

NSE Clearing Limited



Twenty-Eighth Annual Report
2022-23



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Abhaya Hota	: Chairman, Public Interest Director
Ms. Bhagyam Ramani	: Public Interest Director (Interim Chairperson till May 31, 2023)
Mr. GS Hegde	: Public Interest Director
Mr. Golaka Nath	: Public Interest Director
Mr. Jayant Haritsa	: Public Interest Director
Ms. Priti Savla	: Public Interest Director
Mr. Yatrik Vin	: Shareholder Director
Mr. Vikram Kothari	: Managing Director

MANAGEMENT TEAM

Ms. Rana Usman	: Sr. Vice President and Head- Clearing & Settlement
Mr. Piyush Chourasia	: Chief Regulatory Officer & Head Strategy
Mr. Pradeep Kumar Mukilmaridur	: Head- Legal
Mr. Uppili Krishnan Srinivasan	: Sr. Vice President – Chief Technology officer (Applications & Development)
Mr. Huzefa Mahuvawala	: Sr. Vice President – Chief Risk Officer and Chief Technology officer (Technology Operations)
Mr. Amit Pujara	: Vice President - Head Compliance
Ms. Hima Bindu Vakkalanka	: Vice President – Compliance Operations
Mr. Aniket Bhanu	: Vice President- Risk Surveillance Operations
Mr. Amit Amlani	: Vice President & Chief Financial Officer
Ms. Moushumi Mandal	: Vice President -Human Resources
Mr. Mangesh Mahale	: Chief Information Security Officer

CHIEF FINANCIAL OFFICER : Mr. Amit Amlani

COMPANY SECRETARY : Mr. Ravin Tank

AUDITORS : M/s. Khandelwal Jain & Co.
Chartered Accountants
12-B, Baldota Bhavan, 5th Floor,
Maharshi Karve Road,
Churchgate, Mumbai - 400 020

REGISTERED OFFICE : “Exchange Plaza”
Plot No. C-1, Block ‘G’
Bandra Kurla Complex
Bandra (East)
Mumbai – 400 051

REGISTRAR & TRANSFER AGENTS : Link Intime India Private Limited
C-101, 247 Park,
L.B.S Marg, Vikroli (West)
Mumbai - 400 083

BOARD'S REPORT

To,
The Members,

Your Directors have pleasure in presenting the Twenty-Eighth Annual Report and Audited Financial Statements of the NSE Clearing Limited ('referred herein as the 'NCL' or 'NSE Clearing' or 'the Company') for the year ended March 31, 2023.

1 STATE OF COMPANY'S AFFAIRS- OPERATIONS

1.1 Settlement – Capital Market segment

NSE Clearing successfully retained its track record of completing all settlements in a timely manner.

During the period F.Y. 2022-23, 249 rolling settlements were handled in de-materialised mode. Per settlement figures in value terms in the current year are as follows:

The average value of securities handled per settlement was ₹14,128.14 crores in 2022-23 compared to ₹15,433.75 crores in 2021-22. The average funds pay-in per settlement was ₹3,750.56 crores in 2022-23 compared to ₹3,756.94 crores in 2021-22. The average number of shares processed per settlement was about 6,320 lakhs in 2022-23 compared to 6,860 lakhs in 2021-22. Short deliveries per settlement averaged around 0.13% in 2022-23 as compared to 0.11% in 2021-22.

Table 1:

Snapshot of NCL Business in ₹ Crores per Settlement (CM)		
Settlements	F.Y. 2021-22	F.Y. 2022-23
Average value of securities	15,433.75	14,128.14
Average funds pay-in	3,756.94	3,750.56
Average number of shares (lakhs)	6,860	6,320
Short deliveries	0.11%	0.13%
Deliverable shares (number)	17.49%	19.44%
Deliverable shares (Value)	21.00%	24.00%
Business Highlights		
Highest trading volume - April 05, 2022		1,36,674.69
Highest deliverable value - August 18, 2022		42,671.26

The highest trading volume of ₹1,36,674.69 crores was observed on April 05, 2022, and the highest deliverable value of ₹ 42,671.26 crores were observed on August 18, 2022. Percentage of number of shares deliverable to number of shares traded increased to 19.44% in 2022-23 from 17.49% in 2021-22. Percentage of value of shares deliverable to value of shares traded increased to 24% in 2022-23 from 21% in 2021-22.

The Core Settlement Guarantee Fund stood at ₹651.38 crores for the month of March 2023. The details of settlements carried out by NSE Clearing are presented in below table.

Table 2:

Settlement Statistics for 2022-2023 – Capital Market Segment									
Month	Quantity of Shares Traded (lakh)	Quantity of Shares Deliverable (lakhs)	% of Shares Deliverable to Total Shares Traded	Value of Shares Traded (₹ Crores)	Value of Shares Deliverable (₹ Crores)	% of Delivery to Value of Shares Traded	% of Short Delivery to Delivery	Funds-Pay In (₹ Crores)	No. of settlements
Apr-22	7,86,293	1,41,345	17.98	14,00,290.97	3,23,291.42	23.09	0.11	85,076.26	19
May-22	6,29,355	1,15,140	18.29	12,81,889.01	2,84,368.85	22.18	0.09	80,583.62	21
Jun-22	5,64,462	1,09,264	19.36	11,20,161.71	2,68,652.00	23.98	0.16	78,935.23	22
Jul-22	4,93,736	1,01,770	20.61	10,24,661.85	2,45,013.68	23.91	0.10	52,078.80	21
Aug-22	7,47,755	1,48,876	19.91	12,74,048.66	3,16,074.11	24.81	0.16	74,354.24	20
Sep-22	8,44,348	1,63,089	19.32	14,76,101.09	3,59,192.55	24.33	0.09	105,903.81	22
Oct-22	5,51,870	1,10,110	19.95	10,25,584.91	2,43,052.82	23.70	0.09	62,721.07	19
Nov-22	6,86,187	1,44,677	21.08	12,57,731.29	3,17,407.45	25.24	0.16	78,247.32	21
Dec-22	11,07,170	1,73,220	15.65	13,08,888.64	3,18,326.17	24.32	0.13	82,146.20	22
Jan-23	6,96,366	1,24,391	17.86	11,22,847.86	2,86,748.60	25.54	0.24	78,588.25	21
Feb-23	4,86,490	1,06,719	21.94	10,86,298.29	2,64,374.61	24.34	0.11	65,431.99	20
Mar-23	5,01,383	1,35,201	26.97	11,74,489.22	2,91,405.72	24.81	0.11	89,822.99	21

Note – During the year under review, there was no physical settlement. Values provided are across all exchanges.

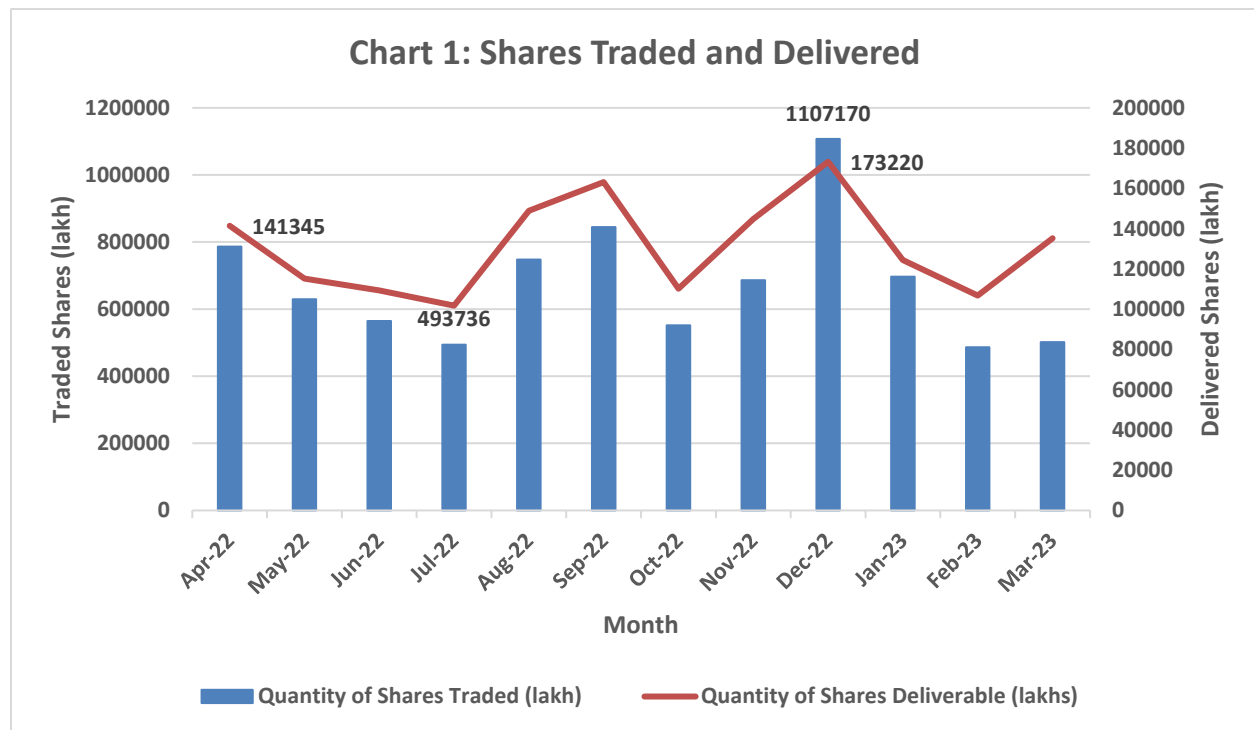


Chart 2: Funds Pay in Rs. Crores - Highest Month to Lowest Month

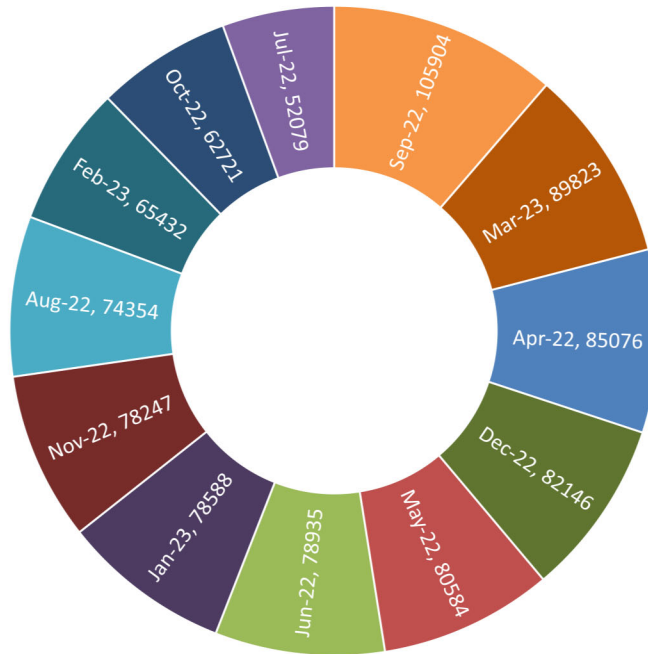
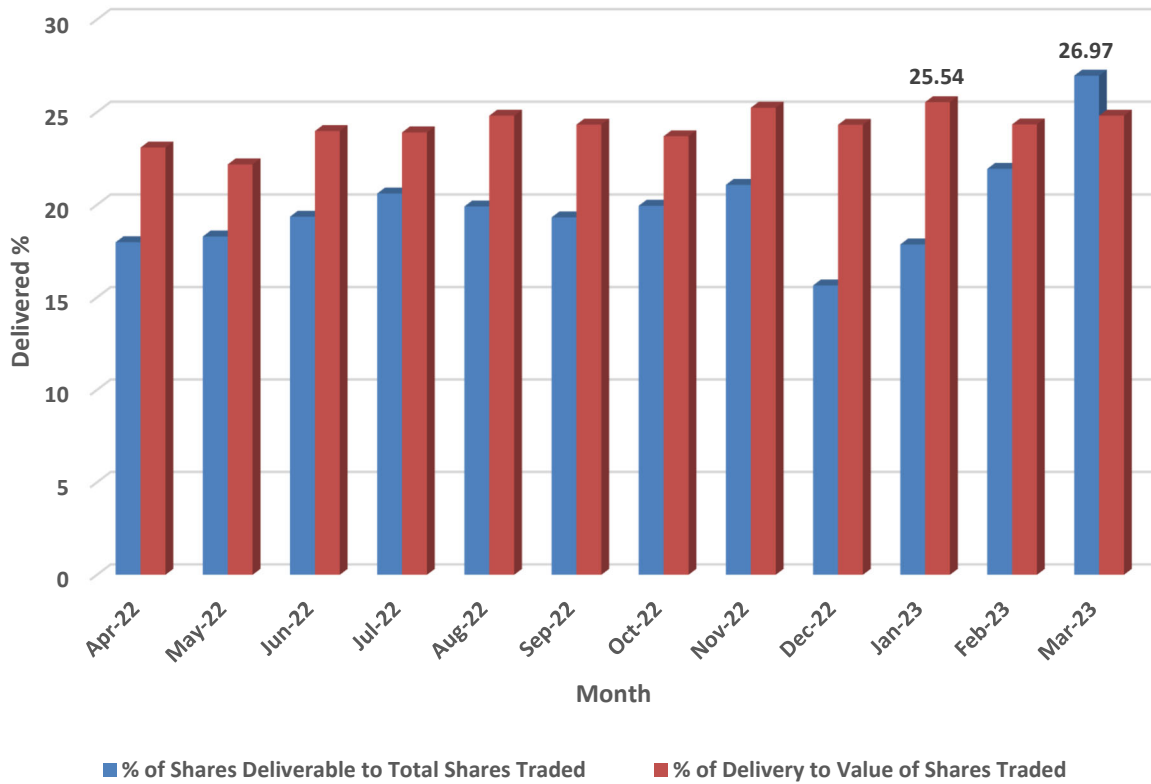


Chart 3: Shares Delivered - Value and Number



1.2 Securities Lending and Borrowing segment

NSE Clearing is an Approved Intermediary (AI) for Securities Lending and Borrowing Segment (SLBS) with SEBI. In F.Y. 2022-23, the volumes in SLBS increased by 6.14% from ₹27,617.77 crores in F.Y. 2021-22 to ₹29,314.43 crores in F.Y. 2022-23. As compared to previous year, securities traded in SLBS increased from 484 to 552 during F.Y. 2022-23. As on March 31, 2023, there are 388 participants, 7 custodian-cum-participants and 5 custodians registered in SLBS.

1.3 Settlement - F&O Segment

The period F.Y. 2022-23 witnessed positive growth in the total amount settled. The total value of settlement increased to ₹3,46,153 crores in 2022-23 from ₹3,09,572 crores in F.Y. 2021-22. The highest monthly settlement was ₹42,566.13 crores in the month of May 2022. March 2023 witnessed the highest monthly trading volumes of ₹ 49,49,41,265.52 crores while the highest daily trading volumes on NSE during this period was ₹4,73,73,216.58 crores, witnessed on March 16, 2023, with total of 51,09,05,029 contracts being traded.

Table 3:

(₹ Crores)		
Snapshot of NCL Business in F&O segment		
F&O Settlement	F.Y. 2021-22	F.Y. 2022-23
Total value of settlement	3,09,572	3,46,153
Highlights of Business		
Monthly Highest Settlement – May 2022		42,566.13
Monthly highest trading – March 2023		49,49,41,265.52
Daily Highest Trading – March 16, 2023		4,73,73,216.58
Highest Contracts Traded (Number)		51,09,05,029

The details of turnover and month-wise settlement values during the year April 01, 2022 to March 31, 2023, are tabulated below:

Table 4:

Business of NCL in F&O Segment							
Month	No. of Contracts Traded (In lakhs)	Turnover (in ₹ crores)	MTM Settlement (in ₹ crores)	Final Settlement (in ₹ crores)	Premium Settlement (in ₹ crores)	Exercise Settlement (in ₹ crores)	Total Settlement (in ₹ crores)
Apr-22	22,320	20,10,00,852.50	24,181.92	190.90	6,749.85	841.70	31,964.36
May-22	27,539	23,11,48,597.07	33,942.13	204.52	7,107.13	1312.34	42,566.13
Jun-22	29,983	24,62,83,199.04	24,839.29	148.68	7,488.66	1428.93	33,905.56
Jul-22	27,603	23,40,96,168.82	18,631.46	418.57	5,846.56	1065.28	25,961.87
Aug-22	29,711	2,72,65,4961.18	16,950.40	156.12	6,718.40	847.81	24,672.72
Sep-22	36,761	34,53,39,971.51	21,897.23	117.00	8,841.79	1290.68	32,146.70
Oct-22	29,599	27,48,38,828.43	18,234.73	219.08	6,148.16	884.39	25,486.36
Nov-22	32,040	30,95,05,775.34	13,521.47	202.75	6,058.57	870.52	20,653.31
Dec-22	42,870	42,11,66,653.46	19,729.26	202.72	7,722.27	1120.86	28,775.10
Jan-23	44,679	42,41,04,790.98	17,833.25	605.77	7,901.23	777.16	27,117.41
Feb-23	45,004	41,59,40,794.65	15,665.04	110.73	7,658.79	940.14	24,374.70
Mar-23	54,905	49,49,41,265.52	18,339.52	219.82	8,437.09	1533.17	28,529.60

Note: Values provided are across all exchanges.

Chart 4: F&O Trading Values - Moving in Right Trajectory

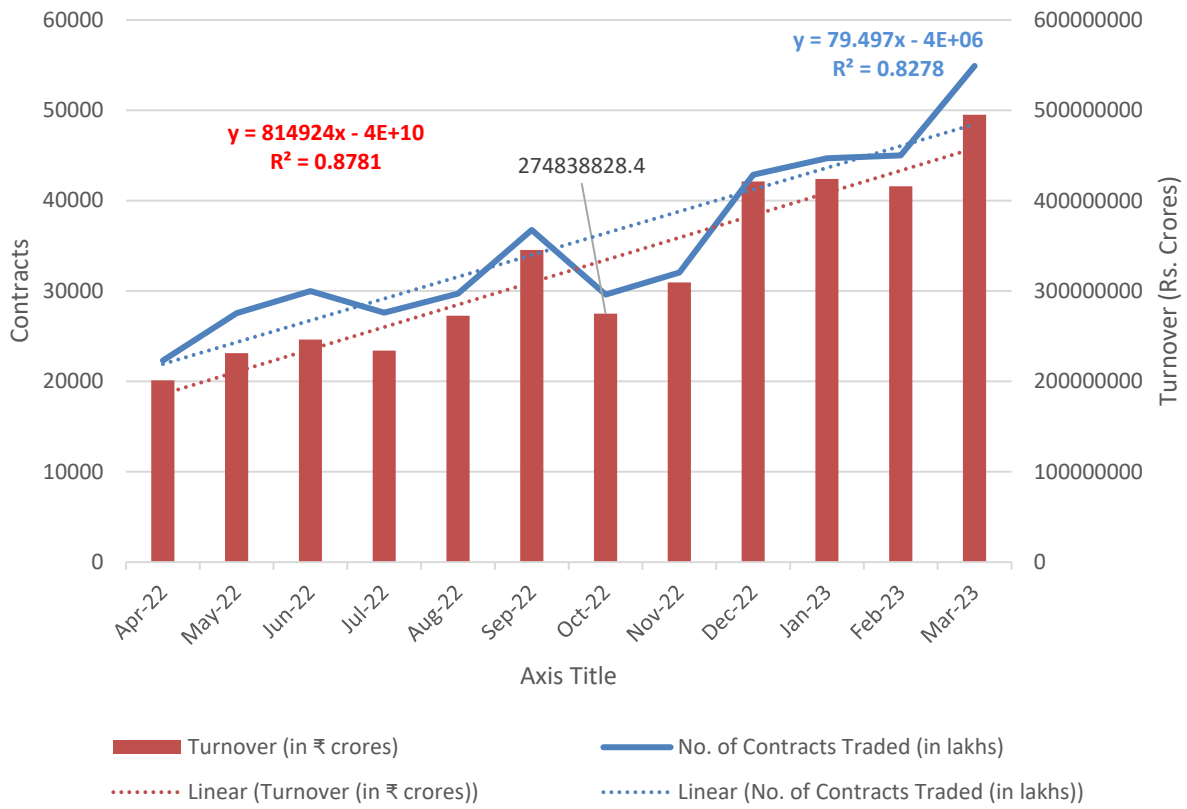
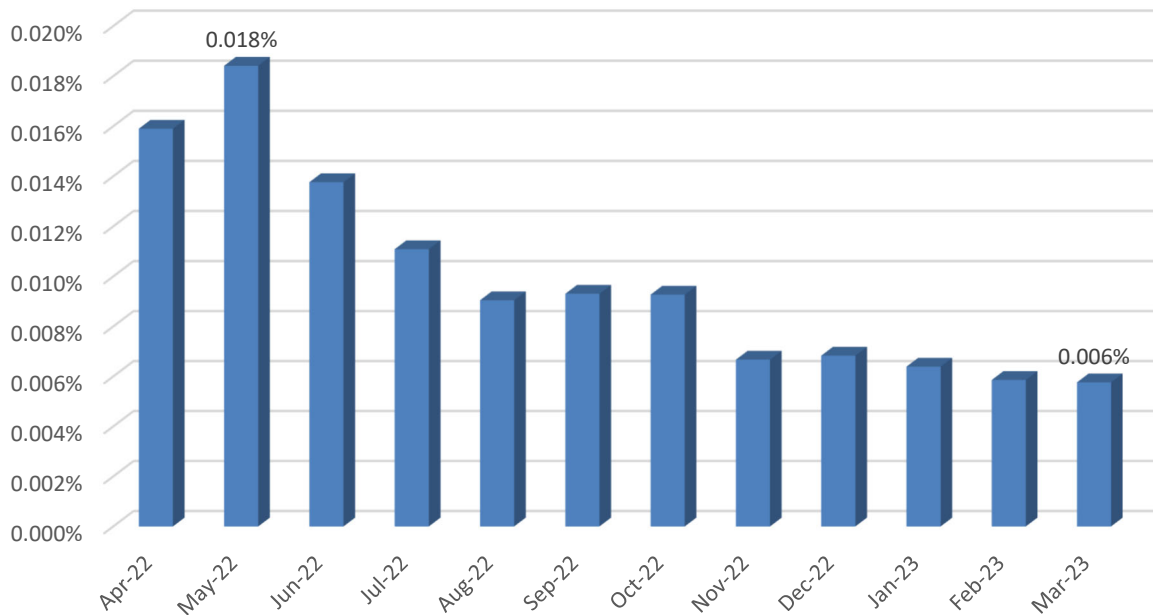


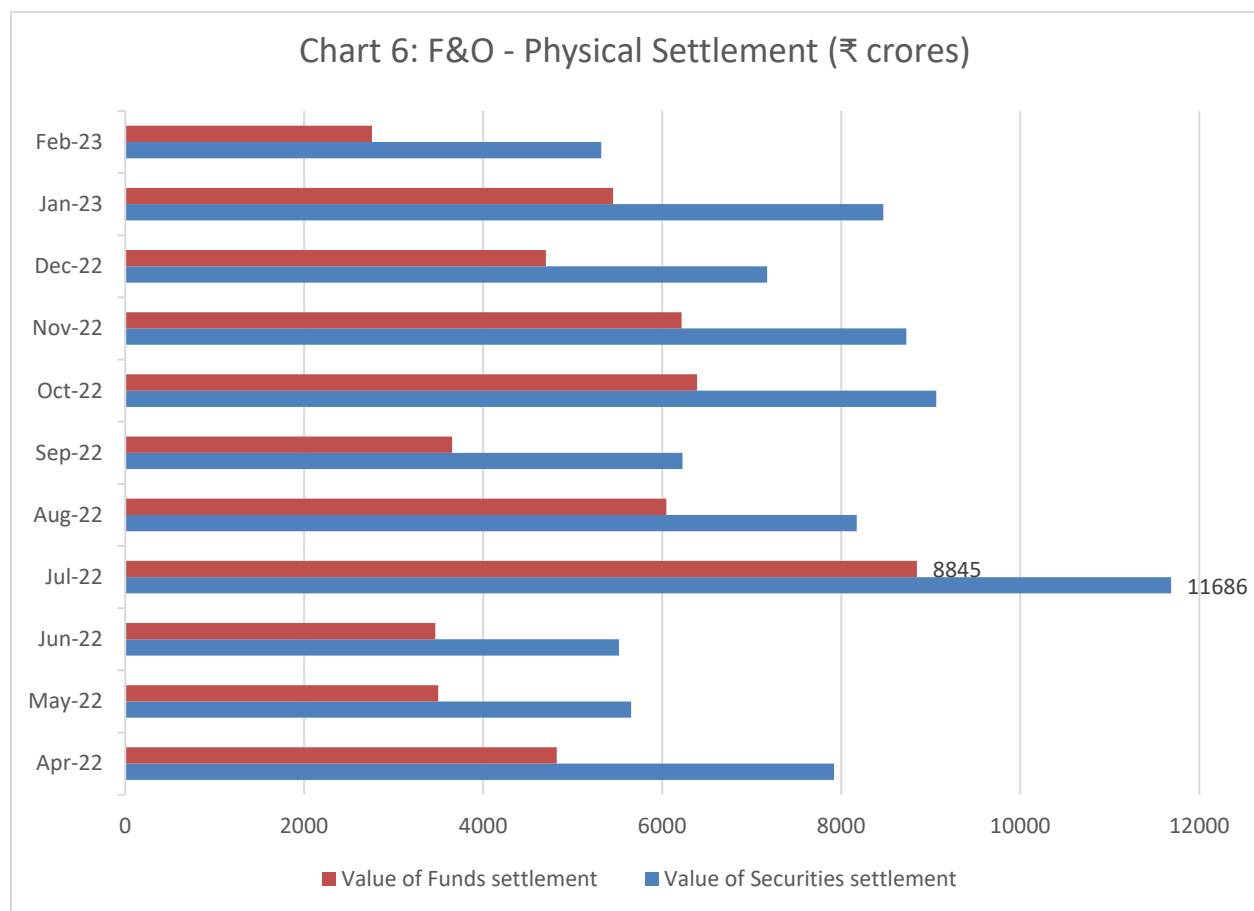
Chart 5: F&O - Settlement / Turnover



The details of month-wise F&O Physical settlement values starting from April 2022 to Feb 2023 are tabulated below:

Table 5:

Month wise F& O Settlement Physical settlement values (₹ crores)		
Expiry Month	Value of Securities settlement	Value of Funds settlement
Apr-22	7,918.84	4,821.42
May-22	5,653.75	3,496.60
Jun-22	5,517.89	3,464.54
Jul-22	11,685.58	8,845.00
Aug-22	8,173.92	6,045.87
Sep-22	6,227.39	3,653.19
Oct-22	9,061.05	6,388.98
Nov-22	8,727.11	6,215.86
Dec-22	7,173.35	4,699.65
Jan-23	8,470.18	5,451.21
Feb-23	5,318.01	2,757.39



NSE Clearing has introduced Net Settlement of Capital Market segment and Futures & Options (F&O) segment upon expiry of stock derivatives from March 2023 Expiry.

The Core Settlement Guarantee Fund for F & O Segment stood at ₹3,664.40 crores for the month of March 2023.

1.4 Settlement - Currency Derivatives Segment

1.4.1 Currency Futures & Options

The F.Y. 2022-23 witnessed an increase in the total settlement values from ₹10,755.80 crores in F.Y. 2021-22 to ₹18,235.99 crores. The highest monthly settlement value was ₹2,290.84 crores in the month of November 2022. The highest trading value in Currency Futures on NSE Clearing during this period was ₹ 1,23,145.96 crores witnessed on October 21, 2022, with total of 1,48,43,264 contracts being traded and in Currency Options it was ₹2,62,907.37 crores, witnessed on September 22, 2022 with total of 3,26,32,085 contracts being traded.

Table 6:

(₹ Crores)		
Snapshot of NCL Business in Currency Derivatives segment		
Currency Derivatives Settlement	F.Y. 2021-22	F.Y. 2022-23
Total value of settlement	18,235.99	10,755.80
Highlights of Business		
Monthly Highest Settlement – November 2022		2,290.84
Daily highest trading Value – Currency Futures October 21, 2022		1,23,145.96
Daily Highest Trading Value – Currency Options March 16, 2023		2,62,907.37
Highest Contracts Traded Currency Futures on October 21, 2022 (Number)		1,48,43,264
Highest Contracts Traded Currency Options on September 22, 2022 (Number)		3,26,32,085

The details of turnover and month-wise settlement values during the year April 01, 2022 to March 31, 2023, are tabulated below:

Table 7: NCL Business in Currency Derivatives Segment									
Month	Currency Futures				Currency Options				Total Settlement (in ₹ crores)
	No. of Contracts Traded (in lakhs)	Turnover (in ₹ crores)	MTM Settlement (in ₹ crores)	Final Settlement (in ₹ crores)	No. of Contracts Traded (in lakhs)	Turnover (in ₹ crores)	Premium Settlement (in ₹ crores)	Exercise Settlement (in ₹ crores)	
Apr-22	1589	13,12,399	895.31	26.87	3889	31,90,073	158.58	61.62	1,142.38
May-22	1164	9,71,428	816.81	14.29	2966	24,51,104	206.09	73.76	1,110.96
Jun-22	1284	10,66,092	862.97	56.93	3803	31,36,495	177.36	94.10	1,191.36
Jul-22	1244	9,58,568	1310.63	34.24	2352	17,95,162	218.28	127.43	1,690.58
Aug-22	1283	10,03,970	1082.79	13.96	1984	15,35,649	191.08	68.03	1,355.85
Sep-22	1336	10,59,528	1691.43	51.00	2115	16,56,956	297.26	205.16	2,244.85
Oct-22	1267	10,20,297	1253.30	98.12	2610	20,80,674	305.90	147.45	1,804.77
Nov-22	1248	10,02,510	1732.53	98.46	2940	23,46,628	303.12	156.74	2,290.84
Dec-22	1788	14,46,793	1201.06	24.52	3652	29,37,974	254.71	143.69	1,623.98
Jan-23	1619	13,42,339	1254.13	32.77	2945	24,30,974	255.67	120.50	1,663.07
Feb-23	1787	14,70,296	753.60	5.92	3834	31,41,650	235.03	86.89	1,081.44
Mar-23	1465	12,19,406	684.19	33.25	3304	27,26,415	228.05	90.43	1,035.92

Note: Values provided are across all exchanges

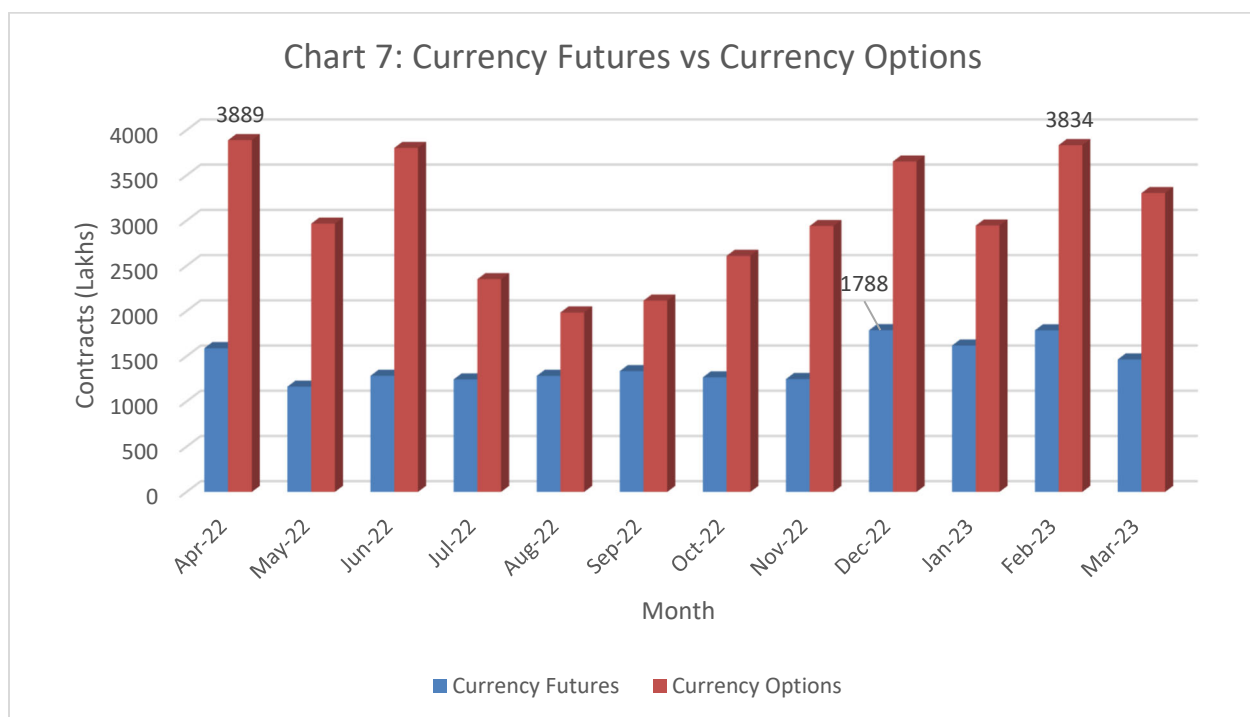


Chart 8: Currency Futures & Options Turnover

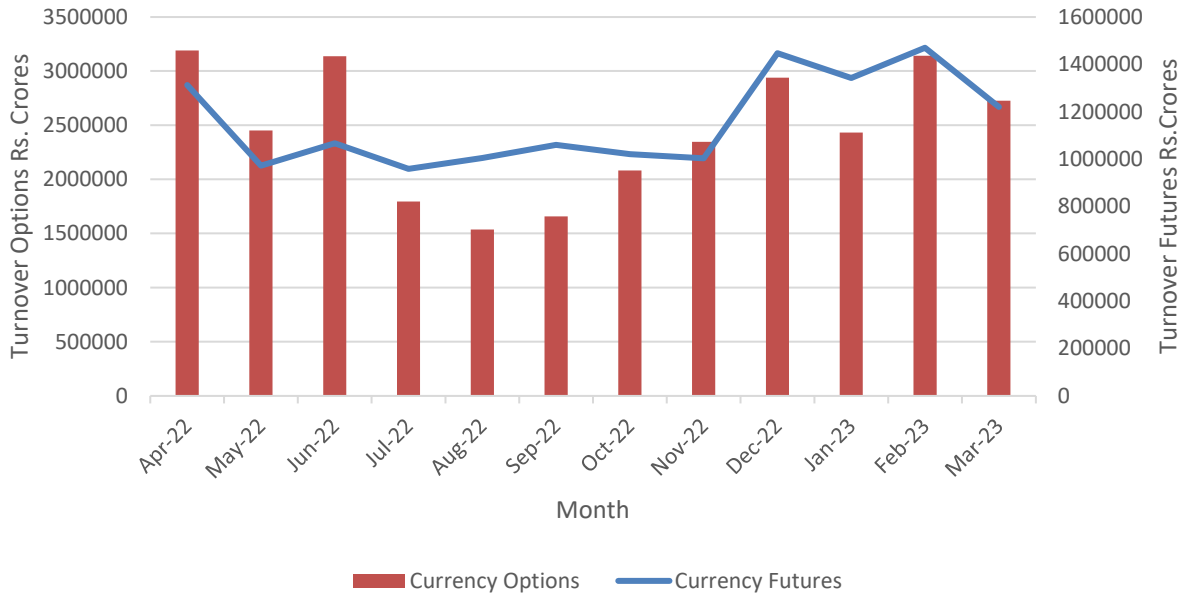
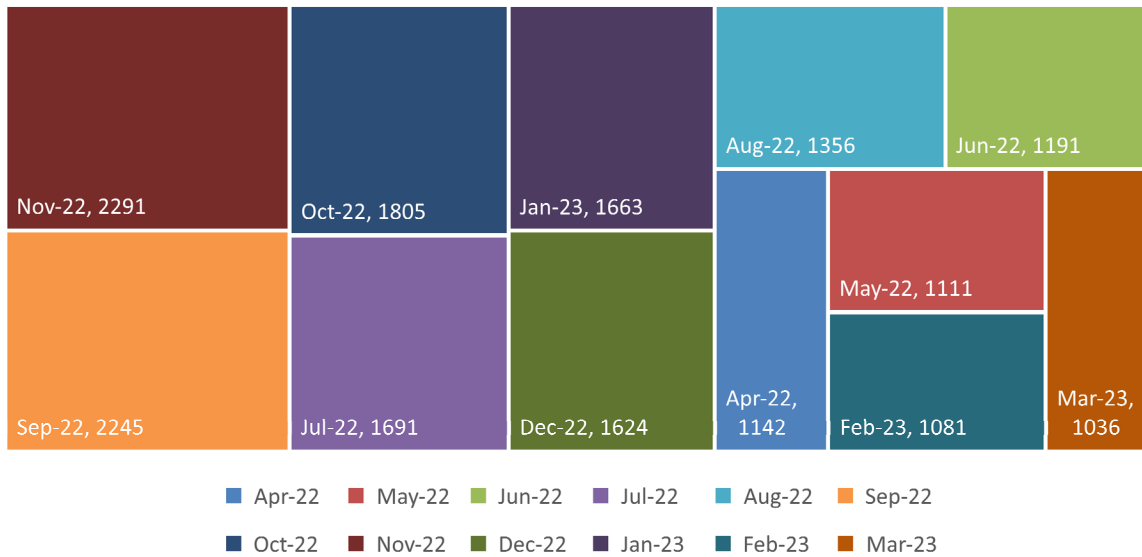


Chart 9: Currency Derivatives Settlement (Rs. Crore)



Interlinkage between Business segments of NCL is depicted in Table 8 through a Correlation Chart.

Table 8:

Interlinkage between NCL Business Segments				
	CM Trades Value	Equity FO	Currency FO	CM Funds
CM Trades Value	1			
Equity FO	35%	1		
Currency FO	19%	-41%	1	
CM Funds Settlement	82%	40%	13%	1

1.4.2 Interest Rate Derivatives

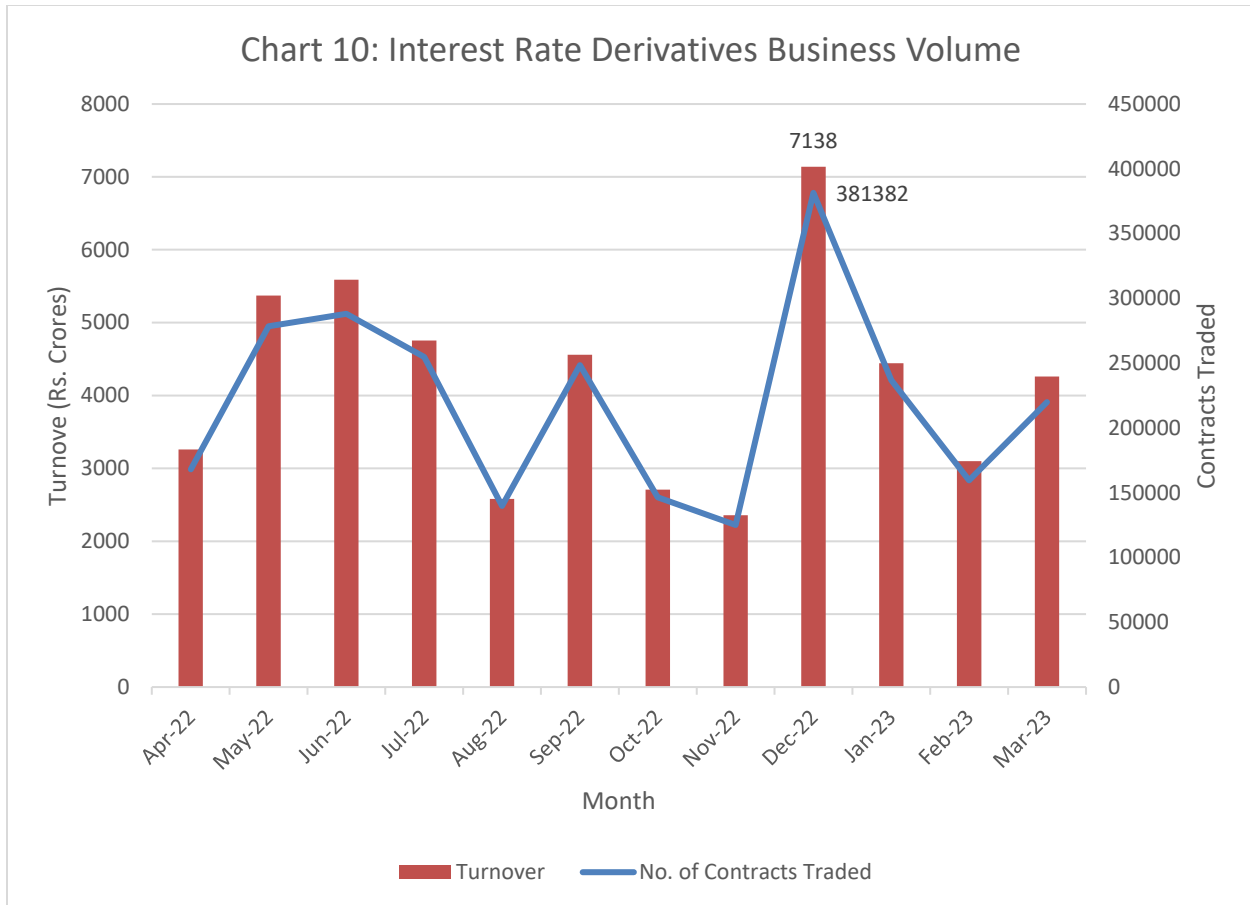
The year F.Y. 2022-23 witnessed an increased in the total settlement values from ₹319.32 crores in F.Y. 2021-22 to ₹816.54 crores. The highest monthly settlement value was ₹132.15 crores in the month of May 2022. The highest trading volume in Interest Rate derivatives during this period was ₹1,383.67 crores witnessed on September 29, 2022, with total of 73,964 contracts being traded.

The details of turnover and month-wise settlement values during the year April 01, 2022 to March 31, 2023, are tabulated below:

Table 9:

NCL Business in Interest Rate Derivatives				
Month	Interest Rate Futures & Options		MTM Settlement (in ₹ crores)	Final Settlement (in ₹ crores)
	No. of Contracts Traded	Turnover (in ₹ crores)		
Apr-22	1,67,971	3,258.20	98.47	2.22
May-22	2,78,400	5,370.90	131.47	0.68
Jun-22	2,88,019	5,587.13	60.35	0.41
Jul-22	2,54,678	4,753.83	52.65	0.41
Aug-22	1,39,714	2,580.01	70.26	0.32
Sep-22	2,48,367	4,559.48	103.68	0.56
Oct-22	1,46,386	2,709.07	70.50	4.72
Nov-22	1,25,092	2,356.08	58.16	0.37
Dec-22	3,81,382	7,138.07	44.98	0.01
Jan-23	2,36,849	4,441.88	33.01	0.07
Feb-23	1,59,522	3,099.27	42.22	1.26
Mar-23	2,19,884	4,260.21	39.21	0.56

Note: Values provided are across all exchanges



The Core Settlement Guarantee Fund for Currency Derivatives Segment stood at ₹319.67 crores for the month of March 2023.

1.5 Risk Management

1.5.1 Capital Market & Securities Lending & Borrowing segments

NSE Clearing has placed utmost focus on risk management by putting in place an On-line Position monitoring system which has successfully and efficaciously addressed the market risks. Margins are computed on an on-line real time basis at client level. The Value at Risk (VaR) Margins are applied which is statistically arrived at covering 99% value at risk.

1.5.2 Futures & Options, Currency and Commodity Derivatives segments

NSE Clearing has in place many risk management measures including monitoring of exposure on a real time basis through the system called PRISM (Parallel Risk Management System) and also end of day monitoring of client level exposures.

The Most critical component of PRISM is the online real time client level portfolio-based margining and monitoring system. The robustness of the system is time tested and has proved its efficient handling of volatile situations effectively, on numerous occasions in the past and especially on highly volatile days in the year. The actual margining and

position monitoring is done on-line, on an intra-day basis. NSE Clearing uses the SPAN (Standard Portfolio Analysis of Risk) system for the purpose of margining, which is a portfolio-based system.

SPAN is a registered trademark of the Chicago Mercantile Exchange, used herein under License. The objective of SPAN is to identify overall risk in a portfolio of futures and options contracts for each member. The system treats futures and options contracts uniformly, while at the same time recognising the unique exposures associated with options portfolios like extremely deep out-of-money short positions and inter-month risk. SPAN is used to determine the largest loss that a portfolio might reasonably be expected to suffer from one day to the next day. The parameters used in the computation of margins are revised six times a day.

1.6 Corporate Debt Instruments Settlement

1.6.1 Over the Counter Trades

The average daily settlement value at NSE Clearing for OTC trades in Corporate Bonds, Commercial Papers (CP) and Certificate of Deposits (CD) during the F.Y. 2022-23 stands at ₹4,596.63 crores, ₹1,860.19 crores and ₹2,166.38 crores, respectively. The highest settlement value, during this period, of ₹22,355.48 crores (across all corporate debt instruments) was recorded on March 28, 2023.

The month-wise settlement statistics for corporate debt instruments are as under:

Table 10:

Corporate Debt Settlement (CP/CD included)				
Month	Settlement Days	Total No. of Trades Settled	Settled Value (in ₹ crores)	Average Daily Settlement Value (in ₹ crores)
Apr-22	18	5,787	1,27,822.73	7,101.26
May-22	20	6,066	1,49,522.46	7,476.12
Jun-22	22	6,861	1,45,547.5	6,615.8
Jul-22	21	7,111	1,58,993.81	7,571.13
Aug-22	19	6,677	1,82,717.69	9,616.72
Sep-22	22	7,954	2,25,824.33	10,264.74
Oct-22	18	5,497	1,23,695.19	6,871.96
Nov-22	21	7,074	1,61,781.5	7,703.88
Dec-22	22	7,971	1,78,774.43	8,126.11
Jan-23	21	7,056	1,86,436.05	8,877.91
Feb-23	20	6,722	1,94,784.11	9,739.21
Mar-23	20	9,367	2,68,162.18	13,408.11

Chart 11: Corporate Bond Settlement

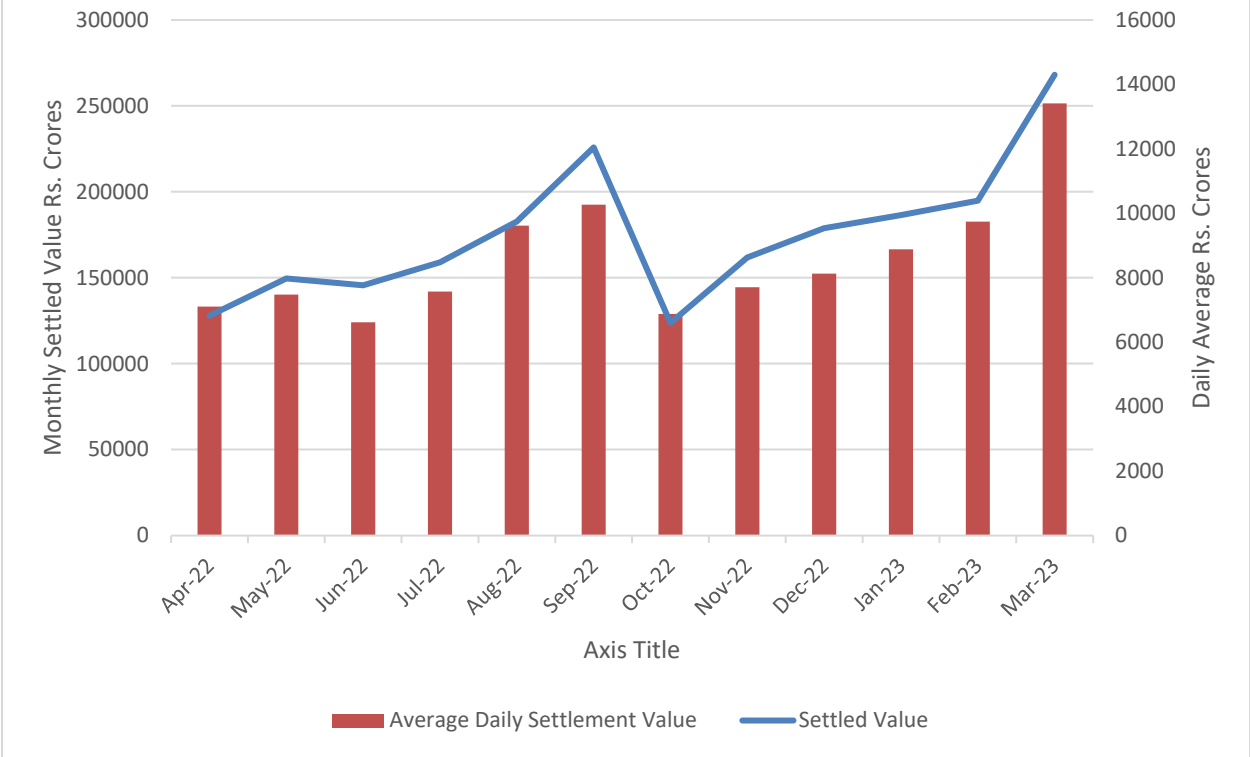
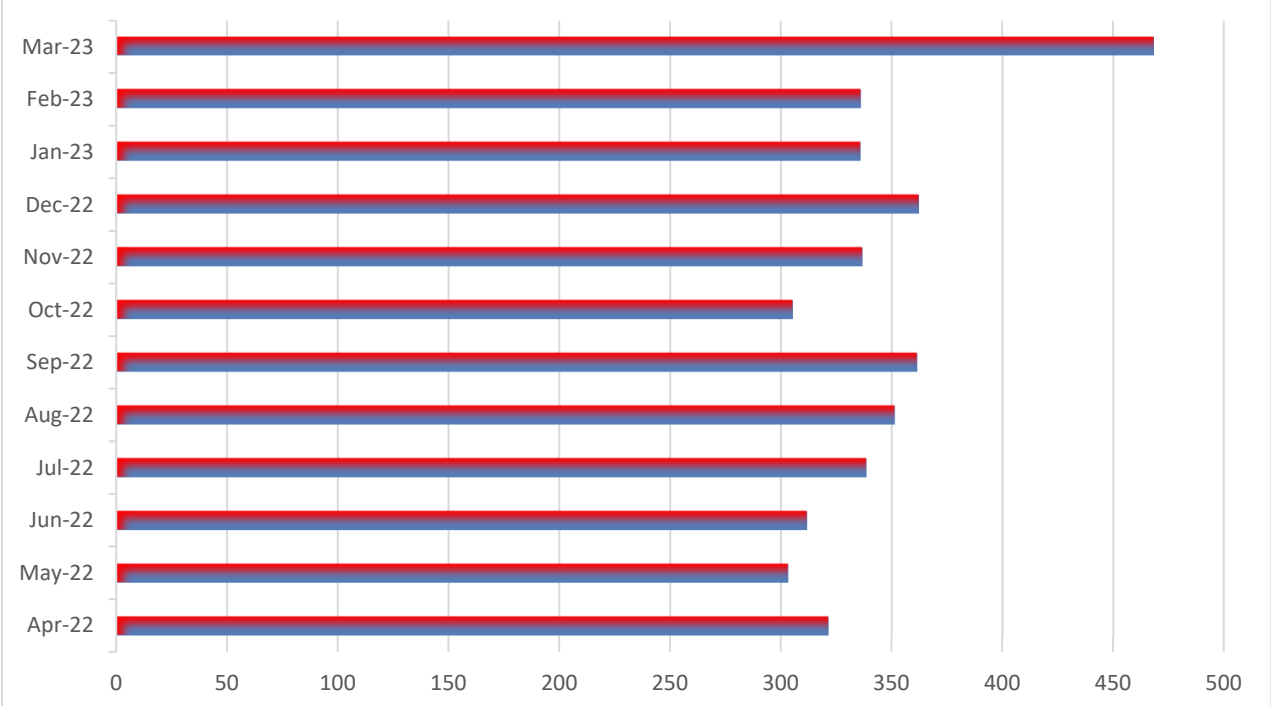


Chart 12: Average Daily Trades Settled in Corp Bonds



During the F.Y. 2022-23, NSE Clearing settled 1,211 repo trades on corporate bonds valuing ₹1,15,929.96 crores as compared to 1,731 repo trades valuing ₹2,28,776.64 crores settled in the previous year.

1.6.2 Exchange Traded

No trades were reported on the Exchange Traded Platform.

1.7 Mutual Fund Service System (MFSS)

As on March 31, 2023, 46 mutual fund houses with 29,006 schemes were enabled under the revised MFSS scheme.

1.7.1 Subscription

The average daily value of funds settled for subscription of mutual fund units for the period April 1, 2022 to March 31, 2023 was ₹20 crores. The highest settlement value of ₹ 95 crores was observed on February 16, 2023.

1.7.2 Redemption

The average daily value of funds settled for redemption of mutual fund units for the period April 1, 2022 to March 31, 2023 was ₹66 crores. The highest settlement value of ₹ 332 crores was observed on March 31, 2023.

1.8 New Initiatives and Developments

I. T+1 settlement in cash market

SEBI provided an option to the exchanges to introduce T+1 settlement vide its circular dated September 7, 2021.

The introduction on

T+1 settlement for all securities was implemented in a phased manner starting from February 25, 2022 and a roadmap of list of securities moving to T+1 settlement every month, was published in advance.

All the securities were successfully migrated under T+1 settlement on January 27, 2023. Indian markets have been among the first few to have adopted T+1 settlement cycle in equities market. The phased migration and stakeholder consultation with regulatory support helped achieve the transition in a seamless manner.

II. Netting of settlement in cash market and final physical settlement of single stock derivatives

The final settlement of single stock derivatives is carried out by way of physical delivery of underlying stocks. SEBI permitted the netting of such physical delivery obligations for single stock derivatives with the corresponding obligations in the cash equities market to

be settled on the same day.

Such netting is likely to provide better alignment of cash and derivatives segment, mitigate price risk, and bring in netting efficiencies for market participants. Such netting was implemented with effect from March 2023 expiry of single stock derivatives.

III. Standardization of reports downloaded to members

NSE Clearing provides several reports to trading and clearing members regarding their activities and obligations. Different clearing corporations in India have their proprietary report formats, resulting in the requirements for members to develop systems to receive information in multiple formats, causing inefficiency and increasing technical requirements. Further, the proprietary formats are not compatible with international messaging / communication standards.

The Market Infrastructure Institutions worked together to standardize the structure / formats of their reports, and also to make them ISO-compatible. This initiative will help reduce the operational requirements, costs and increase efficiency for members.

NSE Clearing began providing the reports in the standardized formats with effect from July 4, 2022, in addition to the pre-existing reports. Both versions of the reports will be provided till June 30, 2023, and thereafter only the standardized reports will be provided to the members.

IV. Discontinuation of pool accounts for mutual funds transactions on exchange platform

Stock exchanges provide a platform to facilitate transactions in mutual funds. The clients were required to transfer funds/units for purchase/redemption of mutual fund units to the pool accounts maintained by the members.

In order to enhance safety and operational efficiency, under the guidance of SEBI, the usage of pool accounts was discontinued with effect from July 1, 2022.

Under the revised process, the clients do not need to transfer funds and/or securities to the member accounts at any time. The funds (for subscription) and units (for redemption) are provided by the clients directly in the clearing corporation accounts. The subscription / redemption proceeds are also provided by the clearing corporation directly to the demat/bank account of the clients. The revised process has substantially reduced the risk of misutilization of client assets by the intermediaries.

V. Block mechanism and pay-in validation at client level

Clearing corporations assisted the depositories to put in place a block mechanism and pay-in validations at client level, which ensure that excess debits to client demat accounts are prevented.

Under this mechanism: (i) In case of securities provided as early pay-in, i.e., before the determination of final obligations by the clearing corporations: the clearing corporations

reverse any excess securities and ensure debit to the client account does not exceed the deliverable obligations of the client; and (ii) in case of securities provided otherwise, the depositories use the client level obligation data provided by the clearing corporations and ensure that the debit to client account does not exceed the delivery obligation of the respective client.

This mechanism has improved the customer protection by preventing potential misuse by excess debit.

VI. Two-way Portability across Clearing Corporations

NSE Clearing, in consultation with SEBI and Indian Clearing Corporation Ltd. (ICCL); have put in place an inter-CC resiliency set up under Software as a Service (SaaS) model. There will be no change in the day-to-day operations, and the model provides an additional business continuity mechanism over and above the existing redundancies in the primary data centre and other disaster recovery mechanisms.

The two clearing corporations have maintained additional setups of their systems, in which the master and transaction data of the other clearing corporation is replicated. In case of a business disruption, when the primary systems of a clearing corporation are not functioning appropriately, and if the relevant authority decides to activate the SaaS setup; then during the disruption such clearing corporation will use the SaaS setup provided by the other clearing corporation to continue its business.

The two-way portability model substantially improves the operational resiliency of the critical operations and services provided by the clearing corporations, especially against software defects.

VII. Full segregation of client collateral

SEBI issued circulars dated July 20, 2021 and Feb 24, 2021, regarding the requirements of segregated reporting and allocation of client collateral. The first phase of the mechanism (reporting of client collateral) was implemented from October 2021, which achieved transparency and traceability of collateral placed by clients with the members, including its subsequent transfers/retentions up to the clearing corporation.

The second phase, i.e., real-time monitoring of client level margin requirements against allocated collateral was implemented from May 2, 2022. The mechanism helps the clearing corporations to ensure that the assets belonging to a client are utilized towards the trade exposure of the respective client only, and the positions and collateral of non-defaulting clients can be transferred to alternate clearing member or remaining collateral expeditiously returned to the clients, in case of member default.

VIII. Acceptance of bank guarantees in electronic form

NSE Clearing accepts multiple forms of collaterals from its members towards their margin requirements, including bank guarantees issued by empanelled banks. While the rest of the forms of collateral can be provided and withdrawn electronically, bank guarantees

had to be provided in physical form.

National e-Governance Service Limited (NeSL)'s Digital Document Execution platform allows for paperless execution and storage of financial contracts by way of e-stamping and e-signing. NSE Clearing leveraged this platform and began accepting bank guarantees in electronic form, starting with a few empanelled banks, with effect from February 22, 2023. The electronic acceptance improves operational efficiency and eliminates issues related to paper-based documents.

1.9 Other achievements

CRISIL has continued its highest corporate credit rating of 'AAA/Stable' to NSE Clearing Limited. 'AAA/Stable' rating indicates highest degree of strength with regard to honouring debt obligations. NSE Clearing is the first Indian Clearing Corporation to get this rating. The rating reflects NSE Clearing's rigorous risk management controls and adequate settlement guarantee cover.

NSE Clearing has been accorded this rating for the 15th consecutive year.

1.10 Opportunities and increased coverage

1.10.1 Clearing Members

New Self Clearing Members have been added on Capital Market, F&O & Currency Derivatives segments. Self-Clearing membership was granted to 53 new members in the F&O segment and 21 new members in Capital Market segment. In Currency Derivatives segment, 23 Self Clearing Members have been enabled. Trading cum clearing membership was granted to 6 new members in F&O segment, 3 in currency derivatives segment and 1 in Capital Market Segment.

Self Clearing Members were also removed from Capital Market, F&O & Currency Derivatives segments. 85 such members were removed from Capital Market, 10 in F&O segment and 1 in Currency Derivatives segment. Also, 4 Trading cum Clearing Membership were removed from F&O and Currency Derivatives segment each.

1.10.2 Custodian Clearing Members & Professional Clearing Members (PCM)

There were no new addition or removal of Custodian Clearing Members & Professional Clearing Members.

1.10.3 Participants & custodians in SLBM

388 participants, 7 custodian-cum-participants and 5 custodians are registered in SLBM as on March 31, 2023.

1.10.4 Multiple Depositories /Banks

NSE Clearing is electronically connected to both the depositories viz. National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for securities settlement and 15 clearing banks namely Axis Bank Ltd., Bank of India, Canara Bank, Citibank N.A., HDFC Bank Ltd., Hongkong & Shanghai Banking Corporation Ltd., ICICI Bank, IDBI Bank Ltd., IndusInd Bank Ltd., Kotak Mahindra Bank Ltd., Standard Chartered Bank, State Bank of India, Union Bank of India, JP Morgan Chase Bank and Yes Bank for funds settlement.

2 INFORMATION TECHNOLOGY

NSE Clearing successfully delivered many path breaking initiatives across Clearing, Settlement, Risk Management and Collateral functions during F.Y. 2022-23.

- Technology was leveraged effectively to deliver these initiatives by business process re-engineering, architecture revamp, technology modernization and process optimizations.
- To achieve fastest Turn Around Time and error free executions during daily operations, all the processes were automated.
- Automation included data validation as well as process/data sanctity checks along with exception handling to ensure seamless clearing and settlement activities within the shortened settlement cycle.

