

# Price Waterhouse & Co Chartered Accountants LLP

To,  
The Board of Directors  
M/s. National Stock Exchange of India Limited  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Bandra (East),  
Mumbai – 400051.

1. We have reviewed the Statement of Consolidated Unaudited Financial Results of National Stock Exchange of India Limited (the “Parent Company”), its subsidiaries (the Parent Company and its subsidiaries hereinafter referred to as the “Group”), and associate companies for the quarter and the nine months ended December 31, 2019 which are included in the accompanying Statement of Consolidated Unaudited Financial Results (the “Statement”). The Statement is being submitted by the Parent Company pursuant to the requirement of Regulation 33 of Securities Contracts (Regulation) (Stock Exchange and Clearing Corporations) Regulations, 2018 (the “SECC Regulations”) read with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “Listing Regulations, 2015”), which has been initialled by us for identification purposes. Attention is drawn to the fact that the consolidated figures for the corresponding quarter and nine months ended December 31, 2018 as reported in these financial results have been approved by the Parent Company’s Board of Directors, but have not been subjected to review.
2. This Statement, which is the responsibility of the Parent Company’s Management and has been approved by the Parent Company’s Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “Interim Financial Reporting” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.



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4. The Statement includes the results of the following entities:

Sr. No.	Name	Nature of Relationship
1	NSE Clearing Limited	Subsidiary Company
2	NSE Investments Ltd	Subsidiary Company
3	NSE IFSC Limited	Subsidiary Company
4	NSE IFSC Clearing Corporation Limited	Subsidiary's Subsidiary Company
5	NSEIT Limited	Subsidiary's Subsidiary Company
6	NSE Data & Analytics Limited	Subsidiary's Subsidiary Company
7	NSE Indices Ltd	Subsidiary's Subsidiary Company
8	NSE Infotech Services Limited	Subsidiary's Subsidiary Company
9	NSE.IT (US) Inc.	Subsidiary's Subsidiary's Subsidiary Company
10	Aujas Networks Private Limited	Subsidiary's Subsidiary's Subsidiary Company
11	NSE Academy Limited	Subsidiary's Subsidiary Company
12	NSE Foundation	Subsidiary Company
13	National Securities Depository Limited	Associate Company
14	Power Exchange India Limited	Subsidiary's Associate
15	NSDL e-Governance Infrastructure Limited	Subsidiary's Associate
16	Market Simplified India Limited	Subsidiary's Associate
17	Computer Age Management Services Private Limited	Subsidiary's Associate
18	Receivables Exchange Of India Limited	Subsidiary's Associate

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We draw your attention to Note 8 to the Statement, relating to the contingent liability, that describes the Orders issued by the Securities and Exchange Board of India ("SEBI") on April 30, 2019 wherein disgorgement/demand aggregating Rs. 687.47 crore (excluding interest thereon at 12% p.a. from April 1, 2014 till the actual date of payment for one order and from September 11, 2015 till the actual date of payment for second order) has been raised against the Parent Company pursuant to an investigation conducted in relation to preferential access to tick by tick data at the Parent Company's Colocation facility, Dark Fiber point to point connectivity and Governance and related matters. SEBI further directed the Parent Company to undertake certain remedial measures, actions and imposed restrictions. The Parent Company has also received Adjudication notices covering identical matters, facts, circumstances and grounds as stated in each of the above orders, which are currently pending for hearing before SEBI. The Parent Company has transferred Rs 687.47 crore to SEBI in respect of these orders and continues to transfer revenues emanating from the colocation facility to a separate bank account, which are then invested and along with accruals thereon have been shown under restricted/earmarked investments and bank balances. The Parent Company has filed appeals to contest the aforesaid orders with the Hon'ble Securities Appellate Tribunal, the future outcome of which is uncertain at this stage. Based on the legal opinion obtained by the Parent Company, no provision for any liability has been made towards the aforesaid demand from the Orders, including any monetary penalty from the pending Adjudication proceedings in the Statement. Our conclusion on the Statement is not modified in



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respect of these matters.

