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Independent Auditor's Review Report on quarterly standalone 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)

1. Introduction

We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **NSE Clearing Limited** (formerly known as National Securities Clearing Corporation Limited) (the "Company") for the quarter ended June 30, 2020 together with the related notes thereon (the "Statement"). The Statement has been prepared by the Company pursuant to 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.

This Statement, which is the responsibility of the Company's management and approved by the 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.

2. Scope of review

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.



3. Conclusion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other recognized accounting practices and policies 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.

4. Other Matter

The Statement includes the standalone unaudited financial results for the quarter ended March 31, 2020 being the balancing figure between audited figures in respect of the full financial year ended March 31, 2020 and the year to date unaudited figures upto the third quarter ended December 31, 2019 which were subjected to review by us.

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

Partner

Membership No. 048725

UDIN: 20048725AAAACW3030

Place: Mumbai

Date: July 29, 2020

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2020

(Rs. in crores)

Sr. No.	PARTICULARS	Quarter ended	Quarter ended	Quarter ended	Year ended
		June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020
		Unaudited	Unaudited	Unaudited	Audited
1	Income				
	Revenue from operations				
	a) Income from Operations	55.58	54.36	37.61	180.53
	b) Other Operating Revenues	45.24	51.39	45.76	186.30
	Other income	14.79	16.16	16.51	63.91
	Total Income	115.61	121.91	99.88	430.74
2	Expenditure				
	(a) Employee benefits expenses	9.15	8.88	8.20	33.80
	(b) Depreciation and amortisation expenses	2.82	3.14	1.52	9.77
	(c) Space & Infrastructure Usage Charges	6.57	6.62	4.91	22.68
	(d) Technology related Expenses	9.53	11.71	7.35	32.10
	(e) Other expenses	5.38	13.46	4.70	34.49
	Total Expenses	33.45	43.81	26.68	132.84
3	Profit before Tax (1- 2)	82.16	78.10	73.20	297.90
4	Less : Tax expenses				
	Current tax	24.28	22.21	20.69	90.43
	Tax for earlier year	-	-	-	0.38
	Deferred tax	(0.18)	(0.39)	(0.95)	(6.19)
	Total tax expenses	24.10	21.82	19.74	84.62
5	Profit for the period (3-4)	58.06	56.28	53.46	213.28
6	Other comprehensive Income (Net)				
	<i>Items that will not be reclassified to profit or loss</i>				
	Remeasurements of post-employment benefit obligations	(0.69)	(0.13)	(0.51)	(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	0.20	0.04	0.15	0.33
	Total Other Comprehensive Income for the period	(0.49)	(0.09)	(0.36)	(0.79)
7	Total comprehensive Income for the period (5+6)	57.57	56.19	53.10	212.49
8	Paid-up equity share capital (Face value Rs. 10 per share)	45.00	45.00	45.00	45.00
9	Reserves (excluding Revaluation Reserve)				558.70
10	Earnings per Share (EPS) (before contribution to Core SGF)				
	(a) Basic (Rs.)	12.90*	12.51*	11.88*	47.39
	(b) Diluted (Rs.)	12.90*	12.51*	11.88*	47.39
	* Not annualised				

Notes:

- The above unaudited standalone financial results for the quarter ended June 30, 2020 have been reviewed by the Audit Committee and approved by the Board of Directors in their respective meeting held on July 29, 2020.
- The figures of quarter ended March 31, 2020 are the balancing figures between the audited figures in respect of the full financial year 2019-20 and the published year to date figures upto the third quarter of the financial year 2019-20 which were subjected to review by Statutory Auditors.
- The Company in its annual general meeting held on July 16, 2020 has approved the payment of Dividend for the financial year ended March 31, 2020 of Rs. 20/- per equity share of Rs. 10/- each which was proposed by Board of Directors on June 17, 2020 and the same was paid on July 20, 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 as on June 30, 2020 is Rs 3266.26 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.688.33 crores and an amount of Rs. 469.42 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 June 2020, March 2020 and June 2019 amounting to Rs. 28.20 crores, Rs. Nil and Rs. Nil respectively and for year ended March 2020 Rs. Nil have been appropriated out of profits.

Further incremental requirement of Contribution to core SGF adjusted from interest accrual on respective investments for quarter ended June 2020 is Rs. 115.94 crores viz : from NCL Rs.59.80 crore, NSE Rs.29.09 crore and NSE Rs.27.05 crore on behalf of members. Also interest accrual 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 Quarter ended March 2020 and June 2019 is Rs. 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.



- b) The Company had received approval from SEBI to start clearing & settlement activities in Commodity Derivatives and commenced operations w.e.f. October 12, 2018. As required by SEBI an amount of Rs.250 crores has been earmarked towards a separate fund to augment Settlement Guarantee Fund for Commodity Derivatives by way of appropriation from General Reserves. Further, the company has also earmarked investments amounting to Rs. 250 crores towards the same.
- 5 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".
- 6 The Coronavirus (COVID-19) outbreak is an unprecedented global situation, declared as a 'pandemic' by World Health Organisation on March 11, 2020. Based on the Company's current assessment, the impact of COVID-19 on its operations and the resultant financial performance is not likely to be significant. The Company 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 Company will continue to evaluate any significant changes to its operations and its resultant impact on the financial performance.
- 7 Figures for Previous period / years are regrouped, reclassified and rearranged wherever necessary.

Place : Mumbai
Date : July 29, 2020



For and on behalf of Board of Directors
NSE CLEARING LIMITED


Managing Director
[DIN : 07898773]