NSE IFSC
CLEARING CORPORATION LIMITED

SECOND ANNUAL REPORT 2017 -18

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS	: Prof. Samir K Barua
	: Mr. Mukesh Agarwal
	: Mr. Natarajan Ramasamy
KEY MANAGERIAL PERSONAL	: Mr. Aniket Bhanu (Chief Executive Officer)
	: Mr. Bhavesh Shah (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 no. 46 & 47, GIFT Aspire One Business Centre, 1st floor, Block-12, Road1-D, Zone-1, GIFT-SEZ Gandhinagar, Gujarat-382355

NSE IFSC CLEARING CORPORATION LIMITED

Registered Office: Unit no.46 & 47, GIFT Aspire One Business Centre, 1st Floor, Block 12, Road 1-D, Zone-1, GIFT-SEZ Gandhinagar, Gujarat-382355
CIN: U65990GJ2016PLC094545

BOARD'S REPORT

To,
The Members,

Your Directors are pleased to present the 2nd Annual Report and the Audited financial statements of NSE IFSC Clearing Corporation Limited (the 'Company') for the year ended March 31, 2018.

NSE IFSC Clearing Corporation Ltd. (NICCL) was incorporated as a public company on December 2, 2016 at Ahmedabad under the Companies Act, 2013. NICCL is the step-down subsidiary of National Stock Exchange, wherein 100% of its share capital is held by National Securities Clearing Corporation Limited (NSCCL), subsidiary of National Stock Exchange. The Company is 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 provide such services as may be permitted by the regulatory authorities in order to carry on the business of clearing and settlement of any kind, including physical settlement and cash settlement, of securities.

NICCL commenced its operations as a Clearing Corporation in the GIFT City, Gandhinagar with effect from June 5, 2017 after receiving approval from SEBI (vide its letter dated June 2, 2017), granting recognition for a period of one year effective from May 29, 2017. The application for renewal of the recognition as Clearing Corporation has been submitted to SEBI. Approval from SEBI is awaited.

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). The organization has put in place a robust and comprehensive Risk Management System. It clears and settles trades executed on NSE IFSC Ltd, 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:

<table>
<tr><th>Category</th><th>Instrument Type</th><th>Key Features</th></tr>
<tr><td>Equity Derivatives</td><td>Futures & Options</td><td rowspan="4">Trading Hours:
Session 1 - 08:00 17:00
Session 2 - 17:30 - 23:30
Currency of Trade: US Dollars
Contract Calendar: Weekly, Monthly expiries
Margining: SPAN Based
Settlement: Cash Settled
Daily Settlement: T+1 Day</td></tr>
<tr><td>Single Stock Derivatives</td><td>Futures & Options</td></tr>
<tr><td>Currency Derivatives</td><td>Futures & Options</td></tr>
<tr><td>Commodity Derivatives (Non Agri)</td><td>Futures</td></tr>
</table>

Till March 31, 2018, NICCL had 6 clearing members (3 Trading cum Clearing Member and 3 Trading cum Self Clearing Member). Clearing Banks are the key link between clearing members and NICCL for funds settlement. Members are required to maintain and operate a clearing account with any one of the designated clearing banks empanelled with the Clearing Corporation. There are currently 5 clearing Banks empanelled with NICCL.

1. <u>Initiatives and major events during the year ended March 31, 2018</u>

ESMA Application - NICCL has applied for registration as a Third Country-CCP by Euroclear Securities Market Authority (ESMA) under European Market Infrastructure Regulation (EMIR) Regulations.

Euro clear Application - NICCL has applied to become a participant of EUROCLEAR, an International Central Securities depository, to facilitate clearing and settlement of debt securities.

Cross Margin - NICCL has introduced cross margin benefit for offsetting position on NIFTY50-NIFTYBANK, Gold-Silver futures.

Setup of BCP - NICCL has set up its BCP/DR site at Chennai and has conducted successful mock session from its BCP / DR site.

Banks engaged - NICCL has empanelled 5 clearing banks IBU for the purpose of providing clearing and settlement services to clearing members.

Accepting BGs - Based on member’s feedback NICCL has taken approval from SEBI for acceptance of Bank Guarantee as collateral and empanelled IBUs for issuance of Bank Guarantees.

2. Operations

The total value of settlement was US $ 1.062 Million for 2017-18. The highest monthly settlement was US $270938.15 in the month of January 2018. The same month also witnessed the highest monthly trading volumes of US $2023.48 million. As on March 31, 2018, the Core Settlement Guarantee Fund stood at US $1060615.99. The pertinent details of operations for 2017-18 are provided in the table below:

Month	No. of Contracts Traded	Turnover (in Mil $)	MTM Settlement (in $)	Final Settlement (in $)	Premium Settlement (in $)	Exercise Settlement (in $)	Total Settlement (in $)
Jun-17	789	2.64	4459.00	108.9	0	0	4567.9
Jul-17	862	8.58	7713.2	1144.85	0	0	8858.05
Aug-17	2068	23.22	32124.15	161.5	0	0	32285.65
Sep-17	1442	14.77	8780.25	20.25	0	0	8762.7
Oct-17	2936	30.02	90795.90	9359.85	0	0	99812.7
Nov-17	114009	1300.94	220257.05	3114.65	0	0	219929.5
Dec-17	145971	1543.44	186542.25	1161.4	0	0	185399.1
Jan-18	213156	2023.48	133891.45	3142.35	33677.45	118481.75	270938.15
Feb-18	102904	744.10	83191.60	350.55	6055.9	5173	88618.4
Mar-18	100289	978.07	159368.60	59235.1	517	0	141626.55