Key programs during F.Y. 2022-23 across functions are as summarized below.

2.1 Clearing & Settlement

▪ T+1 Settlement Rollout

- NSE Clearing successfully rolled out reduction of rolling settlement cycle from T+2 to T+1 in line with regulatory guidelines.
- Scope covered complete business process re-engineering and new architecture rollout in both Clearing & Settlement functions covering 180+ processes.
- With this rollout, India became the second nation in the world after China and first nation globally having the significant trade volumes (third largest by trade volume globally in equity market) to settle trades within 24 hours of execution.
- Rolling settlement cycle reduction from T+2 to T+1 helped Financial Institutions as well as Stock Market participants both in India as well as Globally to receive faster security delivery in buyer's depository account receive faster funds delivery in seller's bank account
- Reduced the number of outstanding unsettled trades at any point of time, and thus decreased the unsettled exposure of Clearing Corporation by 50 per cent.

▪ **Custodian Confirmation Window extension from T Day to T+1 Day**

- In view of T+1 Settlement rollout, Global custodians and Foreign institutional investors, requested more time to confirm custodian trades, due to time zone differences between India and their base locations especially in USA and Europe.
- Accordingly, custody confirmation window was extended from T Day to T+1
- While custody confirmation window was extended, Settlement cycle was continued to start on T+1 at 11 am as per the original T+1 rollout plan.
- This was achieved by leveraging technology to re-engineer the business processes, process automation and change in application architecture.

▪ **Netting of Cash Market and Futures & Options physically settled obligations on Expiry Day**

- To strengthen, the alignment of cash segment and Futures and Options segment (F&O Segment), the obligations arising out of cash segment and physical settlement of F&O segment, upon expiry of stock derivatives, were proposed to be settled on net basis. This was against the earlier approach of settling such obligations separately.
- Clearing processes associated with both asset classes were transformed, to create Netted obligations on T Day at provisional level and on T+1 at final level post custodian confirmations.
- Processes were re-engineered to map Futures & Options Clearing Member, Trading Member, Custody and Custodian Participant masters with that of Cash Market to achieve Clearing Member-Trading Member-Client level netted obligations.
- Settlement engine processes associated with depository interfaces, pay-in and pay-out were re-architected to process securities as well as funds settlements.

▪ **Modernization of Workflow Tool rollout – Epsilon to Control-M**

- As a business process re-engineering initiative, modernized automated workflow engine to next generation Control-M platform.
- Migrated 200+ workflows successfully from existing Epsilon workflow engine to Control-M platform.
- Around 100 Clearing & Settlement front end interfaces were re-engineered to seamlessly integrate with Control-M APIs for seamless single click execution.

▪ **Business Process Optimization for Futures & Options Expiry Day processing**

- NSE Clearing witnessed the exponential trade volume growth during last year, from around 6- 8 crores processing of trades on expiry day to current 12-15 crores processing of trades.
- Despite increase in trade and position volumes, to ensure adequate time availability to member back offices on expiry day, there was a need to optimize the clearing & settlement expiry day processes to handle almost 200% increase in trade volumes.

- Futures & Options expiry day processing framework was revamped by leveraging parallel processing architecture, database level optimizations and process tuning to achieve the same.
- **Standardization of member reports**
 - Interoperability framework introduced the mechanism for Clearing Members to choose one clearing corporation to clear trades while associated trading members having the choice to trade on any of the three exchanges namely NSE, BSE or MSE to leverage better liquidity as well as price discovery.
 - While many processes across the clearing corporations were re-engineered to achieve the interoperable framework, reports were still being shared/received with clearing members, trading members and custodians in a proprietary format of each clearing corporations.
 - As a standardization initiative, common reporting data format and dictionary was agreed among the interoperable clearing corporations.
 - Accordingly, all the reports were transformed to the standardized format for ease of operations and reduction of technology costs at member back offices.
 - To facilitate seamless migration experience to members and custodians, processes were modified to provide both old as well as new format reports on a daily basis in a timely manner.
 - Around 90+ reports across Cash Market, Futures & Options, Currency Derivatives, Commodity and Securities Lending & Borrowing asset classes were migrated to new formats.

2.2 Risk Management & Collateral

▪ Client Collateral of Funds

- As an investor protection initiative, and to have visibility of client-wise collateral at TM, CM and Clearing Corporation (CC) level, a reporting mechanism, covering both cash and non-cash collateral, was implemented.
- Scope included changes in Collateral processes related to addition, modification, and allocation.
- Implemented risk engine changes to put in place the margin framework at a client level granularity from existing Trading member level granularity for client collateral of funds.
- Common collateral utilization module across asset classes for continuing with fungibility of collateral across asset classes was introduced with interface with Collateral and Risk systems.
- Member interfaces were modified to accept shortage allocation reporting from members.
- Clearing system was modified to process member reporting as well as penalty computation related to shortages.

3. HUMAN RESOURCES

Following developments have taken place in Human Resources / Employee Relations front in the financial year 2022-23:

3.1 Learning & Organisation Development:

In F.Y. 2022-23, Learning and Organization Development (L&OD) continued the path of value creation by focusing on competency-based capability and skill building programs.

The key initiatives taken by L&OD team were as follows:

3.1.1. Learning & Development:

In a world where technology is evolving and business needs are changing at a very fast pace, employee's knowledge, skill & capability needs to be developed to facilitate a culture of continuous learning to support Business growth. In this perspective, we have formulated a Learning & Organization Development Policy for NSE & its subsidiaries which will be effective from April 01, 2023. This policy will be the guiding principle in our endeavor to create & sustain NSE group as a learning organization. The objective of the policy is to offer a comprehensive range of learning programs to support employees learning and growth through diversified and accessible best in class development opportunities through Learning Management System (LMS) and learning resources.

F.Y. 2022-23 continued to be a year of leveraging digital medium for learning and development interventions. Key focus was to continue to build and strengthen customized learning pathways in terms of design and content, by factoring in user experience and requirement. In context of same, LMS was implemented as a single platform to drive unique learning experience. All new hires are assigned Induction Learning Journey through LMS during their first week of joining to orient them about the organization. Simultaneously, virtual instructor led induction programs of 2 days were conducted on periodic basis for new hires.

L&OD team partnered with LinkedIn Learning to promote culture of self-learning in the organization by providing structured online learning content to employees.

The Learning & Development interventions were linked to the role and level and were designed basis business requirements and the future skill needs.

L&OD team focused on designing learning solutions to build and enhance Behavioral, Functional & Technical capabilities of employees.

3.1.2. Functional and Technical Learning:

In F.Y. 2022-23, the team partnered with reputed knowledge partners to offer Functional and Technical learning solutions.

Virtual Instructor Led Trainings were organized focused on building functional and technical skills.

Curated Learning Journeys were designed on Python for Data Analysis and Cyber & Information Security Awareness focusing on Phishing for targeted audience utilizing LinkedIn Learning content. We have also rolled out POSH and Enterprise Risk Management E learning modules through LMS for our employees.

3.1.3. Behavioral Training:

In F.Y. 2022-23, NSE has rolled out an Organizational Development intervention coined as NSE HEART (Happy, Effective, Adaptive, Responsive and Team Oriented) to facilitate “cultural shift” & to drive one NSE culture. This was an outbound based OD intervention which was targeted based on predefined criteria for employees at Senior Manager and below cluster. The focus areas of the program were Collaboration, Cross Functional Teamwork, and Positive Orientation towards work & organization.

Campus to Corporate Learning Journey was designed for freshers to ensure smooth transition from college to corporate world focusing on key skills and competencies like goal setting, managing tasks, communication, teamwork, personal development and problem solving.

3.2 Employee Engagement Initiatives:

In the F.Y. 22-23, we have implemented the NSE Spot Award initiative as part of NSE's Reward and Recognition framework for NSEIL and its subsidiaries. The objective of the program is to provide spontaneous recognition and intrinsic motivation to employees by recognizing special contributions, as they occur, for accomplishing a specific task / milestone / significant contribution / success factor / demonstrating a desired behavior / living a value etc. This program will help us appreciate valued contributions from our employees instantaneously.

NSE group has partnered with an external agency to provide Employee Assistance Program (EAP) services to its employees to enable them to deal with wide range of issues relating to stress, work life balance and any other challenges. There are plethora of services extended by the Employee Assistance provider such as counselling, Online Chat, video counselling, self-help articles, blogs, podcasts, along with workshops and webinars.

As a part of the Employee Wellness Program, NSE extends Yoga and Gymnasium facility for its employees. There are host of initiatives that are driven to ensure employee engagement. The policies of the company encourage many activities for the employees and their family members such as family get-togethers, celebration of cultural festival and national events, team workplace parties and learning lunches, sports tournaments, workshops, etc.

3.3 Employee Relations:

Employee relations have been harmonious throughout the period under consideration. Mr. Shharad Dhakkate is the 'Chief Human Resources Officer' of NSE.

3.4 Resources committed towards strengthening regulatory functions and towards ensuring compliance with regulatory requirements applicable to Clearing Corporation

As per Schedule II, Part – C of SECC Regulations 2018, departments handling the following functions shall be considered as Regulatory departments in a Clearing Corporation:

Risk management, member registration, compliance, inspection, enforcement, default, investor protection and investor services.

The Company has dedicated resources to manage the regulatory departments. There are 68 resources (Previous Year: 56) in these functions in various designations. Total cost, including employee related cost, Technology related cost and Space & Infrastructure Cost is Rs. 37.57 Crores (Previous Year: Rs. 18.09 crores). Further, there are various committees (which are sub-committees of the Board) to oversee the regulatory functions; these committees comprise members of the Board and external experts as required.

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

The disclosures required to be given under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 are given in the following Table No. 07. We are giving the below details based on the POSH annual report filed by us for the Calendar year 2022.

Table No. 11

1	Number of complaints of sexual harassment received in the year	Nil
2	Number of complaints disposed off during the year	Not applicable
3	Number of cases pending for more than 90 days	Not applicable
4	Number of workshops or awareness programs against sexual harassment carried out	Awareness program for all employees done.
5	Nature of action taken by the employer	Not applicable

NSE Clearing Limited has complied with the provisions relating to the constitution of Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

4 FINANCIALS

4.1 FINANCIAL RESULTS

The working of NCL during the year has resulted in a net profit after tax of ₹ 545.29 crores on a standalone basis and ₹529.53 crores on a consolidated basis, as per particulars given in Table No.12 below: -

Table No.12

(Rs. in Crores)

Particulars	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
Income	1014.54	728.99	1015.41	729.4
Expenditure	283.30	217.51	299.93	228.01
Profit before tax and exceptional item	731.25	511.48	715.49	501.39
Add/(Less): Exceptional Item	-	83.86	-	83.86
Profit before tax	731.25	595.34	715.49	585.25
Provision for tax (including deferred tax)	185.95	134.79	185.95	134.79
Profit after tax	545.29	460.55	529.53	450.46
Add: Items that will be reclassified to profit or loss	-	-	3.53	1.51
Less: Items that will not be reclassified to profit or loss	-0.24	0.16	-0.23	0.13
Add/(less): Income-tax to relating items that will not be reclassified to profit or loss	0.06	-0.04	0.06	-0.04
Total comprehensive income	545.11	460.67	532.89	452.06
Surplus brought forward from previous year	820.12	404.45	770.40	363.34
Total	1365.23	865.12	1303.29	815.40
Less: Dividend distributed (including DDT) during F.Y. 2021-22 & F.Y. 2020-21	-180.00	-45.00	-180.00	-45.00
Less: Contribution to core SGF (net of tax impact)	-200.47	-	-200.47	-
Less: Share issue Expenses	-	-	-	-
Amount available for appropriation	984.76	820.12	922.82	770.4

There was no change in the nature of business during F.Y. 2022-23. The Total Comprehensive Income was at ₹ 545.11 crores as compared to ₹ 460.67 crores for the previous year.

For more details, please refer to 'Management Discussion & Analysis' which forms part of the Board's Report.

4.2 DIVIDEND

In view of the above results, the Directors recommended payment of a dividend of ₹ 5 /- per equity share for the year 2022-23 maintaining the payout ratio of around 4.13% (including dividend distribution tax). The Dividend Distribution Policy of the Company has

been disclosed on the website of the Company:

https://www.nscclindia.com/NSCCL/disclosures/resources/Dividend_distribution_policy_260919.pdf

4.3 TRANSFER TO RESERVES

The Company has not transferred any amount to the Reserves. The entire amount of profits post appropriation is retained in the profit and loss account.

4.4 PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

No loan or guarantee is given to any person during the year. The investments made by Company during the year are in accordance with the provisions of the Companies Act, 2013. The particulars of Investments made during the financial year are set out in the Notes to Accounts which forms part of this Annual Report.

4.5 PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered into during F.Y. 2022-23 with related parties were on an arm's length basis and in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations. There are no materially significant Related Party Transactions entered into with the Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of NCL at large. All Related Party Transactions are placed before the Audit Committee for its approval. The transactions with related parties are also reviewed by the Board on a quarterly basis.

The Company has adopted a Policy on Related Party transactions as approved by the Board, which is uploaded on the Company's website [https://www.nscclindia.com/NSCCL/disclosures/resources/NSCCL_Policy_on Materiality and Dealing with Related Party Transactions.pdf](https://www.nscclindia.com/NSCCL/disclosures/resources/NSCCL_Policy_on_Materiality_and_Dealing_with_Related_Party_Transactions.pdf)

The particulars of contracts or arrangements with related parties are given in Form AOC-2 and are attached herewith as **Annexure -1** to this Report.

4.6 DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

There is a high degree of automation in most of the key areas of operations and processes. Also, all the processes are well documented with comprehensive and well defined Standard Operating Procedures (SOPs) which, inter alia, includes the financial controls in the form of maker checker, strict adherence to financial delegation given by the Board at various levels, systemic controls, information security controls as well as role based access controls, etc. Further, these controls are periodically reviewed for change management in situations like the introduction of new processes/change in

processes, change in the systems, change in personnel handling the activities, etc. Besides, these controls are independently reviewed by the internal auditors /operations reviewers of the Company including conducting the routine internal audit/ operations review by them whereby the audit activity embeds validation/review of the controls to establish their adequacy and effectiveness. The Internal Auditors, Operational reviewers and Independent Practicing Company Secretary review the compliances by the Company with respect to various laws, rules, regulations, etc. as applicable to it on a quarterly basis. The observations, if any, of the internal audit, operations review and the secretarial review report issued by an independent practicing company secretary are also presented by them to the Audit Committee in every quarter.

The Statutory Auditors have conducted a review of internal financial controls including entity level controls, IT general controls, risk control matrix and process walk through on a sample basis as per the guidelines issued by the ICAI.

4.7 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

NSE IFSC Clearing Corporation Limited (NICCL), a step-down subsidiary of NSE, wherein 100% share capital is held by NCL, commenced operations as a Clearing Corporation in GIFT City, Gandhinagar, Gujarat, India, with effect from June 05, 2017, after receiving regulatory approvals.

The IFSC Authority has further granted renewal of recognition to NICCL until May 28, 2023. The paid-up share capital of NICCL as on March 31, 2023, stood at ₹ 90 crores comprising of Nine crore equity shares of ₹ 10 each.

NICCL clears and settles trades executed on NSE IFSC Ltd. (NSEIFSC). NICCL has the following types of clearing membership – Professional Clearing Member, Trading Cum Clearing Member, and Trading Cum Self Clearing Member. NICCL has put in place a robust and comprehensive Risk Management System. NICCL has adopted global best practices and adopted the CPMI IOSCO Principles for Financial Market Infrastructures (PFMIs).

Clearing Banks and Depositories are the key link between clearing members and NICCL for funds and securities settlement. Members are required to maintain and operate a clearing and pool account with any one of the designated clearing banks and depository participants respectively.

There are currently 7 Banks (IBU) empaneled with NICCL for issuance of collateral and 6 Banks (IBU) for settlement of funds. For the purpose of settlement of securities. NICCL has established connectivity with India International Depository IFSC Ltd. (IIDI), a Depository in IFSC. During the financial year 2022-23, NICCL has incurred a loss of Rs. 15.74 crores as compared to loss of Rs. 10.07 crores for the financial year 2021-22.

Initiatives and major events during the year ended March 31, 2023:

1. NICCL has implemented single settlement of trades executed on NSEIFSC,

wherein trades of T1 session of previous day shall become part of trades of T session of next working day for the purpose of clearing & settlement.

2. NICCL has implemented Risk Management framework for Pre-open and Pre-close sessions at NSEIFSC for Index Futures Contracts.
3. NSE IFSC – SGX Connect was launched by Hon’ble Prime Minister of India, Shri Narendra Modi. The Connect enables orders from SGX Group’s trading members to be routed to NSE IFSC for trading and execution, with clearing and settlement through NICCL and SGX Group’s Derivatives Clearing as the central counterparty.
4. SEBI has prescribed a Cyber Capability Index (CCI) to assess the cyber security preparedness of MIIIs. The maximum value of the index can be 100. Based on the regulatory guidelines, the computed and validated CCI score for NICCL for the quarter ending December 2022 was 93.44.

Operational Updates:

As of March 31, 2023,

1. NICCL clears and settles derivative contracts on 4 Indices, 7 currency pairs, 2 commodities, 150 single stocks, 1 DR Receipt and 50 DRs on US Stocks.
2. NICCL has 15 clearing members, out of which 7 are self-clearing members, 6 are trading cum clearing members and 2 are professional clearing members.
3. NICCL accepts Cash, Fixed Deposit Receipt, Bank Guarantee and US Treasury Securities as collateral.
4. The Core Settlement Guarantee Fund amounted to USD 1.45 Million.
5. The total value of the settlement for F.Y. 2022-23 was USD 4.10 Mn. The highest monthly settlement in F.Y. 2022-23 was USD 0.70 Million in the month of March 2023.

The Company does not have any joint venture or associate company(ies).

4.8 DEPOSITS

The Company has not invited, accepted or renewed any deposits within the meaning of Section 73 of the Companies Act, 2013. Accordingly, the requirement to furnish details relating to deposits covered under Chapter V of the Companies Act, 2013 does not arise.

4.9 RISK MANAGEMENT POLICY

The Company has an enterprise-wide risk assessment and review mechanism which inter alia consists of risk identification, assessment and categorization of risks taking into account the impact and likelihood of risks and putting in place adequate controls and mitigation plans which has helped in reducing the overall risk exposure for the Company and also the impact thereof.

In this direction, the Company has a Risk Management Committee, a subcommittee of the Board, which meets periodically to review the efficacy and adequacy of the Company's risk management exercise and the controls and mitigation plans put in place to reduce the overall impact of the various inherent risks.

For each of the identified risk areas, the Company maintains detailed Risk Registers mainly containing details such as risk description, risk indicators, categorization of the risk, current controls, and mitigation plans, etc.

In terms of SEBI requirements, the Clearing Corporation is required to constitute a Risk Management Committee inter alia to formulate a detailed risk management policy. The Risk Management Committee has formulated risk management policy and monitors its implementation.

4.10 MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY AND THE DATE OF THE REPORT

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

4.11 DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

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

4.12 EXPLANATIONS OR COMMENTS ON THE QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE AUDITOR IN HIS REPORT

There is no qualification, reservation or adverse remark or disclaimer made by either the Statutory Auditors or the Secretarial Auditors, appointed under Section 139 and 204 of the Companies Act, 2013, in their reports. Hence the need for explanations or comments by the Board does not arise. The report of the Secretarial Auditors is attached herewith as **Annexure-2** to this report. The report of the Statutory Auditors forms part of the financial statements.

4.13 SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed M/s. Makarand M. Joshi & Company, Company Secretaries to undertake the Secretarial Audit

of the Company for the Financial Year 2022-23. The report does not contain any qualifications, reservations or adverse remarks.

4.14 SECRETARIAL STANDARDS

The applicable Secretarial Standards, i.e., SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings' have been duly complied with by your Company.

4.15 SHARE CAPITAL

During F.Y. 2022-23, there is no change in the capital structure.

4.16 EXTRACTS OF THE ANNUAL RETURN

Extract of the Annual Return Pursuant to Section 92(3) of the Companies Act, 2013, as amended pursuant to Companies (Amendment) Act 2017 with effect from August 28, 2020, a copy of Annual Return for the financial year 2022-23 will be uploaded on the website of the Company <https://www.nscclindia.com/disclosures/other-disclosures>.

5 CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of your Company and its subsidiary, prepared in accordance with Indian Accounting Standard 110 issued by the Institute of Chartered Accountants of India, form part of the Annual Report and are reflected in the consolidated financial statements of your Company. Pursuant to Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of the subsidiary company is attached to the financial statements in Form AOC-1 is attached herewith as **Annexure-3**. The Company will make available the said financial statements and related detailed information of the subsidiary companies upon the request by any member of your Company or its subsidiary company.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the financial statements of your Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiary, are available on the website of your Company.

6.1. DIRECTORS AND KEY MANAGERIAL PERSONNEL

BOARD OF DIRECTORS

As per the provisions of Securities Contracts Regulation (Stock Exchanges and Clearing Corporations) Regulations, 2018, the Governing Board of every recognised clearing corporation shall comprise of:

- (a) Public Interest Directors;
- (b) Shareholder Directors; and
- (c) Managing Director.

Mrs. Bhagyam Ramani (Interim Chairperson of the Board), Mr. G S Hegde, Mr. Jayant Haritsa and Dr. Golaka Nath are Independent Directors under the category of the 'Public Interest Directors'. Mr. Yatrik R. Vin and Mr. Vikram Kothari are Directors under the Shareholder Director category. Mr. Vikram Kothari is also the Managing Director of the Company and accordingly is not liable to retire by rotation during his tenure as Managing Director.

Due to expiry of their term, Mr. Salim Gangadharan, Mr. C.VR. Rajendran and Mr. Navin Kumar Maini held office as Public Interest Directors on the governing Board of NSE Clearing Limited till June 16, 2022.

SEBI approved the appointment of Mr. Ananth Narayan, Mr. Jayant Haritsa and Mr. G S Hegde as Public Interest Director on the Governing Board of NSE Clearing Limited (NCL) for a period of three years from June 17, 2022.

Mr. Harun Khan, Public Interest Director and Chairman of NCL, ceased to be Director w.e.f. September 07, 2022, upon completion of term. Consequently, Mrs. Bhagyam Ramani was appointed as an interim Chairperson.

Mr. Ananth Narayan, Public Interest Director (PID) of NSE Clearing Limited, tendered his resignation from the Governing Board of the Company due to his appointment as a Whole-Time Member (WTM) of SEBI. The Governing Board accepted his resignation with effect from closure of business hours of September 27, 2022.

SEBI vide its letter dated November 17, 2022, approved the appointment of Dr. Golaka Nath as Public Interest Director on the Governing Board of NSE Clearing Limited (NCL) for a period of three years.

Post the financial year under review, SEBI approved the appointment of Mrs. Priti Savla and Mr. Abhaya Hota as Public Interest Director on the Governing Board of NSE Clearing Limited (NCL) for a period of three years with effect from April 05, 2023 and April 06, 2023 respectively.

Mr. Yatrik Vin, Shareholder Director, retired from the directorship of the Company at the 27th Annual General Meeting of the Company held on July 05, 2022 and being eligible was re-appointed pursuant to SEBI letter dated September 07, 2022, received on September 09, 2022.

Mr. Yatrik Vin retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. Details of the proposal for his re-appointment is mentioned in the Explanatory Statement of the Notice of the 28th Annual General Meeting of the Company pursuant to Section 102 of the Companies Act, 2013. The re-appointment of the Director is appropriate and in the best interest of the Company. The Board recommends his re-appointment to the Shareholders.

The composition of the Board is in conformity with the Companies Act, 2013 and SECC Regulations, enjoining a specified combination of Executive, Non-Executive and Public

Interest Directors with at least one Independent Women Director. The Chairperson of the Board is a Non- Executive Director and is not related to the MD in conformity with SEBI Listing Regulations.

Key Managerial Personnel

Pursuant to SECC Regulations, 2018, the following are the Key Managerial Personnel of NSE Clearing Ltd. as on March 31, 2023, viz. Mr. Vikram Kothari, MD, Ms. Rana Usman, Head - Clearing & Settlement, Mr. Huzefa Mahuvawala, Chief Risk Officer & CTO – Technology Operations, Mr. Uppili Krishnan Srinivasan, CTO - Applications & Development, Mr. Piyush Chourasia, Chief Regulatory Officer & Head Strategy, Ms. Hima Bindu Vakkalanka, Vice President - Compliance Operations, Mr. Amit Mahesh Pujara, Head Compliance, Mr. Aniket Bhanu, Vice President - Risk Surveillance Operations, Mr. Pradeep Kumar Mukilmaridur, Head Legal, Mr. Amit Amlani, Chief Financial Officer, Ms. Moushumi Mandal, Head HR, Mr. Mangesh Ramesh Mahale, Chief Information Security Officer and Mr. Ravin Tribhuvan Tank, Company Secretary.

Subsequent to the year under review, pursuant to restructuring, Mr. Piyush Chourasia was appointed as the Chief Regulatory Officer & Head Strategy with effect from December 12, 2022. Mr. Uppili Krishnan Srinivasan was redesignated as Chief Technology Officer - Applications & Development and Mr. Huzefa Mahuvawala was redesignated as Chief Risk Officer & CTO – Technology Operations.

Further, during the year under review, Mr. Paul Moonjelil, resigned as CISO with effect from September 15, 2022 and Mr. Mangesh Mahale was appointed as CISO with effect from February 01, 2023. Mr. Ravin Tank was appointed as the Company Secretary of NCL, with effect from August 19, 2022.

The Board reports sad demise of Mr. Ravindra Bathula, Head – Legal, on September 14, 2022. He served NSE Group almost since its very inception i.e., for more than 25 years. Subsequently, Mr. Pradeep Mukilmaridur was appointed as the new Head- Legal NCL w.e.f. December 05, 2022.

Post the Financial year under review, the Board approved the appointment of Ms. Deepika Amesar in place of Ms. Moushumi Mandal as Head HR NCL with effect from April 25, 2023.

6.1.1 Director's e-KYC

The Ministry of Corporate Affairs (MCA) has vide amendment to the Companies (Appointment and Qualification of Directors) Rules, 2014, mandated KYC of all the Directors through the e-Form DIR-3 KYC. All Directors of NCL have complied with the aforesaid requirement.

6.1.2 Disclosure under Section 164 of the Companies Act, 2013

The Company has received the disclosures in the Form DIR-8 required under Section 164 of the Companies Act, 2013 and has noted that none of the directors have incurred any of the disqualifications on account of non-compliance with any of the provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014. Further, there were no acts of omission/commission by the company itself, leading to the disqualification of its directors.

6.2 NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board met Ten times during the year on April 28, 2022, May 20, 2022, June 16, 2022, July 11, 2022, August 04, 2022, September 27, 2022, November 02, 2022, December 06, 2022, January 30, 2023 and March 15, 2023.

During the year under review, the total duration of the Board meetings i.e. approximate aggregate number of hours was about 24 hours. The maximum gap between any two meetings was less than one hundred and twenty days.

For further details of the meetings of the Board, please refer to the Corporate Governance Report, which forms part of this report.

Details of the composition of Committees of the Board, meetings held, attendance of the Directors at such Meetings and other relevant details are given in the Corporate Governance Report forming part of this Report.

6.3 DECLARATION BY INDEPENDENT DIRECTORS

As per SECC Regulations, SEBI has the power to nominate a Public Interest Director (PID) on the Board of Exchanges/Clearing Corporations. PID means an Independent Director, representing the interests of investors in the securities market and who is not having any association, directly or indirectly, which is in conflict with his / her role. PIDs have a fixed tenure and the approval of shareholders for their appointment is not necessary.

In terms of SECC Regulations, SEBI had nominated Mrs. Bhagyam Ramani, Mr. Jayant Haritsa, Mr. G S Hegde, and Dr. Golaka Nath as Public Interest Directors.

Each PIDs have given a declaration of independence as required under the applicable laws as well as confirmation that he/ she is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his / her ability to discharge his / her duties with an objective independent judgement and without any external influence and that he/she is independent of management and a confirmation that he/ she has read and understood the Company's code of conduct, as applicable to the Board of Directors of the Company and that he/ she affirm compliance with the said code of conduct during the financial year 2022-23. The enrollment of all PIDs in the Databank being maintained by the Indian Institute of Corporate Affairs to qualify as an Independent

Director has been completed and they have all furnished the declaration affirming their compliance with the relevant provisions of the Companies (Appointment & Qualification of Directors) Rules along with the Declaration of Independence given as per Section 149 (6) of the Companies Act, 2013.

Based on the confirmation/declaration received from the independent directors, that he/she was not aware of any circumstances that are contrary to the declarations submitted by him/her, the Board acknowledged the veracity of such confirmation and takes the same on record.

In the opinion of the Board, all the aforesaid Independent Directors possess the requisite expertise and experience and they hold the highest standards of integrity.

6.4 COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES & INDEPENDENCE OF DIRECTORS

Pursuant to requirements of the Companies Act, 2013, the Company has framed policies on the appointment of Directors and Senior Management Personnel i.e. Nomination Policy and remuneration of Directors and Key Management Personnel identified under SCR (SECC) Regulations and under the Companies Act, 2013 and other employees i.e. Remuneration Policy and the same are in force. The Nomination Policy and the Remuneration Policy of the Company are given in **Annexure-4**.

6.5 MANNER IN WHICH THE FORMAL ANNUAL EVALUATION OF PERFORMANCE BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS WAS CARRIED OUT

As per the provisions of the Companies Act, 2013, the Nomination & Remuneration Committee (NRC) specifies the manner for effective evaluation of the performance of Board, its Committees and individual Directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance. Accordingly, the evaluation of the performance of the Board, its Committees, individual directors and of its Independent External Person are carried out in accordance with the Board Evaluation Policy put in place and other requirements stipulated by SEBI in this regard.

During the year under review, the Company actioned the feedback from the Board evaluation process conducted in the year 2021-22. The evaluation exercise in terms of Schedule IV of the Companies Act, 2013 was also carried out for the F.Y. 2022-23 in a separate meeting of Independent Directors held on April 24, 2023. The performance of all the Directors was evaluated by the entire Board except the person being evaluated. The performance of the Committees was evaluated by the Board. The NRC also carried out the evaluation of Individual Directors. The Board also carried out the evaluation of their own performance apart from its Committees, Individual Directors and Independent External Persons.

6.5.1 The criteria for evaluation for each of the above are as follows:

6.5.1.1 Performance evaluation of the Board

The performance of the Board of Directors is evaluated on the basis of various governance and business related parameters which include, inter- alia, Corporate Governance standards adopted by the Board such as Board composition, Board diversity, etc., Independence in functioning and decision making, Commitment to highest ethical standards of integrity and probity, Provision for entrepreneurial leadership, Effective guidance for setting up and achieving the strategic aims and financial goals of the Company, Implementation and periodic review of policies and procedures for risk management, financial controls and statutory compliance, Number and adequacy of meetings, discussion on strategic matters having substantial effect on the functioning of the Company, Accountability for decisions taken, Stakeholder relationship management, Engagement with executive management (formal or informal) on issues/concerns having effect on the Company's functioning and adequacy on flow of information to the Board and Ensuring necessary financial and human resource support to achieve Company's objectives, etc.

6.5.1.2 Performance evaluation of the Committees

In addition to the principles stated above for evaluation of the Board, to the extent applicable to the respective committees, constructive recommendations made by the Committee(s) to the Board are also kept in mind while evaluating their performance.

6.5.1.3 Performance evaluation of the Directors

The performance of the Individual Directors is largely evaluated based on his/her level of participation and contribution to the performance of the Board/Committee(s) in respect of the above areas and on the basis of various governance and business related parameters which include, inter-alia, Understanding of roles, responsibility, regulatory systems, laws and regulations applicable to the Company and performance of duties in an independent and objective manner; Understanding of objectives, values, vision and business of the Company; Level of participation and devotion of time to Board meetings and Committee meetings, if any, Skills, knowledge, experience, application of subject matter expertise, Adherence to Code of Conduct and Code of Ethics of the Company, Disclosure of conflict of interest or material pecuniary relationships with the Company, its subsidiaries and associates or any proposed contract or arrangement and Engagement with executive management for efficient discharge of responsibilities, etc.

If the individual director whose performance is to be evaluated is a Public Interest Director (PID), the NRC, while evaluating the performance of such PID, shall also keep in mind the policy, if any, framed for performance review of PIDs besides this policy, guiding criteria of performance review, evaluation mechanism, the recommendation to SEBI for extension of PID, etc. as laid down by SEBI in its circular No. SEBI/HO/MRD/DOP2DSA2/CIR/P/2019/26 dated February 5, 2019.

The Board Evaluation Policy of the Company including the Performance evaluation criteria of the Board, its Committees, Individual Directors, the Chairperson, PID and IEP is available on your Company's website in the following link:

7 DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that -

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of NCL at the end of the financial year i.e. March 31, 2023 and of the profits of NCL for that year;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of NCL and for preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the annual accounts on a going concern basis;
- (v) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and were operating effectively.

8 CORPORATE SOCIAL RESPONSIBILITY

NCL is covered under the purview of Section 135 of the Companies Act 2013 and hence it needs to spend 2% of its average net profit for identified CSR purposes. Since the contribution of the subsidiary companies of NSE Group is negligible and there would be duplication of efforts if each individual Company within the group undertakes CSR activities on its own and difficulties in scaling up of these activities could arise, it was decided by the Boards of the respective companies in NSE Group that CSR efforts for the Group be undertaken commonly and the actual spend be allocated to the respective Companies in proportion to their legal obligation.

Therefore, a common CSR function was created under NSE as a group resource and the actual CSR spend was proportionately allocated to the respective Companies. However, the CSR Committees for these Companies which monitor the spending are separate. A common CSR policy was prepared and approved by CSR Committees and Boards of the respective companies.

With the rapid increase in the number of CSR projects, it was felt that a separate and focused entity in the form of a Section 8 Company could be established to create a measurable impact and enter collaborations with on ground implementation partners for scale up of programmes. Accordingly, NSE Foundation was incorporated as a company under Section 8 of the Companies Act, 2013 on 5th March 2018 for which wholly committed but previous years unspent CSR funds have been transferred to Unspent CSR Account. Effective April 1, 2018, CSR projects of the NSE group including NCL are being implemented by the NSE Foundation.

During the year 2022-23, ₹ 7.84 crores were required to be spent to implement the Corporate Social Responsibility Policy of the Company in the manner laid down in sub-section (5) of section 135 of the Companies Act 2013 and the actual amount transferred to NSE Foundation towards approved projects was ₹ 5.88 Crores, which is 75% of the amount to be spent by the Company. During the year 2022-23, NSE Foundation spent the entire amount of ₹ 5.88 crores towards the approved CSR projects. The balance amount of ₹ 1.96 Crores. was committed to a healthcare project of three years and transferred to an unspent CSR account by the Company.

The CSR policy is available on your Company's website at https://www.nscclindia.com/NSCCL/disclosures/resources/NSE_Group_CSR_Policy.pdf The disclosures required to be made in the Board's Report as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached herewith as **Annexure-5**.

9 CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of corporate governance and adhere to corporate governance requirements.

NSE Clearing Limited (NCL) is a public limited company, whose securities are not listed on any of the stock exchanges. As per Regulation 33 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the disclosure requirements and corporate governance norms as specified for listed companies are *mutatis mutandis* applicable to a recognised clearing corporation. NCL has always been involved in good governance practices and endeavors continuously to improve upon the same. A report on corporate governance for the financial year 2022-23 is furnished as part of the Annual Report for the information of all its stakeholders as **Annexure-6**. The certificate from a Practicing Company Secretary confirming compliance with the conditions of disclosures and Corporate Governance norms specified for listed companies is also attached to the above report.

10 COMMITTEES OF THE BOARD

Details of the composition of Committees of the Board, meetings held, attendance of the Directors at such Meetings and other relevant details are given in the Corporate Governance Report forming part of this Report.

11 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review is presented in a separate section forming part of the Annual Report.

12 VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has, in continuation of the Company's pursuit to establish good corporate governance practice, formulated the 'Whistle Blower Policy' and the policy is in force since January 2015. The Policy, as on date, provides a mechanism to the Directors and employees of the Company for reporting instances of unethical conduct, actual or suspected fraud or violation of the Company's Code of conduct or Ethics policy or law to the Chairman of Audit Committee (cases of financial nature) / Regulatory Oversight Committee (other cases) or the Ethics Counselor, as the case may be. Protected Disclosures should preferably be reported in writing as soon as possible after the whistle blower becomes aware of the same.

All Protected Disclosures reported under the Policy will be thoroughly investigated by the Ethics Counselor or Chairman of the Audit Committee/ Regulatory Oversight Committee or a suitable competent person of their choice, as the case may be, of the Company. No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure. Complete protection will be given to whistleblowers against any unfair practice. No Personnel has been denied access to the relevant Committee.

If the findings of the investigator(s) conclude commission of an unethical and improper act, disciplinary action or any other action, as deemed appropriate, will be initiated against the person concerned. There were no such complaints received during the financial year.

A report is being submitted to the Chairman of the Regulatory Oversight Committee / Audit committee as and when any Protected Disclosures are received along with the results of investigations if any and the action initiated with regard to the same. The Board of NCL periodically takes up every policy for its review and for bringing in suitable changes wherever required so that the policy remains relevant at all times. Accordingly, the Board of NCL at its meeting held August 10, 2021, reviewed the policy on materiality and dealing with Related Party Transactions and approved suitable changes therein.

As per the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, whistle blower policy is provided in the Company's website for the information of the shareholders at the following location:

https://www.nscclindia.com/NSCCL/disclosures/resources/Whistle_Blower_Policy_NCL.pdf

13 BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

The Securities and Exchange Board of India ('SEBI') under Regulation 34(2)(f) of Listing Regulations, 2015 read with National Guidelines on Responsible Business Conduct issued by the Ministry of Corporate Affairs requires companies to present a Business Responsibility and Sustainability Report (BRSR) to its stakeholders in the prescribed format.

As stipulated under the Listing Regulations, the BRSR, describing initiatives taken by NCL from an environmental, social and governance perspective, in the prescribed format forms part of the Annual Report and the same is also hosted on NCL's website www.nscclindia.com.

14 STATUTORY AUDITORS

M/s. Khandelwal Jain & Co., Chartered Accountants [Firm Regn. No. 105049W] were re-appointed as the Statutory Auditors of the Company for a further period of 5 (five) years from the conclusion of the 27th Annual General Meeting, i.e., July 05, 2022, till the conclusion of the 32nd Annual General Meeting.

In continuation of its term of appointment, the said Audit Firm conducted the Statutory Audit of the Company for the financial year ended March 31, 2023.

NCL has obtained the certificate from M/s Khandelwal Jain & Co., Chartered Accountants that they are eligible to continue to act as the Statutory Auditors of the Company for F.Y. 2022-2023 as required under Section 139 of the Companies Act, 2013. The requirement of seeking ratification of the members for the continuance of their appointment has been withdrawn consequent upon the changes made by the Companies (Amendment) Act, 2017 with effect from May 07, 2018. Hence the resolution seeking ratification of the members for their appointment is not being placed at the ensuing Annual General Meeting.

The Statutory Auditors' Report for the Financial Year 2022-23 does not contain any qualification, reservation or adverse remarks.

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

15.1 Conservation of Energy and Technology Absorption

The disclosure of particulars with respect to conservation of energy and technology absorption in terms of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014 are given hereunder: -

NSE and its group companies have taken several initiatives towards energy conservation, green / renewable energy which demonstrates the commitment towards the sustainable development and clean environment.

NSE Clearing Limited, a wholly owned subsidiary of NSE, is carrying on its operations from the premises of NSE. NCL, together with other companies in NSE Group, has undertaken the following major technological initiatives towards energy conservation, green / renewable energy which demonstrates the commitment towards the sustainable development and clean environment, namely: -

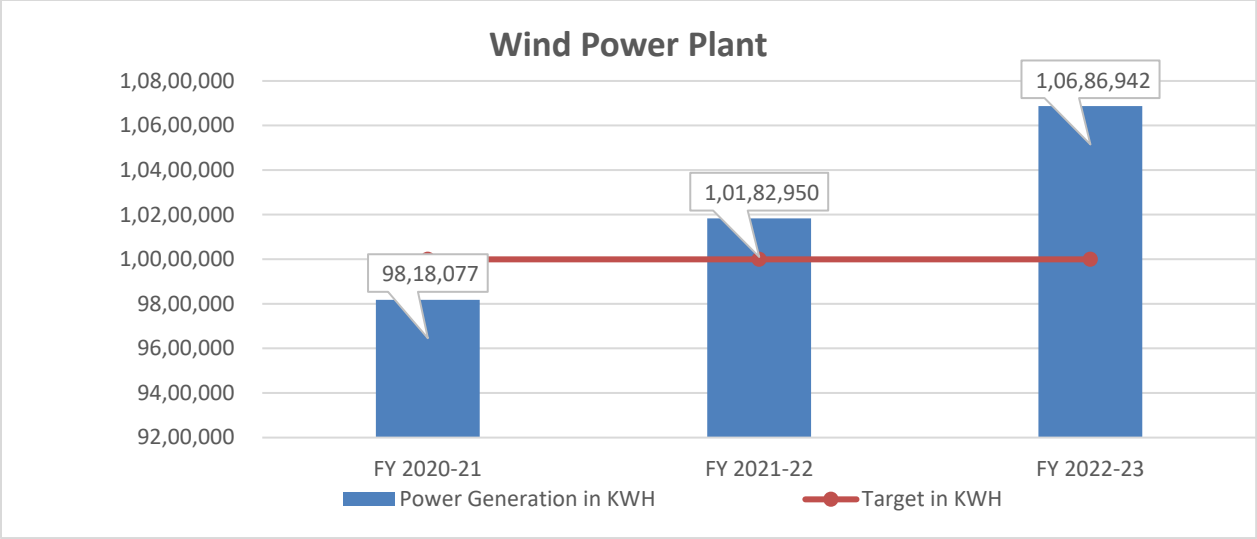
15.1.1 Green Power Generation:

i) Wind Power Plant:

NSE group has commissioned the 6.25 MW (i.e., 5 nos. of 1.25 MW of Wind Mills) Wind Power Plant at Satara in Maharashtra in the year 2014. In Wind Power Plant, the Wind Electric Generator (WEG) converts the Kinetic Energy available in the Wind to Electrical Energy by using a Rotor, Gearbox and a Generator. With regard to the operations of Wind Power Plant, it goes hand-in-hand with the Local Electricity Board. The Plant is connected to the Main Power Grid of the Local Electricity Board. As per the renewable energy policy of the Government of Maharashtra, the quantum of electricity generated through the Wind Power Plant is fed to the grid, which gets set off against the power consumption towards High Tension (HT) installation of the 'Wind farmer' (which in this case is NSE) anywhere in that grid.

Accordingly, the aforesaid Wind Power Plant has generated 1,06,86,942 electricity units in the F.Y. 2022-23.

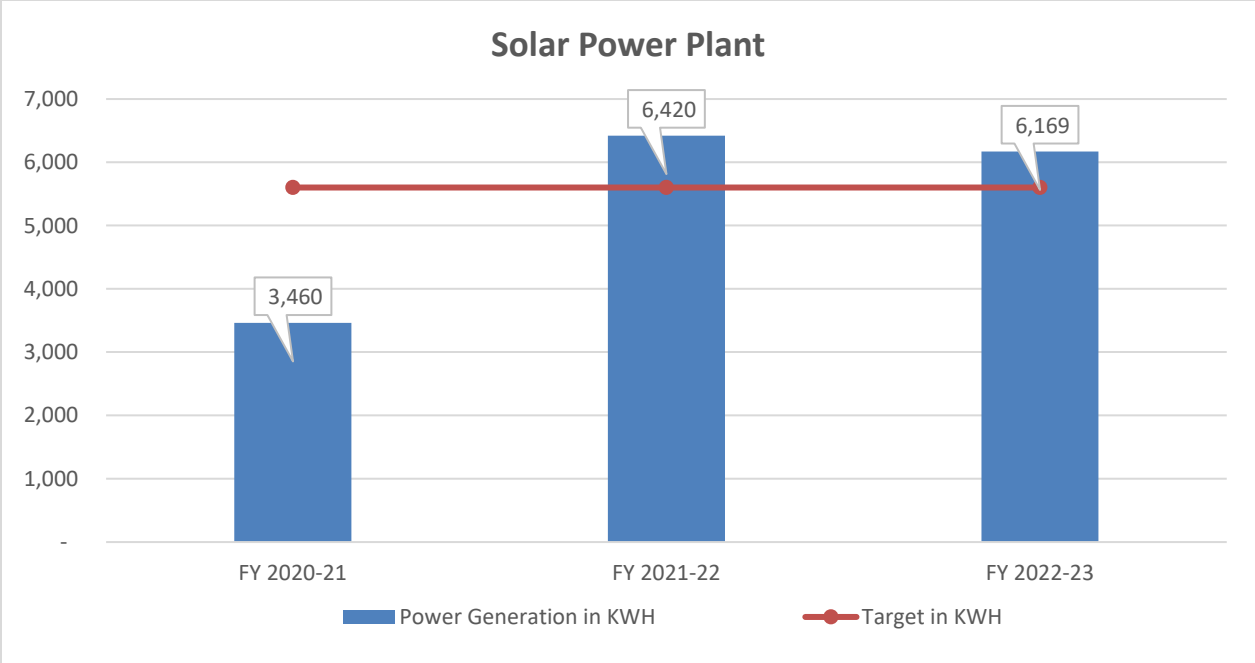




ii) Solar Power Plant:

The Solar Power Plant of a capacity of 10 KW has been installed in the building which harnesses the Solar Power to cater to a part of the lighting load at the Exchange Plaza. This way NSE group has saved around 6,169 units in F.Y. 2022- 23.

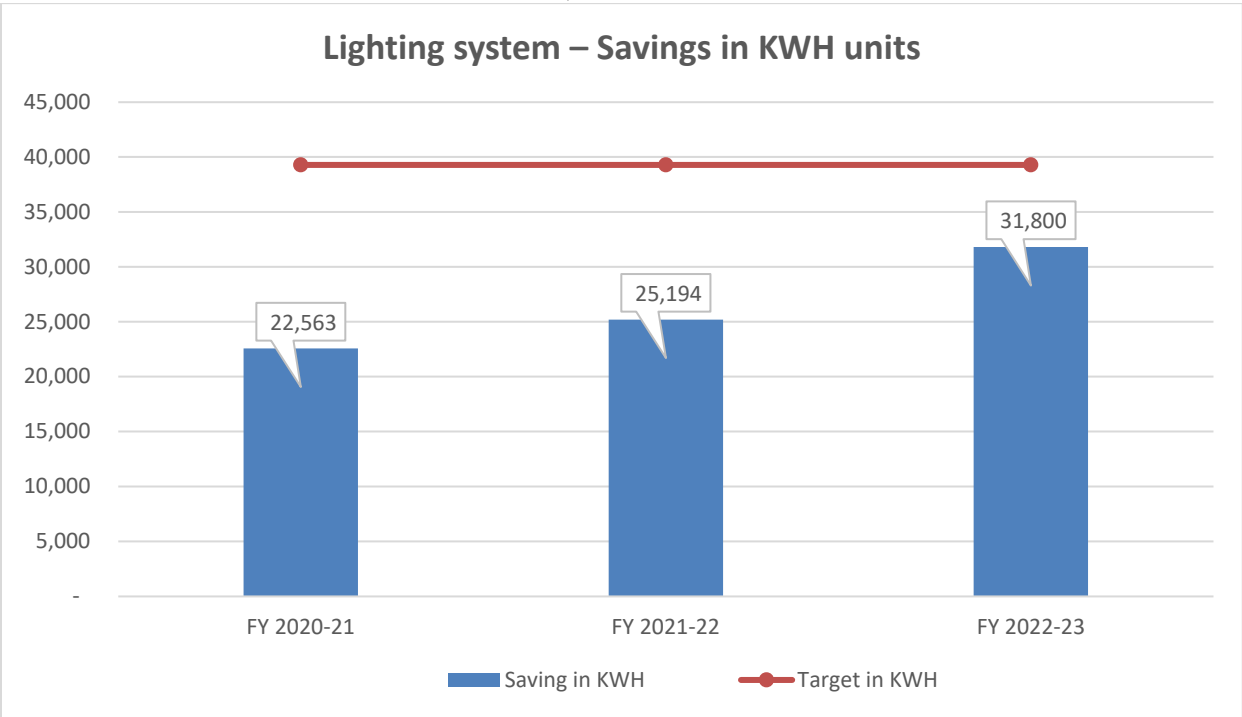




15.1.2 Energy Conservation:

i) Lighting Transformer and LED Lights:

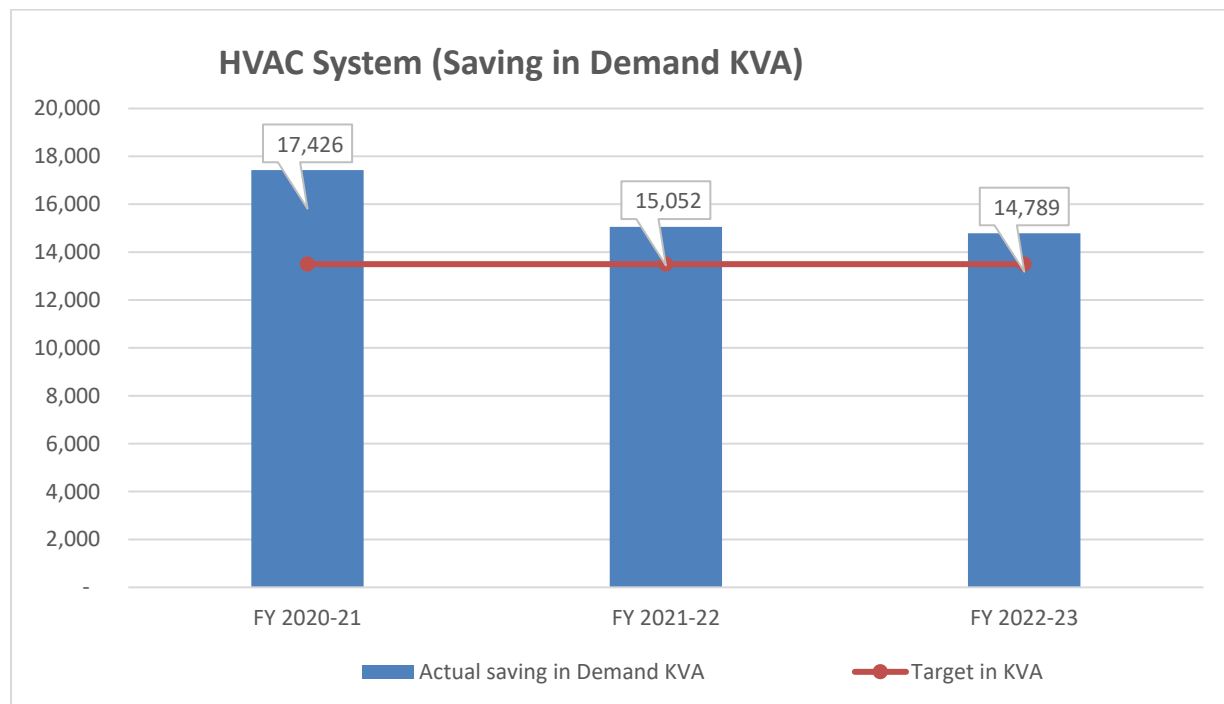
Lighting Transformers have been introduced in the lighting feeders to regulate incoming power supply which reduces excess power consumption and enhances the life of the luminaries. Additionally, LED Lights have been introduced across the entire office area. These measures have saved around 31,800 units in the F.Y. 2022-23.



ii) Thermal Energy Storage System:

Thermal Energy Storage System has been introduced in the Air-conditioning (AC) System at the Exchange Plaza. It was observed that most of the Services (i.e., AC Chillers, AHU's, Lifts, Lighting, PC, Plumbing System, etc.) in the building were operated mainly during office / day hours. Amongst them, the AC Chillers and its associated equipment would consume over 30% of the total peak demand load. In view of this, NSE group had decided to reduce its demand load during peak hours by introducing the aforesaid plant in the existing AC System. In this system, the AC Chillers are being operated at night hours to form the "Chill" (i.e., Glycol Water at a temperature below zero degree centigrade) which gets stored in a Thermal Storage Tank. The next day, the stored Chill is being utilised through Heat Exchangers for air-conditioning of the entire office area. On account of this, the services which were operating mainly during office hours have been distributed and NSE group had surrendered the extra power.

This way, NSE group has saved around 14,789 Demand KVA in the F.Y. 2022-23.



iii) Occupancy Sensors:

Motion/Occupancy Sensors have been installed at the entire office area to operate the lights automatically based on the occupancy in the respective areas.

iv) Building Management System:

A Building Management System (BMS) had been installed at the inception stage itself to enable NSE to operate the Building's Services more effectively. By using BMS System, the Air Handling Units (AHU) of air-conditioning system are being operated (i.e., switching

ON /OFF) as per the exact timetable scheduled for respective floors. It also helps NSE to regulate / control the temperature of the workspace area well within a prescribed tolerance. With this effective operation and regulation of AHU's, electricity is being conserved on a day-to-day basis

v) Automatic Power Factor Control Units:

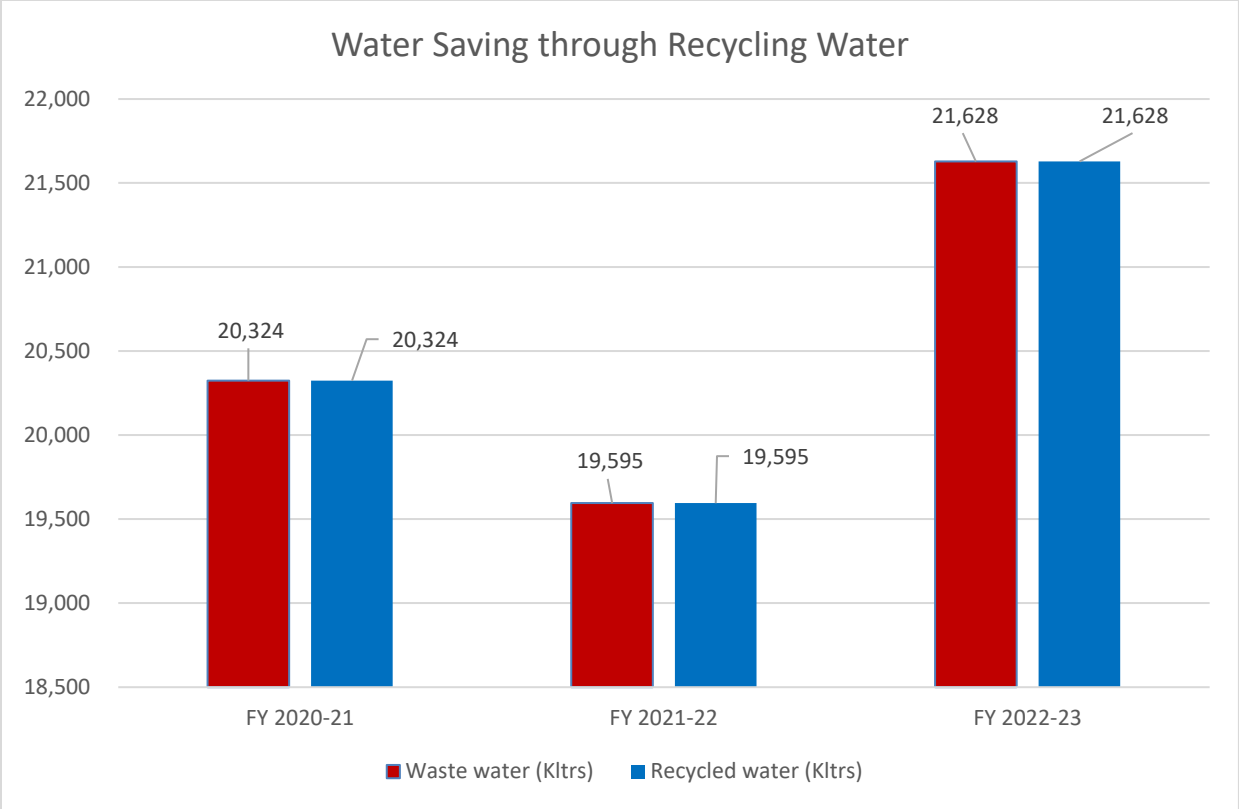
The Automatic Power Factor Control Units have been installed to improve the power factor (i.e., by counter-balancing the inductive load of the building with capacitive load) of the entire electrical load of the building. The Power Supplier provides incentives i.e., by passing certain discounts in the electricity bill on account of this regularly.

15.1.3 Water Management:

i) Water Recycling - Sewerage Treatment Plant:

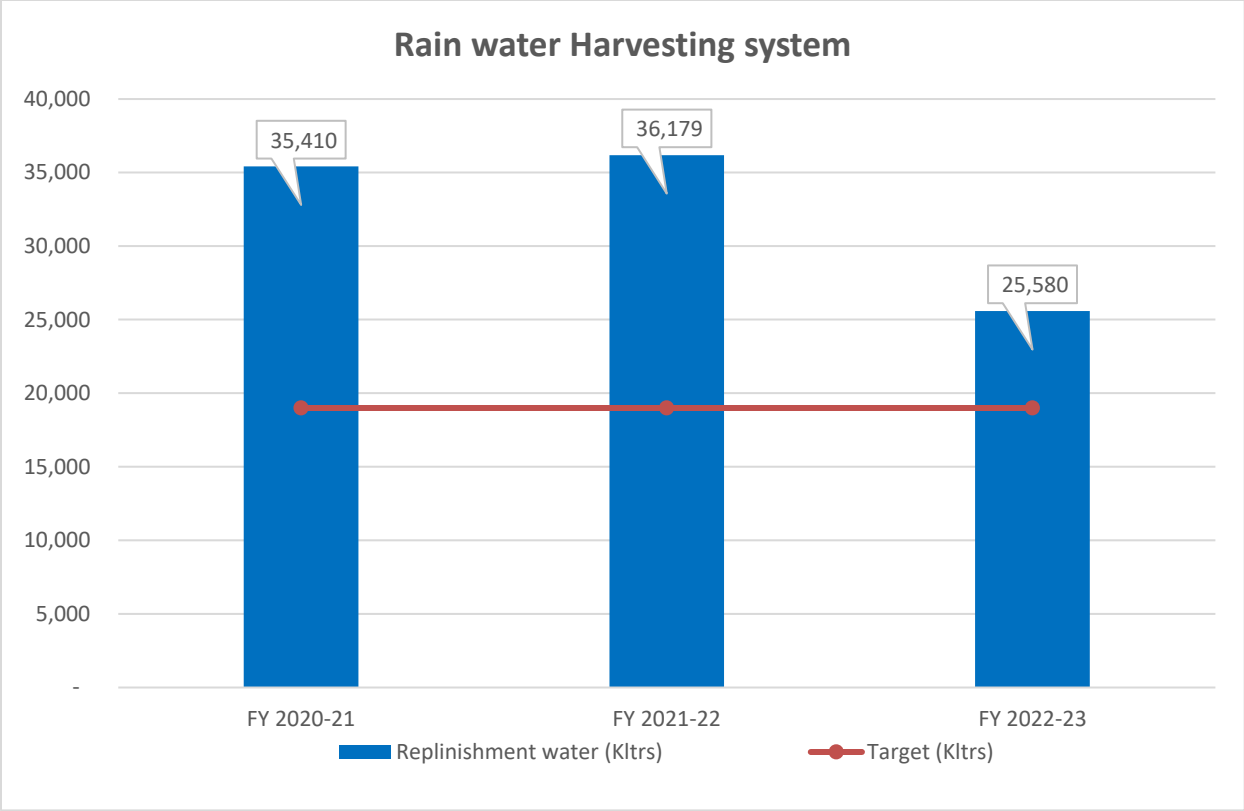
This plant has been installed at the inception stage itself to enable NSE to reuse building's domestic and flushing water (i.e., after treatment) for its Cooling Towers associated with the Air-conditioning System and for Gardening purposes every day. This way NSE group has saved around 21,628 Kiloliters of Water in F.Y. 2022-23.





ii) Rain Water Harvesting System:

Envisaging water scarcity in future as well as present water shortages, a proper Hydro - Geological survey was conducted at Exchange Plaza to explore the possibility of harvesting the rain-water in the periphery of Exchange Plaza. Accordingly, post survey and feasibility, Rain Water Harvesting System has been installed. By using this System, water is percolated into the soil in the Exchange Plaza campus.



