

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, 2017, 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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, 2017, 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 Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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".
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company does not have any pending litigations which would impact its financial position;



HARIBHAKTI & CO. LLP

Chartered Accountants

(ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;

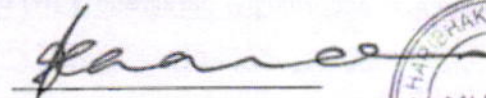
(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(iv) The Company did not have any holdings or dealings in Specified Bank Notes during the period from December 02, 2016 to December 30, 2016.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048



Sumant Sakhardande

Partner

Membership No.034828



Mumbai: April 25, 2017

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 financial statements for the year ended March 31, 2017

- (i) As informed, the Company does not have Fixed Assets. Accordingly, the provisions stated in paragraph 3 (i)(a), 3 (i)(b) and 3 (i)(c) of the Order are not applicable.
- (ii) As informed, the Company does not have Inventories. Accordingly, the provisions stated in paragraph 3 (ii)(a), 3 (ii)(b) and 3 (ii)(c) of the Order are not applicable.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (iv) 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 are not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of 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 services of the Company under sub-section (1) of Section 148 of the Act and the rules framed there under.
- (vii)
 - (a) (i) According to the information and explanation given to us, the Company has no liability towards payment of provident fund, employees' state insurance, sales tax, service tax, value added tax, customs duty, excise duty and cess. With respect to TDS on Income Tax, the Company is regular in depositing the dues with appropriate authorities.
 - (ii) 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, 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, customs duty, excise duty, which have not been deposited on account of any dispute.
- (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.



HARIBHAKTI & CO. LLP

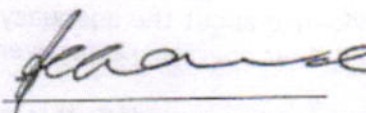
Chartered Accountants

- (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 or 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


Sumant Sakhardande

Partner

Membership No.034828



Mumbai: April 25, 2017

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 financial statements for the year ended March 31, 2017

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, 2017 in conjunction with our audit of the 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.



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.

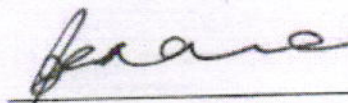
Opinion

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, 2017, 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/W100048


Sumant Sakhardande

Partner

Membership No.034828

Mumbai: April 25, 2017



NSE IFSC CLEARING CORPORATION LIMITED
BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Notes	As at 31.03.2017 (Rs. Crores)
ASSETS		
Non-current assets		
Property, plant and equipment		0.16
Capital work-in-progress	4	
Other intangible assets		
intangible assets under development	5	0.71
Investments accounted for using the equity method		
Financial assets		
- Investments		
- Other financial assets		
Income tax assets (net)		4.87
Other non-current assets	6	
Total non-current assets		<u>5.74</u>
Current assets		
Financial assets		
- Investments		
- Trade receivables		
- Cash and cash equivalents	7	43.47
- Bank balances other than cash and cash equivalents		
- Other financial assets	8	0.02
Other current assets	9	0.03
Total current assets		<u>43.52</u>
TOTAL ASSETS		<u><u>49.26</u></u>
EQUITY AND LIABILITIES		
EQUITY		
Equity Share capital	10a	50.00
Other Equity	10b	(2.49)
TOTAL EQUITY		<u>47.51</u>
LIABILITIES		
Non-current liabilities		
Other financial liabilities		
Provisions		
Deferred tax liabilities (net)		
Other non-current liabilities		
Total non-current liabilities		<u>-</u>
Current liabilities		
Financial liabilities		
Deposits		
Trade payables	11	0.98
Other financial liabilities	12	0.66
Provisions		
Income tax liabilities (net)		
Other current liabilities	13	0.10
Total current liabilities		<u>1.75</u>
TOTAL LIABILITIES		<u>1.75</u>
TOTAL EQUITY AND LIABILITIES		<u><u>49.26</u></u>


Summary of significant accounting policies
Notes refer to above form an integral part of the Balance sheet

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As per our report of even date attached

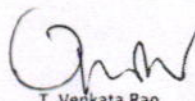
For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W / W 100048