7. We did not review the interim financial information of two subsidiaries and consolidated financial information of two subsidiaries included in the consolidated unaudited financial results, whose interim financial information reflect total revenues of Rs. 238.68 crore and Rs. 739.80 crore, total net profit after tax of Rs 95.73 crore and Rs. 298.86 crore and total comprehensive income of Rs. 96.67 crore and Rs. 300.15 crore for the quarter and nine months ended December 31, 2019, respectively, as considered in the consolidated unaudited financial results. These interim financial information have been reviewed by other auditors in accordance with SRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and their reports dated January 20, 2020, January 30, 2020, February 5, 2020 and February 6, 2020, vide which they have issued an unmodified conclusion, have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above. Our conclusion on the Statement is not modified in respect of these matters.
8. The consolidated unaudited financial results includes the interim financial information of one subsidiary which have not been reviewed by their auditors, whose interim financial information reflect total revenue of Rs Nil and Rs Nil, total net profit after tax of Rs. 0.66 and Rs. 0.62 crore and total comprehensive income of Rs. 0.66 and Rs. 0.62 crore for the quarter and nine months ended December 31, 2019, respectively, as considered in the consolidated unaudited financial results. The consolidated unaudited financial results also includes the Group's share of net profit after tax of Rs. 12.61 crore and Rs. 42.14 crore and total comprehensive income of Rs 12.54 crore and Rs. 42.15 crore for the quarter and nine months ended December 31, 2019, respectively, as considered in the consolidated unaudited financial results, in respect of five associates, based on their interim financial information which have not been reviewed by their auditors. According to the information and explanations given to us by the Management, these interim financial information are not material to the Group. Our conclusion on the Statement is not modified in respect of the above matter.
9. We were neither engaged to review, nor have we reviewed the comparative figures for the quarter and nine months ended on December 31, 2018, accordingly, we do not express any conclusion on these figures included in the Statement. Our conclusion on the Statement is not modified in respect of these matters.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/ E - 300009



Sumit Seth  
Partner  
Membership Number: 105869  
UDIN: 20105869AAAAAB6501  
Place: Mumbai  
Date: February 07, 2020



NATIONAL STOCK EXCHANGE OF INDIA LIMITED

CIN : U67120MH1992PLC069769



STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2019

(Rs.in crores unless otherwise stated)

