

KHANDELWAL JAIN & CO.

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CHARTERED ACCOUNTANTS

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Independent Auditor's Review Report on quarterly and year to date 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

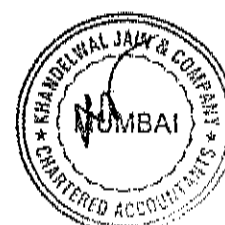
We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **NSE Clearing Limited** (formerly known as National Securities Clearing Corporation Limited) (the "Company") for the quarter and half year ended September 30, 2019 together with the related notes thereon (the "Statement"). The Statement has been prepared by the Company pursuant to 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 Note 2 of the Statement which states that the statement of cash flows for the corresponding half year ended September 30, 2018, as reported in the accompanying Statement, have not been subjected to review.

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 read with the Circular. 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 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.



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

Narendra Jain

Narendra Jain
Partner

Membership No. 048725

UDIN: 19048725AAAACW7301

Place: Mumbai

Date: November 06, 2019



NSE Clearing Limited
(Formerly Known as National Securities Clearing Corporation Limited)
CIN: U67120MH1995PLC092283

Regd. Off.: "EXCHANGE PLAZA", Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051, India

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

Sr. No.	PARTICULARS	(Rs. in crores)					
		Quarter ended September 30, 2019	Quarter ended June 30, 2019	Quarter ended September 30, 2018	Half year ended September 30, 2019	Half year ended September 30, 2018	Year ended March 31, 2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income						
	Revenue from operations						
	a) Income from Operations	44.23	37.61	34.95	81.84	68.31	141.89
	b) Other Operating Revenues	41.45	45.76	45.36	87.21	91.67	176.97
	Other income	15.41	16.51	14.03	31.92	28.26	62.00
	Total Income	101.09	99.88	94.34	200.97	188.24	380.86
2	Expenditure						
	(a) Employee benefits expenses	8.10	8.20	6.82	16.30	12.39	27.68
	(b) Depreciation and amortisation expenses	2.24	1.52	1.03	3.76	1.99	4.17
	(c) Space & Infrastructure Usage Charges	5.17	4.91	6.24	10.08	11.62	26.34
	(d) Technology related Expenses	6.83	7.35	9.38	14.18	18.18	30.45
	(e) Other expenses	6.90	4.70	4.76	11.60	9.16	23.59
	Total Expenses	29.24	26.68	28.23	55.92	53.34	112.23
3	Profit before Tax (1- 2)	71.85	73.20	66.11	145.05	134.90	268.63
4	Less : Tax expenses						
	Current tax	26.11	20.69	23.16	46.80	47.95	91.25
	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	96.12
5	Profit for the period (3-4)	50.73	53.46	42.97	104.19	87.67	172.51
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)	(0.27)	(0.29)
	<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 period	(0.04)	(0.36)	0.02	(0.40)	(0.18)	(0.19)
7	Total comprehensive Income for the period (5+6)	50.69	53.10	42.99	103.79	87.49	172.32
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)						443.87
10	Earnings per Share (EPS) (before contribution to Core SGF)						
	(a) Basic (Rs.)	11.27*	11.88*	9.55*	23.15*	19.48*	38.34
	(b) Diluted (Rs.)	11.27*	11.88*	9.55*	23.15*	19.48*	38.34
	* Not annualised						

(Rs. in crores)

