

# Managing the clearing & risk landscape With robust and secure framework

3<sup>rd</sup> ANNUAL REPORT 2018 -19



## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

: Prof. Samir K Barua (00211077)  
: Mr. Mukesh Agarwal (03054853)  
: Mr. Natarajan Ramasamy (07625814)

### **KEY MANAGERIAL PERSONAL**

: Mr. Vivek Singhvi (Chief Executive Officer)  
: Mr. Nitin Bhadre (Chief Financial Officer)  
: Mr. Chirag Nagda (Company Secretary)

### **STATUTORY AUDITOR**

: M/s Haribhakti & Co. LLP, Chartered  
Accountants, 705, Leela Business Park,  
Andheri-Kurla Road, Andheri (E), Mumbai -  
400 059.

### **REGISTERED OFFICE**

: Unit-1202, Brigade International financial  
Centre, 12th floor, Block-14, Road 1c, Zone-1,  
GIFT SEZ, GIFT city, Gandhinagar Gujarat -  
382355



## BOARD'S REPORT

To,  
The Members,

Your Directors are pleased to present the 3<sup>rd</sup> Annual Report and the Audited financial Statements of NSE IFSC Clearing Corporation Limited (the 'Company or NICCL') for the year ended March 31, 2019.

NICCL was incorporated as a public company on December 2, 2016 at Ahmedabad under the Companies Act, 2013. NICCL is a step-down subsidiary of National Stock Exchange of India Ltd. (NSE), wherein 100% of its share capital is held by NSE Clearing Limited (NCL) formerly known as National Securities Clearing Corporation Limited (NSCCL), a subsidiary of NSE. The Company has been incorporated to carry on the business inter-alia of setting up and operating a clearing corporation as a unit in an International Financial Service Centre in any SEZ as approved by the Government of India or anywhere globally to carry on the business of clearing and settlement of any kind, including physical and cash settlement, of securities.

NICCL has formulated the Rules, Regulations and Byelaws which are consistent with the Principles for Financial Market Infrastructures (PFMIs) issued by the Committee on Payment and Settlement Systems (CPSS) and International Organisation of Securities Commissions (IOSCO).

NICCL commenced its operations as a Clearing Corporation in the GIFT City, Gandhinagar, Gujarat, India with effect from June 5, 2017 after receiving approval from SEBI. The required annual renewal from SEBI for the current year (2019-20) is awaited.

NICCL has put in place a robust and comprehensive Risk Management System. It clears and settles trades executed on NSE IFSC Ltd, a subsidiary of National Stock Exchange.

NICCL has the following types of clearing membership – Professional Clearing Member, Trading Cum Clearing Member and Trading Cum Self Clearing Member. The various asset classes that are cleared and settled by NICCL are:



Category	Instrument Type	Key Features
Equity Derivatives	Futures & Options	<ul style="list-style-type: none"> <li>• <b>Trading Hours:</b> Session 1 - 08:00 17:00 Session 2 - 17:30 - 23:30</li> <li>• <b>Currency of Trade:</b> US Dollars</li> <li>• <b>Contract Calendar:</b> Weekly, Monthly, Quarterly expiries</li> <li>• <b>Margining:</b> SPAN Based</li> <li>• <b>Settlement:</b> Cash Settled</li> <li>• <b>Daily Settlement:</b> T+1 Day</li> </ul>
Single Stock Derivatives	Futures & Options	
Currency Derivatives	Futures & Options	
Commodity Derivatives (Non Agri)	Futures	

Till March 31, 2019, NICCL had 6 clearing members (3 trading cum Clearing Members and 3 Trading cum Self Clearing Members). Clearing Banks are the key link between clearing members and NICCL for funds settlement. Members are required to maintain and operate clearing account with any one of the four clearing banks empanelled with NICCL.

#### **1. Initiatives and major events during the year ended March 31, 2019**

- SEBI granted Qualifying Central Counterparty (QCCP) status to NICCL.
- NICCL applied to European Securities Market Authority for recognition as a third country CCP under the European Market Infrastructure Regulation (EMIR). The decision of ESMA is awaited.
- A "Segregated Nominee Account Structure" has been put in place in the GIFT IFSC after SEBI approval. Under this structure, eligible Segregated Nominee Account Providers can permit their clients to access the markets in the IFSC through trading and clearing members without any additional due diligence requirements, easing the access to the IFSC markets.
- NICCL submitted a proposal to SEBI to offer an Individually Segregated Collateral Facility to its clearing members. Under the proposed facility, the clients of the clearing members can provide collateral directly to NICCL which will only be utilized towards the obligation of such clients. The proposed facility will help bring in clients who do not wish to take exposure against the clearing members operating in the IFSC and is in line with the best practices in the global CCPs. Approval from SEBI is awaited.
- NICCL received approval from SEBI to open account with Euroclear Bank for acceptance of eligible foreign securities as collateral. Admission process is in progress.





- NICCL prescribed the procedure for Clearing and settlement of Masala Bonds (Debt Securities).
- NICCL started providing margin benefits for offsetting position in various products.
- NICCL successfully conducted Mock Trading sessions in 2018-19 from its BCP / DR site at Chennai.
- NICCL introduced enhanced One Time Password (OTP) based Two-Factor Authentication (2FA) mechanism for various applications.

## 2. Operations

The total value of settlement for 2018-19 was US \$ 5.57 million. The highest monthly settlement was US \$ 8,49,483 for December 2018. As on March 31, 2019, the Core Settlement Guarantee Fund stood at US \$ 11,33,509. The details of operations for 2018-19 are as given in the table below:

Month	No. of Contracts Traded	Turnover * (in Mn \$)	MTM Settlement (in \$)	Final Settlement (in \$)	Premium Settlement (in \$)	Exercise Settlement (in \$)	Total Settlement (in \$)
April-18	158060	1658.38	573938.75	1621.20	-	-	574873.65
May-18	267375	2859.76	472173.75	3110.90	11053.70	1735.20	473977.30
Jun-18	540765	5857.56	671415.00	13460.55	57591.90	956.90	689911.45
Jul-18	799947	8860.18	193247.20	442.40	94304.60	26581.70	280494.65
Aug-18	781028	9059.65	306481.00	1503.80	68947.55	13672.00	368371.40
Sept-18	812011	9273.00	289327.40	4617.85	106014.05	11889.85	345467.00
Oct-18	659355	7397.36	459442.60	104453.85	132838.00	65416.80	496702.10
Nov-18	541956	6603.43	366318.95	8667.10	92677.55	105091.20	457668.35
Dec-18	562147	6868.77	760814.75	14278.55	173627.80	64533.60	849483.00
Jan-19	722644	9118.95	287118.10	36778.20	122743.00	16445.85	362829.55
Feb-19	581891	7453.80	201091.20	6388.00	112987.15	32494.45	252792.15
Mar-19	470804	6521.90	289757.40	70992.30	161212.15	143144.85	418824.95

\*Turnover includes value of futures and notional value of options.

### 3. Financials

3.1. The financial results for the year ended on March 31, 2019 are summarized hereunder :

Particulars	(Rs. in 'lakhs')	
	2018-19	2017-18
Income	12.94	-
Expenditure	653.20	894.26
Profit/(Loss) before tax	(640.26)	(894.26)
Add/(Less) provision for tax (including deferred tax)	-	-
Profit/(Loss) after tax	(640.26)	(894.26)
Add/ (Less): Items that will not be reclassified to profit or loss	325.97	32.97
Add/(less): Income-tax relating to items that will not be reclassified to profit or loss	-	-
Total comprehensive income	(314.29)	(861.29)
Profit/(Loss) brought forward from previous year	(1838.33)	(249.07)
Less: Contribution to core SGF	(50.31)	(689.54)
Less: Share issue expenses	(0.50)	(38.43)
<b>Balance carried to Balance Sheet</b>	<b>(2203.43)</b>	<b>(1838.33)</b>

### 3.2. Dividend

In view of the loss incurred by the Company for the year under review, the Board of Directors did not recommend any dividend for the financial year 2018-19.

### 3.3. Transfer to Reserves

In view of the loss, no amount was available for transferring to General Reserves for the year 2018-19.

### 3.4. Loans, Guarantees and Investments Under Section 186 of the Companies Act, 2013

During the period under review, the Company did not grant any loan to any person or body corporate, and did not provide any guarantee or security in connection with a loan to any person or body corporate. Further, the Company did not make any investment/ acquisition in terms of Section 186 of the Companies Act, 2013 during the financial year 2018-19.

**3.5. Contracts or Arrangements with Related parties**

All the related party transactions entered into by the Company were in the ordinary course of business and were at arm's length basis. Transactions with related parties were conducted in a transparent manner, aligned fully with the interests of the Company and its Stakeholders. The particulars of contracts or arrangements with related parties form part of the financial statements.

