 (II) TO DIRECTORS' REPORT

DISCLOSURES PURSUANT TO SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The disclosures pertaining to remuneration in terms of Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 27 (6) of SCR (SECC) Regulations, 2018 are as per the details provided below.

i. Ratio of Remuneration of each director to the median remuneration of the employees of the Company for the Financial year

- Director's remuneration: Rs.1,68,73,200
- Employees' remuneration: Rs.21,90,00,904
- Median of employees' remuneration: Rs.9,52,925
- The ratio of remuneration of the Managing Director to the median remuneration of the employees of the Company for the financial year is 17.71 X

ii. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial year

The percentage increase in remuneration of Managing Director, Company Secretary and Chief Financial Officer in the financial year is around 9%, 7% and 10% respectively.

iii. The percentage increase in the median remuneration of employees in the Financial year

- Last year's median : Rs. 9,98,450
- Current median : Rs. 9,52,925
- The percentage decrease in the median remuneration of employees in the financial year is around 4.56%. The decrease is on account of a job level linked range based increment framework implemented by the organisation as against a standard increment % across job levels.

iv. The number of permanent employees on the rolls of the Company

As on March 31, 2020, there are 103 employees on the rolls of the Company.

v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

The average percentile increase for the employees has been 9.3 % as against 9 % for the managerial personnel in the last financial year. Apart from the performance based normal increment, there was no other exceptional salary revision given in FY 2019-20.

Note: KMPs under Companies Act and KMPs under SECC Regulations are considered as managerial personnel.

vi. Affirmation that the remuneration is as per the remuneration policy of the Company.

The remuneration is as per the remuneration policy of the Company.

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ANNEXURE 9 TO DIRECTORS' REPORT

KMP compensation - NCL			
KMP Name	KMP Compensation*	Median of compensation of all employees*	Ratio of median of compensation of all employees against KMP compensation
VIKRAM KOTHARI	1,68,73,200	9,52,925	17.71 x
RANA USMAN	1,31,77,673	9,52,925	13.83 x
NATARAJAN RAMASAMY	1,31,18,110	9,52,925	13.77 x
HUZEFA MAHUVAWALA	1,28,12,742	9,52,925	13.45 x
RAVINDRA BATHULA	1,17,80,233	9,52,925	12.36 x
R JAYAKUMAR	98,05,698	9,52,925	10.29 x
HIMA BINDU VAKKALANKA	85,87,395	9,52,925	9.01 x
NILESH TINAIKAR	84,84,559	9,52,925	8.90 x
MOUSHUMI MANDAL	83,13,300	9,52,925	8.72 x
DHAWAL SHAH	81,00,015	9,52,925	8.50 x
AMIT AMLANI	64,87,349	9,52,925	6.81 x
PAUL MOONJELIL	42,00,004	9,52,925	4.41 x

* Annualised salary/remuneration based on the terms of appointment of the employees who were on the rolls as on March 31, 2020.

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Fax : 4311 5050

12-B, Baldota Bhavan, 5th Floor,
117, M. Karve Road, Churchgate,
Mumbai - 400 020.
Tel.: (+91-22) 4311 6000
Fax : 4311 6060

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NSE Clearing Limited (formerly known as National Securities Clearing Corporation Limited)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **NSE Clearing Limited** (formerly known as National Securities Clearing Corporation Limited) ("the Holding Company") and its subsidiary, (Holding Company and its subsidiary together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records, (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group as at March 31, 2020, of consolidated total comprehensive income (comprising profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in sub-paragraph (i) of the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
<p>Legal matters and uncertain tax positions</p> <p>As of March 31, 2020, the Holding Company has various ongoing litigations on legal matters and proceedings with tax authorities involving uncertain direct and indirect tax positions.</p> <p>Refer note 32 and 33 to the consolidated financial statements.</p> <p><u>Uncertain direct and indirect tax positions</u></p> <p>There are various direct and indirect tax cases against the Holding Company, including disallowance of certain expenses under income tax, applicability of service tax on certain services etc.</p> <p>This is a key audit matter, as evaluation of these matters requires management judgement and estimation, interpretation of laws and regulations and application of relevant judicial precedents to determine the probability of outflow of economic resources, if any, provisions and related disclosures to be made in the consolidated financial statements.</p>	<p>Our audit procedures related to legal matters and uncertain tax positions included–</p> <ul style="list-style-type: none"> • Evaluating the design and operating effectiveness of controls over the recognition, measurement, presentation and disclosures made in the consolidated financial statements in respect of these matters; • Obtaining details of litigations on legal matters and uncertain direct and indirect tax positions. • Reviewing orders and management responses thereto. • Inspecting the supporting documents to evaluate management's assessment of probability of outcome of ongoing proceedings, the magnitude of potential loss, if any, and testing related provisions and disclosures made in the consolidated financial statements; • Reviewing expert's legal advice/opinion obtained by the Holding Company's management for evaluating certain legal and tax matters; and • Evaluating competence and capabilities of the experts. <p>Based on the above procedure, we noted that the Holding Company has reviewed the above pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its consolidated financial statements.</p>

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

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed and the report of the other auditors as furnished to us [refer sub-paragraph (i) of 'Other Matters' paragraph below], 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 Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system 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 ability of the Group 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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- i) We did not audit the financial statements of a subsidiary whose financial statements reflect total assets of Rs 76.89 Crores and net assets of Rs 55.83 Crores as at March 31, 2020, total revenue of Rs. 1.09 Crores, total comprehensive income (comprising of profit and other comprehensive income) of Rs. (1.63) Crores and net cash flows amounting to Rs. (14.63) Crores for the year ended on that date, as considered in the consolidated financial statements. This financial statements have been audited by other auditors whose report 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 this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act including report on Other information insofar as it relates to the aforesaid subsidiary is based solely on the report of the other auditors.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditors.

- ii) Consolidated comparative financial information for the financial year ended March 31, 2019 are unaudited and have been compiled by the management as set out in note 42 of the consolidated financial statements.

Our opinion is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure 'A'.
 - (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 Holding 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements of the subsidiary, as noted in the Other Matter paragraph:
- (i) The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group – refer Note 33 to the consolidated financial statements
 - (ii) The Group did not have any long term contracts including derivatives contracts as at March 31, 2020 for which there were any material foreseeable losses - refer Note 34 to the consolidated financial statements
 - (iii) During the year ended March 31, 2020, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India - refer Note 35 to the consolidated financial statements

For Khandelwal Jain & Co.
Chartered Accountants
Firm's Registration No. 105049W

(Narendra Jain)
Partner
Membership No. 048725
UDIN: 20048725AAAABV2015

Place: Mumbai
Date: June 17, 2020

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111, M. Karve Road, Churchgate,
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Tel.: (+91-22) 4311 5000
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Annexure A to the Independent Auditor's Report of Even Date On the Consolidated Financial Statements of NSE Clearing Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to consolidated financial statements of **NSE Clearing Limited** (formerly known as National Securities Clearing Corporation Limited) (hereinafter referred to as "the Holding Company") and its subsidiary company which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on 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 ("ICAI"). 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 the respective 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated 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") issued by the ICAI and the Standards on Auditing 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 ICAI. 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 adequate internal financial controls with reference to consolidated 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 consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control with reference to consolidated 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 consolidated 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls with reference to consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated 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 Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding 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.

Other Matter

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to a subsidiary company, which is company incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India.

Our opinion is not modified in respect of this matter.

For Khandelwal Jain & Co.

Chartered Accountants

Firm's Registration No. 105049W

(Narendra Jain)

Partner

Membership No. 048725

UDIN: 20048725AAAABV2015

Place: Mumbai

Date: June 17, 2020

NSE CLEARING LIMITED
(Formerly known as NATIONAL SECURITIES CLEARING CORPORATION LIMITED)

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Notes	(Rs.in Crores)	
		For the year ended 31.03.2020	For the year ended 31.03.2019
		(Audited)	(Unaudited)
Income			
Revenue from operations	19	366.82	318.86
Other income	20	65.01	62.13
Total Income		431.83	381.00
Expenses			
Employee benefits expense	21	35.29	29.47
Depreciation and amortisation expense	2,3 & 40	11.19	4.62
Other expenses	22	93.85	84.68
Total Expenses		140.33	118.77
Profit before tax		291.50	262.23
Less : Tax expenses			
Current tax	12	90.43	91.25
Tax for earlier year		0.38	1.40
Deferred tax	12	(6.19)	3.47
Total tax expenses		84.62	96.11
Profit for the year (A)		206.88	166.11
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		(1.12)	(0.29)
Income tax relating to items that will not be reclassified to profit or loss			
Tax Remeasurements of post-employment benefit obligations		0.33	0.10
Changes in foreign currency translation reserve		4.77	3.26
Total Other Comprehensive Income for the year (B)		3.98	3.07
Total Comprehensive Income for the year (A+B)		210.86	169.19
Earnings per Equity Share (FV Rs. 10 each) (before contributions to Core SGF)			
Basic and Diluted (Rs.)	31	45.97	36.91

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

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

For Khandelwal Jain & Co.

Chartered Accountants

Firm Registration No : 105049W

For and on behalf of the Board of Directors

HARUN R KHAN

Chairman

[DIN :07456806]

VIKRAM KOTHARI

Managing Director

[DIN : 07898773]

NARENDRA JAIN

Partner

Membership No.: 048725

AMIT AMLANI

Chief Financial Officer

CHIRAG NAGDA

Company Secretary

Place : Mumbai

Date : June 17, 2020

NSE CLEARING LIMITED
(Formerly known as NATIONAL SECURITIES CLEARING CORPORATION LIMITED)

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

		Rs.in Crores	
Particulars	Note No.	As at 31.03.2020 (Audited)	As at 31.03.2019 (Unaudited)
I ASSETS			
1 Non-current Assets			
a Property, Plant and Equipments	2	17.18	3.77
b Right-Of-Use Assets	40	1.05	
c Capital work-in-progress	2		3.11
d Other Intangible Assets	3	17.65	12.12
e Intangible assets under development	3	63.48	49.58
f Financial assets			
Non-current bank balances	4	89.19	69.19
Other Financial assets	5	2.50	3.24
		191.05	141.00
g Income tax assets (net)	14	63.59	50.03
h Other Non -current assets	6	0.00	0.07
Total Non-current Assets		254.64	191.10
Investments -Core Settlement Guarantee Fund	10	3,158.47	2,794.84
Investment earmarked towards SGF - Commodity derivatives	4 & 7	250.00	250.00
4 Current Assets			
Financial Assets			
Investments	7	290.64	365.50
Trade Receivables	8	14.29	9.66
iii Cash and Cash equivalents*	9	9,074.98	6,407.49
iv Bank balances other than cash and cash equivalents*		544.34	444.11
* Includes Rs. 8702.82 crores (March 19: Rs. 6076.65 crores) pertaining to Settlement obligations and margin money from members			
Other Financial assets		67.07	62.01
		9,991.32	7,288.78
Other current assets	6	16.57	9.40
Total Current Assets		10,007.89	7,298.17
TOTAL ASSETS		13,671.00	10,534.11
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	11 (a)	45.00	45.00
Other Equity	11 (b)	534.55	421.84
Total Equity		579.55	466.84
Core Settlement Guarantee Fund (Core SGF)	27	3,158.47	2,794.84
Settlement Guarantee Fund (SGF)- Commodity derivatives	28	250.00	250.00
Liabilities			
4 Non-current liabilities			
Provisions	18	8.37	5.95
Lease Liability	40	1.11	
Deferred tax liabilities (Net)	12(c)	2.89	9.41
Total Non-current Liabilities		12.37	15.36
5 Current Liabilities			
Financial Liabilities			
Deposits	15	842.52	791.63
Trade payable to Micro, Small & Medium Enterprises.	16		
Others		13.55	23.28
iii Lease Liability	40	0.01	
iv Other financial liabilities	16	8,730.97	6,096.93
* Includes Rs. 8702.82 crores (March 19: Rs. 6076.65 crores) pertaining to Settlement obligations and margin money from members			
		9,587.05	6,911.84
b Provisions	18	7.34	6.38
c Income tax liabilities (net)	13	45.67	65.52
d Other current liabilities	18	30.55	23.33
Total Current Liabilities		9,670.61	7,007.07
Total Liabilities		13,091.45	10,067.27
TOTAL EQUITY AND LIABILITIES		13,671.00	10,534.11

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

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

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No : 105049W

NARENDRA JAIN
Partner
Membership No.: 048725

Place : Mumbai
Date : June 17, 2020

For and on behalf of the Board of Directors

HARUN R KHAN
Chairman
[DIN :07456806]

AMIT AMLANI
Chief Financial Officer

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

CHIRAG NAGDA
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31 2020

(A) **Equity Share Capital**

	(Rs.in Crores)
Balance as at 01.04.2018	45.00
changes in equity share capital during the Year	
Balance as at 01.04.2019	45.00
changes in equity share capital during the Year	
Balance as at 31.03.2020	45.00

(B) **Other Equity**

	Reserves and Surplus				(Rs.in Crores)
	Capital Reserve	General reserve	Foreign Currency Translation Reserve	Retained Earnings	Total
Balance at the 01.04.2018	10.00	494.71	(1.31)	54.47	557.87
Profit for the year				166.11	166.11
Other Comprehensive Income				(0.19)	(0.19)
Contribution to core SGF				(17.96)	(17.96)
Tax on contribution to Core SGF				6.16	6.16
Settlement Guarantee Fund (SGF)- Commodity derivatives		(250.00)			(250.00)
Share issue expenses				(0.01)	(0.01)
Changes in Foreign Currency Translation Reserve through Other Comprehensive Income			3.26		3.26
Transaction with owners in their capacity as owners					
Dividends paid				(36.00)	(36.00)
Dividend Distribution Tax				(7.40)	(7.40)
Balance at the 31.03.2019	10.00	244.71	1.95	165.18	421.84
Profit for the year.				206.88	206.88
Other Comprehensive Income				(0.79)	(0.79)
Contribution to core SGF				(0.50)	(0.50)
Share issue expenses				(0.00)	(0.00)
Changes in Foreign Currency Translation Reserve through Other Comprehensive Income			4.77		4.77
Transaction with owners in their capacity as owners					
Dividend paid				(81.00)	(81.00)
Dividend Distribution Tax				(16.65)	(16.65)
Balance at the 31.03.2020	10.00	244.71	6.72	273.11	534.55

The accompanying notes are an integral part of the financial statements.
This is the statement of changes in equity referred to in our report of even date

For Khandelwal Jain & Co.

Chartered Accountants

Firm Registration No : 105049W

For and on behalf of the Board of Directors

HARUN R KHAN
Chairman
[DIN : 07456806]

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

NARENDRA JAIN

Partner

Membership No.: 048725

AMIT AMLANI
Chief Financial Officer

CHIRAG NAGDA
Company Secretary

Place : Mumbai

Date : June 17, 2020

NSE CLEARING LIMITED
(Formerly known as NATIONAL SECURITIES CLEARING CORPORATION LIMITED)
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

	For the year ended 31.03.2020 (Audited)	Rs. in Crores For the year ended 31.03.2019 (Unaudited)
A) CASHFLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	291.50	262.23
Add/(Less) :- Adjustments for :		
- Depreciation	11.19	4.62
- Net gain on financial assets mandatorily measured at Fair Value through Profit or Loss	(10.06)	(21.24)
Loss(profit) on sale /discard of assets (Net)		0.09
Finance Cost	0.07	
Less : Adjustments for :		
- Interest income on Bank deposit	(47.38)	(37.22)
- Re-measurement of defined benefits plans	(1.12)	(0.29)
- Net gain on sale of investments mandatorily measured at Fair Value through Profit or Loss	(7.34)	(3.17)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	236.86	205.03
Adjustments for		
Decrease/(Increase) in Trade Receivable	(4.63)	4.31
Increase / (Decrease) in Trade payables	(9.73)	11.75
Decrease/(Increase) in other financial assets	1.25	(1.48)
Decrease/(Increase) in Other Assets	(7.18)	(2.10)
Increase / (Decrease) in Other Financial Liabilities	2,634.05	528.21
Increase / (Decrease) in Provision	3.39	1.31
Increase / (Decrease) in Other Liabilities	7.22	4.10
Proceed of Deposit from Trading member / applicant	143.46	125.06
Refund of deposit from trading members / applicant	(92.57)	(104.68)
CASH GENERATED FROM OPERATIONS	2,912.12	771.49
Contribution to Core SGF	(0.50)	(17.96)
Settlement Guarantee Fund (SGF)- Commodity derivatives		(250.00)
Direct Taxes paid (Net of Refunds)	(124.07)	(130.72)
NET CASH FROM OPERATING ACTIVITIES - Total (A)	2,787.55	372.82
B) CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment's/ Capital work-in-progress	(40.93)	(56.71)
Sale of Fixed Assets		0.01
Interest received	41.79	49.21
(Increase)/Decrease in Fixed deposit	(120.22)	235.46
Purchases of Investment	(217.69)	(250.89)
Sale of Investment	309.87	236.84
NET CASH USED IN INVESTING ACTIVITIES - Total (B)	(27.18)	213.92
C) CASHFLOW FROM FINANCING ACTIVITIES		
Dividend Paid (inclusive of corporate dividend tax)	(97.65)	(43.40)
Share Issue Expense	(0.00)	
NET CASH FROM FINANCING ACTIVITIES - Total (C)	(97.65)	(43.40)
Changes on account of conversion of balances from functional currency to presentation currency	4.77	3.26
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	2,667.49	546.60
CASH AND CASH EQUIVALENTS : OPENING BALANCE	6,407.49	5,860.89
CLOSING CASH AND CASH EQUIVALENTS : CLOSING BALANCE	9,074.98	6,407.49
NET INCREASE IN CASH AND CASH EQUIVALENT	2,667.49	546.60

Notes to Cash Flow Statement :

- Cash and Cash equivalent represent bank balances and balances in fixed deposit accounts.
- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind-AS 7 on Statement of Cash Flow notified under Companies (Indian Accounting Standards) Rules, 2015
- Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year classification / disclosure.

This is the statement of cash flow referred to in our report of even date.

For and on behalf of the Board of Directors

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No : 105049W

HARUN R KHAN
Chairman
[DIN :07456806]

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

NARENDRA JAIN
Partner
Membership No.: 048725

AMIT AMLANI
Chief Financial Officer

CHIRAG NAGDA
Company Secretary

Place : Mumbai
Date : June 17, 2020

Background and Significant Accounting Policies

Background

The NSE Clearing Limited (NCL), a wholly owned subsidiary of NSE, was incorporated in August 1995. It was the first clearing corporation to be established in the country and also the first clearing corporation in the country to introduce settlement guarantee. It was set up to bring and sustain confidence in clearing and settlement of securities, to promote and maintain, short and consistent settlement cycles, to provide counter-party risk guarantee, and to operate a tight risk containment system.

Pursuant to the application made by the Company with the Registrar of Companies, Maharashtra and subsequent approval thereof by the Registrar of Companies Maharashtra, the name of the Company has been changed from "National Securities Clearing Corporation Limited" to "NSE Clearing Limited" w.e.f. August 01, 2018.