2.1 Financial Results

The financial results for the year ended on March 31, 2018 are summarized hereunder:

(Rs. in Lakhs)

Particulars	**2017-18**	**2016-17**
Income	-	-
Expenditure	894.26	83.36
Profit/(Loss) before tax	(894.26)	(83.36)
Add/(Less)Provision for tax (including deferred tax)	-	-
Profit/(Loss) after tax	(894.26)	(83.36)
Add/ (Less): Items that will not be reclassified to profit or loss	32.97	(165.71)
Add/(less): Income-tax relating to items that will not be reclassified to profit or loss	-	-
Total comprehensive income	(861.29)	(249.07)
Profit/(Loss) bought forward from previous year	(249.07)	-
Less: Contribution to core SGF	(689.54)	-
Less: Share issue expenses	(38.43)	-
Balance carried to Balance Sheet	(1838.33)	(249.07)

2.2. 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 2017-18.

2.3 Transfer to Reserves

In view of the loss, the Board of Directors did not appropriate any amount for transferred to General Reserves for the year 2017-18.

2.4 Particulars of Loans, Guarantees or Investments under section 186 of the Companies ACT, 2013

During the period under review, the Company has not granted any loan to any person or body corporate, not provided any guarantee or security in connection with a loan to any person or body corporate. Further, the Company has not made any investment/ acquisition in terms of Section 186 of the Companies Act, 2013 during the financial year 2017-18.

2.5 Particulars of Contracts or Arrangements with Related parties

All the related party transactions were entered by the Company in 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 interest of the Company and its Stakeholders. The particulars of contracts or arrangements with related parties form part of the financial statements.

2.6 Details in respect of adequacy of Internal Financial Controls With reference to the financial statements

As regards internal financial controls in the Company, the noteworthy feature of ite 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, systemic controls, information security controls as well as role based access controls. Further, these controls are periodically reviewed while introducing new processes / change in processes, change in the systems, change 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.

2.7 Subsidiaries, Joint Ventures and Associate Companies

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

2.8 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 arise.

2.9 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 in 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.

2.10 Material Changes and Commitments, if any, affecting financial position of the Company which have occurred between the end of the financial year of the Company and the date of the report

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of financial year of the Company to which the Financial Statements relate and the date of this Report.

However, the Company has received approval from SEBI vide its letter dated June 2, 2017, granting recognition as a Clearing Corporation for a period of one year effective from May 29, 2017. The Company commenced its operation as a Clearing Corporation with effect from June 5, 2017.

2.11 Details of significant and material orders passed by the Regulators or Courts or Tribunals Impacting the going concern status and Company's operations in future

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

2.12 Explanations or comments on the qualification, reservation or adverse remark or disclaimer made by the Auditor in his report

There is 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. Hence the need for explanations or comments by the Board does not arise. The report of Statutory Auditor forms part of the financial statements.

2.13 Share Capital

The authorized share capital was increased from Rs. 50 crores equity shares of Rs. 10 each to Rs. 100 crores divided into 10 crore equity shares of Rs. 10 each with the approval of the members of the Company at the Extra-ordinary General Meeting held on April 5, 2017.

The paid up share capital of the Company was increased from Rs. 50 crores to Rs. 60 crores through allotment of 1 crore equity shares of Rs. 10 each on rights basis to National Securities Clearing Corporation Limited on May 8, 2017. Further, the paid up capital was increased from Rs. 60 crores to Rs. 70 crores by allotment of 1 crore equity shares of Rs 10 each on rights basis to National Securities Clearing Corporation Limited on March 9, 2018.

At present, the authorized share capital of the Company is Rs 100 crores divided into 10 crores equity shares of Rs 10 each and the subscribed, issued and paid up share capital is Rs. 70 crores divided into 7 crore equity shares of Rs. 10 each.

2.14 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 extract of Annual Return which forms part of Board's report

3.1 Human Resources

The Company considers its employees as most valuable resource and ensures strategic alignment of Human Resource practices to business priorities and objectives. As on March 31, 2018, the Company has a dedicated human capital of 10 employees which includes 2 employees on deputation from NSE and 5 employees on deputation from NSCCL.

During the year under review, the Company has not employed any person drawing remuneration as per the limits specified under the provisions of the Companies Act, 2013. Accordingly, the statement required pursuant to the provisions of Section 134 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not included with this report.

3.2 Disclosures under Sexual Harassment of Women at workplace (Prevention, Prohibition & Redressal) Act, 2013

The disclosures required to be given under Sexual Harassment of Women at workplace (Prevention, Prohibition & Redressal) Act, 2013 are given in the following table:

1	Number of complaints of sexual harassment received during the year ended March 31, 2018	**Nil**
2	Number of complaints disposed off during the year ended March 31, 2018	**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 for all employees was done**
5	Nature of action taken by the employer	**Not Applicable**

4.1. Directors and Key Managerial Personnel (KMP)

Directors: Appointment & Cessation

Mr. Natarajan Ramasamy is Director of the Company since incorporation. Mr. Mukesh Agarwal and Mr. T. Venkata Rao were appointed as Additional Directors of the Company w.e.f. December 8, 2016 to hold office up to the date of 1st Annual General Meeting. The shareholders of the Company at the Annual General meeting held on September 12, 2017 appointed Mr. Mukesh Agarwal and Mr. T. Venkata Rao as Non-Executive Directors of the Company.

Further, Mr T. Venkata Rao resigned as Director of the Company with effect from January 24, 2018. The Board placed on record its appreciation for the valuable contribution made by him that he had been associated with the Company.