For and on behalf of the Board of Directors

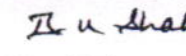

Sumant Sakhardande
Partner
Membership No.: 034828

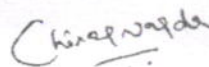


Place : Mumbai
Date : April 25, 2017


T. Venkata Rao
Director


R. Natarajan
Director


Bhavesh Shah
Chief Financial Officer


Chirag Nagda
Company Secretary


Nileshtinaikar
Chief Executive Officer



NSE IFSC CLEARING CORPORATION LIMITED

STATEMENT OF PROFIT & LOSS FOR THE PERIOD FROM DECEMBER 2, 2016 TO MARCH 31, 2017

Particulars	Notes	For the period ended 31.03.2017 (Rs. Crores)
Income		
Revenue from operations		
Other income		
Total Income		
Expenses		
Employee benefits expense	14	0.26
Depreciation and amortisation expense	4 & 5	
Other expenses	15	0.57
Total Expenses		0.83
Profit before exceptional items & tax		(0.83)
Less: Exception Items		
Profit before tax		(0.83)
Less : Tax expense		
Current tax		
Deferred tax		
Total tax expenses		
Profit / (Loss) for the period (A)		(0.83)
Other Comprehensive Income		
Items that will be reclassified to profit or loss		
Items that will not be reclassified to profit or loss		
Changes in foreign currency translation reserve		(1.66)
Total Other Comprehensive Income for the period (Net of Taxes) (B)		(1.66)
Total Comprehensive Income for the period (A+B)		(2.49)
Earnings per equity share (Face Value Rs.10 each)		
- Basic & Diluted (Rs.)	16	(0.43)
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
Sumant Sakhardande
Partner
Membership No.: 034828

Place : Mumbai
Date : April 25, 2017



For and on behalf of the Board of Directors

T. Venkata Rao
T. Venkata Rao
Director

S. Natarajan
S. Natarajan
Director

Nilesh Tinaikar
Nilesh Tinaikar
Chief Executive Officer

Bhaves Shah
Bhaves Shah
Chief Financial Officer

Chirag Nagda
Chirag Nagda
Company Secretary



NSE IFSC CLEARING CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY

(A) Equity Share Capital

(Rs. Crores)

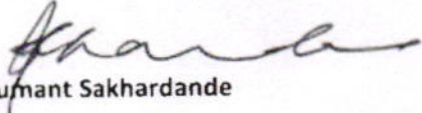
Balance as at December 2, 2016	Changes in equity share capital during the period	Balance at the end of the reporting period
0.05	49.95	50.00

(B) Other Equity

Particulars	Reserves and Surplus		
	Retained Earnings	Foreign Currency Translation Reserve	Other C
Balance as at December 2, 2016	-	-	
Profit for the period ended March 31, 2017	(0.83)	-	
Changes in Foreign Currency Translation Reserve through Other Comprehensive Income	-	(1.66)	
Balance as at March 31, 2017	(0.83)	(1.66)	

As per our report of even date attached


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

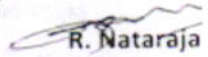

Sumant Sakhardande
Partner
Membership No. 034828

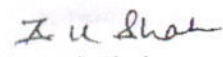


Place : Mumbai
Date : April 25, 2017

For and on behalf of the Board of Directors


T. Venkata Rao
Director


R. Nataraja
Director


Bhavesh Shah
Chief Financial Officer


Chiranjeevi
Comp

NSE IFSC CLEARING CORPORATION LIMITED
CASH FLOW STATEMENT FOR THE PERIOD FROM DECEMBER 2, 2016 TO MARCH 31, 2017

Particulars	For the period ended 31.03.2017 (Rs. Crores)
A) CASH FLOW FROM OPERATING ACTIVITIES	
NET PROFIT BEFORE TAX	(0.83)
Add : Adjustments for :	
Depreciation & Amortization Expenses	-
Preliminary Expenses written off	0.44
Share Issue Expenses	0.05
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(0.34)
Adjustments for :	
Trade Receivables	-
Trade Payables	0.98
Loans & Advances and other Receivables	(0.05)
Current Liabilities & Provisions	0.76
CASH GENERATED FROM OPERATIONS	1.36
Direct Taxes paid (Net of Refunds)	-
NET CASH FROM (USED IN) OPERATING ACTIVITIES - Total (A)	1.36
B) CASHFLOW FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	(0.87)
NET CASH FROM (USED IN) INVESTING ACTIVITIES - Total (B)	(0.87)
C) CASHFLOW FROM FINANCING ACTIVITIES	
Proceeds from Issue of Equity Shares	50.00
Share Issue Expense	(0.05)
Preliminary Expense	(0.44)
Amount transferred to guarantee settlement fund	(4.87)
NET CASH FROM (USED IN) FINANCING ACTIVITIES - Total (C)	44.64
Changes in Cash and cash equivalents on account of conversion of functional currency to presentation currency	(1.66)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	43.47
CASH AND CASH EQUIVALENTS : OPENING BALANCE	-
CLOSING CASH AND CASH EQUIVALENTS : CLOSING BALANCE	43.47
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT	43.47

Notes to Cash Flow Statement :

- Cash and cash equivalent represent cash and bank balances.
- 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.
- The Company was incorporated on December 2, 2016, accordingly the financial data relates to the period of 3 months & 29 days and being the first year of company, corresponding previous year figure's are not given.

