

KHANDELWAL JAIN & CO.

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CHARTERED ACCOUNTANTS

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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") and its subsidiary (the Parent and its subsidiary together referred to as "the Group"), for the quarter and half year ended September 30, 2019 together with the related notes thereon ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 35 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. Attention is drawn to the fact that the consolidated figures for the corresponding quarter and half year ended September 30, 2018 and year ended March 31, 2019 as reported in these financial results have not been subjected to review.
2. This Statement is the responsibility of the Parent's Management, 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 35 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 assets of Rs. 78.57 crore as at September 30, 2019 and total revenues of Rs. 0.27 crore and Rs. 0.54 crore, total net Profit / (loss) after tax of Rs. (1.90) crore and Rs. (3.58) crore, total comprehensive income / (loss) of Rs. (0.62) crore and Rs. (2.22) crore for the quarter and half year ended September 30, 2019, respectively, and net cashflows of Rs. (10.34) crore for the half year ended September 30, 2019, as considered in the consolidated unaudited financial results. These financial results have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditors and the procedures performed by us as stated in paragraph 3 above.

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: 19048725AAAACX7781

Place: Mumbai
Date: November 06, 2019

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2019

(Rs. in Crore)

Sr. No.	PARTICULARS	Quarter ended			Half year ended	Half year ended	Year ended
		Septembe 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
1	Income						
	Revenue from Operations						
	a) Income from Operations	44.23	37.61	34.96	81.84	68.32	141.89
	b) Other Operating Revenues	41.45	45.76	45.36	87.21	91.67	176.97
	Other income	15.68	16.77	14.02	32.45	28.25	62.14
	Total Income	101.36	100.14	94.34	201.50	188.24	381.00
2	Expenditure						
	(a) Employee benefits expenses	8.47	8.56	7.26	17.03	13.25	29.47
	(b) Depreciation and amortisation expenses	2.61	1.89	1.12	4.50	2.18	4.62
	(c) Space & Infrastructure Usage Charges	5.17	4.91	6.27	10.08	11.69	26.49
	(d) Technology related Expenses	8.04	8.41	10.28	16.45	19.51	33.87
	(e) Other expenses	7.12	4.85	5.08	11.97	10.01	24.32
	Total Expenses	31.41	28.62	30.01	60.03	56.64	118.77
3	Profit before Tax (1- 2)	69.95	71.52	64.33	141.47	131.60	262.23
4	Less : Tax expenses						
	Current tax	26.11	20.69	23.16	46.80	47.95	91.24
	Tax for earlier year	-	-	-	-	-	1.40
	Deferred tax	(4.99)	(0.95)	(0.02)	(5.94)	(0.72)	3.47
	Total tax expenses	21.12	19.74	23.14	40.86	47.23	96.11
5	Profit for the period (3-4)	48.83	51.78	41.19	100.61	84.37	166.12
6	Other comprehensive Income (Net)						
	<i>Items that will not be reclassified to profit or loss</i>						
	Remeasurements of post-employment benefit obligations	(0.05)	(0.51)	0.04	(0.56)	(0.28)	(0.29)
	Changes in foreign currency translation reserve	1.27	0.08	3.48	1.35	6.84	3.26
	<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	0.15	(0.02)	0.16	0.09	0.10
	Total Other Comprehensive Income for the year	1.23	(0.28)	3.50	0.95	6.65	3.07
7	Total comprehensive income for the period (5+6)	50.06	51.50	44.69	101.56	91.02	169.19
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)						419.89
10	Earnings per Share (EPS) (before contribution to Core SGF)						
	(a) Basic (Rs.)	10.85*	11.51*	9.15*	22.36*	18.75*	36.92
	(b) Diluted (Rs.)	10.85*	11.51*	9.15*	22.36*	18.75*	36.92
	* Not annualised						

UNAUDITED CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2019

(Rs. in crores)