In order to broad base the Board and have wider and independent perspective in Board's deliberation, the Board of Directors of the Company had appointed Prof. Samir K Barua as an Additional Director under Independent category with effect from November 08, 2017. He is proposed to be appointed as an Independent Director for a period of 3 years at the ensuing Annual General Meeting.

A brief profile and other details of the above named director seeking appointment at the ensuing AGM of the Company has been provided in the notice of the AGM.

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.

Key Managerial Personnel

Mr. Aniket Bhanu, Chief Executive Officer, Mr. Bhavesh Shah, Chief Financial Officer and Mr. Chirag S Nagda, Company Secretary are the Key Managerial Personnel of the Company pursuant to the Companies Act, 2013.

Board Evaluation

During the year, the first evaluation cycle was completed by the Company internally which included the evaluation of the Board as a whole and the Directors. The evaluation was done on the basis of questionnaire with the aim to evaluate the Board's own performance and to evaluate the performance of individual directors.

The performance of the Board and individual Directors was evaluated by the Board seeking inputs from the Directors. The criteria for performance evaluation of the Board included board composition, shared vision and strategy, 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 the understand the issues under discussion. The Chairman of the Board was also evaluated on the key aspects of the role.

Further, 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.

4.2 Number of Board Meetings

During the financial year 2017-18, 12 (twelve) 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 3, 2017, April 25, 2017, May 8, 2017, June 5, 2017, June 13, 2017, July 13, 2017, August 01, 2017, August 23, 2017, September 12, 2017, October 30, 2017, January 24, 2018 and February 21, 2018.

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	12	12
Mr. T. Venkata Rao*	10	9
Mr. Mukesh Agarwal	12	12
Prof. Samir K Barua**	2	2

** Mr. T. Venkata Rao resigned as Director of the Company with effect from January 24, 2018*
*** Prof Samir Barua joined the Board on November 8, 2017*

4.3 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.

4.4 Company's Policy on Directors' Appointment And Remuneration including criteria for determining Qualifications, Positive Attributes, Independence of Directors

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

4.5 Directors' Responsibility Statement

Your Directors confirm that:

i. the applicable accounting standards had 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., 31st March, 2018 and of the loss 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 provisions of all applicable laws and such systems are adequate and were operating effectively.

5.1 STATUTORY AUDITORS

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

A written consent from the Statutory Auditors has been received along with a certificate that their appointment if made, shall be in accordance with the prescribed conditions and the said Auditors satisfy the criteria provided in Section 141 of the Companies Act, 2013.

The ratification for the appointment of M/s. Haribhakti & Co. LLP, Chartered Accountants, as Statutory Auditors is being considered at the ensuing Annual General Meeting of the Company.

5.2 SECRETARIAL AUDIT

Pursuant to the provisions of the Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s Umesh Ved & Associates, Company Secretaries to undertake the Secretarial Audit of your Company for the Financial Year 2017-18. The Secretarial Audit Report is annexed herewith as Annexure 1. The report does not contain any qualifications, reservation or adverse remarks.

6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

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

(A) Conservation of Energy :

The Company has taken appropriate steps for the conservation of Energy.

(B)Technology Absorption

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

Foreign Exchange earnings/outgo:

There was no foreign exchange earnings during the year ended March 31, 2018. However, the foreign exchange inflow during the said year was USD 31,04,804.92 received towards equity contribution by NSE.

11. Acknowledgement

The Directors are grateful for the support and co-operation extended by NSCCL 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 growth of the Company.

For and on behalf of the Board of Directors

SKBarua

Prof. Samir K Barua
Chairman

Place: Mumbai
Date: April 23, 2018

UMESH VED & ASSOCIATES
Company Secretaries
304, Shoppers Plaza-V, Opp. Municipal Market, C. G. Road, Navrangpura, Ahmedabad - 380 009.
Telefax : (O) +91 79 30024153/ 30070889-90 • Moblie +91 98250 35998
E mail : info@umeshvedcs.com, umeshvedcs.office@airtelmail.in • Website : www.umeshvedcs.com

SECRETARIAL AUDIT REPORT

FOR THE YEAR ENDED ON 31ST MARCH, 2018

[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 No.46 & 47,
GIFT Aspire One Business Centre,
1st Floor, Block 12, Road 1-D,
Zone-1, GIFT-SEZ Gandhinagar,
Gandhinagar -382355

We have conducted the secretarial audit of the compliance of applicable statutory provisionsand 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 31stMarch, 2018 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 31st March, 2018 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;

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(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 ClearingCorporations) Regulations, 2012

(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

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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 statue to the extent applicable.

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:

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, 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 increase the authorized share capital and issued shares on right basis.

Place: Ahmedabad
Date: 18/04/2018

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COMPANY SECRETARIES

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

UMESH VED & ASSOCIATES
Company Secretaries
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E mail : info@umeshvedcs.com, umeshvedcs.office@airtelmail.in • Website : www.umeshvedcs.com

To.
The Members,
NSE IFSC CLEARING CORPORATION LIMITED,
Unit No.46 & 47,
GIFT Aspire One Business Centre,
1st Floor, Block 12, Road 1-D,
Zone-1, GIFT-SEZ Gandhinagar,
Gandhinagar -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: 18|04|2018

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COMPANY SECRETARIES

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

INDEPENDENT AUDITOR'S REPORT

To the Members of

NSE IFSC Clearing Corporation Limited

Report on the Ind AS Financial Statements

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, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information, (hereinafter referred to as "Ind AS Financial Statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the (state of affairs) financial position, profit or loss (financial performance including other comprehensive income) cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (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 and ensuring their operating effectiveness and 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers

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Other offices: Ahmedabad, Bengaluru, chennai, Coimbatore, Hyderabad, Kolkata, New Delhi, Pune.

internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

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 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 Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, its loss (financial performance including other comprehensive income) its cash flows and changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

(1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 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, Cash Flow Statement and the Statement of Changes in Equity 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 written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".

j. 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:

HARIBHAKTI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

(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

HARIBHAKTI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

Sumant Sakhardande

Partner

Membership No. 034828

Place: Mumbai

Date: April 23, 2018

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, 2018

(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 provision stated in paragraph 3(i)(c) of the Order is not applicable.