As per our report of even date attached

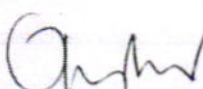

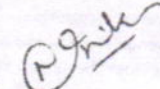
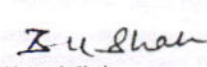
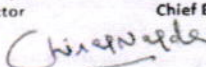
For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W / W 100048

For and on behalf of the Board of Directors

Sumant Sakhardande
Partner
Membership No.: 034828

Place : Mumbai
Date : April 25, 2017




T. Venkata Rao
Director

R. Natarajan
Director

Nilesh Tinaikar
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 or globally.

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 Companies (Indian Accounting Standards) Amendment Rules, 2016. These financial statements are the company's first Ind AS financial statements. Accounting policies have been consistently applied 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. It is necessary for the results and financial position of each individual entity included in the reporting entity to be translated into the currency in which the reporting entity presents its financial statements. As the reporting entity presents its financial statements in INR, the Company's financial statements are translated into INR.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the presentation 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 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 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, service 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



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 liability method, on 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.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in 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 and cash equivalents**

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) **Investments and other financial assets**

(i) *Classification*

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) *Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.



Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity investments (other than Investments in subsidiaries, associates and joint venture)

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Equity Investments (in subsidiaries, associates and joint venture)

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

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) De-recognition of financial assets

A financial asset is de-recognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividends

Dividends are recognised in 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.

h) 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.



i) **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.

ii) **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 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
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 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.

k) **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.

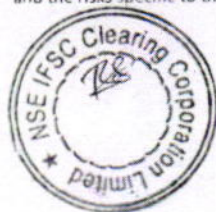
l) **Trade and other payables**

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.

m) **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



n) **Contingent Liabilities**

Contingent liabilities are disclosed 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.

o) **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.

p) **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.

q) **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.

r) **Operating Lease**

Leases of property, plant and equipment and land where the company, as lessee, has substantially transferred 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.

s) **Employee Benefits**

(i) **Provident Fund:** The company is in the process of voluntary registration 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 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 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.

(iv) **Leave Encashment:** Liability on account of Leave encashment is provided based on Actuarial Valuation at Balance Sheet date.

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

t) **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:

- Tax expense refer Note 15
- Estimation of useful life of intangible asset refer Note 5
- Estimation of contingent liabilities refer Note 33
- 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 financial data relates to the period of 3 months & 29 days and being the first year of company, corresponding previous year figure's are not available.



NSE IFSC CLEARING CORPORATION LIMITED

Notes to Financial Statements For the Period from December 2, 2016 to March 31, 2017

Note 4 : Property, plant and equipment

	Office equipments	Computer Systems	TOTAL	Capital Work In Progress
Gross carrying amount				
Opening as at 02.12.2016	-	-	-	-
Additions	-	-	-	0.16
Disposals	-	-	-	-
Transfers	-	-	-	-
Closing gross carrying amount	-	-	-	0.16
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	-	-	-	0.16



NSE IFSC CLEARING CORPORATION LIMITED

Notes to Financial Statements For the Period from December 2, 2016 to March 31, 2017

Note 5 : Other intangible assets

	Computer Software	Computer software under development	TOTAL
Gross carrying amount			
Opening as at 02.12.2016	-	-	-
Additions	-	0.71	0.71
Disposals	-	-	-
Transfers	-	-	-
Closing gross carrying amount	-	0.71	0.71
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	-	0.71	0.71



6	Other non-current assets	<u>As at 31.03.2017</u> <u>(Rs. Crores)</u>
	Bank balance : Fund to guarantee settlement of trades (refer note no.24)	4.87
	Total	<u>4.87</u>
7	Cash and bank balances	<u>As at 31.03.2017</u> <u>(Rs. Crores)</u>
	Cash and cash equivalents	
	Balances with banks :	
	On current accounts	43.47
	Cheques on hand	0.00
	Total	<u>43.47</u>
8	Other financial assets (Current)	<u>As at 31.03.2017</u> <u>(Rs. Crores)</u>
	Others	
	Security deposit for utilities and premises	0.02
	Total	<u>0.02</u>
9	Other Current Assets	<u>As at 31.03.2017</u> <u>(Rs. Crores)</u>
	Prepaid Expenses	0.00
	Balance with Service Tax Authorities	0.02
	Balance with Sales Tax Authorities	0.01
	Total	<u>0.03</u>
10 a)	Share Capital	<u>As at 31.03.2017</u> <u>(Rs. Crores)</u>
	Authorised	
	5,00,00,000 Equity Shares of Rs 10 each	50.00
		<u>50.00</u>
	Issued, Subscribed and Paid-up	
	5,00,00,000 Equity Shares of Rs 10 each	50.00
	Total	<u>50.00</u>

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 31.03.2017	
	Nos.	% holding
National Securities Clearing Corporation Limited & its nominees	50,000,000	100.00%
Total	50,000,000	100.00%

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

Name of the Company	31.03.2017	
	No. of Shares	% holding
National Securities Clearing Corporation Limited & its nominees	50,000,000	100.00%
Total	50,000,000	100.00%