Sr. No. Particulars	Quarter ended			Nine Months		Year ended
	31.12.2019 Unaudited	30.09.2019 Unaudited	31.12.2018 Unaudited	31.12.2019 Unaudited	31.12.2018 Unaudited	31.03.2019 Audited
<b>1 Income</b>						
(a) Revenue from operations	850.21	859.46	748.64	2,522.00	2,197.87	2,997.42
(b) Other Income	125.63	112.39	138.61	364.94	364.79	517.15
<b>Total Income</b>	<b>975.84</b>	<b>971.85</b>	<b>887.25</b>	<b>2,886.94</b>	<b>2,562.66</b>	<b>3,514.57</b>
<b>2 Expenses</b>						
(a) Employee benefits expense	106.11	103.98	75.07	311.87	220.70	306.39
(b) Depreciation and amortisation expense	47.97	44.06	35.12	132.67	105.35	142.02
(c) Other expenses	190.78	187.87	148.85	565.15	471.36	766.72
<b>Total expenses</b>	<b>344.86</b>	<b>335.91</b>	<b>259.04</b>	<b>1,009.69</b>	<b>797.41</b>	<b>1,215.13</b>
<b>3 Profit before, share of net profits of investments accounted by using equity method, profit on sale of investments in associates and tax (1-2)</b>	<b>630.98</b>	<b>635.94</b>	<b>628.21</b>	<b>1,877.25</b>	<b>1,765.25</b>	<b>2,299.44</b>
4 Share of net profit of associates accounted by using equity method	29.95	32.05	22.40	90.45	76.08	107.03
<b>5 Profit before profit on sale of investment in associate and tax (3+4)</b>	<b>660.93</b>	<b>667.99</b>	<b>650.61</b>	<b>1,967.70</b>	<b>1,841.33</b>	<b>2,406.47</b>
6 Profit on sale of investment in associate	-	-	-	-	172.13	169.74
<b>7 Profit before tax (5+6)</b>	<b>660.93</b>	<b>667.99</b>	<b>650.61</b>	<b>1,967.70</b>	<b>2,013.46</b>	<b>2,576.21</b>
8 Less: Income Tax expense						
(a) Current tax	162.62	114.94	246.19	494.06	672.30	857.84
(b) Deferred tax	4.37	(1.49)	(18.57)	(0.83)	(2.16)	10.33
<b>Total Tax expenses</b>	<b>166.99</b>	<b>113.45</b>	<b>227.62</b>	<b>493.23</b>	<b>670.14</b>	<b>868.17</b>
<b>9 Profit for the period / year (7-8)</b>	<b>493.94</b>	<b>554.54</b>	<b>422.99</b>	<b>1,474.47</b>	<b>1,343.32</b>	<b>1,708.04</b>
<b>10 Other Comprehensive Income</b>						
(a) <i>Items that will be reclassified to profit or loss (net of tax)</i>						
Changes in fair value of FVOCI debt instruments	0.43	4.61	15.65	16.95	3.37	2.87
Changes in foreign currency translation reserve	0.94	1.72	(5.13)	2.68	6.82	6.20
(b) <i>Items that will not be reclassified to profit or loss (net of tax)</i>						
Remeasurements of post-employment benefit obligations	(2.46)	(0.41)	(0.82)	(5.34)	(2.01)	(2.91)
Changes in fair value of FVOCI equity instruments	2.40	4.07	(3.43)	8.53	(12.30)	(1.09)
<b>Total other comprehensive income / (loss) for the period / year, net of taxes</b>	<b>1.31</b>	<b>9.99</b>	<b>6.27</b>	<b>22.82</b>	<b>(4.12)</b>	<b>5.07</b>
<b>11 Total comprehensive income for the period / year (9+10)</b>	<b>495.25</b>	<b>564.53</b>	<b>429.26</b>	<b>1,497.29</b>	<b>1,339.20</b>	<b>1,713.11</b>

Sr. No. Particulars	Quarter ended			Nine Months		Year ended
	31.12.2019 Unaudited	30.09.2019 Unaudited	31.12.2018 Unaudited	31.12.2019 Unaudited	31.12.2018 Unaudited	31.03.2019 Audited
12 <b>Profit attributable to :</b> Owners of National Stock Exchange of India Limited Non-Controlling Interests	493.95 (0.01)	554.60 (0.06)	422.99 -	1,474.66 (0.19)	1,343.32 -	1,708.04 0.00
13 <b>Other comprehensive income/(loss) attributable to :</b> Owners of National Stock Exchange of India Limited Non-Controlling Interests	1.31 -	9.99 -	6.27 -	22.82 -	(4.12) -	5.07 0.00
14 Paid-up equity share capital (Face value Re. 1 per share)	49.50	49.50	49.50	49.50	49.50	49.50
15 Reserves (excluding Revaluation Reserve)						7,737.39
16 Earnings per equity share (EPS) ( Face Value Re. 1 each) - Basic and Diluted (Rs.)	9.98*	11.20*	8.55*	29.79 *	27.14*	34.51
* Not annualised						

Notes :

- The above Consolidated Unaudited Financial Results for the quarter and nine months ended December 31, 2019 have been reviewed by the Audit Committee in its meeting held on February 6, 2020 and approved by the Board of Directors in its meeting held on February 7, 2020. The financial results for the quarter and nine months ended December 31, 2019 were reviewed by the Statutory Auditors of the Company.  
  