15.1.4 Waste Management:

Vermiculture Plant:

The compostable material like food waste collected from the Canteen, Garden Organics and Paper and Cardboard gets collected at a single place. Post shredding, the aforesaid organic material gets loaded into Vermiculture plant for the decomposing process. Post 7 days of an on-going process, vermicompost / manure gets generated and is being used for Gardening purposes. This way NSE group has generated around 220 Kg of manure in the F.Y. 2022-23.

Waste Disposal:

The Company believes in reduce, recycle and reuse and manages its waste efficiently through various initiatives such as the Vermiculture system, Sewage treatment plant. We reduce the E-waste and ensure that the E-waste generated is recycled efficiently.

E- Waste - As per the NSE group E-Waste Policy, the E-Waste in the Exchange Plaza building as well as its Branch Office premises is recycled through authorized E-waste Vendor shortlisted by the Central Pollution Control Board (CPCB)/Maharashtra Pollution Control Board (MPCB).

Food Waste - Food waste generated at Company’s Exchange Plaza building is processed through Vermiculture System installed at its building wherein manure (i.e. Vermicompost) generated through it is used for Gardening purposes.

Water Recycling - Sewage water generated at the Exchange Plaza is recycled through Sewage Treatment Plant installed at its building and the processed water is used for secondary purposes i.e. for cleaning, for Cooling Towers associated with Heating, Ventilation and Air Conditioning (HVAC) System.

16. FOREIGN EXCHANGE EARNINGS/ OUTGO DURING THE YEAR UNDER REVIEW

There were no foreign exchange earnings during the year. However, the foreign exchange outgo towards revenue payments during the year was Rs. 0.45 crore.

17. PARTICULARS OF EMPLOYEES

As on March 31, 2023, there are 193 employees on the payroll of NCL. The Statements of Particulars of Employees covered under the provisions of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed herewith as Annexure-7(i) and Annexure 7(ii). The ratio of compensation paid to each key management personnel, vis-a-vis. median of compensation paid to all employees of NSE Clearing Limited is enclosed herewith as Annexure-8.

18. PROCEEDINGS UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016

MCA has vide Companies (Accounts) Amendment Rules, 2021, effective from April 01, 2021, amended rule 8 with respect to the disclosures of details of an application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the financial year. The same was not applicable to your Company as there are no such applications made or proceedings pending under the Insolvency and Bankruptcy Code, 2016 with respect to the Company.

19. DIFFERENCE IN AMOUNT OF THE VALUATION

MCA has vide Companies (Accounts) Amendment Rules, 2021, effective from April 01, 2021, amended Rule 8 with respect to the disclosures of details of the difference between the amount of the valuation done at the time of one-time settlement and the valuation done while taking a loan from the Banks or Financial Institutions along with the reasons thereof. The same was not applicable to the Company as there was no such instance of either settlement or loan from a Bank or Financial Institution during the year under review.

20. COST AUDIT/COST RECORDS

The requirement relating to disclosure and the maintenance of cost records as specified by the Central Government under section 148 of the Companies Act, 2013 is not required to be made by the Company, and accordingly, such accounts and records are not prepared and maintained.

21. ACKNOWLEDGMENT

Your Directors wish to place on record their gratitude for the co-operation and support extended by the Government of India, Securities and Exchange Board of India and Reserve Bank of India.

The Board also wishes to place on record their sincere appreciation for the unstinted efforts of the employees at all levels towards the continued growth of NCL.

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 10, 2023

Bhagyam Ramani
Chairperson

ANNEXURE -1 TO DIRECTORS' REPORT

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies(Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis: Nil**
 - (a) Name(s) of the related party and nature of relationship: **N.A.**
 - (b) Nature of contracts/arrangements/transactions: **N.A.**
 - (c) Duration of the contracts / arrangements/transactions: **N.A.**
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: **N.A.**
 - (e) Justification for entering into such contracts or arrangements or transactions: **N.A.**
 - (f) date(s) of approval by the Board: **N.A.**
 - (g) Amount paid as advances, if any: **N.A.**
 - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 **N.A.**

2. **Details of material contracts or arrangement or transactions at arm's length basis**
 - (a) Name(s) of the related party and nature of relationship
Please see Annexure to AOC -2
 - (b) Nature of contracts/arrangements/transactions
Please see Annexure to AOC -2
 - (c) Duration of the contracts / arrangements/transactions
Please see Annexure to AOC -2
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
Please see Annexure to AOC -2
 - (e) Date(s) of approval by the Board, if any:
Approved by the Audit Committee on February 23, 2022, as all transactions are in the ordinary course of business and at arm's length basis.
 - (f) Amount paid as advances, if any: **Nil**

For NSE Clearing Limited

Place: Mumbai
Date: May 10, 2023

Bhagyam Ramani
Chairperson

ANNEXURE TO AOC-2

(a) **Names of the related parties and related party relationship**

Sr. No.	Related Party	Nature of Relationship
1	National Stock Exchange of India Limited (NSE)	Holding Company
2	NSE IFSC Clearing Corporation Limited	Subsidiary
3	NSE Investments Limited	Fellow Subsidiary
4	NSE IFSC Limited	Fellow Subsidiary
5	NSE Foundation	Fellow Subsidiary
6	NSE Data & Analytics Limited	Fellow Subsidiary's Subsidiary
7	NSE Academy Limited	Fellow Subsidiary's Subsidiary
8	NSEIT Limited	Fellow Subsidiary's Subsidiary
9	NSE Indices Limited	Fellow Subsidiary's Subsidiary
10	NSE Infotech Services Limited	Fellow Subsidiary's Subsidiary
11	NSE.IT (US) Inc.	Fellow Subsidiary's Subsidiary's Subsidiary
12	Aujas Cybersecurity Limited (formerly known as Aujas Networks Limited / Aujas Networks Private Limited)	Fellow Subsidiary's Subsidiary's Subsidiary
13	Talentsprint Private Limited	Fellow Subsidiary's Subsidiary's Subsidiary
14	TalentSprint Inc. (w.e.f. 29-11-2021)	Fellow Subsidiary's Subsidiary's Subsidiary's Subsidiary
15	Cogencis Information Services Ltd	Fellow Subsidiary's Subsidiary's Subsidiary
16	CXIO Technologies Private Limited (w.e.f July 08, 2021)	Fellow Subsidiary's Subsidiary's Subsidiary
17	BFSI Sector Skill Council of India	Holding Company's Associate
18	India International Bullion Holding IFSC Limited (w.e.f. June 04, 2021)	Holding Company's Associate
19	Power Exchange India Limited	Associate of Fellow Subsidiary
20	Protean eGov Technologies Ltd.(Formerly known as NSDL e-Governance Infrastructure Limited)	Associate of Fellow Subsidiary
21	Market Simplified India Limited	Associate of Fellow Subsidiary

22	Receivables Exchange of India Limited	Associate of Fellow Subsidiary
23	Indian Gas Exchange Limited	Associate of Fellow Subsidiary
24	Capital Quant Solutions Private Limited	Associate of Fellow Subsidiary's Subsidiary
25	India International Bullion Exchange IFSC Ltd (w.e.f. August 25, 2021)	Holding Company's Associate's Subsidiary
26	NSDL Database Management Limited	Holding Company's Associate's Subsidiary
27	National Security Deposit Limited	Holding Company's Associate
28	Mr. Harun R Khan –Director (upto 07.09.2022) Mr. Salim Gangadharan-Director (upto 16.06.2022) Mr. N.K Maini-Director (upto 16.06.2022) Mr. C.V.R Rajendran- Director (upto 16.06.2022) Ms. Bhagyam Ramani–Director Mr. K. S. Somasundaram (upto 09.08.2021) Mr. Yatrik Vin (w.e.f. 07.09.2022) Mr. Vikram Kothari- Managing Director Mr. Gopalkrishna Hegde (w.e.f. 17.06.2022) Mr. Jayant Ramaswamy Harista (w.e.f. 17.06.2022) Mr. Ananth Narayan Gopalkrishnan (upto 27.09.2022) Mr. Golaka Nath (w.e.f 17.11.2022)	Key Management personal/Directors

(b) Details of transaction (including taxes as applicable) with parties are as follows :

(in crores)

Name of the related party	Nature of transaction	Year ended March 31, 2023	Year ended March 31, 2022
National Stock Exchange of India Limited	<ul style="list-style-type: none"> • Clearing and Settlement charges • Usage charges • Reimbursement paid for expenses on staff on deputation • Reimbursement paid for other expenses incurred • Space & Infrastructure Usage Charges • Contribution to Core SGF • Usage Charges-Interoperability • Reimbursement received for services rendered • EBP Platform Usage Income • Dividend 	710.92 25.13 10.61 70.51 4.45 4.00 1.66 0.09 0.84 180.00	487.26 25.22 15.58 57.89 5.37 - 1.66 0.15 0.86 45.00
NSE IFSC Clearing Corporation Ltd	<ul style="list-style-type: none"> • Investment in Equity Share Capital • Reimbursement paid for other expenses incurred 	- 0.84	- 1.34
NSEIT Limited	<ul style="list-style-type: none"> • Repairs & Maintenance – Clearing & Computer systems 	26.60	43.72
NSE Foundation	<ul style="list-style-type: none"> • Investment in Equity Share Capital • Contribution towards CSR Expenses 	- 5.88	- 6.05
National Securities Depository Limited	<ul style="list-style-type: none"> • Depository operation related fees/charges 	0.19	0.20
Aujas Network Private Limited	<ul style="list-style-type: none"> • Repairs & Maintenance – Clearing & Computer systems 	0.52	0.40

T Venkat Rao - Managing Director (upto 06.11.2017)	<ul style="list-style-type: none"> Gross remuneration including allowances, non-cash perquisites and contribution to Provident Fund and Superannuation Fund etc. <p>*Includes 50% of the variable pay payable after 3 years subject to certain conditions. The above transactions are in ordinary course of business at the arms- length price.</p>	-	0.17*
Mr. Vikram Kothari- Managing Director (wef 07.11.2017)	<ul style="list-style-type: none"> Gross remuneration including allowances, non-cash perquisites and contribution to Provident Fund and Superannuation Fund etc. 	2.65	2.27
Directors	<ul style="list-style-type: none"> Sitting Fees paid to Directors Mr. H R Khan Mr. Salim Gangadharan Mr. Navin Kumar Maini Mr. CVR Rajendran Mrs. Bhagyam Ramani Gopalkrishna Hegde Jayant Ramaswamy Harista Ananth Narayan Gopalkrishnan Golaka Nath 	0.15 0.08 0.10 0.09 0.36 0.21 0.25 0.04 0.08	0.33 0.30 0.26 0.27 0.33 - - - -

For NSE Clearing Limited

Place: Mumbai
Date: May 10, 2023

Bhagyam Ramani
Chairperson

MAKARAND M. JOSHI & CO.

Company Secretaries

Ecstasy, 803-804, 8th Floor, City of Joy, JSD Road, Mulund (W), Mumbai- 400080, (T) 022-21678100

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2023

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

To,
The Members,
NSE Clearing Limited,
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (East), Mumbai- 400051

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

Auditor's Responsibility:

Our responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. We have conducted the audit in accordance with the applicable Auditing Standards issued by The Institute of Company Secretaries of India. The Auditing Standards requires that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the financial year ended on March 31, 2023 (hereinafter called the 'Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment (**Foreign Direct Investment and External Commercial Borrowings are not applicable to the Company during the Audit Period**);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (**Not Applicable to the Company during the Audit Period**)
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 to the extent applicable;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (**Not Applicable to the Company during the Audit Period**)
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (**Not Applicable to the Company during the Audit Period**).
 - e. The Securities and Exchange Board of (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (**Not Applicable to the Company during the Audit Period**)
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (**Not Applicable to the Company during the Audit Period**) and

- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. **(Not Applicable to the Company during the Audit Period)**

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015, (hereinafter "Listing Regulations) to the extent as referred in Regulation 33 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018;

We further report that having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with Securities Contracts (Regulation) (Stock Exchanges & Clearing Corporations) Regulations, 2018 which is specifically applicable to the Company.

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and Listing Regulations.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (except in four cases where meeting is convened at a shorter notice for which necessary approvals were obtained as per applicable provisions) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines. The adequacy and efficacy shall read in context of reporting as specified in the report.

We further report that during the audit period, the Company received an Adjudication Order to pay penalty of ₹ 25,00,000 in the matter of Karvy Stock Broking Limited for alleged violation of Para 7 of SEBI Circular dated December 17, 2018 (Early Warning Mechanism Circular).

For Makarand M. Joshi & Co.
Company Secretaries

Kumudini Bhalerao
Partner

FCS No. 6667

CP No. 6690

PR No: 640/2019

UDIN: F006667E000182997

Date: April 25, 2023

Place: Mumbai

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

To,
The Members,
NSE Clearing Limited,
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (East), Mumbai- 400051

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Makarand M. Joshi & Co.
Company Secretaries

Kumudini Bhalerao
Partner

FCS No. 6667

CP No. 6690

PR No: 640/2019

UDIN: F006667E000182997

Date: April 25, 2023
Place: Mumbai

ANNEXURE - 3 TO DIRECTORS' REPORT

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Form AOC 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A" Subsidiary

Name of the Subsidiary	NSE IFSC Clearing Corporation Limited
The date since when subsidiary was acquired	December 02, 2016
Reporting date	March 31, 2023
Share Capital	90.00
Reserves and Surplus	-56.70
Total Assets	69.18
Total Liabilities	35.87
Investments	-
Turnover	0.86
Profit before Taxation	-15.75
Provision for Taxation	-
Profit after Taxation	-15.75
Proposed Dividend	-
% of shareholding	100%

Notes:-

1. NSE IFSC Clearing Corporation Limited is a wholly owned subsidiary of NSE Clearing Limited.

Annexure – 4 TO BOARD'S REPORT

NOMINATION AND REMUNERATION POLICIES OF NCL

A. Policy for Nomination and Appointment of Directors, KMPs and Senior Management Personnel

1. Introduction

NSE Clearing Limited (hereinafter referred to as “NCL” or “the company”) is governed by the Companies Act, 2013 and rules notified thereunder; the Securities Contracts (Regulation) Act, 1956 read with rules notified thereunder and the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (hereinafter referred to as “SCR (SECC) Regulations, 2018”) including disclosure requirements and corporate governance norms as specified for listed companies to the extent applicable to stock exchanges/clearing corporations.

Pursuant to Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and SCR (SECC) Regulations, 2018, the Board of Directors of NCL is mandated to constitute a Nomination and Remuneration Committee which shall, amongst other things, formulate the criteria for determining qualifications, positive attributes and independence of a Director and criteria for identifying persons who may be appointed in senior management and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees. Accordingly, NCL has constituted a Nomination and Remuneration Committee. This Policy lays down the broad guideline for nomination and appointment of Directors and Senior Management.

2. Objective

The objective of this Policy is to lay down a framework in relation to appointment of Directors, Key Managerial personnel and Senior Management Personnel under Companies Act and SECC Regulations. The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) and Securities Contracts Regulations (Stock Exchanges and Clearing Corporations) Regulations, 2018 (SECC Regulations). The Company aims to achieve a balance of merit, experience and skills amongst its Directors, KMPs and Senior Management Personnel.

The objectives of this Policy are:

- a. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, KMPs and Senior Management.

- b. To institute processes that enables the identification of individuals who are qualified to become Directors and who may be appointed as Key Managerial Personnel and/or in senior management. The NRC shall recommend to the Board of Directors the appointment of Directors, KMPs and Senior Management Personnel and their removal under the Companies Act. The appointment of KMPs under SECC Regulations shall be approved by the NRC.
- c. To formulate the criteria for identifying the persons who are qualified to become Directors and such persons who may be appointed as the KMPs / Senior Management Personnel of the Company.
- d. To determine the composition of the Board of Directors.
- e. To determine the qualifications, positive attributes and independence of a director and
- f. To ensure Board Diversity and implementation of succession planning in the Company.

3. Definitions

- (i) “**Board of Directors**” or “**Board**” shall mean the collective body of directors of NCL;
- (ii) “**Director**” means a director appointed to the Board of NCL;
- (iii) “**Independent Director**” shall have the meaning as defined under the Companies Act, 2013 read with relevant rules and the Listing Regulations.
- (iv) “**Key Managerial Personnel (KMP)**” means as defined under Section 2(51) of the Companies Act, 2013 and/or as per Regulation 2 of SCR (SECC), Regulation, 2018.
- (v) “**Managing Director**” means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.

Explanation.—For the purposes of this clause, the power to do administrative acts of a routine nature when so authorized by the Board such as the power to affix the common seal of the company to any document or to draw and endorse any cheque on the account of the company in any bank or to draw and endorse any negotiable instrument or to sign any certificate of share or to direct registration of transfer of any share, shall not be deemed to be included within the substantial powers of management;

- (vi) **“Nomination and Remuneration Committee” or “the Committee”** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013, Regulation 19 of the Listing Regulations and Regulation 27 of the SECC Regulations.
- (vii) **“Policy”** means this “Policy for Nomination and Appointment of Directors, KMPs and Senior Management Personnel.”
- (viii) **“Public Interest Director”** means an Independent Director as defined under SCR (SECC) Regulations, 2018.
- (ix) The term **“Senior Management ”** shall mean officer/personnel of the company who are members of its core management team excluding Board of Directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer. [Regulation 16(d) of Listing Regulations] It includes KMPs under the Companies Act, 2013 and those recommended by the NRC to be part of senior Management from time to time.
- (x) **“Shareholder Director”** means a non- executive director as defined under SCR (SECC) Regulations, 2018);
- (xi) **“Whole-time director”** as defined under Section 2(94) of the Companies Act, 2013 includes a director in the whole-time employment of the company;

Words and definitions not defined herein, shall have the same meaning as provided in the Companies Act, 2013 read with relevant Rules, Listing Regulations and SECC Regulations or other relevant provisions as may be applicable.

4. Interpretation

In any circumstance where the terms of this Policy differ from any existing or enacted law, rule, regulation governing the Company, the law, rule or regulation will take precedence over the provision of this Policy. Further, apart from the criteria and requirements laid down in this policy, the NRC and the Board will also be guided by the SEBI Directives, Circulars, Letters and Guidance notes with respect to the nomination and appointment of Directors, KMPs and Senior Management Personnel issued by SEBI from time to time.

5. Parameters for recommending a candidate for appointment as Director

When recommending a candidate for appointment as Director, the Committee will have regard to the following qualifications and positive attributes:

- (i) the appointee should satisfy the 'fit & proper criteria' as stipulated under SCR (SECC) Regulations, 2018 (refer Annexure A) and other requirements as prescribed by SEBI from time to time;
- (ii) assessing the appointee against a range of criteria which includes, but not be limited to, qualifications, skills, industry experience, background and other qualities required to operate successfully in the position;
- (iii) the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company, in case of senior management their contribution towards effectiveness of the organisation as a whole would be considered;
- (iv) the nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;
- (v) ability of the appointee to represent the Company;
- (vi) ability to work individually as well as a member of the Board and with the senior management;
- (vii) influential communicator with power to convince other in a positive way;
- (viii) ability to participate actively in deliberation and group processes;
- (ix) have strategic thinking and facilitation skills;
- (x) act impartially keeping in mind the interest of the company on priority basis;
- (xi) has attained minimum age of 21 years and is not older than 75 years or such other age as may be prescribed from time to time, in case of Public Interest Directors.
- (xii) shall not be disqualified under Section 164 of the Companies Act, 2013
- (xiii) Personal specifications:
 - Educational qualification;
 - Experience of management in a diverse organization;
 - Interpersonal, communication and representational skills;
 - Demonstrable leadership skills;
 - Commitment to high standards of ethics, personal integrity and probity; and

- Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace.

(xiv) Enrollment of name in the Databank for the position of Independent Director / PID, being maintained by the Indian Institute of Corporate Affairs at Manesar to qualify as an Independent Director.

(xv) While evaluating the candidature of an Independent Director, the Committee shall review the criteria for determining Independence as stipulated under the Companies Act 2013, Listing Regulations and other applicable regulations or guidelines.

(xvi) The Committee takes a broad perspective with respect to Independence and takes into consideration not only the dealings, transactions, relationships with the concerned Individual Director but also with relatives, entities and organizations affiliated to it.

(xvii) The Committee, along with the Board, regularly reviews the skill, characteristics required from the Board & Individual Directors. One of the prime objectives of this exercise is to identify competency gaps in the Board and make suitable recommendations. The objective is to have a board of diverse background and experience in business, technology, governance and areas that are relevant for NSE Clearing Limited.

(xviii) Besides considering all other qualifications with regards to talent, relevant professional experience, proven track record of performance and achievement, ethics and integrity, ability to bring in fresh and independent perspectives, sector specific experience and expertise, the Committee objectively evaluates whether an individual can dispassionately discharge the statutory functions of a Director as enshrined in the Companies Act, 2013, SCR (SECC) Regulations, 2018 and Listing Regulations.

As far as the position of Managing / Executive Director is concerned, the person to be appointed will be assessed against a range of criteria which shall include but shall not be limited to qualifications, skills, industry experience, fit & proper, background and other attributes required for the said position. The person appointed as Managing / Executive Director shall have all the powers and authorities as prescribed by the Board of Directors and as provided in the Articles of Association and applicable provisions of the Act. Managing / Executive Director will be overall in-charge of the business, administration and other affairs of the Company subject to the superintendence, control and directions of the Board of Directors and he shall guide, control and supervise the employees of the Company, their functions, the business carried on by the Company and all administrative matters.

With respect to the selection of the Managing Director & CEO, the Management shall ensure that no applicant is invited for an interview for the post of Managing Director & CEO unless the applicant has obtained necessary clearance / No objection certificate from the requisite authorities, wherever required, in view of SEBI letter dated September 7, 2021, regarding the policy for the appointment of the Managing Director of MIIIs.

6. Guiding factors to be considered while appointing PIDs

- a. Qualification in the area of law, finance, accounting, economics, management, administration, technology or any other area relevant to the financial markets.
- b. Atleast one person shall be inducted having experience and background in finance/ accounts who may preferably be inducted in the audit committee.
- c. Persons currently holding positions of trust and responsibility in reputed organisations or person who have retired from such positions.
- d. Persons who are likely to have interested positions in commercial contracts and affairs of stock exchanges, may preferably be excluded. Persons who are regular speculators in the market or are a director in the board of the Promoter entity of the Stock Exchange or Clearing Corporation, shall be excluded.

7. Composition of Board under SECC Regulations

The Board of NCL shall include:

- (a) Shareholder Directors;
- (b) Public Interest Directors; and,
- (c) Managing Director.

Besides taking into account provisions as specified in the Articles of Association, applicable provisions contained in the Companies Act and Rules made thereunder and Listing Regulations, the Committee shall also take into account the following while deciding the composition of the Board and its size:

- The number of public interest directors shall not be less than the number of shareholder directors on the board of the Company;
- The managing director shall be included in the category of shareholder directors;
- The Managing Director of the Company shall not
 - (a) be a shareholder or an associate of a shareholder of a recognised stock exchange or recognised clearing corporation or shareholder of an associate of a recognised stock exchange or recognised clearing corporation, as the case may be;
 - (b) be a trading member or a clearing member, or his associate and agent, or shareholder of a trading member or clearing member or shareholder of an associate and agent of a trading member or a clearing member;
- Any employee of a recognised stock exchange or recognised clearing corporation may be appointed on the governing board in addition to the managing director and such director shall be deemed to be a shareholder director;
- The Chairperson shall be elected by the Governing Board from amongst the Public interest Directors and shall be subject to prior approval of SEBI;

- No trading member or clearing member, or their associates and agents, shall be on the Board;
- No foreign portfolio investor shall have any representation in the Board; and
- The Public Interest Directors on the Board shall be nominated by the SEBI.
- The Public Interest Directors shall be eligible to become a Shareholder director only after a cooling period of 3 years after ceasing to be a Public Interest Director.

8. Term / Tenure :

a) Managing Director / Whole-time Director:

- i. The Company shall appoint or re-appoint any person as its Managing Director for a term not exceeding 5 (five) years at a time. The Managing Director may be appointed for a maximum of two terms not exceeding five years each, subject to an age limit of sixty-five years.
- ii. No re-appointment shall be made earlier than 1 (one) year before the expiry of the term.
- iii. The appointment and tenure of the Managing Director would be governed by the applicable provisions of the Companies Act, 2013 and SECC Regulations, as may be mandated by SEBI from time to time.

b) Public Interest Director

- i. A Public Interest Director shall be nominated for a fixed term of 3 (three) years on the Board and for such extended period as may be approved by SEBI, subject to performance evaluation as provided in the Board Evaluation Policy and subject to the maximum age limit of seventy-five years.
- ii. At the time of appointment of the Public Interest Director, it shall be ensured that number of boards on which such Public Interest Director shall serve is restricted to 7 (seven) listed companies as a Public Interest Director.
- iii. The appointment and tenure of the Public Interest Director would be governed by the applicable provisions of the Companies Act, 2013 and as may be mandated by SEBI from time to time.
- iv. Shareholders' approval shall not be necessary for the appointment of PID.

c. Shareholder Director

- i. The appointment and tenure of the Shareholder Director would be governed by the applicable provisions of the Companies Act and as may be mandated by SEBI from time to time. The tenure of Shareholder Director shall be liable to retire by rotation as per the provisions of Companies Act, 2013 in this behalf.
- ii. The appointment of a Shareholder Director who has attained the age of 75 years may be made by passing a special resolution in which case the

explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person.

9. Evaluation

The NRC shall by itself or through the Board or an independent external agency as prescribed in the Board Evaluation Policy, evaluate the performance of the Board / Committee(s), Individual Directors and Chairman at a regular interval (yearly) and review implementation and compliance.

10. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act or the prevailing policy of the Company, as applicable. The Board / Committee will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

11. Board Diversity

The Board shall consist of such number of Directors, including at least one-woman Independent Director, as is necessary to effectively manage the Company of its size. The Board shall have an appropriate combination of executive and Non-Executive Directors. The NRC will lead the process for Board appointments. All Board appointments will be based on meritocracy in the context of the skills, diverse experience, independence and knowledge which the Board as a whole requires to be effective. The candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board. NCL believes that increased diversity in Board is associated with better financial performance, greater innovation and has a positive impact on the Company.

12. Familiarization Program for Directors

The Company shall provide an orientation to new Directors and continuing education / training to all its Directors and shall periodically provide materials or briefing sessions for all Directors on subjects that would assist them in discharging their duties. Each new Director shall spend reasonable time for personal briefings by senior management on the Company's operations, its material subsidiaries, strategic plans, its financial statements, its key policies and practices and other details as may be desired by the Director. The Company shall provide at least seven days of training to every public interest director each year.

13. Criteria for appointment of KMPs and Senior Management Personnel

The following attributes shall be taken into consideration for selecting suitable candidates for appointment as senior management personnel:

- (i) The KMPs and Senior Management Personnel identified as KMP of NCL should satisfy the “Fit and Proper Person” criteria as prescribed by SECC Regulations (Refer Annexure A);
- (ii) Assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, industry experience, background and other qualities as may be required to operate successfully in the position;
- (iii) Contribution towards effectiveness of the organisation as a whole;
- (iv) ability of the appointee to represent the company;
- (v) ability to work individually as well as part of team of senior management;
- (vi) influential communicator with power to convince other in a positive way;
- (vii) ability to participate actively in deliberation and group processes;
- (viii) have strategic thinking and facilitation skills;
- (ix) act impartially keeping in mind the interest of the company on priority basis;
- (x) Profile shall include:
 - Educational qualification;
 - Experience of management in a diverse organization;
 - Interpersonal, communication and representational skills;
 - Demonstrable leadership skills;
 - Commitment to high standards of ethics, personal integrity and probity;
 - Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace

The NRC / Management from time to time shall identify the level, designation and names of (i) Key Management / Managerial Persons under SCR (SECC) Regulations, 2018, Listing regulations and Companies Act and / or persons who forms part of Senior Management and recommend the same to NRC for its approval. The Managing Director is empowered to identify the candidates in the Senior Management in terms of the criteria prescribed herein and recommend their appointment to NRC.

14. Guidelines for appointment of KMPs

- a) Appointment of MD does not fall under the scope of this process and will be governed by the SEBI defined process for the same.
- b) The NRC upon the recommendations of the MD and Group Head Human Resources shall periodically review and consider the list of Key Managerial Personnel segmented under
 - (i) due for retirement (within 1 year)

- (ii) organization readiness to mitigate risks on account of attrition, capability gaps and performance of the role holder.
 - (iii) The NRC shall also consider the new vacancies that may arise because of business needs/up-gradation of Department(s)/Regional Office(s).
- c) The MD and Group Head HR would be responsible to identify roles, designations & levels to be considered as KMP and recommend to the NRC for review and approval.

15. Succession Planning

The Committee shall review, approve and aid the Board in succession and emergency preparedness plan for Key Executives (which includes persons for appointments to the Board and to senior management). The above mentioned criteria may be applied for such identification and evaluation.

16. Amendment

Any amendment or modification in the Companies Act, 2013, Listing Regulations, SECC Regulations, 2018, Rules, Regulations and directives issued under the respective statutes (which include Listing Regulations) and any other applicable Regulation relating to NRC shall automatically be applicable to the Company.

17. Disclosure

This policy shall be placed on the Company's website in accordance with provisions of the Companies Act, 2013 and Listing Regulations and the salient features of the policy, if any, shall be disclosed in the Board's report.

18. Review of the policy

This Policy shall be reviewed once a year to ensure that it meets the regulatory requirements or latest industry practice or both and the changes shall be placed in the NRC and the Board.

ANNEXURE A

Fit and proper criteria under SECC Regulations

A person shall be deemed to be a fit and proper person if:

- (A) such person has a general reputation and record of fairness and integrity, including but not limited to-
- i. financial integrity;
 - ii. good reputation and character; and
 - iii. honesty;

(B) such person has not incurred any of the following disqualifications:

- i. the person, or any of its whole time directors or managing partners, has been convicted by a court for any offence involving moral turpitude or any economic offence or any offence against the securities laws;
- ii. an order for winding up has been passed against the person;
- iii. the person, or any of its whole time directors or managing partners, has been declared insolvent and has not been discharged;
- iv. an order, restraining, prohibiting or debarring the person, or any of its whole time directors or managing partners, from dealing in securities or from accessing the securities market, has been passed by the Board or any other regulator authority, and a period of three years from the date of the expiry of the period specified in the order has not elapsed;
- v. any other order against the person, or any of its whole time directors or managing partners, which has a bearing on the securities market, has been passed by the Board or any other regulatory authority, and a period of three years from the date of the order has not elapsed;
- vi. the Board has initiated recovery proceedings under the SEBI Act, 1992 and are pending;
- vii. the person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;
- viii. the person is financially not sound or has been categorized as a willful defaulter; and
- ix. any other disqualification as specified by SEBI.

If any question arises as to whether a person is a fit and proper person, the Board's (i.e. SEBI's) decision on such question shall be final

B. Remuneration Policy

1. Introduction

NSE Clearing Limited (hereinafter referred to as “NCL” or “the company”) is governed by the Companies Act, 2013 and Rules notified thereunder; the Securities Contracts (Regulation) Act, 1956 read with rules notified thereunder and the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (hereinafter referred to as “SCR (SECC) Regulations, 2018”) including disclosure requirements and corporate governance norms as specified for listed companies to the extent applicable to clearing corporations.

Section 178 of the Companies Act, 2013 and SCR (SECC) Regulations, 2018 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “Listing Regulations”) prescribe that the Nomination and Remuneration Committee shall recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel, Senior Management Personnel and other employees.

Regulation 27 of the SCR (SECC) Regulations, 2018 mandates that the Remuneration Policy for the Key Management Personnel of the Clearing Corporation shall be in accordance with the norms specified by SEBI.

2. Definitions

- (i) **“Board of Directors” or “Board”** shall mean the collective body of Directors of NCL;
- (ii) **“Director”** means a Director appointed to the Board of NCL;
- (iii) **“Independent Director”** shall have the meaning as defined under the Companies Act, 2013 read with relevant rules and the Listing Regulations.
- (iv) **“Key Managerial Personnel” (KMP)**
 - A. under the Companies Act, 2013 means—
 - (a) Managing Director or Chief Executive Officer (“CEO”) or Manager;
 - (b) Company Secretary,
 - (c) Whole-time Director;
 - (d) Chief Financial Officer;
 - (e) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and

(f) Such other Officer as may be prescribed

(B) Under SCR (SECC) Regulations, 2018

Key Management Personnel includes a person serving as head of any department or in such senior executive position that stands higher in hierarchy to the head(s) of department(s) in the recognized stock exchange or the recognized clearing corporation or in such senior executive position that stands higher in hierarchy to the head(s) of the department(s) in the recognised stock exchange or the recognised clearing corporation, or any person who directly reports to chief executive officer or to the director on the governing board of the recognised stock exchange or recognised clearing corporation, or any person upto two levels below the chief executive officer or managing director, or any other person as may be identified by its Nomination and Remuneration Committee.

(v) **“Senior Management”** under Companies Act means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads. “Senior Management” under SEBI (Listing Obligations and Disclosure Requirements), 2015 mean officers / personnel of the Exchange who are members of its core management team excluding Board of Directors comprising all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/ manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer. It may include such persons identified by the NRC / Board from time to time in terms of the Companies Act, 2013 and Listing Regulations.

(vi) **“Managing Director”** under the Companies Act, 2013 means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.

Explanation.—For the purposes of this clause, the power to do administrative acts of a routine nature when so authorized by the Board such as the power to affix the common seal of the company to any document or to draw and endorse any cheque on the account of the company in any bank or to draw and endorse any negotiable instrument or to sign any certificate of share or to direct registration of transfer of any share, shall not be deemed to be included within the substantial powers of management;

(vii) **“Nomination and Remuneration Committee”** or **“Committee”** shall mean a Committee of Board of NCL, constituted in accordance with the provisions of Section

178 of the Companies Act, 2013, Regulation 19 of the Listing Regulations and Regulation 27 of SCR (SECC) Regulations, 2018.

- (viii) "Other Employees" means any person (other than KMPs under the Companies Act and SECC Regulations and Senior Management Personnel) employed to work full time on the payrolls of the Company.
- (ix) "**Policy**" means this Remuneration Policy.
- (x) "**Public Interest Director**" means an Independent Director, representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of the Securities and Exchange Board of India ("SEBI"), is in conflict with his role;
- (xi) "**Whole-time director**" includes a director in the whole-time employment of the company;

Words and definitions not defined herein, shall have the same meaning as provided in the Companies Act, 2013 read with relevant rules, Listing Regulations and SCR (SECC) Regulations 2018 or other relevant provisions; as may be applicable.

3. Interpretation

In any circumstance where the terms of this Policy differ from any existing or enacted law, rule, regulation governing the Company, the law, rule or regulation will take precedence over the provision of this Policy.

4. Objectives

The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management Personnel.

The objectives of this policy are:

- (a) To lay down a policy for payment of remuneration to the Directors, Key Managerial Personnel, Senior Management and other employees of NCL;
- (b) To assist the Board on determination of remuneration payable to the Directors, Key Managerial Personnel, Senior Management and other employees of NCL;
- (c) To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- (d) To ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- (e) To ensure that the remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay

reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

- (f) To decide on the Annual Performance Linked Pay (variable pay) payable to Managing Director and to approve annual increase in the Total Pay payable to Managing Director;
- (g) To assist the Board's overall responsibility relating to executive compensation and recommend to the Board appropriate compensation packages for Whole-time Directors and Senior Management personnel in such a manner so as to attract and retain best available personnel for position of substantial;
- (h) To approve release of variable pay of KMPs under SEBI Regulations withheld earlier; and
- (i) To approve Variable Pay and Fixed Pay of KMPs under SEBI Regulations

5. Remuneration of Directors, KMP and Senior Management

- (a) The remuneration / compensation, etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company, Central Government and SEBI, wherever required. It shall be as per the statutory provisions of the Companies Act, 2013 read with the rules made thereunder for the time being in force. The requirements, if any, prescribed by SEBI from time to time in this regard shall be followed while determining the compensation payable to Directors, KMP and Senior Management.
- (b) The remuneration / compensation to be paid to the KMP shall be approved by the Committee. For KMP's under Companies Act, 2013, it shall be as per the statutory provisions of the Companies Act, 2013 read with the rules made thereunder for the time being in force. For KMP's under SCR (SECC) Regulations, 2018, the requirements prescribed by SEBI from time to time in this regard shall be followed while determining the compensation payable to them, which shall be determined by the Committee. For those Senior Management, compensation payable shall be recommended by the Committee to the Board for its approval.
- (c) The Committee shall lay down remuneration policy of the Company from time to time in accordance with market practice and the Company philosophy subject to SEBI norms, as may be applicable.
- (d) The annual compensation shall consist of a fixed component and a variable component. The variable component shall not exceed one third of the total pay in respect of KMPs under SCR (SECC) Regulations, 2018. This shall however not be applicable to the other employees.
- (e) The Group Head HR will obtain compensation approval from the MD and the NRC before extending the final offer to the selected candidate.

- (f) 50% of the variable pay in respect of the KMPs in respect of each financial year shall be paid to the KMP concerned on completion of 3 years from the last date of the respective financial year which will be kept invested in fixed deposits till final payment, if any and paid to the employee concerned with accrued interest if and when the final payment is made. However, as a malus arrangement, the said amount or any part thereof along with accrued interest as per fixed deposit rate for the applicable period in respect of a financial year may be prevented from being paid by the compensation committee, after providing an opportunity of being heard to the concerned KMP, in case of fraud, misfeasance, misappropriation or excessive risk taking by the concerned employee intentionally causing financial loss to the company.
- (g) The KMPs are also covered under a claw back arrangement under which the compensation committee may require an employee to return previously paid in full or vested remuneration partially or fully including the interest earned (if any), after providing an opportunity of being heard to the concerned KMP, under the following circumstances namely fraud, misfeasance, misappropriation and intentionally causing financial loss to the company. The claw back is exercisable within a period of three years from the end of financial year in which the remuneration was paid or vested. The claw back is not exercisable in respect of retiral benefits accrued to KMPs.
- (h) ESOPs and other equity linked instruments shall not be offered or provided as part of the compensation for the Key Management Personnel.
- (i) The following factors shall be considered while fixing compensation package for the KMPs:
 - A. performance, potential, qualification, experience, expertise,
 - B. role and responsibilities
 - C. level of employees, inflation, attraction and retention of talent,
 - D. market benchmark / comparable to the industry standards,
 - E. size and complexities of operation,
 - F. financial condition and health of the Company, revenues, net profit,
 - G. average levels of compensation payable to employees in similar ranks, periodic review, etc.
- (j) Incentive to take excessive risks over the short term shall be discouraged.
- (k) The Managing Director and Group Head - Human Resources will be responsible for execution of the compensation strategy, practices and plan (covering both fixed pay and variable pay) for the other Employees in line with the compensation policy

6. Remuneration criteria for Managing Director

The remuneration / compensation, if any, etc. of the Managing Director shall be subject to the approval of the NRC, Board and Shareholders of the Company, wherever required, under applicable laws.

7. Remuneration criteria for Independent Directors/ Public Interest Directors / Non-Executive Directors

The Independent Directors/ Public Interest Directors / Non- Executive Directors/ of the Company are entitled to sitting fees for attending the meetings of the Board or Committees thereof. The reimbursement of expenses for attending the Board and other Committee meetings including travelling, boarding and lodging expenses, shall be paid by the Company.

8. Amendment

Any amendment or modification in the Companies Act, 2013, SCR(SECC) Regulations, 2018, Rules, Regulations and directives issued under the respective statutes (which includes Listing Regulations) and any other applicable provision relating to the remuneration/compensation/commission, etc. shall automatically be applicable to this Policy.

9. Disclosure

This Policy shall be placed on the Company's website in accordance with provisions of the Companies Act, 2013 and Listing Regulations and the salient features of the policy, if any, shall be disclosed in the Board's report.

10. Review of the policy

This Policy shall be reviewed by the Nomination and Remuneration committee annually (unless an earlier review is required) to ensure that it meets the regulatory requirements or latest industry practice or both. The changes made to the Policy shall be placed before the NRC and the Board for approval.

ANNEXURE 5 TO DIRECTOR'S REPORT

Annual Report of the CSR activities for FY 2022-23

NSE Group understands that the economic and social well-being of the community is closely interlinked to their habitats and the environment. NSE Group therefore strives to integrate triangulated focus to improve the quality of life of its identified beneficiaries towards creating inclusive societies, while meeting its social, economic and environmental responsibilities. CSR activities is one way in which the NSE Group reaches the triple-disadvantaged sections of society, which is undertaken through the NSE Foundation.

NSE Foundation was incorporated as a company under Section 8 of the Companies Act, 2013 on 5th March 2018, to initiate, supervise and co-ordinate activities to implement the Corporate Social Responsibility policy of NSE and its Group Companies as mandated under the Companies Act, 2013. Based on the Schedule VI in Section 135 of the Companies Act 2013, NSE Group has currently identified eight CSR areas as issues of concern to be addressed in the developmental landscape in India to be undertaken through NSE Foundation, a Sector- 8 Company. They are i) Primary Education, ii) Elder Care, iii) Safe Drinking Water & Sanitation, iv) Health & Nutrition v) Environment Sustainability, vi) Skill Development & Entrepreneurship, vii) Funding of incubators in academic institutions and other agencies and Disaster Relief and Rehabilitation.

The NSE Group CSR programmes seek to impact the most disadvantaged sections of the community by undertaking long-term impactful programmes with a strong emphasis on the behaviour change activities which are embedded in the programme design. The key change indicators in every programme strive to align with the nation's social development goals and the larger global sustainable development goals.

In addition to the focal areas of social intervention, a number of CSR activities such as environmental awareness, nature trails, blood donation camps, visits to the project sites etc. which engage and motivate employees to be socially responsible are undertaken by the CSR Society Focus Group of NSE Group.

A brief summary of the projects is given in the table below:

Description	Counts
No. of states where programmes are undertaken	5
No. of districts	10
No. of projects	39
No of beneficiaries directly impacted by the programmes	9,00,000+
Local partners	27
Focus sectors	8

2. Composition of CSR Committee

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of Meeting of CSR Committee held during the year ^	Number of Meeting of CSR Committee attended during the year
1	Ms. Bhagyam Ramani	Chairman, Independent Director	4	4
2	Mr. G S Hegde #	Director	3	3
3	Mr. Jayant Haritsa \$	Managing Director	2	1
4	Dr. Golaka Nath^^	Director	1	1
5	Mr. Harun Khan*	Chairman, Independent Director	2	2
6	Mr. N. K. Maini**	Director	1	1

^Meetings held during the tenure of the Member

*Mr. Harun Khan Ceased to be Director w.e.f September 07, 2022

**Mr. N K Maini ceased to be Director w.e.f June 16, 2022

Appointed as Member w.e.f June 23, 2022

\$ Appointed as Member w.e.f. September 15, 2022

^^ Appointed as Member w.e.f January 23, 2023

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

https://www.nscclindia.com/sites/default/files/disclosure/NSE_Group_CSR_Policy.pdf

<https://www.nscclindia.com/sites/default/files/disclosure-doc/2022-06/CSR%20Projects%20approved%20by%20the%20Board%20for%20FY%202022-23.pdf>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Impact assessments were undertaken by third party assessment agencies (selected via the due vendor governance process of NSE Group) for concluded projects of NSE Group CSR. Through the assessments, agencies have evaluated the objectives of the

programmes and the effective completion of the same. The programmes which underwent assessment have catered to the most marginalized communities and tribal populations in various parts of the country. The projects belong to the focus areas of Primary Education (3), Safe Drinking Water & Sanitation (9), Elder Care (1) and Disaster Relief & Rehabilitation (1). The list of impact assessments is summarized below:

Sl. No.	Project Name	Focus Area	Location	Brief Project Description
1.	Alokito Shoishab (Enlightened Childhood)	Primary Education	Rajnagar-Birbhum	This programme was designed to work towards enhancing student learning outcomes in 118 government schools. The aim of the project was to bring students (6-10 years) to their age-appropriate competency levels primarily in English, Bengali and Mathematics.
2.	Prajwala-Education	Primary Education	200+ KGBVs of Rajasthan	This state wide education programme was undertaken in 200 Kasturba Gandhi Balika Vidyalayas (KGBVs) of Rajasthan to improve the quality education in both literacy and numeracy for girl students.
3.	Prajwala-Education	Primary Education	200+ KGBVs of Madhya Pradesh	This programme was implemented in 207 Kasturba Gandhi Balika Vidyalayas (KGBVs) of Madhya Pradesh, to improve the quality education for girl students in all 52 districts of Madhya Pradesh.
4	Swaccho Nirapad Parivesh	Safe Drinking Water & Sanitation	Rajnagar Block-Birbhum District	This WaSH programme aimed to retrofit sanitation infrastructure in 98 schools, 80 Anganwadi centres (AWCs) and 3 primary health centres (PHCs). The retrofitting work also laid special emphasis on creating menstrual health-friendly infrastructure at schools. Along with retrofitting, capacity-building and

Sl. No.	Project Name	Focus Area	Location	Brief Project Description
				awareness-generation activities were also undertaken among the representatives of gram panchayats, students, teachers, members of the school development committees, workers at the AWCs and the communities.
5	Everyone Forever - Water Services and Systems Strengthening	Safe Drinking Water & Sanitation	Rajnagar & Khoyrasol Blocks- Birbhum District	Under this programme water points were installed in 98 schools, 80 AWCs and 89 villages to facilitate the access of safe drinking water to 31,180 beneficiaries. 7 mini piped water systems were also installed under the programme as a model in 7 villages spread across the two blocks, facilitating water supply to the households of the beneficiaries.
6	Swaccho Nirapad Parivesh-II	Safe Drinking Water & Sanitation	Khoyrasol Block- Birbhum District	Under this WaSH programme, sanitation infrastructure at schools and the AWCs were augmented to ensure running water and improved sanitation. As part of software components, formation and strengthening of child cabinets and school development committees was undertaken in schools. The members of the Village Water and Sanitation Committees were capacitated to discharge their duties effectively and support O&M of the programme.
7	Prajwala- Promoting WaSH Compliant KGBVs	Safe Drinking Water & Sanitation	200+ KGBVs of Rajasthan	With the aim of making 200 Kasturba Gandhi Balika Vidyalayas (KGBVs) in Rajasthan 'WaSH compliant', this project focused on functional toilets/urinals, strengthened safe drinking

Sl. No.	Project Name	Focus Area	Location	Brief Project Description
				water access, clean surroundings and basic information and adaptation of critical hygiene practices.
8	Prajwala-Swachh Balika, Swachh Vidyalaya	Safe Drinking Water & Sanitation	200+ KGBVs of Madhya Pradesh	This programme was implemented in 207 Kasturba Gandhi Balika Vidyalayas (KGBVs) of Madhya Pradesh, to improve the two key components, hardware (infrastructural repairs and renovations) and software (awareness on safe hygiene practices) for girl students in all 52 districts of Madhya Pradesh.
9	Ensuring Sustainable Drinking Water Safety and Security in the identified Schools and Habitations	Safe Drinking Water & Sanitation	Nandurbar, Maharashtra	This project was undertaken to address the need for access to safe drinking water in all seasons across 20 habitations (Nandurbar and Navapur blocks, Nandurbar district) through solar mini piped water supply scheme. This would also include innovative methods for storage by community engagement in planning and implementation. Additionally, the project ensured water supply in Schools and Anganwadis. This project was a demonstration of the Swajal scheme of the Govt. of India. The project intervention also involved setting up of solar based piped water supply system in 15 habitations and strengthening the existing water supply scheme in 5 habitations of

Sl. No.	Project Name	Focus Area	Location	Brief Project Description
				Navapur Block in Nandurbar district.
10	Technical Assistance for implementing Community led village water safety & security (VWSS) and its mainstreaming in Jal Jeevan Mission	Safe Drinking Water & Sanitation	Karauli District Rajasthan	This project was a demonstration in alignment with the Jal Jeevan Mission (JJM) through community engagement in planning and implementation to address the need for access to safe drinking water in all seasons in 20 habitations. It was implemented in partnership with Public Health and engineering Department (PHED) to ensure the sustained availability of safe and secured water supply in the selected villages.
11	Promoting Sustainability of WaSH facilities and Child Centered Governance in the Schools of Rameswaram Island	Safe Drinking Water & Sanitation	Rameswaram Island, Ramanathapuram	This school WaSH (Water, Sanitation and Hygiene) programme was initiated to enhance the access to clean and safe drinking water, toilets, and other WaSH facilities to ensure a disease-free environment in government schools in the Rameswaram island of Tamil Nadu.
12	Building Water Security for Green Rameswaram	Safe Drinking Water & Sanitation	Rameswaram Island, Ramanathapuram	This water security programme was initiated to enhance access to safe drinking water and water among other uses, to build water security among the communities in Rameswaram island of Tamil Nadu.
13	Disha-Sustainable livelihood by way of providing skill training and employment /	Elder Care	Rajnagar Block, Birbhum District, West Bengal	This project aimed at training the rural elderly in two specific occupations: beekeeping (apiculture) and the production of neem oil and neem cake. These two activities do not

Sl. No.	Project Name	Focus Area	Location	Brief Project Description
	self-employment for rural elderly men and women from Birbhum, West Bengal			involve extensive physical labour thus were chosen by the senior citizens as options for income generation activities for economic independence. These activities were intended to help build the elders' financial security, self-esteem, and a social circle – all of which were identified as crucial components to lead a dignified life.
14	Project to mitigate effects of Cyclone Gaja	Disaster Relief	Nagapattinam and Thanjavur districts, Tamil Nadu	This project was implemented to address the devastating impact of Cyclone Gaja in 30 schools of Nagapattinam and Thanjavur districts in close coordination with the Government. The programme focused on sanitation hardware repair & restoration and software activities such as awareness sessions on health and hygiene.

A brief of the assessments is Annexed in Annexure- 1.

As required by Rule 8(3) of the Companies (CSR Policy) Rules 2014 and amendments thereunder, the link of the respective impact assessment reports will be provided - <https://www.nscclindia.com/disclosures/other-disclosures>

- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (Rs in Cr.)	Amount required to be setoff for the financial year, if any (Rs in Cr.)
1	2022-23	Nil	Nil

- Average net profit of the company as per section 135(5). Rs.391,90,36,800/-

4. (a) Two percent of average net profit of the company as per section 135(5):
Rs.7,83,80,736/-
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
- (c) Amount required to be set off for the financial year: Nil.
- (d) Total CSR obligation for the financial year (7a+7b+7c). Rs.7,83,80,736/-

5. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (In Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount	Date of transfer.
Rs.5,87,85,552/-	Rs.1,95,95,184/-	31 st March 2023	N.A.	Nil	N.A.

- (b) Details of CSR amount spent against ongoing projects for the financial year:

Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location		Project Duration (Years)	Amount allocated for the project (in Rs.)	Amount Spent in the current financial Year (in Rs.)
				State	District			
1	Phase-1: Integrated Energy Monitoring and Management System for a Large Commercial Complex towards 100% Renewable Energy Utilization	Research (Environmental Sustainability)	No	Tamil Nadu	Chennai	3	80,09,992	25,66,793
2	Innovative Medical Devices for Affordable Healthcare	Funding of Incubators	Yes	Maharashtra	Mumbai	3	73,15,061	-
3	Hyperlocal air pollution monitoring using mobile monitoring for Gurugram and Mumbai	Funding of Incubators	No	Tamil Nadu	Chennai	3	46,32,872	8,83,665
4	Creating a Learning Culture	Primary Education	Yes	Maharashtra	Mumbai	3	34,13,695	14,08,904
5	Strengthening Wash In Municipal Schools Of Ahmedabad	Primary Education & Sanitation & Safe Drinking Water	Yes	Gujarat	Ahmedabad	3	52,54,652	15,09,479
6	Supply Installation Testing Commissioning Implementation And Delivery Of The Turnkey Project	Health and Nutrition	Yes	Jammu and Kashmir	Srinagar	1	1,28,13,549	-
7	EQUIP THIRUPULLANI PROJECT (EDUCATION QUALITY IMPROVEMENT PROJECT)	Primary Education	No	Tamil Nadu	Ramanathapuram	3	35,35,613	15,45,722
8	Serving and Enriching Education to Under-privileged Tribal Children in Talode Block of Nandurbar District	Primary Education	No	Maharashtra	Nandurbar	3	26,33,422	7,76,813

Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location		Project Duration (Years)	Amount allocated for the project (in Rs.)	Amount Spent in the current financial Year (in Rs.)
				State	District			
9	"Gram Samrudhi' - Community Led Climate Smart Initiatives, to Safeguard Local Livelihood and Environment at Dhadgaon and Akkalkuva, tribal blocks in Nandurbar district of Maharashtra	Environmental Sustainability	No	Maharashtra	Nandurbar	3	60,95,884	8,72,110
10	Foundational Learning Enhancement In Primary Grades [I-V] In Government Schools In Hindaun Block Of Karauli District Rajasthan	Primary Education	No	Rajasthan	Karauli	3	46,32,872	13,27,989
11	SCORE [Sustainable Conservation of Water Resources Through Enabling] Community-led Development	Environmental Sustainability	No	Tamil Nadu	Ramanathapuram	3	36,57,531	10,45,220
12	Creating Enablers For Odf Sustainability	Sanitation and Safe Drinking Water	No	Maharashtra	Nandurbar	3	39,25,750	15,68,158
13	Sustainable Community ODF Program at Ramanathapuram Block, Ramnathapuram District, Tamil Nadu.	Sanitation and Safe Drinking Water	No	Tamil Nadu	Ramanathapuram	3	45,10,954	4,51,573
14	Technical Support Unit to Mainstream Elder Collectives	Elder Care	No	Pan India	Pan India	2	27,43,148	4,45,781
15	Robotic Solutions for cleaning of Septic Tanks	Funding of Incubators	No	Tamil Nadu	Chennai	1	14,63,012	58,507
16	PROJECT- STUDENT TEACHER EMPOWERMENT PROGRAM (STEP) PLUS	Primary Education	No	Tamil Nadu	Ramanathapuram	3	49,74,242	9,74,891
17	CAVACH- COVID relief activities	Disaster Relief and Rehabilitation	No	Pan India	Pan India	1	2,24,81,622	44,07,240
18	Rehli Shiksha Pahal Program (RSPP)	Primary Education	No	Madhya Pradesh	Sagar	5	37,18,489	3,54,214
19	Wash Scale Up Initiative Swachho - Nirapad Parivesh (Clean And Safe Environment)	Sanitation and Safe Drinking Water	No	West Bengal	Birbhum	3	50,35,201	21,18,763
20	To provide sustainable livelihood by way of providing construction Skill training and employment / self-employment for Rural Youth from Nandurbar, Maharashtra.	Skill Development and Entrepreneurship	No	Maharashtra	Nandurbar	3	12,31,369	3,05,429
21	Sahaj Path: Bridging Learning gaps of students in government primary schools of Dubrajpur block of Birbhum district, West Bengal	Primary Education	No	West Bengal	Birbhum	3	47,54,790	10,61,470
22	Promotion Of Swachh And Swasth Hindaun Block Of Karauli District In Rajasthan	Sanitation and Safe Drinking Water	No	Rajasthan	Karauli	3	54,86,296	4,09,297
23	"Ankuram" Foundational Learning Enhancement in Primary Grades [I-V] in Government Schools in Todabhim block of Karauli district Rajasthan	Primary Education	No	Rajasthan	Karauli	3	54,86,296	15,57,471

Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location		Project Duration (Years)	Amount allocated for the project (in Rs.)	Amount Spent in the current financial Year (in Rs.)
				State	District			
24	Atikranta-An initiative towards transformation	Primary Education & Sanitation & Safe Drinking Water	Yes	West Bengal	Kolkata	3	52,42,461	13,60,216
25	Strengthening Primary Health care services in Kiphire District in Nagaland by managing Mobile Medical Unit (MMU) & Government PHC	Health and Nutrition	No	Nagaland	Kiphire	3	31,69,860	3,96,788
26	Rice fortification for better nutrition outcomes in the State of Nagaland	Health and Nutrition	No	Nagaland	Nagaland	2	48,76,708	2,67,806
27	SWIFT Growth (Sustainable Water Institutions for Tangible Growth)	Environmental Sustainability	No	Tamil Nadu	Ramanathapuram	3	57,17,940	12,15,531
28	Sustainable springshed and agriculture development in Kiphire district in Nagaland	Environmental Sustainability	No	Nagaland	Kiphire	3	67,05,473	12,60,029
29	ShikshaDeep Prakaalpa-II: Creating sustainable community-led SLCs (Supplementary Learning Centres)	Primary Education	No	West Bengal	Birbhum	3	33,03,969	6,53,935
30	Integrated Solid and Liquid Waste Management	Sanitation and Safe Drinking Water	No	Rajasthan	Karauli	3	31,69,860	44,150
31	"Water, Agriculture and Food Security (WAFS) Project" in Bogalur and Mudukulathur Blocks of Ramanathapuram District	Environmental Sustainability	No	Tamil Nadu	Ramanathapuram	4	90,58,484	10,51,087
32	Empower Women and Girls - for improving Maternal, Child and Adolescent Health and Nutrition	Health and Nutrition	No	Rajasthan	Karauli	3	56,08,214	6,42,762
33	Nse Foundation Block Educational Transformation Karauli B E T Karauli Project Gyanodaya	Primary Education	No	Rajasthan	Karauli	3	54,86,296	6,21,917
34	The project interventions in Chennai will be titled "NSE Foundation Urban Learning Improvement Program"	Primary Education	Yes	Tamil Nadu	Chennai	3	30,23,559	4,25,164
35	An initiative to support healthy ageing in the rural communities	Elder Care	No	Rajasthan	Karauli	3	36,57,531	10,04,862
36	Suswasthya Strengthening health and nutrition services for women, children and adolescents in Khoyrasol Block of Birbhum and upscaling the best practices in other 18 blocks through capacity building and advocacy	Health and Nutrition	No	West Bengal	Birbhum	3	48,76,708	16,42,504
37	Creating And Enabling A Learning Environment For Academic Excellence	Primary Education	Yes	New Delhi	New Delhi	3	30,47,942	11,28,602
38	'Integrated Safe Drinking Water Project in partnership with Jal Jeevan Mission [JJM] in Nandurbar'	Sanitation and Safe Drinking Water	No	Maharashtra	Nandurbar	3	1,46,30,123	2,57,897
39	Technical support to 2 Aspirational Districts (Karauli, and Ramanathapuram) for effective implementation of Jal Jeevan Mission and Swachh Bharat Mission	Sanitation and Safe Drinking Water	No	Rajasthan	Karauli	3	91,43,827	13,75,484

The below programmes were in various stages of closure documentation and impact assessment

Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location		Project Duration (Years)	Amount allocated for the project (in Rs.)	Amount Spent in the current financial Year (in Rs.)
				State	District			
40	Shraddha – Towards Active And Healthy Ageing	Elder Care	No	Maharashtra, Telangana, West Bengal & Bihar	Yavatmal, Nalgonda, Purbi Midnapore & Supaul	5	67,17,665	7,84,679
41	Aalambana – Towards Active and Healthy Ageing	Elder Care	No	West Bengal, TamilNadu & Rajasthan	Birbhum, Ramanathapuram & Karauli	4	1,65,92,997	20,40,320
42	Making Mandrail Block of Karauli district as Open Defecation Free Sustainable Block through School, AWC and Community centered Sanitation & Safe Drinking Waterinterventions	Sanitation and Safe Drinking Water	No	Rajasthan	Karauli	3	31,21,093	14,20,805
43	Implementation of Karadi Path Magic English SLL programme for improving English proficiency of students from Zilla Panchayat Primary Schools in selected blocks in Nandurbar District, Maharashtra.	Primary Education	No	Maharashtra	Nandurbar	3	1,34,10,946	29,61,093
44	Project Shiksha Setu	Primary Education	No	Maharashtra	Nandurbar	3	59,61,775	20,42,039
45	Healthcare Access To Geriatric Population Through Technology	Elder Care	No	Tamil Nadu & Maharashtra	Ramanathapuram & Nandurbar	3	84,36,704	22,69,321
46	Drinking water kiosks with fluoride and desalinity remediation	Sanitation and Safe Drinking Water	No	Tamil Nadu & West Bengal	Ramanathapuram & Birbhum	2	57,54,515	11,91,283
47	Solid and Liquid Waste Management strategy and implementation for Nandurbar district in coordination with the district administration	Sanitation and Safe Drinking Water	No	Maharashtra	Nandurbar	2	36,57,531	3,72,511
48	Project 'Vidya'	Primary Education	No	Maharashtra	Nandurbar	3	42,67,119	5,04,987
49	JALDHARA: Integrated Water, Sanitation and Hygiene (WASH) interventions in Nandurbar, Maharashtra	Sanitation and Safe Drinking Water	No	Maharashtra	Nandurbar	3	52,54,652	2,55,241
50	Pilot Initiative on Comprehensive Elderly Care Programme in Nandurbar district by operationalising the National Programme for Health Care of Elderly (NPHCE) scheme of the Government.	Elder Care	No	Maharashtra	Nandurbar	2	13,41,095	2,09,735
51	Project Samarthyaa: Elderly Care programme(55 Years+) in Nandurbar district, Maharashtra	Elder Care	No	Maharashtra	Nandurbar	3	54,86,296	14,13,643
52	Bhu-Jal Dhaara (A Livelihood Improvement Project Through Integrated Watershed Development)	Environmental Sustainability	No	Rajasthan	Karauli	4	60,95,884	1,69,795

Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location		Project Duration (Years)	Amount allocated for the project (in Rs.)	Amount Spent in the current financial Year (in Rs.)
				State	District			
53	Improving language and numeracy skills of 8,139 children in primary and upper primary schools of Mandrail block in Karauli district of Rajasthan State	Primary Education	No	Rajasthan	Karauli	3	30,11,367	7,58,657
54	Sustainable Environment & Livelihoods through Soil & Water Conservation and Improving Soil Health.	Environmental Sustainability	No	Rajasthan	Karauli	3	71,56,568	14,00,497
55	Akshara: Learning Centers for Primary Children in Rameswaram	Primary Education	No	Tamil Nadu	Ramanathapuram	3	15,23,971	1,48,188
56	Samrakshana: Building Resilience among the Senior Citizens in Green Rameswaram	Elder Care	No	Tamil Nadu	Ramanathapuram	3	38,40,407	24,988
57	Improving Language and Numeracy skills in Primary schools of Sapotra Block in Karauli District of Rajasthan State.	Primary Education	No	Rajasthan	Karauli	3	35,19,398	1,49,056
58	ShikshaDeep Prkalpa	Primary Education	No	West Bengal	Birbhum	3	35,72,188	3,06,245
59	Promotion of Tiruppullani as Swachh and Swasth Block.	Sanitation and Safe Drinking Water	No	Tamil Nadu	Ramanathapuram	3	54,86,296	29,790
60	Girl child educate programme	Primary Education	No	West Bengal	Purulia and Bankura	5	67,66,432	2,98,361
61	Rebuilding Schools Affected by Nisarga Cyclone	Disaster Relief and Rehabilitation	No	Maharashtra	Ratnagiri	1	17,06,848	1,54,568
62	Assam Flood Response 2020 Restoration of WASH in Schools	Disaster Relief and Rehabilitation	No	Assam	Jorhat and Golaghat	1	24,38,354	5,03,204
63	Project Alokito Shoishab (Enlightened Childhood)	Primary Education	No	West Bengal	Birbhum	3	27,31,200	1,89,268
64	CDD Society (Consortium for DEWATS Dissemination Society)	Sanitation and Safe Drinking Water	No	Rajasthan	Karauli	1	3,04,794	1,56,949
65	Promoting WASH Compliant Ashramshala, Maharashtra	Sanitation and Safe Drinking Water	No	Maharashtra	Nashik	3	1,45,56,972	1,15,456
66	Swachh Vidyalaya, Swachh Aadat	Sanitation and Safe Drinking Water	No	Jharkhand	Dumka and Pakur	3	33,28,353	3,11,768
67	Creating Disaster Resilient and Child Friendly Model Schools in Odisha	Disaster Relief and Rehabilitation	No	Odisha	Puri	1	20,36,025	4,04,923
68	Nse Foundation Covid Response- Through Supply Of Medical Equipment To JJ Group Of Hospitals	Health and Nutrition	Yes	Maharashtra	Mumbai	1	48,76,708	59,317
69	Project EQUIP (Education Quality Improvement Project)	Primary Education	No	Tamil Nadu	Ramanathapuram	3	48,27,940	3,23,726
70	Sustainable Community ODF Program in Mandapam Block, Ramanathapuram District, Tamil Nadu.	Sanitation and Safe Drinking Water	No	Tamil Nadu	Ramanathapuram	3	38,64,791	99,430

Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location		Project Duration (Years)	Amount allocated for the project (in Rs.)	Amount Spent in the current financial Year (in Rs.)
				State	District			
71	Project Prajwala- Wash Compliant KGBVs (MP)	Sanitation and Safe Drinking Water	No	Madhya Pradesh	All Districts	3	77,92,639	1,21,618
72	NSE Foundation-Impact India Foundation's (IIF) Lifeline Express - Hospital on Train project.	Health and Nutrition	No	West Bengal	Birbhum	1	18,28,765	1,75,274
73	Building Water Security for Green Rameswaram	Sanitation and Safe Drinking Water	No	Tamil Nadu	Ramanathapuram	2	18,53,149	1,86,971
74	'Disha'- Sustainable livelihood by way of providing Skill training and employment / self-employment for Rural Elderly Men and Women from Birbhum, West Bengal.	Elder Care	No	West Bengal	Birbhum	2	37,55,065	1,76,264
75	"Jal Samarthyaa"- Technical assistance for implementing Village Water Safety and Security (VWSS) in selected villages from Mandrail and Sapotra blocks of Karauli district, Rajasthan and its mainstreaming in Jal Jeevan Mission.	Sanitation and Safe Drinking Water	No	Rajasthan	Karauli	2	51,20,543	3,71,478
76	Skill Mitra And Udyog Mitra Model For Livelihood In Two Blocks Of Ramanathapuram (Tamilnadu)	Skill Development and Entrepreneurship	No	Tamil Nadu	Ramanathapuram	3	51,20,543	1,80,987
77	National Initiative For Skill Training On Dementia And Mental Health For Caregivers Of Older Persons (Nist-Demcope)	Skill Development and Entrepreneurship	No	Tamil Nadu	Ramanathapuram	1	18,28,765	9,653
78	Project for ODF sustainability in Nandurbar	Sanitation and Safe Drinking Water	No	Maharashtra	Nandurbar	3	42,54,927	74,906
79	National Helpline for Senior Citizens (NHSC) with the Ministry of Social Justice and Empowerment (MoSJE), Government of Telangana, National Institute of Social Defence (NISD) and other State Governments.	Elder Care	No	17 states in phase-I	All Districts	1	25,96,847	2,552
80	Working towards making Sapotra Block of Karauli district Open Defecation Free through Community and School based Sanitation & Safe Drinking Water interventions.	Sanitation and Safe Drinking Water	No	Rajasthan	Karauli	3	38,03,832	41,257
81	Public Health Recovery and Restoration (including Drinking Water and Sanitation) in Disaster (Flood) Affected Districts of Maharashtra (Technical collaboration with UNICEF)	Disaster Relief and Rehabilitation	No	Maharashtra	Kolhapur & Sangli	1	20,48,217	2,831
82	Everyone Forever - Water Services and Systems Strengthening: Rajnagar and Khoyrasol Blocks of Birbhum District in West Bengal	Sanitation and Safe Drinking Water	No	West Bengal	Birbhum	3	64,61,637	11,019
Total								6,14,22,875

NSE Foundation was incorporated as a company under Section 8 of the Companies Act, 2013 on 5th March 2018, to initiate, supervise and co-ordinate activities to implement the Corporate Social Responsibility policy of NSE and its Group Companies as mandated under the Companies Act, 2013. Upon incorporation of NSE Foundation, the NSE Group companies transferred the unspent CSR obligations upto March 31, 2018 to NSE Foundation. The amount spent above includes part of this unspent amount that was transferred to NSE Foundation.