Sr. No.	Particulars	As at 30.09.2019	As at 31.03.2019
		Unaudited	Unaudited
I	ASSETS		
1	Non-current assets		
a	Property, Plant and Equipments	17.79	3.77
b	Right-Of-Use Assets	1.09	-
c	Capital work-on-progress	-	3.11
d	Other Intangible Assets	10.49	12.12
e	Intangible assets under development	61.62	49.58
f	Financial assets		
i	Non-current bank balances	46.23	69.19
ii	Other Financial assets	2.56	3.24
g	Income tax assets (net)	62.62	50.03
h	Other Non -current assets	0.08	0.07
		202.47	191.11
2	Investments -Core SGF	2,970.14	2,794.84
3	Investment earmarked towards SGF - Commodity derivatives	250.00	250.00
4	Current assets		
a	Financial Assets		
i	Investments	144.25	365.50
ii	Trade and other receivables	3.72	9.66
iii	Cash and Cash equivalents *	3,259.14	6,407.49
iv	Bank balances other than cash and cash equivalents *	659.06	444.11
	<i>* Includes Rs. 2878.77 crores (March 19: Rs. 6076.65 crores) pertaining to Settlement obligation and margin money from members</i>		
v	Other Financial assets	55.95	62.01
b	Other current assets	11.66	9.40
		4,133.78	7,298.17
	TOTAL ASSETS	7,556.38	10,534.11
II	EQUITY AND LIABILITIES		
1	Equity		
a	Equity Share capital	45.00	45.00
b	Other Equity	425.26	421.84
		470.26	466.84
2	Core Settlement Guarantee Fund (Core SGF)	2,970.14	2,794.84
3	Settlement Guarantee Fund (SGF)- Commodity derivatives	250.00	250.00
4	Non-current liabilities		

a	Provisions	6.83	5.95
b	Lease Liability	1.11	
c	Deferred tax liabilities (Net)	3.31	9.41
		11.25	15.36
5	Current liabilities		
a	Financial Liabilities		
i	Deposits (Unsecured)	821.08	791.63
ii	Trade payable	12.94	23.28
iii	Lease Liability	0.01	
iv	Other financial liabilities *	2,897.29	6,096.93
	* Includes Rs. 2878.77 crores (March 19: Rs. 6076.65 crores) pertaining to Settlement obligation and margin money from members		
b	Provisions	5.44	6.38
c	Income tax liabilities (net)	92.12	65.52
d	Other current liabilities	25.86	23.34
		3,854.74	7,007.08
	TOTAL EQUITY AND LIABILITIES	7,556.38	10,534.11

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE HALF YEAR ENDED SEPTEMBER 30, 2019

		(Rs. in crores)		
		For the half year ended 30.09.2019 (Unaudited)	For the half year ended 30.09.2018 (Unaudited)	For the year ended 31.03.2019 (Unaudited)
A)	CASHFLOW FROM OPERATING ACTIVITIES			
	NET PROFIT BEFORE TAX	141.47	131.60	262.23
	Add/(Less) :- Adjustments for :			
	Depreciation	4.50	2.18	4.62
	Net gain on financial assets mandatorily measured at Fair Value through Profit or Loss	(4.64)	(8.17)	(21.24)
	Loss(profit) on sale /discard of assets (Net)	-	-	0.09
	Finance Cost	0.04	-	
	Less : Adjustments for :			
	Interest income on Bank deposit	(21.52)	(16.90)	(37.22)
	Re-measurement of defined benefits plans	(0.56)	(0.28)	(0.29)
	Net liability / (asset) disclosed in the Balance Sheet	(6.29)	(3.17)	(3.17)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	113.01	105.26	205.02
	Adjustments for :			
	Decrease/(Increase) in Trade Receivable	5.94	6.46	4.31
	Increase / (Decrease) in Trade payables	(10.34)	0.88	11.75
	Decrease/(Increase) in other financial assets	1.43	(0.10)	(1.48)
	Decrease/(Increase) in Other Assets	(2.26)	(1.30)	(2.10)
	Increase / (Decrease) in Other Financial Liabilities	(3,199.63)	(947.84)	528.21
	Increase / (Decrease) in Provision	(0.05)	(0.51)	1.31
	Increase /(Decrease) in Other Liabilities	2.53	(0.31)	4.10
	Proceed of Deposit from Trading member / applicant	76.11	34.16	125.06
	Refund of deposit from trading members / applicant	(46.66)	(33.52)	(104.68)
	CASH GENERATED FROM OPERATIONS	(3,059.94)	(836.81)	771.50
	Contribution to Core SGF	(0.50)	(12.46)	(17.96)
	Settlement Guarantee Fund (SGF)- Commodity derivatives	-	(250.00)	(250.00)
	Direct Taxes paid (Net of Refunds)	(32.78)	(33.09)	(130.72)
	NET CASH FROM OPERATING ACTIVITIES - Total (A)	(3,093.22)	(1,132.35)	372.82
B)	CASHFLOW FROM INVESTING ACTIVITIES			
	Purchase of Property, Plant and Equipment/s/ Capital work-in-progress	(25.83)	(46.86)	(56.71)
	Sale of Fixed Assets			0.01
	Interest received	26.81	3.65	49.21
	(Increase)/Decrease in Fixed deposit	(191.99)	300.65	235.47
	Purchases of Investment	(15.30)	(232.95)	(250.89)
	Sale of Investment	247.48	236.91	236.82
	NET CASH USED IN INVESTING ACTIVITIES - Total (B)	41.18	261.40	213.91
C)	CASHFLOW FROM FINANCING ACTIVITIES			
	Dividend Paid (inclusive of corporate dividend tax)	(97.65)	(43.40)	(43.40)
	NET CASH FROM FINANCING ACTIVITIES - Total (C)	(97.65)	(43.40)	(43.40)
	Changes on account of conversion of balances from functional currency to presentation currency	1.35	6.84	3.26
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(3,148.35)	(907.51)	546.60
	CASH AND CASH EQUIVALENTS : OPENING BALANCE	6,407.49	5,860.89	5,860.89
	CLOSING CASH AND CASH EQUIVALENTS : CLOSING BALANCE	3,259.14	4,953.38	6,407.49
	NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENT	(3,148.35)	(907.51)	546.60