The consolidated figures for the corresponding quarter and nine months ended December 31, 2018 as reported in these financial results have been approved by the Holding Company's Board of Directors, but have not been subject to review by the Statutory Auditors of the Company.
- The Company has paid final dividend of Rs.477.37 crores (including dividend distribution tax) during the quarter ended September 30, 2019, approved by the shareholders in Annual General Meeting held on August 2, 2019. The Company has also paid interim dividend of Rs.584.81 crores (including dividend distribution tax) as approved by the Board of Directors at its meeting held on November 7, 2019.
- During the nine months ended December 31, 2019, NSE Clearing Limited had commenced Clearing & Settlement activities for Capital market segment, Equity Derivatives segment and Currency Derivatives segment under interoperability framework as prescribed by SEBI.
- During the quarter ended December 31,2019 NSE Clearing Limited, the subsidiary company have given bank guarantee of Rs.500 crores in favour of Indian Clearing Corporation Limited (ICCL) towards Inter Central Counterparty (CCP) collateral under interoperability framework as prescribed by SEBI.
- During the quarter ended December 31,2019 , NSE Academy Limited, the subsidiary has started "The NSE Knowledge Hub" to create a digital platform for finance related learning needs for Banking and Financial services industry, institutes and end users

## 6. Segment Information

### (a) Description of segments and principal activities

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO of the Parent Company. The Group has identified the following segments i.e. Trading Services, Clearing Services, Data Feed, Index Licensing and Strategic Investment as reporting segments based on the information reviewed by CODM.

1: **Trading Services** : This part of the business/offers services related to trading in equity, equity derivatives, debt, currency derivatives and commodity derivatives segments. Revenue includes transaction charges, listing & book building fees, revenue from data centre charges etc.

2: **Clearing Services** : This part of the business/offers clearing and settlement of the trades executed in the capital markets, future & options, currency derivatives and commodity derivatives segments.

3: **Data Feed Services** : This part of business/offers services related to dissemination of price, volume, order book and trade data relating to securities and various indices to the stock and commodity brokers.

4: **Index Licensing Fees** : This part of the business primarily provides indices and related products and services to various participants in capital market in India.

5: **Strategic Investments** : This part of business is related to making or holding all strategic investments in the equity shares and / or other securities of various group companies.

6: Other segments includes End to End Solution, E-learning Solutions, Web Trading, IT services, IT Process Support charges, Software Application development, and IT security services. The results of these operations are included in the "Other Segments". This column includes head office and group services.

The above business segments have been identified considering :

- the nature of products and services
- the differing risks
- the internal organisation and management structure, and
- the internal financial reporting systems.

The segment information presented is in accordance with the accounting policies adopted for preparing the consolidated financial statements of the Group. Segment revenues, expenses and results include inter-segment transfers. Such transfers are undertaken either at competitive market prices charged to unaffiliated customers for similar goods or at contracted rates. These transfers are eliminated on consolidation.

### (b) Segment Revenue :

Transactions between segments are carried out at arms length and are eliminated on consolidation. Segment revenue is measured in the same way as in the statement of profit or loss. Revenue and expenses which relate to the enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as Unallocable. The CODM primarily uses a measure of profit before tax to assess the performance of the operating segments.

(Rs. Crs)