(C) Details of CSR amount spent against other than ongoing projects for the financial year:

(d) Amount spent in Administrative Overheads: Rs.29,39,278/-

(e) Amount spent on Impact Assessment, if applicable: Rs.16,82,748/-

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs.6,60,44,901/-

(g) Excess amount for set off, if any – Not applicable

6. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer	
1	Nil	Nil	Nil	N.A.	Nil	N.A.	Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil

7. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): Nil

(a) Date of creation or acquisition of the capital asset(s). Nil

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. Nil

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). Nil

8. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

In the year under report, Rs. 7,83,80,736/- being the amount required to be spent to implement the Corporate Social Responsibility Policy of the Company, Rs.2,88,58,000/- has been spent on various ongoing CSR projects. The CSR Committee and Board has approved a project for building a Cancer OPD and multispecialty hospital block with Advanced Centre for the Treatment, Research and Education in Cancer, Navi Mumbai as an ongoing project over a period of 3 financial years. Accordingly, the balance amount of Rs.1,95,95,184/- has been transferred to unspent CSR account as per the provisions of Sec 135(6) of the Companies Act, 2013.

Mr. Vikram Kothari Managing Director	Bhagyam Ramani Chairperson of CSR Committee
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Annexure-1: Summary of Impact Assessments undertaken in FY 2022-23

Primary Education

1. Alokito Shoishab (Enlightened Childhood) - Ensuring academic competency and life skills among children in government primary schools of Rajnagar block in Birbhum district, West Bengal

This programme was designed to work towards enhancing student learning outcomes of 118 government schools in Rajnagar Block. The aim of the project was to bring students (6-10 years) to their age-appropriate competency levels primarily in English, Bengali and Mathematics. Education centres were set up in the schools with trained para-teachers (Shikshan Mitras) who were recruited from the local community.

The key findings of the third-party impact assessment are given below:

- 70% of students achieved grade level proficiency in Bengali and Mathematics and 55 percent of the students assessed demonstrated grade level proficiency in English. This was a notable improvement over the baseline evaluation undertaken by the implementation partner that revealed that all of the children assessed were below their age-appropriate grade levels prior to participating in the programme.
- 82% of the students surveyed reported increased parental assistance in practicing Bengali reading aloud at home. As a result of attending sessions at the education centres, parents expressed satisfaction with their children's academic progress, and discussions with parents, community members, and other stakeholders revealed a noticeable improvement in parental involvement in their child's education.
- Shikshan Mitras interacted with parents once a week to talk about their children's progress in school and any other issues that might be present. The education centres and the learning focused environment supported the children such that their academic performance had improved due to the attention and the routine that was prevalent at the centres.
- Students from 25 of the sample 37 schools recalled topics discussed in the sessions such as good touch, bad touch, moral value stories, and other topics. One of the unique teaching aids that the Shikshan Mitras implemented, was in the creation of different hand-made teaching-learning tools that enhanced student learning abilities.
- 81.8% of the students surveyed had been attending Alokito Shoishab classes for more than a year, and 100% student stated that they enjoy attending sessions and the activities and teaching-learning materials utilized in the class.

2. "Prajwala" (education) - Strengthening the KGBVs of the state of Rajasthan to ensure quality education for all

This education programme under the integrated education and WaSH programme named "Prajwala", had undertaken interventions to improve girls' education through community-led solutions in Kasturba Gandhi Balika Vidyalayas (KGBVs). The KGBV scheme focuses

on providing girls from socially disadvantaged backgrounds with accessibility to residential schools. These were set up in Economically Backward Blocks (EBBs) of India where the rural female literacy was below the national average and gender gap in literacy more than the national average. This unique State-wide programme aimed at improving the quality education in both literacy and numeracy for girl students studying in 200 KGBVs of Rajasthan.

The key findings of the third-party impact assessment are given below:

- The eight districts with the over 95% passing rates are Ajmer, Alwar, Bundi, Dausa, Jaipur, Jhunjhunu, Nagaur, and Tonk
- With less than 40% of respondents passing the test, Banswara, Hanumangarh, Pratapgarh, Rajsamand, and S. Ganganagar were the five districts with the lowest performance.
- 376 students were assessed from the sixth grade and they received an average score of 49% in Hindi, 46% in Numeracy and 38% in English.
- Among the 2,046 responders in the seventh grade, an average of 52% scored well in Hindi, 49% in math, and 41% in English.
- An average of 54% in Hindi, 52% in numeracy, and 44% in English were scored among the 2,711 respondents from eighth grade.

3. “Prajwala” (education) - Strengthening the KGBVs of the state of Madhya Pradesh to ensure quality education for all

This programme was implemented in 207 Kasturba Gandhi Balika Vidyalayas (KGBVs)- Residential schools for girl students of Madhya Pradesh, to improve the quality of education (literacy and numeracy) for girl students in 52 districts of Madhya Pradesh.

The key findings of the third-party impact assessment are given below:

- The average respondents' score in Hindi, English, and Math, were 54%, 42%, and 47%, respectively.
- With a 100% passing percentage, Hoshangabad, Rajgarh, Ratlam, Seoni, and Ujjain are the top 5 performing districts.
- Amongst the 997 respondents in class 6th, 49% in Hindi was the average score, 46% in Numeracy and 38% in English.
- The average score among the 2,046 responders belonging to seventh grade was 52% for Hindi, 49% for Numeracy, and 41% for English
- The average score among the 2,711 responders belonging to eighth grade was 54% for Hindi, 52% for Numeracy, and 44% for English.

Safe Drinking Water and Sanitation

4. Swaccho Nirapad Parivesh (Clean and Safe Environment), Rajnagar Block, Birbhum, West Bengal

This WaSH programme implemented in the Rajnagar Block, Birbhum District, West Bengal aimed to retrofit WaSH infrastructure in 98 schools, 80 Anganwadi centres (AWCs) and 3 primary health centres (PHCs). The retrofitting work also laid special emphasis on creating menstrual health-friendly infrastructure at schools. Along with retrofitting, capacity-building and awareness-generation activities were also undertaken among the representatives of gram panchayats, students, teachers, members of the school development committees, workers at the AWCs and the communities.

The key findings of the third-party impact assessment are given below:

- 83% of the adolescent girl students confirmed that they did not have to be absent from their schools during their menstrual periods, following healthy menstrual health practices and gender-sensitive infrastructure at schools delivered by the programme.
- 97% of the community members agreed that there was a drastic reduction in the incidences of open defecation in the locality.
- The students displayed a positive behavioural change by adopting handwashing practices taught to them under the programme. The Child Cabinets at the schools played a significant role in driving this change in the students, as they monitored the cleanliness of the hands of the students regularly.
- The interventions of the programme were appreciated by the representatives of the gram panchayats. The Village Water and Sanitation Committee (VWSC) members also mentioned that the programme helped them to re-assess and understand their roles along with equipping them to discharge their duties more effectively.
- Co-financing worth INR 10,01,529 was mobilised from 100% of sites wherever the hardware infrastructure was constructed. It attributed to nearly 9% of the total project cost.

5. Everyone Forever - Water Services and Systems Strengthening, Rajnagar and Khoyrasol Blocks, Birbhum, West Bengal

This programme was implemented in 15 gram panchayats of the Rajnagar and Khoyrasol Blocks of Birbhum, West Bengal. Water points were installed under this programme in 98 schools, 80 AWCs and 89 villages to facilitate the access of safe drinking water to 31,180 beneficiaries. 7 mini piped water systems were also installed under the programme as a model in 7 villages spread across the two blocks, facilitating water supply to the households of the beneficiaries. Moreover, platforms and soak pits were constructed in existing water points for efficient wastewater management. Low-cost filters were also installed as a test case in several water points in the villages, schools, AWCs and health centres.

Jalabandhus, an army of water mechanics, were developed as part of the O&M system. The Jalabandhus were trained in plumbing, hand pump repair and water quality testing to ensure sustainability in O&M activities. Further, members of the Village Water Sanitation Committee (VWSC) were capacitated to effectively formulate Village Water Safety and Sanitation Plans (VWSSPs) in all Gram Panchayats, which eventually formed the basis of the Gram Panchayat Development Plan (GPDP). Advocacy with the local representatives of the government also was an integral part of the programme.

The key findings of the third-party impact assessment are given below:

- 98% of the 1,506 community members interviewed confirmed that their access to safe drinking water had improved because of the new water points installed through the programme.
- 92% of the teachers found the water quality as “good”. 96% of students reported falling sick less often of waterborne diseases after the intervention.
- 100% of the teachers rated the efficacy of the child cabinets and the Water and Sanitation Committees from ‘good’ to ‘excellent’.
- 87% of the teachers observed that the communities were playing a positive role in maintaining school cleanliness.
- 73% of AWC workers agreed that the intervention completely solved their problem of access to water points.
- 81% of the community members confirmed that the mini piped water system model improved their access to drinking water substantially. 63% of the community members mentioned that the water quality had improved because of the intervention.
- 100% of Jalabandhus received training and were active. 93% of Jalabandhus reported 25% increase in monthly income because of the programme.
- 76% of the community members confirmed they received training on various aspects of WaSH. 78% knew about waterborne diseases. 75% of AWC representatives observed a positive impact in the community– mostly regarding change in their WaSH behaviour.
- 64% of Gram Panchayat representatives rated community awareness as ‘very good’ to ‘excellent’. The remaining 36% Gram Panchayat representatives rated community awareness as ‘good’.
- The project ensured co-financing from all institutions where WaSH renovation work was carried out. Co-financing worth INR 76,21,551 has been mobilised from Gram Panchayat and Block administration and INR 10,07,606 from community and schools for all the sites where hardware infrastructure has been constructed.

6. Swaccho Nirapad Parivesh (Clean and Safe Environment), Khoyrasol Block, Birbhum, West Bengal

This WaSH project was undertaken in 10 Gram panchayats of Khoyrasol Block of Birbhum, West Bengal. Under the programme, sanitation infrastructure at schools and the AWCs were augmented to ensure running water and improved sanitation. Rainwater recharge shafts and soak pits were constructed as model cases with a view to facilitating groundwater recharge and efficient management of wastewater. As part of software components, formation and strengthening of child cabinets and school development committees was undertaken in schools. The members of the Village Water and Sanitation Committees were capacitated to discharge their duties effectively and support O&M of the programme.

The key findings of the third-party impact assessment are given below:

- 96% of the students confirmed that they had handwashing facilities and running water was available inside their school toilets and 99% of the interviewed students confirmed knowledge on how and when to wash their hands.
- 90% of the mothers said the water supply was adequate in the AWCs.
- 100% of the teachers from the primary schools confirmed that their respective schools had functional School Development Committees (SDCs). 87% of the teachers confirmed that the SDCs met at least once a month to discuss issues concerning school development. 98% of the teachers observed that the SDCs were very actively driving the agenda of cleanliness and developmental issues for the benefit of the schools.
- 100% of the Gram Panchayat representatives confirmed that the incidences of waterborne diseases came down in their respective areas because of the intervention.
- 67% of the community members believed that they had a role to play in keeping their surroundings clean after attending the triggering events.
- 75% of the teachers thought that the cleanliness of the toilets at their schools had improved.
- 100% of students confirmed that they had child cabinets in their schools. 87% of teachers rated the effectiveness of child cabinets 'good' or 'very good'. 89% of teachers felt that the Child Cabinets always performed their duties.
- 95% of teachers observed a positive behavioural change in WaSH practices in their students as a result of the programme.
- The Gram Panchayats and the schools co-financed the programme.

7. “Prajwala”- Promoting WaSH Compliant in Kasturba Gandhi Balika Vidyalayas, Madhya Pradesh

The project aimed at making 207 Kasturba Gandhi Balika Vidyalayas (KGBVs) in Madhya Pradesh ‘WaSH compliant’. This project included two key components, hardware (infrastructural repairs and renovations) and software (awareness sessions).

KGBV scheme was launched in 2004 by the Ministry of Education, Government of India. The scheme focuses on providing girls from socially disadvantaged backgrounds with accessibility to residential schools. These were set up in Economically Backward Blocks (EBBs) of India where the rural female literacy level was below the national average and gender gap in literacy was more than the national average.

The key findings of the third-party impact assessment are given below:

- 75% of students rated the quality of toilets as either ‘Excellent’ or ‘Good’. Students mentioned that before the intervention, doors used to be broken or the locks were not functional. Post the repair work, students have access to safe structures with locks and doors.
- 79% of the students rated handwashing units as either ‘Excellent’ or ‘Good’. During interactions, they highlighted that availability of multiple units allowed 7-8 students to wash hands simultaneously.
- 61% of the students rated dish washing stations as ‘Excellent’, and 56% of the students rated cloth washing stations as ‘Excellent’. During interactions with the staff members, it was noted that separate spaces helped KGBVs maintain cleanliness.
- 76% students agreed that WaSH and MHM awareness sessions were conducted. During the interactions, students highlighted that they regularly discuss issues related to menstruation with their peers and senior students.
- The study also used a Knowledge Attitude and Practices study to understand students’ perspective and behaviour on WaSH. 5,754 students were found to have a clear knowledge and understanding on “What / Why and How” of maintaining good hygiene. In terms of attitude and behaviour, students practiced safe sanitation and focused on spreading awareness among their family and friends.

8. “Prajwala”- Swachh Balika, Swachh Vidyalaya- Validating Scalable Models for WaSH in Kasturba Gandhi Balika Vidyalayas, Rajasthan

With the aim of making 200 Kasturba Gandhi Balika Vidyalayas (KGBVs) in Rajasthan ‘WaSH compliant’, this project focused on functional toilets/urinals, strengthened safe drinking water access, clean surroundings and basic information and adaptation of critical hygiene practices including MHM and strengthening institutional practices to ensure operations and maintenance. The project aimed at making 200 KGBVs, water, sanitation, and hygiene (WaSH) compliant and reached out to approximately 20,146 girl students.

The key findings of the third-party impact assessment are given below:

- 75% of students rated handwashing units as either 'Excellent' or 'Good' respectively. This indicated overall satisfaction with the quality of handwashing units.
- 59% and 55% of students rated dish washing and cloth washing stations as 'Excellent' respectively. During the interactions it was noted that students and staff both had a clear understanding of the importance of keeping surroundings clean. The area near the dish and cloth washing units was hygienic and well maintained.
- 64% and 65% of students agreed that WaSH and MHM awareness sessions respectively were conducted. During interactions, it was noted that 4,028 students understood the key steps in handwashing. Also, they mentioned the use of soap to wash their hands before and after meals.
- Knowledge, Attitude, and Practice study was used to understand the as-is situation of WaSH among students. During interactions, 100% of students were able to explain their perspective on maintaining good health. They also discussed the importance of cleanliness and hygiene with their families and peers.

9. Ensuring Sustainable Drinking Water Safety and Security in the identified Schools and Habitations in The Nandurbar and Navapur Blocks of The Nandurbar District

This project was undertaken to address the need for access to safe drinking water in all seasons across 20 habitations (Nandurbar and Navapur blocks, Nandurbar district) through solar mini piped water supply scheme. This also included innovative methods for storage by community engagement in planning and implementation. Additionally, the project ensured water supply in Schools and Anganwadis. This project was a demonstration of the Swajal scheme of the Govt. of India.

The key findings of the third-party impact assessment are given below:

- Before project intervention, 87.5% of the community members used hand pumps as the primary source of water. Post interventions 99.7% of the households, stand posts provided by NSE Foundation have become the main source of water.
- Post the project intervention, 92.3% of the beneficiaries have provision of water within 100m from their homes in comparison to the 35% of beneficiaries before project interventions.
- It was also recorded that prior to the programme, only 17.3% of households could fulfil their water requirements within 30 minutes. Post the programme, 91.7% of households need less than 30 minutes to fetch water.
- The project infrastructure includes innovative system components such as non-electric online chlorinators for water purification and metallic bolted tanks for water storage.

- 20 Village Water Sanitation Sub-committees (VWSSCs) were set up in each habitation and are responsible for the operations and maintenance (O&M) of the water supply schemes.

10. Technical Assistance for implementing Community led village water safety & security (VWSS) in villages from Karauli District, Rajasthan, and its mainstreaming in Jal Jeevan Mission

This project was a demonstration in alignment with the Jal Jeevan Mission (JJM) through community engagement in planning and implementation to address the need for access to safe drinking water in all seasons in 20 habitations of Karauli (Sapotra & Mandrail Blocks). The objectives of the project were to facilitate the implementation of a community-led Village Water Safety and Security (VWSS) plan and drinking water supply scheme in partnership with local government agencies and Public Health and engineering Department (PHED) to ensure the sustained availability of safe and secured water supply in the selected villages. This project also strengthened the capacity of local government agencies and PHED to integrate a community-led approach in JJM and other government water supply schemes to ensure sustainable service delivery. In addition to the above, this project also demonstrated innovative practices and technologies for water disinfection, optimizing water demand for agriculture and other competing uses.

The key findings of the third-party impact assessment are given below:

- Majority of the villagers (89.8%) were dependent on different sources like borewells, private wells, ponds & rivers for getting drinking water before project intervention.
- The villagers had to spend a minimum of 30 minutes up to more than 2 hours every day to fetch water, based on the distance of the available water sources.
- Earlier, the villagers had to travel an average distance of 730.12 mts during the non-scarcity period and 1103.49 mts during the scarcity period to fetch water. Post the programme, villagers have to travel an average distance of 184.18 mts during the non-scarcity and 390.28 mts during the scarcity period to fetch water.
- 93% of beneficiaries stated they were satisfied with the availability of water supply, with 4.8% stating that they were highly satisfied.
- 68.2% of the beneficiaries stated that they have started using boiled water for drinking.
- Most of the respondents (72.6%) reported that water availability has increased post-intervention.

11. Promoting Sustainability of WaSH facilities and Child Centered Governance in the Schools of Rameswaram Island

This school WaSH programme was initiated to enhance the access to clean and safe drinking water, toilets, and other WaSH facilities to ensure a disease-free environment in government schools in the Rameswaram island of Tamil Nadu.

The programme had components for hardware and software activities. As part of hardware interventions, this project included piloting, repairing and retrofitting of WaSH infrastructure. In software interventions, the programme focused on changing behaviors of students as well as generating awareness among the community at large towards adoption of recommended WaSH practices. Additionally, the capacities of the school staff were developed to enable them to sustain operations and maintenance of the infrastructure.

The key findings of the third-party impact assessment were:

- The infrastructural assessment highlighted that 100% of the piloted toilets, rainwater harvesting units, and retrofitted and repaired handwashing stations were fully functional and well-constructed or installed as per the parameters assessed.
- It was also recorded that 87.5% of drinking water stations and 71.4% of piloted hand washing stations were fully functional.
- All surveyed students reported using the school toilets during school hours and 81% of male students admitted to having changed their habits from open urination to usage of toilets at school.
- More than 85% of the students surveyed recollected the content of awareness sessions conducted by the programme team.
- The interventions for behaviour change resulted in 100% of the students surveyed being aware of the importance of drinking safe water and regular hand washing. 72.1% of students surveyed stated that they encouraged their parents to purify water and only drank boiled or filtered water at home. 80.4% of parents and 100% of the teachers and school principals surveyed corroborated the enhancement in children's WaSH-related behaviour and attitudes.
- 100% of the students surveyed reported using the toilets at school. This has suggested a notable shift from the baseline stage at which 77.1% of students reported using the toilets at school in a day.
- Teachers from 76.9% of the surveyed schools, reported having access to separate toilets for students and staff of different genders.
- 100% of the teachers surveyed noted that their school displays WaSH related posters and materials for promoting hygiene education. 90% of the schools have wall paintings displayed as well.

12. Building Water Security for Green Rameswaram

The water security programme was initiated to enhance access to safe drinking water and water among other uses, to build water security among the communities in Rameswaram island, Tamil Nadu. The programme reached 2,174 households with provision of community water drinking plants and 1,508 beneficiaries through the rainwater harvesting systems.

The programme adopted two approaches to fulfil its objective - with components clubbed under either 'hardware' or 'software' activities, this project constructed infrastructure and installed equipment such as community RO plants. Additionally, the programme focused on generating awareness among community members on sustainable use of water and sanitation and hygiene practices as well as driving behaviour change towards the adoption of recommended practices.

The key findings of the third-party impact assessment are given below:

- 100% of the RO plant users interviewed relied fully on the water from the RO plant to meet their drinking needs. 83.3% of the user respondents reported having access to sufficient water throughout the year from the RO plant, even during the summers.
- 75.3% of respondents distinctly linked the reduction in stomach infections and diarrhea to improved access to safe drinking water.
- Community members saved 50% of the money planned on purchasing water from private vendors as a result of having access to cleaner and safer water through RO plants. Similarly, annual savings from kitchen gardens, biogas plants, vermicompost pits, and rainwater harvesting facilities ranged between 29,000 and 33,000 rupees.
- 70% of the respondents reported that they were able to use the harvested rainwater all-round the year. All users surveyed reported using rainwater for drinking and cooking purposes.
- According to the vermicomposting pit users interviewed, the average amount of compost generated was around 40 kgs per month. This had enabled all respondents to partially or fully reduce their dependence on purchasing chemical fertilizers from the market.
- 61.1% of the soak pit users surveyed rejuvenated 3-6 buckets of water through the pit on average on a daily basis.
- 80% of the respondents noticed a reduction in the level of water stagnation in and around their homes and 72% reported a reduction in the incidence of vector-borne diseases since the installation of the pit.
- From the kitchen garden owners, 65% of them sold the excess fruits and vegetables grown in their garden in the market as well. All respondents reported collecting grey water from their homes specially to utilise in the kitchen garden.

Elder Care

13.Disha- Sustainable livelihood by way of providing skill training and employment / self-employment for rural elderly men and women from Birbhum, West Bengal

This project aimed at training the rural elderly in two specific occupations: beekeeping (apiculture) and the production of neem oil and neem cake. These two activities do not involve extensive physical labour thus were chosen by the senior citizens as options for income generation activities for economic independence. These activities were intended to help build the elders' financial security, self-esteem, and a social circle – all of which were identified as crucial components to lead a dignified life. The project was implemented for men and women over the age of 55 in 7 gram panchayats across 2 blocks (Rajnagar and Khoyrasol) in Birbhum district, West Bengal.

The key findings of the third-party impact assessment are given below:

- 100% of the group leaders have stated that they were confident in their capacity to sell honey and manage hives with more independence.

- 100% of respondents who extract neem oil and neem cake from seeds reported co-owning machines with other self-help group members and earning an average of Rs. 5,000 per month from the sale of neem oil and neem cakes.
- The project designed a sustainability plan with the aim of identifying a group of beneficiaries in the form of group leaders who would engage in activities with other beneficiaries to manage, maintain, and migrate the hives independently with a phased reduction of dependence on the programme team.
- 100% of the respondents surveyed reported being training on readiness skills from the programme team, where beneficiaries displayed a high level of familiarity with jointly managing and maintaining the beehives. 100% of the group leaders have stated that they were confident in their capacity to sell honey and manage hives with more independence.

Disaster Relief and Rehabilitation

14. Disaster Relief Project in Tamil Nadu- Gaja Cyclone

This project was implemented to address the devastating impact of Gaja Cyclone in Tamil Nadu. The programme reached 10,762 students to provide post disaster relief across 30 schools in Nagapattinam and Thanjavur impacted by the cyclone in close coordination with the Government. The programme focused on hardware activities such as WaSH based infrastructural repairs and renovation. It also included software activities such as awareness sessions on health and hygiene.

The key findings of the impact assessment are given below:

- It was noted that 100% of the 30 schools had functional boys/staff/girls' toilets.
- 86% of the infrastructure was in usable condition for the benefit of the students and school staff while 8% of the infrastructure required minor repairs.
- Construction of 27 incinerators in girls' toilets coupled with awareness sessions led to behaviour change among girl students. It was observed that 100% of girls disposed of their used sanitary pads in the incinerators and were burnt every two-three day to ensure proper waste disposal.
- Development of WaSH IEC material was a medium to disseminate information to the students. It consisted of colorful and informative wall paintings in local languages, which also served as a learning tool for the students.
- Awareness sessions helped students understand the importance of personal hygiene, menstrual health, and waste management. Students became aware of the need for hygiene to avoid diseases.

ANNEXURE 6 TO DIRECTORS' REPORT

Report on Corporate Governance

I. BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is the application of best management practices, compliance of law and commitment to values and ethical business conduct to achieve the Company's objective of enhancing shareholder value and effective discharge of its social responsibility.

NSE Clearing Limited ("NCL" or "the Company" or "Clearing Corporation") is a company incorporated under the Companies Act, 1956. NCL is also a recognised Clearing Corporation under Securities Contracts (Regulation) Act, 1956 read with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 [SCR (SECC) Regulations, 2018]. NCL is required to comply with Securities Contracts (Regulation) Act, 1956, the Rules and Regulations laid down thereunder and the directives and circulars issued by the Securities and Exchange Board of India (SEBI) from time to time for the purpose of its governance.

As per Regulation 33 of the SCR (SECC) Regulations, 2018, the disclosure requirements and corporate governance norms as specified for listed companies are mutatis mutandis applicable to a recognised clearing corporation. NCL has focused on good governance practices and endeavors to improve the same in the corporate landscape. NCL has rigorously stood by the core principles of corporate governance and considers integrity, transparency, fairness, accountability and adherence to the law as the pillars of its business practices. For the information of its stakeholders, NCL is furnishing the Report on Corporate Governance for the financial year ended March 31, 2023.

II. BOARD OF DIRECTORS

A. Composition of the Board and Category of Directors

As on March 31, 2023, the Board consists of 6 (six) Directors of which two are Shareholder Director (including Managing Director) and 4 (four) are Public Interest Directors.

The Board of Directors in the Nomination & Remuneration Policy underscored the need for board diversity by stating that the Board shall have an appropriate combination of executive and non-executive directors and their appointments shall be based on meritocracy in the context of skills, diverse experience, independence and knowledge, which the Board as a whole requires to be effective, keeping in mind SEBI prescribed norms such as qualification (in the area of law, finance, accounting, economics, management, administration or any other area relevant to the financial markets), at

least one person having experience and background in finance /accounts who may preferably be inducted in the audit committee, persons currently holding positions of trust and responsibility in reputed organizations or person who have retired from such positions.

Accordingly, the Directors are chosen from among eminent persons or experts in the field of law, finance, accounting, taxation, information technology, economics, commerce, management, etc. None of the Directors of the Company hold any shares in the Company and are not inter-se related to each other.

The Chairman of the Board a Non-Executive Director. With the approval of SEBI, the Company had appointed Mr. Harun R Khan, Public Interest Director, as Chairman of the Board of Directors of the Company. Upon completion of term, Mr. Harun R Khan, ceased to be Public Interest Director and Chairman of the Company w.e.f. September 07, 2022. Consequently, as recommended by the Board, SEBI vide its letter dated October 21, 2022, approved the appointment of Mrs. Bhagyam Ramani as Interim Chairperson of the Company.

The composition of the Board is in conformity with SCR (SECC) Regulations, 2018 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition of the Board as on March 31, 2023, was as follows: -

Name of Director	Category of Directorship
Mrs. Bhagyam Ramani	Interim Chairperson & Public Interest Director (Non-Executive Independent Director)
Mr. G S Hegde	Public Interest Director (Non-Executive Independent Director)
Mr. Jayant Haritsa	Public Interest Director (Non-Executive Independent Director)
Dr. Golaka Nath	Public Interest Director (Non-Executive Independent Director)
Mr. Yatrik Vin	Shareholder Director (Non-Executive Director)
Mr. Vikram Kothari	Managing Director (Executive Director)

❖ **Changes during the year:**

1. Due to expiry of their term, Mr. Salim Gangadharan, Mr. C.VR. Rajendran and Mr. Navin Kumar Maini held office of Public Interest Director (PID) on the Governing Board of NSE Clearing Limited till June 16, 2022.
2. SEBI approved the appointment of Mr. Ananth Narayan, Mr. Jayant Haritsa and Mr. G S Hegde as PID on the Governing Board of the Company with effect from June 17, 2022.

3. Upon completion of term, Mr. Harun R Khan, ceased to be Public Interest Director and Chairman of the Company w.e.f. September 07, 2022. Mr. Ananth Narayan tendered his resignation as PID on the Board of the Company consequent to his appointment as a Whole-Time Member (WTM) of SEBI. The Governing Board accepted the same with effect from closure of business hours of September 27, 2022.

The Board acknowledged and placed on record its appreciation for the immensely valuable suggestions and insights provided by them during the deliberations at the meetings of Board / Committees.

4. Mr. Yatrik Vin, Shareholder Director, retired from the directorship of the Company at the 27th Annual General Meeting of the Company held on July 05, 2022, and being eligible was re-appointed pursuant to SEBI letter dated September 07, 2022, received on September 09, 2022.
5. Post the financial year under review, SEBI approved the appointment of Mrs. Priti Savla and Mr. Abhaya Hota as Public Interest Director on the Governing Board of NSE Clearing Limited (NCL) for a period of three years with effect from April 05, 2023 and April 06, 2023, respectively.

❖ NSE Clearing Board

The Board of Directors of NCL comprises of qualified members who bring in the required skills, expertise and competence that allows them to make an effective contribution to the deliberations at the meetings of the Board and its Committees. The Board members are committed to ensuring that the NCL Board is in compliance with the highest standards of corporate governance.

The skills / expertise / competencies / positive attributes, etc. that are identified for appointment of a candidate as Director to function effectively, in the context of the business and sector of the Company are:

- **Qualifications** - law, finance, accounting, economics, management, administration, or any other area relevant to the financial markets.
- **Experience** - capital and financial Market, financial and Management skill, management of the finance function of an enterprise, accounting, economics, financial reporting process, financial securities, commodity market, derivatives market, futures market, equity market, debt market, index, SME Market, etc.
- **Knowledge** - understanding and knowledge of the entity and applicable regulatory norms, constructive and analytical decision-making abilities, understanding of the

risk attached with the business structure, understanding of the role, responsibilities, and obligations, etc.

- **Technology** - Technical/Professional skills in relation of Company's business, analysing technological trends, innovation, creative ideas for business, research, and innovation, digitisation and allied knowledge in the field of science and technology
- **Leadership** - demonstrable leadership skills, leadership experience with regard to managing a company including practical understanding, risk management, processes, strategic planning, guiding and leading management teams to make decisions, facilitation skills, strong interpersonal and communications.
- **Governance** - corporate governance, compliance, transparency, board governance, accountability to stakeholders, corporate ethics, and values, strengthening regulatory functions, protecting shareholder interests, law and other areas relevant to business/sector and industry in which company operates.

Skills	Mrs. Bhagyam Ramani	Mr. G S Hegde	Mr. Jayant Haritsa	Dr. Golaka Nath	Mr. Yatrik Vin	Mr. Vikram Kothari
Qualifications	√	√	√	√	√	√
Experience	√	√	√	√	√	√
Knowledge	√	√	√	√	√	√
Technology	√	√	√	√	√	√
Leadership	√	√	√	√	√	√
Governance	√	√	√	√	√	√

❖ Board Diversity

The NSE Clearing Board is a balanced Board, comprising Executive and Non-Executive Directors. The Non-Executive Directors includes independent professionals. The Board Diversity Policy of the Company requires the Board to have balance of skills, experience and diversity of perspectives appropriate to the Company.

NCL has over the years been fortunate to have eminent persons from diverse fields to serve as Directors on its Board. Pursuant to the SEBI Listing Regulations, NCL has ensured the diversity of the Board in terms of experience, knowledge, perspective, background, gender, age, and culture.

❖ **D&O Insurance**

In line with the requirements of Regulation 25(10) of the SEBI Listing Regulations, NSE group has taken Directors and Officers Insurance (D&O) which is applicable to NCL for all its Directors and Members of the Senior Management for such quantum and for such risks as determined by the Board.

❖ **Chairperson of the Board**

The Governing Board of NCL, vide a Circular Resolution dated September 06, 2019 elected Mr. Harun R. Khan, Public Interest Director as the Chairman of the Governing Board of NCL to hold office as Chairman of the Governing Board for a period effective from the date of approval from SEBI till the expiry of his term as Public Interest Director on the Governing Board of NCL. Further, SEBI vide its letter dated September 17, 2019, approved the appointment of Mr. Harun R. Khan as the Chairman of the Governing Board of NCL.

Upon completion of the term, Mr. Harun Khan ceased to be Public Interest Director and Chairman of NCL w.e.f. September 07, 2022.

Consequently, the Board at its meeting held on September 27, 2022, elected Mrs. Bhagyam Ramani as the Interim Chairperson subject to approval of SEBI. SEBI vide its letter dated October 21, 2022, approved the same.

The role and responsibilities of the Chairperson are as under:

1. All meetings of the Board shall be presided over by the Chairperson, if present, but if at any meetings of Directors, the Chairperson is not present at the time appointed for holding the same, then in that case the Directors shall choose one of the Public Interest Directors present to preside at the meeting.
2. The Chairperson may, unless dissented to or objected by the majority of Directors present at a Meeting at which a Quorum is present, adjourn the Meeting for any reason, at any stage of the Meeting.
3. It would be the duty of the Chairperson to check, with the assistance of the Company Secretary, that the Meeting is duly convened and constituted in accordance with the Act or any other applicable guidelines, Rules and Regulations before proceeding to transact business.
4. The Chairperson shall ensure that the proceedings of the Meeting are correctly recorded.
5. The Chairperson has absolute discretion to exclude from the Minutes, matters which in his opinion are or could reasonably be regarded as defamatory of any person, irrelevant or immaterial to the proceedings or which are detrimental to the interests of the company.

6. The Chairperson shall not interfere in the day-to-day functioning of the Company and shall limit his role to decision making on policy issues and to issues as the Governing Board may decide.
7. The Chairperson shall abstain from influencing the employees of the Company in conducting their day-to-day activities.
8. The Chairperson shall not be directly involved in the function of appointment and promotion of employees unless specifically so decided by the Governing Board.
9. In case any Director requires his views or opinion on a particular item to be recorded verbatim in the Minutes, the decision of the Chairperson whether or not to do so shall be final.
10. Minutes of the Meeting of the Board shall be signed and dated by the Chairperson of the Meeting or by the Chairperson of the next Meeting.
11. The Chairperson shall initial each page of the Minutes, sign the last page and append to such signature the date on which and the place where he has signed the Minutes.

❖ **Managing Director**

The Managing Director (MD) is at the helm of operations and responsible for the Company's day-to-day operations. MD functions according to the guidance and direction provided by the Board and provides strategic directions, lays down policy guidelines and ensures the implementation of the decisions of the Board and its various Committees.

❖ **Responsibilities of the Board**

The Board shall exercise superintendence, control and direction of the Company's affairs towards long-term value creation for all stakeholders. The Board along with its committees provide supervision and direction for the conduct of affairs of the Company.

The responsibilities of the Board include the following:

1. Members of Board of Directors and Key Managerial Personnel shall disclose to the Board of Directors whether they directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the entity.
2. The Board of Directors and Senior Management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.
3. Directors shall who is in any way, whether directly or indirectly, concerned or

interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into –

- a. with a body corporate in which such director or such director in association with any other director, holds more than two per cent. shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or
 - b. with a firm or other entity in which, such director is a partner, owner or member, as the case may be, shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting.
4. Key functions of the Board of Directors: -
- a. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.
 - b. Monitoring the effectiveness of the Company's governance practices and making changes as needed.
 - c. Selecting, compensating, monitoring and, when necessary, replacing Key Managerial Personnel and overseeing succession planning.
 - d. Aligning the remuneration of Key Managerial Personnel and Board of Directors with the longer-term interests of Company and its shareholders.
 - e. Ensuring a transparent nomination process to the Board of Directors with the diversity of thought, experience, knowledge, perspective and gender on the board of the Company.
 - f. Monitoring and managing potential conflicts of interest of management, members of the Board of Directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
 - g. Ensuring the integrity of Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control and compliance with the law and relevant standards.
 - h. Overseeing the process of disclosure and communications.
 - i. Monitoring and reviewing Board of Director's evaluation framework.
5. The Board of Directors shall provide strategic guidance to Company, ensure effective monitoring of the management.
6. The Board of Directors shall set a corporate culture and the values by which executives throughout the group shall behave.
7. Members of the Board of Directors shall act on a fully informed basis, in good faith,

with due diligence and care, and in the best interest of the Company and the shareholders.

8. The Board of Directors shall encourage continuing Directors' training to ensure that the members of the Board of Directors are kept up to date.
9. Where decisions of the Board of Directors may affect different shareholder groups differently, the Board of Directors shall treat all shareholders fairly.
10. The Board of Directors shall maintain high ethical standards and shall take into account the interests of stakeholders.
11. The Board of Directors shall exercise objective independent judgement on corporate affairs.
12. The Board of Directors shall consider assigning a sufficient number of non-executive members of the Board of Directors capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
13. The Board of Directors shall ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the entity to excessive risk.
14. The Board of Directors shall have ability to step back to assist executive management by challenging the assumptions underlying strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the Company's focus.
15. When Committees of the Board of Directors are established, their mandate, composition and working procedures shall be well defined and disclosed by the Board of Directors.
16. Members of the Board of Directors shall be able to commit themselves effectively to their responsibilities.
17. In order to fulfil their responsibilities, members of the Board of Directors shall have access to accurate, relevant and timely information.
18. The Board of Directors and Senior Management should facilitate the Independent Directors to perform their role effectively as a member of the Board of Directors.

B. BOARD MEETINGS

❖ Schedule of Board / Committee meetings

The dates of the Board / Committee and the Annual General Meeting are proposed in advance. The final annual schedule that is fixed is circulated to all the Directors as part of the agenda in the Board meeting for information. The Company Secretary attends all Board meetings and generally assists Directors in the discharge of their duties and also ensures good information flow within the Board and between the Board and Senior Management. In addition, the Company Secretary attends to secretarial and Board governance matters and is responsible for ensuring that Board procedures are followed.

Voting on a resolution in the meeting of the Governing Board is valid only when the number of PIDs that have cast their vote on such resolution is equal to or more than the number of Shareholder Directors who have cast their vote on such resolution.

❖ Board agenda

The Board agenda is prepared by the respective departments and are finalised in consultation with the MD. The Board agenda and notes thereof are ordinarily sent to the Directors in advance to enable them to read and comprehend the matters to be dealt with and seek further information / clarification, if required.

The agenda of the Board meetings is managed in such a way that it allows for flexibility when it is needed. Directors are provided with complete information related to agenda items in a timely manner. Wherever it is not practicable to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary items on the agenda are permitted after obtaining permission of the Chairman of the Board/Meeting and with the concurrence of the Independent Directors.

The Board has chosen to receive all its agenda papers electronically for all its Board and Committee meetings and has eliminated the need for hard copy of Agenda Papers. However, the hard copy of the Board agenda papers are sent to the Directors at specific request. The agenda papers for Board and Committee meetings are uploaded onto a secure portal which can be accessed digitally.

At the quarterly Board meetings, the MD gives a comprehensive update on NCL's business and operations. The CFO presents the financial performance and significant financial highlights. Certain business heads provide an update on their areas of business and Key Management Personnel are present at Board meetings, when required. Agenda also includes minutes of the meetings of all the Board Committees and the unlisted subsidiary (NSE IFSC Clearing Corporation Limited) for the

information of the Board.

For any business exigencies, the resolutions are passed by circulation and later placed at the subsequent Board / Committee Meeting for noting. The Chairpersons of various Board Committees brief the Board on all the important matters discussed and decided at their respective Committee meetings, which are generally held prior to the Board meeting. Any feedback or observations made by the Board, wherever necessary, form part of the action taken report for their review at the subsequent meetings.

The Company also provides regular updates to the Board members on material changes to regulatory requirements applicable to the Directors periodically.

The minutes of Board meetings are prepared with details of the matters considered by the Board and are reviewed by the Managing Director before being circulated to the other Directors for their comments.

Following the Board and Committee meetings, an effective post meeting follow-up, review and reporting process is undertaken for the decisions taken by them. Important decisions taken at Board / Committee meetings are communicated promptly to the concerned departments.

❖ **Number of Board Meetings**

The Board met Ten times during the year on April 28, 2022, May 20, 2022, June 16, 2022, July 11, 2022, August 04, 2022, September 27, 2022, November 02, 2022, December 06, 2022, January 30, 2023 and March 15, 2023. The maximum gap between any two meetings was less than one hundred and twenty days.

C. Directors' Attendance Record and Directorships

As mandated by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Directors are neither member of more than ten Board level Committees or act as Chairperson of more than five such committees across all entities in which he or she is a Director. Table No.1 gives the details of the composition of the Board, attendance and details of Committee Membership and Committee Chairmanship.

Table No.1

(1)Details of Directors along with the Directorship(s) and Chairmanship(s) or Membership(s) of Committees in other companies as on March 31, 2023:

Name of the Director	Category	Attendance Particulars			No. of Directorships/Chairmanships and Committee Chairmanships / Memberships		
		Number of Board Meetings during the year		Last AGM	Other Directorship(s)/ Chairmanship (s)	Other Committee Membership(s)	Other Committee Chairmanship (s)
		Held#	Attended				
Mrs. Bhagyam Ramani	Public interest Director	10	10	Y	5	5	
Mr. G S Hegde	Public interest Director	7	7	Y	-	-	-
Mr. Jayant Haritsa	Public interest Director	7	7	Y	-	-	-
Mr. Golaka Nath	Public interest Director	3	3	NA	-	-	-
Mr. Yatrik Vin	Shareholder Director	8	7	Y	8	4	1
Mr. Vikram Kothari	Managing Director (Shareholder Director)	10	10	Y	-	-	-

Y= Yes; N=No

Number of Board Meetings held during the tenure of Director

Note:

1. The Directorships/ Committee memberships held by Directors as mentioned above, do not include Directorships/Committee memberships in Section 8 Companies.
2. Memberships/Chairmanships of only the Audit Committee and Shareholders Relationship Committee of all Public Companies have been considered.

(2) **Names of the listed entities where the Directors as at March 31, 2023 is a director and the category of Directorship.**

Name of Director	Name of Listed Entity	Category of Directorship
Mrs. Bhagyam Ramani	Gujarat Sidhee Cement Limited	Non-Executive Independent Director
	Saurashtra Cement Limited	Non-Executive Independent Director
	Lloyds Metals and Energy Limited	Non-Executive Independent Director
	Capri Global Capital Limited	Non-Executive Independent Director
Mr. G S Hegde	-	-
Mr. Jayant Haritsa	-	-
Mr. Golaka Nath	-	-
Mr. Yatrik Vin	-	-
Mr. Vikram Kothari	-	-

(3) Separation of Offices of Chairperson & Chief Executive Officer

The Company has been following the principle of separation of the role of Chairperson and the Chief Executive Officer. Mrs. Bhagyam Ramani is the Non-Executive Interim Chairperson of the Board. Mr. Vikram Kothari is the Managing Director of the Company and is entrusted with the day-to-day management of the affairs of the Company. The Managing Director carries out his functions subject to superintendence, control, and management of the Board of Directors of the Company.

D. On-going familiarisation programme for existing Directors of the Board

The Company conducts orientation programs for Directors covering various operations of the Company so as to familiarise themselves with the various functions being carried out by the Company. The details of familiarization programmes imparted to independent directors are given in the Company's website:

<https://www.nscclindia.com/sites/default/files/disclosure-doc/2023-04/Familiarisation Programmes to independent Directors 2022 23 0.pdf>

The Company also provides training in various fields such as operation, risk management, compliance, information security, etc. to all the Directors regularly. Every Director inducted on the Board is well known in the financial services industry and has the ability to understand basic financial statements and information and related documents/papers.

The regular updates inter-alia provided by the Company to the Board include the following:

- Annual capital and revenue budgets and updates
- Quarterly financial results
- Status report on the operations of different segments
- Status of Clearing & Settlement Operations
- Status of Compliance of Operational Norms
- Minutes of the meetings of Audit Committee and other committees of the Board
- Risk Management measures undertaken
- Cyber Security
- Strategic Initiatives
- Regulatory updates
- Details of foreign exchange exposures and the steps taken to limit the risk of adverse exchange rate movements.
- Other information, which is required to be placed before the Board as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is taken to the Board as and when the event occurs.

A quarterly report on compliance of various laws, rules, and regulations, to which the Company is subjected, is placed before the Audit Committee for its review. The Audit Committee from time to time reviews the report and gives suggestions for improvement of compliance level/process. On its review, a consolidated report on a quarterly basis is placed before the Board at its subsequent meetings. Besides the above, the compliance certificate as envisaged in Regulation 17 of SEBI (LODR) Regulations, 2015 is also provided to the Board by the Managing Director and the Chief Financial Officer.

❖ **Succession planning**

NSE Clearing Limited has formulated and adopted a policy on succession planning for the Board, Managing Director, Key Management Personnel and Critical roles.

E. Code of Conduct

A code of conduct for Directors and Senior Management Personnel of the Company is framed. They have affirmed compliance with the Code of Conduct. As per the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Code of Conduct, has been hosted on the website of the Company. The Managing Director of the Company has affirmed to the Board of Directors that the Code of Conduct has been complied by the Directors and senior management personnel and the same is attached herewith and forms part of Corporate Governance Report.

As per the requirement of the SEBI (LODR) Regulations, 2015, the code of conduct, has been hosted on the website of the Company at

F. Independent Directors/ Public Interest Directors (PID)

(1) Independent Directors on the Board of NCL are not less than 21 years in age and do not hold any shares in NCL.

(2) Attributes

The Company as a policy inducts only those persons as Independent Directors who have integrity, experience and expertise, foresight, managerial qualities, and ability to read and understand financial statements.

(3) Tenure

The tenure of Independent Directors is in line with the directives issued by SEBI from time to time.

(4) Freedom to Independent Directors

The Company takes all possible efforts to enable the Independent Directors to perform their functions effectively. However, as per SEBI requirement, the elected directors shall not interfere in the day-to-day management of the Company and focus on the informed and balanced decision making especially on issues of strategy, performance, risk management, resources, key appointments and standard of conducts. The Company always strives to strike a balance between both the above requirements without compromising on compliance of such requirements.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and are independent of the management.

The evaluation exercise in terms of Schedule IV of the Companies Act, 2013 was carried out in a separate meeting of Independent Directors held on April 24, 2023, for this purpose. At the Board Meeting, the performance of the Directors was evaluated by the entire Board except the person being evaluated.

The performance of the Committees was evaluated by the Board. The Board also carried out the evaluation of their own performance apart from its committees and individual Directors.

G. Remuneration of Directors

In order to align compensation levels with market levels and at the same time attract, retain and motivate Directors of the quality required to run the company successfully, the compensation being paid to Managing Director is periodically reviewed and revised. The remuneration includes both fixed and variable components. The Company pays only sitting fee to its Non-executive Directors. The terms and conditions of appointment of Independent Directors/Public Interest Directors and Shareholder Directors are governed by the provisions of the Companies Act, 2013 & Rules laid down thereunder, Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the circulars issued thereunder by SEBI. The terms and conditions of service in respect of the Managing Director of the Company are governed by the resolution passed by the shareholders, provisions of the Companies Act, 2013 & Rules laid down thereunder, Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 and the circulars issued thereunder by SEBI.

As per the terms of appointment, the non-executive directors are not eligible for severance pay or notice period. The Managing Director is not eligible for severance pay. The notice period for the Managing Director is three (03) months.

SEBI had laid down certain norms in terms of the compensation policy for the Key Management Personnel which are as under: -

- a. The variable pay component will not exceed one third of the total pay. 50% of the variable pay will be paid on a deferred basis after 3 years.
- b. ESOPs and other equity linked instruments shall not be offered or provided as part of the compensation for the Key Management Personnel.
- c. Compensation will be subject to malus and claw-back arrangement as per prevailing SEBI/SECC Rules & Regulations.

Accordingly, the Company has framed Remuneration policy in conformity with norms specified by SEBI for its employees, which include Key Management Personnel and the Managing Director. For details on the Remuneration Policy, please refer to the Annexure 4 to the Board' Report.

None of the Directors of the Company hold any shares or any convertible instruments of NCL.

The details of remuneration paid to the Managing Director during F.Y. 2022-23 are given in Table No.02 below: -

Table No.02

(Rs.in crores)

Name & Designation	Salary & Allowances	Variable Pay	Perquisites in cash or in kind	Contribution to PF and other	Total
Mr. Vikram Kothari, Managing Director	1.72	0.52*	0.03	0.07	2.34

*Includes Variable pay of Rs 0.21 crores of earlier years and Excludes 50% of the Variable Pay of Rs. 0.31 crore to be paid on deferred basis after 3 years.

The sitting fees paid to the Non-Executive Directors for attending the meetings of the Board and its Committees during the year F.Y. 2022-23 is given in Table No.03 below: -

Table No.03

Name	Board meetings		Committees meetings		Total
	No. of meetings attended	Amount (Rs.)	No. of meetings attended	Amount (Rs.)	
Mr. Harun R Khan, Chairman	5	500,000	13	9,75,000	14,75,000
Mrs. Bhagyam Ramani	10	1,000,000	34	25,50,000	35,50,000
Mr. Salim Gangadharan	3	300,000	7	5,25,000	8,25,000
Mr. N K Maini	3	300,000	9	6,75,000	9,75,000
Mr. C VR Rajendran	3	300,000	8	6,00,000	9,00,000
Mr. Ananth Narayan	2	200,000	3	2,25,000	4,25,000
Mr. Jayant Haritsa	7	700,000	24	18,00,000	25,00,000
Mr. G S Hegde	7	700,000	19	14,25,000	21,25,000
Mr. Golaka Nath	3	300,000	6	4,50,000	7,50,000
Mr. Yatrik Vin	7	*	*	*	*

Sitting fees are exclusive of Goods & Service Tax (as applicable).

*As per the decision taken by the Board, the employees of NSE who become Directors on the Boards of its subsidiaries are not eligible for sitting fees from such companies. NCL is one of the subsidiaries of NSE. Mr. Yatrik Vin, being employees of NSE, are NSE's representative on the Board of NCL. Accordingly, they were not paid any sitting fee for the Board or committee meetings attended by them.

The Non-executive Directors [except Managing/ Whole-time Director and the Director who is an employee or equivalent of the Company or any of the NSE Group companies] are remunerated only by way of sitting fees as admissible to independent directors in the Companies Act, 2013 as per the provisions of the SEBI Regulations/Requirements. The Criteria of making payments to the Non-executive Directors of the Company have been disclosed on the website of the Company:

<https://www.nscclindia.com/NSCCL/disclosures/resources/criteriaformakingpaymentstononexecutivedirectors.pdf>

III. Committees of the Board

Currently, there are five Committees of the Board required as per the Companies Act namely the Audit Committee, Nomination & Remuneration Committee, Stakeholder Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee

The terms of reference of the Board Committees are determined by the Board from time-to-time. Meetings of the Board Committees are normally convened by the respective Committee Chairman. Matters requiring the Board's attention / approval, as emanating from the Board Committee Meetings, are placed before the Board with clearance of the Committee Chairman.

All the recommendations made by Board Committees during the year were accepted by the Board. The Minutes of the Board Committee Meetings are placed before the Board for its information. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

(A) **Audit Committee**

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial information to be provided to the shareholders and others, the systems of internal controls, which the management and the Board of Directors have established, financial reporting and the compliance process. The Committee maintains open communication with statutory auditors, internal auditors,

and operational auditors. The Internal Auditors report directly to the Audit Committee.

The Audit Committee reviews the reports of the internal auditors, operational auditors, statutory auditors, and secretarial auditors. The terms of reference of Audit Committee are as per the provisions contained in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Audit Committee consists of three Directors viz., Mrs. Bhagyam Ramani, Mr. G S Hegde and Mr. Golaka C Nath as its members with Mrs. Bhagyam Ramani as its Chairperson. The Committee met five times during the year i.e., April 28, 2022, August 04, 2022, November 02, 2022, January 30, 2023 and March 15, 2023, respectively. The details of the attendance of members of the Audit Committee at their meetings held on the above dates are given in Table No.04 hereunder: -

Table No.04:

Name	Number of meetings held during the year	Number of meetings attended
Mr. Harun R Khan *	2	2
Mr. Salim Gangadharan **	1	1
Mr. C VR Rajendran **	1	1
Mrs. Bhagyam Ramani*** ##	4	4
Mr. Jayant Haritsa # ^^	2	2
Mr. Ananth Narayan # ^	1	1
Mr. G S Hegde ##	3	3
Mr. Golaka Nath^^	2	2

Note: Number of Meetings held during the tenure of Member

* Ceased to be Director w.e.f. September 07, 2022

** Ceased to be Director w.e.f. June 16, 2022

*** Ceased to be Member w.e.f. June 23, 2022

Appointed as Member w.e.f. June 23, 2022

^ Ceased to be Member w.e.f. September 15, 2022

Appointed as Members w.e.f. September 15, 2022

^^ Appointed as Member w.e.f. January 23, 2023

^^^ Ceased to be a member w.e.f. January 23, 2023

The Officer responsible for the finance function and the representatives of the statutory auditors, internal auditors and operational auditors are regularly invited to the Audit Committee meetings. The Company Secretary is the Secretary to the Committee.

All members of the Audit Committee have requisite accounting and financial management expertise. Mr. Harun R Khan, erstwhile Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on July 05, 2022, to answer shareholders queries.

The maximum gap between any two meetings was less than one hundred and twenty days.

NCL has adopted the Audit Committee charter in addition to the statutorily required terms of reference. The charter broadly stipulates the structure, composition, the roles and responsibility of the authority as well as the overall oversight and operational functions of the Audit Committee.