The consolidated financial statements relates to the Parent Company NSE Clearing Limited and its wholly owned Sole subsidiary company NSE IFSC Clearing Limited. (Collectively referred to as "the Group").

Note 1: Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these Ind As financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

(i) Compliance with Ind AS

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Amendments thereto.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that is measured at fair value, and
- defined benefit plans - plan assets measured at fair

iii) Principles of consolidation and equity accounting

i) Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions,

balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests, if any, in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

iii) Joint Arrangements

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note (i) below

v) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint

venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(b) Foreign currency translation and transactions

(i) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian currency (INR), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

(iii) Group Companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet;
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to statement of profit or loss, as part of the gain or loss on sale.

(c) Revenue recognition

Effective April 1, 2018, the Group has adopted Ind AS 115, Revenue from contracts with customers using the modified retrospective transition approach, which is applied to contracts that were not completed as of April 1, 2018. The adoption of this standard did not have a material impact on the financial statements for the year ended March 31, 2020 and previous year.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of allowances, incentives, service taxes and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised in the period when the service is provided as per arrangements/agreements with the customers. The sources of revenue are:

- (i) Clearing and Settlement charges, IT & support charges and processing charges are recognized on accrual basis as and when the services are rendered.;
- (ii) In respect of Members who have been declared as defaulters by the Company all amounts (dues) remaining to be recovered, net of available security and insurance cover available if any, till the date of being declared as defaulters are written off as bad debts. All subsequent recoveries are accounted when received.
Shortages arising after the date of declaration of default are written off as bad debts in the year in which it arises, after exhausting all remedies including forfeiture of securities and insurance cover available if any.
Other overdue amounts are provided for as doubtful debts or are written off as bad debts, if the same are considered doubtful/irrecoverable in the opinion of the management.
- (iii) Penal Charges, in the year of declaration of default, in respect of shortages due from the respective member, are booked to the extent such charges are recoverable.
- (iv) Other insurance claims are accounted on accrual basis when the claims become due and payable.
- (v) Income excludes applicable taxes and other levies

(d) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Group recognizes MAT credit available as an asset only to the extent there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT Credit is allowed to be carried forward. In the year in which the Group recognizes MAT Credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the sufficient period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially

enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(e) Leases

Effective April 1, 2019, the Group has adopted Ind AS 116 "Leases" and applied to all lease contracts existing on April 1, 2019 using the simplified approach. Accordingly, comparative information for the previous years have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-use asset (ROU) and corresponding lease liability of Rs. 1.12 Crores. Additionally, existing assets and related obligation in respect of finance leases have been reclassified and presented as part of ROU and lease liability amounting to Rs. 1.05 crores and Rs. 1.12 crores, respectively. The adoption of new standard did not have any impact on the opening equity as of April 1, 2019.

As a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of the contract. Ind AS 116 defines a lease as a contract, or a part of a contract, that conveys the right of use an asset (the underlying asset) for a period of time in exchange of consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expenses on a straight line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on straight line basis over the shorter of the lease term and useful life of the underlying assets.

As a lessor

Lease for which the Group is a lessor is classified as finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognized on straight line basis over the term of the relevant lease.

(f) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These do not include bank balances earmarked/restricted for specific purposes.

Restricted cash:

Other bank balances comprise of Fixed deposits with maturity of more than three months and less than twelve months, other financial assets contains Fixed deposits with maturity of more than one year. This deposits are restricted balance and with lien for advances received from issuer of securities and advance received from defaulting members.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(i) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the

Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) De-recognition of financial assets

A financial asset is de-recognised only when

- The Group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the group, and the amount of the dividend can be reliably measured.

(j) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(ii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(iii) Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(k) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

(l) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(m) Property, plant and equipment (including CWIP)

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

Furniture and fixture	5 to 10 years
Office equipment	4 to 5 years
Electrical equipment	10 years
Computer systems office automation	3 years
Computer systems – others	4 years
Computer software	4 years
Telecommunication systems	4 years
Clearing and Settlement Systems	4 years

The property, plant and equipment including land acquired under finance leases is depreciated over the asset's useful life or the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

Depreciation on assets purchased / disposed off during the year is provided on pro rata basis with reference to the date of additions / deductions.

Fixed assets whose aggregate cost is Rs. 5,000 or less are depreciated fully in the year of acquisition.

(n) Intangible assets

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

Standard packaged software products are written off in the year of purchase.

Computer software is amortised over a period of 4 years.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(p) Provisions

Provisions for legal claims and discounts/incentives are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions for restructuring are recognised by the Group when it has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that the Group will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Group.

(q) Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent liabilities are not disclosed in case the possibility of an outflow of resources embodying economic benefits is remote.

(r) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are the amounts expected to be paid when the liabilities are settled. Short term employee benefits are recognised in statement of profit and loss in the year in which the related service is rendered. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Group operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity, and

(b) defined contribution plans such as provident fund and superannuation.

Gratuity obligations

The Group has maintained a Group Gratuity Cum Life Assurance Scheme with the Life Insurance Corporation of India (LIC) towards which it annually contributes a sum determined by LIC. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iv) Defined contribution plans

Provident fund

Provident Fund: The Group is registered with Regional Provident Fund Office, Bandra, Mumbai, and both the employee and the employer make monthly contribution equal to 12% of the employee's basic salary respectively.

Superannuation

Superannuation benefits for employees designated as chief managers and above are covered by group policies with the Life Insurance Corporation of India. The contribution payable for the year is charged to revenue. There are no other obligations other than the annual contribution payable.

(v) Bonus plans

1. The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.
2. SEBI has laid down certain norms in terms of the compensation policy for the key management personnel which are as under :
 - A. The variable pay component will not exceed one third of the total pay.
 - B. 50% of the variable pay will be paid on a deferred basis after three years.

(s) Core Settlement Guarantee Funds

As per SEBI vide circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014 every recognised clearing corporation shall establish and maintain a Fund for each segment, to guarantee the settlement of trades executed in that respective segment of a recognised stock exchange. Similarly

SEBI vide circular no. SEBI/HO/MRD/DSA/ CIR / P/2016/125 dated November 28, 2016 has issued norms for set up of fund and minimum corpus of fund to guarantee the settlement of trades executed in the stock exchanges in IFSC.

The Clearing Corporation shall have a fund called Core SGF for each segment of each Recognised Stock Exchange to guarantee the settlement of trades executed in the respective segment of the Stock Exchange. In the event of a clearing member(member) failing to honour settlement commitments, the Core SGF shall be used to fulfil the obligations of that member and complete the settlement without affecting the normal settlement process. The Core SGF shall be contributed by Clearing Corporation (NCL), Stock Exchanges and the clearing members, in a manner as prescribed by SEBI. This fund is represented by earmarked Core SGF investments. The income earned on such investments is credited to the respective contributor's funds and adjusted towards incremental requirement of Minimum Required Corpus (MRC) as per SEBI letter reference no. SEBI/HO/MRD/DRMNP/OW/P/2018/4559/1 dated February 12, 2018. Penalties and fines levied by the Group are transferred to Core SGF as Other Contributions.

(t) Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(w) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores as per the requirement of Schedule III, unless otherwise stated.

x) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due

to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

Estimation of current tax expense and payable Note 12 and 13

Estimated useful life of intangible asset Note 3

Estimation of defined benefit obligation Note 25

Estimation of fair values of contingent liabilities refer Note 32

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

y) Recently issued Accounting Standard (Ind As)

Ministry of Corporate Affairs has notified new standards or amendments to existing standards. There is no such notification which would be applicable from April 01, 2020.

Note 2 - Property, Plant and Equipments

(Rs. in Crores)

	OFFICE EQUIPME NTS	ELECTRI CAL INSTALL ATIONS	FURNITU RE AND FIXTURE S	TRADING SYSTEM S	COMPUT ER SYS - OFF AUTOM	COMPUT ER SYS - OTHERS	TELECO MMUNIC ATION SYSTEM	CLEARING AND SETTLEM ENT SYSTEM	TOTAL	CAPITAL WORK IN PROGRESS
Year ended March 31, 2019										
Gross carrying amount										
Opening gross carrying amount	0.02	0.14	0.14		0.47		0.05	33.54	34.35	4.15
Additions	0.14		0.47		0.07			0.97	1.65	
Disposals	(0.02)	(0.04)	(0.09)		(0.31)		(0.05)	(16.14)	(16.65)	(1.04)
Closing gross carrying amount	0.14	0.10	0.51		0.23			18.37	19.35	3.11
Accumulated depreciation										
Opening accumulated depreciation	0.01	0.01	0.07		0.42		0.05	29.31	29.88	
Depreciation for the year	0.02	0.01	0.07		0.05			2.11	2.27	
Disposals	(0.02)	(0.01)	(0.04)		(0.31)		(0.05)	(16.15)	(16.56)	
Closing accumulated depreciation	0.02	0.02	0.11		0.16			15.28	15.58	
Net carrying amount	0.12	0.08	0.40		0.07			3.10	3.77	3.11
Year ended March 31, 2020										
Gross carrying amount										
Opening gross carrying amount	0.14	0.10	0.51		0.23			18.37	19.35	3.11
Exchnage differences	0.03	0.02	0.10						0.15	
Additions							8.29	10.59	18.88	
Disposals										
Transfers										(3.11)
Closing gross carrying amount	0.17	0.12	0.61		0.23		8.29	28.96	38.38	
Accumulated depreciation										
Opening accumulated depreciation	0.02	0.02	0.11		0.16			15.28	15.58	
Depreciation for the year	0.04	0.01	0.09		0.03		1.70	3.75	5.62	
Disposals										
Closing accumulated depreciation	0.06	0.03	0.20		0.19		1.70	19.03	21.20	
Net carrying amount	0.11	0.09	0.41		0.04		6.59	9.94	17.18	

Note 3: Intangible Assets

	COMPUTER SOFTWARE	TOTAL	INTANGIBLE ASSETS UNDER DEVELOPMENT
Year ended March 31 , 2019			
Gross carrying amount			
Opening gross carrying amount	13.06	13.06	3.79
Additions	9.33	9.33	51.52
Disposals			(0.49)
Transfers			(5.24)
Closing gross carrying amount	22.39	22.39	49.58
Accumulated Amortisation and impairment			
Opening accumulated Amortisation	7.92	7.92	
Amortisation for the year	2.35	2.35	
Disposals			
Closing amortization	10.27	10.27	
Net carrying amount	12.12	12.12	49.58
Year ended March 31, 2020			
Gross carrying amount			
Opening gross carrying amount	22.39	22.39	49.58
Exchnage differences	0.23	0.23	
Additions	10.79	10.79	23.98
Disposals			
Transfers			(10.08)
Closing gross carrying amount	33.41	33.41	63.48
Accumulated Amortisation and impairment			
Opening accumulated Amortisation	10.27	10.27	
Amortisation for the year	5.49	5.49	
Closing amortization	15.76	15.76	
Net carrying amount	17.65	17.65	63.48

Significant estimate: Useful life of intangible assets under development

The Company has completed the development of software that is used to in its various business processes. As at 31 March 2020, the net carrying amount of this software was Rs.17.65 crores (31 March 2019: Rs.12.12 crore). The Company estimates the useful life of the software to be 4 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 4 years, depending on technical innovations and competitor actions.

4 Other bank balances

	Non-current		Current	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	(Rs. in Crores)		(Rs. in Crores)	
Deposits with original maturity for more than 12 months #	89.19	69.19	381.15	381.69
Earmarked Deposits with original maturity for more than 12 months	636.92	1,030.05	1,976.49	1,557.95
Deposits with original maturity for more than 3 months but less than 12 months #			143.94	44.69
Earmarked Deposits with original maturity for more than 3 months but less than 12 months			381.16	205.53
Earmarked Deposits with original maturity less than 12 months*			19.24	17.73
Total	726.11	1,099.24	2,901.98	2,207.59
Less :				
Amount disclosed under Core SGF Investments (note 10)	620.21	999.05	2,174.52	1,544.48
Amount disclosed under Investments -SGF for Commodity segment (refer Note 27)	16.71	31.00	183.12	219.00
Total	89.19	69.19	544.34	444.11

* Earmarked towards withheld payouts.

Other bank balances & Cash and cash equivalents Includes Rs. 8702.82 crores (March 19: Rs. 6076.65 crores) pertaining to Settlement obligations and margin money from members

5 Others Financial Assets

	Non-current		Current	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	(Rs. in Crores)		(Rs. in Crores)	
Advances recoverable in cash				
Unsecured, considered good			0.24	0.13
Other loans and advances				
Security Deposits	0.22	0.22	0.09	0.11
Others				
Interest accrued on Bank deposits	2.28	3.02	66.47	60.15
Other receivable			0.27	1.62
Total	2.50	3.24	67.07	62.01

6 Others Assets

	Non-current		Current	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	(Rs. in Crores)		(Rs. in Crores)	
Advance to suppliers				0.00
Balances with GST authorities			5.24	2.55
Deposits with GST authorities			2.78	
Other receivable*			6.18	6.20
Prepaid expenses	0.00	0.07	2.37	0.64
Total	0.00	0.07	16.57	9.40

* Other receivable is Deposits with Supreme Court pursuant to its directives in a case filed by the Company with regard to sale of collateral securities with the company of a defaulter member

Note No. 7 CURRENT INVESTMENTS

	31.03.2020		31.03.2019	
	Number of Units	Rs. In crores	Number of Units	Rs. In crores
I Investment in mutual funds				
Un-quoted investments in mutual funds at FVPL				
HDFC Liquid Fund - Direct - Growth	1,48,170	57.88	-	-
Edelweiss Liquid Fund - Direct - Growth	1,60,152	40.96	1,60,152	38.49
Mirae Asset Cash Management Fund - Direct Plan - Growth	1,85,766	38.91	1,62,256	31.98
ICICI Prudential Liquid - Direct Plan - Growth	11,66,657	34.27	-	-
LIC MF Liquid Fund - Direct - Growth	91,183	32.86	82,609	28.00
SBI Premier Liquid Fund - Direct - Growth	98,387	30.59	43,691	12.80
Nippon India Liquid Fund - Direct - Growth	57,421	27.85		
UTI Liquid Fund - Cash Plan -Direct- Growth	76,270	24.80	2,28,426	69.92
Templeton India Tma - Direct - Growth	76,651	22.87	76,651	21.45
Aditya Birla Sun Life Liquid Fund - Direct - Growth	2,85,867	9.14	-	-
HSBC Cash Fund Direct Growth	81,760	16.17	-	-
Aditya Birla Sun Life Overnight Fund - Direct - Growth	41,695	4.50	-	-
L&T Liquid Fund - Direct - Growth	-	-	2,51,986	64.57
Axis Liquid Fund -Direct - Growth	-	-	2,24,037	46.45
Invesco India Liquid Fund - Direct - Growth	-	-	73,784	18.98
JM Liquid Fund - Direct - Growth	-	-	32,61,795	16.70
Reliance Liquid Fund - Tp - Direct - Growth	-	-	20,192	9.21
Kotak Liquid Fund - Direct - Growth	-	-	14,462	5.47
Axis Liquid Fund - Direct - Growth	-	-	3,584	0.74
Reliance Liquid Fund - Direct - Growth	-	-	793	0.36
JM Liquid Fund - Direct - Growth	-	-	74,539	0.38
Total mutual fund		340.81		365.50
Less :				
Amount disclosed under Investments -SGF for Commodity segment (refer Note 28)		50.17		-
Total current investments		290.64		365.50
Aggregate amount of quoted investments and market value thereof		-		-
Aggregate amount of unquoted investments		340.81		365.50

8 Trade receivables

	Current	
	31.03.2020	31.03.2019
	(Rs. in Crores)	
Receivable from related parties (Refer to Note No. 29)		
Others	14.29	9.66
	14.29	9.66
Break up of security details		
Trade Receivables considered good - Secured		
Trade Receivables considered good - Unsecured	14.29	9.66
Trade Receivables which have significant increase in credit risk		
Trade Receivables - credit impaired		
Total	14.29	9.66

9 Cash and cash equivalents

	Current	
	31.03.2020	31.03.2019
	(Rs. in Crores)	
In current accounts #	183.94	322.26
Deposits held for the purpose of meeting short term cash commitments #	9,038.81	6,162.00
Cash on hand		
	9,222.75	6,484.26
Less :		
Amount disclosed under Core SGF Investments (note 10)	147.77	76.78
Total	9,074.98	6,407.49

Other bank balances & Cash and cash equivalents Includes Rs. 8702.82 crores (March 19: Rs. 6076.65 crores) pertaining to Settlement obligations and margin money from members

10 Core SGF investments

	31.03.2020	31.03.2019
	(Rs. in Crores)	
Fixed Deposits	2,794.73	2,543.53
Cash and cash equivalents	147.77	76.78
Accrued interest	172.33	143.94
Income Tax Assets	43.64	30.59
	3,158.47	2,794.84

11 (a) Share Capital

	31.03.2020	31.03.2019
	(Rs. in Crores)	
Authorised		
4,50,00,000 (Previous Year :4,50,00,000) Equity Shares of Rs 10 each.	45.00	45.00
Issued, Subscribed and Paid-up		
4,50,00,000 (Previous Year :4,50,00,000) Equity Shares of Rs. 10 each fully paid up.	45.00	45.00
(all the above shares are held by the holding company- National Stock Exchange of India Limited and its nominees)		
Total	45.00	45.00

Aggregate number of bonus shares issued during the period of five years immediately preceeding the reporting date

Particulars	Aggregate No. of Shares				
Equity Shares	2019-20	2018-19	2017-18	2016-17	2015-16
Fully paid up by way of Bonus Shares					

There is no movement either in the number of shares or in amount between previous year and current year.

The company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of shareholders holding more than 5% share in the company

	31.03.2020		31.03.2019	
	No.	% holding	No.	% holding
National Stock Exchange of India Limited and its nominees	4,50,00,000	100%	4,50,00,000	100%

Capital management

The Group considers the following components of its Balance Sheet to be managed capital:
Total equity (as shown in the balance sheet), – retained profit, other reserves, share capital

The Group manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group aims to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The Company is not subject to financial covenants in any of its significant financing agreements.

The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods. Refer note 11 B for the final and interim dividends declared and paid

Compliance with externally imposed capital requirements:

Compliance with externally imposed capital requirements:

Capital requirement of Company is regulated by Securities and Exchange Board of India (SEBI), As per Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, Clearing corporation shall have a minimum net worth of Rs 300 crores at all times.