Segments	For the quarter ended 31st Dec, 2019				For the quarter ended 30th Sept, 2019				For the quarter ended 31st Dec, 2018				For the nine months ended 31st Dec, 2019				For the nine months ended 31st Dec, 2018				For the Year ended 31st Mar, 2019			
	Segment Revenue	Inter-segment revenue	Revenue from external customers	Segment Results	Segment Revenue	Inter-segment revenue	Revenue from external customers	Segment Results	Segment Revenue	Inter-segment revenue	Revenue from external customers	Segment Results	Segment Revenue	Inter-segment revenue	Revenue from external customers	Segment Results	Segment Revenue	Inter-segment revenue	Revenue from external customers	Segment Results	Segment Revenue	Inter-segment revenue	Revenue from external customers	Segment Results
Trading Services	671.21	10.81	660.40	457.31	696.21	11.97	684.24	505.57	628.19	9.96	618.23	452.17	1,993.30	32.90	1,960.40	1,399.21	1,845.75	29.61	1,816.14	1,322.63	2,450.45	41.31	2,409.14	1,674.96
Clearing Services	92.03	39.09	52.94	27.12	85.68	43.66	42.02	22.08	84.59	36.15	48.44	28.86	261.08	119.76	141.32	72.85	244.55	103.42	141.13	82.70	318.86	139.67	179.19	103.15
Data feed Services	25.33	0.15	25.18	23.69	22.96	0.28	22.68	20.41	23.59	0.07	23.52	22.52	77.33	0.42	76.91	72.90	69.50	0.34	69.16	65.80	91.34	0.48	90.86	86.97
Index Licensing Services	25.12	5.22	19.90	16.73	28.66	5.56	23.10	20.93	23.45	4.31	19.14	17.88	79.06	15.29	63.77	56.34	65.82	11.27	54.55	27.83	88.32	15.42	72.90	43.34
Strategic Investments	16.90	16.90	0.00	(0.47)	7.63	7.63	-	(0.52)	-	-	-	(0.47)	82.52	82.52	-	(1.57)	88.24	88.24	-	(3.77)	282.99	282.99	-	(1.88)
Other Segments	98.55	6.76	91.79	(19.87)	112.48	25.06	87.42	(44.78)	61.39	22.08	39.31	(30.79)	331.66	52.06	279.60	(87.99)	185.19	68.30	116.89	(93.85)	372.81	127.48	245.33	(122.89)
<b>Total</b>	<b>929.14</b>	<b>78.93</b>	<b>850.21</b>	<b>504.51</b>	<b>953.62</b>	<b>94.16</b>	<b>859.46</b>	<b>523.69</b>	<b>821.21</b>	<b>72.57</b>	<b>748.64</b>	<b>490.17</b>	<b>2,824.95</b>	<b>302.95</b>	<b>2,522.00</b>	<b>1,511.74</b>	<b>2,499.05</b>	<b>301.18</b>	<b>2,197.87</b>	<b>1,401.34</b>	<b>3,604.77</b>	<b>607.35</b>	<b>2,997.42</b>	<b>1,783.65</b>
Add: Unallocable income (Net of Expenses)				75.54				55.42				105.73				203.42				257.81				368.67
Add: Interest income				50.93				56.83				32.31				162.09				106.10				147.12
<b>Profit before, share of net profits of investments accounted by using equity method, profit on sale of investments in associates and tax</b>				<b>630.98</b>				<b>635.94</b>				<b>628.21</b>				<b>1,877.25</b>				<b>1,765.25</b>				<b>2,299.44</b>
Add: Share of profit (net) of Associates accounted by using equity method				29.95				32.05				22.40				90.45				76.08				107.03
<b>Profit before profit on sale of investment in associate and tax</b>				<b>660.93</b>				<b>667.99</b>				<b>650.61</b>				<b>1,967.70</b>				<b>1,841.33</b>				<b>2,406.47</b>
Add: Profit on sale of investment in associate				-				-				-				-				172.13				169.74
<b>Profit before Tax</b>				<b>660.93</b>				<b>667.99</b>				<b>650.61</b>				<b>1,967.70</b>				<b>2,013.46</b>				<b>2,576.21</b>
<b>Less: Tax Expense:</b>																								
Current Tax				(162.62)				(114.94)				(246.19)				(494.06)				(672.30)				(857.84)
Deferred Tax				(4.37)				1.49				18.57				0.83				2.16				(10.33)
<b>Total Tax Expenses</b>				<b>(166.99)</b>				<b>(113.45)</b>				<b>(227.62)</b>				<b>(493.23)</b>				<b>(670.14)</b>				<b>(868.17)</b>
<b>Net profit after tax</b>				<b>493.94</b>				<b>554.54</b>				<b>422.99</b>				<b>1,474.47</b>				<b>1,343.32</b>				<b>1,708.04</b>

**(c) Segment Assets :**

Segment assets are measured in the same way as in the Balance Sheet. These assets are allocated based on the operations of the segment.