The scope and functions of the Audit Committee are in accordance with Section 177 of the Companies Act, 2013 and the SEBI (LODR) Regulation, 2015. Its terms of reference inter alia include the following:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Examination of the financial statement and the auditors' report thereon;
- Granting the omnibus approval in line with Policy on Related Party Transactions and such approval shall be applicable in respect of transactions which are repetitive in nature. Also granting of approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters.
- Call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.
- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

- a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 - Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter
 - Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems
 - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - Discussion with internal auditors of any significant findings and follow up thereon;
 - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 - Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 - To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors
 - To review the functioning of the Whistle Blower mechanism;
 - Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
 - Examination of the Secretarial Audit reports and matters connected therewith;
 - The Audit Committee shall mandatorily review the following information:

- a. Management discussion and analysis of financial condition and results of operations;
 - b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - d. Internal audit reports relating to internal control weaknesses; and
 - e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
- Review the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans /advances / investments
 - Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its Shareholders
 - Carrying out any other function as the Audit Committee may deem fit with the approval of the Board.

(B) Nomination & Remuneration Committee (NRC)

As per SECC Regulations, the Nomination & Remuneration Committee (NRC) shall consist of Public Interest Directors and shall be chaired by a Public Interest Director. However, Independent External Person(s) may be part of the Committee for the limited purpose of recommendation relating to selection of Managing Director; wherein the number of PIDs shall not be less than the Independent External Persons.

Further, as per requirements of the Companies Act, 2013, the Company is required to constitute a Nomination and Remuneration Committee (NRC) consisting of three or more non-executive directors out of which not less than one-half shall be independent directors. The Chairman of NRC shall be different from Chairman of the Board. The NRC was constituted by the Board for the purpose of discharging its functions required under both the Companies Act, 2013 and under SEBI requirements.

The NRC has laid down the policy for compensation of employees including Key Management Personnel in terms of the compensation norms prescribed by the SEBI. The NRC has also laid down performance evaluation criteria for the Board of Directors, individual directors (including independent directors) and Committees of the Board of Directors.

The Nomination & Remuneration Committee (NRC) comprises three Directors viz., Mr. G S Hegde, Mrs. Bhagyam Ramani, Mr. Jayant Haritsa as its members with Mr. G S Hegde as its Chairperson. The Committee met seven times during the year i.e., April 21, 2022, April 28, 2022, May 20, 2022, November 02, 2022, December 06, 2022,

January 30, 2023, and March 15, 2023, respectively.

The details of the attendance of members of NRC at their meetings held on the above dates are given in Table No.05 hereunder: -

Table No.05:

Name	Number of meetings held during the year	Number of meetings attended
Mr. N.K. Maini *	3	3
Mr. C VR Rajendran *	3	3
Mr. Harun R Khan **	3	2
Mr. Jayant Haritsa #	4	4
Mr. G S Hegde ##	4	4
Mr. Ananth Narayan # ^	-	-
Mrs. Bhagyam Ramani ##	4	4

Note: Number of Meetings held during the tenure of Member

* Ceased to be Director w.e.f. June 16, 2022

** Ceased to be Director w.e.f. September 07, 2022

Appointed as Members w.e.f. June 23, 2022

^ Ceased to be Member w.e.f. September 15, 2022

Appointed as Members w.e.f. September 15, 2022

Mr. N. K. Maini, the erstwhile Chairman of the Nomination & Remuneration Committee, attended the Annual General Meeting (AGM) held on July 05, 2022, to answer shareholders queries.

Mr. N K Maini ceased to be the Chairman and member of the Nomination and remuneration committee on June 16, 2022. Subsequently, Mr. Ananth Narayan was appointed as Chairman of the Nomination and remuneration committee on June 23, 2022, vide Circular Resolution passed on June 23, 2022.

Further, Mr. Ananth Narayan ceased to be a chairman and member of the Nomination and remuneration committee on September 15, 2022. Subsequently Mrs. Bhagyam Ramani was appointed as the Chairperson and member of the Nomination and remuneration committee on September 15, 2022, vide Circular Resolution passed on September 15, 2022.

Further, Mr. G S Hegde was appointed as the Chairman and Member of the Nomination and remuneration Committee vide Circular Resolution passed on October 21, 2022.

The information regarding the performance evaluation criteria of Independent Directors is covered in the Board's Report.

The scope and functions of the Nomination and Remuneration Committee are in accordance with Section 178 of the Companies Act, 2013, the Listing Regulations and the SECC Regulations.

The brief terms of reference of Nomination & Remuneration Committee are as follows:

The Nomination and Remuneration Committee (NRC) shall -

- (a) formulate the criteria for determining qualifications, positive attributes and independence of a director and for personnel who may be appointed in Senior Management;
- (b) identify persons who are qualified to become directors and who may be appointed in Senior Management in accordance with the Policy and criteria laid down.
- (c) select the Managing Director;
- (d) recommend to the Board appointment and removal of Directors & personnel in Senior Management in accordance with policy and criteria laid down;
- (e) recommend on the extension or continuation of the term of appointment of independent director and PID on the basis of performance evaluation of independent directors and PID's;
- (f) Identification of Key Management Personnel (KMPs) and determining the tenure of KMPs under SEBI Regulations, other than a director, to be posted in a regulatory department.
- (g) Recommend to the Board a policy relating to the compensation/remuneration in terms of the compensation norms prescribed by SEBI and remuneration for the directors including MD, senior management (Including key management personnel) and other employees so as to attract and retain best available personnel for position of substantial responsibility with the Company.
- (h) recommend to the board, all remuneration, in whatever form, payable to senior management.
- (i) to approve Variable Pay and Fixed Pay of KMPs under SCR SECC Regulations, 2018, including Managing Director and release of variable pay withheld earlier of such KMP's.
- (j) formulate criteria for evaluation of performance for Independent Directors and Board of Directors, its committees, individual directors and Public Interest

Director (PID) and its review thereof, which shall be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

- (k) determine the composition of the Board of Directors and addressing issues of Board diversity, devising a policy on diversity of Board of Directors;
- (l) ensure that appropriate procedures are in place to assess Board membership needs and Board effectiveness;
- (m) review, approve and aid the Board in succession and emergency preparedness plan for key executives;
- (n) besides the above, to discharge the function(s) as entrusted with the Nomination & Remuneration Committee under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) as amended from time to time.
- (o) Such other function as may be vested by the Board, from time to time, to this committee to discharge the same.

(C) Risk Management Committee

In terms of SEBI requirements, the Clearing Corporation is required to constitute a Risk Management Committee inter alia to formulate a detailed risk management policy. The Board has constituted Risk Management Committee to formulate risk (settlement related risks) management policy and to monitor its implementation, to review the strategic, cyber and business risk (non- settlement risks) and to advise the Board with respect to the same. The Committee consists of Mrs. Bhagyam Ramani, Mr. Jayant Haritsa, Dr. Golaka Nath and Mr. Kapil Seth, Independent External Persons as its members with Mrs. Bhagyam Ramani as its Chairperson. During the year, the Committee met 6 times i.e., April 22, 2022, May 20, 2022, August 02, 2022, October 02, 2022, November 01, 2022 and January 25, 2023.

The details of the attendance of members of RMC at their meetings held on the above dates are given in Table No.06 hereunder: -

Table No.06:

Name	Number of meetings held during the year	Number of meetings attended
Mr. Salim Gangadharan *	2	2
Mr. C VR Rajendran *	2	2
Mrs. Bhagyam Ramani	6	6

Mr. Ananth Narayan # **	1	1
Mr. G S Hegde # **	1	1
Mr. Kapil Seth	6	6
Mr. Jayant Haritsa \$	3	3
Mr. Golaka Nath^^	1	1

Note: Number of Meetings held during the tenure of Member

* Ceased to be Directors w.e.f June 16, 2022

#Appointed as Members w.e.f June 23, 2022

** Ceased to be Member w.e.f September 15, 2022

\$ Appointed as Member w.e.f September 15, 2022

^^ Appointed as Member w.e.f January 23, 2023

The brief terms of reference of Risk Management Committee are as follows:

- i. To formulate a detailed risk management policy which shall be approved by the governing board;
- ii. To review the Risk Management Framework & risk mitigation measures from time to time;
- iii. To monitor and review enterprise-wide risk management plan and lay down procedures to inform Board members about the risk assessment and minimisation procedures;
- iv. The head of the risk management department shall report to the risk management committee and to the managing director of the Clearing Corporation; and
- v. The risk management committee shall monitor implementation of the risk management policy and keep the Board and the governing board informed about its implementation and deviation, if any.

(D) Stakeholders Relationship Committee

In terms of SEBI requirements, the Clearing Corporation is required to constitute a Stakeholders Relationship Committee inter alia to look into various aspects of interest of shareholders and other security holders. The Stakeholders Relationship Committee was constituted by the Board of NSE Clearing Limited in its meeting held on January 30, 2019. The Committee consists of Mr. Jayant Haritsa, Mr. Vikram Kothari, Mr. G S Hegde and Mrs. Bhagyam Ramani as its members with Mr. Jayant Haritsa heading the Committee as its Chairperson.

During the year under review the Committee was reconstituted as under:

- a. Mr. N. K Maini ceased to be a member w.e.f. June 16, 2022.
- b. Mr. G S Hegde and Mr. Vikram Kothari became member of the Committee w.e.f.

June 23, 2022.

- c. Mr. Harun Khan erstwhile Chairman ceased to be Director w.e.f. September 07, 2022.
- d. Mr. Jayant Haritsa was appointed as member and Chairman w.e.f. September 15, 2022.

The Company has appointed Mr. Amit Pujara as the Head of Compliance of the Company. The Committee met once in F.Y. 2022-23 as per the provisions of SEBI (LODR) Regulations, 2015 on November 01, 2022. All the members except Mr. Vikram Kothari, Member of the Committee, had attended the meeting.

Mr. Harun R Khan, erstwhile Chairman of the Stakeholders Relationship Committee attended the Annual General Meeting (AGM) held on July 05, 2022, to answer shareholders queries.

The brief terms of reference of Stakeholders Relationship Committee are as follows:

- (i) Resolving the grievances of the security holders including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.
- (ii) Review of measures taken for effective exercise of voting rights by shareholders.
- (iii) Review of adherence to the service standards adopted in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (iv) Review of the various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
- (v) To perform all functions to specifically look into various aspects of interests of shareholders, debenture holders and other security holders of the Company relating to the interests of security holders of the Company;
- (vi) To perform functions as is entrusted under the Companies Act, 2013 or Rules prescribed thereunder or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) or such other regulatory requirements applicable to the company or in the terms of reference of the Stakeholders Relationship Committee; and
- (vii) To discharge functions as may be assigned/vested by the Board of Directors from time to time.

The Company has not received any complaint against it from shareholders of NCL.

(E) Corporate Social Responsibility (CSR) Committee

The Committee was constituted, inter alia, to formulate and recommend to the Board a Corporate Social Responsibility Policy, to recommend the amount of expenditure to be

incurred on the activities, and to monitor the Corporate Social Responsibility Policy of the Company from time to time.

The CSR Committee consists of Mrs. Bhagyam Ramani, Mr. G S Hegde, Mr. Jayant Haritsa and Mr. Golaka Nath as its Members with Mrs. Bhagyam Ramani as its Chairperson. The CSR Committee met 4 times i.e., on April 21, 2022, August 03, 2022, October 31, 2022 and March 24, 2023.

The details of the attendance of members of CSR at their meetings held on the above dates are given in Table No.07 hereunder: -

Table No.07:

Name	Number of meetings held during the year	Number of meetings attended
Mr. Harun R Khan*	2	2
Mr. N.K. Maini**	1	1
Mrs. Bhagyam Ramani	4	4
Mr. G S Hegde#	3	3
Mr. Jayant Haritsa\$	2	1
Mr. Golaka Nath^^	1	1

Note: Number of Meetings held during the tenure of Member

*Mr. Harun Khan Ceased to be Director w.e.f. September 07, 2022

**Mr. N K Maini ceased to be Director w.e.f. June 16, 2022

Appointed as Member w.e.f. June 23, 2022

\$ Appointed as Member w.e.f. September 15, 2022

^^ Appointed as Member w.e.f. January 23, 2023

The brief terms of reference of Corporate Social Responsibility Committee are as follows:

1. Formulate and recommend the CSR Policy to the Board for approval, monitor its implementation and suggest modifications from time to time for the same.
2. Formulate and recommend the Board for approval, an Annual Action Plan in pursuance of the CSR Policy which shall include:
 - (a) the list of CSR projects or programmes approved to be undertaken in the selected core focus areas
 - (b) manner of execution of such projects or programmes

- (c) modalities of utilization of funds
- (d) implementation schedules for the projects or programmes
- (e) monitoring & reporting mechanism for the projects or programmes
- (f) approve and recommend the details of need & impact assessment (if applicable) for the projects undertaken by the Company

Provided that the Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

3. Approve or ratify the CSR projects undertaken by NSE Foundation in line with the approved CSR Policy to ensure seamless implementation of the projects and fulfilment of the mandate set out under Section 135 of the Companies Act, 2013 and the Rules thereunder.
4. Report to the Board the manner of utilization of the annual CSR budget in pursuance of the CSR policy, unspent funds or excess spend towards CSR projects and ensure that the administrative overheads shall not exceed five per cent of the total CSR expenditure of the Company for any financial year.
5. Approve and recommend to the Board an Annual Report on the CSR activities in a format prescribed in the Companies Act, 2013
6. Report to the Board on the progress of the various CSR projects undertaken by NSE Foundation or through any entity as prescribed under Section 135 of the Companies Act and CSR rules thereunder and the expenditure incurred for the same on a periodic basis
7. Establish a transparent monitoring mechanism for ensuring implementation of the CSR programme.

Besides the above, the Company also has constituted the following SEBI mandated Committees namely:

SEBI Mandated Committees

- (i) Advisory Committee
- (ii) Regulatory Oversight Committee
- (iii) Standing Committee on Technology
- (iv) Member and Core Settlement Guarantee Fund Committee
- (v) Grievance Redressal Committee

(i) Advisory Committee

The Advisory Committee presently comprises of 8 Clearing members. Mr. Bhagyam Ramani acts as its chairperson of the advisory committee.

The brief terms of reference of Advisory Committee includes advising the governing board on non-regulatory and operational matters including product design, technology, charges and levies.

(ii) Regulatory Oversight Committee (ROC)

The Committee consists of Mr. Golaka Nath, PID, Mr. G S Hegde, PID, Mr. Jayant Haritsa, PID, and Mr. P. Krishnamurthy, Independent External Person as its members with Mr. Golaka Nath as its Chairperson.

The brief terms of reference of Regulatory Oversight Committee are as follows:

- a) Oversee matters related to member regulation such as admission of members, inspection, disciplinary action, etc.;
- b) Oversee SEBI inspection observations on membership related issues;
- c) Estimate adequacy of resources dedicated to member regulation;
- d) Monitor the disclosures made under Reg.33 of SECC Regulations, 2018;
- e) Review the actions taken to implement the suggestions of SEBI's Inspection Reports and place it before the Board of Clearing Corporation;
- f) To follow up and ensure compliance/ implementation of the inspection observations;
- g) Supervising the functioning of Investors' Services Cell of the Clearing Corporation which includes review of complaint resolution process, review of complaints unresolved over long period of time, estimate the adequacy of resources dedicated to investor services, etc.;
- h) Lay down procedures for the implementation of the Code;
- i) Prescribe reporting formats for the disclosures required under the Code;
- j) Oversee the implementation of the code of ethics;
- k) To periodically monitor the dealings in securities of the Key Management Personnel;
- l) To periodically monitor the trading conducted by firms/corporate entities in which the directors hold twenty percent or more beneficial interest or hold a controlling interest;
- m) Reviewing the fees and charges levied by a Clearing Corporation;
- n) Monitoring implementation of SECC Regulations and other applicable rules and regulations along-with SEBI Circulars and other directions issued thereunder;
- o) The head(s) of department(s) handling the above matters shall report directly to the committee and also to the managing director; and

- p) Any action of a recognized clearing corporation against the aforesaid head(s) shall be subject to an appeal to the committee, within such period as may be determined by the governing board.

(iii) Standing Committee on Technology (SCOT)

The Committee consists of Mr. Jayant Haritsa, PID, Mrs. Bhagyam Ramani, PID, Dr. A.S. Ramasastri, Independent External Person and Ms. V Mythili Ranganath, Independent External Person as its members with Mr. Jayant Haritsa as its Chairperson.

The brief terms of reference of Standing Committee on Technology are as follows:

- a) Monitor whether the technology used by the clearing corporation remains up to date and meets the growing demands;
- b) Monitor the adequacy of system capacity and efficiency;
- c) Look into the changes being suggested to the existing software/hardware;
- d) Investigate into the problems computerised risk management / clearing & settlement system, such as hanging/ slowdown/ breakdown;
- e) Ensure that transparency is maintained in disseminating information regarding slowdown/break down risk management / clearing & settlement system;
- f) The Committee shall submit a report to the Governing Board of the clearing corporation. The Board will deliberate on the report and suitable action/ remedial measure will be taken;
- g) Any stoppage beyond five minutes will be explained and reported to the Board. The Clearing Corporation shall issue a press release specifying the reasons for the breakdown;
- h) Review the implementation of board approved cyber security and resilience policy and its framework; and
- i) Such other matters in the scope as may be referred by the Governing Board of the Clearing Corporation and/or SEBI.

(iv) Member and Core Settlement Guarantee Fund Committee (MCSGFC)

The Committee consists of Mr. G S Hegde, PID, Mrs. Bhagyam Ramani, PID, Mr. Jayant Haritsa, PID, Dr. Golaka Nath, PID and Mr. Vikram Kothari, Managing Director (KMP) as its members with Mr. G S Hegde as its Chairperson.

The brief terms of reference of MCSGFC are as follows:

- a) To scrutinize, evaluate, accept or reject applications for admission of members and transfer of membership and approve voluntary withdrawal of membership;
- b) Also in case of clearing corporations with commodity segment, the committee shall also look into:

- Approving enplanement & cancellation of Warehouse Service Providers/Vault Service Providers /Assayers, accreditation of warehouse, etc.
 - Reviewing the continuous functioning, monitoring, and compliance of norms by Warehouse Service Providers, Vault Service Providers and assayers.
- c) Formulate policy for regulatory actions, including warning, monetary fine, suspension, deactivation of terminal, declaring a member as defaulter , expulsion, to be taken for various violations by the members of the clearing corporation;
 - d) Based on the laid down policy, the Committee shall consider the cases of violations observed during inspection, etc. and impose appropriate regulatory measure on the members of the clearing corporation;
 - e) While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the 'Principles of natural justice';
 - f) Realize the assets / deposits of defaulter/expelled member and appropriate amongst various dues and claims against the defaulter/ expelled member in accordance with the Rules, Byelaws and Regulations of the Clearing corporation;
 - g) Admission /rejection of claims against such members over the assets of the defaulter/expelled member; and
 - h) To manage the Core Settlement Guarantee Fund (Core SGF) of the clearing corporation, including its investments as per norms laid down and ensure proper utilization of Core SGF.

(v) Grievance Redressal Committee (GRC)

The Committee consists of Mr. Pravin Mulay, Mr. K. V. Iyer, Mr. Uday Tardalkar, Mr. V. Chandrasekaran, Dr. Rakesh Kumar Kakkar and Mr. Devadatt R. Shirodkar, Independent External Persons as its members.

The brief terms of reference of GRC includes dealing with the complaints referred to it by the Clearing Corporation, hear the parties and resolve their complaints / disputes.

(vi) Public Interest Directors

The Company has complied with Regulation 26 read with part A of Schedule II of SECC Regulations.

As per the aforesaid Regulations, Public Interest Directors shall meet separately, at least once in six months to exchange views on critical issues.

IV. AUDITORS

The Audit Committee considers the profile of the audit firms, qualifications and experience of partners auditing books and accounts of the Company, strengths and weaknesses, if any, of the audit firm and other related aspects and then recommends

appointment of Auditor and the remuneration payable to them to the Board/shareholders. The Audit Committee also periodically discusses with the Auditors the annual audit programme and the depth and detailing of the audit plan to be undertaken by them.

The Board has appointed an external firm of Chartered Accountants as its internal auditor in order to ensure the independence and credibility of the internal audit process.

V. SECRETARIAL AUDIT

The Company has engaged the services of M/s. Makarand M. Joshi & Co., Practicing Company Secretaries, to conduct Secretarial Audit pursuant to the requirements of the Companies Act, 2013 and the rules laid down thereunder for the financial year ended March 31, 2023. The report of the Secretarial Auditors is placed before the Audit Committee and the Board.

VI. Annual Secretarial Compliance Report

NSE Clearing Limited has undertaken an audit for the financial year 2022-23 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder.

The Annual Secretarial Compliance Report has been obtained M/s. Makarand M. Joshi & Co., Company Secretaries in terms of SEBI circular of February 8, 2019.

VII. MANAGEMENT DISCUSSION AND ANALYSIS

The Annual Report has a detailed report on Management Discussion and Analysis.

VIII. CEO/CFO CERTIFICATION

The Managing Director and CFO certification of the financial statements for the financial year 2022-23 is enclosed at the end of the report.

IX. GENERAL SHAREHOLDER INFORMATION

- (A) Annual General Meeting: The 28th Annual General Meeting of the Company will be held on August 17, 2023 at 11:00 A.M. at the Conference Room, Ground Floor, 'A' Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051. For details, please refer to the Notice of this AGM.
- (B) Financial year: 2022-23

- (C) Dividend Payment date: within 5 days from the date of declaration by the shareholders at the ensuing AGM. Proposed dividend for financial year 2022-23: Rs. 5 per equity share of Rs.10/- each
- (D) Registrar and Transfer Agent:
The address for communication and contact details of the Registrar and Transfer Agent are as under:
M/s. Link Intime India Pvt. Ltd, C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083. Tel. No.022-4918 6270
- (E) Share Transfer system: The equity shares of NCL are in dematerialised form. Further, the ISIN of equity shares is suspended by NCL to prevent transfers not approved by NCL pursuant to Article 63 of its Articles of Association and to ensure compliance of the provisions of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018. Therefore, if and when application for approval of transfer is received adherence to compliance of SECC Regulations is and will be ensured.
- (F) Distribution of shareholding: NCL is a wholly owned subsidiary of NSE. Accordingly, NSE holds 100% of the paid-up equity share capital of NCL.
- (G) Dematerialization of shares: The Company's shares are dematerialised.
- (H) Plant locations: None
- (I) Address for correspondence: The Secretarial Department, NSE Clearing Limited, Exchange Plaza, Plot No. C-1, "G" Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051. The Company is also having its branch offices at five locations namely Mumbai, Delhi, Kolkata, Chennai, and Ahmedabad. Shareholders are requested to intimate all changes pertaining to their Bank details, email addresses, Power of Attorney, change of name, change of address, contact details, etc., to their Depository Participants (DP).
- (J) Compliance Officer- Mr. Amit Pujara is the Head of Compliance of NCL.

X. OTHER DISCLOSURES

(1)Basis of related party transactions

The transactions with related parties are entered in the ordinary course of business and at arm's length price. The details of the related party transactions are disclosed in the Annual Report. The 'Policy on dealing with related party transactions' of the Company is available on the website of the Company:

https://www.nscclindia.com/NSCCL/disclosures/resources/NSCCL_Policy_on_Materiality_and_Dealing_with_Related_Party_Transactions.pdf

The Audit Committee of the Company has granted omnibus approval for the Related Party Transactions (RPTs) which are of repetitive nature and / or entered in the ordinary

course of business and are at arm's length. During the financial year 2022-23, NCL did not have any pecuniary relationship or transactions with Non-Executive Directors.

(2) Details of noncompliance by the Company, penalties, strictures impose on the Company by SEBI or any other statutory authority on any matter related to capital markets during the last three years:

SEBI vide its order dated December 28, 2022, imposed a Penalty of Rs. 25 Lakhs on the Company during the current year on account of partial non-compliance with SEBI circular on Early Warning Mechanism dated December 17, 2018. Further, the details of the financial disincentives are given below: -

- a) On February 24, 2021, the Storage Area Network (SAN) system of the Company was impacted due to certain issues in the links with telecom service providers, resulting in the primary SAN becoming inaccessible to the host servers. This also resulted in the risk management system and clearing and settlement system of the Company and other systems such as index and surveillance system of National Stock Exchange of India (NSE) becoming unavailable leading to a decision to health the Trading at NSE. The company had submitted a root cause analysis of the incident to SEBI. SEBI vide its letter dated July 2, 2021, directed the Company to pay financial disincentive of Rs. 25 Lakhs for not restoring its operations within the Recovery Time Objective (RTO). The Company has paid the same on July 14, 2021. Further, in this regard, SEBI has issued a show cause notice on August 11, 2021, to the Company and some its employees alleging non-compliance with certain paragraphs of the SEBI circular dated October 8, 2015, September 13, 2017, March 26, 2019 and Regulation 12(6) read with Regulation 7(4)(g) of SECC Regulations 2018. In this regard, the company has taken necessary remedial actions and has also made necessary filings with SEBI, response for which is awaited. The company in of the view that pending conclusions of this matter with SEBI, a reliable estimate of any obligations in respect of this matter cannot be presently made and therefore, no provision/adjustment to this effect has been made in the financial results as of and for the quarter and nine months ended December 31, 2022.
- b) The Company had encountered an incident on November 01, 2021, which resulted in delay in securities pay-out in the cash segment. Pursuant to the SEBI circular SEBI/HO/MRD1/DTCS/CIR/P/2021/590 dated July 05, 2021, an amount of Rs.1 Crore was payable to the Core Settlement Guarantee Fund (Core SGF) of NCL towards financial disincentive which was to be included in other expenses and the same has been transferred to the Core SGF on January 24, 2022.

(3) Vigil mechanism / Whistle Blower Policy

The Company has established a mechanism for Directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the code of conduct or ethics policy. The Company also provides for adequate safeguards against victimization of employees who avail of the mechanism and also allows direct access to

the Chairman of the Audit Committee (for financial matters) or Chairman of the Regulatory Oversight Committee (for other matters) in exceptional cases. No personnel's have been denied access to the audit committee.

Details of the Policy have been disclosed on the website of the Company.

https://www.nscclindia.com/NSCCL/disclosures/resources/Whistle_Blower_Policy_NCL.pdf

(4) Compliance with the non-mandatory requirements [Part E of Schedule II Regulation 27(1) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]

In addition to the above, NCL also complies with the non-mandatory requirements of Part E of Schedule II prescribed under Regulation 27(1) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 like maintaining a Chairman's office at the Company's expense, reimbursement of expenses incurred by Chairman in performance of his duties, dissemination of financial results to the shareholders, unqualified financial statements, direct reporting of internal auditors to the audit committee, etc.

(5) Subsidiary Companies

As on March 31, 2023, NCL has one wholly owned subsidiary namely NSE IFSC Clearing Corporation Limited. The Company does not have any material subsidiary.

The 'Policy for determining material subsidiaries' is available on the Website of the Company.

<https://www.nscclindia.com/NSCCL/disclosures/resources/Policy-on-Determining-Material-Subsidiaries.pdf>

(6) Disclosure by listed entity and its subsidiaries of loans and advances in the nature of loans to firms/companies in which Directors are interested by name and amount

Not Applicable, as the Company has not given any loans and advances in the nature of loans to firms/companies in which Directors are interested by name and amount, during the year under review.

(7) Disclosure of Accounting Treatment in the preparation of Financial Statements.

NCL follows the guidelines of Accounting Standards laid down by the Central Government under the provisions of Section 133 of the Companies Act, 2013 in the preparation of its financial statements.

(8) Communications with Shareholders

The data related to quarterly and annual financial results, shareholding pattern, Board meetings, general meetings, the terms and conditions of appointment of independent directors, details of vigil mechanism, etc., are provided in the Company's website for the information of the shareholders at the following location: <http://www.nscclindia.com/>

The Clearing Corporation disseminates all the material information to its shareholders through periodical communications. The financial results are published periodically in the newspapers [generally in Business Standard and Loksatta publications] as per the requirements of SEBI (LODR) Regulations, 2015.

Annual Report:

Annual report containing, inter alia, Audited Accounts, Board's Report, Report on Corporate Governance, Management Discussion & Analysis other material and related matters/ information is circulated to the shareholders and others entitled thereto.

(9) Redressal of shareholders' complaints

The Company is a wholly owned subsidiary of National Stock Exchange of India Limited. The Company did not receive any grievance from its shareholder(s) in respect by transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, etc. during the year.

(10) Credit Ratings

NSE Clearing Limited has received reaffirmation of its corporate credit rating of 'CCR AAA/Stable' from CRISIL. NSE Clearing Ltd. has been rated "CCR AAA/Stable" for the fourteenth consecutive year.

'CCR AAA/Stable' rating indicates the highest degree of strength with regard to honouring debt obligations. As per CRISIL, the rating reflects strong operational and financial linkages with its parent, the National Stock Exchange of India Limited (NSE), and comprehensive risk management systems. CRISIL has stated that the systems are regularly upgraded to pre-empt market failures. CRISIL has reaffirmed the outlook for

NSE Clearing as “Stable” and states that, “NSE Clearing will continue to have a strong market position due to its association with NSE and maintain comprehensive risk management systems and adequate core SGF commensurate with the clearing volumes, over the medium term.” On an ongoing basis, NSE Clearing continues to address the risks in clearing and settlement with its stringent norms for selection of members, robust margining system, and risk-based position limits and surveillance mechanism.

XI. GENERAL BODY MEETINGS

Location, date, and time of the general meetings held in the last three years till March 31, 2023: -

Type of meeting	Date	Time	Venue	Special Business passed
Extra-Ordinary General Meeting	December 19, 2022	10:00 A.M.	Through video conference from the Exchange Plaza, Plot C1, Block 'G', Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051	To modify the terms of remuneration of Mr. Vikram Kothari (DIN: 07898773) as the Managing Director of the Company
27 th Annual General Meeting	July 05, 2022	10:00 A.M.	Through video conference from the Exchange Plaza, Plot C1, Block 'G', Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051	-
Extra-Ordinary General Meeting	September 06, 2021	3:00 P.M	Through video conference from the Exchange Plaza, Plot C1, Block 'G', Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051	Appointment of Mr. Yatrik Vin (DIN-07662795) as Director under 'Shareholder Directors'
26 th Annual General Meeting	August 09, 2021	12:00 Noon	Through video conference from the Exchange Plaza, Plot C1, Block 'G', Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051	-

Type of meeting	Date	Time	Venue	Special Business passed
Extra-Ordinary General Meeting	September 01, 2020	4:00 P.M.	Through Video Conference Room, Ground Floor, 'A' Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051	Appointment of Managing Director
25 th Annual General Meeting	July 16, 2020	3:30 P.M.	Through Video Conference Room, Ground Floor, 'A' Wing, Exchange Plaza, Plot C-1, Block 'G', Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051	-

The Company did not pass any resolution through postal ballot in the previous year. The requirement of passing any resolution by postal ballot is not applicable to NCL as the number of shareholders of NCL is less than 200.

XII. CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE NORMS

As required under SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, NCL has obtained the Corporate Governance compliance certificate from a Practicing Company Secretary. The same has been provided as an Annexure to the Board's Report.

As required under Clause 10(i) of Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirement) (Amendment) Regulations, 2018, NCL obtained a certificate from a Company Secretary in practice certifying that none of the directors on the Board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

XIII. The Board has accepted the recommendations of its committees, made during F.Y. 2022-23, which are mandatorily required to be accepted.

XIV. The details of the total fees for all services paid by NCL and its subsidiary, NSE IFSC Clearing Corporation Limited, on a consolidated basis, to M/s. Khandelwal Jain & Co., Chartered Accountants, the statutory auditors of NCL and all entities in the network firm/ network entity of which the statutory auditor has been provided below:

Particulars	NSE Clearing Limited (NCL)	NSE IFSC Clearing Corporation Limited (NICCL)
As auditor:		
Audit fees	18,00,000	2,00,000
Tax audit fee	6,00,000	-
Limited review	10,00,000	75,000
In other capacity:		
Taxation matters	7,00,000	-
Certification matters	3,00,000	25,000
Out of pocket	1,00,000	-
Total	45,00,000	3,00,000

XV. The disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are given in the crux of the Board's Report under Sr. No.3. As of March 31, 2023, no complaint has been filed during the Financial Year, and hence no complaint was disposed-off as pending at the end of the Financial Year.

XVI. A declaration signed by the Managing Director stating that the members of Board of Directors and Senior Management Personnel have affirmed compliances with the code of conduct of board of directors and senior management is attached herewith and forms a part of the Corporate Governance Report.

MAKARAND M.JOSHI & CO.

Company Secretaries



Ecstasy, 803-804, 8th Floor, City of Joy, JSD Road, Mulund (W), Mumbai- 400080, (T) 022-21678136

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34 (3) and Schedule V Para C clause (10) (i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

**To,
The Members
NSE Clearing Limited**

Exchange Plaza C-1 Block G,
Bandra Kurla Complex,
Bandra East, Mumbai 400051.

We have examined the relevant disclosures provided by the Directors (as enlisted in Table A) to NSE Clearing Limited having CIN U67120MH1995PLC092283 and having its registered office at Exchange Plaza C-1 Block G, Bandra Kurla Complex, Bandra East, Mumbai. 400051 (hereinafter referred to as 'the Company') for the purpose of issuing this Certificate, in accordance with Regulation 33 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 and Regulation 34 (3) read with Schedule V Para C clause 10 (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information, based on (i) documents available on the website of the Ministry of Corporate Affairs as on April 24, 2023, and Stock Exchanges as on April 24, 2023 (ii) Verification of Directors Identification Number (DIN) status at the website of the Ministry of Corporate Affairs, and (iii) disclosures provided by the Directors (as enlisted in Table A) to the Company, we hereby certify that none of the Directors on the Board of the Company (as enlisted in Table A) have been debarred or disqualified from being appointed or continuing as directors of the companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other statutory authority as on March 31, 2023.

Table A

Sr. No.	Name of the Directors	DIN	Date of appointment
1.	Mrs. Bhagyam Ramani	00107097	01/06/2017
2.	Mr. Yatrik Rushikesh Vin	07662795	27/09/2021
3.	Mr. Vikram Kothari	07898773	07/11/2017
4.	Mr. Gopalkrishna Sitaram Hegde	09515748	17/06/2022
5.	Mr. Jayant Ramaswamy Haritsa	09524601	17/06/2022
6.	Mr. Golaka Chandra Nath	09750678	17/11/2022

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

General Disclaimer: Our Analysis for this certificate does not cover the verification of criteria pertaining to appointment as Independent director under Section 149 and criteria pertaining to appointment as Managing Director under Section 196 and Schedule V of the Companies Act, 2013

**For Makarand M. Joshi & Co.
Company Secretaries**

**Kumudini Bhalerao
Partner**

FCS: F6667

CP: 6690

PR: 640/2019

UDIN: F006667E000186792

Date: April 25, 2023

Place: Mumbai

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR
MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmations that they have complied with the code of conduct for the Financial Year 2022-23.

For the purpose of this declaration, Senior Management Personnel means Key Management Persons appointed under SECC Regulations reporting directly to Managing Director and Key Managerial Personnel namely, Chief Financial Officer and Company Secretary appointed under the provisions of the Companies Act, 2013.

Name: Vikram Kothari

Date: May 10, 2023

Managing Director

Place: Mumbai

Management Discussion & Analysis Report

Financial performance –Standalone (2022-23)

During the year 2022-23, the total revenue has increased by around 39.17% from Rs.728.99 crores for the year 2021-22 to Rs.1,014.54 crores for the year 2022-23.

The total expenditure for the year 2022-23 was Rs.283.30 crores as compared to Rs.217.51 crores for the year 2021-22, an increase of around 30.25% over the previous year.

For the year 2021-22 contract pertaining to clearing and settlement system was terminated and an amount of Rs.83.86 crores was received towards the same. Accordingly, provision for impairment of intangible asset under development pertaining to the said contract made in previous year amounting to Rs.68.23 crores has been reversed and the balance amount of Rs.15.63 crores is treated as settlement compensation. The same have been considered as exceptional items.

The total Profit Before tax for the year 2022-23 was Rs.731.25 crores as against Rs.595.34 crores for the year 2021-22, increased by around 22.83% over the previous year.

The total Provision for tax (including deferred tax) for the year 2022-23 was Rs.185.95 crores as against Rs. 134.79 crores for the year 2021-22.

The total Profit after tax for the year 2022-23 was Rs. 545.29 crores as against Rs. 460.55 crores for the year 2021-22, increase by around 18.40% over the previous year.

The total Comprehensive Income for the year 2022-23 was Rs. 545.11 crores as against Rs. 460.67 crores for the year 2021-22, increase by around 18.33% over the previous year.

Operating Revenues

Clearing & Settlement charges

NSE Clearing Ltd (NCL), a wholly owned subsidiary of the National Stock Exchange of India (NSE), carries out the clearing and settlement of the trades executed in the CM, F&O, Commodity and CD segments. NSE Clearing Ltd operates under the interoperability framework among Clearing corporations for segments/ products approved by SEBI from time to time. This framework allows market participants to consolidate their clearing and settlement functions at a single Clearing Corporation, irrespective of the stock exchanges on which the trades are executed. The clearing & settlement charges for the year 2022-23 increased by around 39.40% from Rs.454.77 crores for the year 2021-22 to Rs.633.97 crores for the year 2022-23.

Interest & Other Investment income

During the year 2022-23 the total investment income increased from Rs. 261.64 crores for the year 2021-22 to Rs.361.74 crores for the year 2022-23.

Other Operating Revenues

During the year 2022-23, the other operating revenues increased from Rs.12.54 crores for the year 2021-22 to Rs.13.36 crores for the year 2022-23.

Expenditure

Other expenses

During the year 2022-23 other expenses were at Rs.203.04 crores as against the other expenses of Rs.152.76 for the year 2021-22

Employee cost

Employee related expenses for FY 2022-23 was Rs.39.53 crores which was Rs.41.33 crores for the year 2021-22. For the year 2022-23, the total employee cost as a percentage to total income was 3.90% and as a percentage of expenditure was 13.95% which is comparable to the industry standards.

Depreciation

Depreciation increased by around 73.87% from Rs.23.42 crores for the year 2021-22 to Rs.40.72 crores for the year 2022-23.

Financial Statement as on March 31, 2023

Share Capital

The total paid up capital of the Company as on March 31, 2023, is Rs. 45 crores divided in to 4,50,00,000 equity shares of Rs. 10 each.

Reserves & Surplus

The total other Equity as on March 31, 2023, is Rs.1,239.47 crores comprising General reserve of Rs.244.71 crores, Capital Redemption Reserve of Rs10.00 crores and balance in P&L A/c of Rs.984.76 crores.

During the FY 2018-19, the Company has received approval from SEBI to start clearing & settlement activities in Commodity Derivatives. As required by SEBI minimum amount of Rs.250 crores has been earmarked towards a separate fund for the purpose of augmenting Settlement Guarantee Fund for Commodity Derivatives by way of appropriation from General Reserves.

Thus, the total Net worth of the Company as on March 31, 2023, is Rs.1,257.57 crores (excluding contribution to Core SGF) and Rs.2538.57 crores (including contribution to Core SGF and contribution to Settlement Guarantee Fund (SGF)- Commodity derivatives) and the book value is Rs.279.46 per share (excluding contribution to Core SGF) and Rs.564.13 per share (including contribution to Core SGF and contribution to Settlement Guarantee Fund (SGF)- Commodity derivatives)

Core Settlement Guarantee Fund (Core SGF)

a) Securities and Exchange Board of India, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, inter alia, 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 Mar 31, 2023, is Rs. 4,797.23 crores comprising of: a) Rs.1030.55 crores contributed by NSE Clearing Ltd (NCL) by appropriating reserves / profits b) Rs.511.17 crores received from National Stock Exchange of India (NSE) towards Core SGF. c) Member's contribution to Core SGF amounting to Rs. 547.65 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. 22.78 cores received from BSE Limited (BSE) f) Rs. 1.33 cores received from Metropolitan Stock Exchange of India (MSE) g) Rs.449.95 crores, Rs.219.82 crores, Rs.186.85 crores, Rs. 0.01 and Rs 1 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, MSE and Financial Disincentive respectively. In addition to the above, Fines & penalties collected by NCL amounting to Rs.1,505.72 crores and an amount of Rs. 319.62 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 March 2023 Rs. 210.35, Dec 2022 Rs 43.65, and March 2022 are NIL respectively and for the financial year ended March 23 is Rs. 267.89 (for the year ended March 2022 NIL) have been appropriated out of profits.

Further incremental requirement of Contribution to core SGF for financial year ended March 2021 was Rs. 6.01 crores (from NCL Rs.4 crores, NSE Rs.2 crores and MSE Rs.0.01 crores).

Further, as per circular dated SEBI/HO/MRD2/DCAP/CIR/P/2021/03 January 08, 2021, SEBI has allowed transfer of excess contribution made by Stock Exchanges from Core SGF of one Clearing Corporation to the Core SGF of another Clearing Corporation in inter-operable scenario. Accordingly, Rs.21.80 crores contribution of other stock exchanges received from respective clearing corporation and also a sum of Rs.90.19 crores pertaining to contribution of NSE has been transferred to other clearing corporations.

Core Settlement Guarantee Fund (Core SGF)

a) Securities and Exchange Board of India, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, inter alia, 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 Mar 31, 2022, is Rs. 3971.25 crores comprising of: a) Rs.762.66 crores contributed by NSE Clearing Ltd (NCL) by appropriating reserves / profits b) Rs.373.65 crores received from National Stock Exchange of India (NSE) towards Core SGF. c) Member's contribution to Core SGF amounting to Rs. 364.43 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. 16.99 crores received from BSE Limited (BSE) f) Rs. 1.12 crores received from Metropolitan Stock Exchange of India (MSE)g) Rs.132.84 crores, Rs.76.35 crores, Rs.77.07 crores, Rs. 0.01 and Rs 1 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, MSE and Financial Disincentive respectively. In addition to the above, Fines & penalties collected by NCL amounting to Rs.1,195.89 crores and an amount of Rs. 641.75 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 March 2023 Rs. 210.35, Dec 2022 Rs 43.65, and March 2022 are NIL respectively and for the financial year ended March 23 is Rs. 267.89 (for the year ended March 2022 NIL) have been appropriated out of profits.

Further incremental requirement of Contribution to core SGF for financial year ended March 2021 was Rs. 6.01 crores (from NCL Rs.4 crores, NSE Rs.2 crores and MSE Rs.0.01 crores).

Further, as per circular dated SEBI/HO/MRD2/DCAP/CIR/P/2021/03 January 08, 2021, SEBI has allowed transfer of excess contribution made by Stock Exchanges from Core SGF of one Clearing Corporation to the Core SGF of another Clearing Corporation in inter-operable scenario. Accordingly, Rs.21.80 crores contribution of other stock exchanges received from

respective clearing corporation and also a sum of Rs.90.19 crores pertaining to contribution of NSE has been transferred to other clearing corporations.

Deposits from members & Clearing Banks (Unsecured)

The total deposits from members & Clearing Banks as on March 31, 2023, stood at Rs. 1,776.14 crores as against Rs.1,219.94 crores as on March 31, 2022.

Fixed Assets

Total Gross Block as on March 31, 2023, was Rs 221.37 crores. Total Accumulated depreciation up to March 31, 2023, was Rs.112.32 crores. Net fixed Assets (including Capital W.I.P) were Rs.109.05 crores.

Investments

The prudential policy of the Company permits to invest both long term and short-term surplus funds into deposits of highly rated banks, bonds issued by the Central / State governments, debt oriented schemes of high performing liquid schemes of mutual funds. As on March 31, 2023, and as on March 31, 2022, the total non-current investments were Rs.90.00 crores. Current investments were Rs.545.07 crores as on March 31, 2023, as against Rs. 376.33 crores as on March 31, 2022, an increase of Rs.168.74 crores.

Other Non-Current and Current Assets

Total other assets (non-current and current) as on March 31, 2023, stood at Rs.6,771.64 crores mainly comprising of cash and bank balances in current and Fixed Deposits amounting to Rs.6,415.59 crores, interest accrued on investments and Fixed Deposits amounting to Rs.73.52 crores, trade receivables amounting to Rs.62.73 crores.

Other Non-Current and Current Liabilities

Total other liabilities (non-current and current) as on March 31, 2023, stood at Rs.4,455.16 crores mainly comprising of Settlement Obligations payable Rs. 182.71 crores, Margins from Members Rs. 3,867.33 crores.

Taxation

The total Provision for tax (including deferred tax) for the year 2022-23 was Rs.185.95 (net off tax on contribution to Core SGF) crores as against Rs. 134.79 crores for the year 2021-22.

Events occurring after the balance sheet date.

There are no transactions of material nature that have occurred after March 31, 2023, which could have any impact on the financial performance of the Company for the year 2022-23.

Financial performance –Consolidated (2022-23)

During the year 2022-23, the total revenue has increased by around 39.21% from Rs.729.40 crores for the year 2021-22 to Rs.1,015.41 crores for the year 2022-23.

The total expenditure for the year 2022-23 was Rs.299.93 crores as compared to Rs.228.01 crores for the year 2021-22, an increase of around 31.54% over the previous year.

The total Profit Before tax for the year 2022-23 was Rs.715.49 crores as against Rs.582.25 crores for the year 2021-22, increased by around 22.25% over the previous year.

The total Provision for tax (including deferred tax) for the year 2022-23 was Rs 185.95 crores as against Rs. 134.79 crores for the year 2021-22.

The total Profit after tax for the year 2022-23 was Rs.529.54 crores as against Rs.450.46 crores for the year 2021-22, increase by around 17.56% over the previous year.

The total Comprehensive Income for the year 2022-23 was Rs.532.90 crores as against Rs. 452.06 crores for the year 2021-22, increase by around 17.88% over the previous year.

Operating Revenues

Clearing & Settlement charges

NSE Clearing Ltd (NCL), a wholly owned subsidiary of the National Stock Exchange of India (NSE), carries out the clearing and settlement of the trades executed in the CM, F&O, Commodity and CD segments. NSE Clearing Ltd operates under the interoperability framework among Clearing corporations for segments/ products approved by SEBI from time to time. This framework allows market participants to consolidate their clearing and settlement functions at a single Clearing Corporation, irrespective of the stock exchanges on which the trades are executed. The clearing & settlement charges for the year 2022-23 increased by around 39.40% from Rs. 454.77 crores for the year 2021-22 to Rs.633.97 crores for the year 2022-23.

Interest & Other Investment income

During the year 2022-23 the total investment income increased from Rs. 262.08 crores for the year 2021-22 to Rs. 362.60 crores for the year 2022-23.

Other Operating Revenues

During the year 2022-23, the other operating revenues increased from Rs. 12.54 crores for the year 2021-22 to Rs.13.36 crores for the year 2022-23.

Expenditure

Other expenses

During the year 2022-23 other expenses were at Rs.213.55 crores as against the other expenses of Rs. 158.87 for the year 2021-22

Employee cost

Employee related expenses for FY 2022-23 was Rs.41.60 crores which was Rs. 43.44 crores for the year 2021-22. During the year, certain employees of NSEIL were deputed to the Company for IT management and consultancy, accordingly, Salaries, wages and bonus of Deputed Staff pertains to amount reimbursed by the company to The National Stock Exchange of India Limited (NSEIL) in respect of employees made available to the company. For the year 2022-23, the total employee cost as a percentage to total income was 4.10% and as a percentage of expenditure was 13.87% which is comparable to the industry standards.

Depreciation

Depreciation increased by around 74.23% from Rs.25.70 crores for the year 2021-22 to Rs.44.77 crores for the year 2022-23.

Financial Statement as on March 31, 2023

Share Capital

The total paid up capital of the Company as on March 31, 2023 is Rs.45 crores divided in to 4,50,00,000 equity shares of Rs.10 each.

Reserves & Surplus

The total other Equity as on March 31, 2023, is Rs. 1,182.78 crores comprising General reserve of Rs.244.71 crores, Capital Redemption Reserve of Rs. 10.00 crores, Foreign Currency Translation Reserve of Rs.10.26 crores and balance in P&L A/c of Rs.917.81 crores.

During the FY 2018-19, the Company has received approval from SEBI to start clearing & settlement activities in Commodity Derivatives. As required by SEBI minimum amount of Rs.250 crores has been earmarked towards a separate fund for 145 the purpose of augmenting Settlement Guarantee Fund for Commodity Derivatives by way of appropriation from General Reserves

Thus, the total Net worth of the Company as on March 31, 2022 is Rs.1,227.78 crores (excluding contribution to Core SGF) and Rs.2,097.33 crores (including contribution to Core SGF and contribution to Settlement Guarantee Fund (SGF)- Commodity derivatives) and the book value is Rs.272.84 per share (excluding contribution to Core SGF) and Rs.501.95 per share(including contribution to Core SGF and contribution to Settlement Guarantee Fund (SGF)- Commodity derivatives)

Core Settlement Guarantee Fund (Core SGF)

- a) 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 Mar 31, 2022, is Rs. 4797.23 crores comprising of:
 - a) Rs.1030.55 crores contributed by NSE Clearing Ltd (NCL) by appropriating reserves / profits
 - b) Rs.511.17 crores received from National Stock Exchange of India (NSE) towards Core SGF.
 - c) Member's contribution to Core SGF amounting to Rs. 547.65 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. 22.78 cores received from BSE Limited (BSE)
 - f) Rs. 1.33 cores received from Metropolitan Stock Exchange of India (MSE)
 - g) Rs.449.95 crores, Rs.219.82 crores, Rs.186.85 crores, Rs. 0.01 and Rs. 1 crores adjusted towards incremental requirement of Minimum Required Corpus (MRC) from the interest accrual on the cash contribution by NCL, NSE, NSE's Contribution on behalf of members and MSE and Financial Disincentive respectively. In addition to the above, Fines & penalties collected by NCL amounting to Rs.1,505.72 crores and an amount of Rs. 319.62 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 March 2023 is Rs.210.35 crores, Dec 2022 is Rs. 43.65 crores, and March 2022 is NIL and for the financial year ended March 2023 is Rs. 267.89 crores (for the year ended March 2022 Rs NIL) have been appropriated out of profits.

Further incremental requirement of Contribution to core SGF for financial year ended March 2021 was Rs. 6.01 crores (from NCL Rs.4 crores, NSE Rs.2 crores and MSE Rs.0.01 crores). Further, as per circular dated SEBI/HO/MRD2/DCAP/CIR/P/2021/03 January 08, 2021, SEBI has allowed transfer of excess contribution made by Stock Exchanges from Core SGF of one Clearing Corporation to the Core SGF of another Clearing Corporation in inter-operable scenario. Accordingly, Rs.21.08 crores contribution of other stock exchanges received from respective clearing corporation and also a sum of Rs.90.19 crores pertaining to contribution of NSE has been transferred to other clearing corporations.

b) 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 March 31, 2023, of NSE IFSC Clearing Corporation Limited (NICCL), WOS of NCL was Rs.11.91 crores comprising of Rs.11.91 crores contributed by NICCL by appropriating reserves / profits and Fines & penalties collected by NICCL amounting to Rs.0.05 crores & an amount of Rs 0.27 crores being Income from investments of Core SGF funds have been credited to Core SGF. Further, NICCL Contribution for year ended March 2022 is Nil and for year ended March 31, 2021, Rs.1.00 crore.

- b) During the financial year 2018-19, the Company received approval from SEBI to start clearing & settlement activities in Commodity Derivatives and commenced operations w.e.f. October 12, 2018. As required by SEBI an amount of Rs.250 crores. has been earmarked towards a separate fund to augment Settlement Guarantee Fund for Commodity Derivatives by way of appropriation from General Reserves. Further, the company has also earmarked investments amounting to Rs. 250 crores. towards the same.

Deposits from members & Clearing Banks (Unsecured)

The total deposits from members & Clearing Banks as on March 31, 2023, stood at Rs.1,786.29 crores as against Rs. 1226.76 crores as on March 31, 2022.

Fixed Assets

Total Gross Block as on March 31, 2023, was Rs.245.98 crores. Total Accumulated depreciation up to March 31, 2023, was Rs.122.33 crores. Net fixed Assets (including Capital W.I.P) were Rs 123.65 crores.

Investments

The prudential policy of the Company permits to invest both long term and short term surplus funds in to deposits of highly rated banks, bonds issued by the Central / State governments, debt oriented schemes of high performing liquid schemes of mutual

funds. Current investments were Rs.545.07 crores as on March 31, 2023, as against Rs. 376.33 crores as on March 31, 2022.

Other Non-Current and Current Assets

Total other assets (non-current and current) as on March 31, 2023 stood at Rs.6,635.79 crores mainly comprising of cash and bank balances in current and Fixed Deposits amounting to Rs.6,456.56 crores, interest accrued on investments and Fixed Deposits amounting to Rs.73.55 crores, trade receivables amounting to Rs.62.73 crores.

Other Non-Current and Current Liabilities

Total other liabilities (non-current and current) as on March 31, 2023, stood at Rs.4,468.81 crores mainly comprising of Settlement Obligations payable Rs.182.71 crores, Margins from Members Rs. 3,870.41 crores.

Taxation

The total Provision for tax (including deferred tax) for the year 2022-23 was Rs.185.95 (net off tax on contribution to Core SGF) crores as against Rs.134.79 crores for the year 2021-22.

Events occurring after the balance sheet date.

There are no transactions of material nature that have occurred after March 31, 2023, which could have any impact on the financial performance of the Company for the year 2022-23. ---

CEO – CFO Certification

**To,
The Board of Directors
NSE Clearing Limited**

We, Vikram Kothari, Managing Director and Amit Amlani, Chief Financial Officer of the NSE Clearing Limited hereby certify to the Board that:

- a. We have reviewed financial statements and the cash flow statement for the year ended on March 31, 2023 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
 - i. significant changes, if any, in internal control over financial reporting during the year;
 - ii. significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Mumbai
Date: May 10, 2023

Vikram Kothari
Managing Director

Amit Amlani
Chief Financial Officer



MMJC

MAKARAND M. JOSHI & CO.

Company Secretaries

Ecstasy, 803/804, 8th Floor, City of Joy, J.S.D Road, Mulund (West), Mumbai- 400080, (T) 022-21678100

COMPLIANCE CERTIFICATE - DISCLOSURE REQUIREMENTS & CORPORATE GOVERNANCE NORMS

To,
The Board of Directors,
NSE Clearing Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (East), Mumbai 400051

We have examined all relevant records of NSE Clearing Limited for the purpose of certifying compliance of the disclosure requirements and corporate governance norms as specified for the Listed Companies for the financial year ended March 31, 2023.

In terms of Regulation 33(1) of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the disclosure requirements and corporate governance norms as specified for listed companies have become mutatis mutandis applicable to a recognized Clearing Corporation. We have obtained all the information and explanations to the best of our knowledge and belief, which were necessary for the purpose of this certification.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the disclosure requirements and corporate governance norms. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with disclosure requirements and corporate governance norms as specified for Listed Companies.

For Makarand M. Joshi & Co.
Company Secretaries

Kumudini Bhalerao
Partner

FCS: 6667

CP: 6690

PR: 640/2019

UDIN: F006667E000183459

Date: April 25, 2023
Place: Mumbai

**ANNEXURE 7(I) TO DIRECTORS' REPORT
STATEMENT PURSUANT TO RULE 5(2) OF THE
COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

Sr. No.	Name & Qualifications	Age in years	Designation/ Nature of Duties	Remuneration Received (Rs.)		Experience (No. of years)	Date of Commencement of Employment	Last Employment
				Gross	Net			
1	Mr. Vikram Kothari # & \$ CA ICWA.	52	Managing Director	2,34,07,007	1,38,62,442	27	November 07, 2017	Executive Director J P Morgan Chase Bank
2	Ms. Rana Usman # & \$ M.Com, PGDBM	52	Head - Clearing & Settlement	1,57,34,903	1,03,84,109	28	December 01, 2016	Sr. Asst. Vice President National Stock Exchange of India Ltd.
3	Mr. Ravindra Bathula # & \$ @ LL.B.	53	General Counsel	83,09,158	24,68,462	29	December 01, 2016	Head - General Counsel National Stock Exchange of India Ltd.
4	Mr Huzefa Mahuvawala # & \$ CA	45	Senior Vice President	1,44,40,533	92,39,108	23	December 01, 2016	Asst. Vice President National Stock Exchange of India Ltd.
5	Mr. Uppili Krishnan Srinivasan # MMS, Msc	48	Senior Vice President	88,94,546	57,52,070	27	November 10, 2021	Principal Consultant and Delivery Head Tata Consultancy Services Limited
6	Mr Pradeep Mukilmaridur # @ LLB, BA	55	Senior Vice President	23,81,002	15,66,762	27	December 05, 2022	Director OCTafx India Pvt Ltd
7	Mr Piyush Chourasia # @ PGDM, Btech	39	Senior Vice President	38,78,716	29,55,944	14	December 12, 2022	Chief Risk and Regulatory Officer & Head Strategy Indian Clearing Corporation Ltd
8	Ms. Hima Bindu Vakkalanka # & MBA	49	Vice President	92,27,568	59,91,114	27	September 01, 2017	Asst. Vice President National Stock Exchange of India Ltd.
9	Mr Amit Hatakar % MMS, BE	51	Vice President	1,12,47,780	71,73,559	30	March 01, 2023	Vice President National Stock Exchange of India Ltd.
10	Mr. Amit Pujara # CA	44	Head - Compliance	47,91,978	33,73,893	20	November 01, 2021	Compliance Officer & CFO National E-Repository Ltd
11	Mr Aniket Bhanu # & B.E, PGDBM	39	Vice President	68,08,251	43,60,468	15	July 03, 2017	Partner Giganalytics LLP
12	Mr. Amit Amlani # & MBA DBM	46	Vice President	73,47,666	47,37,722	23	September 01, 2017	Chief Manager National Stock Exchange of India Ltd.
13	Ms Moushumi Mandal Suganth # & M.M.S	45	Vice President	93,91,701	62,56,757	22	December 01, 2019	Associate Vice President National Stock Exchange of India Limited
14	Mr. Sijo Eluvathingal % CA	41	Vice President	58,75,274	39,88,221	17	September 01, 2017	Senior Manager National Stock Exchange of India Ltd.
15	Mr. Deepak Maharishi % @ PGDM, BE	50	Vice President	3,84,144	3,68,628	28	March 08, 2023	Senior Consultant Tata Consultancy Services Limited
16	Mr. Nirajkumar Chhangani % @ BE	40	Vice President	4,82,665	3,38,115	17	March 01, 2023	Vice President National Stock Exchange of India Ltd.
17	Mr Paul Moonjelil # & @ B.E	44	Chief Information Security Officer	28,16,124	18,96,103	21	August 05, 2019	Senior Manager Price Waterhouse
18	Mr Mangesh Mahale # @ BE	50	Chief Enterprise Risk & Information Security Officer	7,85,362	7,03,917	27	February 01, 2023	Dy General Manager (IT) Union Bank of India
19	Mr. Sachin Shetty % CA	42	Associate Vice President	41,58,471	30,56,090	19	September 01, 2017	Senior Manager National Stock Exchange of India Ltd.
20	Ms. Archana Upadhye % MFA	47	Associate Vice President	36,89,170	27,58,052	26	September 01, 2017	Senior Manager National Stock Exchange of India Ltd.