**3.6. Adequacy of Internal Financial Controls**

As regards internal financial controls in the Company, the noteworthy feature of its operations is the high degree of automation in the key areas of its operations and processes. All the processes are also well documented with comprehensive and well defined Standard Operating Procedures (SoPs) which inter-alia include the financial controls in the form of maker-checker, strict adherence to financial delegation given by the Board at various levels, system controls, information security controls as well as role-based access controls. Further, these controls are periodically reviewed while introducing new processes/changes in processes, changes in the systems, and changes in personnel handling the activities. These controls are also independently reviewed by the internal auditors whereby they specifically review the controls to establish their adequacy and effectiveness. The Internal Auditors and Secretarial Auditors review the compliances by the Company with respect to applicable laws, rules, regulations and guidelines.

**3.7. Subsidiaries, Joint Ventures and Associate Companies**

The Company does not have any subsidiary, joint venture or associate Company.

**3.8. 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 apply to the company.

**3.9. Risk Management**

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 has 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.

The Risk Management Committee has formulated risk management policy and monitors its implementation.

### **3.10. Material Changes and Commitments**

There were no material changes and commitments during the reporting year that adversely affected the financial position of the Company.

The Company received approval from SEBI vide its letter dated May 23, 2018, granting recognition as a Clearing Corporation for a period of one year effective from May 29, 2018. The Company commenced its operations as a Clearing Corporation with effect from June 5, 2017.

### **3.11. Significant Orders passed by the Regulators or Courts or Tribunals Impacting the Company**

During the year under review, there were no significant or material orders passed by the Regulators or Courts or Tribunals which would impact the status of the Company as a going concern.

### **3.12. Explanations or Comments on the Auditor's Report**

As there was no qualification, reservation or adverse remark or disclaimer made by the Statutory Auditors, appointed under Section 139 of the Companies Act, 2013, in their report, there was no need for explanations or comments by the Board. The report of Statutory Auditor forms part of the financial statements.

### **3.13. Share Capital**

The authorized share capital of the Company is Rs. 100 crore divided into 10 crore equity shares of Rs. 10 each.

During the year under review, the paid-up share capital of the company was increased to Rs. 75 crore divided into 7.5 crore equity shares of Rs. 10 each through allotment of 50,00,000 equity shares of Rs. 10/- each at par to NSE Clearing Limited, on rights basis.

## **4. Change in Registered Office**

During the year under review, the registered office of the Company was shifted from Unit no. 46 & 47, GIFT Aspire One Business Centre, 1st floor, Block-12, Road-1-D, Zone-1, GIFT-SEZ Gandhinagar, Gujarat-382355 to Unit-1202, brigade international financial center, 12th floor, Block-14, Road 1C, Zone-1, GIFT SEZ, GIFT CITY, Gandhinagar Gujarat – 382355, with effect from October 29, 2018.



## 5. Extract of the Annual Return

In terms of MCA notification dated January 4, 2017, the IFSC Public Companies are exempted from complying with the provisions of Section 92 (3) of the Companies Act, 2013 and hence the Company is not required to provide an extract of Annual Return which forms part of the Board's report.

## 6. Human Resources

The Company considers its employees as the most valuable resource and ensures strategic alignment of Human Resource practices to business priorities and objectives. As on March 31, 2019, the Company had a dedicated human capital of 9 employees which included 2 employees on deputation from NSE and 4 employees on deputation from NSE Clearing Limited.

None of the employees of the Company is drawing remuneration in excess of the limits as specified in sub-rule (2) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### 6.1. 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 provided in the following table:

1	Number of complaints of sexual harassment received during the year ended March 31, 2019	NIL
2	Number of complaints disposed off during the year ended March 31, 2019	Not applicable
3	Number of cases pending for more than ninety days	Not applicable
4	Number of workshops or awareness programs against sexual harassment carried out	Awareness program was done for all employees
5	Nature of action taken by the employer	Not applicable

Pursuant to the Companies (Accounts) Amendment Act, 2018 effective from 31<sup>st</sup> July, 2018, NICCL has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

**7. Directors and Key Managerial Personnel (KMP)****7.1. Directors:**

Mr. Natarajan Ramasamy is Director of the Company since incorporation. Mr. Mukesh Agarwal is Director and Prof. Samir K Barua is the Independent Director and Chairman of the Board of the Company.

**7.2. Declaration of Independence**

The terms and conditions of appointment of Independent Director are as per schedule IV of the Companies Act, 2013. Prof. Samir Barua, Independent Director has submitted a declaration that he meets the criteria of Independence as provided in the sub section(6) of section 149 of the Companies Act, 2013 and there have been no changes in the circumstances which may affect his status as Independent Director during the year.

**7.3. Directors Retiring by Rotation**

Pursuant to the MCA notification dated January 4, 2017, the IFSC Public Companies are exempted from complying with the provisions of Section 152 (6) & (7) of the Companies Act, 2013 and hence none of the Directors of the Company shall retire by rotation at the ensuing Annual General Meeting.

**7.4. Key Managerial Personnel**

Mr. Vivek Singhvi, Chief Executive Officer, Mr. Nitin Bhadre, Chief Financial Officer and Mr. Chirag S Nagda, Company Secretary are the Key Managerial Personnel of the Company, pursuant to the Companies Act, 2013.

Mr. Bhavesh Shah resigned as the Chief Financial Officer, with effect from October 22, 2018. Further, Mr. Aniket Bhanu resigned as the Chief Executive Officer of the Company with effect from January 21, 2019. The Board placed on record its appreciation for the valuable contribution made by them to the functioning and development of the Company.

Mr. Nitin Bhadre was appointed as the Chief Financial Officer, with effect from October 23, 2018. Mr. Vivek Singhvi was appointed as the Chief Executive Officer, with effect from January 22, 2019.

## 8. NICCL Board

### 8.1. Board Evaluation

In terms of the MCA notification dated January 4, 2017, the IFSC Public Companies are exempted from complying with the provisions of Section 178 of the Companies Act, 2013 and hence the Company is not required to constitute Nomination and Remuneration Committee to discharge the functions mandated under the provisions of Section 178 of the Companies Act, 2013.

Despite the above, NICCL carried out an evaluation of the Board of Directors. The evaluation was done on the basis of a questionnaire with the aim to evaluate the performance of the Board and of individual directors. The performance of the Board and individual Directors was evaluated by the Board seeking inputs from each Director. The criteria for performance evaluation of the Board included board composition, shared vision and strategy, the effectiveness of Board processes, and adequacy of information to the Board. The criteria for performance evaluation of the individual Directors included acting independently and in the best interests of the Company, and contributing to Board meetings by devoting sufficient time to understand the issues under discussion. The Chairman of the Board was also evaluated on the key aspects of the role.

### 8.2. Number of Board Meetings

During the financial year 2018-19, 5 (five) Board Meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. Board Meetings were conducted on April 23, 2018, June 21, 2018, July 25, 2018, October 22, 2018, and January 21, 2019. The details of the attendance of the directors at the meetings held on the above dates are given in the table hereunder:

Name	Number of meetings held during membership	Number of meetings attended
Mr. Natarajan Ramasamy	5	5
Mr. Mukesh Agarwal	5	5
Prof. Samir K Barua	5	5

**8.3. Audit Committee**

In terms of the MCA notification dated January 4, 2017, the IFSC Public Companies are exempted from complying with the provisions of Section 177 of the Companies Act, 2013 and hence the Company is not required to constitute Audit Committee to discharge the functions mandated under the provisions of Section 177 of the Companies Act, 2013.

**8.4. Company's Policy on Directors' Appointment and Remuneration including Criteria for determining Qualifications, Positive Attributes, Independence of Directors**

The provisions of Section 178 of the Companies Act, 2013 in relation to policy on Directors' appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a Director and other matters are not applicable to the Company as per the exemption notification no. G.S.R. 08(E) dated January 4, 2017.

During the year under review, none of the Non-Executive Directors was drawing remuneration from the Company. The sitting fees were paid to the Independent Director and the same was in accordance with the provisions of the Companies Act, 2013 and the rules thereunder.

**8.5. Directors' Responsibility Statement**

Your Directors confirm that:

- i. The applicable accounting standards have been followed along with proper explanation relating to material departures, if any, in the preparation of the annual accounts;
- ii. The Directors selected 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 the Company at the end of the year i.e., 31<sup>st</sup> March, 2019 and of the losses of the Company for that period;
- iii. The Directors have 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 the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors have ensured that the annual accounts are prepared on a going concern basis;
- v. The Directors have 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 have devised proper systems to ensure compliance with the provision of all applicable laws and such systems are adequate and were operating effectively.