(ii) As informed, the Company does not have any inventories. Accordingly, 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, paragraphs 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.

(iv) As informed, the Company has not granted any loans, investments, guarantees and securities to parties covered under Section 185 of the Act. Accordingly, paragraph 3(iv) of the Order is 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 Sections 73 to 76 of the Act and the rules framed there under.

(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.

(vii)

(a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess and any other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise 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, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, which have not been deposited on account of any dispute.

HARIBHAKTI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

(viii) The Company has neither obtained any loan or borrowing from financial institution/bank/government nor issued any debentures. Accordingly, the provision stated in paragraph 3(viii) of the Order is not applicable.

(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, 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 Sections 177 and 188 of Act, where applicable and the details have been disclosed in the 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

HARIBHAKTI & CO. LLP * MUMBAI * CHARTERED ACCOUNTANTS

Sumant Sakhardande

Partner

Membership No. 034828

Place: Mumbai

Date: April 23, 2018

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, 2018

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of NSE IFSC Clearing Corporation Limited ("the Company") as of March 31, 2018 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 over financial reporting 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 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 Companies Act, 2013.

Auditors' Responsibility
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (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 over financial reporting 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 system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control 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 system over financial reporting.

HARIBHAKTI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

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Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 over financial reporting 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 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting 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 issued by the ICAI.

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

HARIBHAKTI & CO. LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Sumant Sakhardande
Partner
Membership No. 034828

Place: Mumbai
Date: April 23, 2018

NSE IFSC CLEARING CORPORATION LIMITED

BALANCE SHEET AS AT MARCH 31, 2018

(Rs in Lakhs)

Particulars	Notes	As at 31.03.2018	As at 31.03.2017
ASSETS			
Non-current assets			
Property, plant and equipment	4	19.85	-
Capital work-in-progress	4	-	16.06
Other intangible assets	5	72.29	-
Intangible assets under development	5	49.14	71.24
Total non-current assets		141.28	87.30
Bank Balances -Core Settlement Guarantee Fund	6	689.87	486.52
Current assets			
Financial assets			
- Cash and cash equivalents	7	6,701.82	4,347.76
- Bank balances other than cash and cash equivalents		-	-
- Other financial assets	8	2.00	2.00
Other current assets	9	0.30	2.99
Total current assets		6,704.12	4,352.75
TOTAL ASSETS		7,535.27	4,926.57
EQUITY AND LIABILITIES			
EQUITY			
Equity Share capital	10a	7,000.00	5,000.00
Other Equity	10b	(1,838.33)	(249.07)
TOTAL EQUITY		5,161.67	4,750.93
Core Settlement Guarantee Fund (Core SGF)	11	689.87	-
LIABILITIES			
Current liabilities			
Financial liabilities			
Trade payables to:	12		
Micro and Small Enterprises		-	-
Others		472.67	99.41
Deposits	13	312.28	-
Other financial liabilities	14	857.33	66.01
Provisions	15	3.22	-
Income tax liabilities (net)		-	-
Other current liabilities	16	38.23	10.22
Total current liabilities		1,683.73	175.64
TOTAL LIABILITIES		2,373.60	175.64
TOTAL EQUITY AND LIABILITIES		7,535.27	4,926.57

Summary of significant accounting policies
Notes refer to above form an integral part of the Balance sheet 2
As per our report of even date attached

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

Sumant Sakhardande
Partner
Membership No.: 034828

Place : Mumbai
Date : April 23, 2018

For and on behalf of the Board of Directors

Samir K Barua
Director
[DIN:00211077]

Mukesh Agarwal
Director
[DIN:03054853]

Aniket Bhanu
Chief Executive Officer

Bhavesh Shah
Chief Financial Officer

Chirag Nagda
Company Secretary

NSE IFSC CLEARING CORPORATION LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Rs in Lakhs)

Particulars	Notes	For the year ended 31.03.2018	Period from 02.12.2016 to 31.03. 2017
Income			
Revenue from operations		-	-
Other income		-	-
Total Income		-	-
Expenses			
Employee benefits expense	17	184.59	26.45
Depreciation and amortisation expense	4 & 5	21.32	-
Other expenses	18	688.35	56.91
Total Expenses		**894.26**	83.36
Profit /(Loss) before exceptional items & tax		(894.26)	(83.36)
Less: Exception Items		-	-
Profit /(Loss) before tax		(894.26)	(83.36)
Less : Tax expense			
Current tax		-	-
Deferred tax		-	-
Total tax expenses		-	-
Profit / (Loss) for the period (A)		**(894.26)**	(83.36)
Other Comprehensive Income			
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		(1.84)	
Changes in foreign currency translation reserve		34.81	(165.71)
Total Other Comprehensive Income for the period (Net of Taxes) (B)		32.97	(165.71)
Total Comprehensive Income for the period (A+B)		(861.29)	(249.07)
Earnings per equity share (Face Value Rs.10 each)			
- Basic & Diluted (Rs.)	19	(1.49)	(0.42)
Summary of significant accounting policies	2		