21	Ms. Ashwini Goraksha % CA	39	Associate Vice President	36,61,471	25,58,607	16	September 01, 2017	Manager National Stock Exchange of India Ltd.
22	Ms. Nisha Pillai % CA	39	Associate Vice President	39,14,449	29,64,476	15	September 01, 2017	Senior Manager National Stock Exchange of India Ltd.
23	Mr. Onkar Phadnavis % CA	40	Associate Vice President	65,49,055	43,75,207	17	May 20, 2019	Associate Vice President National Stock Exchange of India Ltd.
24	Ms. Supriya Sachin Salian % CA	43	Associate Vice President	30,33,689	21,92,312	19	April 01, 2022	Associate Consultant Tata Consultancy Services Limited
25	Mr. Rijesh Kottungal % @ BE	43	Associate Vice President	3,54,225	2,22,549	17	March 01, 2023	Associate Vice President National Stock Exchange of India Ltd.
26	Mr Ravin Tank # @ CS	38	Company Secretary	8,57,418	7,22,967	13	August 19, 2022	Senior Manager Reliance Capital Ltd

- Gross Remuneration includes Salary and other benefits, Company's contribution to Provident Fund, Pension, Superannuation Fund, taxable value of perquisites etc. Net remuneration represents gross remuneration less Company's contribution to provident, pension and superannuation funds, taxable value of perquisites, profession tax and income tax. Where applicable, the amounts also include certain allowances accrued during previous year(s) but claimed in the current year.
- Besides the above, leave encashment amounting to Rs.15,054, Rs 9,493, Rs 12,52,095, Rs 7,20,215, Rs 6,89,983, Rs 4,06,277, Rs 2,12,848, Rs 3,59,821, Rs 1,69,430 Rs 77,510, Rs 32,925, Rs 1,33,940, Rs 80,766, Rs 26,824, Rs 42,773 and Rs 2,50,278 was paid to Mr. Vikram Kothari, Mr. Aniket Bhanu, Mr. Ravindra Bathula, Mr. Huzefa Mahuvawala, Ms. Rana Usman, Ms. Hima Bindu Vakkalanka, Mr. Amit Hatakar, Mr. Amit Amlani, Mr. Paul Moonjeli, Ms. Moushumi Mandal Suganth, Mr. Sijo Eluvathingal, Mr. Sachin Shetty, Ms. Archana Upadhye, Ms. Ashwini Goraksha, Ms. Nisha Pillai and Mr. Onkar Phadnavis respectively and interest on withheld variable pay for FY 2018-19 of Rs 5,06,962, Rs.3,96,216, and Rs 3,25,008 was paid to Mr. Vikram Kothari, Ms. Rana Usman, and Mr. Ravindra Bathula respectively. Mr. Ravindra Bathula was also paid Rs 99,35,100 towards gratuity.
- Employees, whose names are marked with # are Key Management Personnel under SCR(SECC) Regulations, 2018 of SEBI. The remuneration of employee marked with & excludes 50% of their Variable Pay to be paid on deferred basis after 3 years. For employees marked with \$, remuneration received includes 50% variable pay pertaining to earlier period namely Mr. Vikram Kothari (Gross Rs 21,28,500 - Net Rs 12,98,380) Ms. Rana Usman (Gross Rs 16,77,713 - Net Rs 10,75,753) and Mr. Ravindra Bathula (Gross Rs 13,76,196 - Net Rs 8,82,416)
- Employees, whose names were marked with % are Key Management Personnel under SCR (SECC) Regulations, 2018 of SEBI effective from April 06, 2023.
- None of the employees mentioned above is a relative of any Director.
- All Employees are in permanent employment of the company on contractual basis governed by the employment terms & conditions and service rules.
- Employees whose name has been marked with @ were employed with the company for part of the year.
- None of the above employees is holding any equity share in the company within the meaning of clause (iii) of sub-rule 2 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- The Company does not have any Employees Stock Option Plan (ESOP) Scheme for its employees.

NSE CLEARING LIMITED
ANNEXURE 7 (II) TO DIRECTORS' REPORT

**DISCLOSURES PURSUANT TO SECTION 197 (12) OF THE COMPANIES ACT, 2013
READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND
REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

The disclosures pertaining to remuneration in terms of Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 27 (6) of SCR (SECC) Regulations, 2018 are as per the details provided below.

i. Ratio of Remuneration of each director to the median remuneration of the employees of the Company for the Financial year

- | | |
|-------------------------------------|---|
| • Director's remuneration | ÷Rs. 2,44,20,744 |
| • Employees' remuneration | : Rs. 44,03,58,419 (excluding Director) |
| • Median of employees' remuneration | ÷Rs. 10,74,032 |

The ratio of remuneration of the Managing Director to the median remuneration of the employees of the Company for the financial year is 22.74 X

ii. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial year

The percentage increase in remuneration of Managing Director and Chief Financial Officer in the financial year is around 8% and 9% respectively.

* Changes in the following positions:

- The Company Secretary has been appointed with effect from August 19, 2022.

iii. The percentage increase in the median remuneration of employees in the Financial year

There is a percentage decrease in the median remuneration of employees over last year of around 0.09%.

iv. The number of permanent employees on the rolls of the Company

As on March 31, 2023, there are 193 employees on the rolls of the Company.

v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

For the FY 2022-23, the average percentile increase for the employees and the managerial personnel has been 11.2% (including salary correction of 0.75%). Apart from the performance based normal increment and salary correction, the employees also received one tranche of Deferred Pay retention plan.

- I. For Non KMPs, the payout was effective October 30, 2022.
- II. For KMPs (Excluding MD & CEO) payment of 7.5% is effective April 1, 2023.

vi. Affirmation that the remuneration is as per the remuneration policy of the Company.

The remuneration is as per the remuneration policy of the Company.

NSE CLEARING LIMITED
ANNEXURE 8 TO DIRECTOR'S REPORT

INFORMATION REQUIRED UNDER REGULATION 27(5) & (6) OF THE SECURITIES CONTRACTS (REGULATION) (STOCK EXCHANGES AND CLEARING CORPORATIONS) REGULATIONS, 2018

KMP Compensation - NSE Clearing Limited				
Sr. No.	KMP Name	KMP Compensation	Median of Compensation of all employees	Ratio of median of compensation of all employees against KMP compensation
1	Mr. Vikram Kothari # & \$	2,34,07,007	10,73,160	21.81
2	Ms. Rana Usman # & \$	1,57,34,903	10,73,160	14.66
3	Mr. Ravindra Bathula # & \$ @	83,09,158	10,73,160	7.74
4	Mr Huzefa Mahuvawala # & \$	1,44,40,533	10,73,160	13.46
5	Mr. Uppili Krishnan Srinivasan #	88,94,546	10,73,160	8.29
6	Mr Pradeep Mukilmaridur # @	23,81,002	10,73,160	2.22
7	Mr Piyush Chourasia # @	38,78,716	10,73,160	3.61
8	Ms. Hima Bindu Vakkalanka # &	92,27,568	10,73,160	8.60
9	Mr Amit Hatakar %	1,12,47,780	10,73,160	10.48
10	Mr. Amit Pujara #	47,91,978	10,73,160	4.47
11	Mr Aniket Bhanu # &	68,08,251	10,73,160	6.34
12	Mr. Amit Amlani # &	73,47,666	10,73,160	6.85
13	Ms. Moushumi Mandal Suganth # &	93,91,701	10,73,160	8.75
14	Mr. Sijo Eluvathingal %	58,75,274	10,73,160	5.47
15	Mr. Deepak Maharishi % @	3,84,144	10,73,160	0.36
16	Mr. Nirajkumar Chhangani % @	4,82,665	10,73,160	0.45
17	Mr Paul Moonjelil # & @	28,16,124	10,73,160	2.62
18	Mr Mangesh Mahale # @	7,85,362	10,73,160	0.73
19	Mr. Sachin Shetty %	41,58,471	10,73,160	3.87
20	Ms. Archana Upadhye %	36,89,170	10,73,160	3.44
21	Ms. Ashwini Goraksha %	36,61,471	10,73,160	3.41
22	Ms. Nisha Pillai %	39,14,449	10,73,160	3.65
23	Mr. Onkar Phadnavis %	65,49,055	10,73,160	6.10
24	Ms. Supriya Sachin Salian %	30,33,689	10,73,160	2.83
25	Mr. Rijesh Kottungal % @	3,54,225	10,73,160	0.33
26	Mr. Ravin Tank # @	17,14,836	10,73,160	1.60

Notes :

- 1 Gross Remuneration includes Salary and other benefits, Company's contribution to Provident Fund, Pension, Superannuation Fund, taxable value of perquisites etc. Net remuneration represents gross remuneration less Company's contribution to provident, pension and superannuation funds, taxable value of perquisites, profession tax and income tax. Where applicable, the amounts also include certain allowances accrued during previous year(s) but claimed in the current year.
- 2 Besides the above, leave encashment amounting to Rs.15,054, Rs 9,493, Rs 12,52,095, Rs 7,20,215, Rs 6,89,983, Rs 4,06,277, Rs 2,12,848, Rs 3,59,821, Rs 1,69,430 Rs 77,510, Rs 32,925, Rs 1,33,940, Rs 80,766, Rs 26,824, Rs 42,773 and Rs 2,50,278 was paid to Mr Vikram Kothari, Mr Aniket Bhanu, Mr. Ravindra Bathula, Mr Huzefa Mahuvawala, Ms Rana Usman, Ms Hima Bindu Vakkalanka, Mr Amit Hatakar, Mr Amit Amlani, Mr Paul Moonjelil, Ms Moushumi Mandal Suganth, Mr Sijo Eluvathingal, Mr Sachin Shetty, Ms Archana Upadhye, Ms Ashwini Goraksha, Ms Nisha Pillai and Mr Onkar Phadnavis respectively and interest on withheld variable pay for FY 2018-19 of Rs 5,06,962, Rs.3,96,216, and Rs 3,25,008 was paid to Mr Vikram Kothari, Ms. Rana Usman, and Mr. Ravindra Bathula respectively. Mr. Ravindra Bathula was also paid Rs 99,35,100 towards gratuity.
- 3 Employees, whose names are marked with # are Key Management Personnel under SCR (SECC) Regulations, 2018 of SEBI. The remuneration of employee marked with & excludes 50% of their Variable Pay to be paid on deferred basis after 3 years. For employees marked with \$, remuneration received includes 50% variable pay pertaining to earlier period namely Mr Vikram Kothari (Gross Rs 21,28,500 - Net Rs 12,98,380) Ms Rana Usman (Gross Rs 16,77,713 - Net Rs 10,75,753) and Mr Ravindra Bathula (Gross Rs 13,76,196 - Net Rs 8,82,416)
- 4 Employees, whose names were marked with % are Key Management Personnel under SCR (SECC) Regulations, 2018 of SEBI effective from April 06, 2023.
- 5 Median for compensation to all employees is based on Cost to Company (CTC).
6. Employees whose name has been marked with @ were employed with the company for part of the year.



**Business Responsibility and
Sustainability Report
FY 2022-23**

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Statement by MD

Dear stakeholders,

I am honoured to present our inaugural Business Responsibility Sustainability Report, a comprehensive testament to our unwavering commitment to sustainable practices and responsible business operations. At NSE Clearing Limited (NCL), we believe that sustainability lies at the heart of our corporate vision, and it is with immense pride that we share the progress we have made on our sustainability journey. This report serves as a testament to our proactive approach in addressing the complex challenges posed by the global environmental crisis and societal expectations. We recognize the urgency and significance of these issues and are steadfastly dedicated to shaping a more sustainable future.

We believe that effective sustainability management must be ingrained into the fabric of our organization, woven seamlessly into our operations, and embraced by every individual within the company. Our commitment extends beyond mere compliance; it is a pledge to continuously raise the bar and set new benchmarks for environmental stewardship, social impact, and corporate governance. Our relentless pursuit of innovative solutions has significantly reduced our carbon footprint, while our resource management practices have enhanced operational efficiency and minimized waste generation. Additionally, we have actively championed diversity and inclusivity, fostering a workplace culture that values every individual's unique perspective and contribution.

Collaboration with our stakeholders has been instrumental in our sustainability endeavours. We extend our gratitude to our partners, suppliers and employees, who have joined us on this journey towards a more sustainable world. It is through these partnerships that we have been able to drive meaningful change and achieve remarkable outcomes.

We acknowledge that our sustainability journey is an ongoing pursuit, and we remain committed to continuous improvement. We embrace the challenges ahead, viewing them as opportunities to innovate and deliver impactful solutions that will leave a lasting, positive imprint on the planet and society.

Our maiden Business Responsibility and Sustainability Report symbolizes a milestone, a declaration of intent, and a testament to the transformative power of sustainability within NCL. We are resolute in our commitment to sustainability and will continue to take bold steps in shaping a better, more sustainable world.

Thank you for joining us on this journey.

Sincerely,

Mr. Vikram Kothari

Managing Director

NSE Clearing Limited

SECTION A: GENERAL DISCLOSURES

I – Details of listed Entity

Sl. No.	Particulars	Response
1	Corporate Identity Number (CIN) of the Listed Entity	U67120MH1995PLC092283
2	Name of the Listed Entity	NSE CLEARING LIMITED
3	Year of incorporation	1995
4	Registered office address	Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra (East), Mumbai – 400051
5	Corporate address	Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra (East), Mumbai - 400051
6	E-mail	secretarialdept@nse.co.in
7	Telephone	+91 22 26598100
8	Website	https://www.nscclindia.com/
9	Financial year for which reporting is being done	F.Y. 2022-2023
10	Name of the Stock Exchange(s) where shares are listed	Not Applicable
11	Paid-up Capital	INR 45,00,00,000
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Ravin Tank, Company Secretary +91 22 26598446 Email - secretarialdept@nse.co.in
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone

II – Product/Service

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% Of total Turnover contributed
1	Processing & Clearing services of securities transactions	NSE Clearing Limited (NCL) carries out clearing and settlement functions as per the settlement cycles provided in the settlement schedule. The clearing function of the clearing corporation is designed to work out a) what members are due to deliver and b) what members are due to receive on the settlement date.	100

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover)

S. No.	Product/Service	NIC Code	% Of total Turnover contributed
1	Processing & Clearing services of securities transactions	6619 [As per National Industrial Classification Code 2008 – Ministry of Statistics and Programme Implementation]	100

III – Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	Not Applicable	5	5
International	Not Applicable	0	0

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	22
International (No. of Countries)	0

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Ans. This question is Not applicable to NCL as the entity being in the service industry does not manufacture anything which needs to be exported to other nations.

c. A brief on types of customers

Ans. A Clearing Member is a member of the Clearing Corporation who clears and settles deals through the Clearing Corporation. The Clearing Member clears and settles the deals for a segment in a manner and mode and subject to such terms and conditions and procedures prescribed for them. Further, a Clearing Member may clear and settle deals on their own account or on behalf of their clients subject to the terms and conditions prescribed by the Clearing Corporation.

In the Capital market Segment, all trading members of the Exchange are required to become the Clearing Member of the Clearing Corporation.

In F&O Segment, trading members need not necessarily clear their deals. However, they can select another clearing member or a professional clearing member to clear and settle their dues. Trading Members who are also Clearing Members can clear and settle their deals and also deals of other trading members who opt to settle their deals through the said clearing member.

IV – Employees:

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S.No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<u>EMPLOYEES</u>						
1.	Permanent (D)	193	134	69.43%	59	30.57%
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total employees (D + E)	193	134	69.43%	59	30.57%
<u>WORKERS</u>						
4.	Permanent (F)	Not Applicable				
5.	Other than Permanent (G)					
6.	Total workers (F + G)					

*The category of “workers” is not applicable to NCL.

b. Differently abled employees and workers:

S.No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<u>DIFFERENTLY ABLED EMPLOYEES</u>						
1.	Permanent (D)	0	0	0%	0	0%
2.	Other than Permanent	0	0	0%	0	0%

3.	Total differently abled employees (D + E)	0	0	0%	0	0%
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19. Participation/Inclusion/Representation of women:

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	6	1	16.67%
Key Management Personnel	13	3	23.08%

20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

	FY 2022-23 (Turnover rate in current FY)			FY 2021-22 (Turnover rate in previous FY)			FY 2020-21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	9.66%	18.95%	12.58%	21.92%	12.31%	18.96%	9.46%	7.02%	8.78%

V – Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding /subsidiary/ associate companies/ joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% Of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	National Stock Exchange of India Limited	Holding	100	Yes
2.	NSE IFSC Clearing Corporation Limited	Subsidiary	100	No

VI – CSR Details

22. Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No): Yes

- i. Turnover (in Rs.): 1014,65,90,650.93
- ii. Net worth (in Rs.): 545,25,54,906.78

VII – Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	FY 22-23			FY 21-22		
	<i>(If yes, then provide web-link for grievance redress policy)</i>	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	No	0	0	Nil	0	0	Nil
Investors (other than shareholders)	https://www.nscclindia.com/	2	1	Nil	0	0	Nil
Shareholders	No	0	0	Nil	0	0	Nil
Employees	Yes	0	0	Nil	0	0	Nil
Customers	No	0	0	Nil	0	0	Nil
Value Chain Partners	No	0	0	Nil	0	0	Nil
Other (please specify)	No	0	0	Nil	0	0	Nil

24. Overview of the entity’s material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

S.No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Employee retention and satisfaction	Opportunity	High retention and employee satisfaction lead to increased productivity and lower turnover costs.	Not applicable	Positive
2.	Business Ethics	Opportunity	Adhering to strong business ethics enhances reputation and trust, attracting more clients and fostering long-term relationships.	Not applicable	Positive
3	Compliances	Risk	Non-compliance can result in legal and financial penalties	Implementing a robust compliance framework and conducting regular audits to mitigate risks	Negative
4	Data privacy	Opportunity	Inadequate data privacy measures can lead to breaches, reputational damage, and legal consequences.	Ensuring strict data protection protocols and investing in cybersecurity	Negative
5	Learning and Development	Opportunity	Investing in employee development improves skills, productivity, and morale, contributing to business growth and adaptability.	Not applicable	Positive
6	Executive Compensation & Incentives	Opportunity	Well-designed compensation and incentives motivate executives, align their interests with company goals, and drive performance	Not applicable	Positive
7	Human Capital Management	Opportunity	Effective management of human capital maximizes talent potential, promotes employee engagement, and boosts organizational	Not applicable	Positive

			performance		
8	Labor Practices	Opportunity	Fair labor practices enhance employee morale, attract top talent, and improve overall reputation and competitiveness.	Not applicable	Positive
9	Human Rights	Risk	Violation of human rights can lead to legal consequences, reputational damage, and loss of investor confidence.	Adherence to local regulations and international human rights standards and conducting due diligence.	Negative
10	Occupational Health and Safety	Opportunity	Prioritizing health and safety minimizes workplace accidents, improves employee well-being, and reduces absenteeism and legal liabilities.	Not applicable	Positive
11	Energy Management	Opportunity	Efficient energy management reduces costs, environmental impact, and enhances sustainability efforts, positioning the company as a responsible corporate citizen	Not applicable	Positive
12	Waste Management	Opportunity	Effective waste management practices reduce environmental footprint, improve resource efficiency, and align with sustainability goals.	Not applicable	Positive

SECTION B : MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	NA	Yes	Yes	Yes	Yes	No	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	NA	Yes	Yes	No	Yes	No	Yes	Yes
c. Web Link of the Policies, if available	<p>We have established a comprehensive framework of policies aimed at upholding utmost responsibility in all facets of our business operations. This esteemed collection includes the <i>Code of Conduct for Directors, Remuneration Policy, E-Waste Policy, Data Policy, Fair and Equitable Policy, and the Whistle-blower Policy</i>, all of which can be readily accessed at https://www.nscclindia.com/.</p> <p>Furthermore, we adhere to the principles of NGRBC, aligning our <i>POSH, Conflict of Interest, Risk Management, Health and Wellness and Code of Ethics</i> policies in complete harmony with the esteemed guidelines put forth by the governing authority. These internal policies serve as beacons of our steadfast commitment to conducting business with the highest degree of ethical standards, safeguarding the interests of our stakeholders, and nurturing a sustainable and responsible organizational culture.</p>								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	NA	Yes	Yes	Yes	Yes	No	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	No	NA	No	No	Yes	No	No	No	No
4. Name of the national and international codes/certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	We are currently working to align and adopt to various renowned national and international codes/certifications/labels/ standards.								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	We are engaging with subject matter experts and actively pursuing sustainability improvement agenda.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Not Applicable								

<p>7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure): The Message can be found in the first page</p>	
<p>8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).</p>	<p>The Regulatory Oversight Committee of NCL is overseeing the implementation of the BR policy.</p>
<p>9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. (Does not pertain to Board Secretariat)</p>	<p>No.</p>

*NA: Not Applicable

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Y	-	Y	Y	N	Y	N	Y	Y	Annually								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Y	-	Y	Y	N	Y	N	Y	Y	Annually								

<p>11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency?(Yes/No). If yes, provide name of the agency.</p>	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	N	N	N	N	N	N	N	N	N

12. If answer to question (1) above is “No” i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the principles material to its business (Yes/No)	NA	NA	NA	NA	NA	NA	No	NA	NA
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA	NA	NA	NA	NA	NA	No	NA	NA
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	NA	NA	NA	NA	NA	NA	No	NA	NA
It is planned to be done in the next financial year (Yes/No)	NA	NA	NA	NA	NA	NA	Yes	NA	NA
Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

*NA: Not applicable

SECTION C : PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally, and ethically responsible.

PRINCIPLE 1:- Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics /principles covered under the training and its -impact	% Of persons in respective category covered by the awareness programmes
Board of Directors	7	During the year, the Board of Directors of the Company (including its committees) has invested time on various updates comprising matters relating to an array of issues pertaining to the business, regulations, economy and environmental, social and governance parameters.	100%
Key Managerial Personnel	5	We have imparted comprehensive training on Prevention of Sexual Harassment (POSH), Cyber Information Security, and Risk Management to all our employees and Key Management Personnel (KMPs). Our POSH training endeavours to create a work environment that is respectful, inclusive, and free from harassment.	73.33%
Employees other than BoD and KMPs	8	Recognizing the significance of safeguarding sensitive information, our Cyber Information Security training equips employees and KMPs with the latest insights and protocols. Furthermore, our Risk Management training instills a risk-aware culture, empowering our workforce to identify, assess, and manage potential risks effectively. These training initiatives stand as a reflection of our values-driven approach.	69.66%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format note: the entity shall make disclosures based on materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on entity’s website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (InINR)	Brief of the Case	Has an Appeal been preferred? (Yes/No)
Penalty/ Fine	NA	NA	0	NA	NA
Settlement	NA	NA	0	NA	NA
Compounding fee	NA	NA	0	NA	NA
Non-Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (InINR)	Brief of the Case	Has an Appeal ban preferred? (Yes/No)
Imprisonment	NA	NA	0	NA	NA
Punishment	NA	NA	0	NA	NA

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Ans. Not Applicable.

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Ans. No, NCL does not have an anti-corruption or anti-bribery policy. NCL has a “Whistle Blower Policy” place as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. This Whistle Blower Policy deals with complaints such as financial or operational mismanagement / irregularities, preferential treatment to certain stakeholders, conflict of Interest, violation of legal or regulatory provisions, etc., or in respect of Employee misconduct such as bribery and corruption, management instances of unethical behavior, actual or suspected, fraud or violation of the Code of Ethics and Code of Conduct.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 22-23		FY 21-22
Directors	0	Directors	0
KMPs	0	KMPs	0
Employees	0	Employees	0
Workers	NA	Workers	NA

6. Details of complaints with regard to conflict of interest:

	FY 22-23		FY 21-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	None	0	None
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	None	0	None

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Ans. The question is Not Applicable to NCL as no issues related to fines / penalties / action were taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest

Leadership Indicators:

1. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Ans. As per Clause (vi) of the Code of Conduct for directors and key management personnel of stock exchanges or clearing corporations:

- No director of the governing board or member of any committee of the recognised stock exchange or recognised clearing corporation shall participate in any decision making/adjudication in respect of any person /matter in which he is in any way, directly or indirectly, concerned or interested.
- Whether there is any conflict of interest or not in a matter, should be decided by the governing board.

PRINCIPLE 2:- Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators:

1. Percentage of R&D and capital **expenditure** (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 22-23	FY 21-22	Details of Improvements in Environmental and social impacts
R&D	0	0	Not applicable
Capex	0	0	Not applicable

2.

- a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Ans. No, NCL does not have procedures in place for sustainable sourcing

- b. If yes, what percentage of inputs were sourced sustainably?

Ans. Not applicable

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Ans. The question is Not Applicable for NCL as the entity is in the service industry and does not produce any goods for the customers.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Ans. The question is Not Applicable for NCL as the entity is in the service industry and does not produce any goods for the customers.

PRINCIPLE 3:- Businesses should respect and promote the well-being of all employees, including those in their value chains.

Essential Indicators:

1. a) Details of measures for the well-being of employees:

Category	% Of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B /A)	Number (C)	% (C / A)	Number (D)	% (D /A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	134	134	100%	134	100%	0	0%	57	42.54	0	0%
Female	59	59	100%	59	100%	24	40.68	0	0%	0	0%
Total	193	193	100%	193	100%	24	40.68	57	42.54	0	0%
Other than Permanent employees											
Male	516	0	0%	0	0%	0	0%	0	0%	0	0%
Female	171	0	0%	0	0%	0	0%	0	0%	0	0%
Total	687	0	0%	0	0%	0	0%	0	0%	0	0%

2. Details of retirement benefits, for Current FY and Previous Financial Year:

Benefits	FY 22-23		FY 21-22	
	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N/A.)	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N/A)
PF	100%	Y	100%	Y
Gratuity	100%	Y	100%	Y
ESI	NA	NA	NA	NA
Others – please specify (Superannuation)	2%	Y	2%	Y

*NA- Not Applicable

3. Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Ans. Yes, the premises/ offices of NCL are accessible to differently abled employees.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Ans. Our Equal Opportunity Policy encompasses the provisions outlined in the Rights of Persons with Disabilities Act, 2016. We are committed to creating an inclusive and diverse workplace where everyone's rights and potential are respected and celebrated. Strict adherence with all applicable fair employment practices and equal opportunity laws is ensured in our operational locations. We embed our values of equal opportunity and no-discrimination in the whole employee life cycle encompassing hiring, remuneration, training, appraisal, and separation linked processes. We extend required facilities to support differently abled individuals to showcase their talents and flourish.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees	
	Return to work rate	Retention rate
Male	100%	80%
Female	100%	33.33%
Total	100%	62.5%

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Yes/No (If yes, then give details of the mechanism in brief)	
Permanent Employees	Yes.
Other than Permanent Employees	NCL's Grievance Redressal Procedure is a well-defined process/ platform for employees to formally raise grievances, discuss problems and/or issues/ concerns with Management practices/ workplace issues relating to supervisor/ manager/ subordinate/ peers and for providing a productive and conducive work environment where grievances are dealt with in a fair and equitable manner. A Grievance Committee is responsible for conducting fair and thorough investigation of grievances filed before them. The Committee is responsible to ensure that appropriate investigation of grievances is conducted. The committee is also responsible to ensure that sensitive nature of grievance is kept in mind during investigation.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

	FY 22-23			FY 21-22		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of	% (B / A)	Total employees/ workers in respective category (C)	No. of employees/	% (D / C)

		association(s) or Union (B)				
Total Permanent Employees	NCL does not have any employee associations.					
Total Permanent Workers						

8. Details of training given to employees and workers:

Category	FY 22-23					FY 21-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No.(B)	% (B/A)	No. (C)	% (C / A)		No.(E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	134	5	3.73%	1	0.75%	73	0	0%	3	4.11%
Female	59	0	0%	2	3.39%	36	0	0%	0	0%
Total	193	5	2.59%	3	1.55%	109	0	0%	3	2.75%

9. Details of performance and career development reviews of employees and worker:

Category	FY 22-23			FY 21-22		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	103	103	100	60	60	100
Female	48	48	100	30	30	100
Total	151	151	100	90	90	100

10. Health and safety management system:

a) Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Ans. Yes, NCL has the following processes in place as part of its occupational health and safety management system:

- i. Fire Detection and Alarm System
- ii. Fire safety equipment
- iii. Emergency escape route maps
- iv. Emergency signages

- v. Life safety measures
- vi. Auto Rescue Device in elevators
- vii. Sump pits
- viii. The building is provided with expansion joints
- ix. Compound wall with concertina coils
- x. Provision of Physical security guards
- xi. Bollard system
- xii. Perimeter Intruder Device
- xiii. Sniffer Dog
- xiv. Access Control System
- xv. CCTV System, Baggage & Food Scanner
- xvi. Door frame metal detectors
- xvii. Handheld metal detectors
- xviii. Blast proof film at façade glass and film
- xix. Medical kits

b) What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Ans. NCL has the following processes in place to identify work-related hazards on a routine and non-routine basis:

- i. Fire safety audit is conducted on twice in a year.
- ii. Floor Familiarisation training is conducted on regular basis.
- iii. Fire drill is conducted on twice in a year.
- iv. Physical security staff are briefed daily about safety & security measures.
- v. Conducting periodic audit for the existing ISO Certificates.
- vi. Air quality analysis /testing is carried out at workspace on periodic basis.
- vii. Workspace cleaning is carried out on daily basis.
- viii. Disposal of E-waste is carried on regular basis.
- ix. Health check-up of fire extinguishers is carried out on regular basis.

c) Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)?

Ans. Not Applicable

d) Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)?

Ans. Yes, our employees have access to medical and healthcare services.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 22-23	FY 21-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
Total recordable work-related injuries		0	0
No. of fatalities		0	0
High consequence work-related injury or ill-health (excluding fatalities)		0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Ans. At NCL, we offer a wide range of programs designed to promote a proactive approach to health and safety. Some of the measures taken are:

- a. Anti-sabotage checks carried out on regular basis.
- b. Fire alarm checks are carried out on weekly basis.
- c. Fire drill is carried out on twice in a year.
- d. Drinking Water sample analysis /testing is carried out on monthly basis.
- e. Canteen Food sample analysis /testing is carried out on regular basis.
- f. Baggage & Food Scanner are installed for screening of baggage & food.
- g. Health check-up of Fire Extinguisher is carried out on regular basis.

13. Number of Complaints on the following made by employees and workers:

	FY 22-23			FY 21-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	0	0	0	0
Health & Safety	0	0	0	0	0	0

14. Assessments for the year

	% Of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Ans. No risks/concerns were arisen post assessments of health & safety practices and working conditions at NCL's offices.

Leadership Indicators:

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)?

Ans. Yes, Life Insurance is provided to employees. We do not have workers; hence it is not applicable for the same.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

Ans. Yes, the purchase order with Vendor clearly stipulates that the Vendor agrees to strictly abide and ensure compliance with applicable labour laws. The vendor is required to provide the company with compliance documents confirming its compliance in accordance with applicable labour laws periodically

3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment: (HR)

Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose familymembers have been placed in suitable employment	
FY 22-23	FY 21-22	FY 22-23	FY 21-22
0	0	0	0
0	0	0	0

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

Ans. At NCL, we believe that our stakeholders are an integral part of our business and play an important role in guiding the overall business strategy. It is imperative to understand their perceptions to identify the changing risk and opportunity landscape associated with our business. We have developed distinct modes of interactions to engage with various stakeholder groups and discuss key business issues pertaining to Environment, Social and Governance (ESG) dimensions of our business.

In FY 2022-23, we conducted our first ever Stakeholder Engagement and Materiality Assessment (SEMA) with the leadership team that has helped us identify the key material topics impacting our business.

The various stakeholder groups that are of importance to us are:

- Clearing Members
- Employees
- Regulatory bodies (SEBI & RBI)
- Customers (Clearing Members)
- Partner service providers
- Investors

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Clearing Members	No	<ul style="list-style-type: none"> • Member Help desk - Phone Calls, Emails • Periodic Compliance filings • Webinars 	Quarterly	Compliance and regulatory matters
Employees	No	<ul style="list-style-type: none"> • Training and development programmes 	Quarterly	Welfare and career growth
Regulators	No	<ul style="list-style-type: none"> • Periodic meetings with SEBI officials • Emails, Phone calls 	Quarterly	<ul style="list-style-type: none"> • Periodic engagement with SEBI officials on key regulatory matters & important cases • Discussions on policy matters • Data requirements
Customers	No	<ul style="list-style-type: none"> • group meetings • Member help-desk – phone calls and emails • 	Quarterly	<ul style="list-style-type: none"> • Compliance and regulatory matters • Product and service-related matters

Key partner service providers (TCS, Oracle, VMware, Airtel, NASDAQ, WIPRO, IBM, ServiceNow, CISCO)	No	<ul style="list-style-type: none"> • Technology conferences • Webinars and training • Meetings and regular calls • E-mails 	Quarterly	Adherence to delivery standards and timelines
Investors	No	NCL Website/Circulars	Quarterly	

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

Ans. At NCL, we have tailored engagement channels for each stakeholder group to gather their feedback on our various business activities. These channels provide an opportunity for stakeholders to present their concerns and inputs to the management of NCL. These interactions further help us to mitigate identified risks and convert them into opportunities towards making our operations sustainable.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Ans. In the FY 2022-23, we conducted our first ever materiality assessment with the leadership team at NCL to identify the key material topics pertaining to our business. Moving forward, we plan to engage with other stakeholder groups to understand their perspective when it comes to “ESG” parameters and incorporate their feedback into our policies and procedures.

Principle 5- Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 22-23			FY 21-22		
	Total (A)	No. employees' workers covered (B)	% (B / A)	Total (C)	No. employees' workers covered (D)	% (D / C)
Employees						
Permanent	193	145	69.95%	109	0	0
Other Permanent	494	NA	NA	NA	NA	NA
Total Employees	687	145	69.95%	109	0	0

*NA- Data not available

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 22-23					FY 21-22				
	Total (A)	Equal Minimum Wage		More than Minimum Wage		Total (D)	Equal Minimum Wage		More than Minimum Wage	
		No. (B)	% (B /A)	No. (C)	% (C /A)		No. (E)	% (E /D)	No. (F)	% (F /D)
Employees										
Permanent	193	0	0%	193	100%	109	0	0%	109	100%
Male	134	0	0%	134	100%	73	0	0%	73	100%
Female	59	0	0%	59	100%	36	0	0%	36	100%
Other Permanent	494	NA	NA	NA	NA	NA	NA	NA	NA	NA
Male	382	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	112	NA	NA	NA	NA	NA	NA	NA	NA	NA

*NA- Data not available

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	5*	937,500	1	3,550,000
Key Managerial Personnel	10	(Median INR 91,69,370.5) (Total Wages INR 11,34,92,079)	3	(Median INR 1,06,30,195) (Total Wages INR 3,75,77,519)
Employees other than BoD and KMP	124	(Median INR 10,29,234) (Total Wages INR 22,33,56,451)	56	(Median INR 963,980) (Total Wages INR 9,03,53,114)

*Note:

Mr. Vikram Kothari, Managing Director of NCL, being KMP

As per the decision taken by the Board, the employees of NSE who become Directors on the Boards of its subsidiaries are not eligible for sitting fees from such companies. NCL is one of the subsidiaries of NSE. Mr. Yatrik Vin, being employee of NSE, is NSE's representative on the Board of NCL. Accordingly, he was not paid any sitting fee for the Board or committee meetings attended by him.

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Ans: Yes, NCL has a Prevention of Sexual Harassment (POSH) Committee in place for addressing human rights impacts or issues caused or contributed to by the business. For FY 2022-23, the POSH policy for NSEIL was applicable to its subsidiaries, including NCL. For FY 2023-24, with the segregation of departments, NCL is in the process of formalizing POSH policy of NCL along with appointment of Internal Complaints Committee under POSH

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Ans. NCL has internal mechanism in place as per Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 to redress grievances related to human rights issues

6. Number of Complaints on the following made by employees and workers:

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	Nil	0	0	Nil
Discrimination at workplace	0	0	Nil	0	0	Nil
Child Labour	0	0	Nil	0	0	Nil
Forced Labour/Involuntary Labour	0	0	Nil	0	0	Nil
Wages	0	0	Nil	0	0	Nil
Other human rights related issues	0	0	Nil	0	0	Nil

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Ans. Yes. Grievance Redressal Procedure is a well-defined process/ platform for employees to formally raise grievances, discuss problems and/or issues/ concerns with Management practices/ workplace issues relating to supervisor/ manager/ subordinates/ peers and for providing a productive and conducive work environment where grievances are dealt with in a fair and equitable manner. A Grievance Committee, chaired by a Senior Member, is responsible for conducting fair and thorough investigation of grievances filed before them. The Committee is responsible to ensure that appropriate investigation of grievances is conducted. The committee is also responsible to ensure that sensitive nature of grievance is kept in mind during investigation.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Ans. Yes, human rights requirements form a part of our business agreements and contracts.

9. Assessments for the year:

	% Of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	0%
Forced/involuntary labour	0%
Sexual harassment	0%
Discrimination at workplace	0%
Wages	0%
Others – please specify	0%

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Ans. NCL has not conducted any assessments in FY'23.

Leadership Indicators

1. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Ans. Yes, NCL has provisions in place like wheelchairs, lifts, security / housekeeping personal assisting differently abled visitors which makes the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016

Principle 6: Businesses should respect and make efforts to protect and restore the environment

Note: For Principle 6, we are reporting at the National Stock Exchange of India level.

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 22-23	FY 21-22
Total electricity consumption (A)	209037.82	166162.67
Total fuel consumption (B)	567.53	1126.15
Energy consumption through other sources (C)	0	0
Total energy consumption (A+B+C)	209605.35	167288.82
Energy intensity per rupee of turnover (<i>Total energy consumption/turnover in rupees</i>)	16.42	14.46

* Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Ans. No.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Ans. The question is Not Applicable as NCL does not fall under the PAT scheme of the Government

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 22-23	FY 21-22
Water withdrawal by source (in kilolitres)		
(i) Surface water	48791.67	36627.24
(ii) Groundwater	193.09	Data Not Available
(iii) Third party water (Tanker)	Data Not Available	Data Not Available
(iv) Seawater / desalinated water	Data Not Available	Data Not Available
(v) Others (Bottled water)	Data Not Available	Data Not Available
<i>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</i>	48984.76	36627.24
Total volume of water consumption (in litres)	48984.76	36627.24
Water intensity per rupee of turnover (<i>Water consumed / turnover</i>)	3.83	3.27

* Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Ans. No

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Ans. Yes, NCL has a Sewage Treatment Plant (STP) in place. This plant has been installed at the inception stage itself to enable NCL to reuse building's domestic and flushing water (i.e. after treatment) for its Cooling Towers associated with Airconditioning System and for gardening purposes every day.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 22-23	FY 21-22
NOx	Mg/Nm ³	0	0
SOx	Mg/Nm ³	0	0
Particulate matter (PM)	Mg/Nm ³	0	0
Persistent organic pollutants (POP)	Not applicable	0	0
Volatile organic compounds (VOC)	Not applicable	0	0
Hazardous air pollutants (HAP)	Not applicable	0	0
Others – please specify	Not applicable	0	0

* Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Ans. No.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 22-23	FY 21-22
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	39,198.71	77,781.21
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	41,213.00	36,458.40
Total Scope 1 and Scope 2 emissions per rupee of turnover		6.30	10.22

* Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Ans. No.

7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

Ans. NSE has taken several initiatives in the areas of energy conservation, green / renewable energy which demonstrates its commitment towards minimizing environmental impact:

a. Wind Power Plant

NSE has commissioned the 6.25 MW (i.e. 5 nos. of 1.25 MW of Wind Mills) Wind Power Plant at Satara in Maharashtra in the year 2014. In Wind Power Plant, the Wind Electric Generator (WEG) converts the Kinetic Energy available in the Wind to Electrical Energy by using a Rotor, Gearbox and Generator. With regard to the operation of the Wind Power Plant, it goes hand-in-hand with the Local Electricity Board. The Plant is connected to the Main Power Grid of the Local Electricity Board. As per the renewable energy policy of Govt. of Maharashtra, the quantum of electricity generated through the Wind Power Plant is fed to the grid, which gets set off against the power consumption towards High Tension (HT) installation of the 'Wind farmer' (which in this case is NSE) anywhere in that grid

b. Solar Plant

The Solar Power Plant of the capacity of 20 KW has been installed in the building which harnesses the Solar Power to cater to a part of the lighting load at Exchange Plaza & BCP premises at Kotturpuram, Chennai. We had a target of 11,200 kWh of solar energy generation for the current reporting year and ensured to overachieve our target by generating 8,383 kWh of additional solar energy from the solar power plants installed by us.

c. Lighting transformer and LED lights

Lighting Transformers have been introduced in the lighting feeders to regulate incoming power supply which reduces excess power consumption and enhances the life of the luminaries. Additionally, LED Lights have been introduced across the entire office area.

d. Thermal energy storage system

Thermal Energy Storage System has been introduced in the Air-Conditioning (AC) System at Exchange Plaza. It was observed that most of the Services (i.e., AC Chillers, AHU's, Lifts, Lighting, PC, Plumbing System, etc.) in the building were operated mainly during office / day hours. Amongst them, the AC Chillers and its associated equipment's used to consume more than 30% of the total peak demand load. In view of this, NSE had decided to reduce its demand load during peak hours by introducing the aforesaid plant in the existing AC System

e. Occupancy sensors

Motion/Occupancy Sensors have been installed at the entire Office areas to operate the Lights automatically based on the occupancy in the respective areas.

f. Building Management System

The Building Management System (BMS) had been installed at the inception stage itself to enable NSE to operate the Building's Services more effectively. By using BMS System, the Air Handling Units (AHU) of the air-conditioning system are being operated (i.e., switching ON /OFF) as per the exact timetable scheduled for respective floors. It also helps NSE to regulate / control the temperature of the workspace area well within a prescribed tolerance. With this effective operation and regulation of AHU's, electricity is being conserved on a day-to-day basis.

g. Automatic power factor control units

The Automatic Power Factor Control Units have been installed to improve the power factor (i.e. by counter balancing the inductive load of the building with capacitive load) of the entire electrical load of the Building. Power Supplier gives incentives i.e. by passing certain discount in the electricity bill on account of this regularly.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 22-23	FY 21-22
Total Waste generated (in metric tonnes)		
Plastic waste (A)	0	0
E-waste (B)	19.072	8.052
Bio-medical waste (C)	0	0
Construction and demolition waste (D)	0	0
Battery waste (E)	88.59	15.06
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	0	0
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	0	0
Total (A+B + C + D + E + F + G + H)	107.66	23.11
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	0	0
(ii) Re-used	0	0
(iii) Other recovery operations (Food Waste-Manure)	0.22	0.196
Total	0.22	0.196
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste	0	0
(i) Incineration	Not applicable	Not applicable
(ii) Landfilling	Not applicable	Not applicable
(iii) Other disposal operations	0	0
Total	0	0

* Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Ans. No.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Ans. We at NCL, are committed to embedding the three “R” approach for managing waste viz. ‘Reduce, Reuse and Recycle’. We have installed systems and processes to monitor our waste generation. Considering the nature of our business, we primarily generate a significant amount of domestic and E-waste. As per the Company’s E-Waste Policy, the E-Waste in Exchange Plaza building as well as its Branch Office premises is recycled through authorised E-waste Vendor shortlisted by Central Pollution Control Board (CPCB)/Maharashtra Pollution Control Board (MPCB). NCL uses ecofriendly gas used in air-conditioning and firefighting system (i.e R134a, R407a & R410a) and ecofriendly material used for housekeeping.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format.

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N). If no, the reasons thereof and corrective action taken, if any.
	Not Applicable	Not Applicable	Not Applicable

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Ans. Given to the operations that NCL carries, the above compliance is not applicable to the entity.

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 22-23	FY 21-22
From renewable sources		
Total electricity consumption (A)	70.50	23.11
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	70.50	23.11
From non-renewable sources		
Total electricity consumption (D)	208967.32	166139.56
Total fuel consumption (E)	567.53	1126.15
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	209534.85	167265.71

* Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Ans. No.

2. Provide the following details related to water discharged:

Parameter	FY 22-23	FY 21-22
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(ii) To Groundwater	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iii) To Seawater	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iv) Sent to third parties	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(v) Others	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	21628	19595
Total water discharged (in kilolitres)	21628	19595

* Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Ans. No.

3. Water withdrawal, consumption and discharge in areas of water stress (in kiloliters): For each facility / plant located in areas of water stress, provide the following information:

- (i) Name of the area
- (ii) Nature of operations
- (iii) Water withdrawal, consumption and discharge in the following format:

Ans. Our offices are not located in areas of water stress. Hence, this question is Not Applicable.

* Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Ans. No.

4. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Ans. The question is not applicable for NCL as there are no offices/branches working in ecologically sensitive areas of India.

5. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Ans. NCL, along with NSE has undertaken the following initiatives to reduce the waste generated:

a. Vermiculture plant:

The compostable material like food waste collected from canteen, garden organics, paper and cardboard get collected at one place. Post shredding, the aforesaid organic material gets loaded into Vermiculture plant for the decomposing process. Post 7 days of an on-going process, vermicompost / manure get generated and is being used for Gardening purposes.

b. Waste disposal

The Company believes in reduce, recycle, and reuse and manages its waste efficiently through various initiatives such as Vermiculture system, Sewage treatment plant. We reduce the E-waste and ensure that the E-waste generated is recycled efficiently.

d. Food Waste

Food waste generated at Company's Exchange Plaza building is processed through Vermiculture System installed at its building wherein manure (i.e. Vermicompost) generated through it is used for Gardening Purpose. We remain dedicated to strengthening our environmental initiatives and proactively collaborate with stakeholders to accelerate climate action efforts. While we focus on reducing the environmental footprints of our operations, we are also actively devising products and services that will nudge other corporate players to contribute and collaborate for creating positive environmental impact.

6. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Ans. At NCL, business continuity and market stability are paramount as we recognize the criticality of maintaining uninterrupted operations and safeguarding the stability of the market in which we operate. We achieve this through a carefully crafted Business Continuity Management (BCM) policy, reinforced by a robust governance structure, detailed procedures, and thorough testing and training programs. Our commitment to business continuity is further enhanced by our infrastructural measures, which allow us to navigate and recover from disruptions effectively. Our organization has developed a comprehensive business continuity plan that effectively addresses various emergencies. Our BCM policy aligns with SEBI's 'Business Continuity Management and Disaster Recovery' guidelines. To ensure the effectiveness of our business continuity efforts, we have established a robust governance structure. This includes our Board and Management Level committees, which oversee the implementation of the BCM framework. We also have dedicated teams, such as the Crisis Management Team (CMT), responsible for managing the execution of the plan during emergencies.

7. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

Ans. At present no significant impact has been reported arising from value chain partners of NCL.

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations

Ans. 1

- b. List the top 10 principle and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to - Reach of trade and industry chambers/ associations (State/National)

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	CCP12	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
-	0	0

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year:
2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% Of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

3. Describe the mechanisms to receive and redress grievances of the community.

Ans. NCL doesn't have any mechanisms to receive and redress grievances of the community.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 22-23	FY 21-22
Directly sourced from MSMEs/ small producers	30,813,805	50,644,894
Sourced directly from within the district and neighbouring districts	38,013,805	50,644,894

Note: NCL does not have break up of input raw material % wise. Hence, for the current financial year we are reporting in terms of monetary value.

Leadership Indicators

11. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In lakhs)
1.	Maharashtra	Nandurbar, Osmanabad	67500564.05
2.	West Bengal	Birbhum	40293619.47
3.	Rajasthan	Karauli	64235495.55
4.	Tamil Nadu	Ramanathapuram	51346780.12
5.	Nagaland	Kiphire	10694271.95

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
Not Applicable	Not Applicable	Not Applicable

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% Of beneficiaries from vulnerable and marginalized groups
1	'Integrated Safe Drinking Water Project in partnership with Jal Jeevan Mission [JJM] in Nandurbar'	21718	100%
2	Technical support to 2 Aspirational Districts (Karauli, and Ramanathapuram) for effective implementation of Jal Jeevan Mission and Swachh Bharat Mission	6257	91%
3	Urban Comprehensive Primary Health Care	500000	100%
4	Innovative Medical Devices for Affordable Healthcare	New project	NA
5	Strengthening Primary Health care services in Kiphire District in Nagaland by managing Mobile Medical Unit (MMU) & Government PHC	12325	100%
6	Hyperlocal air pollution monitoring using mobile monitoring for Gurugram and Mumbai	50000	50%
7	Phase-1: Integrated Energy Monitoring and Management System for a Large Commercial Complex towards 100% Renewable Energy Utilization	At research stage	NA
8	Suswasthya Strengthening health and nutrition services for women, children and adolescents in Khoyrasol Block of Birbhum and upscaling the best practices in other 18 blocks through capacity building and advocacy	7674	100%
9	Strengthening Wash In Municipal Schools Of Ahmedabad	12000	100%
10	Creating a Learning Culture	9537	100%
11	"Ankuram" Foundational Learning Enhancement in Primary Grades [I-V] in Government Schools in	11622	95%

	Todabhim block of Karauli district Rajasthan		
12	Atikrānta-An initiative towards transformation	1920	100%
13	Rice fortification for better nutrition outcomes in the State of Nagaland	378966	100%
14	SWIFT Growth (Sustainable Water Institutions for Tangible Growth)	37720	100%
15	Sustainable springshed and agriculture development in Kiphire district in Nagaland	639	100%
16	ShikshaDeep Prakalpa-II: Creating sustainable community-led SLCs (Supplementary Learning Centres)	3025	90%
17	Integrated Solid and Liquid Waste Management, Karauli	34665	100%
18	“Water, Agriculture and Food Security (WAFS) Project” in Bogalur and Mudukulathur Blocks of Ramanathapuram District	16540	100%
19	Empower Women and Girls - for improving Maternal, Child and Adolescent Health and Nutrition	4000	93%
20	NSE CLEARING LIMITED Foundation Block Educational Transformation Karauli B E T Karauli Project Gyanodaya	7795	100%
21	Urban Learning Improvement Program”	2383	100%
22	An initiative to support healthy ageing in the rural communities	5001	100%
23	Creating And Enabling a Learning Environment for Academic Excellence	8405	100%
24	Technical Support Unit to Mainstream Elder Collectives	47607	92%
25	Promotion Of Swachh and Swasth Hindaun Block of Karauli District in Rajasthan	2849	100%
26	EQUIP (EDUCATION QUALITY IMPROVEMENT PROJECT) Thiruppulani	5343	100%
27	Foundational Learning Enhancement In Primary Grades [I-V] In Government Schools In Hindaun Block Of Karauli District Rajasthan	16999	98%
28	Creating Enablers for ODF Sustainability	28206	100%

29	Wash Scale Up Initiative Swaccho - Nirapad Parivesh (Clean and Safe Environment)	47927	100%
30	"Gram Samrudhi'- Community Led Climate Smart Initiatives, to Safeguard Local Livelihood and Environment at Dhadgaon and Akkalkuva, tribal blocks in Nandurbar district of Maharashtra	7673	100%
31	Student Teacher Empowerment Program Plus	3500	100%
32	Serving and Enriching Education to Under-privileged Tribal Children in Talode Block of Nandurbar District	3195	100%
33	Sahaj Path: Bridging Learning gaps of students in government primary schools of Dubrajpur block of Birbhum district, West Bengal	7978	88.73%
34	Sustainable Community ODF Program at Ramanathapuram Block, Ramanathapuram District, Tamil Nadu.	57770	100%
35	To provide sustainable livelihood by way of providing construction Skill training and employment / self-employment for Rural Youth from Nandurbar, Maharashtra.	600	100%
36	SCORE [Sustainable Conservation of Water Resources Through Enabling] Community-led Development	5200	100%
37	Robotic Solutions for cleaning of Septic Tanks	400	100%
38	Rehli Shiksha Pahal Program (RSPP)	17226	100%
39	CAVACH- COVID relief activities	100000	100%

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Ans. SEBI vide its circulars dated October 4, 2021, and November 23, 2021, mandated that Clearing Corporations shall disclose on their website the data on complaints received against them and redressal thereof, latest by 7th of succeeding month. In view of the same, NCL seeks details from internal teams (Clearing, Settlement, Risk & Collaterals and Secretarial) every month and displays data on its website.

Further, with regards to SEBI SCORES complaints against NCL, it may be noted that NCL does not deal with end client complaints received through SCORES directly. Therefore, for implementation of this circular SEBI SCORES complaints have been entered as NIL.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not Applicable
Safe and responsible usage	Not Applicable
Recycling and/or safe disposal	Not Applicable

3. Number of consumer complaints in respect of the following:

	FY 2022-23		Remarks	FY 2021-22		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0	NIL	0	0	NIL
Advertising	0	0	NIL	0	0	NIL
Cyber-security	0	0	NIL	0	0	NIL
Delivery of essential services	0	0	NIL	0	0	NIL
Restrictive Trade Practices	0	0	NIL	0	0	NIL
Unfair Trade Practices	0	0	NIL	0	0	NIL
Other	2	1	Complaints are related to security settlement shortage/incorrect levy of closeout for security shortages	0	0	NIL

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	0	0
Forced recalls	0	0

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Ans. Yes, NCL has a Board approved Cyber Security and Cyber Resilience policy (internal) in place.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/ action taken by regulatory authorities on safety of products / services.

Ans. Given that no such incidents have happened, the corrective actions are not applicable.

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Ans. NCL uses its official website to communicate information on products and services of the entity. <https://www.nscclindia.com/>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Ans. The Company issues circulars to inform consumers (clearing members) about the usage of services.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Ans. NCL's customers are informed of disruption in service, if any, through SMS, e-mail, website notice, etc.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Ans. NCL has not carried out any customer satisfaction survey.

5. Provide the following information relating to data breaches:

a) Number of instances of data breaches along-with impact

Ans. No such incidents were reported by NCL

b) Percentage of data breaches involving personally identifiable information of customers

Ans. NIL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NSE Clearing Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **NSE Clearing Limited** ("the Holding Company") and its subsidiary, (Holding Company and its subsidiary together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2023, and the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records, (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, of its consolidated profit, its consolidated total comprehensive income, its consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in 'Other Matter' paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
<p data-bbox="181 262 760 325">Legal, Regulatory proceedings and uncertain tax positions</p> <p data-bbox="181 359 760 422">Legal, Regulatory proceedings and uncertain tax positions</p> <p data-bbox="181 455 760 808">As of March 31, 2023, the Holding Company has ongoing regulatory proceedings with SEBI and various ongoing litigations on legal and proceedings with tax authorities involving uncertain direct and indirect tax positions. There are various direct and indirect tax cases against the Holding Company, including disallowance of certain expenses under income tax, applicability of service tax on certain services etc.</p> <p data-bbox="181 842 760 1031">The Holding Company has assessed the above pending matters related to litigations, regulatory proceedings and has disclosed the contingent liabilities, wherever applicable, in its consolidated financial statements.</p> <p data-bbox="181 1064 760 1127">Refer note 32, 33 and 35 to the consolidated financial statements.</p> <p data-bbox="181 1161 760 1444">This is a key audit matter, as evaluation of these matters requires management judgement and estimation, interpretation of laws and regulations and application of relevant judicial precedents to determine the probability of outflow of economic resources, if any, provisions and related disclosures to be made in the consolidated financial statements.</p>	<p data-bbox="782 262 1489 325">Our audit procedures related to legal, regulatory proceedings and uncertain tax positions included–</p> <ul data-bbox="782 346 1489 1144" style="list-style-type: none"> <li data-bbox="782 346 1489 504">• Evaluating the design and operating effectiveness of controls over the recognition, measurement, presentation and disclosures made in the consolidated financial statements in respect of these matters; <li data-bbox="782 525 1489 619">• Obtaining details of litigations on legal, regulatory proceedings and uncertain direct and indirect tax positions. <li data-bbox="782 640 1489 703">• Reviewing orders and management responses thereto. <li data-bbox="782 724 1489 913">• Inspecting the supporting documents to evaluate management’s assessment of probability of outcome of ongoing proceedings, the magnitude of potential loss, if any, and testing related provisions and disclosures made in the consolidated financial statements; <li data-bbox="782 934 1489 1060">• Reviewing expert’s legal advice/opinion obtained by the Holding Company’s management for evaluating certain legal, regulatory proceedings and tax matters; and <li data-bbox="782 1081 1489 1144">• Evaluating competence and capabilities of the experts. <p data-bbox="782 1165 1489 1354">Based on the above procedure, we noted that the Holding Company has reviewed the above pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its consolidated financial statements.</p>

Information Other than the Financial Statements and Auditor’s Report Thereon

The Holding Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board’s Report including Annexures to Board’s Report, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial

statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the other information and the report of the other auditors as furnished to us [refer 'Other Matter' paragraph below], if we conclude that there is a material misstatement of this Other information, we are required to report that fact.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements of a subsidiary whose financial statements reflect total assets of Rs 69.18 Crore and net assets of Rs 33.30 Crore as at March 31, 2023, total revenue of Rs. 0.86 Crore, its loss Rs. 15.75 Crore, total comprehensive loss of Rs. 12.20 Crore and net cash outflows amounting to Rs. 3.81 Crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act including report on Other information insofar as it relates to the aforesaid subsidiary is based solely on the report of the other auditors.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

- (f) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in **Annexure 'A'**.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements of the subsidiary, as noted in the Other Matter paragraph:
- (i) The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group – refer Note 33 to the consolidated financial statements.
- (ii) The Group had long-term contracts as at March 31, 2023 for which there were no material foreseeable losses. The Group did not have any derivative contracts as at March 31, 2023 - refer Note 34 to the consolidated financial statements.
- (iii) During the year ended March 31, 2023, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India - refer Note 44 to the consolidated financial statements.
- (iv) (a) The Holding Company's Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; – Refer Note 46(iv) to the consolidated financial statements.
- (b) The Holding Company's Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; – Refer Note 46(iv) to the consolidated financial statements.

- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (v) As stated in Note 12(b) to the consolidated financial statements
- (a) The final dividend proposed in the previous year, declared and paid by the Holding Company during the year is in accordance with Section 123 of the Act, as applicable.
- (b) The Board of Directors of the Holding Company have proposed final dividend for the year, which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
- (vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 1, 2023 to the Company and its subsidiary and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiary included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For Khandelwal Jain & Co.

Chartered Accountants
Firm's Registration No. 105049W

(Narendra Jain)

Partner

Membership No. 048725
UDIN: 23048725BGYVQD3654

Place: Mumbai

Date: May 10, 2023

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report on consolidated financial statements to the Members of **NSE Clearing Limited** of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of **NSE Clearing Limited** (hereinafter referred to as "the Holding Company") and its subsidiary company which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is applicable, which is company incorporated in India, are responsible for establishing and maintaining internal financial controls based on 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements 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") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable 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 with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary company, which is company incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Holding 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.

Other Matter

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to a subsidiary company, which is company incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India.

Our opinion is not modified in respect of this matter.

For Khandelwal Jain & Co.

Chartered Accountants

Firm's Registration No. 105049W

(Narendra Jain)**Partner**

Membership No. 048725

UDIN: 23048725BGYVQD3654

Place: Mumbai

Date: May 10, 2023

NSE CLEARING LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

		(Rs.in Crores)	
Particulars	Notes	As at 31.3.2023	As at 31.03.2022
I ASSETS			
1 Non-current Assets			
a Property, Plant and Equipments	2	89.62	83.47
b Right-Of-Use Assets	2	0.88	0.89
c Capital work-in-progress	2	1.80	20.40
d Other Intangible Assets	3	28.52	11.60
e Intangible assets under development	3	2.84	10.92
f Financial assets			
i Investments	4	0.00	0.00
ii Non-current bank balances	5	532.70	155.82
iii Other Financial assets	6	6.60	0.95
		662.96	284.05
g Income tax assets (net)	15	163.14	77.88
h Other Non-current assets	7	15.19	0.00
Total Non-current Assets		841.29	361.93
2 Investments -Core Settlement Guarantee Fund	11	4,809.14	3,982.01
3 Investment earmarked towards SGF - Commodity derivatives	5 & 8	250.00	250.00
4 Current Assets			
a Financial Assets			
i Investments	8	545.07	376.33
ii Trade Receivables	9	62.73	46.76
iii Cash and Cash equivalents*	10	5,166.71	9,332.22
iv Bank balances other than cash and cash equivalents*	5	757.15	1,057.57
* Includes Rs.4,053.12 crores (March 2022: Rs.8,563.09 crores) pertaining to Settlement obligations and margin money from members			
v Other Financial assets	6	73.55	63.33
		6,605.21	10,876.21
b Other current assets	7	36.35	22.76
Total Current Assets		6,641.56	10,898.97
TOTAL ASSETS		12,541.99	15,492.91
II EQUITY AND LIABILITIES			
1 Equity			
a Equity Share capital	12 (a)	45.00	45.00
b Other Equity	12 (b)	1,182.74	1,030.33
Total Equity		1,227.74	1,075.33
2 Core Settlement Guarantee Fund (Core SGF)	26	4,809.14	3,982.01
3 Settlement Guarantee Fund (SGF)- Commodity derivatives	27	250.00	250.00
Liabilities			
4 Non-current liabilities			
a Provisions	19	14.58	10.06
b Lease Liability	40	1.12	1.06
c Deferred tax liabilities (Net)	13(d)	8.24	4.98
Total Non-current Liabilities		23.94	16.10
5 Current Liabilities			
a Financial Liabilities			
i Deposits	16	1,786.32	1,226.76
ii Trade payable to ;	17		
Total Outstanding dues of micro enterprises and small enterprises		0.07	0.06
Total Outstanding dues of creditors other than micro enterprises and small enterprises		37.89	22.22
iii Lease Liability	40	0.04	0.03
iv Other financial liabilities	17	4,098.38	8,603.95
* Includes Rs.4,053.12 crores (March 2022: Rs.8,563.09 crores) pertaining to Settlement obligations and margin money from members			
		5,922.70	9,853.03
b Provisions	19	9.99	10.19
c Income tax liabilities (net)	14	73.59	67.66
d Other current liabilities	18	224.90	238.59
Total Current Liabilities		6,231.18	10,169.46
Total Liabilities		11,314.26	14,417.58
TOTAL EQUITY AND LIABILITIES		12,541.99	15,492.91

This is the Balance sheet referred to in our report of even date
For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No : 105049W

For and on behalf of the Board of Directors

NARENDRA JAIN
Partner
Membership No.: 048725

BHAGYAM RAMANI VIKRAM KOTHARI
Chairperson Managing Director
[DIN : 00107097] [DIN : 07898773]

Place : Mumbai
Date : May 10, 2023

AMIT AMLANI RAVIN TANK
Chief Financial Officer Company Secretary

NSE CLEARING LIMITED
CIN: U67120MH1995PLC092283

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(Rs.in Crores)

Particulars	Notes	For the year ended 31.03.2023	For the year ended 31.03.2022
Income			
Revenue from operations	20	915.90	676.77
Other income	21	99.63	52.64
Total Income		1,015.53	729.40
Expenses			
Employee benefits expense	22	41.60	43.44
Depreciation and amortisation expense	2,3 & 40	44.77	25.70
Other expenses	23	213.56	158.87
Total Expenses		299.92	228.01
Profit before exceptional item		715.61	501.39
Less : Exceptional Items			
Provision for Impairment of Intangible assets under development	36	-	68.23
Settlement compensation		-	15.63
Profit before tax		715.61	585.25
Less : Tax expenses			
Current tax	13	182.78	131.67
Tax for earlier year		-	0.01
Deferred tax		3.32	3.11
Total tax expenses		186.10	134.79
Profit for the year (A)		529.51	450.46
Other Comprehensive Income			
Items that will be reclassified to profit or loss			
Changes in foreign currency translation reserve		3.53	1.51
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		(0.23)	0.13
Income tax relating to items that will not be reclassified to profit or loss			
Tax Remeasurements of post-employment benefit obligations		0.06	(0.04)
Total Other Comprehensive Income for the year (B)		3.36	1.60
Total Comprehensive Income for the year (A+B)		532.87	452.06
Earnings per Equity Share (FV Rs. 10 each) (before contributions to Core SGF)			
Basic (Rs.)	30	117.67	100.10
Diluted (Rs.)	30	117.67	100.10
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements.