## **9. Statutory Auditors**

M/s. Haribhakti & Co. LLP, Chartered Accountants, Mumbai, were appointed as Statutory Auditors of the Company at the 1<sup>st</sup> Annual General Meeting held on September 12, 2017 for a period of 5 (five) years from the conclusion of 1<sup>st</sup> Annual General Meeting till the conclusion of 6<sup>th</sup> Annual General Meeting. 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.

M/s. Haribhakti & Co. LLP, have confirmed that, their appointment, if made, would be in accordance with section 139 of the Companies Act, 2013 and the rules made thereunder and that they are not disqualified in terms of section 141 of the Act.

## **10. Secretarial Audit**

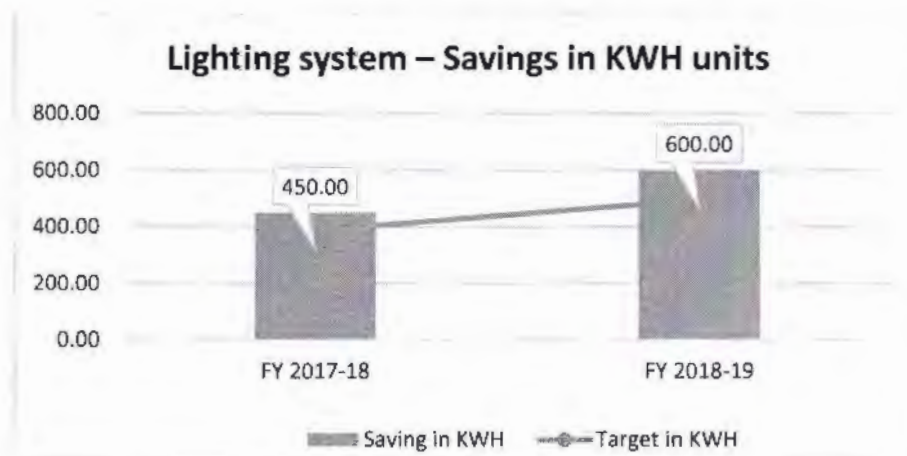
Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed M/s Umesh Ved & Associates, Company Secretaries to undertake the Secretarial Audit of your Company for the Financial Year 2018-19. The Secretarial Audit Report is annexed herewith as Annexure 1. The report does not contain any qualifications, reservation or adverse remarks.

## **11. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/Outgo**

**11.1.** The Company has always been conscious of the need to conserve energy. The Company is continuously identifying the area where energy can be saved and appropriate measures have been taken for optimizing energy conservation.

### **11.2. General Lighting System**

LED lights have been used for office area lighting in place of conventional CFL type lights. LED lights consume less energy and have more longevity and reliability than that of conventional CFL lights. By using LED lights, around 600 units of electricity were saved last year.



#### **11.2.1. Occupancy Sensor:**

Occupancy sensors have been installed so that lights are switched off automatically when the area is not in use. This has also reduced the energy consumption substantially towards lighting.

#### **11.2.2. Energy Conservative measures taken up for the building by GIFT City Limited**

##### **District Cooling System (DCS):**

The office air conditioning is being fed from the GIFT's District Cooling System with state of the art technology with Thermal Energy Storage System. This has resulted in the reduction of electricity consumption towards the operation of Air-Conditioning System in NSE's office area by around 3000 Tr-Hr per year as compared to conventional AC System.

#### **11.3. Technology Absorption:**

The Company uses the latest technologies for its operations. The Company has not imported any technology during the year under review.

#### **11.4. Foreign Exchange earnings/outgo:**

There were no foreign exchange earnings during the year ended March 31, 2019. However, the foreign exchange inflow during the said year was USD 7,05,915.57 received towards equity contribution from Holding company NSE Clearing Limited (Formerly known as National Securities Clearing Corporation Limited).



## **12. Acknowledgment**

The Directors are grateful for the support and co-operation extended by NSE Clearing Limited and its group companies and look forward to their continued support and co-operation. The Directors would like to place on record their deep appreciation of the contribution made by the employees at all levels to the establishment and development of the Company.

**For and on behalf of the Board of Directors**

A handwritten signature in black ink, appearing to read 'SK Barua', written over a horizontal line.

**Prof. Samir K Barua**  
**Chairman**

**Place: Mumbai**  
**Date: April 24, 2019**





**UMESH VED & ASSOCIATES**  
**Company Secretaries**

304, Shoppers Plaza-V, Opp. Municipal Market, C. G. Road, Navrangpura, Ahmedabad - 380 009  
Telefax : (O) +91 79 26464153, 48004153 • Mobile +91 98250 35990  
E mail : info@umeshvedcs.com, umeshvedcs.office@airtelmail.in • Website : www.umeshvedcs.com

**SECRETARIAL AUDIT REPORT**

**FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2019**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]*

To,  
The Members,  
**NSE IFSC CLEARING CORPORATION LIMITED,**  
Unit-1202, Brigade International Financial Centre 12th Floor,  
Block 14, Road 1C, Zone-1,  
GIFT Sez Gift City,  
Gandhinagar GJ 382355

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by NSE IFSC CLEARING CORPORATION LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit year covering the year ended on 31<sup>st</sup> March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") 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 the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not Applicable to the Company during the Audit Year)**
- (v) Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012





**Continuation Sheet**

*Umesh Ved & Associates*

(vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable to the Company during the Audit Year)**
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not Applicable to the Company during the Audit Year)**
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable to the Company during the Audit Year)**
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable to the Company during the Audit Year)**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the Audit Year)**
- (f) 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; **(Not Applicable to the Company during the Audit Year)**
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the Company during the Audit Year)** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable to the Company during the Audit Year)**

(vii) The Company has identified and confirmed the following laws, as being specifically applicable to the Company.

1. The Securities Contract (Regulations) Act, 1956
2. The Securities and Exchange Board of India Act, 1992
3. The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012
4. Securities And Exchange Board Of India (International Financial Services Centres) Guidelines, 2015
5. Rules, Regulations, Circulars, Orders, notification and Directives issued under the above statute to the extent applicable.



**Continuation Sheet****Umesh Ved & Associates**

We have relied on the representation made by the Company, its Officers and on the reports given by designated professionals for systems and processes formed by the Company to monitor and ensure compliances under other applicable Acts, Laws and Regulations to the Company.

During the year under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further Report That,

The Form AOC – 5 required to be filed under the provisions of the companies Act 2013 was filed after the statutory period along with the additional filing fees.

**We further report that:**

Board of Directors of the Company is duly constituted with the proper balance of Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

All decisions in the Board is carried through, while the dissenting members' views, if any, are captured and recorded as part of the minutes.

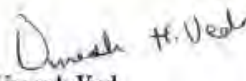
Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance *except in some instance* wherein the shorter notice was consented by the Directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report** that during the year company has issued 5,00,00,00 shares on right basis having a face value of Rs 10/- per equity share to NSE Clearing limited on 29/03/2019.

Place: Ahmedabad  
Date: 24/04/2019



  
Umesh Ved  
Umesh Ved & Associates  
Company Secretaries  
C.P. No.: 2924  
F.C.S No.: 4411





**UMESH VED & ASSOCIATES**  
**Company Secretaries**

304, Shoppers Plaza-V, Opp. Municipal Market, C. G. Road, Navrangpura, Ahmedabad - 380 009.  
Telefax : (O) +91 79 26464153, 48904153 \* Mobile +91 98250 35998  
E mail : info@umeshvedcs.com, umeshvedcs.office@airtelmail.in \* Website : www.umeshvedcs.com

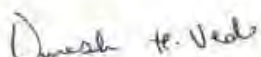
To,  
The Members,  
**NSE IFSC CLEARING CORPORATION LIMITED,**  
Unit-1202, Brigade International Financial Centre 12th Floor,  
Block-14, Road 1C, Zone-I,  
GIFT Sez GIFT City,  
Gandhinagar GJ 382355

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial Audit report 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.

Place: Ahmedabad  
Date: 24/04/2019



  
**Umesh Ved**  
**Umesh Ved & Associates**  
**Company Secretaries**  
C.P. No.: 2924  
F.C.S No.: 4411

## HARIBHAKTI & CO. LLP

Chartered Accountants

### INDEPENDENT AUDITOR'S REPORT

To the Members of NSE IFSC Clearing Corporation Limited

Report on the Audit of the Ind AS Financial Statements

#### Opinion

We have audited the accompanying Ind AS financial statements of **NSE IFSC Clearing Corporation Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, 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 then ended and notes to the Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Indian Accounting Standards ("Ind AS"), of the state of affairs of the Company as at March 31, 2019, its loss including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with 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 Ind AS 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 ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.



Haribhakti & Co. LLP, Chartered Accountants Regn. No. AAC- 3768, a limited liability partnership registered in India (converted on 17th June, 2014)  
Haribhakti & Co. FRN: 103523W)  
Registered office: 705, Leela Business Park, Andheri-Kurla Road, Andheri (E), Mumbai - 400 059, India. Tel: +91 22 6672 9999 Fax: +91 22 6672 9777  
Other offices: Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata, New Delhi, Pune.