Notes:

- The above unaudited financial results for the quarter and half year ended September 30, 2019 have been reviewed by the Audit Committee and approved by the Board of Directors in their respective meeting held on November 06, 2019 and The Statutory Auditors have carried out a limited review of the above financial results.
- Figures pertaining to the quarter and half year ended September 30, 2018 and Year ended March 31, 2019 have not been subject to limited review.
- 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 September 30, 2019 is Rs.2961.48 crores comprising of: a) Rs.734.46 crores contributed by NSE Clearing Ltd (NCL) by appropriating reserves / profits b) Rs.376.15 crores received from National Stock Exchange of India (NSE) towards Core SGF. c) Member's contribution to Core SGF amounting to Rs. 361.93 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.68.04 crores ,Rs.32.35 crores and Rs.30.07 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.562.99 crores and an amount of Rs 467.97 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 Sep 2019, June 19 and Sep 18 amounting to Rs. NIL , Rs. NIL and Rs. NIL crores respectively and for half year ended Sep 19 and Sep 18 amounting to Rs. NIL and 12.46 Crores respectively. (for year ended March 31, 2019 Rs.17.46 crores) have been appropriated out of profits. Further incremental requirement of Contribution to core SGF of Rs. 16 Crores for quarter ended Sep 19 viz : from NCL Rs.8 crores , NSE Rs. 4 crores and NSE Rs.4 crores on behalf of members has been adjusted from interest accrual on respective investments.
 - 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 September 30, 2019 of Subsidiary NSE IFSC Clearing Corporation (NICCL) is Rs.8.66 crores comprising of Rs.8.48 crores contributed by NICCL by appropriating reserves / profits and Fines & penalties collected by NICCL amounting to Rs.0.02 crores & an amount of Rs 0.16 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 Sep 2019, June 19 and Sep 18 amounting to Rs. 0.50 crores , Rs. NIL Crores and Rs. NIL respectively and for half year ended Sep 19 and Sep 18 amounting to Rs. 0.50 and Rs. NIL respectively. (for year ended March 31, 2019 Rs.0.50 crores).
 - During FY 2018-19, 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.

- 4 During the previous Quarter the Company had commenced Clearing & Settlement activities for Capital market segment under interoperability framework as prescribed by SEBI and during the current Quarter the Company has commenced Clearing & Settlement activities for Equity Derivatives and Currency Derivatives segment under interoperability framework as prescribed by SEBI.
- 5 Effective April 1, 2019, the Company adopted Ind AS 116 Leases, applied to all contracts having lease components existing on April 01, 2019 using the modified retrospective method. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. The Company has measured the Right-of-use asset and lease liability based on the remaining lease period and payments discounted using the incremental borrowing rate as of the date of initial application. On initial date of application, the adoption of the new standard resulted in recognition of Right-of-use asset and lease liability respectively. The effect of this adoption is insignificant.
- 6 Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of the Company. The Company operates only in one Business Segment i.e. facilitating Clearing & Settlement in securities and the activities incidental thereto, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".
- 7 Figures for Previous period / years are regrouped, reclassified and rearranged wherever necessary.

Place : Mumbai
Date : November 06, 2019

For and on behalf of Board of Directors
NSE CLEARING LIMITED



VIKRAM KOTHARI
Managing Director
[DIN : 07898773]