Further, SEBI vide Regulation 14(3) of SECC Regulations 2018 adopted risk-based approach towards computation of capital and net worth requirement for Clearing Corporations(CC) to adequately cover counterparty credit risk, business risk, orderly Wind-down and operational & legal risk. As per Regulation 14(3) (c) of SECC Regulations 2018 every CC shall have a minimum net worth of Rs.100 crores or networth Computed as per the risk-based approach as may specified by SEBI from time to time, whichever is higher

Accordingly, SEBI vide circular Ref No: SEBI/HO/MRD/DRMP/CIR/P/2019/55 dated April 10, 2019 issued granular norms related to computation of risk based capital and net worth requirement for CCs effective from FY2019-20. The networth requirement for the Company calculated as per the above SEBI circular is Rs.1054.41 crores based on audited financial statements for year ended March 31, 2019. Minimum requirement of Net worth is maintained throughout the year ended March 31, 2020

11(b) Other Equity

Other Equity	Reserves and Surplus				(Rs.in Crores)
	Capital Reserve	General reserve	Foreign Currency Translation Reserve	Retained Earnings	Total
Balance at the 01.04.2018	10.00	494.71	(1.31)	54.47	557.87
Profit for the year				166.11	166.11
Other Comprehensive Income				(0.19)	(0.19)
Contribution to core SGF				(17.96)	(17.96)
Tax on contribution to Core SGF				6.16	6.16
Settlement Guarantee Fund (SGF)- Commodity derivatives		(250.00)			(250.00)
Share issue expenses				(0.01)	(0.01)
Changes in Foreign Currency Translation Reserve through Other Comprehensive Income			3.26		3.26
Transaction with owners in their capacity as owners					
Dividends paid				(36.00)	(36.00)
Dividend Distribution Tax				(7.40)	(7.40)
Balance at the 31.03.2019	10.00	244.71	1.95	165.18	421.84
Profit for the year.				206.88	206.88
Other Comprehensive Income				(0.79)	(0.79)
Contribution to core SGF				(0.50)	(0.50)
Share issue expenses				(0.00)	(0.00)
Changes in Foreign Currency Translation Reserve through Other Comprehensive Income			4.77		4.77
Transaction with owners in their capacity as owners					
Dividend paid				(81.00)	(81.00)
Dividend Distribution Tax				(16.65)	(16.65)
Balance at the 31.03.2020	10.00	244.71	6.72	273.11	534.55

The Board of directors, in their meeting on June 17, 2020, proposed a dividend of Rs.20 per equity share. The proposal is subject to the approval of shareholders at the Annual General Meeting. The total dividend proposed for the year ended March 31, 2020 amounted to Rs.90.crores.

During the year ended March 31, 2020, the amount of per share dividend recognized as distribution to equity shareholders was Rs.18/- per equity share. The dividend paid during the year ended March 31, 2020 amounted to Rs.81.00 crore excluding Dividend Distribution Tax of Rs.16.65 crores.

During the year ended March 31, 2019, the amount of per share dividend recognized as distribution to equity shareholders was Rs.8/- per equity share. The dividend paid during the year ended March 31, 2019 amounted to Rs.36.00 crore excluding Dividend Distribution Tax of Rs.7.40 crores.

		31.03.2020	31.03.2019		
		(Rs. in Crores)			
a) The major components of income tax expense statement of profit and loss					
<u>Statement of profit and loss</u>					
<u>Current Tax</u>					
Current tax on profit for the year		90.43	91.25		
Adjustment for current tax of prior periods		0.38	1.40		
Total current tax expense		90.81	92.65		
<u>Deferred tax expense (income)</u>					
Decrease (increase) in deferred tax assets		0.01	(2.33)		
(Decrease) increase in deferred tax liabilities		(6.20)	5.80		
Total deferred tax expense (benefit)		(6.19)	3.46		
Total for statement of profit and loss		84.61	96.11		
		31.03.2020	31.03.2019		
		(Rs. in Crores)			
<u>OCI section</u>					
Related to items recognised in OCI during in the year:					
Re-measurement of the defined benefit(liability) / asset		0.33	0.10		
Income tax charged to Other Comprehensive Income		0.33	0.10		
b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate					
		31.03.2020	31.03.2019		
		(Rs. in Crores)			
Profit before income tax expense		291.50	262.23		
Tax rate (%)		29.12%	34.94%		
Tax at the Indian Tax Rate		84.89	91.63		
Tax effect of amounts which are not deductible (taxable) in calculating taxable income					
(Profit) / Loss on sale of investments taxed at other than Statutory rate		(0.02)	3.51		
Contribution to NSE Foundation towards CSR		0.66	0.77		
Impact of tax rate reduction		(3.23)			
Short Provision for previous years		0.38	1.40		
MTM realized on sale of investments			(3.43)		
Profits/(Loss) of Subsidiaries taxed at different rate		1.87	2.22		
Others		0.07			
Tax on Perquisites [u/s 40(a)(v)]		0.01			
Income Tax Expense		84.61	96.11		
c) Deferred tax liabilities (net)					
The balance comprises temporary differences attributable to:					
Particulars		31.03.2020	31.03.2019		
		(Rs. in Crores)			
Deferred Income tax assets					
Financial Assets at Fair Value through profit and Loss					
Others		3.25	2.93		
Total deferred tax assets (a)		3.25	2.93		
Deferred income tax liabilities					
Property, plant and equipment and investment property		1.20	0.46		
Financial Assets at Fair Value through profit and Loss		4.94	11.88		
Others					
Total deferred tax liabilities (b)		6.14	12.34		
Net Deferred Tax Assets / (Liabilities) (a)-(b)		(2.89)	(9.41)		
d) Movement in Deferred Tax Assets					
Particulars	Property, plant and equipment	Financial Assets at Fair Value through profit and Loss	Financial Assets at Fair Value through OCI	Others (Gratuity, PBVP, LE)	(Rs. in Crores) Total
At 01 April 2018					
				0.50	0.50
Charged / (Credited)					
- to profit or loss				2.33	2.33
- to other comprehensive income				0.10	0.10
At 31st March 2019					
				2.93	2.93
Charged / (Credited)					
- to profit or loss				(0.00)	(0.00)
- to other comprehensive income				0.33	0.33
At 31st March 2020					
				3.25	3.25

e) Movement in Deferred Tax liabilities

Particulars	(Rs. in Crores)			
	Property, plant and equipment	Financial Assets at Fair Value through profit and Loss	Financial Assets at Fair Value through OCI	Others Total
At 01 April 2018	0.65	5.89		6.54
Charged / (Credited)				
- to profit or loss	(0.19)	5.99		5.80
- to other comprehensive income				
At 31st March 2019	0.46	11.88		12.34
Charged / (Credited)				
- to profit or loss	0.74	(6.94)		(6.20)
- to other comprehensive income				
At 31st March 2020	1.20	4.94		6.14

f) The company recognizes MAT credit available as an asset only to the extent there is reasonable certainty that the company will pay normal income tax during the specified period. Accordingly, MAT credit entitlement not recognized in books of accounts till March 31, 2020 is Rs.119.29 crore out of which MAT credit entitlement to be carried forward is Rs.74.23 crore. Further, if even the MAT credit will be recognised the same will be directly credited to reserves and not the statement to profit & loss account as the same is arising out of contribution to Core SGF.

13	Income tax liabilities (net) Income Tax (Net of Advances) Fringe Benefit Tax (Net of Advances)	31.03.2020	31.03.2019
		(Rs. in Crores)	
		45.66	65.51
		0.01	0.01
		45.67	65.52
14	Income tax assets (net) Income Tax paid including TDS (Net of Provisions) Fringe Benefit Tax (Net of Provisions)	31.03.2020	31.03.2019
		63.57	50.01
		0.02	0.02
		63.59	50.03
15	Deposits (Unsecured) Security Deposit from Clearing Members Security Deposit in lieu of Bank Guarantee/securities Deposits from applicants for membership Deposits from Clearing Banks Total	Current	
		31.03.2020	31.03.2019
		(Rs. in Crores)	
		335.28	321.73
		79.01	73.62
		2.23	2.23
		426.00	394.05
16	Other financial liabilities Trade payables Trade payables Trade payables to related parties (ref to Note No.29) Others Margins From Members Settlement Obligations payable Creditor for Capital Expenditure Other liabilities	Current	
		31.03.2020	31.03.2019
		(Rs. in Crores)	
		8.72	9.92
		4.83	13.36
		13.55	23.28
		6,356.02	2,586.83
		2,346.80	3,489.82
		0.11	0.23
		28.04	20.05
		8,730.97	6,096.93
		8,744.52	6,120.21
		Trade payables include outstanding amounts of Rs. NIL (Previous Year: Rs. NIL) (including interest of Rs. Nil, (Previous Year Rs. Nil) payable to Micro, Small & Medium Enterprises. Total outstanding dues to Micro, Small & Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Group.	
17	Other current liabilities Statutory payments Amount payable into Core SGF Advances from debtors	Current	
		31.03.2020	31.03.2019
		(Rs. in Crores)	
		10.81	9.84
		18.09	12.65
		1.65	0.85
		30.55	23.33

	Non-current		Current	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	(Rs. in Crores)		(Rs. in Crores)	
Provisions for Leave encashments			2.09	1.95
Provision for Gratuity	5.65	3.94	0.73	0.51
Provision for variable pay and other allowances	2.72	2.02	4.52	3.92
	8.37	5.95	7.34	6.38

19	Revenue from operations	(Rs. in Crores)	
		For the year ended 31.03.2020	For the year ended 31.03.2019
	Sale of Services		
	Clearing & Settlement Charges	180.53	141.89
	Other operating revenues		
	Connect to NSE Services	0.68	5.90
	Interest received	180.88	161.45
	SLB settlement Charges		0.95
	Processing Charges	3.69	8.67
	Income from Usage Charges	1.04	
	Total	366.82	318.86
20	Other income and other gains/(losses)		
	Other income		
	Interest Income		
	On Bank Deposits	47.38	37.22
	On Others	0.01	0.00
		47.39	37.22
	Miscellaneous Income	0.22	0.50
		47.61	37.72
	Other gains/(losses)		
	Net gain on financial assets mandatorily measured at Fair Value through Profit or Loss	10.06	21.24
	Net gain on sale of investments mandatorily measured at Fair Value through Profit or Loss	7.34	3.17
		17.40	24.41
	Total	65.01	62.13
21	Employee benefits expenses		
	Salaries, wages and bonus	22.44	19.01
	Salaries, wages and bonus of Deputed Staff (Refer Note 25)	9.82	7.90
	Contribution to provident and other fund	1.00	0.74
	Employees welfare expenses	2.03	1.81
	Total	35.29	29.47
22	Other expenses		
	Space & Infrastructure Usage Charges	4.49	9.25
	Common Usage Expenses	18.20	17.24
	Insurance Premium	0.14	0.14
	Printing, Stationery & Consumables	0.47	0.67
	Auditors' Remuneration (refer note below)	0.50	0.36
	Legal and Professional fees	8.20	3.07
	Repairs & Maintenance		
	- On Building	0.60	0.48
	- On Computer systems	23.73	22.64
	- Others		0.10
	IT Management & Consultancy Charges	0.45	1.51
	Software Expenses	11.76	9.72
	Directors' Sitting fees	0.35	0.32
	Electricity expenses	3.16	4.10
	Interest on Lease Liability	0.09	
	Rates and Taxes		0.01
	Contribution to NSE foundation towards CSR (Refer to Note 39)	4.53	4.41
	Other expenses	17.18	10.66
	Total	93.85	84.68
	Note :		
	Payment to auditor		
	As auditor :		
	Audit fees	0.16	0.14
	Tax audit fee	0.04	0.04
	Limited review	0.08	0.05
	In other capacity		
	Taxation matters	0.15	0.09
	Certification matters	0.04	0.03
	Out of pocket	0.01	0.01
	Other services	0.02	0.02
	Total	0.50	0.36

- 23 **Expenditure in foreign currency :**
 Travelling Expenses: NIL (Previous Year ended March 31,2020 :Rs.0.02 Crores)
 Others: Rs. 0.62 Crores (Previous Year ended March 31,2019 : Rs. 0.93 Crores)
 Capital payments : Rs.0.19 Crores (Previous Year ended March 31,2019 : Rs.38.81 Crores).
- 24 Payments to and provision for employees includes the amount reimbursed by the group to The National Stock Exchange of India Limited (NSEIL) in respect of employees made available to the Group. Accordingly, necessary provisions as required for all retirement benefits and other long term employee benefits as per Ind AS 19 - Employee Benefits as notified under Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended , was carried out by NSEIL in respect of employees made available to the Group.
- 25 Disclosure under Ind AS 119 on Employee Benefits notified under Rule 7 of the Companies (Accounts) Rules, 2015.
- i) Defined Benefit Plan :
- Provident Fund: Group has contributed Rs. 0.71 Crores (previous year : Rs.0.44 crores) towards Provident Fund during the year ended March 31, 2020 to Employee Provident Fund Organisation.
- Gratuity: The Group provides for gratuity for employees as per Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity, The amount of Gratuity is payable on retirement/termination of the employee's last drawn basic salary per month multiplied for the number of years of service.

A Balance Sheet

- (i) The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the period are as follows:

	(Rs. in Crores)	
	31.03.2020	31.03.2019
Liability at the beginning of the year	4.45	3.71
Interest cost	0.33	0.29
Current service Cost	0.32	0.27
Transfers	0.16	-
Benefits paid	-	-0.12
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	0.98	0.05
Actuarial (gains)/losses on obligations - due to experience	0.14	0.24
Liability at the end of the year	6.37	4.44

- (ii) The net liability disclosed above relates to funded plans are as follows:

	(Rs. in Crores)	
	31.03.2020	31.03.2019
Fair value of plan assets as at the end of the year	-	-
Liability as at the end of the year	(6.37)	(4.44)
Net (liability) / asset	(6.37)	(4.44)

- (iii) Balance sheet reconciliation

	(Rs. in Crores)	
	31.03.2020	31.03.2019
Opening net liability	4.44	3.71
Expenses recognized in Statement of Profit or Loss	0.65	0.56
Expenses recognized in OCI	1.12	0.29
Net (liability)/asset transfer in	0.16	-
Employers contribution	-	(0.12)
Amount recognised in the Balance Sheet	6.37	4.44

B Statement of Profit & Loss

- (i) Net interest cost for current period

	(Rs. in Crores)	
	31.03.2020	31.03.2019
Interest cost	0.33	0.29
Interest income	-	-
Net interest cost for current period	0.33	0.29

- (ii) Expenses recognised in the Statement of Profit & Loss

	(Rs. in Crores)	
	31.03.2020	31.03.2019
Current service cost	0.32	0.27
Net interest cost	0.33	0.29
Expenses recognised in the Statement of Profit & Loss	0.65	0.56

- (iii) Expenses recognised in the Other Comprehensive Income

	(Rs. in Crores)	
	31.03.2020	31.03.2019
Re-measurement		
Expected return on plan assets	-	-
Actuarial (gain) or loss	1.12	0.29
Net (income)/expense for the period recognized in OCI	1.12	0.29

C Sensitivity Analysis		(Rs. in Crores)	
	31.03.2020	31.03.2019	
Projected Benefit Obligation on Current Assumptions	6.37	4.44	
Delta Effect of +1% Change in Rate of Discounting	(0.38)	(0.24)	
Delta Effect of -1% Change in Rate of Discounting	0.42	0.27	
Delta Effect of +1% Change in Rate of Salary Increase	0.41	0.26	
Delta Effect of -1% Change in Rate of Salary Increase	0.37	(0.24)	
Delta Effect of +1% Change in Rate of Employee Turnover	(0.08)	(0.01)	
Delta Effect of +1% Change in Rate of Employee Turnover	0.09	0.01	

D Significant actuarial assumptions are as follows:		
	31.03.2020	31.03.2019
Discount rate	6.59%	7.48%
Rate of return on plan assets	N.A.	N.A.
Salary escalation	10.00%	8.00%
Attrition rate	12.00%	12.00%

E Maturity Analysis of Projected Benefit Obligation: From the Employer		
Projected Benefits Payable in Future Years From the Date of Reporting	31.03.2020	31.03.2019
1st Following Year	0.73	0.50
2nd Following Year	0.59	0.57
3rd Following Year	0.58	0.47
4th Following Year	0.57	0.45
5th Following Year	0.50	0.43
Sum of Years 6 To 10	2.74	2.04

26 (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 contribution 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.

Details of Core SGF a on March 31, 2020 are as follows

(Rs. in Crores)

Details of MRC of Core SGF	CM	FO	CD	Debt	TRI Party	Commodity	Total
NCL own contribution	77.96	593.00	47.00	3.00	8.50	5.00	734.46
Interest Adjusted towards NCL's Contribution	29.04	31.00	9.00	-	-	-	69.04
Contribution by NSE on behalf of Member	42.93	296.00	23.00	-	-	2.50	364.43
Interest Adjusted towards member's Contribution	10.07	16.00	5.00	-	-	-	31.07
Contribution by NSE	40.65	297.00	24.00	1.00	8.50	2.50	373.65
Interest Adjusted towards NSE's Contribution	13.35	15.00	4.00	-	-	-	32.35
Total	214.00	1,248.00	112.00	4.00	17.00	10.00	1,605.00
Previous Year	198.00	1,248.00	110.00	4.00	17.00	10.00	1,587.00

II Details of Core SGF as on March 31, 2019 are as follows

Contribution to Corpus of Core SGF	CM	FO	CD	Debt	TRI Party	Commodity	Other	Total
a NCL own contribution	99.00	624.00	55.00	3.00	8.50	5.00	-	794.50
b Contribution by NSE on behalf of Member	49.00	312.00	27.00	-	-	2.50	-	390.50
c Contribution by NSE	50.00	312.00	28.00	1.00	8.50	2.50	327.51	729.51
1 Total (a+b+c+d)	198.00	1,248.00	110.00	4.00	17.00	10.00	327.51	1,914.51
2 Penalty*	53.37	406.41	25.93	-	-	-	-	485.71
3 Income on Investments*	22.74	279.19	18.27	0.80	0.99	0.14	64.56	386.70
Grand Total (1+2+3)	274.11	1,933.60	154.20	4.80	17.99	10.14	392.07	2,786.92

III Contribution made during the year 2019-20

Contribution during the year	CM	FO	CD	Debt	TRI Party	Commodity	Other #	Total
NCL own contribution	-	-	-	-	-	-	-	-
Direct Contribution	8.00	-	1.00	-	-	-	-	9.00
Adjusted from Interest Income **	8.00	-	1.00	-	-	-	-	9.00
Total	16.00	-	2.00	-	-	-	-	18.00
Contribution by NSE on behalf of Member	-	-	-	-	-	-	-	-
Direct Contribution	-	-	-	-	-	-	-	-
Contribution adjusted from NSE Other Contribution #	-	-	-	-	-	-	-	-
Adjusted from Interest Income **	4.00	-	1.00	-	-	-	-	5.00
Total	4.00	-	1.00	-	-	-	-	5.00
Contribution by NSE	-	-	-	-	-	-	-	-
Direct Contribution	-	-	-	-	-	-	-	-
Adjusted against NSE's Own and member's contribution	-	-	-	-	-	-	-	-
Contribution adjusted from NSE Other Contribution #	-	-	-	-	-	-	-	-
Adjusted from Interest Income **	4.00	-	-	-	-	-	-	4.00
Total	4.00	-	-	-	-	-	-	4.00

Income during the period (Net Off adjustment towards MRC) **

Penalty	11.57	144.54	4.96	-	-	0.03	-	161.10	183.03
Income on Investments	20.05	141.05	10.99	0.07	1.28	0.71	26.96	201.11	172.10
Less : Income adjusted against MRC**	16.00	-	2.00	-	-	-	-	18.00	52.46
Income on Investments (Net Off adjustment towards MRC)	4.05	141.05	8.99	0.07	1.28	0.71	26.96	183.11	119.64

IV Details of Core SGF a on March 31, 2020 are as follows :

Out of the above the details of the Cash contributions and investment of the same are as follows

(Rs. in Crores)									
Contribution to Corpus of Core SGF									
	CM	FO	CD	Debt	TR/ Party	Commodity	Other #	Total	
a NCL own contribution	107.00	624.00	56.00	3.00	8.50	5.00		803.50	
b Contribution by NSE on behalf of Member	53.00	312.00	28.00			2.50		395.50	
c Contribution by NSE	54.00	312.00	28.00	1.00	8.50	2.50	327.51	733.51	
Total (a+b+c+d)	214.00	1,248.00	112.00	4.00	17.00	10.00	327.51	1,932.51	
d Penalty*	64.94	550.95	30.89			0.03	-	646.81	
e Income on Investments (After allocation towards MRC)*	26.79	420.24	27.26	0.87	2.27	0.85	91.52	569.81	
Grand Total (1+2+3)	305.73	2,219.19	170.15	4.87	19.27	10.88	419.03	3,149.13	

Details of Investment									
Mutual Funds									
	CM	FO	CD	Debt	TR/ Party	Commodity	Other	Total	
2 Fixed Deposit with Banks	255.39	2,008.15	128.89	0.90	17.00	10.70	364.63	2,785.66	
3 Flexi Fixed Deposits	24.56	70.19	26.99	1.16		-	16.94	139.84	
4 Balance in Bank Accounts	2.25	0.98	1.96	2.73		-	-	7.92	
5 Accrued Interest	18.84	110.66	9.80	0.04	2.05	0.08	30.59	172.07	
6 Prepaid taxes	4.69	29.21	2.51	0.04	0.22	0.10	6.87	43.64	
Grand Total (1+2+3+4+5+6)	305.73	2,219.19	170.15	4.87	19.27	10.88	419.02	3,149.13	
Previous year	274.11	1,933.60	154.20	4.80	17.99	10.14	392.07	2,786.92	

As on March 31, 2020 an amount of Rs.12.64 is receivable from BSE Ltd and amount of Rs.0.10 crores receivable from Metropolitan Stock exchange of India Ltd towards contribution to Core SGF pursuant to Interoperability. On receipt the same will be allocated to NSE.