Segments	(Rs. Crs)		
	As at 31st December, 2019	As at 31st December, 2018	As at 31st March, 2019
Trading Services	2,513.00	2,222.80	2,365.34
Clearing Services *	6,903.71	6,404.12	10,045.48
Datafeed Services	5.93	4.63	9.04
Index Licensing Services	12.02	15.55	17.89
Strategic Investments	870.68	772.44	805.09
Other Segments	334.11	185.16	289.65
<b>Total Segment Assets</b>	<b>10,639.45</b>	<b>9,604.70</b>	<b>13,532.49</b>
Unallocable Assets	6,802.11	6,996.41	6,445.89
<b>Total Assets</b>	<b>17,441.56</b>	<b>16,601.11</b>	<b>19,978.38</b>

There are no non current assets situated outside India.

Investments held by the Group are not considered to be segment assets but are managed by the treasury function. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as unallocable. Interest income are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

\* Segment Asset include amount pertaining to Core SGF maintained by NSE Clearing Limited and NSE IFSC Clearing Corporation Limited (NSE IFSC CC) as follows:

Particulars	(Rs. Crs)		
	As at 31st December, 2019	As at 31st December, 2018	As at 31st March, 2019
Contribution to Core SGF	3,060.44	2,700.46	2,786.92
Contribution to SGF - Commodity Derivatives	250.00	250.00	250.00
Contribution to Core SGF - NSE IFSC CC	8.78	7.44	8.01

**(d) Segment Liabilities**

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

Segments	(Rs. Crs)		
	As at 31st December, 2019	As at 31st December, 2018	As at 31st March, 2019
Trading Services	2,273.70	2,146.85	1,785.29
Clearing Services	6,247.83	6,316.48	9,954.37
Datafeed Services	6.78	8.85	10.54
Index Licensing Services	5.49	4.04	1.78
Strategic Investments	0.85	1.08	0.15
Other Segments	124.39	127.38	128.78
<b>Total Segment Liabilities</b>	<b>8,659.04</b>	<b>8,604.68</b>	<b>11,880.91</b>
Unallocable Liabilities	559.99	583.37	309.11
Core Settlement Guarantee Fund	(3,328.78)	(2,977.57)	(3,057.58)
<b>Total Liabilities</b>	<b>5,890.25</b>	<b>6,210.48</b>	<b>9,132.44</b>