This is the Statement of Profit & loss referred to in our report of even date

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

For and on behalf of the Board of Directors

NARENDRA JAIN
Partner
Membership No.: 048725

BHAGYAM RAMANI
Chairperson
[DIN : 00107097]

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

Place : Mumbai
Date : May 10, 2023

AMIT AMLANI
Chief Financial Officer
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RAVIN TANK
Company Secretary

NSE CLEARING LIMITED

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023

	Rs. in Crores	
	For the year ended 31.03.2023	For the year ended 31.03.2022
A) CASHFLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	715.61	585.25
Add/(Less) :- Adjustments for :		
- Depreciation	44.77	25.70
- Net gain on financial assets mandatorily measured at Fair Value through Profit or Loss	(27.79)	(15.52)
- Reversal of Provision/(Provision) for Impairment of Intangible assets under development	-	(68.23)
- Settlement compensation	-	(15.63)
- Finance Cost	0.09	0.09
- Provision for doubtful debts	0.06	6.42
Less : Adjustments for :		
- Interest income on Bank deposit	(64.09)	(37.23)
- Net gain on sale of investments mandatorily measured at Fair Value through Profit or Loss	(2.28)	0.15
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	666.37	481.00
Adjustments for :		
Decrease/(Increase) in Trade Receivable	(16.04)	17.57
Increase / (Decrease) in Trade payables	15.68	4.19
Decrease/(Increase) in other financial assets	(0.03)	(5.91)
Decrease/(Increase) in Other Assets	(28.78)	(7.60)
Increase / (Decrease) in Other Financial Liabilities	(4,505.57)	258.88
Increase / (Decrease) in Provision	4.10	3.72
Increase /(Decrease) in Other Liabilities	(13.69)	47.64
Proceed of Deposit from Trading member / applicant	720.29	434.27
Refund of deposit from trading members / applicant	(160.73)	(130.56)
CASH GENERATED FROM OPERATIONS	(3,318.42)	1,103.20
Contribution to Core SGF	(267.89)	-
Direct Taxes paid (Net of Refunds)	(194.69)	(175.63)
NET CASH FROM OPERATING ACTIVITIES - Total (A)	(3,781.00)	927.57
B) CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment's/ Capital work-in-progress	(41.07)	(100.88)
Interest received	48.25	48.17
(Increase)/Decrease in Fixed deposit	(76.46)	(546.61)
Settlement compensation	-	83.86
Purchases of Investment	(138.66)	(68.11)
NET CASH USED IN INVESTING ACTIVITIES - Total (B)	(207.94)	(583.57)
C) CASHFLOW FROM FINANCING ACTIVITIES		
Dividend Paid (inclusive of corporate dividend tax)	(180.00)	(45.00)
Payment of Lease Liability	(0.10)	(0.11)
NET CASH FROM FINANCING ACTIVITIES - Total (C)	(180.10)	(45.11)
Changes on account of conversion of balances from functional currency to presentation currency	3.53	1.51
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(4,165.51)	300.40
CASH AND CASH EQUIVALENTS : OPENING BALANCE*	9,332.22	9,031.82
CLOSING CASH AND CASH EQUIVALENTS : CLOSING BALANCE*	5,166.71	9,332.22

* Includes amount received from Settlement obligations and margin money from members (Refer to note 10 & 17)

NET INCREASE IN CASH AND CASH EQUIVALENT

(4,165.51) **300.40**

Notes to Cash Flow Statement :

- Cash and Cash equivalent represent bank balances and balances in fixed deposit accounts.
- 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 notified under Companies (Indian Accounting Standards) Rules, 2015
- The above Cash Flow excludes cash flow pertaining to Core SGF.
- Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year classification / disclosure.

The accompanying notes are an integral part of the financial statements.

This is the statement of cash flow referred to in our report of even date.

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

For and on behalf of the Board of Directors

NARENDRA JAIN
Partner
Membership No.: 048725

BHAGYAM RAMANI
Chairperson
[DIN : 00107097]

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

Place : Mumbai
Date : May 10, 2023

AMIT AMLANI
Chief Financial Officer

RAVIN TANK
Company Secretary

NSE Clearing Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31 2023

(A) **Equity Share Capital**

	(Rs.in Crores)
Balance as at 01.04.2021	45.00
changes in equity share capital during the Year	-
Balance as at 31.03.2022	45.00
changes in equity share capital during the Year	-
Balance as at 31.03.2023	45.00

(B) **Other Equity**

	Reserves and Surplus				(Rs.in Crores)
	Capital Reserve	General reserve	Foreign Currency Translation Reserve	Retained Earnings	Total
Balance at the 01.04.2021	10.00	244.71	5.22	363.34	623.27
Profit for the year				450.46	450.46
Other Comprehensive Income				0.09	0.09
Changes in Foreign Currency Translation Reserve through Other Comprehensive Income			1.51		1.51
Transaction with owners in their capacity as owners					
Dividends paid				(45.00)	(45.00)
Balance at the 31.03.2022	10.00	244.71	6.73	768.89	1,030.33
Profit for the year				529.51	529.51
Other Comprehensive Income				(0.17)	(0.17)
Contribution to core SGF (Refer Note 26)				(267.89)	(267.89)
Tax on contribution to Core SGF				67.42	67.42
Changes in Foreign Currency Translation Reserve through Other Comprehensive Income			3.53	-	3.53
Transaction with owners in their capacity as owners					
Dividends paid				(180.00)	(180.00)
Balance at the 31.03.2023	10.00	244.71	10.26	917.76	1,182.74

The accompanying notes are an integral part of the financial statements.

This is the statement of changes in equity referred to in our report of even date

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

For and on behalf of the Board of Directors

NARENDRA JAIN
Partner
Membership No.: 048725

BHAGYAM RAMANI
Chairperson
[DIN : 00107097]

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

Place : Mumbai
Date : May 10, 2023

AMIT AMLANI
Chief Financial Officer

RAVIN TANK
Company Secretary

Background and Significant Accounting Policies

Background

The NSE Clearing Limited (NCL), a wholly owned subsidiary of NSE, was incorporated in August 1995. It was the first clearing corporation to be established in the country and also the first clearing corporation in the country to introduce settlement guarantee. It was set up to bring and sustain confidence in clearing and settlement of securities, to promote and maintain, short and consistent settlement cycles, to provide counterparty risk guarantee, and to operate a tight risk containment system.

The consolidated financial statements relate to the Parent Company NSE Clearing Limited and its wholly owned Sole subsidiary company NSE IFSC Clearing Corporation Limited. (Collectively referred to as “the Group”).

Note 1: Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these Ind AS financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

(i) Compliance with Ind AS

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 Amendments thereto.

The financial statements for the year ended March 31, 2023 has been approved by the Board of directors of the Company in their meeting held on May 10, 2023.

(ii) 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. Fair value for measurement and/or disclosure purposes in these financial statements is determined in such basis.

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.

(iii) Adoption of new Accounting Standards and amendments

The following new standards and amendments are effective for the first time for the period commencing from April 1, 2022.

- Ind AS 103 – Reference to Conceptual Framework - Business combination
- Ind AS 16 – Property Plant and equipment
- Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets
- Ind AS 106 – Annual Improvements to Ind AS (2021)
- Ind AS 109 – Annual Improvements to Ind AS (2021)
- The amendments listed above did not have any impact on the amounts recognised in prior periods and current period.
- Additionally, during the current year ended March 31, 2023 the company has complied with amendments to the schedule III - Division II notified by Ministry of Corporate Affairs vide notification dated March 23, 2022.

iv) Principles of consolidation and equity accounting

i) Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests, if any, in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

iii) Joint Arrangements

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post - acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note (i) below

v) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(b) Foreign currency translation and transactions

(i) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian currency (INR), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally 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) Group Companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet;
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to statement of profit or loss, as part of the gain or loss on sale.

(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 Group 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 Group 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) In respect of Members who have been declared as defaulters by the Company all amounts (dues) remaining to be recovered, net of available security and insurance cover available if any, till the date of being declared as defaulters are written off as bad debts. All subsequent recoveries are accounted when received.
Shortages arising after the date of declaration of default are written off as bad debts in the year in which it arises, after exhausting all remedies including forfeiture of securities and insurance cover available if any.
Other overdue amounts are provided for as doubtful debts or are written off as bad debts, if the same are considered doubtful/irrecoverable in the opinion of the management.
- (iii) Penal Charges, in the year of declaration of default, in respect of shortages due from the respective member, are booked to the extent such charges are recoverable.
- (iv) Other insurance claims are accounted on accrual basis when the claims become due and payable.
- (v) Income excludes applicable taxes and other levies

(d) Use of Estimates

The preparation of financial statements in conformity with Ind AS requires Management to make estimates, judgements and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about the assumption and estimates could result in the outcome requiring material adjustment to the carrying amount of asset and liability.

(e) 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.

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.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Group recognizes MAT credit available as an asset only to the extent there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT Credit is allowed to be carried forward. In the year in which the Group recognizes MAT Credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the sufficient period.

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.

Deferred tax assets 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.

(f) Leases

As a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of the contract. Ind AS 116 defines a lease as a contract, or a part of a contract, that conveys the right of use an asset (the underlying asset) for a period of time in exchange of consideration. To assess whether as contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expenses on a straight line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on straight line basis over the shorter of the lease term and useful life of the underlying assets.

As a lessor

Lease for which the Group is a lessor is classified as finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognized on straight line basis over the term of the relevant lease.

(g) 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.

(h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, 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.

Restricted cash:

Other bank balances comprise of Fixed deposits with maturity of more than three months and less than twelve months, other financial assets contains Fixed deposits with maturity of more than one year. This deposits are restricted balance and with lien for advances received from issuer of securities and advance received from defaulting members.

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(j) Investments and other financial assets

(i) Classification

The Group 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 Group 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 Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group 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 Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group 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 and is not part of a hedging relationship 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 instruments

The Group subsequently measures all equity investments at fair value. Where the Group'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 Group'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.

(iii) Impairment of financial assets

The Group 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 Group 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 Group 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 entity has transferred an asset, the Group 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 entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the entity 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 Group has not retained control of the financial asset. Where the Group 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 Group 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 group, and the amount of the dividend can be reliably measured.

(k) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when the Group 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.

(ii) 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.

(iii) Derecognition

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

(l) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

(m) 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.

(n) Property, plant and equipment (including CWIP)

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 Group 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 or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

Furniture and fixture	5 to 10 years
Office equipment	4 to 5 years
Electrical equipment	10 years
Computer systems office automation	3 years
Computer systems – others	4 years
Computer software	4 years
Telecommunication systems	4 years
Clearing and Settlement Systems	4 years

The property, plant and equipment including land acquired under finance leases is depreciated over the asset's useful life or the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

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 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. These are included in profit or loss within other gains/(losses).

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.

(o) 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 Group 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.

Standard packaged software products are written off in the year of purchase.

Computer software is amortised over a period of 4 years.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year 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.

(q) Provisions

Provisions for legal claims and discounts/incentives are recognised when the Group 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.

Provisions for restructuring are recognised by the Group when it has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that the Group will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. 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.

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Group.

(r) 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 Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent liabilities are not disclosed in case the possibility of an outflow of resources embodying economic benefits is remote.

(s) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are the amounts expected to be paid when the liabilities are settled. Short term employee benefits are recognised in statement of profit and loss in the year in which the related service is rendered. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Group operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity, and
- (b) defined contribution plans such as provident fund and superannuation.

Gratuity obligations

The Group 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. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iv) Defined contribution plans

Provident fund

Provident Fund: The Group is registered with Regional Provident Fund Office, Bandra, Mumbai, and both the employee and the employer make monthly contribution equal to 12% of the employee's basic salary respectively.

Superannuation

Superannuation benefits for employees designated as chief managers and above are covered by group policies with the Life Insurance Corporation of India. The contribution payable for the year is charged to revenue. There are no other obligations other than the annual contribution payable.

(v) Bonus plans

1. The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.
2. SEBI has laid down certain norms in terms of the compensation policy for the key management personnel which are as under :
 - A. The variable pay component will not exceed one third of the total pay.
 - B. 50% of the variable pay will be paid on a deferred basis after three years.

(t) Core Settlement Guarantee Funds

As per SEBI vide circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014 every recognised clearing corporation shall establish and maintain a Fund for each segment, to guarantee the settlement of trades executed in that respective segment of a recognised stock exchange. Similarly SEBI vide circular no. SEBI/HO/MRD/DSA/ CIR / P/2016/125 dated November 28, 2016 has issued norms for set up of fund and minimum corpus of fund to guarantee the settlement of trades executed in the stock exchanges in IFSC.

The Clearing Corporation shall have a fund called Core SGF for each segment of each Recognised Stock Exchange to guarantee the settlement of trades executed in the respective segment of the Stock Exchange. In the event of a clearing member(member) failing to honour settlement commitments, the Core SGF shall be used to fulfil the obligations of that member and complete the settlement without affecting the normal settlement process. The Core SGF shall be contributed by Clearing Corporation (NCL), Stock Exchanges and the clearing members, in a manner as prescribed by SEBI. This fund is represented by earmarked Core SGF investments. The income earned on such investments is credited to the respective contributor's funds and adjusted towards incremental requirement of Minimum Required Corpus (MRC) as per SEBI letter reference no. SEBI/HO/MRD/DRMNP/OW/P/2018/4559/1 dated February 12, 2018. Penalties and fines levied by the Group are transferred to Core SGF as Other Contributions.

(u) 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.

(v) Dividends

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

(w) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- 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.

(x) Rounding of amounts

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

(y) Critical Accounting Estimates And Judgements

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

The areas involving critical estimates or judgements are:

Estimation of current tax expense and payable Note 13, 14 and 15
Estimated useful life of intangible asset Note 3
Estimation of defined benefit obligation Note 25
Estimation of fair values of contingent liabilities refer Note 32, 33 and 35
Estimation of Variable Pay and Performance Pay

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 Group and that are believed to be reasonable under the circumstances.

(z) Operating Cycle

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

Recent pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The group does not expect this amendment to have any significant impact in its group’s financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The group is evaluating the impact, if any, in its group’s financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The group does not expect this amendment to have any significant impact in its group’s financial statements.

Note 2 - Property, Plant and Equipments

(Rs. in Crores)

	OFFICE EQUIPME NTS	ELECTRI CAL INSTALL ATIONS	FURNITU RE AND FIXTURE S	COMPUTE R SYS - OFF AUTOM	TELECO MMUNIC ATION SYSTEM S	CLEARIN G AND SETTLEM ENT SYSTEM	TOTAL	CAPITAL WORK IN PROGRESS	Right-Of- Use Assets - Building
Year ended March 31, 2022									
Gross carrying amount									
Opening gross carrying amount	0.14	0.10	0.50	0.24	12.73	49.80	65.00	0.39	1.10
Exchnage differences	0.00	0.00	0.01	0.03	-	-	0.05	-	-
Additions	0.00	-	-	0.02	26.97	40.12	67.11	57.56	-
Disposals	-	-	-	-	-	(0.40)	(0.40)	-	-
Transfers	-	-	-	-	-	-	-	(37.55)	-
Closing gross carrying amount	0.14	0.10	0.51	0.30	39.70	89.52	131.76	20.40	1.10
Accumulated depreciation									
Opening accumulated depreciation	0.09	0.04	0.29	0.21	4.26	24.54	29.62	-	0.15
Depreciation for the year	0.04	0.01	0.09	0.40	4.85	13.59	18.97	-	0.08
Disposals	-	-	-	-	-	(0.25)	(0.25)	-	-
Exchange differences	(0.01)	(0.00)	(0.02)	(0.02)	-	-	(0.04)	-	(0.02)
Closing accumulated depreciation	0.12	0.05	0.36	0.60	9.11	37.88	48.29	-	0.21
Net carrying amount	0.03	0.05	0.15	(0.30)	30.59	51.64	83.47	20.40	0.89
Year ended March 31, 2023									
Gross carrying amount									
Opening gross carrying amount	0.14	0.10	0.51	0.30	39.70	89.52	131.76	20.40	1.10
Exchnage differences	0.01	0.00	0.02	0.07	-	-	0.13	-	0.02
Additions	-	-	-	-	25.34	15.61	40.95	1.80	-
Disposals	-	-	-	-	-	-	-	-	-
Closing gross carrying amount	0.15	0.10	0.53	0.36	65.05	105.13	172.84	1.80	1.12
Accumulated depreciation									
Opening accumulated depreciation	0.12	0.05	0.36	0.60	9.11	37.88	48.30	-	0.21
Depreciation for the year	0.02	0.01	0.09	0.38	14.48	20.01	34.99	-	0.08
Disposals	-	-	-	-	-	-	-	-	-
Exchange differences	(0.01)	0.00	(0.02)	(0.02)	-	-	(0.05)	-	(0.06)
Closing accumulated depreciation	0.13	0.06	0.43	0.96	23.59	57.88	83.23	-	0.23
Net carrying amount	0.02	0.04	0.10	(0.59)	41.46	47.25	89.62	1.80	0.88

Capital-work-in progress ageing as on 31.03.2023 (Rs. in Crores)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1.80	-	-	-	1.80
projects temporarily suspended	-	-	-	-	-
Total	1.80	-	-	-	1.80

(Rs. in Crores)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
whose completion is overdue	-	-	-	-	-
has exceeded its cost compared to its original plan	-	-	-	-	-
Total	-	-	-	-	-

Capital-work-in progress ageing as on 31.03.2022 (Rs. in Crores)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	20.40	-	-	-	20.40
projects temporarily suspended	-	-	-	-	-
Total	20.40	-	-	-	20.40

(Rs. in Crores)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
whose completion is overdue	-	-	-	-	-
has exceeded its cost compared to its original plan	-	-	-	-	-
Total	-	-	-	-	-

Note 3: Intangible Assets

(Rs. in Crores)

	COMPUTER SOFTWARE	TOTAL	INTANGIBLE ASSETS UNDER DEVELOPMENT
Year ended March 31, 2022			
Gross carrying amount			
Opening gross carrying amount	36.36	36.36	69.99
Exchnage differences	(0.30)	(0.30)	-
Additions	4.74	4.74	14.11
Disposals	-	-	(68.45)
Transfers	-	-	(4.73)
Closing gross carrying amount	40.80	40.80	10.92
Accumulated Amortisation and impairment			
Opening accumulated Amortisation	22.54	22.54	-
Amortisation for the year	6.65	6.65	-
Exchange differences	0.01	0.01	-
Closing amortization	29.20	29.20	-
Net carrying amount	11.60	11.60	10.92
Year ended March 31, 2023			
Gross carrying amount			
Opening gross carrying amount	41.12	41.12	10.92
Exchnage differences	(0.30)	(0.30)	-
Additions	26.57	26.57	9.84
Provision for Impairment of Intangible assets under development (Refer Note 36)	-	-	-
Disposals	-	-	(0.00)
Transfers	-	-	(17.94)
Closing gross carrying amount	67.40	67.40	2.84
Accumulated Amortisation and impairment			
Opening accumulated Amortisation	29.20	29.20	-
Amortisation for the year	9.70	9.70	-
Disposals	-	-	-
Exchange differences	(0.02)	(0.02)	-
Closing amortization	38.88	38.88	-
Net carrying amount	28.52	28.52	2.84

Significant estimate: Useful life of intangible assets under development

The Company has completed the development of software that is used to in its various business processes. As at 31 March 2023, the net carrying amount of this software was Rs.28.52 crores (31 March 2022: Rs.11.60 crore). The Company estimates the useful life of the software to be 4 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 4 years, depending on technical innovations and competitor actions.

Intangible assets under development ageing as on 31.03.2023

(Rs. in Crores)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	2.60	-	-	-	2.60
projects temporarily suspended	0.24	-	-	-	0.24
Total	2.84	-	-	-	2.84

(Rs. in Crores)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
whose completion is overdue	-	-	-	-	-
has exceeded its cost compared to its original plan	-	-	-	-	-
Total	-	-	-	-	-

Intangible assets under development ageing as on 31.03.2022

(Rs. in Crores)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	10.68	-	-	-	10.68
projects temporarily suspended	0.24	-	-	-	0.24
Total	10.92	-	-	-	10.92

(Rs. in Crores)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
whose completion is overdue	-	-	-	-	-
has exceeded its cost compared to its original plan	-	-	-	-	-
Total	-	2.34	-	-	-

Note 4 NON CURRENT INVESTMENTS

		31.03.2023		31.03.2022	
		Number of Units	(Rs. in Crores)	Number of Units	(Rs. in Crores)
I	Investments in equity instrument (fully paid up)				
	Unquoted equity instrument at cost				
	In Others				
	NSE Foundation (Section 8 Company) [* Re.1/- (Previous Year Re.1/-)]	6,000	0.00*	6,000	0.00*
II	Investment in government securities at amortised cost				
	5.15 Government of India 9 November 2025	2,25,00,000	222.26	5,00,000	5.07
	5.22% GOVERNMENT OF INDIA 15 JUN 2025	5,10,00,000	499.70		
	5.63 Government of India 12 April 2026	4,15,00,000	409.38		
	5.74 Government of India - 15 November 2026	3,80,00,000	374.83		
	6.18% GOVERNMENT OF INDIA 2024- 04 Nov 2024	85,00,000	86.52		
	6.69 Government of India 27 June 2024	5,00,00,000	507.25		
	6.79% GOVERNMENT OF INDIA - 15 MAY 2027	4,35,00,000	440.32		
	6.97% GOVERNMENT OF INDIA - 06 SEP 2026	55,00,000	54.71		
	7.35 Government of India 22 June 2024	1,95,00,000	200.42		
	7.38 GOVERNMENT OF INDIA 20 JUNE 2027	4,30,00,000	440.78		
	Total government securities		3,236.17		5.07
	Less :				
	Amount disclosed under Core SGF investments (refer Note11)		(3,236.17)		(5.07)
	Total non-current investments		0.00		0.00
	Aggregate amount of book value of quoted investments		3,236.17		
	Aggregate amount of quoted investments and market value thereof		3,227.02		4.93
	Aggregate amount of book value of unquoted investments		0.00		0.00

* Re 1/-

NSE Foundation was incorporated under section 8 of the Companies Act, 2013 and intends to apply its profits, if any, or other income in promoting its objects and any payment of dividend to its members is prohibited. Accordingly, the investment in the company had been written down to Re. 1/-. Accordingly, the Company had written off investment in NSE Foundation amounting to Rs. 59,999/- by debiting the Statement of Profit and Loss.

5 **Other bank balances**

	Non-current		Current	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	(Rs. in Crores)		(Rs. in Crores)	
Deposits with original maturity for more than 12 months #	532.70	155.82	521.67	622.85
Earmarked Deposits with original maturity for more than 12 months	46.28	14.04	532.22	846.02
Deposits with original maturity for more than 3 months but less than 12 months #	-	-	212.55	414.44
Earmarked Deposits with original maturity for more than 3 months but less than 12 months	-	-	61.83	92.04
Earmarked Deposits with original maturity for less than 3 months	-	-	1.22	-
Earmarked Deposits with original maturity less than 12 months*	-	-	20.98	20.28
Unspent CSR Bank Balance			1.96	
Total	578.98	169.86	1,352.43	1,995.63
Less :				
Amount disclosed under Core SGF Investments (note 11)	12.45	14.04	527.68	783.10
Amount disclosed under Investments -SGF for Commodity segment (refer Note 27)	33.83	-	67.60	154.96
Total	532.70	155.82	757.15	1,057.57

* Earmarked towards withheld payouts.

Other bank balances & Cash and cash equivalents Includes Rs. 4,053.12 crores (March 2022: Rs. 8,563.09 crores) pertaining to Settlement obligations and margin money from members

6 **Others Financial Assets**

	Non-current		Current	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	(Rs. in Crores)		(Rs. in Crores)	
Advances recoverable in cash				
Unsecured, considered good	-	-	0.32	0.28
Other loans and advances				
Security Deposits	0.32	0.31	-	-
Others*				
Interest accrued on Bank deposits	6.28	0.64	73.23	63.03
Other receivable - from related party (refer note 29)	-	-	0.00	0.02
Total	6.60	0.95	73.55	63.33

* Rs.6.37 crores (previous year: 6.22 crores) regrouped to trade receivables.

7 **Others Assets**

	Non-current		Current	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	(Rs. in Crores)		(Rs. in Crores)	
Balances with GST authorities	-	-	3.93	1.35
Deposits with GST authorities	-	-	2.78	2.78
Other receivable*	-	-	6.18	6.18
Prepaid expenses	15.19	0.00	23.46	12.44
Total	15.19	0.00	36.35	22.76

* Other receivable represents Deposits with Supreme Court pursuant to its directives in a case filed by the Company with regard to sale of collateral securities with the company of a defaulter member

Note 8 CURRENT INVESTMENTS

	31.03.2023		31.03.2022	
	Number of Units	Rs. In crores	Number of Units	Rs. In crores
I Investment in government securities				
Quoted bonds at amortised cost				
182 Days Treasury Bills 29 September 2022	-	-	1,80,00,000	176.31
7.16 Government of India - 20 May 2023	1,00,00,000	102.93	-	-
7.68% GOVERNMENT OF INDIA 2023- 15-DEC-2023	3,95,00,000	409.90	-	-
8.83% GOVERNMENT OF INDIA - 25 NOV 2023	2,50,00,000	263.57	-	-
Total government securities		776.40		176.31
II Investment in mutual funds				
Un-quoted investments in mutual funds at FVPL				
ADITYA BIRLA SUN LIFE LIQUID FUND - DIRECT - GROWTH	11,97,511	43.48	11,97,511	41.09
AXIS LIQUID FUND -DIRECT - GROWTH	1,69,498	42.38	1,69,498	40.07
HDFC LIQUID FUND - DIRECT - GROWTH	1,31,057	57.97	1,31,057	54.84
HSBC CASH FUND DIRECT GROWTH	7,28,622	163.37	5,08,705	107.83
ICICI PRUDENTIAL LIQUID - DIRECT PLAN - GROWTH	6,92,893	23.09	5,51,531	17.39
IDFC CASH FUND - DIRECT - GROWTH	-	-	1,31,446	33.79
INVESCO INDIA LIQUID FUND - DIRECT - GROWTH	3,36,244	103.90	-	-
MIRAE ASSET CASH MANAGEMENT FUND - DIRECT PLAN - GROWTH	2,87,495	68.33	2,89,064	64.95
NIPPON INDIA LIQUID FUND - DIRECT - GROWTH	57,421	31.62	57,421	29.90
SBI PREMIER LIQUID FUND - DIRECT - GROWTH	76,128	26.82	76,128	25.37
UTI LIQUID FUND - CASH PLAN -DIRECT- GROWTH	35,777	13.20	35,777	12.48
BANDHAN LIQUID FUND - DIRECT - GROWTH	2,19,141	59.58	-	-
LIC MF LIQUID FUND - DIRECT - GROWTH	1,46,557	59.91	1,12,860	43.64
Total mutual fund		693.64		471.37
Less :				
Amount disclosed under Investments -SGF for Commodity segment (refer Note 27)				
Mutual fund		(148.57)		(95.04)
Less :				
Amount disclosed under Core SGF investments (refer Note11)		(776.40)		(176.31)
Total current investments		545.07		376.33
Aggregate amount of book value of quoted investments		776.40		176.31
Aggregate amount of quoted investments and market value thereof		768.26		176.33
Aggregate amount of book value of unquoted investments		693.65		471.37

9 Trade receivables

Current

	31.03.2023	31.03.2022
	(Rs. in Crores)	
Receivable from related parties (Refer to Note No. 29)	44.17	34.32
Others*	25.04	18.86
	69.21	53.18
Less :		
Credit impaired	(6.48)	(6.42)
	62.73	46.76

A Break up of security details

Trade Receivables considered good - Secured	-	-
Trade Receivables considered good - Unsecured	62.73	46.76
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	6.48	6.42
Total	69.21	53.18
Less :		
Credit impaired	(6.48)	(6.42)
Trade receivables Net of provision	62.73	46.76

* Rs.6.37 crores (previous year: 6.22 crores) regrouped from other financial assets to trade receivables.

Movement of Capital Impaired

Particulars	31.03.2023	31.03.2022
	(Rs. in Crores)	
Balance at the beginning of the year	6.42	-
Provision during the year	0.06	6.42
Reversal during the year	-	-
Balance at the end of the year	6.48	6.42

B Trade Receivables Ageing as on 31.03.2023

(Rs. in Crores)

Particulars	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables– considered good	15.16	0.14	0.23	-	-	15.53
Undisputed Trade Receivables– which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	6.48	6.48
Disputed Trade Receivables – considered good	-	-	-	-	-	-
Disputed Trade Receivables –which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables –credit impaired	-	-	-	-	-	-
Total	15.16	0.14	0.23	-	6.48	22.01
Less : Credit impaired						(6.48)
Unbilled Dues						47.20
Total						62.73

C Trade Receivables Ageing as on 31.03.2022

(Rs. in Crores)

Particulars	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables– considered good	7.35	0.11	0.22	-	-	7.68
Undisputed Trade Receivables– which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	6.42	6.42
Disputed Trade Receivables – considered good	-	-	-	-	-	-
Disputed Trade Receivables –which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables –credit impaired	-	-	-	-	-	-
Total	7.35	0.11	0.22	-	6.42	14.10
Less : Credit impaired						(6.42)
Unbilled Dues						39.08
Total						46.76

10 Cash and cash equivalents

Current

	31.03.2023	31.03.2022
	(Rs. in Crores)	
In current accounts #	861.16	493.35
Deposits held for the purpose of meeting short term cash commitments #	4,528.49	11,766.59

<u>5,389.65</u>	<u>12,259.95</u>
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Less :

Amount disclosed under Core SGF Investments (note 11)

<u>222.94</u>	<u>2,927.72</u>
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Total

<u>5,166.71</u>	<u>9,332.22</u>
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Other bank balances & Cash and cash equivalents Includes Rs. 4,053.12 crores (March 2022: Rs. 8,563.09 crores) pertaining to Settlement obligations and margin money from members

	31.03.2023	31.03.2022
	(Rs. in Crores)	
Non-Current		
Fixed Deposits	11.91	12.52
Government securities & Treasury Bills	3,236.17	5.07
Accrued interest	0.45	0.85
Income Tax Assets	5.73	31.41
Total Non-Current	3,254.26	49.84
Current		
Fixed Deposits	528.22	784.62
Government securities	776.40	176.31
Cash and cash equivalents	222.93	2,927.72
Accrued interest	27.33	43.52
Total Current	1,554.88	3,932.17
Total Core-SGF Investments	4,809.14	3,982.01

12 (a) Share Capital

	31.03.2023	31.03.2022
	(Rs. in Crores)	
Authorised 4,50,00,000 (Previous Year :4,50,00,000) Equity Shares of Rs 10 each.	45.00	45.00
Issued, Subscribed and Paid-up 4,50,00,000 (Previous Year :4,50,00,000) Equity Shares of Rs.10 each fully paid up. (all the above shares are held by the holding company- National Stock Exchange of India Limited and its nominees)	45.00	45.00
Total	45.00	45.00

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

Particulars	Aggregate No. of Shares				
	2021-22	2020-21	2019-20	2018-19	2017-18
Equity Shares					
Fully paid up by way of Bonus Shares	-	-	-	-	-

There is no movement either in the number of shares or in amount between previous year and current year.

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 Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the 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 shareholders.

Details of shareholders holding more than 5% share in the company

	31.03.2023		31.03.2022	
	No.	% holding	No.	% holding
National Stock Exchange of India Limited (Holding Company) and its nominees	4,50,00,000	100%	4,50,00,000	100%

Promoter's Shareholding :	31.03.2023			31.03.2022		
	No.	% of Total Shares	% Change during the	No.	% of Total Shares	% Change during the
Shares held by the Promoter at the end of the Year	4,50,00,000	100%	-	4,50,00,000	100%	-

Capital management

The Group considers the following components of its Balance Sheet to be managed capital:

Total equity (as shown in the balance sheet). – retained profit, other reserves, share capital

The Group manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group aims to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The Company is not subject to financial covenants in any of its significant financing agreements.

The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods. Refer note 12(b) for the final and interim dividends declared and paid.

Compliance with externally imposed capital requirements:

NSE Clearing Ltd:

Compliance with externally imposed capital requirements:

Capital requirement of Company is regulated by Securities and Exchange Board of India (SEBI). SEBI vide Regulation 14(3) of SECC Regulations 2018 adopted risk-based approach towards computation of capital and net worth requirement for Clearing Corporations(CC) to adequately cover counterparty credit risk, business risk, orderly Wind-down and operational & legal risk. As per Regulation 14(3) (c) of SECC Regulations 2018 every CC shall have a minimum net worth of Rs.100 crores or networth Computed as per the risk-based approach as may specified by SEBI from time to time, whichever is higher.

Accordingly, SEBI vide circular Ref No: SEBI/HO/MRD/DRMP/CIR/P/2019/55 dated April 10, 2019 issued granular norms related to computation of risk based capital and net worth requirement for CCs effective from FY2019-20. The networth requirement for the Company calculated as per the above SEBI circular is Rs.1,270.36 crores based on audited financial statments for year ended March 31, 2022. Minimum requirement of Net worth is maintained throughout the year ended March 31, 2023.

NSE IFSC Clearing Corporation Ltd:

International Financial Services Centres Authority has issued International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 on April 12, 2021. Regulation 14 of International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 requires the company to have net worth of at least USD 3 million at all times. Post enactment of the said regulation the Company is required to maintain net worth of USD 3 million and the company is in compliance of the same.

12(b) Other Equity

Other Equity	Reserves and Surplus				(Rs.in Crores)
	Capital Reserve	General reserve	Foreign Currency Translation Reserve	Retained Earnings	Total
Balance at the 01.04.2021	10.00	244.71	5.22	363.34	623.27
Profit for the year				450.46	450.46
Other Comprehensive Income				0.09	0.09
Changes in Foreign Currency Translation Reserve through Other Comprehensive Income			1.51		1.51
Transaction with owners in their capacity as owners					-
Dividends paid *				(45.00)	(45.00)
Balance at the 31.03.2022	10.00	244.71	6.73	768.89	1,030.33
Profit for the year.				529.51	529.51
Other Comprehensive Income				(0.17)	(0.17)
Contribution to core SGF (Refer Note 26)				(267.89)	(267.89)
Tax on contribution to Core SGF				67.42	67.42
Changes in Foreign Currency Translation Reserve through Other Comprehensive Income			3.53		3.53
Transaction with owners in their capacity as owners					
Dividend paid #				(180.00)	(180.00)
Balance at the 31.03.2023	10.00	244.71	10.26	917.76	1,182.74

The Holding Company's Board of directors, in their meeting on May 10, 2023 proposed a dividend of Rs. 5 per equity share. The proposal is subject to the approval of shareholders at the Annual General Meeting. The total dividend proposed for the year ended March 31, 2023 amounted to Rs. 22.50 crores.

During the year ended March 31, 2023, the amount of per share dividend recognized as distribution to equity shareholders was Rs.40/- per equity share. The dividend paid during the year ended March 31, 2023 amounted to Rs.180.00 crore.

* During the year ended March 31, 2022, the amount of per share dividend recognized as distribution to equity shareholders was Rs.10/- per equity share. The dividend paid during the year ended March 31, 2022 amounted to Rs.45.00 crore.

	31.03.2023	31.03.2022
	(Rs. in Crores)	
a) The major components of income tax expense statement of profit and loss		
<u>Statement of profit and loss</u>		
<u>Current Tax</u>		
Current tax on profit for the year	182.78	131.67
Adjustment for current tax of prior periods	-	0.01
Total current tax expense	182.78	131.68
<u>Deferred tax expense (income)</u>		
Decrease (increase) in deferred tax assets	(0.62)	(1.17)
(Decrease) increase in deferred tax liabilities	3.95	4.27
Total deferred tax expense (benefit)	3.32	3.11
Total for statement of profit and loss	186.10	134.79

	31.03.2023	31.03.2022
	(Rs. in Crores)	
<u>OCI section</u>		
Related to items recognised in OCI during in the year:		
Re-measurement of the defined benefit(liability) / asset	(0.06)	(0.04)
Income tax charged to Other Comprehensive Income	(0.06)	(0.04)

- b) As per section 115BAA of the Income Tax Act, 1961, existing domestic companies can exercise the option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. The reduced tax rates come with the consequential surrender of specified deductions/incentives. Once exercised, such an option cannot be withdrawn for the same or subsequent Assessment Years. The provision for current and deferred taxes w.e.f. 01.04.2021 have been recognised on the basis of the Company availing such option to pay income tax at lower rate as per section 115BAA.

c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate		
	31.03.2023	31.03.2022
	(Rs. in Crores)	
Profit before income tax expense	715.61	585.25
Tax rate (%)	25.168%	25.168%
Tax at the Indian Tax Rate	180.10	147.30
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
(Profit) / Loss on sale of investments taxed at other than Statutory rate	0.15	0.04
Contribution to NSE Foundation towards CSR	1.97	1.52
Provision /(Reverl of Provision) for Impairment of Intangible as	-	(17.17)
Short Provision for previous years	-	0.01
Profits/(Loss) of Subsidiaries taxed at different rate	3.96	2.53
Others	(0.09)	0.56
Income Tax Expense	186.10	134.79

d) **Deferred tax liabilities (net)**

The balance comprises temporary differences attributable to:

Particulars	31.03.2023	31.03.2022
	(Rs. in Crores)	
Deferred income tax assets		
Others	5.33	4.65
Total deferred tax assets (a)	5.33	4.65
Deferred income tax liabilities		
Property, plant and equipment and investment property	0.39	1.50
Financial Assets at Fair Value through profit and Loss	13.18	8.13
Total deferred tax liabilities (b)	13.57	9.63
Net Deferred Tax Assets /(Liabilities) (a)-(b)	(8.24)	(4.98)

e) Movement in Deferred Tax Assets					(Rs. in Crores)
Particulars	Property, plant and equipment	Financial Assets at Fair Value through profit and Loss	Financial Assets at Fair Value through OCI	Others (Gratuity, PBVP, LE)	Total
At 01 April 2021	-	-	-	3.52	3.52
(Charged) / Credited					
- to profit or loss	-	-	-	1.17	1.17
- to other comprehensive income	-	-	-	(0.04)	(0.04)
At 31st March 2022	-	-	-	4.65	4.65
(Charged) / Credited					
- to profit or loss	-	-	-	0.62	0.62
- to other comprehensive income	-	-	-	0.06	0.06
At 31st March 2023	-	-	-	5.33	5.33

f) Movement in Deferred Tax liabilities					(Rs. in Crores)
Particulars	Property, plant and equipment	Financial Assets at Fair Value through profit and Loss	Financial Assets at Fair Value through OCI	Others	Total
At 01 April 2021	0.46	4.89	-	-	5.35
Charged / (Credited)					
- to profit or loss	1.03	3.24	-	-	4.27
- to other comprehensive income	-	-	-	-	-
At 31st March 2022	1.49	8.13	-	-	9.62
Charged / (Credited)					
- to profit or loss	(1.10)	5.05	-	-	3.95
- to other comprehensive income	-	-	-	-	-
At 31st March 2023	0.39	13.18	-	-	13.57

g) The company recognizes MAT credit available as an asset only to the extent there is reasonable certainty that the company will pay normal income tax during the specified period. Accordingly, MAT credit entitlement not recognized in books of accounts till March 31, 2022 is Rs.119.29 crore out of which MAT credit entitlement to be carried forward is Rs.NIL. Further, if even the MAT credit will be recognised the same will be directly credited to reserves and not the statement to profit & loss account as the same is arising out of contribution to Core SGF.

		31.03.2023	31.03.2022
		(Rs. in Crores)	
14	Income tax liabilities (net)		
	Income Tax (Net of Advances)	73.59	67.66
	Fringe Benefit Tax (Net of Advances)	-	-
		73.59	67.66
15	Income tax assets (net)		
	Income Tax paid including TDS (Net of Provisions)	163.14	77.88
	Fringe Benefit Tax (Net of Provisions)	-	-
		163.14	77.88
16	Deposits (Unsecured)		
		Current	
		31.03.2023	31.03.2022
		(Rs. in Crores)	
	Security Deposit from Clearing Members	354.61	332.88
	Security Deposit in lieu of Bank Guarantee/securities	94.05	91.49

Deposits from applicants for membership	2.08	2.14
Deposits from Clearing Banks	1,335.58	800.25
Total	1,786.32	1,226.76

17 **Other financial liabilities**

	Current	
	31.03.2023	31.03.2022
(Rs. in Crores)		
Trade payables		
Trade Payable to Micro and Small Enterprises	0.07	0.06
Trade Payable to other than Micro and Small Enterprises	30.49	20.18
Trade payables to related parties (ref to Note No.29)	7.40	2.04
	37.89	22.22
Others		
Margins From Members	3,870.41	5,294.76
Settlement Obligations payable	182.71	3,268.33
Creditor for Capital Expenditure	2.32	0.81
Other liabilities	42.94	40.07
	4,098.38	8,603.95
	4,136.27	8,626.18

Trade payables include outstanding amounts of Rs. 0.07 Crores (Previous Year: Rs. 0.06 Crores) (including interest of Rs. Nil, (Previous Year Rs. Nil) payable to Micro Enterprises & Small Enterprises. Total outstanding dues to Micro Enterprises & Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

B Trade payables Ageing as on 31.03.2023

Particulars	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years
MSME	-				
Others	9.90		0.27		
Disputed dues (MSMEs)					
Disputed dues (Others)					
Total	9.90	-	0.27	-	-
Unbilled Dues					
Total					

C Trade payables Ageing as on 31.03.2022

Particulars	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years
MSME	0.04				
Others	11.32				
Disputed dues (MSMEs)					
Disputed dues (Others)					
Total	11.36	-	-	-	-
Unbilled Dues					
Total					

18 **Other current liabilities**

	Current	
	31.03.2023	31.03.2022
(Rs. in Crores)		
Statutory payments	20.07	14.81
Stamp Duty Payable	170.29	188.06
Unspent CSR Expenditure	1.96	
Amount payable into Core SGF	25.03	23.10
Advances from debtors	7.55	12.62
	224.90	238.59

19 **Provision employee benefits**

	Non-current		Current	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
(Rs. in Crores)				
Provisions for Leave encashments	-	-	2.05	1.60
Provision for Gratuity	7.80	5.98	0.86	0.63
Provision for variable pay and other allowances	6.78	4.08	7.08	7.95
	14.58	10.06	9.99	10.19

	For the year ended 31.03.2023	For the year ended 31.03.2022
Sale of Services		
Clearing & Settlement Charges	633.97	454.77
Other operating revenues		
Connect to NSE Services	1.47	1.87
Interest received	268.45	209.44
Voluntary Auction Charges	4.42	3.12
Fines and penalties-SLB segment	0.26	0.49
Processing Charges	1.93	1.66
Income from Usage Charges	1.41	1.41
Stamp Duty Facilitation charges	3.98	4.00
Total	915.90	676.76

Major Customer

Revenue from one major customer (related party) is Rs.604.60 crores (previous year Rs 415.13 crores) which is more than 10% of the total revenue of the Company.

Particulars	(Rs. in Crores)	
	For the year ended 31.03.2023	For the year ended 31.03.2022
Revenue Recognised		
Point in time	644.57	464.04
Over the time	271.33	212.72
Total	915.90	676.76

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Other income and other gains/(losses)**Other income**

Interest Income :

On Bank Deposits	64.09	37.23
Miscellaneous Income	5.48	0.03
	69.56	37.27

Other gains/(losses)

Net gain on financial assets mandatorily measured at Fair Value through Profit or Loss	27.79	15.52
Net gain on sale of investments mandatorily measured at Fair Value through Profit or Loss	2.28	(0.15)
	30.07	15.37

Total

	99.63	52.64
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Employee benefits expenses

Salaries, wages and bonus	30.12	27.67
Salaries, wages and bonus of Deputed Staff (Refer Note 24)	8.72	13.23
Contribution to provident and other fund	0.92	0.94
Employees welfare expenses	1.84	1.59
Total	41.60	43.44

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Other expenses

Space & Infrastructure Usage Charges	3.77	4.55
Common Usage Expenses	21.29	21.37
Insurance Premium	0.69	0.22
Printing, Stationery & Consumables	1.30	0.60
Auditors' Remuneration (refer note below)	0.48	0.46
Legal and Professional fees	8.68	7.32
Repairs & Maintenance :		-
- On Building	0.36	0.28
- On Computer systems	77.83	49.08
- Others	-	-

IT Management & Consultancy Charges	1.78	0.70
Software Expenses	32.19	23.42
Leased Line Charges	21.93	15.42
Directors' Sitting fees	0.97	0.59
Bank Chages & BG Charges	18.78	-
Electricity expenses	2.33	2.49
Interest on Lease Liability	0.09	0.09
Provision for doubtful debts	0.06	6.42
Contribution to NSE foundation towards CSR (Refer to Note 39)	7.84	6.05
Financial Disincentive	0.25	1.25
Other expenses	12.94	18.55
Total	213.56	158.87
Note :		
Payment to auditor		
As auditor :		
Audit fees	0.20	0.20
Tax audit fee	0.06	0.04
Limited review	0.11	0.08
In other capacity		
Taxation matters	0.07	0.09
Certification matters	0.03	0.04
Out of pocket	0.01	0.01
Other services	-	-
Total	0.48	0.46

- 24 Employee Benefits expenses includes the amount reimbursed by the company to The National Stock Exchange of India Limited (NSEIL) in respect of employees made available to the company upto February 2023. Accordingly, necessary provisions as required for all retirement benefits and other long term employee benefits as per Ind AS 19 - Employee Benefits as notified under Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended, was carried out by NSEIL in respect of employees made available to the Group upto March 2022.
- 25 Disclosure under Ind AS 119 on Employee Benefits notified under Rule 7 of the Companies (Accounts) Rules, 2015.

i) Defined Benefit Plan :

Provident & Pension Fund: Group has contributed Rs. 0.90 Crores (previous year : Rs.0.63 crores) towards Provident & Pension Fund during the year ended March 31, 2023 to Employee Provident Fund Organisation.

Gratuity: The company provides for gratuity for employees as per Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity, The amount of Gratuity is payable on retirement/termination of the employee's last drawn basic salary per month multiplied for the number of years of service. The gratuity plan is a non funded plan and the company makes provision on the basis of Actuarial Valuation.

A Balance Sheet

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

	(Rs. in Crores)	
	31.03.2023	31.03.2022
Liability at the beginning of the year	6.62	6.72
Interest cost	0.45	0.44
Current service Cost	0.55	0.51
Transfers	2.09	(0.68)
Benefits paid	(1.30)	(0.24)
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	(0.30)	(0.14)
Actuarial (gains)/losses on obligations - due to experience	0.54	0.01
Liability at the end of the year	8.66	6.62

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

	(Rs. in Crores)	
	31.03.2023	31.03.2022
Fair value of plan assets as at the end of the year	-	-
Liability as at the end of the year	(8.66)	(6.62)
Net (liability) / asset	(8.66)	(6.62)

(iii) Balance sheet reconciliation

	(Rs. in Crores)	
	31.03.2023	31.03.2022
Opening net liability	6.62	6.72
Expenses recognized in Statement of Profit or Loss	1.00	0.95
Expenses recognized in OCI	0.24	(0.13)
Net (liability)/asset transfer in	2.09	(0.68)
Benefit paid by the Company	(0.10)	-
Employers contribution	(1.20)	(0.24)
Amount recognised in the Balance Sheet	8.66	6.62

B Statement of Profit & Loss

	(Rs. in Crores)	
	31.03.2023	31.03.2022
(i) Net interest cost for current period		
Interest cost	0.45	0.44
Interest income	-	-
Net interest cost for current period	0.45	0.44

	(Rs. in Crores)	
	31.03.2023	31.03.2022
(ii) Expenses recognised in the Statement of Profit & Loss		
Current service cost	0.55	0.51
Net interest cost	0.45	0.44
Expenses recognised in the Statement of Profit & Loss	1.00	0.95

(iii) Expenses recognised in the Other Comprehensive Income		
	31.03.2023	31.03.2022
Re-measurement		
Actuarial (gain) or loss	0.23	(0.13)
Net (income)/expense for the period recognized in OCI	0.23	(0.13)

C Sensitivity Analysis		(Rs. in Crores)	
	31.03.2023	31.03.2022	
Projected Benefit Obligation on Current Assumptions	8.66	6.62	
Delta Effect of +1% Change in Rate of Discounting	(0.51)	(0.39)	
Delta Effect of -1% Change in Rate of Discounting	0.57	0.44	
Delta Effect of +1% Change in Rate of Salary Increase	0.55	0.42	
Delta Effect of -1% Change in Rate of Salary Increase	(0.50)	(0.38)	
Delta Effect of +1% Change in Rate of Employee Turnover	(0.09)	(0.08)	
Delta Effect of +1% Change in Rate of Employee Turnover	0.10	0.09	

D Significant actuarial assumptions are as follows:		
	31.03.2023	31.03.2022
Discount rate	7.39%	6.84%
Rate of return on plan assets	N.A.	N.A.
Salary escalation	10.00%	10.00%
Attrition rate	12.00%	12.00%

E Maturity Analysis of Projected Benefit Obligation: From the Employer

Projected Benefits Payable in Future Years From the Date of Reporting	31.03.2023	31.03.2022
1st Following Year	0.86	0.63
2nd Following Year	0.86	0.64
3rd Following Year	0.93	0.63
4th Following Year	0.81	0.70
5th Following Year	0.80	0.59
Sum of Years 6 To 10	4.47	3.57

- 26 (a) 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 contribution to the Core Settlement Guarantee Fund by the Clearing Corporation (minimum 50%), Stock Exchange (minimum 25%) and members (maximum 25%) and also norms issued under Interoperability Framework. 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.

I Details of Core SGF a on March 31, 2023 are as follows :

								(Rs. in Crores)	
Details of MRC of Core SGF									
	CM	FO	CD	Debt	TRI Party	Commodity	Total		
NCL own contribution	119.96	805.00	89.09	3.00	8.50	5.00	1,030.55		
Interest Adjusted towards NCL's Contribution	54.04	363.00	32.91	-	-	-	449.95		
Contribution by NSE on behalf of Member	67.70	454.45	23.00	-	-	2.50	547.65		
Interest Adjusted towards member s Contribution	19.30	129.55	38.00	-	-	-	186.85		
Contribution by NSE	65.36	409.81	24.00	1.00	8.50	2.50	511.17		
Interest Adjusted towards NSE's Contribution	21.64	174.19	24.00	-	-	-	219.82		
Contribution by BSE Limited (BSE)	7.56	0.05	15.16	-	-	-	22.78		
Contribution by Metropolitan Stock Exchange of India (MSE)	-	-	1.33	-	-	-	1.33		
Interest Adjusted towards MSE's Contribution	0.01	-	-	-	-	-	0.01		
Others (Financials Disincentives)	1.00	-	-	-	-	-	1.00		
Total	356.57	2,336.05	247.50	4.00	17.00	10.00	2,971.12		
Previous Year	219.36	1,344.05	211.70	4.00	17.00	10.00	1,806.12		

II Details of Core SGF as on March 31, 2022 are as follows :

(Rs. in Crores)

I Contribution to Corpus of Core SGF									
	CM	FO	CD	Debt	TRI Party	Commodity	Other	Total	
NCL own contribution	107.00	672.00	100.00	3.00	8.50	5.00	-	895.50	
Contribution by NSE on behalf of Member	53.00	336.00	50.00	-	-	2.50	-	441.50	
Contribution by NSE	54.00	336.00	48.00	1.00	8.50	2.50	327.51	777.51	
Contribution by BSE	4.36	0.05	12.58	-	-	-	-	16.99	
Contribution by MSE	-	-	1.12	-	-	-	-	1.12	
Others (Financials Disincentives)	1.00	-	-	-	-	-	-	1.00	
1 Total (a+b+c+d)	219.36	1,344.05	211.70	4.00	17.00	10.00	327.51	2,133.62	
2 Penalty*	196.37	956.80	42.59	-	-	0.12	-	1,195.88	
3 Income on Investments*	58.91	544.41	21.34	0.99	4.09	1.87	10.14	641.76	
Grand Total (1+2+3)	474.64	2,845.26	275.63	4.99	21.09	11.99	337.65	3,971.25	

III Contribution made during the year 2022-23

(Rs. in Crores)

Contribution during the year									
	CM	FO	CD	Debt	TRI Party	Commodity	Other # \$	Total	
NCL own contribution									
Direct Contribution\$	42.00	212.00	13.89	-	-	-	-	267.89	
Adjusted from Interest Income **	25.00	284.00	8.11	-	-	-	-	317.11	
Others (Financials Disincentives)	-	-	-	-	-	-	-	-	
Total	67.00	496.00	22.00	-	-	-	-	585.00	
Contribution by NSE on behalf of Member									
Direct Contribution	-	4.00	-	-	-	-	-	4.00	
Contribution adjusted from NSE Other Contribution #	24.77	154.45	-	-	-	-	-	179.22	
Adjusted from Interest Income **	9.23	89.55	11.00	-	-	-	-	109.78	
Total	34.00	248.00	11.00	-	-	-	-	293.00	
Contribution by NSE									
Contribution adjusted from NSE Other Contribution #	24.71	112.81	-	-	-	-	-	137.52	
Adjusted from Interest Income **	8.29	135.19	-	-	-	-	326.74	470.21	
Excess Contribution transfer to Other Clearing Corporation***	-	-	-	-	-	-	(326.74)	(326.74)	
Total	33.00	248.00	-	-	-	-	-	281.00	
Contribution by BSE									
Direct Contribution	2.98	-	1.98	-	-	-	-	4.96	
Adjusted from Interest Income **	0.23	-	0.60	-	-	-	-	0.83	
Total	3.21	-	2.58	-	-	-	-	5.79	
Contribution by MSEI									
Direct Contribution	0.00	-	0.14	-	-	-	-	0.15	
Adjusted from Interest Income **	-	-	0.07	-	-	-	-	0.07	
Total	0.00	-	0.21	-	-	-	-	0.22	

Income during the period (Net Off adjustment towards MRC) **

								Current year	Previous year
Penalty	71.49	229.45	8.85	-	-	0.04	-	309.84	326.13
Income on : Investments/Tax Refunds^	30.16	203.83	22.35	0.03	1.27	0.40	(1.91)	256.13	126.37
Less : Income adjusted against MRC**	42.74	508.74	19.78	-	-	-	-	571.27	6.01
Less : Income adjusted towards transfer of contribution to Other Clearing Corporation***	-	-	-	-	-	-	7.00	7.00	12.68
Income on Investments (Net Off adjustment towards MRC)	(12.59)	(304.91)	2.57	0.03	1.27	0.40	(8.91)	(322.13)	107.67

^ Includes Interest on Income Tax refund of Rs. 5.83 crores less income tax thereon of Rs. 2.44 crores.

IV Details of Core SGF a on March 31, 2023 are as follows :

Out of the above the details of the Cash contributions and investment of the same are as follows :

(Rs. in Crores)

I Contribution to Corpus of Core SGF									
	CM	FO	CD	Debt	TRI Party	Commodity	Other #	Total	
NCL own contribution	174.00	1,168.00	122.00	3.00	8.50	5.00	-	1,480.50	
Contribution by NSE on behalf of Member	87.00	584.00	61.00	-	-	2.50	-	734.50	
Contribution by NSE	87.00	584.00	48.00	1.00	8.50	2.50	0.77	731.77	
Contribution by BSE	7.56	0.05	15.16	-	-	-	-	22.78	
Contribution by MSE	0.01	-	1.33	-	-	-	-	1.34	
Others (Financials Disincentives) \$	1.00	-	-	-	-	-	-	1.00	
1 Total	356.57	2,336.05	247.50	4.00	17.00	10.00	0.77	2,971.89	
2 Penalty*	267.86	1,186.26	51.44	-	-	0.16	-	1,505.72	
3 Income on Investments (After allocation towards MRC)*	46.32	239.50	23.91	1.02	5.36	2.27	1.23	319.62	
Grand Total (1+2+3)	670.76	3,761.80	322.85	5.02	22.36	12.43	2.00	4,797.23	
II Details of Investment									
1 Mutual Funds	-	-	-	-	-	-	-	-	
2 Fixed Deposit with Banks	50.07	460.37	18.54	-	-	-	-	528.98	
3 Government securities*	527.65	3,185.19	265.10	1.01	-	-	-	4,012.57	
4 Flexi Fixed Deposits	88.77	87.56	34.99	0.01	0.78	0.21	1.19	213.51	
5 Balance in Bank Accounts	1.05	0.80	2.99	3.96	0.02	0.14	-	8.96	
6 Accrued interest	2.69	23.02	0.97	-	-	-	0.81	27.49	
Prepaid taxes	0.52	4.86	0.25	0.04	0.02	0.00	0.00	5.70	
Grand Total (1+2+3+4+5+6)	670.76	3,761.80	322.85	5.02	0.82	0.35	2.00	4,797.23	
Previous year	474.64	2,845.26	275.63	4.99	21.09	11.99	337.65	3,971.25	

* Aggregate amount of quoted investments and market value Rs.3,995.28 crores.

Other contribution is balance amount of transfer from NSE pertain to 25% of NSE's Annual profits as contribution to Core SGF . SEBI vide circular CIR/CFD/FAC/62/2016 dated May 05, 2016 advised Stock Exchange to transfer 25% of its annual profits upto August 2015 to Core SGF and utilise the same for contribution required by Members and NSE.

** SEBI vide its letter reference no. SEBI/HO/MRD/DRMNP/OW/P/2018/4559/1 dated February 12, 2018 has clarified that "Clearing Corporations may adjust incremental requirement of Minimum Required Corpus (MRC) against the interest accrual on the cash contribution of respective contributors before taking additional contribution from them.

*** Further, as per circular dated SEBI/HO/MRD2/DCAP/CIR/P/2021/03 January 08, 2021, SEBI has allowed transfer of excess contribution made by Stock Exchanges from Core SGF of one Clearing Corporation to the Core SGF of another Clearing Corporation in inter-operable scenario. Accordingly, Rs.21.08 crores contribution of other stock exchanges received from respective clearing corporation and also a sum of Rs.90.19 crores of NSE contribution transferred to other clearing corporation.

§ Debited to retained earnings (refer to Note 12(b))

(b) As per International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 notified on 12th April 2021 Regulation-31 on Settlement Guarantee Fund:

- (1) A recognised clearing corporation shall establish and maintain a Settlement Guarantee Fund to guarantee the settlement of trades executed on a stock exchange.
- (2) The fund shall have a corpus equivalent to at least the minimum required corpus as arrived at from the monthly stress test value or USD 1 million, whichever is higher.
- (3) In the event of a recognised clearing member failing to honour its settlement obligations, the fund shall be utilized to complete such settlement.
- (4) The corpus of the fund shall be adequate to meet the settlement obligations arising on account of failure of clearing member(s).
- (5) The sufficiency of the corpus of the fund shall be tested by way of periodic stress tests, in the manner specified by the Authority.
- (6) A recognised clearing corporation shall evolve a detailed framework for the settlement guarantee fund, subject to approval of the Authority.