* Net of applicable corporate tax Rs. 9.38 Crores , if any, on cash basis.

Other contribution is balance amount of transfer from NSE ,pertain to 25% of NSE's Annual profits as contribution to Core SGF . SEBI vide circular CIR/CFD/FAC/62/2016 dated May 05, 2016 advised Stock Exchange to transfer 25% of its annual profits upto August 2015 to Core SGF and utilise the same for contribution required by Members and NSE.

** SEBI vide its letter reference no. SEBI/HO/MRD/ORMNP/OWP/2018/4559/1 dated February 12, 2018 has clarified that "Clearing Corporations may adjust incremental requirement of Minimum Required Corpus (MRC) against the interest accrual on the cash contribution of respective contributors before taking additional contribution from them.

(b) SEBI vide circular no. SEBI/HO/MRD/DSA/CIR / P/2016/125 dated November 28, 2016 has issued norms for set up of fund and minimum corpus of fund to guarantee the settlement of trades executed in the stock exchanges in IFSC.

(Rs. in Crores)

	As at 31.03.2020	As at 31.03.2019
Company's Own contribution *	9.05	8.56
Penalty collected from members	0.02	0.02
Accrued interest on CSGF FD	0.27	0.20
	9.34	8.78

*Company's own contribution includes contributions of Rs. 0.50 crores made during current year (Rs. 0.50 crores made during previous year 2018-19) and balance increase is on account of currency fluctuation.

- 27 During the previous year, the Company has received approval from SEBI to start clearing & settlement activities in Commodity Derivatives. As required by SEBI minimum amount of Rs.250 crores has been earmarked towards a separate fund for the purpose of augmenting 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. The operations in Commodity Derivatives commenced w.e.f. October 12, 2018.
- 28 Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Group. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of the Group. The Group operates only in one Business Segment i.e. facilitating Clearing & Settlement in securities and the Major Customer Revenue from one major customer (related party) is Rs.170.23 crores (previous year Rs 139.67 crores) which is more than 10% of the total revenue of the Company.
- 29 In compliance with Indian Accounting Standard (Ind AS)-24 - "Related Party Disclosures" notified under section 133 of the Act read with Companies (Accounting Standards) Rules 2015, the required disclosures are given in the table below:

(a) Names of the related parties and related party relationship

Sr. No.	Related Party	Nature of Relationship
1	National Stock Exchange of India Limited	Holding Company
2	NSE IFSC Clearing Corporation Ltd	Wholly owned Subsidiary
3	NSE Investments Limited (formerly NSE Strategic Investment Corporation)	Fellow Subsidiary
4	NSE Foundation	Fellow Subsidiary
5	NSEIT Limited	Fellow Subsidiary's Subsidiary
6	NSE Data & Analytics Ltd (formerly DotEx International Limited)	Fellow Subsidiary's Subsidiary
7	Nse Indices Limited (formerly India Index Services & Products Limited)	Fellow Subsidiary's Subsidiary
8	NSE Infotech Services Limited	Fellow Subsidiary's Subsidiary
9	NSE.IT (US) Inc.	Fellow Subsidiary's Subsidiary's Subsidiary
10	Aujas Networks Private Limited.	Fellow Subsidiary's Subsidiary's Subsidiary
11	NSE Academy LTD	Fellow Subsidiary
12	NSEIFSC Limited	Fellow Subsidiary
13	National Securities Depository Limited	Holding Company's Associate
14	BFSI Sector Skill Council of India	Holding Company's Associate
15	Power Exchange India Limited	Associate of Fellow Subsidiary
16	NSDL e-Governance Infrastructure Limited (formerly known as National Securities Depository Limited)	Associate of Fellow Subsidiary
17	Market Simplified India Limited (formerly known as INXS Technologies Limited)	Associate of Fellow Subsidiary
18	Computer Age Management Services Private Limited (Upto 04.02.2020)	Associate of Fellow Subsidiary
19	Receivables Exchange Of India Limited	Associate of Fellow Subsidiary
20	Ms.Bhagyam Ramani(Director)	Key Managerial Personnel
21	Mr. C VR Rajendran(Director)	Key Managerial Personnel
22	Mr. Harun R Khan (Director)	Key Managerial Personnel
23	Mr. Salim Gangadharan(Director)	Key Managerial Personnel
24	Mr.N K Maini (Director)	Key Managerial Personnel
25	Mr.J Ravichandran(Director)	Key Managerial Personnel
26	Prof. Samir K Barua	Key Managerial Personnel
27	Mr. Vikram kothari (Managing Director)	Key Managerial Personnel
28	Mr. Mukesh Agarwal	Key Managerial Personnel
29	Mr. Natarajan Ramasamy	Key Managerial Personnel

(b) Details of transaction (including service tax wherever levied) with parties are as follows :

Name of the Related Party	Nature of Transactions	(Rs. in Crores)	
		Year ended 31.03.2020	Year ended 31.03.2019
National Stock Exchange of India Ltd.	• Clearing and Settlement charges received	200.87	164.81
	• Usage charges Received	1.66	
	• Usage charges paid	21.70	20.01
	• Contribution received towards Core SGF		
	• Reimbursement paid for expenses on staff on deputation	12.01	9.83
	• Salary Liability transferred		
	• Reimbursement paid for other expenses incurred	39.67	37.21
	• Reimbursement received for services Rendered	0.38	0.91
	• Space & Infrastructure usage Charges paid	5.29	10.74
	• Dividend paid	81.00	36.00
	• Outstanding balance – (Credit)	0.19	(7.59)

NSEIT Ltd.	• Repairs & Maintenance – Clearing & Computer systems	14.59	5.23
	• Outstanding balance – (Credit)	(3.33)	(0.90)
NSE Infotech Services Limited	• Repairs & Maintenance – Clearing & Computer systems		2.08
	• Outstanding balance – (Credit)		(0.26)
NSDL Database Management Limited	• Payment for services	0.02	0.00
	• Outstanding balance included in Trade Payables.		-
[NSE Foundation	• Contribution towards CSR	4.53	4.41
NSE IFSC Limited	• Reimbursement paid for other expenses incurred	0.13	0.16
	• SEBI turnover fees payable (closing balance)	0.00	0.29
	• Outstanding balance included	0.18	0.49
National Securities Depository Limited	• Depository operation fees	0.28	0.27
	• Outstanding balance – (Credit)	-	-
Computer Age Management Services Private Limited (Upto 04.02.2020)	• Cash management charges	-	0.17
	• Outstanding balance – (Credit)	(0.09)	-
Key Management Personnel (Mr. T Venkata Rao - Managing Director (Upto 06.11.2017)	Short term employee Benefits* \$	0.24	0.33
	Long term employee Benefits*	-	0.17
Key Management Personnel (Mr. Vikram Kothari- Managing Director (From 07.11.2017)	Short term employee Benefits *	1.42	1.18
	Post - employment Benefits **	0.05	0.04
	Long term employee Benefits	0.21	0.07
Directors	Sitting fees/Committee sitting		
	Mr. Harun R Khan	0.30	0.38
	Mr. Salim Gangadharan	0.30	0.27
	Mr.N K Maini	0.26	0.30
	Mr. C VR Rajendran	0.31	0.21
	Ms.Bhagyam Ramani	0.29	0.27
	Prof. Samir K Barua	0.02	0.02

* Includes amount paid towards Leave encashment, Medical allowance & Leave Travel allowance and 50% of the variable pay payable after 3 years subject to certain conditions.

Includes amount paid towards Gratuity.

\$ pertaining to earlier years

** As the liabilities for define benefits plan are provided on actuarial basis for the Company as a whole, the amount pertaining to key managerial person are not included.

No commitments made during the years to associate concerns and vice versa

- 30 **Capital and other commitments :**
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs.5.36 crores (Previous Year :Rs. 0.57 crores) and other Commitments Rs.5.15 crores (Previous Year :Rs.3.03 Crores)

- 31 In accordance with Indian Accounting Standard (Ind AS) 33 - "Earning per Share" issued by the Institute of Chartered Accountants of India, the required disclosure is given below.

Basic and diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year, by weighted average number of equity shares outstanding during the year.

	Year ended 31.03.2020	Year ended 31.03.2019
Net Profit attributable to Shareholders (Rs. In Crores)*	206.88	166.11
Weighted Average number of equity shares issued No. (in Crores)	4.50	4.50
Earnings per share of Rs. 10/- each (in Rs.) (Basic and diluted)	45.97	35.30

The Group does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earning per share of the Group remain the same.

There are no instruments (including contingently issuable shares) issued that could potentially dilute basic earnings per share in the future.

- 32 **Contingent liabilities and Commitments :**
- (i) Claims against company not acknowledged as debts: Rs. 6.34 Crores (Previous Year : Rs. 6.59 Crores)
 - (ii) A suit filed against the Company for damages / compensation amounting to Rs.NIL (Previous Year : Rs. Nil)
 - (iii) On account of disputed demand of Income tax Rs.67.10 Crores (Previous Year : Rs.45.16 Crores).
On account of disputed demand of Service tax Rs.74.20 Crores plus interest as applicable the Company is in the process of filing appeal before CESTAT. (Previous Year :Rs.74.20 crores plus interest and penalty, as applicable)
 - (iv) Bank Guarantee Rs.500 Crores (Previous year Rs.NIL). (Also refer to Note no. 41)
Accordingly based on the legal opinion received by the Group, Group is of the view that the above matters are not likely to have any impact on financial position of the Group.

- 33 The Group's pending litigations comprise of claims against the Group and proceedings pending with Statutory and Tax Authorities. The Group has reviewed all its pending litigations and proceedings and has made adequate provisions, whenever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a material impact on its financial position. (Refer note no .32)
- 34 In accordance with the relevant provisions of the Companies Act, 2013, the Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses as of March 31, 20 and March 31, 2019.
- 35 For the year ended March 31, 2020 and March 31, 2019, the Group is not required to transfer any amount into the Investor Education & Protection Fund as required under relevant provisions of the Companies Act, 2013.
- 36 The Coronavirus (COVID-19) outbreak is an unprecedented global situation. World Health Organization (WHO) has declared the COVID-19 virus a 'pandemic'. The Government of India and various state governments had put in place several measures including instituting a complete lockdown w.e.f March 25, 2020 to combat the spread and transmission of the virus. Effective June 8, 2020 the said lockdown is being partially lifted in a phased manner.
During the lockdown, though all services across the nation were suspended, some essential services establishments including securities market participants could operate and were exempted from the lock-down. Accordingly, the Group continued to function without any disruption during the lockdown period.
The Group has evaluated the potential impact of COVID-19 on the operations of the Group. Based on the current assessment, the Group is of the view that the impact of COVID-19 on the operations of the Group and the resultant financial performance as well as the carrying value of its assets and liabilities is not likely to be significant.
The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. Accordingly, going forward, the Group will continue to evaluate any significant changes to its operations and its resultant impact on the financial performance.

37 A Fair value measurement

(i) Fair Value Hierarchy:

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value and are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three level prescribed under the accounting standard. An explanation of each level follows underneath the table.

					Rs in crores
Financial Assets and Liabilities measured at Fair Value - recurring fair Value measurements At March 31, 2020	Notes	Level 1	Level 2	Level 3	Total March 31, 2020
Financial Assets					
Financial Investments at FVPL					
Mutual Fund - Growth Plan	7	340.81			340.81
Total Financial Assets		340.81			340.81
Assets and Liabilities which are measured at Amortised Cost for which recurring fair Value measurements At March 31, 2020	Notes	Level 1	Level 2	Level 3	Total March 31, 2020
Financial Assets					
Investments					
Fixed Deposit	4		3,807.76		3,807.76
Total Financial Assets			3,807.76		3,807.76
Financial Assets and Liabilities measured at Fair Value - recurring fair Value measurements At March 31, 2019	Notes	Level 1	Level 2	Level 3	Total March 31, 2019
Financial Assets					
Financial Investments at FVPL					
Mutual Fund - Growth Plan	7	365.50			365.50
Total Financial Assets		365.50			365.50
Assets and Liabilities which are measured at Amortised Cost for which recurring fair Value measurements At March 31, 2019	Notes	Level 1	Level 2	Level 3	Total March 31, 2019
Financial Assets					
Investments					
Fixed Deposit	4		3,473.71		3,473.71
Total Financial Assets			3,473.71		3,473.71

The fair value of financial instruments as referred to in note above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements). The categories used are as follows:

- Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, exchange traded funds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, debentures, government securities and commercial papers) is determined using FIMMDA valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

There are no transfers between levels 1 and 2 during the period. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy level as at the end of reporting period.

ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- 1) The use of quoted market prices or dealer quotes for similar instruments in case of quoted equity shares, exchange traded funds and mutual funds.
- 2) The fair value of the unlisted equity instruments is determined using the price / book multiple (P/B) multiple approach.
- 3) All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, where the fair values have been determined as per 2 above.

(iii) Fair value measurements using significant unobservable inputs (level 3)

No item falling in level 3 during the restated period

(iv) Valuation processes

The finance department of the Group includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO).

Financial Instruments by category		Rs. In crores	
		31-Mar-20	31-Mar-20
		FVPL	FVPL
		Amortised Cost	Amortised Cost
Financial Assets			
Investments			
Fixed Deposits			
Mutual Funds		340.81	365.50
Trade receivables		14.29	9.66
Cash and Cash equivalents		9,074.98	6,407.49
Other financial assets		69.57	65.24
Total financial assets		340.81	365.50
		12,966.60	9,956.11

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Assessment & Review Committee (RARC), which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The RARC is supported by Treasury department among others, that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Treasury department activities are designed to:

- protect the Company's financial results and position from financial risks
- maintain market risks within acceptable parameters, while optimising returns; and
- protect the Company's financial investments, while maximising returns.

The Treasury department is responsible to maximise the return on companies internally generated funds.

A MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintains a conservative funding and investment strategy, with a positive cash balance throughout the year ended 31st March, 2019 and 31st March, 2018. This was the result of cash generated from operating activities and investing activities to provide the funds to service the financial liabilities on a day-to-day basis.

The Company's treasury department regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated by the operating entities, over and above the amount required for working capital management and other operational requirements, is retained as cash equivalents (to the extent required), other highly liquid investments and excess is invested in interest bearing term deposits and other highly marketable debt investments including the government securities with appropriate maturities to optimise the returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.

	Carrying amount	Payable on demand	Less than 3 months	3-6 months	6-12 months	More than 12 months	Total
As at March 31, 2020							
Trade payables	13.55		13.55				13.55
Deposits	842.52	842.52					842.52
Creditor for Capital Expenditure	0.11		0.11				0.11
Margins From Members	6,356.02	6,356.02					6,356.02
Settlement Obligations payable	2,346.80	2,346.80					2,346.80
Other liabilities	28.04		28.04				28.04
As at March 31, 2019							
Trade payables	23.28		23.28				23.28
Deposits	791.63	791.63					791.63
Creditor for Capital Expenditure	0.23		0.23				0.23
Margins From Members	2,586.83	2,586.83					2,586.83
Settlement Obligations payable	3,489.82	3,489.82					3,489.82
Other liabilities	20.05		20.05				20.05

8 MANAGEMENT OF MARKET RISK

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
1. PRICE RISK The Company is mainly exposed to the price risk due to its investment in mutual funds and exchange traded funds. The price risk arises due to uncertainties about the future market values of these investments. At 31st March, 2020, the exposure to price risk due to investment in mutual funds amounted to Rs. 340.81 crores (March 31, 2019: Rs. 365.50 crores).	In order to manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio in accordance with the limits set by the risk management policies. The Treasury department maintains a list of approved financial instruments. The use of any new investment must be approved by the Chief Financial Officer.	As an estimation of the approximate impact of price risk, with respect to mutual funds and exchange traded funds, the Company has calculated the impact as follows. For mutual funds, a 0.25% increase in prices would have led to approximately an additional Rs. 0.85 crores gain in the Statement of Profit and Loss (2018-19: Rs. 0.91 crores gain). A 0.25% decrease in prices would have led to an equal but opposite effect.

C MANAGEMENT OF CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligations.

Trade and other receivables

Concentrations of credit risk with respect to trade receivables are limited, due to the Group's customer base being large and diverse and also on account of member's deposits kept by the Group as collateral which can be utilised in case of member default. Further, amount lying in Core settlement Guarantee fund (CSGF) is available for utilisation in case of settlement default by member. All trade receivables are reviewed and assessed for default on a quarterly basis.

Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low.

Revenue from top customer is account for 94% (Previous Year 98%)

Other financial assets

The Group maintains exposure in cash and cash equivalents, term deposits with banks, investments in commercial papers, government securities, investments in mutual funds and exchange traded funds. The Company has diversified portfolio of investment with various number of counter-parties which have secure credit ratings hence the risk is reduced. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Company's Treasury department.

The Group's maximum exposure to credit risk as at March 31, 2020 and March 31, 2019 is the carrying value of each class of financial assets as disclosed in note no. 4, 5, 7, 9 and 10.