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

As per our report of even date attached

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

Sumant Sakhardande
Partner
Membership No.: 034828

Place : Mumbai
Date : April 23, 2018

For and on behalf of the Board of Directors

Samir K Barua
Director
[DIN:00211077]

Mukesh Agarwal
Director
[DIN:03054853]

Aniket Bhanu
Chief Executive Officer

Bhavesh Shah
Chief Financial Officer

Chirag Nagda
Company Secretary

NSE IFSC CLEARING CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED MARCH 31, 2018

(A) **Equity Share Capital**

	(Rs.in Lakhs)
Balance as at 02.12.2016	-
changes in equity share capital during the period	5,000
Balance as at 31.03.2017	**5,000**
changes in equity share capital during the period	2,000
Balance as at 31.03.2018	**7,000**

(B) **Other Equity**

(Rs. in Lakhs)

	Reserves and Surplus			
Particulars	**Retained Earnings**	**Foreign Currency Translation Reserve**	**Other Comprehensive Income**	**Total**
Balance as at December 2, 2016	-	-	-	-
Profit /(Loss)for the period	(83.36)	-	-	(83.36)
Changes in Foreign Currency Translation Reserve through Other Comprehensive Income	-	(165.71)	-	(165.71)
Balance as at March 31, 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)**

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

Sumant Sakhardande
Partner
Membership No.: 034828

Place : Mumbai
Date : April 23, 2018

HARIBHAKTI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Samir K Barua
Director
[DIN:00211077]

Mukesh Agarwal
Director
[DIN:03054853]

Aniket Bhanu
Chief Executive Officer

Bhavesh Shah
Chief Financial Officer

Chirag Nagda
Company Secretary

NSE IFSC CLEARING CORPORATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(Rs. in Lakhs)

	Particulars	For the year ended 31.03.2018	Period from 02.12.2016 to 31.03. 2017
A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	NET PROFIT BEFORE TAX	(894.26)	(83.36)
	Add : Adjustments for :		
	Depreciation & Amortization Expenses	21.32	-
	Re-measurement of defined benefits plans	(1.84)	
	Preliminary Expenses written off	-	49.16
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(874.78)	(34.20)
	Adjustments for :		
	Trade Receivables		
	Proceed of Deposit from Trading member / applicant	312.28	
	Trade Payables	373.26	99.41
	Other financial liabilities	791.32	66.01
	Other financial assets	-	(2.00)
	Other current assets	2.69	(2.99)
	Current Liabilities & Provisions	31.22	10.22
	CASH GENERATED FROM OPERATIONS	635.99	136.45
	Direct Taxes paid (Net of Refunds)	-	-
	NET CASH FROM (USED IN) OPERATING ACTIVITIES - Total (A)	635.99	136.45
B)	**CASHFLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets	(75.29)	(87.30)
	NET CASH FROM (USED IN) INVESTING ACTIVITIES - Total (B)	(75.29)	(87.30)
C)	**CASHFLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Issue of Equity Shares	2,000.00	5,000.00
	Share Issue Expense	(38.43)	-
	Preliminary Expense	-	(49.16)
	Amount transferred to guarantee settlement fund	(203.02)	(486.52)
	NET CASH FROM (USED IN) FINANCING ACTIVITIES - Total (C)	1,758.55	4,464.32
	Changes in Cash and cash equivalents on account of conversion of functional currency to presentation currency	34.81	(165.71)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	2,354.06	4,347.76
	CASH AND CASH EQUIVALENTS : OPENING BALANCE	4,347.76	-
	CLOSING CASH AND CASH EQUIVALENTS : CLOSING BALANCE	6,701.82	4,347.76
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT	2,354.06	4,347.76

Notes to Cash Flow Statement :

1. Cash and cash equivalent represent cash and bank balances.
2. 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.
3. 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
ICAI Firm Registration No. 103523W / W 100048

Sumant Sakhardande
Partner
Membership No.: 034828

Place : Mumbai
Date : April 23, 2018

HARIBHAKTI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Samir K Barua
Director
[DIN:00211077]

Mukesh Agarwal
Director
[DIN:03054853]

Aniket Bhanu
Chief Executive Officer

Bhavesh Shah
Chief Financial Officer

Chirag Nagda
Company Secretary

1 **Background of the Company**

The NSE IFSC Clearing Corporation Ltd. (NICCL), a wholly owned subsidiary of 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 23, 2018.

2 **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 (ie 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 (ie 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

MUMBAI

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 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 substantially 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 asset 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 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 recognized 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.

l) 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.

(iii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(iv) Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

j) **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

k) **Property, plant and equipment (Including CWIP)**

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Statement of profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Assets	Management Estimate of Useful Life in years
Computer systems office automation	3 years
Computer systems – others	4 years
Furniture and Fixtures	5 years
Electrical equipment	10 years
Office equipment	4 to 5 Years
Clearing and Settlement Systems	4 years
Telecommunication systems	4 years

The property, plant and equipment is depreciated over the asset's useful life

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset. The asset's residual values and useful lives are reviewed, and adjusted on a prospective basis if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in Statement of profit or loss.

Depreciation on assets purchased / disposed off during the year is provided on pro rata basis with reference to the date of additions / deductions.