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### Responsibilities of Management and Those Charged with Governance for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 this Ind AS 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 Ind AS 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 control 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 with reference to financial statements in place and the operating effectiveness of such controls.





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- 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

### 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 Section 143(11) of the Act, we give in "Annexure 1", 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, 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, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;
  - e. On the basis of the written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act;



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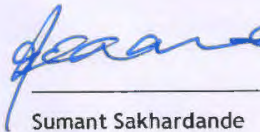
Chartered Accountants

- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, we give our separate report in "Annexure 2";
- g. 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, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company does not have any pending litigations which would impact its financial position;
- (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048



Sumant Sakhardande

Partner

Membership No. 034828



Place: Mumbai

Date: April 24, 2019



## HARIBHAKTI & CO. LLP

Chartered Accountants

### ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of **NSE IFSC Clearing Corporation Limited** on the Ind AS financial statements for the year ended March 31, 2019

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) During the year, the fixed assets of the Company have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) The Company does not hold any immovable property. Accordingly, the provisions stated in paragraph 3(i)(c) of the Order is not applicable.
- (ii) As Informed, the Company does not have any inventories. Therefore, the provisions stated in paragraphs 3(ii)(a), 3(ii)(b) and 3(ii)(c) of the Order are not applicable.
- (iii) As informed, 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. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has not entered into any transactions which fall under the purview of Section 185 and Section 186 of the Act. Accordingly, paragraph 3 (iv) of the Order are not applicable to the Company
- (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 provisions of Section 73 to Section 76 of the Act and the rules framed there under. Accordingly, paragraph 3 (v) of the Order are not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of Section 148 of the Act and the rules framed there under. Accordingly, paragraph 3 (vi) of the Order is not applicable to the Company.
- (vii)
  - (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, income tax, goods and service tax, customs duty, cess and any other material statutory dues applicable to it, however, there have been slight delay in few cases.  
  
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, goods and service tax, customs duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.
  - (b) According to the information and explanation given to us, there are no dues with respect to income tax, goods and service tax, customs duty, which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us, the Company has neither obtained any loans or borrowings from financial institutions, banks, or debentures holders. Accordingly, paragraph 3 (viii) of the Order are not applicable to the Company.





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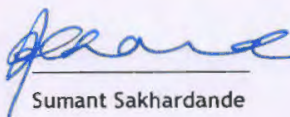
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- (ix) The Company has neither raised money by way of public issue offer nor has obtained any term loans. Therefore, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) During the course of our examination of the books and records 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 fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) According to the information and explanations given to us, no managerial remuneration has been paid / provided for the period under audit. Hence, the question of requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act does not arise.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Section 177 and Section 188 of Act, where applicable and the details have been disclosed in the Ind AS financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048



Sumant Sakhardande

Partner

Membership No. 034828



Place: Mumbai

Date: April 24, 2019



**HARIBHAKTI & CO. LLP**

Chartered Accountants

**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of **NSE IFSC Clearing Corporation Limited** on the Ind AS financial statements for the year ended March 31, 2019

**Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of **NSE IFSC Clearing Corporation Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS 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 with reference to financial statements 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 (the "Guidance Note") 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 with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, 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 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 with reference to financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls 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 with reference to financial statements.

**Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial control with reference to 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 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





## HARIBHAKTI & CO. LLP

Chartered Accountants

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 with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

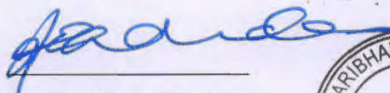
### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

  
Sumant Sakhardande

Partner

Membership No.034828



Place: Mumbai

Date: April 24, 2019

**NSE IFSC CLEARING CORPORATION LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2019**

		(Rs in Lakhs)	
Particulars	Notes	As at 31.03.2019	As at 31.03.2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	60.83	19.85
Other intangible assets	3	447.05	72.29
Intangible assets under development	3	9.61	49.14
<b>Financial assets</b>			
Other financial assets			
Non-current bank balances	4	138.34	-
Others	4	0.45	-
Income tax assets (net)		0.22	-
<b>Total non-current assets</b>		656.50	141.28
<b>Investments - Core Settlement Guarantee Fund</b>	5	791.63	689.87
<b>Current assets</b>			
<b>Financial assets</b>			
- Cash and cash equivalents	6	2,489.79	6,701.82
- Bank balances other than cash and cash equivalents	7	4,468.47	-
- Other financial assets	8	22.85	2.00
Other current assets	9	2.02	0.30
<b>Total current assets</b>		6,983.13	6,704.12
<b>TOTAL ASSETS</b>		8,431.26	7,535.27
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share capital	10a	7,500.00	7,000.00
Other Equity	10b	(2,203.43)	(1,838.33)
<b>TOTAL EQUITY</b>		5,296.57	5,161.67
<b>Core Settlement Guarantee Fund (Core SGF)</b>	11	791.63	689.87
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions	12	0.55	0.33
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Trade payables	13		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,166.09	487.68
Deposits	14	332.09	312.28
Other financial liabilities	15	775.10	842.32
Provisions	16	2.52	2.89
Other current liabilities	17	66.71	38.23
<b>Total current liabilities</b>		2,342.51	1,683.40
<b>TOTAL LIABILITIES</b>		3,134.69	2,373.60
<b>TOTAL EQUITY AND LIABILITIES</b>		8,431.26	7,535.27
Summary of significant accounting policies	1		

Notes refer to above form an integral part of the Balance sheet  
As per our report of even date attached

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No. 103523W / W 100048

*[Signature]*  
Sumant Sakhardande  
Partner  
Membership No. : 034828



Place : Mumbai  
Date : April 24, 2019

For and on behalf of the Board of Directors

*[Signature]* *[Signature]*  
Samir K Barua      Mukesh Agarwal  
Director              Director  
[ DIN:00211077 ]      [ DIN:03054853 ]

*[Signature]*  
Nitin Bhadre  
Chief Financial Officer  
Place : Mumbai  
Date : April 24, 2019

*[Signature]*  
Vivek Singhvi  
Chief Executive Officer

*[Signature]*  
Chirag Nagda  
Company Secretary



**NSE IFSC CLEARING CORPORATION LIMITED**
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2019**

(Rs in Lakhs)

Particulars	Notes	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>Income</b>			
Revenue from operations			
Other income	18	12.94	
<b>Total Income</b>		<b>12.94</b>	
<b>Expenses</b>			
Employee benefits expense	19	178.17	184.59
Depreciation and amortisation expense	18 & 2	44.99	31.92
Other expenses	20	430.04	688.35
<b>Total Expenses</b>		<b>653.20</b>	<b>894.76</b>
<b>Profit / (Loss) before tax</b>		<b>(640.26)</b>	<b>(894.26)</b>
Less : Tax expense			
Current tax			
Deferred tax			
<b>Total tax expenses</b>			
<b>Profit / (Loss) for the period (A)</b>		<b>(640.26)</b>	<b>(894.26)</b>
<b>Other Comprehensive Income</b>			
Items that will be reclassified to profit or loss			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		(0.13)	(1.84)
Changes in foreign currency translation reserve		328.10	34.81
<b>Total Other Comprehensive Income for the period (Net of Taxes) (B)</b>		<b>327.97</b>	<b>32.97</b>
<b>Total Comprehensive Income for the period (A+B)</b>		<b>(312.29)</b>	<b>(861.29)</b>
<b>Earnings per equity share ( Face Value Rs.10 each)</b>			
- Basic & Diluted ( Rs.)	21	(0.99)	(1.00)

Summary of significant accounting policies

1

Notes refer to above form an integral part of the Statement of Profit &amp; loss

As per our report of even date attached

For Haribhakti &amp; Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W / W 100048

Sumant Sakhardande

Partner

Membership No. : 034828

Place : Mumbai

Date : April 24, 2019



For and on behalf of the Board of Directors

Samir K Barua

Director

[ DIN:00211077 ]

Nitin Bhadre

Chief Financial Officer

Place : Mumbai

Date : April 24, 2019

Mukesh Agarwal

Director

[ DIN:02054853 ]

Vivek Singhvi

Chief Executive Officer

Chirag Nagda

Company Secretary

NSE IFSC CLEARING CORPORATION LIMITED  
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

(A) Equity Share Capital

(Rs.in Lakhs)


Balance as at 01.04.2018	7,000
changes in equity share capital during the period	500
Balance as at 31.03.2019	7,500

(B) Other Equity

(Rs. in Lakhs)