- 39 a) As per Section 135 of the Act, every Company having net worth of Rs. 500 crores or more or a Turnover of Rs. 1000 crores or more or a Net Profit of Rs. 5 crores or more during any financial year is required to spend at least 2% of its Average Net Profit made during the immediately 3 preceding financial years on the Corporate Social Responsibility (CSR) activities. Gross amount required to be spent by the Company is Rs. 4.53 Crores (Previous Year Rs.4.41 Crores) .the details of spending is as given below:

b) Amount spent / contribution to NSE Foundation towards CSR during the year on:

Rs. In crores					
	Particulars		In Cash	Yet to be paid in Cash	Total
i	Construction / acquisition of any asset	Current Year			
		Previous Year			
ii	On purposes other than (i) above (through Contribution to NSE Foundation)	Current Year	4.53		4.53
	On purposes other than (i) above (through Contribution to NSE Foundation)	Previous Year *	4.41		4.41

NSE Group incorporated NSE Foundation to undertake CSR activities for the Group. Accordingly, the Company has contributed an amount of Rs. 4.53 crores (previous year Rs.4.41 Crores) to NSE Foundation to be spent on CSR activities as stated in the Group CSR policy which has been adopted by the Company as Company's CSR policy.

40 Lease - Operating Lease

- a) Effective April 1, 2019, the Group has adopted Ind AS 116 "Leases" and applied to all lease contracts existing on April 1, 2019 using the simplified approach. Accordingly, comparative information for the previous years have not been retrospectively adjusted.

(i) Amount recognised in balance sheet

Rs. In crores

Particulars	Year ended 31.03.2020
Right-Of-Use Assets	
Building	1.05
Total	1.05

Particulars	Year ended 31.03.2020
Lease liability	
Non Current	1.11
Current	0.01
Total	1.12

(ii) Amount recognised in Statement of Profit and Loss

Particulars	Year ended 31.03.2020
Depreciation Charge of Right-Of-Use Assets	
Building	0.08
Total	0.08

Particulars	Year ended 31.03.2020
Interest Expenses (Included in Finance Cost)	0.09
Total	0.09

- b) The Group has taken certain premises on operating lease

Rs. In crores

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
- Paid during the Year	0.10	0.15
- Not Later than one year	0.11	0.10
- Later than one year and not later than five years	0.50	0.61
- Later than five years	1.37	1.37
Total Lease Payment	1.97	2.08

- 41 During the year the Company commenced Clearing & Settlement activities for Capital market segment, Equity Derivatives and Currency Derivatives segment under interoperability framework as prescribed by SEBI. Further, the Company has given bank guarantee of Rs.500 crores in favour of ICCL towards Inter CCP collateral under interoperability framework.

- 42 Comparative financial information pertaining to the year ended March 31, 2019 are unaudited and have been compiled by the management

- 43 Previous year figures have been regrouped / reclassified wherever necessary.

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No : 105049W

NARENDRA JAIN
Partner
Membership No.: 048725

Place : Mumbai
Date : June 17, 2020

For and on behalf of the Board of Directors

HARUN R KHAN
Chairman
[DIN : 07456806]

AMIT AMLANI
Chief Financial Officer

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

CHIRAG NAGDA
Company Secretary

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NSE Clearing Limited (formerly known as National Securities Clearing Corporation Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **NSE Clearing Limited** (formerly known as National Securities Clearing Corporation Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2020, 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 ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone 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 (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
<p>Legal matters and uncertain tax positions</p> <p>As of March 31, 2020, the Company has various ongoing litigations on legal matters and proceedings with tax authorities involving uncertain direct and indirect tax positions.</p> <p>Refer note 33 and 34 to the standalone financial statements.</p> <p><u>Uncertain direct and indirect tax positions</u></p> <p>There are various direct and indirect tax cases against the Company, including disallowance of certain expenses under income tax, applicability of service tax on certain services etc.</p> <p>This is a key audit matter, as evaluation of these matters requires management judgement and estimation, interpretation of laws and regulations and application of relevant judicial precedents to determine the probability of outflow of economic resources, if any, provisions and related disclosures to be made in the standalone financial statements.</p>	<p>Our audit procedures related to legal matters and uncertain tax positions included–</p> <ul style="list-style-type: none"> • Evaluating the design and operating effectiveness of controls over the recognition, measurement, presentation and disclosures made in the standalone financial statements in respect of these matters; • Obtaining details of litigations on legal matters and uncertain direct and indirect tax positions. • Reviewing orders and management responses thereto. • Inspecting the supporting documents to evaluate management's assessment of probability of outcome of ongoing proceedings, the magnitude of potential loss, if any, and testing related provisions and disclosures made in the standalone financial statements; • Reviewing expert's legal advice/opinion obtained by the Company's management for evaluating certain legal and tax matters; and • Evaluating competence and capabilities of the experts. <p>Based on the above procedure, we noted that the Company has reviewed the above pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its standalone financial statements.</p>

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our 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 Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management 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 management 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 Responsibility for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone 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 Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure 'A'**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, based on our audit 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, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure 'B'**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - (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, as amended 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 pending litigations as at March 31, 2020 on its financial position in its standalone financial statements – Refer Note 34 to the standalone financial statements.

- (ii) The Company did not have any long term contracts including derivatives contracts for which there were any material foreseeable losses - Refer Note 35 to the standalone financial statements.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020 - Refer Note 36 to the standalone financial statements.

For Khandelwal Jain & Co.
Chartered Accountants
Firm's Registration No. 105049W

(Narendra Jain)
Partner
Membership No. 048725
UDIN: 20048725AAAABU7414

Place: Mumbai
Date: June 17, 2020

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Annexure A to the Independent Auditor's Report of even date on the standalone financial statement of NSE Clearing limited

The Annexure referred to in the Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2020. We report that:

- i) a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The Company has physically verified the fixed assets in accordance with a program of verification which in our opinion provides for physical verification of all fixed assets at reasonable intervals. We have been informed that no material discrepancies were noticed on such verification.
 - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable property in its name.
- ii) The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of clause 3(ii) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- iii) 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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi) The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii) (a) According to the information and explanations given to us and on the basis of records examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other statutory dues, wherever applicable. According to the records of the Company, there were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the dues of Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Custom, Duty of Excise and Value Added Tax which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

Sr.No.	Name of Statute	Nature of the Dues	Period to which the amount relates (Financial Year)	Amount (in crores)	Forum where the dispute is pending
1	Income Tax Act, 1961	Income Tax and Interest thereon	1996-1997	0.06	Joint Commissioner of Income Tax
2	Income Tax Act, 1961	Income Tax and Interest thereon	2011-2012	0.44	Commissioner of Income Tax (Appeals)
3	Income Tax Act, 1961	Income Tax and Interest thereon	2014-15	46.55	Commissioner of Income Tax (Appeals)
4	Income Tax Act, 1961	Income Tax and Interest thereon	2016-17	8.62	Commissioner of Income Tax (Appeals)
5	Chapter V of Finance Act, 1944	Service Tax (including penalty)	July 2012 to June 2017	71.42*	'Customs, Excise and Service Tax Appellate Tribunal' (CESTAT)

* Plus applicable interest

- viii) The Company has not taken any loan from banks, financial institutions or government and the Company has not issued any debentures. Therefore, the provisions of clause 3(viii) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- ix) The Company has not taken any term loans and has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause 3(ix) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and section 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause 3(xiv) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore, the provisions of clause 3(xv) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- 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 Khandelwal Jain & Co.
Chartered Accountants
Firm's Registration No. 105049W

(Narendra Jain)
Partner
Membership No. 048725
UDIN: 20048725AAAABU7414

Place: Mumbai
Date: June 17, 2020

6-B&C, Pil Court, 6th Floor,
111, M. Karve Road, Churchgate,
Mumbai - 400 020.
Tel.: (+91-22) 4311 5000
Fax : 4311 5050

12-B, Baldota Bhavan, 5th Floor,
117, M. Karve Road, Churchgate,
Mumbai - 400 020.
Tel.: (+91-22) 4311 6000
Fax : 4311 6060

Annexure B to the Independent Auditor's Report of Even Date On the Standalone Financial Statements of NSE Clearing Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of **NSE Clearing Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone 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 (ICAI). 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 deemed to be prescribed under section 143(10) of the Act 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 ICAI. 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 adequate internal financial controls over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 over financial reporting 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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.

For Khandelwal Jain & Co.

Chartered Accountants
Firm's Registration No. 105049W

(Narendra Jain)

Partner

Membership No. 048725

UDIN: 20048725AAAABU7414

Place: Mumbai

Date: June 17, 2020

NSE CLEARING LIMITED
(Formerly known as NATIONAL SECURITIES CLEARING CORPORATION LIMITED)

STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Notes	For the year ended 31.03.2020	Rs.in Crores For the year ended 31.03.2019
		(Audited)	(Audited)
Income			
Revenue from operations	20	366.83	318.86
Other income	21	63.91	62.00
Total Income		430.74	380.86
Expenses			
Employee benefits expense	22	33.80	27.68
Depreciation and amortisation expense	2 & 3	9.77	4.17
Other expenses	23	89.27	80.38
Total Expenses		132.84	112.23
Profit before tax		297.90	268.63
Less : Tax expenses			
Current tax	13	90.43	91.25
Tax for earlier year		0.38	1.40
Deferred tax	13	(6.19)	3.47
Total tax expenses		84.62	96.11
Profit for the year (A)		213.28	172.52
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		(1.12)	(0.29)
Income tax relating to items that will not be reclassified to profit or loss			
Tax Remeasurements of post-employment benefit obligations		0.33	0.10
Total Other Comprehensive Income for the year (B)		(0.79)	(0.19)
Total Comprehensive Income for the year (A+B)		212.49	172.32
Earnings per Equity Share (FV Rs. 10 each) (before contributions to Core SGF)			
Basic and Diluted (Rs.)	31	47.39	38.34

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

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

For Khandelwal Jain & Co.

Chartered Accountants

Firm Registration No : 105049W

For and on behalf of the Board of Directors

HARUN R KHAN
Chairman
[DIN :07456806]

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

NARENDRA JAIN

Partner

Membership No.: 048725

Place : Mumbai

Date : June 17, 2020

AMIT AMLANI
Chief Financial Officer

CHIRAG NAGDA
Company Secretary

NSE CLEARING LIMITED
(Formerly known as NATIONAL SECURITIES CLEARING CORPORATION LIMITED)

STANDALONE BALANCE SHEET AS AT MARCH 31, 2020

		(Rs.in Crores)	
Particulars	Note No.	As at 31.03.2020 (Audited)	As at 31.03.2019 (Audited)
ASSETS			
Non-current Assets			
a Property, Plant and Equipments	2	16.56	3.16
b Capital work-in-progress	2		3.11
c Other Intangible Assets	3	13.64	7.65
d Intangible assets under development	3	63.48	49.48
e Financial assets			
Investments	4	80.00	75.00
Non-current bank balances	5	87.68	67.81
iii Other Financial assets	6	2.45	3.23
		263.81	209.44
f Income tax assets (net)	15	63.44	50.03
g Other Non -current assets	7	0.00	0.07
Total Non-current Assets		327.25	259.54
Investments -Core Settlement Guarantee Fund	11	3,149.13	2,786.92
Investment earmarked towards SGF - Commodity derivatives	5 & 8	250.00	250.00
4 Current Assets			
a Financial Assets			
Investments	8	290.64	365.50
Trade Receivables	9	14.29	9.66
iii Cash and Cash equivalents*	10	9,064.72	6,382.58
iv Bank balances other than cash and cash equivalents*	5	494.62	399.43
* Includes Rs. 8699.24 crores (March 19: Rs. 6068.90 crores) pertaining to Settlement obligations and margin money from members			
Other Financial assets	6	67.45	65.91
		9,931.72	7,223.08
b Other current assets	7	16.55	9.38
Total Current Assets		9,948.27	7,232.46
TOTAL ASSETS		13,674.65	10,528.92
EQUITY AND LIABILITIES			
Equity			
a Equity Share capital	12 (a)	45.00	45.00
b Other Equity	12 (b)	558.71	443.87
Total Equity		603.71	488.87
Core Settlement Guarantee Fund (Core SGF)	27	3,149.13	2,786.92
Settlement Guarantee Fund (SGF)- Commodity derivatives	28	250.00	250.00
Liabilities			
4 Non-current liabilities			
a Provisions	19	8.36	5.95
b Deferred tax liabilities (Net)	13 (c)	2.89	9.41
Total Non-current Liabilities		11.25	15.36
Current Liabilities			
a Financial Liabilities			
Deposits	16	838.26	788.31
Trade payable to Micro, Small & Medium Enterprises.	17		
Others		11.64	15.75
iii Other financial liabilities*	17	8,727.39	6,089.18
* Includes Rs. 8699.24 crores (March 19: Rs. 6068.90 crores) pertaining to Settlement obligations and margin money from members			
		9,577.29	6,893.24
b Provisions	19	7.31	6.35
c Income tax liabilities (net)	14	45.67	65.52
d Other current liabilities	18	30.29	22.66
Total Current Liabilities		9,660.56	6,987.77
Total Liabilities		13,070.94	10,040.05
TOTAL EQUITY AND LIABILITIES		13,674.65	10,528.92

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

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

For Khandelwal Jain & Co.

Chartered Accountants

Firm Registration No : 105049W

For and on behalf of the Board of Directors

HARUN R KHAN
Chairman
[DIN :07456806]

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

NARENDRA JAIN
Partner
Membership No.: 048725

Place Mumbai
Date June 17, 2020

AMIT AMLANI
Chief Financial Officer

CHIRAG NAGDA
Company Secretary

NSE CLEARING LIMITED
(Formerly known as NATIONAL SECURITIES CLEARING CORPORATION LIMITED)
STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

	For the year ended 31.03.2020 (Audited)	Rs. in Crores For the year ended 31.03.2019 (Audited)
A) CASHFLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	297.90	268.63
Add/(Less) :- Adjustments for :		
- Depreciation	9.77	4.17
- Net gain on financial assets mandatorily measured at Fair Value through Profit or Loss	(10.06)	(21.24)
Less : Adjustments for :		
- Interest income on Bank deposit	(46.28)	(37.09)
- Re-measurement of defined benefits plans	(1.12)	(0.29)
- Net gain on sale of investments mandatorily measured at Fair Value through Profit or Loss	(7.34)	(3.17)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	242.87	211.01
Adjustments for		
Decrease/(Increase) in Trade Receivable	(4.63)	6.18
Increase / (Decrease) in Trade payables	(4.11)	4.97
Decrease/(Increase) in other financial assets	4.82	(3.28)
Decrease/(Increase) in Other Assets	(7.10)	(2.08)
Increase / (Decrease) in Other Financial Liabilities	2,638.33	528.88
Increase / (Decrease) in Provision	3.38	1.31
Increase /(Decrease) in Other Liabilities	7.63	3.81
Proceed of Deposit from Trading member / applicant	142.52	124.86
Refund of deposit from trading members / applicant	(92.57)	(104.68)
CASH GENERATED FROM OPERATIONS	2,931.14	770.99
Contribution to Core SGF		(17.46)
Settlement Guarantee Fund (SGF)- Commodity derivatives		(250.00)
Direct Taxes paid (Net of Refunds)	(124.07)	(130.72)
NET CASH FROM OPERATING ACTIVITIES - Total (A)	2 807.07	372.82
B) CASHFLOW FROM INVESTING ACTIVITIES		
Investment in Equity Share Capital of Subsidiary	(5.00)	(5.00)
Purchase of Property, Plant and Equipment's/ Capital work-in-progress	(40.18)	(52.40)
Interest received	40.71	49.21
(Increase)/Decrease in Fixed deposit	(115.06)	281.53
Purchases of Investment	(217.63)	(250.89)
Sale of Investment	309.88	236.85
NET CASH USED IN INVESTING ACTIVITIES - Total (B)	(27.28)	259.29
C) CASHFLOW FROM FINANCING ACTIVITIES		
Dividend Paid (inclusive of corporate dividend tax)	(97.65)	(43.40)
NET CASH FROM FINANCING ACTIVITIES - Total (C)	(97.65)	(43.40)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	2 682.14	588.71
CASH AND CASH EQUIVALENTS : OPENING BALANCE	6,382.58	5,793.87
CLOSING CASH AND CASH EQUIVALENTS : CLOSING BALANCE	9,064.72	6,382.58
NET INCREASE IN CASH AND CASH EQUIVALENT	2 682.14	588.71

Notes to Cash Flow Statement :

- Cash and Cash equivalent represent bank balances and balances in fixed deposit accounts.
- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind-AS 7 on Statement of Cash Flow notified under Companies (Indian Accounting Standards) Rules, 2015
 - Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year classification / disclosure.

This is the statement of cash flow referred to in our report of even date.

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No : 105049W

For and on behalf of the Board of Directors

NARENDRA JAIN
Partner
Membership No.: 048725

HARUN R KHAN
Chairman
[DIN :07456806]

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

Place : Mumbai
Date : June 17, 2020

AMIT AMLANI
Chief Financial Officer

CHIRAG NAGDA
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020.

(A) Equity Share Capital

	(Rs.in Crores)
Balance as at 01.04.2018	45.00
changes in equity share capital during the year	
Balance as at 31.03.2019	45.00
changes in equity share capital during the year	
Balance as at 31.03.2020	45.00

(B) Other Equity

	Capital Reserve	Reserves and Surplus General reserve	Retained Earnings	Total
Balance at the 01.04.2018	10.00	494.71	71.54	576.25
Profit for the year			172.51	172.51
Other Comprehensive Income			(0.19)	(0.19)
Contribution to core SGF (Refer Note 27)			(17.46)	(17.46)
Tax on contribution to Core SGF			6.16	6.16
Settlement Guarantee Fund (SGF)- Commodity derivatives (Refer Note 28)		(250.00)		(250.00)
Transaction with owners in their capacity as owners				
Dividends paid			(36.00)	(36.00)
Dividend Distribution Tax			(7.40)	(7.40)
Balance at the 01.04.2019	10.00	244.71	189.16	443.87
Profit for the year			213.28	213.28
Other Comprehensive Income			(0.79)	(0.79)
Transaction with owners in their capacity as owners				
Dividend paid			(81.00)	(81.00)
Dividend Distribution Tax			(16.65)	(16.65)
Balance at the 31.03.2020	10.00	244.71	303.99	558.71

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

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No : 105049W

For and on behalf of the Board of Directors

NARENDRA JAIN

HARUN R KHAN
Chairman
[DIN : 07456806]

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

Place : Mumbai
Date : June 17, 2020

AMIT AMLANI
Chief Financial Officer

CHIRAG NAGDA
Company Secretary

Background and Significant Accounting Policies

Background

The NSE Clearing Limited (NCL), a wholly owned subsidiary of NSE, was incorporated in August 1995. It was the first clearing corporation to be established in the country and also the first clearing corporation in the country to introduce settlement guarantee. It was set up to bring and sustain confidence in clearing and settlement of securities, to promote and maintain, short and consistent settlement cycles, to provide counter-party risk guarantee, and to operate a tight risk containment system.

Pursuant to the application made by the Company with the Registrar of Companies, Maharashtra and subsequent approval thereof by the Registrar of Companies Maharashtra, the name of the Company has been changed from "National Securities Clearing Corporation Limited" to "NSE Clearing Limited" w.e.f. August 01, 2018.