- 7 a) In case of NSE Clearing Limited (NCL), Securities and Exchange Board of India, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, interalia, has issued norms related to the computation and Minimum Required Contribution (MRC) to the Core Settlement Guarantee Fund by the Clearing Corporation (minimum 50%), Stock Exchange (minimum 25%) and members (maximum 25%). Further SEBI vide circular CIR/CFD/FAC/62/2016 dated May 05, 2016 advised Stock Exchange to transfer 25% of its annual profits to Core SGF. Accordingly total Core SGF as on December 31, 2019 is Rs.3060.44 crores comprising of: a) Rs.734.46 crores contributed by NSE Clearing Ltd (NCL) by appropriating reserves / profits b) Rs.376.15 crores received from National Stock Exchange of India Limited (NSE) towards Core SGF. c) Member's contribution to Core SGF amounting to Rs.361.93 crores is utilised out of the amount received from NSE towards 25% of its annual profits upto August 2015 d) The balance amount of 25% of Exchange profits amounting to Rs.327.51 crores is credited to Core SGF e) Rs.69.04 crores, Rs.32.35 crores and Rs.31.07 crores adjusted towards incremental requirement of Minimum Required Corpus (MRC) from the interest accrual on the cash contribution by NCL, NSE and NSE's Contribution on behalf of members respectively. In addition to the above, Fines & penalties collected by NCL amounting to Rs.610.59 crores and an amount of Rs.517.34 crores being Income from investments of Core SGF funds have been credited to Core SGF. NCL's own contribution to Core SGF for the quarter ended December 31, 2019, September 30, 2019 and December 31, 2018 amounting to Rs.NIL, Rs.NIL and Rs.5.00 crores respectively and for Nine month ended December 31, 2019 and December 31, 2018 amounting to Rs.NIL and 17.46 Crores respectively (for year ended March 31, 2019 Rs.17.46 crores) have been appropriated out of profits. Further incremental requirement of Contribution to core SGF of Rs.2 Crores for quarter ended December 31, 2019 viz : from NCL Rs.1 crore, NSE Rs.1 crore on behalf of members has been adjusted from interest accrual on respective investments. Similarly, Rs.18 Crores for nine months ended December 31, 2019 viz : from NCL Rs.9 crores, NSE Rs.4 crores and NSE Rs.5 crores on behalf of members has been adjusted from interest accrual on respective investments.
- b) In case of NSE IFSC Clearing Corporation (NICCL), SEBI vide circular no. SEBI/HO/MRD/DSA/ CIR / P/2016/125 dated November 28, 2016 has issued norms for set up of a fund and minimum corpus of such fund to guarantee the settlement of trades executed in the stock exchanges in International Financial Service Centre (IFSC). Accordingly total Core SGF as on December 31, 2019 of Subsidiary NSE IFSC Clearing Corporation (NICCL) is Rs.8.78 crores comprising of Rs.8.56 crores contributed by NICCL by appropriating reserves / profits and Fines & penalties collected by NICCL amounting to Rs.0.02 crores & an amount of Rs 0.20 crores being Income from investments of Core SGF funds have been credited to Core SGF. Further, NSE IFSC Clearing Corporation Limited contribution to its Core SGF for the quarter ended December 31, 2019, September 30, 2019 and December 31, 2018 amounting to Rs.Nil, Rs.0.50 Crores and Rs.NIL respectively and for nine months ended December 31, 2019 and December 31, 2018 amounting to Rs.0.50 and Rs.NIL respectively (for year ended March 31, 2019 Rs.0.50 crores).
- c) During the year ended March 31 2019, NSE Clearing Limited received approval from SEBI to start clearing & settlement activities in Commodity Derivatives and commenced operations from October 12, 2018. As required by SEBI, an amount of Rs.250 crores has been earmarked towards a separate fund to augment Settlement Guarantee Fund for Commodity Derivatives by way of appropriation from General Reserves. Further, NCL has also earmarked investments amounting to Rs.250 crores in this regard.
- 8 Securities and Exchange Board of India (SEBI) had directed NSE to carry out an investigation including forensic examination by independent external agencies in respect of certain aspects of NSE's Colocation facility. NSE got the investigation carried out and submitted the reports to SEBI. Further, SEBI had directed that pending completion of the investigations, all revenues emanating from the colocation facility with effect from September 2016 be transferred to a separate bank account. Accordingly, as of December 31, 2019, an amount of Rs.3,182.81 crores (March 31, 2019 Rs.2,258.71 crores) was transferred to a separate bank account and have been invested. These investments along with accruals there on have been shown under restricted / earmarked investments and bank balances.
- Three show cause notices were issued by SEBI to the Company and to some of its employees, including former employees, in respect of the preferential access to tick by tick data in Company's Colocation facility, Dark Fibre point to point connectivity and Governance and related matters which were responded to. Further, NSE had also filed a Consent Application with SEBI on August 31, 2018 in respect of the said show cause notices. SEBI vide its letter dated April 30, 2019 returned the Consent Application filed by NSE and has passed orders in respect of all the three show cause notices. In the first order, it has passed a direction on NSE inter alia to disgorge an amount of Rs.624.89 crores along with interest at the rate of 12% per annum from April 01, 2014 till the actual date of payment and certain non-monetary and restrictive directions prohibiting the Company from raising funds from the market, through issuance of equity, debt or other securities for a period of six months from the date of the order; in the second order it passed a direction to deposit a sum of Rs.62.58 crores along with interest at the rate of 12% p.a. from September 11, 2015 till the actual date of payment along with other non-monetary and restrictive directions and in the third order it has passed certain non-monetary and remedial directions on NSE. Additionally, NSE has also received Adjudication notices covering the above three orders which are currently pending for hearing before SEBI.
- The Company having received the orders passed by SEBI sought legal advice thereon and preferred an appeal against the said SEBI Orders. Hon'ble SAT vide its interim order has stayed the disgorgement of the amount, however it directed the Company to transfer the amount of Rs.624.89 crores in the Colocation matter and Rs.62.58 crores in the Dark Fibre matter totaling to Rs.687.47 crores to SEBI which has been remitted by the Company on June 13, 2019 out of the total earmarked investments as indicated above. Accordingly, as on December 31, 2019 the total earmarked investment including income accrued thereon stood at Rs.2,797.40 crores (March 31, 2019 Rs.2,424.42 crores). Further, the Company is also directed to continue to transfer all revenues emanating from its co-location facility to a separate bank account. With respect to Governance and related matters, Hon'ble SAT vide its interim order has kept the directions passed in the SEBI order in abeyance.
- The Company believes that it has strong grounds to contest the above orders including monetary liability (including from pending adjudication proceedings) raised by SEBI. Accordingly, no provision for any liability in this regard is considered necessary in the financial results as of and for the nine months ended December 31, 2019.
- 9 SEBI vide its letter dated February 4, 2020 has interalia noted that NSE should have obtained prior permission of SEBI for acquisition of stake in Computer Age Management Services Limited (CAMS), an associate company, through its subsidiary namely NSE Investment Limited in FY 2013-14 and has directed NSE to divest its stake in CAMS within a period of one year including certain restrictive directions in relation to the said stake in CAMS. The company is doing the needful in this regard.