Particulars	Reserves and Surplus			Total
	Retained Earnings	Foreign Currency Translation Reserve	Other Comprehensive Income	
Balance as at April 1, 2017	(83.36)	(165.71)	-	(249.07)
Profit/(Loss) for the Year	(894.26)	-	-	(894.26)
Other Comprehensive Income	-	-	(1.84)	(1.84)
Contribution to Core SGF	(689.54)	-	-	(689.54)
Share issue expenses	(38.43)	-	-	(38.43)
Changes in Foreign Currency Translation Reserve through Other Comprehensive Income	-	34.81	-	34.81
Balance as at March 31, 2018	(1,705.59)	(130.90)	(1.84)	(1,838.33)
Balance as at April 1, 2018	(1,705.59)	(130.90)	(1.84)	(1,838.33)
Profit/(Loss) for the period	(640.26)	-	-	(640.26)
Changes in Foreign Currency Translation Reserve through Other Comprehensive Income	-	325.10	-	325.10
Contribution to Core SGF	(50.31)	-	-	(50.31)
Share issue expenses	(0.50)	-	-	(0.50)
Other Comprehensive Income	-	-	(0.13)	(0.13)
Balance as at March 31, 2019	(2,396.66)	195.20	(1.97)	(2,203.43)

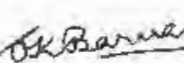


As per our report of even date attached  
For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No. 103523W / W 100048

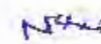
  
Samant Sakhardande  
Partner  
Membership No.: 034828

Place : Mumbai  
Date : April 24, 2019



For and on behalf of the Board of Directors

    
Samir K Barua      Mukesh Agarwal      Vivek Singhi  
Director      Director      Chief Executive Officer  
[ DIN:00211077 ]      [ DIN:03054853 ]

  
Nitin Bhadre  
Chief Financial Officer  
Place : Mumbai  
Date : April 24, 2019

  
Chirag Nagda  
Company Secretary

NSE IFSC CLEARING CORPORATION LIMITED  
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

Particulars	{ Rs. in Lakhs }	
	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX	(640.26)	(894.26)
<b>Add: Adjustments for:</b>		
Depreciation & Amortization Expenses	44.99	21.32
Loss on sale of scrap	2.33	-
Loss on fixed assets written off	6.37	-
Re-measurement of defined benefits plans	(0.13)	(1.84)
<b>Less: Adjustments for:</b>		
Interest income on bank deposits	(12.94)	-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(599.64)</b>	<b>(874.78)</b>
<b>Adjustments for:</b>		
Proceed of Deposit from Trading member / applicant	19.81	312.28
Trade Payables	678.42	373.26
Other financial liabilities	(67.22)	791.37
Other financial assets	(8.51)	-
Other current assets	(1.72)	2.69
Current Liabilities & Provisions	28.33	31.22
<b>CASH GENERATED FROM OPERATIONS</b>	<b>49.47</b>	<b>635.99</b>
Direct Taxes paid (Net of Refunds)	(0.22)	-
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES - Total (A)</b>	<b>49.25</b>	<b>635.99</b>
<b>B) CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(430.73)	(75.29)
Proceeds from sale of Fixed Assets	0.84	-
Investment in fixed deposits	(4,806.81)	-
Interest received	0.15	-
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES - Total (B)</b>	<b>(5,036.55)</b>	<b>(75.29)</b>
<b>C) CASHFLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Equity Shares	500.00	2,000.00
Share Issue Expense	(0.50)	(38.43)
Amount transferred to guarantee settlement fund	(50.31)	(203.02)
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES - Total (C)</b>	<b>449.19</b>	<b>1,758.55</b>
<b>Changes on account of conversion of balances from functional currency to presentation currency</b>	<b>326.10</b>	<b>34.81</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(4,212.03)</b>	<b>2,354.06</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>6,701.82</b>	<b>4,347.76</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>2,489.79</b>	<b>6,701.82</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(4,212.03)</b>	<b>2,354.06</b>
<b>Reconciliation of cash and cash equivalents as per the cash flow statement</b>		
Cash and cash equivalents as per above comprise of the following		
Cash and cash equivalents	2,489.79	6,701.82
Bank overdrafts	-	-
<b>Balances per statement of cash flows</b>	<b>2,489.79</b>	<b>6,701.82</b>

**Notes to Cash Flow Statement:**

- 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
- Previous period / year's figures have been regrouped/ reclassified wherever necessary to correspond with the current period classification / disclosure

As per our report of even date attached

For Haribhakti & Co. LLP  
Chartered Accountants  
CAI Firm Registration No. 103523W / W 100048

Sumant Sakhardande  
Partner  
Membership No.: 034828

Place: Mumbai  
Date: April 24, 2019



For and on behalf of the Board of Directors

Samir K Barua  
Director  
[ DIN:00211077 ]

Mukesh Agarwal  
Director  
[ DIN:03054853 ]

Vivek Singhvi  
Chief Executive Officer

Nitin Bhadre  
Chief Financial Officer

Chirag Nagda  
Company Secretary

Place: Mumbai  
Date: April 24, 2019



NSE IFSC CLEARING CORPORATION LIMITED

Notes to financial statements for the year ended March 31, 2019

- 1 **Background and Summary of significant accounting policies :**  
The NSE IFSC Clearing Corporation Ltd. (NICCL), a wholly owned subsidiary of NSE Clearing Limited (Formerly known as National Securities Clearing Corporation Ltd. (NSCCL)), was incorporated in December 2, 2016. It is set up to operate a clearing corporation as a unit in an International Financial Service Centre (IFSC) in India.
- The financial statements were authorised for issuance by the Company's Board of Directors on April 24, 2019.
- Summary of significant accounting policies :**  
This note provides a list of the significant accounting policies adopted in the preparation of Indian Accounting Standard (Ind AS) financial statements ("Ind AS financial statements"). These policies have been consistently applied to all the years / periods presented, unless otherwise stated.
- a) **Basis of preparation**
- 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 Amendment Rules. Accounting policies have been consistently applied and are consistent with those used in the previous year 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.
- (i) *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 value
- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.
- In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:
- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
  - Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
  - Level 3 inputs are unobservable inputs for the asset or liability.
- 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 functional currency of the Company is USD.
- The financial statements are presented in Indian currency (INR), which is the Company's 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 the period end exchange rates are recognised in Statement of 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 Statement of 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) *Translation to the presentation currency*  
The financial statements are translated from functional currency to presentation currency by using the following procedures:
- (a) assets and liabilities for each balance sheet presented (i.e. including comparatives) shall be translated at the closing rate at the date of that balance sheet;
  - (b) income and expenses for each statement of profit and loss presented (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
  - (c) all resulting exchange differences shall be recognised in other comprehensive income.
- c) **Revenue recognition**  
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of allowances, incentives, 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) Income excludes applicable taxes and other levies

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. Penal charges in respect of shortages due from the respective member is recognised in Statement of profit and loss as part of other revenue to the extent such charges are recoverable in the period of declaration of default. Insurance claims are accounted on accrual basis when the claims become due and payable.

**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, if any.

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.

Deferred income tax is provided in full, using the balance sheet approach, on deductible and taxable 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 substantively 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 income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and 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 Statement of 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) 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.

**f) Cash Flow Statements & Cash and cash equivalents**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

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.

**g) 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.

**h) 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 company 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 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 investments (other than investments in subsidiaries, associates and joint venture)*

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.

*Equity investments (in subsidiaries, associates and joint venture)*

Investments in subsidiaries, associates and joint venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The accounting policy on impairment of non-financial assets is disclosed in Note e. On disposal of investments in subsidiaries, associates and joint venture, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

*(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 company has transferred an asset, it 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 company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the Company 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 Statement of 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 Company, and the amount of the dividend can be reliably measured.

**i) Financial liabilities**

*(i) Classification as debt or equity*

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

*(ii) 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.

NSE





**n) 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.

At the end of each reporting period, provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at a future date. 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.

**o) Contingent Liabilities and contingent assets**

Contingent liabilities are disclosed in notes 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 assets are not recognized in the financial statements. If the inflow of economic benefits is probable, then it is disclosed in the financial statements.

**p) 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.

**q) Dividends**

Provision is made for the amount of any dividend declared including dividend distribution tax, 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.

**r) Earnings per share**

*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- 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.

**s) Operating Lease**

Leases of property, plant and equipment and land where the company, as lessee, has substantially received all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other financial liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**t) Employee Benefits**

(i) Provident Fund: The company registered with Regional Provident Fund Office, Ahmedabad, and both the employee and the employer make monthly contribution equal to 12% of the employee's basic salary respectively.

(ii) Superannuation: Superannuation benefits are covered by group policies with the Life Insurance Corporation of India maintained by the ultimate Holding Company. The contribution payable for the year is charged to revenue. There are no other obligations other than the annual contribution payable.