Note 1: Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these Ind As financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

(i) Compliance with Ind AS

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Amendments thereto.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that is measured at fair value, and
- defined benefit plans - plan assets measured at fair

(b) Foreign currency translation and transactions

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian currency (INR), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

Effective April 1, 2018 the company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

(c) Revenue recognition

Effective April 1, 2018, the Company has adopted Ind AS 115, Revenue from contracts with customers using the modified retrospective transition approach, which is applied to contracts that were not completed as of April 1, 2018. The adoption of this standard did not have a material impact on the financial results for the year ended March 31, 2020 and previous year.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of allowances, incentives, service taxes and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised in the period when the service is provided as per arrangements/agreements with the customers. The sources of revenue are:

- (i) Clearing and Settlement charges, IT & support charges and processing charges are recognized on accrual basis as and when the services are rendered.;
- (ii) In respect of Members who have been declared as defaulters by the Company all amounts (dues) remaining to be recovered, net of available security and insurance cover available if any, till the date of being declared as defaulters are written off as bad debts. All subsequent recoveries are accounted when received.
Shortages arising after the date of declaration of default are written off as bad debts in the year in which it arises, after exhausting all remedies including forfeiture of securities and insurance cover available if any.
Other overdue amounts are provided for as doubtful debts or are written off as bad debts, if the same are considered doubtful/irrecoverable in the opinion of the management.
- (iii) Penal Charges, in the year of declaration of default, in respect of shortages due from the respective member, are booked to the extent such charges are recoverable.
- (iv) Other insurance claims are accounted on accrual basis when the claims become due and payable.
- (v) Income excludes applicable taxes and other levies

(d) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The company recognizes MAT credit available as an asset only to the extent there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT Credit is allowed to be carried forward. In the year in which the Company recognizes MAT Credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the sufficient period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(e) Leases

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" and applied to all lease contracts existing on April 1, 2019 using the simplified approach. The adoption of this standard did not have a material impact on the financial statements for year ended March 31, 2020

As a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of the contract. Ind AS 116 defines a lease

as a contract, or a part of a contract, that convey as the right of use an asset (the underlying asset) for a period of time in exchange of consideration. To assess whether as contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expenses on a straight line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on straight line basis over the shorter of the lease term and useful life of the underlying assets.

As a lessor

Lease for which the Company is a lessor is classified as finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognized on straight line basis over the term of the relevant lease.

(f) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These do not include bank balances earmarked/restricted for specific purposes.

Restricted cash:

Other bank balances comprise of Fixed deposits with maturity of more than three months and less than twelve months, other financial assets contains Fixed deposits with maturity of more than one

year. These deposits are restricted balance and with lien for advances received from issuer of securities and advance received from defaulting members.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(i) Investments and other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange

gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) De-recognition of financial assets

A financial asset is de-recognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the group, and the amount of the dividend can be reliably measured.

(j) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(ii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(iii) Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(k) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

(l) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(m) Property, plant and equipment (including CWIP)

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

Furniture and fixture	5 to 10 years
Office equipment	4 to 5 years
Electrical equipment	10 years
Computer systems office automation	3 years
Computer systems – others	4 years
Computer software	4 years
Telecommunication systems	4 years
Clearing and Settlement Systems	4 years

The property, plant and equipment including land acquired under finance leases is depreciated over the asset's useful life or the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

Depreciation on assets purchased / disposed off during the year is provided on pro rata basis with reference to the date of additions / deductions.

Fixed assets whose aggregate cost is Rs. 5,000 or less are depreciated fully in the year of acquisition.

(n) Intangible assets

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- *it is technically feasible to complete the software so that it will be available for use*
- *management intends to complete the software and use or sell it*
- *there is an ability to use or sell the software*
- *it can be demonstrated how the software will generate probable future economic benefits*

- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

Standard packaged software products are written off in the year of purchase.

Computer software is amortised over a period of 4 years.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(p) Provisions

Provisions for legal claims and discounts/incentives are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions for restructuring are recognised by the Company when it has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that the Company will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

(q) Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises

from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent liabilities are not disclosed in case the possibility of an outflow of resources embodying economic benefits is remote.

(r) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are the amounts expected to be paid when the liabilities are settled. Short term employee benefits are recognised in statement of profit and loss in the year in which the related service is rendered. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity, and
- (b) defined contribution plans such as provident fund and superannuation.

Gratuity obligations

The Holding company has maintained a Group Gratuity Cum Life Assurance Scheme with the Life Insurance Corporation of India (LIC) towards which it annually contributes a sum determined by LIC. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. *The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.*

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iv) Defined contribution plans

Provident fund

Provident Fund: The company is registered with Regional Provident Fund Office, Bandra, Mumbai, and both the employee and the employer make monthly contribution equal to 12% of the employee's basic salary respectively.

Superannuation

Superannuation benefits for employees designated as chief managers and above are covered by group policies with the Life Insurance Corporation of India maintained by the Holding Company. The contribution payable for the year is charged to revenue. There are no other obligations other than the annual contribution payable..

(v) Bonus plans

- 1. The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.*
- 2. SEBI has laid down certain norms in terms of the compensation policy for the key management personnel which are as under :*
 - A. The variable pay component will not exceed one third of the total pay.*
 - B. 50% of the variable pay will be paid on a deferred basis after three years.*

(s) Core Settlement Guarantee Funds

As per SEBI vide circular no. CIR/MRD/DRMNP/25/2014 dated August 27,2014 every recognised clearing corporation shall establish and maintain a Fund for each segment, to guarantee the settlement of trades executed in that respective segment of a recognised stock exchange. The Clearing Corporation shall have a fund called Core SGF for each segment of each Recognised Stock Exchange to guarantee the settlement of trades executed in the respective segment of the Stock Exchange. In the event of a clearing member(member) failing to honour settlement commitments, the Core SGF shall be used to fulfil the obligations of that member and complete the settlement without affecting the normal settlement process. The Core SGF shall be contributed by Clearing Corporation, Stock Exchanges and the clearing members, in a manner as prescribed by SEBI. This fund is represented by earmarked Core SGF investments. The income earned on such investments is credited to the respective contributor's funds and adjusted towards incremental requirement of Minimum Required Corpus (MRC) as per SEBI letter reference no. SEBI/HO/MRD/DRMNP/OW/P/2018/4559/1 dated February 12, 2018. Penalties and fines levied by the Company are transferred to Core SGF as Other Contributions.

(t) Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at

the end of the reporting period.

(v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(w) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores as per the requirement of Schedule III, unless otherwise stated.

x) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

Estimation of current tax expense and payable Note 13 and 14

Estimated useful life of intangible asset Note 3

Estimation of defined benefit obligation Note 26

Estimation of fair values of contingent liabilities refer Note 33

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

y) Recently issued Accounting Standard (Ind As)

Ministry of Corporate Affairs has notified new standards or amendments to existing standards. There is no such notification which would be applicable from April 01, 2020.

	OFFICE EQUIPMENTS	FURNITURE AND FIXTURES	COMPUTER SYS - OFF AUTOM	TELECOM MUNICATIO N SYSTEMS	CLEARING AND SETTLEMEN T SYSTEM	Total	Capital Work in Progress
Year ended March 31, 2019							
Gross carrying amount							
Opening gross carrying amount	0.01	0.06	0.47	0.05	33.54	34.13	4.15
Exchnage differences							
Additions			0.07		0.97	1.04	
Assets classified as held for sale							
Disposals	(0.01)	(0.00)	(0.31)	(0.05)	(16.14)	(16.51)	(1.04)
Transfers							
Closing gross carrying amount		0.06	0.23		18.37	18.66	3.11
Accumulated depreciation							
Opening accumulated depreciation	0.01	0.06	0.42	0.05	29.31	29.85	
Depreciation for the year	0.00		0.05		2.11	2.16	
Impairment loss							
Disposals	(0.01)	0	(0.31)	(0.05)	(16.14)	(16.51)	
Exchange differences							
Assets classified as held for sale							
Closing accumulated depreciation	0.00	0.06	0.16		15.28	15.50	
Net carrying amount	(0.00)	(0.00)	0.07		3.09	3.16	3.11
Year ended March 31, 2020							
Gross carrying amount							
Opening gross carrying amount	0.01	0.06	0.23		18.37	18.66	3.11
Additions				8.29	10.59	18.88	
Disposals							
Transfers							(3.11)
Closing gross carrying amount	0.01	0.06	0.23	8.29	28.96	37.54	
Accumulated depreciation							
Opening accumulated depreciation	0.00	0.06	0.16		15.28	15.50	
Depreciation for the year			0.03	1.70	3.75	5.48	
Disposals							
Closing accumulated depreciation	0.00	0.06	0.19	1.70	19.03	20.98	
Net carrying amount	0.01	(0.00)	0.04	6.59	9.93	16.56	

Note 3: Intangible Assets
(Rs. in Crores)
COMPUTER SOFTWARE
**Intangible assets
under development**
Year ended March 31 , 2019
Gross carrying amount

Opening gross carrying amount	12.15	3.30
Additions	5.24	51.42
Disposals		
Transfers		(5.24)
Closing gross carrying amount	17.39	49.48

**Accumulated Amortisation and
impairment**

Opening accumulated Amortisation	7.73
Amortisation for the year	2.01
Disposals	
Closing amortization	9.74

Net carrying amount	7.65	49.48
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Year ended March 31, 2020
Gross carrying amount

Opening gross carrying amount	17.39	49.48
Additions	10.28	23.98
Transfers		(9.98)
Closing gross carrying amount	27.67	63.48

**Accumulated Amortisation and
impairment**

Opening accumulated Amortisation	9.74
Amortisation for the year	4.29
Disposals	
Closing amortization	14.03

Net carrying amount	13.64	63.48
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Significant estimate: Useful life of intangible assets under development

The Company has completed the development of software that is used to in its various business processes. As at 31 March 2020, the net carrying amount of this software was Rs.13.64 crores (31 March 2019: Rs.7.65 crore). The Company estimates the useful life of the software to be 4 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 4 years, depending on technical innovations and competitor actions.

Note 4 NON CURRENT INVESTMENTS

	31.03.2020		31.03.2019	
	Number of Units	(Rs. in Crores)	Number of Units	(Rs. in Crores)
I Investment in equity instruments (fully paid up)				
Unquoted equity instruments at cost				
In subsidiary companies				
NSE IFSC Clearing Corporation Limited **	8,00,00,000	80.00	7,50,00,000	75.00
In Others				
NSE Foundation (Section 8 Company) [* Re.1/- (Previous Year Re.1/-)]	6,000	-*	6,000	*
Total equity instruments		80.00		75.00
Aggregate amount of quoted investments and market value thereof				-
Aggregate amount of unquoted investments		80.00		75.00

* Re 1/-

NSE Foundation was incorporated under section 8 of the Companies Act, 2013 and intends to apply its profits, if any, or other income in promoting its objects and any payment of dividend to its members is prohibited. Accordingly, the investment in the company had been written down to Re. 1/- . Accordingly, the Company had written off investment in NSE Foundation amounting to Rs. 59,999/- by debiting the Statement of Profit and Loss.

**Investment in Right issue of Rs.5.00 crores during the year (Previous year Rs. 5.00 Crores)

5 Other bank balances

	Non-current		Current	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	(Rs. in Crores)		(Rs. in Crores)	
Deposits with original maturity for more than 12 months #	87.68	67.81	381.15	337.01
Earmarked Deposits with original maturity for more than 12 months	627.85	1,030.05	1,976.49	1,550.11
Deposits with original maturity for more than 3 months but less than 12 months #			94.22	44.69
Earmarked Deposits with original maturity for more than 3 months but less than 12 months #			381.16	205.53
Earmarked Deposits with original maturity less than 12 months*			19.24	17.73
Total	715.53	1,097.86	2,852.26	2,155.07
Less :				
Amount disclosed under Core SGF Investments (note 11)	611.14	999.05	2,174.52	1,536.64
Amount disclosed under Investments -SGF for Commodity segment (refer Note 28)	16.71	31.00	183.12	219.00
Total	87.68	67.81	494.62	399.43
* Earmarked towards withheld payouts.				
# Other bank balances & Cash and cash equivalents Includes Rs. 8699.24 crores (March 19: Rs. 6068.90 crores) pertaining to Settlement obligations and margin money from members				

6 Others Financial Assets

	Non-current		Current	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	(Rs. in Crores)		(Rs. in Crores)	
Advances recoverable in cash				
Unsecured, considered good			0.24	0.13
Other loans and advances				
Security Deposits	0.22	0.22		
Others				
Interest accrued on Bank deposits	2.23	3.01	66.39	60.03
Other receivable			0.82	5.75
Total	2.45	3.23	67.45	65.91

7 Others Assets

	Non-current		Current	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	(Rs. in Crores)		(Rs. in Crores)	
Capital advances				0.00
Advance to suppliers				2.55
Balances with GST authorities			5.22	
Deposits with GST authorities			2.78	
Other receivable*			6.18	6.18
Prepaid expenses	0.00	0.07	2.37	0.64
Total	0.00	0.07	16.55	9.38

* Other receivable is Deposits with Supreme Court pursuant to its directives in a case filed by the Company with regard to sale of collateral securities with the company of a defaulter member.

Note No. 8 CURRENT INVESTMENTS

	31.03.2020		31.03.2019	
	Number of Units	Rs. In crores	Number of Units	Rs. In crores
I Investment in mutual funds				
Un-quoted investments in mutual funds at FVPL				
HDFC Liquid Fund - Direct - Growth	1,48,170	57.88	-	-
Edelweiss Liquid Fund - Direct - Growth	1,60,152	40.96	1,60,152	38.49
Mirae Asset Cash Management Fund - Direct Plan - Growth	1,85,766	38.91	1,62,256	31.98
ICICI Prudential Liquid - Direct Plan - Growth	11,66,657	34.27	-	-
LIC MF Liquid Fund - Direct - Growth	91,183	32.86	82,609	28.00
SBI Premier Liquid Fund - Direct - Growth	98,387	30.59	43,691	12.80
Nippon India Liquid Fund - Direct - Growth	57,421	27.85	-	-
UTI Liquid Fund - Cash Plan -Direct- Growth	76,270	24.80	2,28,426	69.92
Templeton India Tma - Direct - Growth	76,651	22.87	76,651	21.45
Aditya Birla Sun Life Liquid Fund - Direct - Growth	2,85,867	9.14	-	-
HSBC Cash Fund Direct Growth	81,760	16.17	-	-
Aditya Birla Sun Life Overnight Fund - Direct - Growth	41,695	4.50	-	-
L&T Liquid Fund - Direct - Growth	-	-	2,51,986	64.57
Axis Liquid Fund -Direct - Growth	-	-	2,24,037	46.45
Invesco India Liquid Fund - Direct - Growth	-	-	73,784	18.98
JM Liquid Fund - Direct - Growth	-	-	32,61,795	16.70
Reliance Liquid Fund - Tp - Direct - Growth	-	-	20,192	9.21
Kotak Liquid Fund - Direct - Growth	-	-	14,462	5.47
Axis Liquid Fund - Direct - Growth	-	-	3,584	0.74
Reliance Liquid Fund - Direct - Growth	-	-	793	0.36
JM Liquid Fund - Direct - Growth	-	-	74,539	0.38
Total mutual fund		340.81		365.50
Less :				
Amount disclosed under Investments -SGF for Commodity segment (refer Note 28)		50.17		-
Total current investments		290.64		365.50
Aggregate amount of quoted investments and market value thereof		-		-
Aggregate amount of unquoted investments		340.81		365.50

9 Trade receivables

	Current	
	31.03.2020	31.03.2019
	(Rs. in Crores)	
Receivable from related parties (Refer to Note No. 30)		
Others	14.29	9.66
Total	14.29	9.66
Break up of security details		
Trade Receivables considered good - Secured		
Trade Receivables considered good - Unsecured	14.29	9.66
Trade Receivables which have significant increase in credit risk		
Trade Receivables - credit impaired		
Total	14.29	9.66

10 Cash and cash equivalents

	Current	
	31.03.2020	31.03.2019
	(Rs. in Crores)	
In current accounts #	173.68	297.35
Deposits held for the purpose of meeting short term cash commitments #	9,038.81	6,162.00
Cash on hand	9,212.49	6,459.36
Less :		
Amount disclosed under Core SGF Investments (note 11)	147.77	76.77
Total	9,064.72	6,382.58

Other bank balances & Cash and cash equivalents includes Rs. 8699.24 crores (March 19: Rs. 6068.90 crores) pertaining to Settlement obligations and margin money from members.

11 Core SGF investments

	31.03.2020	31.03.2019
	(Rs. in Crores)	
Fixed Deposits	2,785.66	2,535.69
Cash and cash equivalents	147.77	76.77
Accrued interest	172.06	143.87
Income Tax Assets	43.64	30.59
Total	3,149.13	2,786.92

12 (a) Share Capital

	31.03.2020	31.03.2019
	(Rs. in Crores)	
Authorised		
4,50,00,000 (Previous Year : 4,50,00,000) Equity Shares of Rs 10 each.	45.00	45.00
Issued, Subscribed and Paid-up		
4,50,00,000 (Previous Year : 4,50,00,000) Equity Shares of Rs.10 each fully paid up.	45.00	45.00
(all the above shares are held by the holding company- National Stock Exchange of India Limited and its nominees)		
Total	45.00	45.00

Aggregate number of bonus shares issued during the period of five years immediately preceeding the reporting date

Particulars	Aggregate No. of Shares				
	2019-20	2018-19	2017-18	2016-17	2015-16
Equity Shares					
Fully paid up by way of Bonus Shares					

There is no movement either in the number of shares or in amount between previous year and current year.

The company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of shareholders holding more than 5% share in the company

	31.03.2020		30.03.2019	
	No.	% holding	No.	% holding
National Stock Exchange of India Limited and its nominees	4,50,00,000	100%	4,50,00,000	100%

Capital management

The Company considers the following components of its Balance Sheet to be managed capital:
Total equity (as shown in the balance sheet), – retained profit, other reserves, share capital

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company aims to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The Company is not subject to financial covenants in any of its significant financing agreements.

The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods. Refer note 12B for the final and interim dividends declared and paid.

Compliance with externally imposed capital requirements:

Compliance with externally imposed capital requirements:

Capital requirement of Company is regulated by Securities and Exchange Board of India (SEBI). As per Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, Clearing corporation shall have a minimum net worth of Rs.300 crores at all times.

Further, SEBI vide Regulation 14(3) of SECC Regulations 2018 adopted risk-based approach towards computation of capital and net worth requirement for Clearing Corporations(CC) to adequately cover counterparty credit risk, business risk, orderly Wind-down and operational & legal risk. As per Regulation 14(3) (c) of SECC Regulations 2018 every CC shall have a minimum net worth of Rs.100 crores or networth Computed as per the risk-based approach as may specified by SEBI from time to time, whichever is higher.

Accordingly, SEBI vide circular Ref No: SEBI/HO/MRD/DRMP/CIR/P/2019/55 dated April 10, 2019 issued granular norms related to computation of risk based capital and net worth requirement for CCs effective from FY2019-20. The networth requirement for the Company calculated as per the above SEBI circular is Rs.1054.41 crores based on audited financial statements for year ended March 31, 2019. Minimum requirement of Net worth is maintained throughout the year ended March 31, 2020.

