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

**Review Report to
The Board of Directors**

NSE Clearing Limited (formerly known as National Securities Clearing Corporation Limited)

Introduction

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **NSE Clearing Limited** (formerly known as National Securities Clearing Corporation Limited) (the "Parent Company") and its subsidiary (the Parent Company and its subsidiary together referred to as "the Group"), for the quarter and nine months ended December 31, 2020 together with the related notes thereon ("the Statement"), being submitted by the Parent Company pursuant to the requirement of Regulation 33 of Securities Contracts (Regulation) (Stock Exchange and Clearing Corporations) Regulations, 2018 (the "SECC Regulations"), as amended from time to time, read with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations, 2015"), as amended from time to time and SEBI Circulars.
2. This Statement is the responsibility of the Parent Company's Management and approved by the Parent Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other recognized accounting practices and policies, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

Scope of review

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

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



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

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

Conclusion

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review report of the other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SECC Regulation read with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and relevant circulars issued thereunder including the manner in which it is to be disclosed, or that it contains any material misstatement.

Other Matter

6. We did not review the unaudited financial results of a subsidiary included in the consolidated unaudited financial results, whose financial results, before consolidation adjustments, reflect total revenues of Rs. 0.25 crore and Rs. 0.73 crore, total net Profit / (loss) after tax of (Rs. 2.58) crore and (Rs. 6.50) crore and total comprehensive income / (loss) of (Rs. 3.17) crore and (Rs. 8.35) crore for the quarter and nine months ended December 31, 2020, respectively as considered in the consolidated unaudited financial results. These financial results have been reviewed by other auditors whose report have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditors and the procedures performed by us as stated in paragraph 3 above.

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

For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Registration No. 105049W



Narendra Jain

Narendra Jain
Partner
Membership No. 048725
UDIN: 21048725AAAAA06708

Place: Mumbai
Date: February 03, 2021

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2020

(Rs. in crores)

Sr. No.	PARTICULARS	Quarter ended			Nine months ended		Year ended
		December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income						
	Revenue from Operations						
	a) Income from Operations	73.07	67.65	44.33	196.30	126.17	180.53
	b) Other Operating Revenues	57.85	52.04	47.70	155.13	134.91	186.30
	Other income	12.11	13.15	16.16	40.28	48.61	65.00
	Total Income	143.04	132.84	108.19	391.71	309.69	431.83
2	Expenditure						
	(a) Employee benefits expenses	8.93	8.88	9.06	27.46	26.09	35.29
	(b) Depreciation and amortisation expenses	3.53	3.41	3.23	10.15	7.73	11.19
	(c) Space & Infrastructure Usage Charges	6.46	6.06	5.98	19.09	16.06	22.68
	(d) Technology related Expenses	14.74	11.44	6.94	36.63	23.39	35.94
	(e) Other expenses	10.67	10.18	9.64	26.67	21.61	35.22
	Total Expenses	44.33	39.97	34.85	120.00	94.88	140.32
3	Profit before Tax (1- 2)	98.71	92.87	73.34	271.71	214.81	291.50
4	Less : Tax expenses						
	Current tax	30.24	29.50	21.42	84.02	68.22	90.43
	Tax for earlier year	-	-	0.38	-	0.38	0.38
	Deferred tax	(0.26)	(2.43)	0.14	(2.87)	(5.80)	(6.19)
	Total tax expenses	29.98	27.07	21.94	81.15	62.80	84.62
5	Profit for the period (3-4)	68.73	65.80	51.40	190.56	152.01	206.88
6	Other comprehensive Income (Net)						
	<i>Items that will be reclassified to profit or loss</i>						
	Changes in foreign currency translation reserve	(0.59)	(1.33)	0.47	(1.85)	1.82	4.77
	<i>Items that will not be reclassified to profit or loss</i>						
	Remeasurements of post-employment benefit obligations	(0.10)	0.24	(0.43)	(0.55)	(0.99)	(1.12)
	<i>Income tax relating to items that will not be reclassified to profit or loss</i>						
	Tax Remeasurements of post-employment benefit obligations	0.01	(0.07)	0.13	0.14	0.29	0.33
	Total Other Comprehensive Income for the year	(0.68)	(1.16)	0.17	(2.26)	1.12	3.98
7	Total comprehensive income for the period (5+6)	68.05	64.64	51.57	188.30	153.12	210.86
8	Paid-up equity share capital (Face value Rs. 10 per share)	45.00	45.00	45.00	45.00	45.00	45.00
9	Reserves (excluding Revaluation Reserve)						527.83
10	Earnings per Share (EPS) (before contribution to Core SGF)						
	(a) Basic (Rs.)	15.27*	14.62*	11.42*	42.35*	33.78*	45.97
	(b) Diluted (Rs.)	15.27*	14.62*	11.42*	42.35*	33.78*	45.97
	* Not annualised						

Notes:

- The above unaudited consolidated financial results for the quarter and nine months ended December 31, 2020 have been reviewed by the Audit Committee and approved by the Board of Directors in their respective meeting held on February 03, 2021. The Statutory Auditors have carried out a review of the financial results for the quarter and nine months ended December 31, 2020.
- a) Securities and Exchange Board of India, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, inter alia, has issued norms related to the computation and Minimum Required Contribution (MRC) to the Core Settlement Guarantee Fund by the Clearing Corporation (minimum 50%), Stock Exchange (minimum 25%) and members (maximum 25%). Further SEBI vide circular CIR/CFD/FAC/62/2016 dated May 05, 2016 advised Stock Exchange to transfer 25% of its annual profits to Core SGF. Accordingly total Core SGF of NSE Clearing Ltd as on Dec 31, 2020 is Rs. 3470.54 crores comprising of: a) Rs.762.66 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.128.84 crores, Rs.76.35 crores and Rs.75.07 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.800.87 crores and an amount of Rs. 561.16 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 Dec 2020, Sep 2020 and Dec 2019 are NIL respectively and for the Nine months ended Dec 20 and Dec 19 is Rs.28.20 Crores and NIL respectively (For year ended March 2020 Rs. Nil) have been appropriated out of profits.

Further incremental requirement of Contribution to core SGF adjusted from interest on respective investments for quarter ended Dec 2020, Sep 2020 and Dec 2019 are NIL respectively .

Further incremental requirement of Contribution to core SGF for Nine month ended Dec 2020 was Rs. 115.94 crores (from NCL Rs.59.80 crores, NSE Rs.29.09 crores and NSE on behalf of members Rs.27.05 crores). Also interest on investment of balance amount of 25% of Exchange profits amounting to Rs. 14.91 crores and Rs. 16.95 Crores adjusted for Incremental Contribution of NSE and NSE on behalf of members respectively. Further incremental contribution for nine month ended Dec 2019 was Rs. Nil.

Also incremental requirement of Contribution to core SGF of Rs.18 Crores for Year ended March 2020 (from NCL Rs.9 crores, NSE Rs. 4 crores and NSE on behalf of members Rs.5 crores) had been adjusted from interest on respective investments.

Further, as per circular dated SEBI/HO/MRD2/DCAP/CIR/P/2021/03 January 08, 2021, SEBI has allowed transfer of excess contribution made by Stock Exchanges from Core SGF of one Clearing Corporation to the Core SGF of another Clearing Corporation in inter-operable scenario. Accordingly, above Core SGF as on Dec 31, 2020 excludes Rs.12.59 crores contribution of other stock exchanges receivable from respective clearing corporation and includes Rs.69.10 crores of NSE contribution transferable to other clearing corporation.
- 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 December 31, 2020 of Subsidiary NSE IFSC Clearing Corporation (NICCL) is Rs.10.17 crores comprising of Rs.9.76 crores contributed by NICCL by appropriating reserves / profits and Fines & penalties collected by NICCL amounting to Rs.0.03 crores & an amount of Rs 0.38 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 Dec 2020, Sep 2020 and Dec 2019 amounted to Rs. 0.50 Crores, NIL and NIL respectively and for nine months ended Dec 20 and Dec 19 amounting to Rs. 1.00 Crore and Rs. 0.50 Crores respectively. (for year ended March 31, 2020 is Rs.0.50 crores).



- c) The NCL had received approval from SEBI to start clearing & settlement activities in Commodity Derivatives and commenced operations w.e.f. October 12, 2018. As required by SEBI an amount of Rs.250 crores has been earmarked towards a separate fund to augment Settlement Guarantee Fund for Commodity Derivatives by way of appropriation from General Reserves. Further, the company has also earmarked investments amounting to Rs. 250 crores towards the same.
- 3 Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Holding Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of the Holding Company. The Group operates only in one Business Segment i.e. facilitating Clearing & Settlement in securities and the activities incidental thereto, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".
- 4 The Coronavirus (COVID-19) outbreak is an unprecedented global situation, declared as a 'pandemic' by World Health Organisation. Based on the Group's current assessment, the impact of COVID-19 on its operations and the resultant financial performance is not likely to be significant. The Group has also made an assessment of its liquidity position for a period of at least one year from the balance sheet date, of the recoverability and carrying values of its assets and ability to pay its liabilities as they become due and effectiveness of internal financial controls as at the balance sheet date and is of the view that there is no material impact or adjustments required to be made in these financial results. The impact assessment of COVID-19 may be different from that presently estimated and the Group will continue to evaluate any significant changes to its operations and its resultant impact on the financial performance.
- 5 During the Nine months ended, the NCL has given additional bank guarantee of Rs.250 crores (previous year Rs.500 crores) in favour of ICCL towards Inter CCP collateral under interoperability framework as prescribed by SEBI. Total bank guarantee amount as on December 31, 2020 is Rs.750 crores (previous year Rs.500 crores).
- 6 The Code on Social Security, 2020 (Code) relating to employee benefits during employment and post-employment benefits has received Presidential assent on September 28, 2020 and the said Code has been published in the Gazette of India. However, the date on which the Code comes into effect has not been notified. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Group will assess the financial impact of the Code, if any, once the effective date is notified.
- 7 Figures for Previous period / year are regrouped, reclassified and rearranged wherever necessary.

For and on behalf of Board of Directors
NSE CLEARING LIMITED


VINOD KOTHARI
Managing Director
[DIN :07898773]



Place : Mumbai
Date : February 03, 2021