(iii) Gratuity: The ultimate 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. Provisions are made for the defined benefit with respect to gratuity liability based on the present value of defined benefit obligation as reduced by the fair value of plan assets as per the actuarial valuation calculation. The present value is calculated using the projected unit credit method. Actuarial gains or losses are recognized in full in the other comprehensive income for the period in which they occur.

(iv) Leave Encashment: Liability on account of Leave encashment is provided based on Actuarial Valuation at Balance Sheet date using the projected unit credit method.

(v) Short term employee benefits are charged to revenue in the year in which the related service is rendered.

17/5/24



x) **Recent accounting pronouncements**

**(i) Ind AS 116 Leases:**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

The Company is currently evaluating the effect of this amendment on the financial statements.

**(ii) Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The Company is currently evaluating the effect of this amendment on the financial statements.

**(iii) Amendment to Ind AS 12 – Income taxes:**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

**(iv) Amendment to Ind AS 19 – plan amendment, curtailment or settlement:**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.



**NSE (FSC CLEARING CORPORATION LIMITED)**

Notes to Financial Statements For the year ended March 31, 2019

**Note 2 : Property, plant and equipment**

	Rs. in Lakhs			
	Office equipments	Electrical installations	Furniture and fixtures	TOTAL
Gross carrying amount:				
Opening as at 01.04.2017				16.06
Additions	1.30	13.62	7.55	22.47
Disposals				
Transfers				22.47
Closing gross carrying amount:	1.30	13.62	7.55	22.47
Accumulated depreciation:				
Opening as at 01.04.2017				
Depreciation charge during the period	0.27	1.12	1.24	2.62
Disposals				
Closing accumulated depreciation	0.27	1.12	1.24	2.62
<b>Net carrying amount as at 31.03.2018</b>	<b>1.03</b>	<b>12.50</b>	<b>6.31</b>	<b>19.85</b>
Gross carrying amount:				
Opening as at 01.04.2018	1.30	13.62	7.55	22.47
Additions	14.02		46.63	60.65
Disposals	(1.30)	(3.75)	(8.63)	(13.69)
Transfers				
Closing gross carrying amount	14.02	9.87	45.54	69.43
Accumulated depreciation:				
Opening as at 01.04.2018	0.27	1.12	1.24	2.62
Depreciation charge during the period	2.27	1.36	7.23	10.87
Disposals	(0.59)	(0.59)	(3.77)	(4.90)
Closing accumulated depreciation	1.95	1.89	4.75	8.60
<b>Net carrying amount as at 31.03.2019</b>	<b>12.07</b>	<b>7.97</b>	<b>40.79</b>	<b>60.83</b>





**NSE IFSC CLEARING CORPORATION LIMITED**  
**Notes to Financial Statements For the year ended March 31, 2019**

**Note 3 : Other intangible assets**

(Rs. in Lakhs)

	Clearing and Settlement System	Intangible Assets under development	TOTAL
Gross carrying amount			
Opening as at 01.04.2017		71.24	71.24
Additions	90.98	74.97	165.95
Disposals		(6.09)	(6.09)
Transfers	-	(90.98)	(90.98)
Closing gross carrying amount	90.98	49.14	140.12
Accumulated amortisation			
Opening as at 01.04.2017			
Amortisation charge during the period	18.70	-	18.70
Disposals		-	-
Closing accumulated amortisation	18.70	-	18.70
<b>Net carrying amount as at 31.03.2018</b>	<b>72.29</b>	<b>49.14</b>	<b>121.43</b>
Gross carrying amount			
Opening as at 01.04.2018	90.98	49.14	140.12
Additions	408.88	9.61	418.49
Disposals		(49.14)	(49.14)
Transfers			
Closing gross carrying amount	499.87	9.61	509.48
Accumulated amortisation			
Opening as at 01.04.2018	18.70	-	18.70
Amortisation charge during the period	34.12	-	34.12
Disposals		-	-
Closing accumulated amortisation	52.82	-	52.82
<b>Net carrying amount as at 31.03.2019</b>	<b>447.05</b>	<b>9.61</b>	<b>456.66</b>



4	<b>Other financial assets (non-current)</b>	As at 31.03.2019	As at 31.03.2018
		(Rs. in Lakhs)	
	Non Current bank balances	138.34	-
	Fixed deposits with maturity for more than 12 months	138.34	-
	<b>Others</b>		
	Interest Accrued on Bank Deposits	0.45	-
		0.45	-
	<b>Total</b>	138.79	-
5	<b>Investment -Core Settlement Guarantee Fund (Refer Note No. 11)</b>	As at 31.03.2019	As at 31.03.2018
		(Rs. in Lakhs)	
	Current accounts with Bank	0.35	689.87
	Fixed Deposits with Bank	783.71	-
	Accrued interest on CSGF FD	7.57	-
	<b>Total</b>	791.63	689.87
6	<b>Cash and cash equivalents</b>	As at 31.03.2019	As at 31.03.2018
		(Rs. in Lakhs)	
	<b>Balances with banks :</b>		
	On current accounts	2,489.79	6,701.82
	<b>Total</b>	2,489.79	6,701.82
7	<b>Bank balances other than Cash and Cash equivalents</b>	As at 31.03.2019	As at 31.03.2018
		(Rs. in Lakhs)	
	Fixed deposits with maturity for less than 12 months	4,468.47	-
	<b>Total</b>	4,468.47	-
8	<b>Other financial assets (Current)</b>	As at 31.03.2019	As at 31.03.2018
		(Rs. in Lakhs)	
	<b>Others</b>		
	Security deposit for utilities and premises	10.51	2.00
	Interest Accrued on Bank Deposits	12.34	-
	<b>Total</b>	22.85	2.00
9	<b>Other Current Assets</b>	As at 31.03.2019	As at 31.03.2018
		(Rs. in Lakhs)	
	Prepaid Expenses	-	0.30
	Other Advance recoverable	0.15	-
	Scrap Sale receivables	1.19	-
	Balance with Government Authorities	0.68	-
	<b>Total</b>	2.02	0.30
10 a)	<b>Share Capital</b>	As at 31.03.2019	As at 31.03.2018
		(Rs. in Lakhs)	
	<b>Authorised</b>		
	10,00,00,000 (Previous year: 10,00,00,000) Equity Shares of Rs 10 each	10,000.00	10,000.00
		10,000.00	10,000.00
	<b>Issued, Subscribed and Paid-up</b>		
	7,50,00,000 (Previous year: 7,00,00,000) Equity Shares of Rs 10 each	7,500.00	7,000.00
	<b>Total</b>	7,500.00	7,000.00

#### **Equity Shares**

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 Director is subject to the approval of the shareholder in the ensuing Annual General Meeting except in the case of interim dividend.

In the event of liquidation of the company, the holder of 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 shareholder.

Shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate:

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Equity Shares :

Name of the Company	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	% holding	No. of Shares	% holding
NSE Clearing Ltd (Formerly known as National Securities Clearing Corporation Limited) & its nominees	7,50,00,000	100.00%	7,00,00,000	100.00%
<b>Total</b>	<b>7,50,00,000</b>	<b>100.00%</b>	<b>7,00,00,000</b>	<b>100.00%</b>

Details of Equity Shareholder holding more than 5% share in the Company (No. of Shares):

Name of the Company	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	% holding	No. of Shares	% holding
NSE Clearing Ltd (Formerly known as National Securities Clearing Corporation Limited) & its nominees	7,50,00,000	100.00%	7,00,00,000	100.00%
<b>Total</b>	<b>7,50,00,000</b>	<b>100.00%</b>	<b>7,00,00,000</b>	<b>100.00%</b>

Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date by way of bonus, shares issued for consideration other than cash & shares bought back - Nil

Reconciliation of number of shares

	31-03-2019	31-03-2018
	No. of Shares	No. of Shares
Outstanding at the beginning of the Year	7,00,00,000	5,00,00,000
Issued during the Year	50,00,000	2,00,00,000
Outstanding at the end of the Year	7,50,00,000	7,00,00,000

Company has not reserved any shares for issue under options and contract or commitments for sale of shares or disinvestments

10 b) Other Equity (Rs. In Lakhs)

Particulars	Reserves and Surplus			
	Retained Earnings	Foreign Currency	Other Comprehensive	Total
Balance as at 01.04.2018	(1,705.59)	(130.90)	(1.84)	(1,838.33)
Profit/(Loss) for the period	(640.26)	-	-	(640.26)
Changes in Foreign Currency Translation Reserve through Other Comprehensive Income	-	326.10	-	326.10
Contribution to Core SGF	(50.31)	-	-	(50.31)
Share issue expenses	(0.50)	-	-	(0.50)
Other Comprehensive Income	-	-	(0.13)	(0.13)
<b>Balance as at 31.03.2019</b>	<b>(2,396.66)</b>	<b>195.20</b>	<b>(1.97)</b>	<b>(2,203.43)</b>

11 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.