Fixed assets whose aggregate cost is Rs. 5,000 or less are depreciated fully in the year of acquisition.

l) **Intangible assets**

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

Computer software is amortised over a period of 4 years.

m) **Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

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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.

u) **Current versus Non-current classification and operating cycle**

The Company presents assets and liabilities in the balance sheet based on current/non- current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle i.e. 12 months
- Held primarily for purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle i.e. 12 months.
- It is held primarily for purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

v) **Rounding of Amounts:**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores as per the requirement of Schedule III, unless otherwise stated.

w) **Critical Accounting Estimates And Judgements**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

Estimation of useful life of intangible asset refer Note 5

Estimation of contingent liabilities refer Note 32

Estimation of Impairment of Assets

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

3 The Company was incorporated on December 2, 2016. Accordingly, the previous year figure are for the period of 3 months & 29 days .

NSE IFSC CLEARING CORPORATION LIMITED
Notes to Financial Statements For the year ended March 31, 2018

Note 4 : Property, plant and equipment

Rs. in Lakhs

	Office equipments	Electrical installations	Furniture and fixtures	TOTAL	Capital Work In Progress
Gross carrying amount					
Opening as at 02.12.2016	-	-	-	-	-
Additions	-	-	-	-	16.06
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Closing gross carrying amount	-	-	-	-	16.06
Accumulated depreciation	-	-	-	-	-
Opening as at 02.12.2016	-	-	-	-	-
Depreciation charge during the period	-	-	-	-	-
Disposals	-	-	-	-	-
Closing accumulated depreciation	-	-	-	-	-
Net carrying amount as at 31.03.2017	**-**	**-**	**-**	**-**	**16.06**
Gross carrying amount					
Opening as at 01.04.2017	-	-	-	-	16.06
Additions	1.30	13.62	7.55	22.47	6.41
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	-
Net carrying amount as at 31.03.2018	**1.03**	**12.50**	**6.31**	**19.85**	**-**

HARIBHAKTI & CO. LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

NSE IFSC CLEARING CORPORATION LIMITED

Notes to Financial Statements For the year ended March 31, 2018

Note 5 : Other intangible assets

(Rs. in Lakhs)

	Clearing and Settlement System	Computer software under development	TOTAL
Gross carrying amount			
Opening as at 02.12.2016	-	-	-
Additions		71.24	71.24
Disposals	-	-	-
Transfers	-	-	-
Closing gross carrying amount	-	71.24	71.24
Accumulated amortisation	-	-	-
Opening as at 02.12.2016	-	-	-
Amortisation charge during the period		-	-
Disposals	-	-	-
Closing accumulated amortisation	-	-	-
Net carrying amount as at 31.03.2017	**-**	**71.24**	**71.24**
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
Net carrying amount as at 31.03.2018	**72.29**	**49.14**	**121.43**

6 **Bank balances -Core Settlement Guarantee Fund**

	As at 31.03.2018	As at 31.03.2017
	(Rs. in Lakhs)	
Current accounts with Bank (Refer Note No. 11)	689.87	486.52
Total	689.87	486.52

7 **Cash and bank balances**

	As at 31.03.2018	As at 31.03.2017
	(Rs. in Lakhs)	
Cash and cash equivalents		
Balances with banks :		
On current accounts	**6,701.82**	4,347.76
Cheques on hand		0.00
Total	6,701.82	4,347.76

8 **Other financial assets (Current)**

	As at 31.03.2018	As at 31.03.2017
	(Rs. in Lakhs)	
Others		
Security deposit for utilities and premises	**2.00**	2.00
Total	2.00	2.00

9 **Other Current Assets**

	As at 31.03.2018	As at 31.03.2017
	(Rs. in Lakhs)	
Prepaid Expenses	**0.30**	0.09
Balance with Service Tax Authorities	-	1.58
Balance with Sales Tax Authorities	-	1.32
Total	0.30	2.99

10 a) **Share Capital**

	As at 31.03.2018	As at 31.03.2017
	(Rs. in Lakhs)	
Authorised		
10,00,00,000 (Previous year: 5,00,00,000) Equity Shares of Rs 10 each	**10,000.00**	5,000.00
	10,000.00	5,000.00
Issued, Subscribed and Paid-up		
7,00,00,000 (Previous year: 500,00,000) Equity Shares of Rs 10 each	**7,000.00**	5,000.00
Total	7,000.00	5,000.00

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.

Equity Shares :

Name of the Company	As at 31.03.2018		As at 31.03.2017	
	Nos.	% holding	Nos.	% holding
National Securities Clearing Corporation Limited & its nominees	7,00,00,000	100.00%	5,00,00,000	100.00%
Total	**7,00,00,000**	**100.00%**	**5,00,00,000**	**100.00%**

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

Name of the Company	31.03.2018		31.03.2017	
	No.of Shares	% holding	No.of Shares	% holding
National Securities Clearing Corporation Limited & its nominees	7,00,00,000	100.00%	5,00,00,000	100.00%
Total	**7,00,00,000**	**100.00%**	**5,00,00,000**	**100.00%**

Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:

Particulars	Aggregate No. of Shares
Equity Shares	**2016-17**
Fully paid up by way of Bonus Shares	-

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Reconciliation of number of shares

	31/03/2018	31/03/2017
	No.of Shares	No.of Shares
Outstanding at the beginning of the Year	**5,00,00,000**	-
Issued during the Year	2,00,00,000	5,00,00,000
Outstanding at the end of the Year	**7,00,00,000**	**5,00,00,000**

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**)

	Reserves and Surplus			
Particulars	**Retained Earnings**	**Foreign Currency**	**Other Comprehensive**	**Total**
Balance as at December 2, 2016	-	-	-	-
Profit/(Loss) for the period ended March 31, 2017	(83.36)	-	-	(83.36)
Changes in Foreign Currency Translation Reserve through Other Comprehensive Income	-	(165.71)	-	(165.71)
Balance as at March 31, 2017	**(83.36)**	**(165.71)**	-	**(249.07)**
Profit/(Loss) for the period	(894.26)	-	-	(894.26)
Other Comprehensive Income	-	-	(1.84)	(1.84)
Contribution to Core SGF (Refer Note No. 11)	(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)**

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 31.03.2018 (Rs. in Lakhs)	As at 31.03.2017
Company's Own contribution*	**689.55**	-
Penalty collected from members	**0.32**	-
Total	689.87	-

*Company's own contribution includes contributions of Rs. 486.52 Lakhs made during previous year 2016-17.