Note 12 (b): Other equity

Other Equity	Reserves and Surplus			(Rs.in Crores)
	Capital Reserve	General reserve	Retained Earnings	Total
	Capital Reserve	General reserve	Retained Earnings	Total
Balance at the 01.04.2018	10.00	494.71	71.54	576.25
Profit for the year			172.51	172.51
Other Comprehensive Income			(0.19)	(0.19)
Contribution to core SGF (Refer Note 27)			(17.46)	(17.46)
Tax on contribution to Core SGF			6.16	6.16
Settlement Guarantee Fund (SGF)- Commodity		(250.00)		(250.00)
Transaction with owners in their capacity as owners				
Dividends paid			(36.00)	(36.00)
Dividend Distribution Tax			(7.40)	(7.40)
Balance at the 01.04.2019	10.00	244.71	189.16	443.86
Profit for the Year			213.28	213.28
Other Comprehensive Income			(0.79)	(0.79)
Transaction with owners in their capacity as owners				
Dividends paid #			(81.00)	(81.00)
Dividend Distribution Tax			(16.65)	(16.65)
Balance as at 31.03.2020	10.00	244.71	303.99	558.71

The Board of directors, in their meeting on June 17, 2020, proposed a dividend of Rs.20 per equity share. The proposal is subject to the approval of shareholders at the Annual General Meeting. The total dividend proposed for the year ended March 31, 2020 amounted to Rs.90.crores.

- # During the year ended March 31, 2020, the amount of per share dividend recognized as distribution to equity shareholders was Rs.18/- per equity share. The dividend paid during the year ended March 31, 2020 amounted to Rs.81.00 crore excluding Dividend Distribution Tax of Rs. 16.65 crores.

During the year ended March 31, 2019, the amount of per share dividend recognized as distribution to equity shareholders was Rs.8/- per equity share. The dividend paid during the year ended March 31, 2019 amounted to Rs.36.00 crore excluding Dividend Distribution Tax of Rs.7.40 crores.

	31.03.2020	31.03.2019
	(Rs. in Crores)	
a) The major components of income tax expense statement of profit and loss		
<u>Statement of profit and loss</u>		
<u>Current Tax</u>		
Current tax on profit for the year	90.43	91.25
Adjustment for current tax of prior periods	0.38	1.40
Total current tax expense	90.81	92.65
<u>Deferred tax expense (income)</u>		
Decrease (increase) in deferred tax assets	0.01	(2.33)
(Decrease) increase in deferred tax liabilities	(6.20)	5.80
Total deferred tax expense (benefit)	(6.19)	3.46
Total for statement of profit and loss	84.61	96.11
	31.03.2020	31.03.2019
	(Rs. in Crores)	
<u>OCI section</u>		
Related to items recognised in OCI during in the year:		
Re-measurement of the defined benefit(liability) / asset	0.33	0.10
Income tax charged to Other Comprehensive Income	0.33	0.10

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

	31.03.2020	31.03.2019
	(Rs. in Crores)	
Profit before income tax expense	297.90	268.63
Tax rate (%)	29.12%	34.94%
Tax at the Indian Tax Rate	86.75	93.87
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
(Profit) / Loss on sale of investments taxed at other than Statutory rate	(0.02)	3.51
Contribution to NSE Foundation towards CSR	0.66	0.77
Impact of tax rate reduction	(3.23)	
Short Provision for previous years	0.38	1.40
MTM realized on sale of investments		(3.43)
Others	0.07	
Tax on Perquisites [u/s 40(a)(v)]	0.01	
Income Tax Expense	84.61	96.11

c) Deferred tax liabilities (net)

The balance comprises temporary differences attributable to:

Particulars	31.03.2020	31.03.2019
	(Rs. in Crores)	
Deferred income tax assets		
Property, plant and equipment and investment property		
Financial Assets at Fair Value through OCI		
Others	3.25	2.93
Total deferred tax assets (a)	3.25	2.93
Deferred income tax liabilities		
Property, plant and equipment and investment property	1.20	0.46
Financial Assets at Fair Value through profit and Loss	4.94	11.88
Contribution to Core Settlement Guarantee Fund		
Others		
Total deferred tax liabilities (b)	6.14	12.34
Net Deferred Tax Assets/(Liabilities) (a)-(b)	(2.89)	(9.41)

d) Movement in Deferred Tax Assets Particulars					(Rs. in Crores)
	Property, plant and equipment	Financial Assets at Fair Value through profit and	Financial Assets at Fair Value through OCI	Others (Gratuity, PBVP, LE)	Total
At 01 April 2018				0.50	0.50
Charged / (Credited)					
- to profit or loss				2.33	2.33
- to other comprehensive income				0.10	0.10
At 31st March 2019				2.93	2.93
Charged / (Credited)					
- to profit or loss				(0.00)	(0.00)
- to other comprehensive income				0.33	0.33
At 31st March 2020				3.25	3.25

e) Movement in Deferred Tax liabilities Particulars					(Rs. in Crores)
	Property, plant and equipment	Financial Assets at Fair Value through profit and	Financial Assets at Fair Value through OCI	Others	Total
At 01 April 2018	0.65	5.89			6.54
Charged / (Credited)					
- to profit or loss	(0.19)	5.99			5.80
- to other comprehensive income					
At 31st March 2019	0.46	11.88			12.34
Charged / (Credited)					
- to profit or loss	0.74	(6.94)			(6.20)
- to other comprehensive income					
At 31st March 2020	1.20	4.94			6.14

f) The company recognizes MAT credit available as an asset only to the extent there is reasonable certainty that the company will pay normal income tax during the specified period. Accordingly, MAT credit entitlement not recognized in books of accounts till March 31, 2020 is Rs.119.29 crore out of which MAT credit entitlement to be carried forward is Rs.74.23 crore. Further, if even the MAT credit will be recognised the same will be directly credited to reserves and not the statement to profit & loss account as the same is arising out of contribution to Core SGF.

14	Income tax liabilities (net)	31.03.2020	31.03.2019
		(Rs. in Crores)	
	Income Tax (Net of Advances)	45.66	65.51
	Fringe Benefit Tax (Net of Advances)	0.01	0.01
		45.67	65.52
15	Income tax assets (net)	31.03.2020	31.03.2019
		(Rs. in Crores)	
	Income Tax paid including TDS (Net of Provisions)	63.42	50.01
	Fringe Benefit Tax (Net of Provisions)	0.02	0.02
		63.44	50.03
16	Deposits (Unsecured)	Current	
		31.03.2020	31.03.2019
		(Rs. in Crores)	
	Security Deposit from Clearing Members	331.02	318.41
	Security Deposit in lieu of Bank Guarantee/securities	79.01	73.62
	Deposits from applicants for membership	2.23	2.23
	Deposits from Clearing Banks	426.00	394.05
	Total	838.26	788.31
17	Other financial liabilities	Current	
		31.03.2020	31.03.2019
		(Rs. in Crores)	
	Trade payables	7.99	4.99
	Trade payables	3.65	10.76
	Trade payables to related parties (ref to Note No.30)	11.64	15.75

Others		
Margins From Members*	6,352.44	2,579.08
Settlement Obligations payable*	2,346.80	3,489.82
Creditor for Capital Expenditure	0.11	0.23
Other liabilities	28.03	20.04
	8,727.39	6,089.18
	8,739.03	6,104.93

Trade payables include outstanding amounts of Rs. NIL (Previous Year: Rs. NIL) (including interest of Rs. Nil, (Previous Year Rs. Nil) payable to Micro, Small & Medium Enterprises. Total outstanding dues to Micro, Small & Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

18	Other current liabilities			Current	
				31.03.2020	31.03.2019
				(Rs. in Crores)	
	Statutory payments			10.55	9.17
	Amount payable into Core SGF			18.09	12.65
	Advances from debtors			1.65	0.85
				30.29	22.66
19	Provision employee benefits			Current	
				31.03.2020	31.03.2019
				(Rs. in Crores)	
		Non-current			
		31.03.2020	31.03.2019		
		(Rs. in Crores)			
	Provisions for Leave encashments			2.08	1.94
	Provision for Gratuity	5.64	3.93	0.73	0.51
	Provision for variable pay and other allowances	2.72	2.02	4.50	3.90
		8.36	5.95	7.31	6.35

20	Revenue from operations	(Rs. in Crores)	
		For the year ended 31.03.2020	For the year ended 31.03.2019
	Sale of Services		
	Clearing & Settlement Charges	180.53	141.89
	Other operating revenues		
	Connect to NSE Services	0.68	5.90
	Interest received	180.88	161.45
	SLB settlement Charges		0.95
	Processing Charges	3.69	8.67
	Income from Usage Charges	1.04	
	Total	366.82	318.86
21	Other income and other gains/(losses)		
	Other income		
	Interest Income :		
	On Bank Deposits	46.28	37.09
	On Others	0.01	0.00
		<hr/>	<hr/>
		46.29	37.09
	Miscellaneous Income	0.22	0.50
		46.51	37.59
	Other gains/(losses)		
	Net gain on financial assets mandatorily measured at Fair Value through Profit or Loss	10.06	21.24
	Net gain on sale of investments mandatorily measured at Fair Value through Profit or Loss	7.34	3.17
		<hr/>	<hr/>
		17.40	24.41
	Total	63.91	62.00
22	Employee benefits expenses		
	Salaries, wages and bonus	21.03	17.31
	Salaries, wages and bonus of Deputed Staff (Refer note No. 25)	9.82	7.90
	Contribution to provident and other fund	0.96	0.69
	Employees welfare expenses	1.99	1.78
	Total	<hr/> 33.80 <hr/>	<hr/> 27.68 <hr/>
23	Other expenses		
	Space & Infrastructure Usage Charges	4.49	9.10
	Common Usage Expenses	18.20	17.24
	Insurance Premium	0.14	0.14
	Printing, Stationery & Consumables	0.47	0.67
	Auditors' Remuneration (refer note below)	0.45	0.33
	Legal and Professional fees	7.90	3.56
	Repairs & Maintenance :		
	- On Building	0.51	0.43
	- On Computer systems	20.97	20.06

- Others		0.10
IT Management & Consultancy Charges	0.45	1.51
Software Expenses	10.67	8.88
Directors' Sitting fees	0.33	0.29
Electricity expenses	3.12	4.00
Rates and Taxes		0.01
Provision for doubtful debts	0.00	
Contribution to NSE foundation towards CSR (refer Note No. 40)	4.53	4.41
Other expenses	17.03	9.65
Total	89.27	80.38
Note :		
Payment to auditor		
As auditor :		
Audit fees	0.14	0.12
Tax audit fee	0.04	0.04
Limited review	0.08	0.05
In other capacity		
Taxation matters	0.15	0.09
Certification matters	0.03	0.02
Out of Pocket	0.01	0.01
Total	0.45	0.33

24 Expenditure in foreign currency :

Travelling Expenses: NIL (Previous Year ended March 31,2020 :Rs.0.02 Crores)

Others: Rs. 0.62 Crores (Previous Year ended March 31,2019 : Rs. 0.93 Crores)

Capital payments : Rs.5.19 Crores (Previous Year ended March 31,2019 : Rs.43.81 Crores) including Equity Contribution of Rs.5.00 crores in wholly own Subsidiary Set up in special economic Zone(SEZ) (Previous Year ended March 31,2019 : Rs.5.00 crores) .

25 Payments to and provision for employees includes the amount reimbursed by the company to The National Stock Exchange of India Limited (NSEIL) in respect of employees made available to the company. Accordingly, necessary provisions as required for all retirement benefits and other long term employee benefits as per Ind AS 19 - Employee Benefits as notified under Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended , was carried out by NSEIL in respect of employees made available to the company.

26 Disclosure under Ind AS 119 on Employee Benefits notified under Rule 7 of the Companies (Accounts) Rules, 2015.

i) Defined Benefit Plan :

Provident Fund: Company has contributed Rs. 0.71 Crores (previous year : Rs.0.44 crores) towards Provident Fund during the year ended March 31, 2020 to Employee Provident Fund Organisation.

Gratuity: The company provides for gratuity for employees as per Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity, The amount of Gratuity is payable on retirement/termination of the employee's last drawn basic salary per month multiplied for the number of years of service.

A Balance Sheet

(i) The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the period are as follows:

	(Rs. in Crores)	
	31.03.2020	31.03.2019
Liability at the beginning of the year	4.44	3.71
Interest cost	0.33	0.29
Current service Cost	0.32	0.27
Transfers	0.16	-
Benefits paid	-	(0.12)
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	0.98	0.05
Actuarial (gains)/losses on obligations - due to experience	0.14	0.24
Liability at the end of the year	6.37	4.44

(ii) The net liability disclosed above relates to funded plans are as follows:

	(Rs. in Crores)	
	31.03.2020	31.03.2019
Fair value of plan assets as at the end of the year	-	-
Liability as at the end of the year	(6.37)	(4.44)
Net (liability)/ asset	(6.37)	(4.44)

(iii) Balance sheet reconciliation

	(Rs. in Crores)	
	31.03.2020	31.03.2019
Opening net liability	4.44	3.71
Expenses recognized in Statement of Profit or Loss	0.65	0.56
Expenses recognized in OCI	1.12	0.29
Net (liability)/asset transfer in	0.16	-
Employers contribution	-	(0.12)
Amount recognised in the Balance Sheet	6.37	4.44

B Statement of Profit & Loss

(i) Net interest cost for current period

	(Rs. in Crores)	
	31.03.2020	31.03.2019
Interest cost	0.33	0.29
Interest income	-	-
Net interest cost for current period	0.33	0.29

(ii) Expenses recognised in the Statement of Profit & Loss

	(Rs. in Crores)	
	31.03.2020	31.03.2019
Current service cost	0.32	0.27
Net interest cost	0.33	0.29
Expenses recognised in the Statement of Profit & Loss	0.65	0.56

(iii) Expenses recognised in the Other Comprehensive Income

	(Rs. in Crores)	
	31.03.2020	31.03.2019
Re-measurement		
Expected return on plan assets	-	-
Actuarial (gain) or loss	1.12	0.29
Net (income)/expense for the period recognized in OCI	1.12	0.29

C Sensitivity Analysis		(Rs. in Crores)	
	31.03.2020	31.03.2019	
Projected Benefit Obligation on Current Assumptions	6.37	4.44	
Delta Effect of +1% Change in Rate of Discounting	(0.38)	(0.24)	
Delta Effect of -1% Change in Rate of Discounting	0.42	0.27	
Delta Effect of +1% Change in Rate of Salary Increase	0.41	0.26	
Delta Effect of -1% Change in Rate of Salary Increase	0.37	(0.24)	
Delta Effect of +1% Change in Rate of Employee Turnover	(0.08)	(0.01)	
Delta Effect of +1% Change in Rate of Employee Turnover	0.09	0.01	

D Significant actuarial assumptions are as follows:

	31.03.2020	31.03.2019
Discount rate	6.59%	7.48%
Rate of return on plan assets	N.A.	N.A.
Salary escalation	10.00%	8.00%
Attrition rate	12.00%	12.00%

E Maturity Analysis of Projected Benefit Obligation: From the Employer

Projected Benefits Payable in Future Years From the Date of Reporting	31.03.2020	31.03.2019
1st Following Year	0.73	0.50
2nd Following Year	0.59	0.57
3rd Following Year	0.58	0.47
4th Following Year	0.57	0.45
5th Following Year	0.50	0.43
Sum of Years 6 To 10	2.74	2.04

- 27 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 contribution 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.

Details of Core SGF as on March 31, 2020 are as follows :-

	CM	FO	CD	Debt	TRI Party	Commodity	Other	Total
Details of MRC of Core SGF								
NCL own contribution	77.96	593.00	47.00	3.00	8.50	5.00		734.46
Interest Adjusted towards NCL's Contribution	29.04	31.00	9.00					69.04
Contribution by NSE on behalf of Member	42.93	296.00	23.00			2.50		364.43
Interest Adjusted towards member's Contribution	10.07	16.00	5.00					31.07
Contribution by NSE	40.65	297.00	24.00	1.00	8.50	2.50		373.65
Interest Adjusted towards NSE's Contribution	13.35	15.00	4.00					32.35
Total	214.00	1,248.00	112.00	4.00	17.00	10.00		1,605.00
Previous Year	198.00	1,248.00	110.00	4.00	17.00	10.00		1,587.00

Details of Core SGF as on March 31, 2019 are as follows :-

	CM	FO	CD	Debt	TRI Party	Commodity	Other	Total
Details of MRC of Core SGF								
NCL own contribution	99.00	624.00	55.00	3.00	8.50	5.00		794.50
Contribution by NSE on behalf of Member	49.00	312.00	27.00			2.50		390.50
Contribution by NSE	50.00	312.00	28.00	1.00	8.50	2.50		729.51
Total (a+b+c+d)	198.00	1,248.00	110.00	4.00	17.00	10.00		1,914.51
Penalty*	53.37	406.41	25.93					485.71
Income on Investments*	22.74	27.91	18.27	0.80	0.99	0.14	64.56	386.70
Grand Total (1+2+3)	274.11	1,933.60	154.20	4.80	17.99	10.14	392.07	2,786.92

III Contribution made during the year 2019-20

	CM	FO	CD	Debt	TRI Party	Commodity	Other	Total
Contribution during the year								
NCL own contribution								
Direct Contribution	-	-	-	-	-	-	-	-
Adjusted from Interest Income **	8.00	-	1.00					9.00
Total	8.00	-	1.00					9.00
Contribution by NSE on behalf of Member								
Direct Contribution	-	-	-	-	-	-	-	-
Contribution adjusted from NSE Other Contribution #	-	-	-	-	-	-	-	-
Adjusted from Interest Income **	4.00	-	1.00					5.00
Total	4.00	-	1.00					5.00
Contribution by NSE								
Direct Contribution	-	-	-	-	-	-	-	-
Adjusted against NSE's Own and member's contribution	-	-	-	-	-	-	-	-
Contribution adjusted from NSE Other Contribution #	-	-	-	-	-	-	-	-
Adjusted from Interest Income **	4.00	-	1.00					5.00
Total	4.00	-	1.00					5.00
Income during the period (Net Off adjustment towards MRC) **								
Penalty	11.57	144.54	4.96	-	-	0.03		161.10
Income on Investments	20.05	141.05	10.99	0.07	1.28	0.71	26.96	201.11
Less: Income adjusted against MRC**	16.00	-	2.00	-	-	-	-	18.00
Income on Investments (Net Off adjustment towards MRC)	4.05	141.05	8.99	0.07	1.28	0.71	26.96	183.11

IV Details of Core SGF as on March 31, 2020 are as follows :-

	CM	FO	CD	Debt	TRI Party	Commodity	Other	Total
Out of the above the details of the Cash contributions and investment of the same are as follows								
Contribution to Corpus of Core SGF								
NCL own contribution	107.00	624.00	56.00	3.00	8.50	5.00		803.50
Contribution by NSE on behalf of Member	53.00	312.00	28.00			2.50		395.50
Contribution by NSE	54.00	312.00	28.00	1.00	8.50	2.50		733.51
Total (a+b+c+d)	214.00	1,248.00	112.00	4.00	17.00	10.00		1,932.51
2. Penalty		550.95	308.9			0.03		646.81
3. Income on Investments After allocation towards MRC *	26.79	420.24	27.26	0.87	2.27	0.85	91.52	569.81
Grand Total (1+2+3)	305.73	2,219.19	170.15	4.87	19.27	10.88	419.03	3,149.13
Details of Investment								
Fixed Deposit with Banks	255.39	2,008.15	128.89	0.90	17.00	10.70	364.63	2,785.66
Flexi Fixed Deposits	24.56	70.19	26.99	1.16			16.94	139.84
Balance in Bank Accounts	2.25	0.98	1.96	2.73				7.92
Accrued interest	18.84	110.66	9.80	0.04	2.05	0.08	30.59	172.07
Prepaid taxes	4.69	29.21	2.51	0.04	0.22	0.10	6.87	43.64
Grand Total (1+2+3+4+5+6)	305.73	2,219.19	170.15	4.87	19.27	10.88	419.03	3,149.13
Previous year	274.11	1,933.60	154.20	4.80	17.99	10.14	392.07	2,786.92

As on March 31, 2020 an amount of Rs 12.64 is receivable from BSE Ltd and amount of Rs 0.10 crores receivable from Metropolitan Stock exchange of India Ltd towards contribution to Core SGF pursuant to Interoperability. On receipt the same will be allocated to NSE.