UNAUDITED STANDALONE BALANCE SHEET AS AT SEPTEMBER 30, 2019			
Sr. No.	Particulars	As at 30.09.2019	As at 31.03.2019
		Unaudited	Audited
I	ASSETS		
1	Non-current assets		
a	Property, Plant and Equipments	17.13	3.16
b	Capital work-on-progress	-	3.11
c	Other Intangible Assets	6.57	7.65
d	Intangible assets under development	61.50	49.48
e	Financial assets		
i	Investments	80.00	75.00
ii	Non-current bank balances	44.26	67.81
iii	Other Financial assets	2.55	3.23
f	Income tax assets (net)	62.61	50.03
g	Other Non-current assets	0.08	0.07
		274.70	259.54
2	Investments -Core SGF	2,961.48	2,786.92
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 *	3,244.58	6,382.58
iv	Bank balances other than cash and cash equivalents *	612.89	399.43
	* Includes Rs. 2871.24 crores (March 19: Rs. 6068.90 crores) pertaining to Settlement obligation and margin money from members		
v	Other Financial assets	55.36	65.91
b	Other current assets	11.00	9.38
		4,071.80	7,232.46
	TOTAL ASSETS	7,557.98	10,528.92
II	EQUITY AND LIABILITIES		
1	Equity		
a	Equity Share capital	45.00	45.00
b	Other Equity	450.02	443.87
		495.02	488.87
2	Core Settlement Guarantee Fund (Core SGF)	2,961.48	2,786.92
3	Settlement Guarantee Fund (SGF)- Commodity derivatives	250.00	250.00
4	Non-current liabilities		
a	Provisions	6.83	5.95
b	Deferred tax liabilities (Net)	3.31	9.41
		10.13	15.36
5	Current liabilities		
a	Financial Liabilities		
i	Deposits (Unsecured)	817.69	788.31
ii	Trade payable	10.52	15.75
iii	Other financial liabilities *	2,889.77	6,089.18
	* Includes Rs. 2871.24 crores (March 19: Rs. 6068.90 crores) pertaining to Settlement obligation and margin money from members		
b	Provisions	5.43	6.35
c	Income tax liabilities (net)	92.12	65.52
d	Other current liabilities	25.83	22.66
		3,841.36	6,987.77
	TOTAL EQUITY AND LIABILITIES	7,557.98	10,528.92

UNAUDITED STANDALONE 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 (Audited)
A)	CASHFLOW FROM OPERATING ACTIVITIES			
	NET PROFIT BEFORE TAX	145.05	134.90	268.63
	Add/(Less) :- Adjustments for :			
	Depreciation	3.76	1.99	4.17
	Net gain on financial assets mandatorily measured at Fair Value through Profit or Loss	(4.64)	(8.17)	(21.24)
	Less : Adjustments for :			
	Interest income on Bank deposit	(20.98)	(16.90)	(37.09)
	Re-measurement of defined benefits plans	(0.56)	(0.27)	(0.29)
	Expected return on plan assets	(6.29)	(3.17)	(3.17)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	116.35	108.38	211.01
	Adjustments for :			
	Decrease/(Increase) in Trade Receivable	5.95	6.46	6.18
	Increase / (Decrease) in Trade payables	(5.24)	0.52	4.97
	Decrease/(Increase) in other financial assets	5.40	(0.01)	(3.28)
	Decrease/(Increase) in Other Assets	(1.63)	(0.98)	(2.08)
	Increase / (Decrease) in Other Financial Liabilities	(3,199.41)	(950.49)	528.88
	Increase / (Decrease) in Provision	(0.04)	(0.51)	1.31
	Increase /(Decrease) in Other Liabilities	3.17	0.04	3.81
	Proceed of Deposit from Trading member / applicant	76.05	33.80	124.86
	Refund of deposit from trading members / applicant	(46.66)	(33.52)	(104.68)
	CASH GENERATED FROM OPERATIONS	(3,046.06)	(836.30)	771.00
	Contribution to Core SGF	-	(12.46)	(17.46)
	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)	(3,078.84)	(1,131.84)	372.83
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	(25.57)	(46.55)	(52.40)
	Interest received	26.82	3.65	49.21
	(Increase)/Decrease in Fixed deposit	(189.92)	300.66	281.53
	Purchases of Investment	(15.33)	(232.95)	(250.90)
	Sale of Investment	247.49	236.91	236.84

C)	NET CASH USED IN INVESTING ACTIVITIES - Total (B)	38.49	261.73	259.28
	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)
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(3,138.00)	(913.52)	588.71
	CASH AND CASH EQUIVALENTS : OPENING BALANCE	6,382.58	5,793.87	5,793.87
	CLOSING CASH AND CASH EQUIVALENTS : CLOSING BALANCE	3,244.58	4,880.35	6,382.58
	NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENT	(3,138.00)	(913.52)	588.71

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.
- The standalone statement of cash flow for the half year ended 30 September 2018 as reported in these financial results have not been subjected limited review by the auditors.
- 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 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.

b) 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.
- 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.
- 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".
- 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]