12 **Trade Payable**

	As at 31.03.2018 (Rs. in Lakhs)	As at 31.03.2017
Trade Payable (Refer Note No. 25)	**81.71**	2.57
Trade Payable to Related Party (Refer Note No. 24)	**390.96**	96.84
Total	472.67	99.41

Payable to Related Party

National Stock Exchange of India Limited	**123.67**	42.64
National Securities Clearing Corporation Limited	**235.64**	54.20
NSE IFSC LTD	**6.33**	-
NSE IT LTD	**25.32**	-
Total	390.96	96.84

13 **Deposits (Unsecured)**

	Current As at 31.03.2018 (Rs. in Lakhs)	Current As at 31.03.2017
Security Deposit from Clearing Members	**312.28**	
Total	**312.28**	-

14 **Other Financial Liabilities (Current)**

	As at 31.03.2018 (Rs. in Lakhs)	As at 31.03.2017
Others		
Margins From Members	**842.32**	-
Liability for Expense	**0.01**	0.60
Creditor for Capital Expenditure	**15.00**	65.41
Total	857.33	66.01

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		Current	
		As at 31.03.2018	As at 31.03.2017
15	**Provision**	(Rs. in Lakhs)	
	Provisions for Leave encashment	0.41	
	Provision for Gratuity	0.33	
	Provision for variable pay and other allowances	2.48	
	Total	**3.22**	-

		As at 31.03.2018	As at 31.03.2017
16	**Other Current liabilities**	(Rs. in Lakhs)	
	Statutory Dues Payable	38.23	10.22
	Total	**38.23**	**10.22**

		For the year ended 31.03.2018	Period from 02.12.2016 to 31.03. 2017
17	**Employee benefits expense**	(Rs. in Lakhs)	
	Salaries, wages and bonus	170.63	26.45
	Contribution to provident and other fund	5.18	-
	Staff welfare Expenditure	8.78	-
	Total	**184.59**	**26.45**

18 **Other expenses**

	For the year ended 31.03.2018	Period from 02.12.2016 to 31.03. 2017
	(Rs. in Lakhs)	
Application Fees	14.17	0.26
Preliminary Expenses	-	49.16
Inauguration Sharing	69.25	-
Printing & Stationery	0.36	0.01
Payment to auditor (Refer note below)	1.35	1.10
Professional Fees	6.80	1.03
Rent - Commercial Premises	13.27	3.33
Repairs & Maintenance On Computer systems	118.42	-
Repairs & Maintenance - Building	4.24	-
Software expenses	418.03	-
Electricity expenses	7.66	-
Director Sitting Fees	0.50	-
Travelling Expense	19.53	2.01
Other Expenses	14.77	0.01
Total	**688.35**	**56.91**
Note :		
Payment to Auditor		
As Auditor		
Audit Fees	1.20	1.00
In other Capacity		
Certification Matters	0.15	0.10
Total	**1.35**	**1.10**

19 **Earnings per share**

Particulars	Year ended 31.03.2018	Period ended 31.03.2017
Profit attributable to the equity holders of the company used in calculating basic earnings per share and diluted earnings per share		
Profit for the period (Rs. in Lakhs)	(894.26)	(83.36)
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	6,01,91,781	1,96,34,454
Earnings per equity share (basic and diluted) (Rs.)	**(1.49)**	**(0.42)**

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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20 **Lease - Operating Lease**

The Company has taken certain premises on operating lease.

(Rs. in Lakhs)

Particulars	Year ended 31.03.2018	Period ended 31.03.2017
- Paid during the Year	13.27	3.33
- Not Later than one year	13.97	9.98
- Later than one year and not later than five years	-	-
- Later than five years	-	-
Total Lease Payment	**13.97**	**9.98**

21 **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 National Securities Clearing Corporation Limited.

22 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. 0.01 Lakhs (PY Rs. NIL) towards Provident Fund during the year ended March 31, 2018 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**

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

(Rs. in Lakhs)

	Current Year 31.03.2018	Previous Year 31.03.2017
Liability at the beginning of the year	-	-
Interest cost	0.01	-
Current Service Cost	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	(0.02)	-
Actuarial (Gains)/Losses on Obligations - Due to Experience	0.19	-
Liability at the end of the year	**0.33**	-

(ii)

The net liability disclosed above relates to funded plans are as follows:		
	Current Year 31.03.2018	Previous Year 31.03.2017
Fair value of plan assets as at the end of the year	-	-
Liability as at the end of the year	0.33	-
Net (liability) / asset	**0.33**	-

(iii)

Balance Sheet Reconciliation		
	Current Year 31.03.2018	Previous Year 31.03.2017
Opening Net Liability	-	-
Expenses Recognized in Statement of Profit or Loss	0.16	-
Expenses Recognized in OCI	0.17	-
Net (Liability)/Asset Transfer in	-	-
Employers Contribution	-	-
Amount recognised in the Balance Sheet	0.33	-