* Net of applicable corporate tax Rs 9.38 Crores, if any, on cash basis.

Other contribution is balance amount of transfer from NSE pertain to 25% of NSE's Annual profits as contribution to Core SGF. SEBI vide circular CIR/CFD/FAC/62/2016 dated May 05, 2016 advised Stock Exchange to transfer 25% of its annual profits upto August 2015 to Core SGF and utilise the same for contribution required by Members and NSE.

** SEBI vide its letter reference no. SEBI/HO/MRD/DRMNP/OW/P/2018/4559/1 dated February 12, 2018 has clarified that "Clearing Corporations may adjust incremental requirement of Minimum Required Corpus (MRC) against the interest accrual on the cash contribution of respective contributors before taking additional contribution from them."

28 During the previous year, the Company has received approval from SEBI to start clearing & settlement activities in Commodity Derivatives. As required by SEBI minimum amount of Rs.250 crores has been earmarked towards a separate fund for the purpose of augmenting 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. The operations in Commodity Derivatives commenced w.e.f. October 12, 2018.

29 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 within India, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

Major Customer

Revenue from one major customer (related party) is Rs.170.23 crores (previous year Rs 139.67 crores) which is more than 10% of the total revenue of the Company.

30 In compliance with Indian Accounting Standard (Ind AS)-24 - "Related Party Disclosures" notified under section 133 of the Act read with Companies (Accounting Standards) Rules 2015 , the required disclosures are given in the table below:

(a) Names of the related parties and related party relationship

Sr. No.	Related Party	Nature of Relationship
1	National Stock Exchange of India Limited	Holding Company
2	NSE IFSC Clearing Corporation Ltd	Subsidiary
3	NSE Investments Limited (formerly NSE Strategic Investment Corporation Limited)	Fellow Subsidiary
4	NSE Foundation	Fellow Subsidiary
5	NSEIT Limited	Fellow Subsidiary's Subsidiary
6	NSE Data & Analytics Ltd (formerly DotEx International Limited)	Fellow Subsidiary's Subsidiary
7	NSE Indices Limited (formerly India Index Services & Products Limited)	Fellow Subsidiary's Subsidiary
8	NSE Infotech Services Limited	Fellow Subsidiary's Subsidiary
9	NSE Academy LTD	Fellow Subsidiary
10	NSE IFSC Limited	Fellow Subsidiary
11	NSE.IT (US) Inc.	Fellow Subsidiary's Subsidiary
12	Aujas Networks Private Limited.	Fellow Subsidiary's Subsidiary
13	National Securities Depository Limited	Holding Company's Associate
14	BFSI Sector Skill Council of India	Holding Company's Associate
15	Power Exchange India Limited	Associate of Fellow Subsidiary
16	NSDL e-Governance Infrastructure Limited (formerly known as National Securities Depository Limited)	Associate of Fellow Subsidiary
17	Market Simplified India Limited (formerly known as INXS Technologies Limited)	Associate of Fellow Subsidiary
18	Computer Age Management Services Private Limited (Upto 04.02. 2020)	Associate of Fellow Subsidiary
19	Receivables Exchange Of India Limited	Associate of Fellow Subsidiary
20	Mr. T Venkata Rao - Managing Director (Upto 06.11.2017)	Key Managerial Personnel
21	Mr. Vikram kothari (Managing Director) (w.e.f. 07.11.2017)	Key Managerial Personnel
22	Ms.Bhagyam Ramani(Director)	Key Managerial Personnel
23	Mr. C VR Rajendran(Director)	Key Managerial Personnel
24	Mr. Harun R Khan (Director)	Key Managerial Personnel
25	Mr. Salim Gangadharan(Director)	Key Managerial Personnel
26	Mr.N K Maini (Director)	Key Managerial Personnel
27	Mr.J Ravichandran (Director)	Key Managerial Personnel

(b) Details of transaction (including service tax wherever levied) with parties are as follows :

Name of the Related Party	Nature of Transactions	(Rs. in Crores)	
		Year ended 31.03.2020	Year ended 31.03.2019
National Stock Exchange of India Ltd.	• Clearing and Settlement charges received	200.87	164.81
	• Usage charges Received	1.66	
	• Usage charges paid	21.70	20.01
	• Reimbursement paid for expenses on staff on deputation	11.66	9.50
	• Reimbursement paid for other expenses incurred	39.66	37.20

	• Reimbursement received for services Rendered	0.38	0.91
	• Space & Infrastructure usage Charges paid	5.29	10.74
	• Dividend paid	81.00	36.00
	• Outstanding balance – (Credit)	(0.04)	(9.18)
NSE IFSC Clearing Corporation Ltd	• Reimbursement paid for other expenses incurred	0.89	1.90
	• Investment in Equity Share	5.00	5.00
	• Outstanding balance – (Credit)	0.55	4.13
	• Investment in Equity Share	80.00	75.00
NSEIT Ltd.	• Repairs & Maintenance – Clearing & Computer systems	13.74	4.79
	• Outstanding balance – (Credit)	(3.56)	(1.32)
NSE Infotech Services Limited	• Repairs & Maintenance – Clearing & Computer systems	-	2.08
	• Outstanding balance – (Credit)	-	(0.26)
NSE Foundation	• Contribution towards CSR	4.53	4.41
National Securities Depository Limited	• Depository operation fees	0.28	0.27
	• Outstanding balance – (Credit)	-	-
Computer Age Management Services Private Limited (Upto 04.02.2020)	• Cash management charges	0.30	0.75
	• Outstanding balance – (Credit)	(0.05)	-
Key Management Personnel (Mr. T Venkata Rao - Managing Director (Upto 06.11.2017)	Short term employee Benefits* \$	0.24	0.33
	Post - employment Benefits#	-	-
	Long term employee Benefits*	-	0.17
Key Management Personnel (Mr. Vikram Kothari- Managing Director (From 07.11.2017)	Short term employee Benefits *	1.42	1.18
	Post - employment Benefits **	0.05	0.04
	Long term employee Benefits	0.21	0.07
Directors	Sitting fees/Committee sitting		
	Mr. Harun R Khan	0.30	0.38
	Mr. Salim Gangadharan	0.30	0.27
	Mr.N K Maini	0.26	0.30
	Mr. C VR Rajendran	0.31	0.21
	Ms.Bhagyam Ramani	0.29	0.27

* Includes amount paid towards Leave encashment, Medical allowance & Leave Travel allowance and 50% of the variable pay payable after 3 years subject to certain conditions.

Includes amount paid towards Gratuity.

\$ pertaining to earlier years

** As the liabilities for define benefits plan are provided on actuarial basis for the Company as a whole, the amount pertaining to key managerial person are not included.

No commitments made during the years to associate concerns and vice versa

31 In accordance with Indian Accounting Standard (Ind AS) 33 - "Earning per Share" issued by the Institute of Chartered Accountants of India, the required disclosure is given below.

Basic and diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year, by weighted average number of equity shares outstanding during the year.

	Year ended 31.03.2020	Year ended 31.03.2019
Net Profit attributable to Shareholders (Rs. In Crores)*	213.28	172.51
Weighted Average number of equity shares issued No. (in Crores)	4.50	4.50
Earnings per share of Rs. 10/- each (in Rs.) (Basic and diluted)	47.39	38.34

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earning per share of the Company remain the same.

There are no instruments (including contingently issuable shares) issued that could potentially dilute basic earnings per share in the future

- 32 **Capital and other commitments :**
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs.5.36 crores (Previous Year :Rs. 0.57 crores) and other Commitments Rs 3.69 crores (Previous Year :1.65 Crores)
- 33 **Contingent liabilities and Commitments :**
- (i) Claims against company not acknowledged as debts: Rs. 6.34 Crores (Previous Year : Rs. 6.59 Crores)
 - (ii) A suit filed against the Company for damages / compensation amounting to Rs.NIL (Previous Year : Rs. Nil).
 - (iii) On account of disputed demand of Income tax Rs.67.10 Crores (Previous Year : Rs.45.16 Crores).
On account of disputed demand of Service tax Rs.74.20 Crores plus interest as applicable the Company is in the process of filing appeal before CESTAT. (Previous Year :Rs.74.20 crores plus interest and penalty, as applicable)
 - (iv) Bank Guarantee Rs.500 Crores (Previous year Rs.NIL). (Also refer to Note no. 41)
Accordingly based on the legal opinion received by the company, Company is of the view that the above matters are not likely to have any impact on financial position of the Company.
- 34 The Company's pending litigations comprise of claims against the Company and proceedings pending with Statutory and Tax Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, whenever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position. (Refer note no .33)
- 35 In accordance with the relevant provisions of the Companies Act, 2013, the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses as of March 31, 2020 and March 31, 2019.
- 36 For the year ended March 31, 2020 and March 31, 2019, the Company is not required to transfer any amount into the Investor Education & Protection Fund as required under relevant provisions of the Companies Act, 2013.
- 37 The Coronavirus (COVID-19) outbreak is an unprecedented global situation. World Health Organization (WHO) has declared the COVID-19 virus a 'pandemic'. The Government of India and various state governments had put in place several measures including instituting a complete lockdown w.e.f March 25, 2020 to combat the spread and transmission of the virus. Effective June 8, 2020 the said lockdown is being partially lifted in a phased manner.
During the lockdown, though all services across the nation were suspended, some essential services establishments including securities market participants could operate and were exempted from the lock-down. Accordingly, the Company continued to function without any disruption during the lockdown period.
The Company has evaluated the potential impact of COVID-19 on the operations of the Company. Based on the current assessment, the Company is of the view that the impact of COVID-19 on the operations of the Company and the resultant financial performance as well as the carrying value of its assets and liabilities is not likely to be significant.
The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. Accordingly, going forward, the Company will continue to evaluate any significant changes to its operations and its resultant impact on the financial performance.

(i) Fair Value Hierarchy:

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value and are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three level prescribed under the accounting standard. An explanation of each level follows underneath the table

Rs. In crores					
Financial Assets and Liabilities measured at Fair Value - recurring fair Value measurements At March 31, 2020	Notes	Level 1	Level 2	Level 3	Total March 31, 2020
Financial Assets					
Financial Investments at FVPL					
Mutual Fund - Growth Plan	8	340.81		-	340.81
Total Financial Assets		340.81			340.81
Financial Liabilities					
Total Financial Liabilities					
Assets and Liabilities which are measured at Amortised Cost for which recurring fair Value measurements At March 31, 2020	Notes	Level 1	Level 2	Level 3	Total March 31, 2020
Financial Assets					
Investments					
Fixed Deposit	5	-	3,747.46		3,747.46
Total Financial Assets			3,747.46		3,747.46
Financial Assets and Liabilities measured at Fair Value - recurring fair Value measurements At March 31, 2019	Notes	Level 1	Level 2	Level 3	Total March 31, 2019
Financial Assets					
Financial Investments at FVPL					
Mutual Fund - Growth Plan	8	365.50			365.50
Assets and Liabilities which are measured at Amortised Cost for which recurring fair Value measurements At March 31, 2019	Notes	Level 1	Level 2	Level 3	Total March 31, 2019
Financial Assets					
Investments					
Fixed Deposit	5		3,413.42		3,413.42
Total Financial Assets			3,413.42		3,413.42

The fair value of financial instruments as referred to in note above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements). The categories used are as follows :

- Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, exchange traded funds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, debentures, government securities and commercial papers) is determined using FIMMDA valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

There are no transfers between levels 1 and 2 during the period. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy level as at the end of reporting period.

ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- 1) The use of quoted market prices or dealer quotes for similar instruments in case of quoted equity shares, exchange traded funds and mutual funds
- 2) The fair value of the unlisted equity instruments is determined using the price / book multiple (P/B) multiple approach.
- 3) All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, where the fair values have been determined as per 2 above

(iii) Fair value measurements using significant unobservable inputs (level 3)

No item falling in level 3 during the restated period.

(iv) Valuation processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO).

B Financial Instruments by category		Rs. In crores			
		31-Mar-20		31-Mar-19	
		FVPL	Amortised Cost	FVPL	Amortised Cost
Financial Assets					
Investments					
Fixed Deposits			3,747.46	-	3,413.42
Mutual Funds	340.81			365.50	
Trade receivables			14.29		9.66
Cash and Cash equivalents			9,064.72		6,382.58
Other financial assets			69.89		69.14
Total financial assets		340.81	12,896.36	365.50	9,874.80

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Assessment & Review Committee (RARC), which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The RARC is supported by Treasury department among others, that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Treasury department activities are designed to:

- protect the Company's financial results and position from financial risks
- maintain market risks within acceptable parameters, while optimising returns; and
- protect the Company's financial investments, while maximising returns.

The Treasury department is responsible to maximise the return on companies internally generated funds.

A MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintains a conservative funding and investment strategy, with a positive cash balance throughout the year ended 31st March, 2019 and 31st March, 2018. This was the result of cash generated from operating activities and investing activities to provide the funds to service the financial liabilities on a day-to-day basis.

The Company's treasury department regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated by the operating entities, over and above the amount required for working capital management and other operational requirements, is retained as cash equivalents (to the extent required), other highly liquid investments and excess is invested in interest bearing term deposits and other highly marketable debt investments including the government securities with appropriate maturities to optimise the returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.

	Carrying amount	Payable on demand	Less than 3 months	3-6 months	6-12 months	More than 12 months	Total
As at March 31, 2020							
Trade payables	11.64	-	11.64	-	-	-	11.64
Deposits	838.26	838.26	-	-	-	-	838.26
Creditor for Capital Expenditure	0.11	-	0.11	-	-	-	0.11
Margins From Members	6,352.44	6,352.44	-	-	-	-	6,352.44
Settlement Obligations payable	2,346.80	2,346.80	-	-	-	-	2,346.80
Other liabilities	28.03	-	28.03	-	-	-	28.03
As at March 31, 2019							
Trade payables	15.75	-	15.75	-	-	-	15.75
Deposits	788.31	788.31	-	-	-	-	788.31
Creditor for Capital Expenditure	0.23	-	0.23	-	-	-	0.23
Margins From Members	2,579.08	2,579.08	-	-	-	-	2,579.08
Settlement Obligations payable	3,489.82	3,489.82	-	-	-	-	3,489.82
Other liabilities	20.04	-	20.04	-	-	-	20.04

B MANAGEMENT OF MARKET RISK

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
1. PRICE RISK		
The Company is mainly exposed to the price risk due to its investment in mutual funds and exchange traded funds. The price risk arises due to uncertainties about the future market values of these investments.	In order to manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio in accordance with the limits set by the risk management policies.	As an estimation of the approximate impact of price risk, with respect to mutual funds and exchange traded funds, the Company has calculated the impact as follows.
At 31st March, 2020, the exposure to price risk due to investment in mutual funds amounted to Rs. 340.81 crores (March 31, 2019: Rs. 365.50 crores).	The Treasury department maintains a list of approved financial instruments. The use of any new investment must be approved by the Chief Financial Officer.	For mutual funds, a 0.25% increase in prices would have led to approximately an additional Rs. 0.85 crores gain in the Statement of Profit and Loss (2018-19: Rs. 0.91 crores gain). A 0.25% decrease in prices would have led to an equal but opposite effect.

C MANAGEMENT OF CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

Trade and other receivables

Concentrations of credit risk with respect to trade receivables are limited, due to the Company's customer base being large and diverse and also on account of member's deposits kept by the company as collateral which can be utilised in case of member default. Further, amount lying in Core settlement Guarantee fund (CSGF) is available for utilisation in case of settlement default by member. All trade receivables are reviewed and assessed for default on a quarterly basis.

Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low.

Revenue from top customer is account for 94% (Previous Year 98%)

Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks, investments in commercial papers, government securities, investments in mutual funds and exchange traded funds. The Company has diversified portfolio of investment with various number of counter-parties which have secure credit ratings hence the risk is reduced. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Company's Treasury department.

The Company's maximum exposure to credit risk as at March 31, 2020 and March 31, 2019 is the carrying value of each class of financial assets as disclosed in note no. 4,5,6 ,8 10 and 11.

- 40 a) As per Section 135 of the Act, every Company having net worth of Rs. 500 crores or more or a Turnover of Rs. 1000 crores or more or a Net Profit of Rs. 5 crores or more during any financial year is required to spend at least 2% of its Average Net Profit made during the immediately 3 preceding financial years on the Corporate Social Responsibility (CSR) activities. Gross amount required to be spent by the Company is Rs. 4.53 Crores (Previous Year Rs.4.41 Crores). The details of spending is as given below:

b Amount spent / contribution to NSE Foundation towards CSR during the year on:

Rs. In crores					
	Particulars		In Cash	Yet to be paid in Cash	Total
i	Construction / acquisition of any asset	Current Year			-
		Previous Year			
ii	On purposes other than (i) above (through Contribution to NSE Foundation)	Current Year	4.53		4.53
	On purposes other than (i) above (through Contribution to NSE Foundation)	Previous Year	4.41		4.41

NSE Group incorporated NSE Foundation to undertake CSR activities for the Group. Accordingly, the Company has contributed an amount of Rs.4.53 crores (previous year Rs.4.41 Crores) to NSE Foundation to be spent on CSR activities as stated in the Group CSR policy which has been adopted by the Company as Company's CSR policy.

- 41 During the year the Company commenced Clearing & Settlement activities for Capital market segment, Equity Derivatives and Currency Derivatives segment under interoperability framework as prescribed by SEBI. Further, the Company has given bank guarantee of Rs.500 crores in favour of ICCL towards Inter CCP collateral under interoperability framework.

- 42 Previous year figures have been regrouped / reclassified wherever necessary.

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No : 105049W

For and on behalf of the Board of Directors

NARENDRA JAIN
Partner
Membership No.: 048725

HARUN R KHAN
Chairman
[DIN :07456806]

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

Place : Mumbai
Date : June 17, 2020

AMIT AMLANI
Chief Financial Officer

CHIRAG NAGDA
Company Secretary