- 10 NSE is in receipt of SEBI Show Cause Notice dated October 9, 2019 (bearing reference no. MRD/DSA-I/VA/SKS/26772/1/2019) and a Supplementary notice dated December 16, 2019 (bearing no. MRD/DSA-I/VA/SKS/33591/1/2019) alleging violation in relation to certain alleged irregularities in the appointment of Chief Strategic Advisor and his re-designation as 'Group Operating Officer and Advisor to MD' by the former MD and CEO and the sharing of certain internal information pertaining to NSE with an alleged third party by former MD & CEO. NSE has sought inspection of records from SEBI in the matter and in the meanwhile also filed a Settlement Application. SEBI response in this regard is awaited.
- 11 Effective April 1, 2019, the Group adopted Ind AS 116 "Leases", applied to all contracts existing on April 1, 2019 using the simplified approach. Accordingly, comparative information for the previous periods have not be retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use-asset (ROU) and corresponding lease liability of Rs.54.72 crores. Additionally, existing assets and related obligation in respect of finance leases have been reclassified and presented as part of ROU and lease liability amounting to Rs.77.32 crores and Rs.11.40 crores, respectively. The adoption of this new standard did not have any impact on the opening equity as of April 1, 2019 and neither have a material impact on the results for the quarter and nine months ended December 31, 2019.
- 12 NSEIT Limited had acquired Aujas Network Private Limited on 22nd March, 2019. The consolidated figures of the Group for the current quarter and nine months ended December 31, 2019 includes Aujas Network Private Limited, and accordingly to that extent figures of previous quarter and nine months ended December 31, 2018 are not comparable.
- 13 The Company has elected to exercise the option of a lower tax rate provided under Section 115BAA of the Income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. Accordingly, the Company recognised provision for income tax and deferred tax assets basis the rate provided in the said section and recognised the impact of above changes in the results for the quarter ended September 30, 2019.
- 14 Previous period / year figures have been regrouped / reclassified wherever necessary to correspond with the current period's classification/disclosure.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : February 7, 2020

Vikram Limaye  
Managing Director & CEO  
DIN : 00488534