Details of Core SGF are as follows :

	As at 31.03.2019	As at 31.03.2018
	(Rs. in Lakhs)	(Rs. in Lakhs)
Company's Own contribution*	782.13	689.55
Penalty collected from members	1.94	0.32
Accrued interest on CSGF FD	7.56	-
<b>Total</b>	<b>791.63</b>	<b>689.87</b>

\*Company's own contribution includes contributions of Rs. 50.32 Lakhs made during current year 2018-19 and balance increase is on account of currency fluctuation.

	As at 31.03.2019	As at 31.03.2018
	(Rs. in Lakhs)	(Rs. in Lakhs)
<b>Provision (Non Current)</b>		
<b>Employee benefits obligation</b>		
Provision for Gratuity	0.55	0.33
<b>Total</b>	<b>0.55</b>	<b>0.33</b>

	As at 31.03.2019	As at 31.03.2018
	(Rs. in Lakhs)	(Rs. in Lakhs)
<b>Trade Payable</b>		
Trade Payable to Micro and Small Enterprises	-	-
Trade Payable to other than Micro and Small Enterprises	492.94	96.72
Trade Payable to Related Party (Refer Note No. 26)	673.15	390.96
<b>Total</b>	<b>1,166.09</b>	<b>487.68</b>

Payable to Related Party

National Stock Exchange of India Limited	158.67	123.67
NSE Clearing Ltd (formerly known as National Securities Clearing Corporation Limited)	423.30	235.64
NSE IFSC LTD	48.83	6.33
NSE IT LTD	42.35	25.32
<b>Total</b>	<b>673.15</b>	<b>390.96</b>





14	<b>Deposits (Unsecured- Current)</b>	As at 31.03.2019	As at 31.03.2018
		(Rs. in Lakhs )	
	Security Deposit from Clearing Members	332.09	312.28
	<b>Total</b>	<b>332.09</b>	<b>312.28</b>
15	<b>Other Financial Liabilities (Current)</b>	As at 31.03.2019	As at 31.03.2018
		(Rs. in Lakhs )	
	Margins From Members	774.72	842.32
	Other liabilities	0.38	-
	<b>Total</b>	<b>775.10</b>	<b>842.32</b>
16	<b>Provision (Current)</b>	As at 31.03.2019	As at 31.03.2018
		(Rs. in Lakhs )	
	Provisions for Leave encashment	0.44	0.41
	Provision for Gratuity	0.00	0.00
	Provision for variable pay and other allowances	2.08	2.48
	<b>Total</b>	<b>2.52</b>	<b>2.89</b>
17	<b>Other Current liabilities</b>	As at 31.03.2019	As at 31.03.2018
		(Rs. in Lakhs )	
	Statutory Dues Payable	66.71	38.23
	<b>Total</b>	<b>66.71</b>	<b>38.23</b>
18	<b>Other Income</b>	For the year ended 31.03.2019	For the year ended 31.03.2018
		(Rs. in Lakhs )	
	Interest income on bank deposits	12.94	-
		<b>12.94</b>	<b>-</b>
19	<b>Employee benefits expense</b>	For the year ended 31.03.2019	For the year ended 31.03.2018
		(Rs. in Lakhs )	
	Salaries, wages and bonus	170.23	170.63
	Contribution to provident and other fund	4.85	5.18
	Staff welfare Expenditure	3.09	8.78
	<b>Total</b>	<b>178.17</b>	<b>184.59</b>
20	<b>Other expenses</b>	For the year ended 31.03.2019	For the year ended 31.03.2018
		(Rs. in Lakhs )	
	Application Fees	0.10	14.17
	Inauguration Sharing	-	69.25
	Payment to auditor (Refer note below)	3.93	1.35
	Professional Fees	17.33	6.80
	Rent - Commercial Premises	14.81	13.27
	Repairs & Maintenance On Computer systems	257.62	118.42
	Repairs & Maintenance - Building	5.19	4.24
	Software expenses	83.89	418.03
	Electricity expenses	10.37	7.66
	Director Sitting Fees	2.51	0.50
	Travelling Expense	19.86	29.24
	Loss on sale of scrap	2.33	-
	Loss on fixed assets written off	6.37	-
	Other Expenses	5.73	5.42
	<b>Total</b>	<b>430.04</b>	<b>688.35</b>
	<b>Note :</b>		
	<b>Payment to Auditor</b>		
	<b>As Auditor</b>		
	Audit Fees	1.52	1.20
	<b>In other Capacity</b>		
	Certification Matters	0.65	0.15
	Cyber Security Audit Fees	1.76	-
	<b>Total</b>	<b>3.93</b>	<b>1.35</b>

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**Earnings per share**

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The Company did not have any potentially dilutive securities in any of the periods presented.

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Profit attributable to the equity holders of the company used in calculating basic earnings per share and diluted earnings per share		
Profit Before Tax	(640.26)	(894.26)
Tax on above		
Profit for the period (Rs. in Lakhs)	(640.26)	(894.26)
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	7,10,41,096	6,01,91,781
Earnings per equity share (basic and diluted) (Rs.)	(0.90)	(1.49)

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.

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**Lease - Operating Lease**

The Company has taken certain premises on operating lease.

Particulars	Year ended 31.03.2019	(Rs. in Lakhs) Period ended 31.03.2018
- Paid during the Year	14.81	13.27
- Not Later than one year	10.43	13.97
- Later than one year and not later than five years	60.53	-
- Later than five years	136.83	-
Total Lease Payment	207.80	13.97

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**Deputed Personal Cost**

Salaries, Wages & Allowances also includes the deputation expenses in respect of the employees of National Stock Exchange of India Limited (NSEIL) and NSE Clearing Limited (Formerly known as National Securities Clearing Corporation Limited).

24

Disclosure under Ind AS 19 on Employee Benefits notified under Rule 7 of the Companies (Accounts) Rules, 2015:

**Defined Contribution Plan:**

Provident Fund: Company has contributed Rs. 0.31 Lakhs (PY Rs. 0.17 Lakhs) towards Provident Fund during the year ended March 31, 2019 to Employee Provident Fund Organisation.

**Defined Benefit Plan:**

The Company offers its employees defined-benefit plans in the form of a gratuity scheme as per the applicable statute. Benefits under the defined benefit plans are typically based on years of service and the employee's compensation (generally immediately before retirement).

**A Balance Sheet**

(Rs. in Lakhs)

(i) The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Current Year 31.03.2019	Previous Year 31.03.2018
Liability at the beginning of the year	0.33	-
Interest cost	0.03	0.03
Current Service Cost	0.32	0.15
Liability transferred	-	-
Benefits Paid	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	0.01	(0.02)
Actuarial (Gains)/Losses on Obligations - Due to Experience	(0.14)	0.19
Liability at the end of the year	0.55	0.33

(ii) The amounts recognised in the balance sheet and the movements in the fair value of plan assets over the year are as follows:

Particulars	Current Year 31.03.2019	Previous Year 31.03.2018
Fair Value of plan assets at the beginning of the year	-	-
Interest Income	-	-
Expected return on plan assets	-	-
Contributions	-	-
Transfer from other company	-	-
Benefits paid	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Fair Value of plan assets at the end of the year	-	-

(iii) The net liability disclosed above relates to funded plans are as follows:

Particulars	Current Year 31.03.2019	Previous Year 31.03.2018
Fair value of plan assets as at the end of the year	-	-
Liability as at the end of the year	(0.55)	(0.33)
Net (Liability) / Asset	(0.55)	(0.33)

(iv) Balance Sheet Reconciliation

Particulars	Current Year 31.03.2019	Previous Year 31.03.2018
Opening Net Liability	0.33	-
Expenses Recognized in Statement of Profit or Loss	0.35	0.16
Expenses/(Income) Recognized in OCI	(0.13)	0.17
Net (Liability)/Asset Transfer	-	-
Employers Contribution	-	-
Amount recognised in the Balance Sheet	0.55	0.33

**B Statement of Profit & Loss**

(Rs in lakhs)

(i) Net Interest Cost for Current Period		
Particulars	Current Year 31.03.2019	Previous Year 31.03.2018
Interest Cost	0.03	0.01
Interest Income	-	-
Net Interest Cost for Current Period	0.03	0.01

(ii) Expenses recognised in the Statement of Profit & Loss		
Particulars	Current Year 31.03.2019	Previous Year 31.03.2018
Current Service cost	0.32	0.15
Net Interest Cost	0.03	0.01
Expenses recognised in the Statement of Profit & Loss	0.35	0.16