B **Statement of Profit & Loss**

(i)

Net Interest Cost for Current Period		
	Current Year 31.03.2018	Previous Year 31.03.2017
Interest Cost	0.01	-
Interest Income	-	-
Net Interest Cost for Current Period	**0.01**	-

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(ii)

Expenses recognised in the Statement of Profit & Loss		
	Current Year 31.03.2018	Previous Year 31.03.2017
Current Service cost	0.15	-
Net Interest Cost	0.01	-
Expenses recognised in the Statement of Profit & Loss	**0.16**	-

(iii)

Expenses recognised in the Other Comprehensive Income		
	Current Year 31.03.2018	Previous Year 31.03.2017
Expected return on plan assets	-	-
Actuarial (Gain) or Loss	0.17	-
Net (Income)/Expense for the Period Recognized in OCI	**0.17**	-

C

Fair value of plan assets at the Balance Sheet Date for defined benefit obligations		
	Current Year 31.03.2018	Previous Year 31.03.2017
Insurer Managed Funds	-	-
Total	-	-

D

Sensitivity Analysis		
	Current Year 31.03.2018	Previous Year 31.03.2017
Projected Benefit Obligation on Current Assumptions	0.33	-
Delta Effect of +1% Change in Rate of Discounting	(0.03)	-
Delta Effect of -1% Change in Rate of Discounting	0.04	-
Delta Effect of +1% Change in Rate of Salary Increase	0.03	-
Delta Effect of -1% Change in Rate of Salary Increase	(0.03)	-
Delta Effect of +1% Change in Rate of Employee Turnover	(0.01)	-
Delta Effect of +1% Change in Rate of Employee Turnover	0.01	-

E

Significant actuarial assumptions are as follows:		
	Current Year 31.03.2018	Previous Year 31.03.2017
Discount Rate	7.68%	0.00%
Rate of Return on Plan Assets	N.A.	0.00%
Salary Escalation	8.00%	0.00%
Attrition Rate	12.00%	0.00%

23 **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".

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24 **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	National Securities Clearing Corporation Limited		Holding Company
3	NSE IFSC LTD		Fellow Subsidiary Company
4	NSE IT Limited		Holding company`s Subsidiary Company
5	Prof. Samir K Barua	W.e.f. November 8, 2017	Key Managerial Personnel
6	Mr. Mukesh Agarwal		Key Managerial Personnel
7	Mr. Natarajan Ramasamy		Key Managerial Personnel
8	Mr T. Venkata Rao	upto January 23, 2018	Key Managerial Personnel

(Rs. in Lakhs)

Name of the Related Party	Nature of Transactions	For Period ended 31.03.2018	For Period ended 31.03.2017
National Securities Clearing Corporation Limited	Contribution towards Equity Share Capital	2,000.00	5,000.00
	Preliminary Expenses	-	43.58
	Reimbursement paid for expenses on staff on deputation	83.44	-
	Reimbursement for other expenses incurred (including taxes)	106.34	10.55
	Outstanding balance included in Trade Payables.	235.64	54.20
National Stock Exchange of India Limited (NSEIL)	Reimbursement of expenses for staff on deputation paid / payable	78.34	38.45
	Reimbursement for other expenses incurred	9.47	7.03
	Outstanding balance included in Trade Payables.	123.67	42.64
NSE IFSC Limited	Reimbursement for other expenses incurred	83.97	-
	Outstanding balance included in Trade Payables.	6.33	-
NSE IT Limited	Payment for services	28.13	6.09
	Outstanding balance included in Trade Payables.	25.32	6.09
Prof. Samir K Barua	Sitting fees	0.50	-

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

26 As at March 31, 2018 the Company does not have any pending litigations which would impact its financial position.

27 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, 2018.

28 For the year 2017-18 the company is not required to transfer any amount into the Investor Education & Protection Fund as required under relevant provisions of the Companies Act, 2013.

29 **Capital and other commitments**

	31.03.2018	31.03.2017
	(Rs. in Lakhs)	
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided	0.74	6.23
Other commitments	-	-
	0.74	**6.23**

30 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 will adopt 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, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

31 **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 genereted 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, 2018. This was the result of cash generated from operating activities to provide the funds to service the financial liabilities on a day-to-day basis.

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

	Carrying amount	Payable on demand	Less Than 12 Month	More than 12 months
As at March 31, 2018				
Trade payables	472.67	-	472.67	-
Deposits	312.28	312.28		-
Creditor for capital goods	15.00	-	15.00	-
Margins From Members	842.32	842.32		-
Other liablities	0.01	-	0.01	-

	Carrying amount	Payable on demand	Less Than 12 Month	More than 12 months
As at March 31, 2017				
Trade payables	99.41	-	99.41	-
Deposits	-	-	-	-
Creditor for capital goods	65.41	-	65.41	-
Margins From Members	-	-	-	-
Other liablities	0.60	-	0.60	-

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B 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.

C 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, or 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.

32 **Contingent liability:**

	31.03.2018	31.03.2017
	(Rs. in Lakhs)	
Contingent Liabilities	-	-
	-	-

33 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 Sakhardande
Partner
Membership No.: 034828

Place : Mumbai
Date : April 23, 2018

For and on behalf of the Board of Directors

Samir K Barua
Director
[DIN:00211077]

Mukesh Agarwal
Director
[DIN:03054853]

Aniket Bhanu
Chief Executive Officer

Bhavesh Shah
Chief Financial Officer

Chirag Nagda
Company Secretary