(iii) Expenses recognised in the Other Comprehensive Income		
Particulars	Current Year 31.03.2019	Previous Year 31.03.2018
Expected return on plan assets	-	-
Actuarial (Gain) or Loss	(0.13)	0.17
Net (Income)/Expense for the Period Recognized in OCI	(0.13)	0.17

**C Fair value of plan assets at the Balance Sheet Date for defined benefit obligations**

Particulars	Current Year 31.03.2019	Previous Year 31.03.2018
Insurer Managed Funds	-	-
Total	-	-

**D Sensitivity Analysis**

Particulars	Current Year 31.03.2019	Previous Year 31.03.2018
Projected Benefit Obligation on Current Assumptions	0.55	0.33
Delta Effect of +1% Change in Rate of Discounting	(0.05)	(0.03)
Delta Effect of -1% Change in Rate of Discounting	0.05	0.04
Delta Effect of +1% Change in Rate of Salary Increase	0.05	0.03
Delta Effect of -1% Change in Rate of Salary Increase	(0.05)	(0.03)
Delta Effect of +1% Change in Rate of Employee Turnover	(0.02)	(0.01)
Delta Effect of +1% Change in Rate of Employee Turnover	0.02	0.01

**E Significant actuarial assumptions are as follows:**

Particulars	Current Year 31.03.2019	Previous Year 31.03.2018
Discount Rate	7.48%	7.68%
Rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation	8.00%	8.00%
Attrition Rate	12.00%	12.00%

**Maturity Analysis of Projected Benefit Obligation: From the fund**

(Rs in lakhs)

Projected Benefits payable in Future Years from the Reporting Date	31-Mar-19	31-Mar-18
1st Following Year	0.00	0.00
2nd Following Year	0.00	0.00
3rd Following Year	0.04	0.00
4th Following Year	0.07	0.04
5th Following Year	0.07	0.05
Sum of Years 6 to 10	0.31	0.21

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**Segment Reporting**

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 CEO of the Company. The Company operates only in one Business Segment i.e. operations comprise of only facilitating Clearing & Settlement in securities and the activities incidental thereto within India or global, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

*Handwritten signature/initials*





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**Related Party**

In compliance with Ind AS 24 - "Related Party Disclosures", as notified under Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Amendment Rules required disclosures are given in the table below:

**Names of the related parties and related party relationship**

Sr. No.	Related Party	Nature of Relationship
1	National Stock Exchange of India Limited	The Ultimate Holding Company
2	NSE Clearing Limited (Formerly known as National Securities Clearing Corporation Limited)	Holding Company
3	NSE IFSC Limited	Subsidiary of Ultimate Holding company
4	NSEIT Limited (Formerly NSE.IT Limited)	Fellow Subsidiary of Holding Company
5	NSDL Database Management Limited	Ultimate Holding Company's Associate's Subsidiary
6	NSE Data & Analytics Limited (Formerly known as DotEx International Limited)	Holding company's Fellow Subsidiary's Subsidiary Company
7	NSE Indices Limited (Formerly known as India Index Services & Products Ltd.)	Holding company's Fellow Subsidiary's Subsidiary Company
8	NSE Infotech Services Limited	Holding company's Fellow Subsidiary's Subsidiary Company
9	NSE.IT (US) Inc.	Holding company's Fellow Subsidiary's Subsidiary Company
10	NSE Academy Limited (Formerly known as NSF Education Facilities Limited)	Ultimate Holding company Subsidiary's Subsidiary Company
11	NSE Foundation	Subsidiary of Ultimate Holding company
12	National Securities Depository Limited	Ultimate Holding Company's Associate
13	BFSI Sector Skill Council of India	Ultimate Holding Company's Associate
14	Power Exchange India Limited	Associate of Subsidiary of Ultimate Holding company
15	NSDL e-Governance Infrastructure Limited (Formerly known as National Securities Depository Limited)	Associate of Subsidiary of Ultimate Holding company
16	Market Simplified India Limited (Formerly known as INXS Technologies Limited)	Associate of Subsidiary of Ultimate Holding company
17	Computer Age Management Services Private Limited	Associate of Subsidiary of Ultimate Holding company
18	Receivables Exchange Of India Limited	Associate of Subsidiary of Ultimate Holding company
19	Aujus Networks	Subsidiary of Fellow subsidiary of holding company's Subsidiary
20	Prof. Samir K Barua	Key Managerial Personnel
21	Mr. Mukesh Agarwal	Key Managerial Personnel
22	Mr. Natarajan Ramasamy	Key Managerial Personnel
23	Mr Aniket Bhanu - Chief Executive Officer upto January 21, 2019	Key Managerial Personnel
24	Mr Vivek Singhvi - Chief Executive Officer w.e.f. January 22, 2019	Key Managerial Personnel

Name of the Related Party	Nature of Transactions	(Rs. in Lakhs)	
		For Period ended 31.03.2019	For Period ended 31.03.2018
NSE Clearing Limited (Formerly known as National Securities Clearing Corporation Limited)	Contribution towards Equity Share Capital	500.00	2,000.00
	Reimbursement of expenses for staff on deputation paid / payable	126.51	83.44
	Reimbursement for other expenses incurred (including taxes)	63.87	106.34
	Outstanding balance included in Trade Payables	423.30	235.64
National Stock Exchange of India Limited (NSEIL)	Reimbursement of expenses for staff on deputation paid / payable	33.33	78.34
	Reimbursement for other expenses incurred	0.68	9.42
	Outstanding balance included in Trade Payables	158.67	123.67
NSE IFSC Limited	Reimbursement for other expenses incurred	16.14	83.97
	SEBI turnover fees payable	28.53	-
	Outstanding balance included in Trade Payables	48.83	6.33
NSEIT Limited	Payment for services	44.29	28.13
	Outstanding balance included in Trade Payables	42.35	25.32
NSDL Database Management Limited	Payment for services	0.20	-
	Outstanding balance included in Trade Payables	-	-
Prof. Samir K Barua	Sitting fees	2.45	0.50

27 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 &amp; Medium Enterprises. Total outstanding dues to Micro, Small &amp; Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

28 As at March 31, 2019 the Company does not have any pending litigations which would impact its financial position.

29 In accordance with relevant provisions of Companies Act, 2013, the Company did not have any long-term contracts including derivative contracts as at March 31, 2019.

30 For the year 2018-19 the company is not required to transfer any amount into the Investor Education &amp; Protection Fund as required under relevant provisions of the Companies Act, 2013.

31 **Capital and other commitments**

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided

Other commitments

31.03.2019	31.03.2018
(Rs. in Lakhs)	
	0.74
138.45	-
138.45	0.74



- 32 Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the new Standard Ind AS 115 "Revenue from Contracts with Customers" which is effective from April 1, 2018.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The Company has adopted the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2019 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

### 33 Financial Risk Management

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'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.

Treasury department 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 during the year ended 31st March, 2019.

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 with appropriate maturities to optimise the returns on investments while ensuring sufficient liquidity to meet its liabilities.

Particulars	Carrying amount	Payable on demand	(Rs in lakhs)	
			Less Than 12 Month	More than 12 months
<b>As at March 31, 2019</b>				
Trade payables	1,166.09	-	1,166.09	-
Deposits	332.09	332.09	-	-
Margins From Members	774.72	774.72	-	-
Other liabilities	0.38	-	0.38	-

Particulars	Carrying amount	Payable on demand	(Rs in lakhs)	
			Less Than 12 Month	More than 12 months
<b>As at March 31, 2018</b>				
Trade payables	487.68	-	487.68	-
Deposits	312.28	312.28	-	-
Margins From Members	842.32	842.32	-	-
Other liabilities	-	-	-	-



## II 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:

- price risk;
- foreign exchange risk and
- interest rate risk

The above risks may affect the Company's income and expenses, or the value of its financial instruments. The objective of the Company's management of market risk is to maintain this risk within acceptable parameters, while optimising returns.

## III 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, 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 and 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 is required to maintain the minimum networth of Rs.50 crores and enhance it to Rs.300 crores at the end of third year to operate an exchange as per SEBI guidelines.

## Contingent liability:

Contingent liabilities

31.03.2019 31.03.2018

(Rs. in lakhs)

Previous year figures have been regrouped / reclassified wherever necessary.

As per our report of even date attached

For Haribhakti & Co. LLP  
 Chartered Accountants  
 ICAI Firm Registration No. 103523W / W 100048

Sumant Sakharanbe  
 Partner  
 Membership No. 034828

Place : Mumbai  
 Date : April 24, 2019



For and on behalf of the Board of Directors

Sanjay K Banua  
 Director  
 ( DIN:00211077 )

Mukesh Agarwal  
 Director  
 ( DIN:03054853 )

Vivek Singhvi  
 Chief Executive Officer

Nitin Bhadre  
 Chief Financial Officer  
 Place : Mumbai  
 Date : April 24, 2019

Chirag Nagda  
 Company Secretary