(Rs. in Crores)		
	As at 31.03.2023	As at 31.03.2022
Company's Own contribution & Interest received on Investments*	11.59	10.65
Penalty collected from members	0.05	0.05
Accrued interest on CSGF FD	0.27	0.06
	11.91	10.76

* During the year, Company's own contribution includes contributions of Rs. Nil made during current year Rs. Nil made during previous year 2021-22, Interest received on Core SGF Fixed Deposites of Rs. 0.04 crores (Rs. 0.50 crores in previous year 2021-22) and balance movement in INR amounts is on account of currency fluctuation.

27 The Holding Company had received approval from SEBI to start clearing & settlement activities in Commodity Derivatives and commenced operations w.e.f. October 12, 2018. As required by SEBI an amount of Rs. 250 crores has been earmarked towards a separate fund to augment Settlement Guarantee Fund for Commodity Derivatives by way of appropriation from General Reserves. Further, the Holding Company has also earmarked investments amounting to Rs. 250 crores towards the same.

28 Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Group. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of the Group. The Group operates only in one Business Segment i.e. facilitating Clearing & Settlement in securities and the activities incidental thereto within India, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

29 In compliance with Indian Accounting Standard (Ind AS)-24 - "Related Party Disclosures" notified under section 133 of the Act read with Companies (Accounting Standards) Rules 2015 , the required disclosures are given in the table below

(a) Names of the related parties and related party relationship

Sr. No.	Related Party	Nature of Relationship
1	National Stock Exchange of India Limited	Holding Company
2	NSE Investments Limited	Fellow Subsidiary
3	NSE Foundation	Fellow Subsidiary
4	NSE IFSC Limited	Fellow Subsidiary
5	NSE Academy Limited	Fellow Subsidiary
6	NSEIT Limited	Fellow Subsidiary's
7	NSE Data & Analytics Limited	Fellow Subsidiary's
8	Nse Indices Limited (formerly India Index Services & Products Limited)	Fellow Subsidiary's
9	NSE Infotech Services Limited	Fellow Subsidiary's
10	NSE.IT (US) Inc.	Fellow Subsidiary's
11	Aujas Cybersecurity Limited (Formerly known as Aujas Networks Limited /Aujas Networks Private Limited.)	Fellow Subsidiary's Subsidiary's Subsidiary
12	Talentsprint Private Limited (w.e.f. 10.11.2020)	Fellow Subsidiary's
13	TalentSprint Inc. (w.e.f. 29-11-2021)	Fellow Subsidiary's
14	Cogencis Information Services Limited (w.e.f. 21.01.2021)	Fellow Subsidiary's Subsidiary's Subsidiary
15	CXIO Technologies Private Limited (w.e.f July 08, 2021)	Fellow Subsidiary's
16	National Securities Depository Limited	Holding Company's Associate
17	NSDL Database Management Limited	Holding Company's Associate
18	BFSI Sector Skill Council of India	Holding Company's Associate
19	India International Bullion Holding IFSC Limited (w.e.f. June 04, 2021)	Holding Company's Associate
20	India International Bullion Exchange IFSC Limited (w.e.f. August 17, 2021)	Holding Company's
21	Power Exchange India Limited	Associate of Fellow
22	Protean eGov Technologies Ltd.(Formerly known as NSDL e-Governance Infrastructure Limited)	Associate of Fellow
23	Market Simplified India Limited (formerly known as INXS Technologies Limited)	Associate of Fellow
24	Computer Age Management Services Private Limited (upto 04.02.2020)	Associate of Fellow
25	Receivables Exchange Of India Limited	Associate of Fellow
26	Indian Gas Exchange Limited (w.e.f. 16.03.2021)	Associate of Fellow
27	Capital Quant Solutions Private Limited (w.e.f. 03.03.2021)	Associate of Fellow
28	Mr. T. Venkata Rao - Managing Director (upto 06.11.2017)	Key Managerial Personnel
29	Mr. Vikram kothari (Managing Director)	Key Managerial Personnel
30	Ms.Bhagyam Ramani(Director)	Key Managerial Personnel
31	Mr. C VR Rajendran(Director)	Key Managerial Personnel
32	Mr. Harun R Khan (Director)	Key Managerial Personnel
33	Mr. Salim Gangadharan(Director)	Key Managerial Personnel
34	Mr.N K Maini (Director)	Key Managerial Personnel
35	Mr. K. S. Somasundaram (w.e.f. 17.08.2020)	Key Managerial Personnel
36	Mr. Yatrik Vin (w.e.f. 27.09.2021)	Key Managerial Personnel
37	Prof. Samir K Barua	Key Managerial Personnel
38	Mr. Mukesh Agarwal	Key Managerial Personnel
39	Mr. Jayant Ramaswamy Haritsa (w.e.f. 17.06.2022)	Key Managerial Personnel
40	Mr. Ananth Narayan Gopalkrishnan (upto 27.09.2022)	Key Managerial Personnel
41	Mr. Golaka Nath (w.e.f 17.11.2022)	Key Managerial Personnel
42	Mr. Kapil Seth	Key Managerial Personnel
43	Mr. Vivek Singhvi - Chief Executive Officer	Key Managerial Personnel
44	Mr. K Kumar (w.e.f. October 14, 2022)	Key Managerial Personnel
45	Mr. Kamalakar Karlapalem (w.e.f. October 7, 2022)	Key Managerial Personnel
46	Mr. Gopalkrishna Hedge (w.e.f 17.06.2022)	Key Managerial Personnel
47	Mr. Natarajan Ramasamy (upto 20.09.2021)	Key Managerial Personnel

(b) Details of transaction (including Goods & service tax wherever levied) with parties are as follows :

Name of the Related Party	Nature of Transactions	(Rs. in Crores)	
		Year ended 31.03.2023	Year ended 31.03.2022
National Stock Exchange of India Ltd.	• Clearing and Settlement charges received	710.92	487.43
	• Usage charges Received	1.66	1.66
	• Usage charges paid	25.13	25.22
	• EBP Platform Usage charges Received	0.84	0.86
	• Contribution received towards Core SGF	4.00	-
	• Reimbursement paid for expenses on staff on deputation	10.65	15.62
	• Reimbursement paid for other expenses incurred	70.51	57.89
	• Reimbursement received for services Rendered	0.09	0.15
	• Space & Infrastructure usage Charges paid	4.45	5.37
	• Dividend paid	180.00	45.00
	• Outstanding balance – (Credit) / Debit	44.13	34.27

NSEIT Ltd.	• Repairs & Maintenance – Clearing & Computer systems	26.60	21.15
	• Payment for software support services	4.25	3.08
	• Payment for ADM services	6.04	-
	• Purchase & Installation of Equipments	-	23.98
	• Outstanding balance – (Credit) / Debit	(7.24)	(2.01)
Aujas Cybersecurity Limited	• Repairs & Maintenance – Clearing & Computer systems	0.52	0.40
	• Outstanding balance – (Credit) /	-	-
NSDL Database Management Limited	• Payment for services	-	0.00
	• Outstanding balance – (Credit) / Debit	-	-
NSE Foundation	• Contribution towards CSR	5.88	6.05
NSE IFSC Limited	• Reimbursement paid for other expenses incurred	0.18	0.18
	• Clearing & Settlement Income receivable	0.00	-
	• SEBI turnover fees collected on behalf of NSE IFSC Limited	0.00	0.01
	• SEBI turnover fees payable (closing balance)	0.00	0.01
	• Outstanding balance – (Credit) / Debit	(0.00)	0.13
National Securities Depository Limited	• Depository operation fees	0.19	0.21
	• Outstanding balance – (Credit) / Debit	-	(0.01)
Cogencis Information Services Limited	• Payment for Terminal subscription fees	0.07	0.04
	• Payment for Terminal subscription fees	0.02	-
	• Outstanding balance – (Credit) / Debit	-	-
Key Management Personnel (Mr. T Venkata Rao - Managing Director (Upto 06.11.2017)	Short term employee Benefits* \$	-	-
	Post - employment Benefits#	-	-
	Long term employee Benefits	-	0.17
Key Management Personnel (Mr. Vikram Kothari- Managing Director (From 07.11.2017)	Short term employee Benefits *	2.29	1.96
	Post - employment Benefits **	0.07	0.06
	Long term employee Benefits	0.31	0.25
Directors	Sitting fees/Committee sitting fees :		
	Mr. Harun R Khan	0.15	0.33
	Mr. Salim Gangadharan	0.08	0.30
	Mr.N K Maini	0.10	0.26
	Mr. C VR Rajendran	0.09	0.27
	Ms.Bhagyam Ramani	0.36	0.33
	Prof. Samir K Barua	0.10	0.07
	Mr. Kapil Seth	0.21	0.07
	Mr. K Kumar	0.09	-
	Mr. Kamalakar Karlapalem	0.10	-
	Mr. Gopalkrishna Hegde	0.21	-
	Mr. Jayant Ramaswamy Haritsa	0.25	-
	Mr. Ananth Narayan Gopalkrishnan	0.04	-
Mr. Golaka Nath	0.08	-	
Mr. Natarajan Ramasamy	-	0.01	

* Includes amount paid towards Leave encashment, Medical allowance & Leave Travel allowance and 50% of the variable pay payable after 3 years subject to certain conditions.

Includes amount paid towards Gratuity.

\$ pertaining to earlier years

** As the liabilities for define benefits plan are provided on actuarial basis for the Company as a whole, the amount pertaining to key managerial person are not included.

No commitments made during the years to associate concerns and vice versa

- 30 In accordance with Indian Accounting Standard (Ind AS) 33 - "Earning per Share" issued by the Institute of Chartered Accountants of India, the required disclosure is given below.

Basic and diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year, by weighted average number of equity shares outstanding during the year.

	Year ended 31.03.2023	Year ended 31.03.2022
Net Profit attributable to Shareholders (Rs. In Crores)*	529.51	450.46
Weighted Average number of equity shares issued	4,50,00,000	4,50,00,000
Earnings per share of Rs. 10/- each (in Rs.) (Basic)	117.67	100.10
Earnings per share of Rs. 10/- each (in Rs.) (Diluted)	117.67	100.10

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earning per share of the Company remain the same.

There are no instruments (including contingently issuable shares) issued that could potentially dilute basic earnings per share in the future.

31 Capital and other commitments :

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs.0.07 crores (Previous Year :Rs.42.21 crores) and other Commitments Rs.31.01 crores (Previous Year :Rs.9.03 Crores)

32 Contingent liabilities and Commitments :

- (i) Claims against company not acknowledged as debts (excluding interest) : Rs. 6.34 Crores (Previous Year : Rs. 6.34 Crores)
- (ii) A suit filed against the Company for damages / compensation amounting to Rs.NIL (Previous Year : Rs. Nil).
- (iii) On account of disputed demand of Income tax of Rs.197.40 Crores (Previous Year : Rs.115.81 Crores).The said amount includes Rs. 76.90 crores demand raised for AY 2020-21, the assessment order has been passed u/s 143(3) of the Income Tax Act, 1961, wherein credit for Advance Tax of Rs. 47.25 crores and TDS credit of Rs. 44.22 crores was not considered in the computation resulting to levy of interest u/s 234A & 234B of Rs. 19.51 Crores.
And on account of demand of Dividend Distribution Tax (DDT) including interest thereon amounting to Rs. 22.98 Crores (previous year: Nil). Further, credit of dividend distribution tax of Rs. 16.65 crores was not considered in the computation resulting levy of interest of Rs. 6.33 Crore.
The Company has filed an appeal to Commissioner of Income Tax (Appeals), National Faceless Appeal Center, New Delhi.

- iv) Bank Guarantee Rs.4000 Crores (Previous year Rs.3000 Crores). (Also refer to Note 41)

Based on the legal opinion received by the company, Company is of the view that the above matters are not likely to have any impact on financial position of the Company.

- 33 The Group's pending litigations comprise of claims against the Group and proceedings pending with Statutory, Regulatory and Tax Authorities. The Group has reviewed all its pending litigations and proceedings and has made adequate provisions, whenever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a material impact on its financial position. (Refer Note 32 & 35)

- 34 In accordance with the relevant provisions of the Companies Act, 2013, the Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses as of March 31, 2023 and March 31, 2022.

- 35 a) On February 24, 2021 the Storage Area Network (SAN) system of the Company was impacted due to certain issues in the links with telecom service providers, resulting in the primary SAN becoming inaccessible to the host servers. This also resulted in the risk management system and clearing and settlement system of the Company and other systems such as index and surveillance systems of National Stock Exchange of India (NSE) becoming unavailable leading to a decision to halt the Trading at NSE. The Company had submitted a root cause analysis of the incident to SEBI. SEBI vide its letter dated July 2, 2021 directed the Company to pay financial disincentive of Rs. 0.25 crores for not restoring its operations within the Recovery Time Objective (RTO). The Company paid the same on July 14, 2021. Further, in this regard, SEBI had issued a show cause notice on August 11, 2021 to the Company and some of its employees alleging non-compliance with certain paragraphs of SEBI circular dated October 8, 2015, September 13, 2017, March 26, 2019 and Regulation 12(6) read with Regulation 7(4)(g) of SECC Regulation 2018 for which detail response is filed. In this regard, the Company has taken necessary remedial actions and also filed consent application with SEBI on September 03, 2021, against this, during the year, preliminary hearing on maintainability of the said consent application had taken place and the Company has filed its revised consent terms on March 19, 2023. The revised consent application is under review with relevant authority at SEBI. The Company is of the view that pending conclusion of this matter with SEBI, a reliable estimate of any obligations in respect of this matter cannot be presently made and therefore no provision /adjustment to this effect has been made in the financial statements as of and for the Year ended March 31, 2023.

- b) Company encountered an incident on November 01, 2021, which resulted in delay in securities pay-out in the cash segment. Pursuant to SEBI circular SEBI/HO/MRD1/DTCS/CIR/P/2021/590 dated July 05, 2021 an amount of Rs.1 Crore was payable to the Core Settlement Guarantee Fund (Core SGF) of NCL towards financial disincentive which is included in other expenses of previous year and the same has been transferred to the Core SGF on January 24, 2022.

- c) During the year ended March 31, 2022, SEBI had issued a show cause notice to the Company alleging non-compliance with certain paragraphs of SEBI circular dated December 17, 2018 for failure to share alerts with other exchange post interoperability. During the year ended March 31, 2023, SEBI levied penalty of Rs.0.25 crores to the Company, the same is included in other expenses for the year ended March 31, 2023. The same has been paid on February 9, 2023.

- 36 During the previous year contract pertaining to clearing and settlement system was terminated and an amount of Rs.83.86 crores was received towards the same. Accordingly, provision for impairment of intangible asset under development pertaining to the said contract made in year ended March 2021 amounting to Rs.68.23 crores has been reversed and the balance amount of Rs.15.63 crores is treated as settlement compensation. The same have been considered as exceptional items.

37 A Fair value measurement

(i) Fair Value Hierarchy:

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value and are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three level prescribed under the accounting standard. An explanation of each level follow

(Rs. In crores)

Financial Assets and Liabilities measured at Fair Value - recurring fair Value measurements At March 31, 2023	Notes	Level 1	Level 2	Level 3	Total March 31, 2023
Financial Assets					
Financial Investments at FVPL					
Mutual Fund - Growth Plan	8	693.64	-	-	693.64
Total Financial Assets		693.64	-	-	693.64
Financial Liabilities					
Total Financial Liabilities			-	-	-

Financial Assets and Liabilities measured at Fair Value - recurring fair Value measurements At March 31, 2022	Notes	Level 1	Level 2	Level 3	Total March 31, 2022
Financial Assets					
Financial Investments at FVPL					
Mutual Fund - Growth Plan	8	471.37	-	-	471.37
Total Financial Assets		471.37	-	-	471.37

The fair value of financial instruments as referred to in note above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements). The categories used are as follows :

- Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, exchange traded funds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, debentures, government securities and commercial papers) is determined using FIMMDA valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

There are no transfers between levels 1 and 2 during the period. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy level as at the end of reporting period.

ii) Valuation technique used to determine fair value :

Specific valuation techniques used to value financial instruments include:

- 1) The use of quoted market prices or dealer quotes for similar instruments in case of quoted equity shares, exchange traded funds and mutual funds.
- 2) The fair value of the unlisted equity instruments is determined using the price / book multiple (P/B) multiple approach.
- 3) All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, where the fair values have been determined as per 2 above.

(iii) Fair value measurements using significant unobservable inputs (level 3)

No item falling in level 3 during the restated period .

(iv) Valuation processes :

The finance department of the Group includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO).

B Financial Instruments by category

(Rs. In crores)

	31-Mar-23		31-Mar-22	
	FVPL	Amortised Cost	FVPL	Amortised Cost
Financial Assets				
Investments				
Fixed Deposits	-	1,289.85	-	1,213.39
Mutual Funds	693.64	-	471.37	-
Exchange Traded Funds				
Trade receivables	-	62.73	-	46.76
Cash and Cash equivalents	-	5,166.71	-	9,332.22
Other financial assets	-	80.15	-	64.28
Total financial assets	693.64	6,599.44	471.37	10,656.65
Core SGF				
Fixed Deposits	-	540.13	-	797.14
Government securities & Treasury Bills	-	4,012.57	-	181.38
Other financial assets	-	27.78	-	44.37
Cash and Cash equivalents	-	222.93	-	2,927.72
Total financial assets	-	4,803.41	-	3,950.60
Financial Liabilities				
Deposits	-	1,786.32	-	1,226.76
Trade payable	-	37.96	-	22.28
Other financial liabilities	-	4,098.38	-	8,603.96
Lease Liability	-	1.15	-	1.09
Total financial Liabilities	-	5,923.81	-	9,854.09

38 FINANCIAL RISK MANAGEMENT

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Assessment & Review Committee (RARC), which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The RARC is supported by Treasury department among others, that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Treasury department activities are designed to:

- protect the Company's financial results and position from financial risks
- maintain market risks within acceptable parameters, while optimising returns; and
- protect the Company's financial investments, while maximising returns.

The Treasury department is responsible to maximise the return on companies internally generated funds.

A MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintains a conservative funding and investment strategy, with a positive cash balance throughout the year ended 31st March, 2023 and 31st March, 2022. This was the result of cash generated from operating activities and investing activities to provide the funds to service the financial liabilities on a day-to-day basis.

The Company's treasury department regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated by the operating entities, over and above the amount required for working capital management and other operational requirements, is retained as cash equivalents (to the extent required), other highly liquid investments and excess is invested in interest bearing term deposits and other highly marketable debt investments including the government securities with appropriate maturities to optimise the returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.

	Carrying amount	Payable on demand	Less than 3 months	3-6 months	6-12 months	More than 12 months	Total
As at March 31, 2023							
Trade payables	37.96	-	37.96	-	-	-	37.96
Deposits	1,786.32	1,786.32	-	-	-	-	1,786.32
Creditor for Capital Expenditure	2.32	-	2.32	-	-	-	2.32
Margins From Members	3,870.41	3,870.41	-	-	-	-	3,870.41
Settlement Obligations payable	182.71	182.71	-	-	-	-	182.71
Lease Liability	1.16	-	0.01	0.01	0.02	1.12	1.16
Other liabilities	42.94	-	42.94	-	-	-	42.94
As at March 31, 2022							
Trade payables	22.28	-	22.28	-	-	-	22.28
Deposits	1,226.76	1,226.76	-	-	-	-	1,226.76
Creditor for Capital Expenditure	0.81	-	0.81	-	-	-	0.81
Margins From Members	5,294.76	5,294.76	-	-	-	-	5,294.76
Settlement Obligations payable	3,268.33	3,268.33	-	-	-	-	3,268.33
Lease Liability	1.09	-	0.01	0.01	0.02	1.05	1.09
Other liabilities	40.07	-	40.07	-	-	-	40.07

B MANAGEMENT OF MARKET RISK

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
1. PRICE RISK		
The Company is mainly exposed to the price risk due to its investment in mutual funds and exchange traded funds. The price risk arises due to uncertainties about the future market values of these investments.	In order to manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio in accordance with the limits set by the risk management policies.	As an estimation of the approximate impact of price risk, with respect to mutual funds and exchange traded funds, the Company has calculated the impact as follows.
At 31st March, 2023, the exposure to price risk due to investment in mutual funds amounted to Rs. 693.65 crores (March 31, 2022: Rs. 471.37 crores).	The Treasury department maintains a list of approved financial instruments. The use of any new investment must be approved by the Chief Financial Officer.	For mutual funds, a 0.25% increase in prices would have led to approximately an additional Rs. 1.73 crores gain in the Statement of Profit and Loss (FY 2021-22: Rs. 1.18 crores gain). A 0.25% decrease in prices would have led to an equal but opposite effect.

C MANAGEMENT OF CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligations.

Trade and other receivables

Concentrations of credit risk with respect to trade receivables are limited, due to the Group's customer base being large and diverse and also on account of member's deposits kept by the Group as collateral which can be utilised in case of member default. Further, amount lying in Core settlement Guarantee fund (CSGF) is available for utilisation in case of settlement default by member. All trade receivables are reviewed and assessed for default on a quarterly basis.

Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low.

Revenue from top customer is account for 95.37% (Previous Year 91.28%)

Other financial assets

The Group maintains exposure in cash and cash equivalents, term deposits with banks, investments in commercial papers, government securities, investments in mutual funds and exchange traded funds. The Company has diversified portfolio of investment with various number of counter-parties which have secure credit ratings hence the risk is reduced. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Company's Treasury department.

The Group's maximum exposure to credit risk as at March 31, 2023 and March 31, 2022 is the carrying value of each class of financial assets as disclosed in note no. 5,6,8,10 and 11.

- 39 a) As per Section 135 of the Act, every Company having net worth of Rs. 500 crores or more or a Turnover of Rs. 1000 crores or more or a Net Profit of Rs. 5 crores or more during any financial year is required to spend at least 2% of its Average Net Profit made during the immediately 3 preceding financial years on the Corporate Social Responsibility (CSR) activities. The details of spending is as given below:

Particulars	(Rs. In crores)	
	Current Year	Previous Year
i Amount required to be spent by the company during the year	7.84	6.05
ii Amount of expenditure incurred	5.88	6.05
iii Amount unspent*	1.96	-
iv Shortfall at the end of the year	-	-
v Total of previous years shortfall	-	-
vi Reason for shortfall	NA	NA
vii Provision for Contractual obligation	-	-

* The unspent amount of Rs. 1.96 Crores is towards ongoing project and same has been transferred to special account on 31st March 2023 in compliance with section 135(6) of the Companies Act 2013.

viii Nature of CSR activities :

NSE Foundation, a Section 8 Company and a subsidiary of National Stock Exchange of India Limited was incorporated in March 2018, as a common CSR function to undertake the CSR activities on behalf of the NSE Group Companies in line with the Group CSR Policy to create consolidated impact and avoid replication/ duplication of activities among the Group Companies. NSE Foundation currently undertakes CSR projects in the focus areas of Primary Education, Safe Drinking Water and Sanitation, Elder Care, Environment Sustainability, Skill Development, Health & Nutrition, Funding to Incubators and Disaster Relief & Rehabilitation.

ix Details of related party transactions :

	Current Year	Previous Year
Contribution To NSE Foundation :	5.88	6.05

NSE Group incorporated NSE Foundation to undertake CSR activities for the Group. Accordingly, the Holding Company has contributed to NSE Foundation to be spent on CSR activities as stated in the Group CSR policy which has been adopted by the Company as Company's CSR policy.

b) Amount spent / contribution to NSE Foundation towards CSR during the year on:

Particulars		(Rs. In crores)		
		In Cash	Yet to be paid in Cash	Total
i Construction / acquisition of any asset	Current Year	-	-	-
	Previous Year	-	-	-
ii On purposes other than (i) above (through Contribution to NSE Foundation)	Current Year	5.88	1.96	7.84
	Previous Year *	6.05	-	6.05

Note: The unspent amount of Rs. 1.96 Crores is towards ongoing project and same has been transferred to special account on 31st March 2023 in compliance with section 135(6) of the Companies Act 2013.

NSE Group incorporated NSE Foundation to undertake CSR activities for the Group. Accordingly, the Holding Company has contributed an amount of Rs.5.88 crores (previous year Rs.6.05 Crores) to NSE Foundation to be spent on CSR activities as stated in the Group CSR policy which has been adopted by the Company as Company's CSR policy .

- 40 The Subsidiary company has measured the right of use of assets and lease liability based on remaining lease period and payment discounted using the incremental borrowing rate as on date of application of Ind As 116 Leases.

(i) Amount recognised in balance sheet

Particulars	Rs. In crores	
	Amount (Rs.) 31.12.2023	Amount (Rs.) 31.03.2022
Right-Of-Use Assets		
Building	0.88	0.89
Total	0.88	0.89

Particulars	Year ended 31.12.2023	Year ended 31.03.2022
	Lease liability	
Current	0.04	0.03
Non Current	1.12	1.06
Total	1.16	1.09

(ii) Amount recognised in Statement of Profit and Loss

Particulars	Year ended 31.12.2023	Year ended 31.03.2022
	Depreciation Charge of Right-Of-Use Assets	
Building	0.08	0.08
Total	0.08	0.08

Particulars	Year ended 31.12.2023	Year ended 31.03.2022
	Interest Expenses (Included in Other Expenses)	0.09
Total	0.09	0.09

- 41 During the year, total bank guarantee provided by the Holding Company in favour of ICCL towards Inter CCP collateral under interoperability framework as prescribed by SEBI as on March 31, 2023 Rs.4,000 crores (March 31, 2022 R.3,000 crores)

42 Interests in Other Entities

Subsidiary:

The Group's subsidiary is set out below. Share capital consisting solely of equity shares that are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also its principal place of business.

Name of Entity	With effect from	Principal Place of business / country of incorporation	Ownership interest held by the Group		Principal activities
			March 31, 2023	March 31, 2022	
NSE IFSC Clearing Corporation Limited	02-Dec-16	India	100%	100%	Clearing and Settlement of Securities.

Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent Company								
NSE CLEARING LTD								
31st March, 2023	97.29%	1,194.44	102.98%	545.26	-5.48%	(0.18)	102.29%	545.07
31st March, 2022	95.77%	1,029.84	102.24%	460.54	7.46%	0.12	101.90%	460.65
Subsidiary (group's share)								
NSE IFSC Clearing Corporation Limited								
31st March, 2023	2.71%	33.30	(2.97%)	(15.75)	105.48%	3.54	(2.29%)	(12.20)
31st March, 2022	4.23%	45.51	(2.24%)	(10.08)	92.54%	1.48	(1.90%)	(8.59)
Adjustment arising out of consolidation								
31st March, 2023	0.00%	-	0.00%	-	0.00%	-	0.00%	-
31st March, 2022	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Total								
31st March, 2023	100.00%	1,227.74	100.00%	529.51	100.00%	3.36	100.00%	532.87
31st March, 2022	100.00%	1,075.33	100.00%	450.46	100.00%	1.60	100.00%	452.06

44 For the year ended March 31, 2023 and March 31, 2022, the Group is not required to transfer any amount into the Investor Education & Protection Fund as required under relevant provisions of the Companies Act, 2013.

45 The Code on Social Security, 2020 (Code) relating to employee benefits during employment and post-employment benefits has received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code comes into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

46 **Additional Regulatory Information required by Schedule III**

:

(i) **Willful Defaulter**

The Group has not been declared willful defaulter by any bank or financial institutions or government or any government authority.

(ii) **Relationship with struck off Companies**

The Group has no transactions with the companies struck off under the Companies Act, 2013.

(iii) **Compliance with approved scheme(s) of arrangements**

The Group has not entered into any scheme of arrangement which has an accounting impact on current of previous financial year.

(iv) **Utilisation of Borrowed funds and Share premium**

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds by the Group to or in any other person or entity, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Group (Ultimate Beneficiaries). The Group has not received any fund from any party (Funding Party) with the understanding that the Group shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(v) **Undisclosed Income**

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(vi) **Details of crypto currency of virtual currency**

The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.

(vii) **Valuation of PP&E, intangible asset and investment property**

The Group has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets during the current or previous year.

(viii) **Registration of charges or satisfaction with Registrar of Companies**

There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

(ix) **Details of Benami Property held**

No proceedings have been initiated on or are pending against the group for holding benami under the Benami Transaction (Prohibition) Act, 1988 (45 of 1988) and Rule made thereunder.

(x) **Title deeds of immovable properties not held in name of the group**

There are no immovable properties held in name of the group.

47 The Subsidiary Company's tax jurisdiction is India. The Subsidiary Company is eligible for deduction u/s 80LA of the Income Tax Act, 1961 from its business income of an amount equal to 100% of such income for any 10 consecutive assessment years out of 15 years, beginning with the assessment year relevant to the previous year in which SEBI permission was granted. Accordingly, the benefit u/s 80LA of the Act of 100% deduction of business profit is available for any 10 consecutive years from the AY 2017-18 to AY 2031-32. Deferred tax asset is recognised based on reasonable certainty.

48 In case of Subsidiary Company pursuant to MCA Notification dated January 04, 2017, Section 135 - Corporate Social Responsibility of Companies Act 2013, shall not apply for a period of five years from the commencement of business of a specified IFSC public company. Subsidiary Company is making losses in current year and also incurred losses in the previous years. Accordingly, Section 135 is not applicable to the subsidiary company for the financial year 2022-23.

49 During the FY 2020-21, National Stock Exchange (NSE) and Singapore Stock Exchange (SGX) had entered into a collaboration agreement to cement the key terms for operationalising the NSE IFSC-SGX Connect which will bring together international and Gujarat International Finance Tec City (GIFT) participants to create a bigger liquidity pool for Nifty Products in Gift City and to develop the infrastructure for the connect and ensure member readiness prior to its implementation. Further the Subsidiary Company on March 28, 2022 has entered into an operational agreement with SGX India Connect IFSC Private Limited, Singapore Exchange Derivatives Clearing Limited (SGX DC) and NSE IFSC Limited to operationalise the NSE IFSC-SGX Connect. As per this operational agreement, Subsidiary Company is required to provide collateral to SGX-DC for the due performance by the Subsidiary Company of its clearing obligations in respect of the trades placed by SGX-SPV on NSE IFSC. For this Subsidiary Company has availed Bank Guarantee facility from Standard Chartered Bank to the tune of USD 20 million. NSE IFSC-SGX Connect has been launched on July 29, 2022.

- 50 The Subsidiary Company has received a show cause notice from Office of the Development Commissioner, GIFT SEZ on October 21, 2022 for non-achievement of positive Net Foreign Exchange for the first block of five years from June 2017 to June 2022. The Subsidiary Company has filed the necessary reply and have attended the physical hearings in the said matters. The orders in the said matter is awaited. The Subsidiary Company is of the view that it has reasonably strong grounds to contest the said show cause and hence no provision / adjustment to this effect has been made in the financial statement as of and for the year ended March 31, 2023.
- 51 Previous year figures have been regrouped / reclassified wherever necessary.

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

For and on behalf of the Board of Directors

NARENDRA JAIN
Partner
Membership No.: 048725

BHAGYAM RAMANI
Chairperson
[DIN : 00107097]

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

Place : Mumbai
Date : May 10, 2023

AMIT AMLANI
Chief Financial Officer

RAVIN TANK
Company Secretary

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NSE Clearing Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying financial statements of **NSE Clearing Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the statement financial statements.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
<p>Legal, Regulatory proceedings and uncertain tax positions</p> <p>As of March 31, 2023, the Company has ongoing regulatory proceedings with SEBI and various ongoing litigations on legal and proceedings with tax authorities involving uncertain direct and indirect tax positions. There are various direct and indirect tax cases against the Company, including disallowance of certain expenses under income tax, applicability of service tax on certain services etc.</p> <p>The Company has assessed the above pending matters related to litigations, regulatory proceedings and has disclosed the contingent liabilities, wherever applicable, in its standalone financial statements.</p> <p>Refer note 32, 33 and 35 to the standalone financial statements.</p> <p>This is a key audit matter, as evaluation of these matters requires management judgement and estimation, interpretation of laws and regulations and application of relevant judicial precedents to determine the probability of outflow of economic resources, if any, provisions and related disclosures to be made in the standalone financial statements.</p>	<p>Our audit procedures related to legal, regulatory proceedings and uncertain tax positions included–</p> <ul style="list-style-type: none"> • Evaluating the design and operating effectiveness of controls over the recognition, measurement, presentation and disclosures made in the standalone financial statements in respect of these matters; • Obtaining details of litigations on legal, regulatory proceedings and uncertain direct and indirect tax positions. • Reviewing orders and management responses thereto. • Inspecting the supporting documents to evaluate management’s assessment of probability of outcome of ongoing proceedings, the magnitude of potential loss, if any, and testing related provisions and disclosures made in the standalone financial statements; • Reviewing expert’s legal advice/opinion obtained by the Company’s management for evaluating certain legal, regulatory proceedings and tax matters; and • Evaluating competence and capabilities of the experts. <p>Based on the above procedure, we noted that the Company has reviewed the above pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its standalone financial statements.</p>

Information Other than the Financial Statements and Auditor’s Report Thereon

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

Our opinion on the Standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the other information, if we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure 'A'**, 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, based on our audit 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

- (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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, refer to our separate Report in **Annexure 'B'**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations as at March 31, 2023, on its financial position in its standalone financial statements – Refer Note 33 to the standalone financial statements.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 34 to the standalone financial Statements.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023 – Refer Note 42 to the standalone financial statements.
 - (iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; – Refer Note 44(iv) to the standalone financial statements.
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or

provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; – Refer Note 44(iv) to the standalone financial statements.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) As stated in Note 12(b) to the standalone financial statements

(a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

(b) The Board of Directors of the Company have proposed final dividend for the year, which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

(vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For Khandelwal Jain & Co.

Chartered Accountants

Firm's Registration No. 105049W

(Narendra Jain)

Partner

Membership No. 048725

UDIN: 23048725BGYVQC2300

Place: Mumbai

Date: May 10, 2023

Annexure 'A' to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirement's section of our report to the Members of **NSE Clearing Limited** of even date)

The Annexure referred to in the Independent Auditors' Report to the members of Company on the standalone financial statements for the year ended March 31, 2023. We report that:

- i)
 - a)
 - A) The Company is maintaining proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.
 - B) The Company has maintained proper records showing full particulars of intangible assets.
 - b) Property, Plant and Equipment and Intangible asset have been physically verified by the management during the year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and we have been informed that no material discrepancies have been noticed on such verification.
 - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable property in its name. Hence, provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
 - d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.
 - e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii)
 - a) The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of clause 3(ii) of Companies (Auditor's Report) Order, 2020 are not applicable to the Company.
 - b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- iii) According to the information and explanations given to us and on the basis of examination of the records of the company, the Company has made investments, but has not provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. In view thereof, reporting under clause 3(iii)(a), (c), (d), (e) and (f) of the Order is not applicable. The investments made during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.
- iv) According to information and explanation given to us, the Company has not granted loans or provided guarantees or securities to the parties covered under Section 185 and 186 of the Act. The Company has complied with the provisions of Section 185 and 186 of the Act in respect of investments made to the parties covered under Section 186 of the Act.

- v) In our opinion and according to the information and explanation not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified.
- vi) The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii) a) According to the information and explanations given to us and on the basis of records examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities, the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax (GST) and other material statutory dues, as applicable. According to the records of the Company, there were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Goods and Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, the dues of Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Custom, Duty of Excise and Value Added Tax which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

Sr. No.	Name of Statute	Nature of the Dues	Period to which the amount relates (Financial Year)	Amount (in crores)	Forum where the dispute is pending
1	Income Tax Act, 1961	Income Tax and Interest thereon	1996-97	0.06	Joint Commissioner of Income Tax
2	Income Tax Act, 1961	Income Tax and Interest thereon	2011-12	0.44	Commissioner of Income Tax (Appeals)
3	Income Tax Act, 1961	Income Tax and Interest thereon	2014-15	46.55	Commissioner of Income Tax (Appeals)
4	Income Tax Act, 1961	Income Tax and Interest thereon	2016-17	8.62	Commissioner of Income Tax (Appeals)
5	Income Tax Act, 1961	Income Tax and Interest thereon	2017-18	44.90	Commissioner of Income Tax (Appeals)
6	Income Tax Act, 1961	Income Tax and Interest thereon	2019-20	76.89	Commissioner of Income Tax (Appeals), National Faceless Appeal Center, New Delhi
7	Dividend Distribution Tax	DDT and Interest thereon	2019-20	22.98	
8	Chapter V of Finance Act, 1944	Service Tax (including penalty)	July 2012 to June 2017	71.42*	Customs, Excise and Service Tax Appellate Tribunal' (CESTAT)

* plus applicable Interest

- viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company and hence, reporting on clause 3(ix)(d) of the Order is not applicable.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary and hence, reporting on clause 3(ix)(e) of the Order is not applicable.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the company has not raised loans during the year on the pledge of securities held in its subsidiary and hence, reporting on clause 3(ix)(f) of the Order is not applicable.
- x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provision of clause 3(x)(a) of Companies (Auditor's Report) Order, 2020 are not applicable to the Company.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi) (a) We hereby confirm that to the best of our knowledge and belief, there are no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) As represented to us by the management there are no whistle blower complaints received by the Company during the year.

- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and section 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.
- xiv) (a) In our opinion and based on our examination the Company has an internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports of the company issued till date, for the year under audit.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- xvi) (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- (b) As per the information and explanation, given to us there is only one core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii) There has been no resignation of the statutory auditors of the Company during the year.
- xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx) (a) According to the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

- (b) In respect of ongoing projects, the Company has transferred Rs. 1.96 Crore, being unspent amount, to a special account on March 31, 2023 in compliance with section 135(6) of the said Act.

For Khandelwal Jain & Co.

Chartered Accountants

Firm's Registration No. 105049W

(Narendra Jain)

Partner

Membership No. 048725

UDIN: 23048725BGYVQC2300

Place: Mumbai

Date: May 10, 2023

Annexure 'B' to the Independent Auditor's Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirement's section of our report to the Members of **NSE Clearing Limited** of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of **NSE Clearing Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Management of the Company 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 Act.

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 deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, 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 standalone 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 standalone 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 standalone 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 standalone 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, 2023, 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.

For Khandelwal Jain & Co.

Chartered Accountants

Firm's Registration No. 105049W

(Narendra Jain)

Partner

Membership No. 048725

UDIN: 23048725BGYVQC2300

Place: Mumbai

Date: May 10, 2023

NSE CLEARING LIMITED
CIN: U67120MH1995PLC092283

STANDALONE BALANCE SHEET AS AT MARCH 31, 2023

(Rs.in Crores)

Particulars	Notes	As at 31.03.2023	As at 31.03.2022
I ASSETS			
1 Non-current Assets			
a Property, Plant and Equipments	2	88.73	82.29
b Capital work-in-progress	2	1.80	20.40
c Other Intangible Assets	3	18.20	7.68
d Intangible assets under development	3	0.32	8.12
e Financial assets			
i Investments	4	90.00	90.00
ii Non-current bank balances	5	506.23	155.82
iii Other Financial assets	6	5.85	0.86
		<u>711.13</u>	<u>365.17</u>
f Income tax assets (net)	15	162.84	77.62
g Other Non-current assets	7	15.19	0.00
Total Non-current Assets		<u>889.16</u>	<u>442.79</u>
2 Investments -Core Settlement Guarantee Fund	11	4,797.23	3,971.25
3 Investment earmarked towards SGF - Commodity derivatives	5 & 8	250.00	250.00
4 Current Assets			
a Financial Assets			
i Investments	8	545.07	376.33
ii Trade Receivables	9	62.73	46.75
iii Cash and Cash equivalents*	10	5,158.62	9,320.34
iv Bank balances other than cash and cash equivalents*	5	750.74	1,014.36
* Includes Rs.4,050.04 crores (March 2022: Rs.8,554.46 crores) pertaining to Settlement obligations and margin money from members.			
v Other Financial assets	6	73.52	63.62
		<u>6,590.68</u>	<u>10,821.40</u>
b Other current assets	7	35.89	22.33
Total Current Assets		<u>6,626.58</u>	<u>10,843.73</u>
TOTAL ASSETS		<u>12,562.97</u>	<u>15,507.77</u>
II EQUITY AND LIABILITIES			
1 Equity			
a Equity Share capital	12 (a)	45.00	45.00
b Other Equity	12 (b)	1,239.44	1,074.83
Total Equity		<u>1,284.44</u>	<u>1,119.83</u>
2 Core Settlement Guarantee Fund (Core SGF)	26	4,797.23	3,971.25
3 Settlement Guarantee Fund (SGF)- Commodity derivatives Liabilities	27	250.00	250.00
4 Non-current liabilities			
a Provisions	19	14.47	9.88
b Deferred tax liabilities (Net)	13 (d)	8.24	4.98
Total Non-current Liabilities		<u>22.71</u>	<u>14.86</u>
5 Current Liabilities			
a Financial Liabilities			
i Deposits	16	1,776.14	1,219.94
ii Trade payable to ;	17		
Total Outstanding dues of micro enterprises and small enterprises			
Total Outstanding dues of creditors other than micro enterprises and small enterprises			
		29.96	20.83
iii Other financial liabilities*	17	4,095.31	8,595.34
* Includes Rs.4,050.04 crores (March 2022: Rs.8,554.46 crores) pertaining to Settlement obligations and margin money from members.			
		<u>5,901.41</u>	<u>9,836.11</u>
b Provisions	19	9.73	9.96
c Income tax liabilities (net)	14	73.59	67.66
d Other current liabilities	18	223.86	238.10
Total Current Liabilities		<u>6,208.59</u>	<u>10,151.83</u>
Total Liabilities		<u>11,278.53</u>	<u>14,387.94</u>
TOTAL EQUITY AND LIABILITIES		<u>12,562.97</u>	<u>15,507.77</u>

Summary of significant accounting policies 1
The accompanying notes are an integral part of the financial statements.

This is the Balance sheet referred to in our report of even date

For Khandelwal Jain & Co.

Chartered Accountants

Firm Registration No : 105049W

NARENDRA JAIN

Partner

Membership No.: 048725

Place : Mumbai

Date : May 10, 2023

For and on behalf of the Board of Directors

BHAGYAM RAMANI

Chairperson

[DIN : 00107097]

VIKRAM KOTHARI

Managing Director

[DIN : 07898773]

AMIT AMLANI

Chief Financial Officer

RAVIN TANK

Company Secretary

NSE CLEARING LIMITED

CIN: U67120MH1995PLC092283

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

Particulars	Notes	(Rs.in Crores)	
		For the year ended 31.03.2023	For the year ended 31.03.2022
Income			
Revenue from operations	20	915.89	676.75
Other income	21	98.77	52.24
Total Income		1,014.66	728.99
Expenses			
Employee benefits expense	22	39.53	41.33
Depreciation and amortisation expense	2 & 3	40.72	23.42
Other expenses	23	203.04	152.76
Total Expenses		283.29	217.51
Profit before exceptional item		731.37	511.48
Add/(Less) : Exceptional Items			
Reversal of Provision/(Provision) for Impairment of Intangible assets under development	36	-	68.23
Settlement compensation		-	15.63
Profit before tax		731.37	595.34
Less : Tax expenses	13		
Current tax		182.78	131.67
Tax for earlier year		-	0.01
Deferred tax		3.32	3.11
Total tax expenses		186.11	134.79
Profit for the year (A)		545.26	460.55
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		(0.24)	0.16
Income tax relating to items that will not be reclassified to profit or loss			
Tax Remeasurements of post-employment benefit obligations		0.06	(0.04)
Total Other Comprehensive Income for the year (B)		(0.18)	0.12
Total Comprehensive Income for the year (A+B)		545.08	460.67
Earnings per Equity Share (FV Rs. 10 each) (before contributions to Core SGF)			
Basic (Rs.)	30	121.17	102.34
Diluted (Rs.)	30	121.17	102.34
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements.

This is the Statement of Profit & loss referred to in our report of even date

For Khandelwal Jain & Co.

Chartered Accountants

Firm Registration No : 105049W

For and on behalf of the Board of Directors

BHAGYAM RAMANI
Chairperson
[DIN : 00107097]

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

NARENDRA JAIN

Partner

Membership No.: 048725

Place : Mumbai

Date : May 10, 2023

AMIT AMLANI
Chief Financial Officer

RAVIN TANK
Company Secretary

STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023

	Rs. in Crores	
	For the year ended 31.03.2023	For the year ended 31.03.2022
A) CASHFLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	731.37	595.34
Add/(Less) :- Adjustments for :		
- Depreciation	40.72	23.42
- Net gain on financial assets mandatorily measured at Fair Value through Profit or Loss	(27.79)	(15.52)
- Reversal of Provision/(Provision) for Impairment of Intangible assets under development	-	(68.23)
- Settlement compensation	-	(15.63)
- Provision for doubtful debts	0.06	6.42
Less : Adjustments for :		
- Interest income on Bank deposit	(63.23)	(36.83)
- Net gain on sale of investments mandatorily measured at Fair Value through Profit or Loss	(2.28)	0.15
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	678.85	489.12
Adjustments for :		
Decrease/(Increase) in Trade Receivable	(16.04)	17.57
Increase / (Decrease) in Trade payables	9.13	4.27
Decrease/(Increase) in other financial assets	0.20	(6.16)
Decrease/(Increase) in Other Assets	(28.75)	(7.55)
Increase / (Decrease) in Other Financial Liabilities	(4,501.55)	256.55
Increase / (Decrease) in Provision	4.12	3.40
Increase /(Decrease) in Other Liabilities	(14.24)	47.50
Proceed of Deposit from Trading member / applicant	716.93	432.24
Refund of deposit from trading members / applicant	(160.73)	(130.56)
CASH GENERATED FROM OPERATIONS	(3,312.08)	1,106.38
Contribution to Core SGF	(267.89)	-
Direct Taxes paid (Net of Refunds)	(194.64)	(175.55)
NET CASH FROM OPERATING ACTIVITIES - Total (A)	(3,774.61)	930.83
B) CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment's/ Capital work-in-progress	(29.77)	(95.70)
Interest received	48.14	47.77
(Increase)/Decrease in Fixed deposit	(86.79)	(555.29)
Settlement compensation	-	83.86
Purchases of Investment	(138.67)	(68.13)
NET CASH USED IN INVESTING ACTIVITIES - Total (B)	(207.09)	(587.49)
C) CASHFLOW FROM FINANCING ACTIVITIES		
Dividend Paid (inclusive of corporate dividend tax)	(180.00)	(45.00)
NET CASH FROM FINANCING ACTIVITIES - Total (C)	(180.00)	(45.00)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(4,161.72)	298.34
CASH AND CASH EQUIVALENTS : OPENING BALANCE*	9,320.34	9,022.00
CLOSING CASH AND CASH EQUIVALENTS : CLOSING BALANCE*	5,158.62	9,320.34
* Includes amount received from Settlement obligations and margin money from members (Refer to note 10 & 17)		
NET INCREASE IN CASH AND CASH EQUIVALENT	(4,161.72)	298.34

Notes to Cash Flow Statement :

- 1 Cash and Cash equivalent represent bank balances and balances in fixed deposit accounts
- 2 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind-AS 7 on Statement of Cash Flow notified under Companies (Indian Accounting Standards) Rules, 2015
- 3 The above Cash Flow excludes cash flow pertaining to Core SGF.
- 4 Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year classification / disclosure.

The accompanying notes are an integral part of the financial statements

This is the statement of cash flow referred to in our report of even date.

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

For and on behalf of the Board of Directors

NARENDRA JAIN
Partner
Membership No.: 048725

BHAGYAM RAMANI
Chairperson
[DIN : 00107097]

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

Place : Mumbai
Date : May 10, 2023

AMIT AMLANI
Chief Financial Officer

RAVIN TANK
Company Secretary

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

(A) Equity Share Capital

	(Rs.in Crores)
Balance as at 01.04.2021	45.00
Changes in equity share capital during the year	-
Balance as at 31.03.2022	45.00
Changes in equity share capital during the year	-
Balance as at 31.03.2023	45.00

(B) Other Equity

(Rs.in Crores)

	Reserves and Surplus			Total
	Capital Reserve	General reserve	Retained Earnings	
Balance at the 01.04.2021	10.00	244.71	404.45	659.16
Profit for the year			460.55	460.55
Other Comprehensive Income			0.12	0.12
Transaction with owners in their capacity as owners				
Dividend paid			(45.00)	(45.00)
Balance at the 01.04.2022	10.00	244.71	820.12	1,074.83
Profit for the year			545.26	545.26
Other Comprehensive Income			(0.18)	(0.18)
Contribution to core SGF (Refer Note 26)			(267.89)	(267.89)
Tax on contribution to Core SGF			67.42	67.42
Transaction with owners in their capacity as owners				
Dividends paid			(180.00)	(180.00)
Balance at the 31.03.2023	10.00	244.71	984.73	1,239.44

The accompanying notes are an integral part of the financial statements.

This is the statement of changes in equity referred to in our report of even date

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

For and on behalf of the Board of Directors

NARENDRA JAIN
Partner
Membership No.: 048725

BHAGYAM RAMANI
Chairperson
[DIN : 00107097]

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

Place : Mumbai
Date : May 10, 2023

AMIT AMLANI
Chief Financial Officer

RAVIN TANK
Company Secretary

Background and Significant Accounting Policies

Background

The NSE Clearing Limited (NCL) (formerly known as National Securities Clearing Corporation Limited), a wholly owned subsidiary of NSE, was incorporated in August 1995. It was the first clearing corporation to be established in the country and also the first clearing corporation in the country to introduce settlement guarantee. It was set up to bring and sustain confidence in clearing and settlement of securities, to promote and maintain, short and consistent settlement cycles, to provide counter-party risk guarantee, and to operate a tight risk containment system.

Note 1: Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these Ind AS financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

(i) Compliance with Ind AS

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 Amendments thereto.

The financial statements for the year ended March 31, 2023 has been approved by the Board of directors of the Company in their meeting held on May 10, 2023.

(ii) 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

(iii) Adoption of new Accounting Standards and amendments

The following new standards and amendments are effective for the first time for the period commencing from April 1, 2022.

- Ind AS 103 – Reference to Conceptual Framework - Business combination
- Ind AS 16 – Property Plant and equipment
- Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets
- Ind AS 106 – Annual Improvements to Ind AS (2021)
- Ind AS 109 – Annual Improvements to Ind AS (2021)
- The amendments listed above did not have any impact on the amounts recognised in prior periods and current period.
- Additionally, during the current year ended March 31, 2023 the company has complied with amendments to the schedule III - Division II notified by Ministry of Corporate Affairs vide notification dated March 23, 2022.

(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 financial statements are presented in Indian currency (INR), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally 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.

Effective April 1, 2018 the company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

(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) In respect of Members who have been declared as defaulters by the Company all amounts (dues) remaining to be recovered, net of available security and insurance cover available if any, till the date of being declared as defaulters are written off as bad debts. All subsequent recoveries are accounted when received.

Shortages arising after the date of declaration of default are written off as bad debts in the year in which it arises, after exhausting all remedies including forfeiture of securities and insurance cover available if any.

Other overdue amounts are provided for as doubtful debts or are written off as bad debts, if the same are considered doubtful/irrecoverable in the opinion of the management.

- (iii) Penal Charges, in the year of declaration of default, in respect of shortages due from the respective member, are booked to the extent such charges are recoverable.
- (iv) Other insurance claims are accounted on accrual basis when the claims become due and payable.
- (v) 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.

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.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The company recognizes MAT credit available as an asset only to the extent there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT Credit is allowed to be carried forward. In the year in which the Company recognizes MAT Credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the sufficient period.

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.

Deferred tax assets 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) Leases

As a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of the contract. Ind AS 116 defines a lease as a contract, or a part of a contract, that convey as the right of use an asset (the underlying asset) for a period of time in exchange of consideration. To assess whether as contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expenses on a straight line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on straight line basis over the shorter of the lease term and useful life of the underlying assets.

As a lessor

Lease for which the Company is a lessor is classified as finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognized on straight line basis over the term of the relevant lease.

(f) 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.

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, 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.

Restricted cash:

Other bank balances comprise of Fixed deposits with maturity of more than three months and less than twelve months, other financial assets contains Fixed deposits with maturity of more than one year. This deposits are restricted balance and with lien for advances received from issuer of securities and advance received from defaulting members.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(i) 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 group 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 and is not part of a hedging relationship 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 instruments

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.

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

Where the entity 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.

(j) Financial liabilities

(i) 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.

(ii) 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.

(iii) Derecognition

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

(k) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

(l) 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.

(m) Property, plant and equipment (including CWIP)

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 or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

Furniture and fixture	5 to 10 years
Office equipment	4 to 5 years
Electrical equipment	10 years
Computer systems office automation	3 years
Computer systems – others	4 years
Computer software	4 years
Telecommunication systems	4 years
Clearing and Settlement Systems	4 years

The property, plant and equipment including land acquired under finance leases is depreciated over the asset's useful life or the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

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 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. These are included in profit or loss within other gains/(losses).

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.

(n) 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.

Standard packaged software products are written off in the year of purchase.

Computer software is amortised over a period of 4 years.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year 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.

(p) 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.

Provisions for restructuring are recognised by the Company when it has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that the Company will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. 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.

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

(q) 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. Contingent liabilities are not disclosed in case the possibility of an outflow of resources embodying economic benefits is remote.

(r) Employee benefits

- (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are the amounts expected to be paid when the liabilities are settled. Short term employee benefits are recognised in statement of profit and loss in the year in which the related service is rendered. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity, and
- (b) defined contribution plans such as provident fund and superannuation.

Gratuity obligations

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. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iv) Defined contribution plans

Provident fund

Provident Fund: The company is registered with Regional Provident Fund Office, Bandra, Mumbai, and both the employee and the employer make monthly contribution equal to 12% of the employee's basic

salary respectively.

Superannuation

Superannuation benefits for employees designated as chief managers and above 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.

(v) Bonus plans

1. The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.
2. SEBI has laid down certain norms in terms of the compensation policy for the key management personnel which are as under :
 - A. The variable pay component will not exceed one third of the total pay.
 - B. 50% of the variable pay will be paid on a deferred basis after three years.

(s) Core Settlement Guarantee Funds

As per SEBI vide circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014 every recognised clearing corporation shall establish and maintain a Fund for each segment, to guarantee the settlement of trades executed in that respective segment of a recognised stock exchange. The Clearing Corporation shall have a fund called Core SGF for each segment of each Recognised Stock Exchange to guarantee the settlement of trades executed in the respective segment of the Stock Exchange. In the event of a clearing member(member) failing to honour settlement commitments, the Core SGF shall be used to fulfil the obligations of that member and complete the settlement without affecting the normal settlement process. The Core SGF shall be contributed by Clearing Corporation, Stock Exchanges and the clearing members, in a manner as prescribed by SEBI. This fund is represented by earmarked Core SGF investments. The income earned on such investments is credited to the respective contributor's funds and adjusted towards incremental requirement of Minimum Required Corpus (MRC) as per SEBI letter reference no. SEBI/HO/MRD/DRMNP/OW/P/2018/4559/1 dated February 12, 2018. Penalties and fines levied by the Company are transferred to Core SGF as Other Contributions.

(t) 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.

(u) Dividends

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

(v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- 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.

(w) **Rounding of amounts**

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

(x) **Critical Accounting Estimates And Judgements**

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

The areas involving critical estimates or judgements are:

Estimation of current tax expense and payable Note 13, 14 and 15
Estimated useful life of intangible asset Note 3
Estimation of defined benefit obligation Note 25
Estimation of fair values of contingent liabilities refer Note 32, 33 and 35
Estimation of Variable and Performance Pay

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.

Operating Cycle

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

Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial

statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

	OFFICE EQUIPMENTS	FURNITURE AND FIXTURES	COMPUTER SYS - OFF AUTOM	TELECOM MUNICATI ON SYSTEMS	CLEARING AND SETTLEME NT SYSTEM	Total	Capital Work in Progress
Year ended March 31, 2022							
Gross carrying amount							
Opening gross carrying amount	-	0.06	0.24	12.73	49.80	62.84	0.39
Additions	-	-	0.02	26.97	40.12	67.11	57.56
Disposals	-	-	-	-	(0.40)	(0.40)	-
Transfers	-	-	-	-	-	-	(37.55)
Closing gross carrying amount	-	0.06	0.26	39.71	89.52	129.56	20.40
Accumulated depreciation							
Opening accumulated depreciation	0.00	0.06	0.21	4.26	24.54	29.07	-
Depreciation for the year	-	-	0.02	4.85	13.59	18.45	-
Disposals	-	-	-	-	(0.25)	(0.25)	-
Closing accumulated depreciation	0.00	0.06	0.23	9.11	37.88	47.27	-
Net carrying amount	(0.00)	(0.00)	0.03	30.60	51.65	82.29	20.40
Year ended March 31, 2023							
Gross carrying amount							
Opening gross carrying amount	-	0.06	0.26	39.71	89.52	129.56	20.40
Additions	-	-	-	25.34	15.61	40.95	1.80
Disposals	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	(20.40)
Closing gross carrying amount	-	0.06	0.26	65.05	105.13	170.51	1.80
Accumulated depreciation							
Opening accumulated depreciation	0.00	0.06	0.23	9.11	37.88	47.28	-
Depreciation for the year	-	-	0.01	14.48	20.01	34.50	-
Disposals	-	-	-	-	-	-	-
Closing accumulated depreciation	0.00	0.06	0.24	23.59	57.89	81.78	-
Net carrying amount	(0.00)	(0.00)	0.02	41.46	47.25	88.73	1.80

Capital-work-in progress ageing as on 31.03.2023

(Rs. in Crores)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1.80	-	-	-	1.80
projects temporarily suspended	-	-	-	-	-
Total	1.80	-	-	-	1.80

(Rs. in Crores)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
whose completion is overdue	-	-	-	-	-
has exceeded its cost compared to its original plan	-	-	-	-	-
Total	-	-	-	-	-

Capital-work-in progress ageing as on 31.03.2022

(Rs. in Crores)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	20.40	-	-	-	20.40
Projects temporarily suspended	-	-	-	-	-
Total	20.40	-	-	-	20.40

(Rs. in Crores)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Whose completion is overdue	-	-	-	-	-
Has exceeded its cost compared to its original plan	-	-	-	-	-
Total	-	-	-	-	-

Note 3: Intangible Assets

(Rs. in Crores)

	COMPUTER SOFTWARE	Intangible assets under development
Year ended March 31, 2022		
Gross carrying amount		
Opening gross carrying amount	29.97	69.59
Additions	2.02	8.78
Disposals	-	(68.23)
Transfers	-	(2.02)
Closing gross carrying amount	31.99	8.12
Accumulated Amortisation and impairment		
Opening accumulated Amortisation	19.34	68.23
Amortisation for the year	4.97	-
Reversal Provision for Impairment of Intangible assets under development (Refer Note 36)	-	(68.23)
Disposals	-	-
Closing amortization	24.31	-
Net carrying amount	7.68	8.12
Year ended March 31, 2023		
Gross carrying amount		
Opening gross carrying amount	31.99	8.12
Exchnage differences	-	-
Additions	16.75	0.32
Transfers	-	(8.12)
Closing gross carrying amount	48.74	0.32
Accumulated Amortisation and impairment		
Opening accumulated Amortisation	24.31	-
Amortisation for the year	6.23	-
Closing amortization	30.54	-
Net carrying amount	18.20	0.32

Significant estimate: Useful life of intangible assets under development

The Company has completed the development of software that is used to in its various business processes. As at 31 March 2023, the net carrying amount of this software was Rs.18.20 crores (31 March 2022: Rs.7.68 crore). The Company estimates the useful life of the software to be 4 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 4 years, depending on technical innovations and competitor actions.

Intangible assets under development ageing as on 31.03.2023

(Rs. in Crores)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	0.32	-	-	-	0.32
projects temporarily suspended	-	-	-	-	-
Total	0.32	-	-	-	0.32

(Rs. in Crores)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Whose completion is overdue	-	-	-	-	-
Has exceeded its cost compared to its original plan	-	-	-	-	-
Total	-	-	-	-	-

Intangible assets under development ageing as on 31.03.2022

(Rs. in Crores)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	7.88	-	-	-	7.88
projects temporarily suspended	0.24	-	-	-	0.24
Total	8.12	-	-	-	8.12

(Rs. in Crores)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Whose completion is overdue	-	-	-	-	-
Has exceeded its cost compared to its original plan	-	-	-	-	-
Total	-	292	-	-	-

Note 4 NON CURRENT INVESTMENTS

	31.03.2023		31.03.2022	
	Number of Units	(Rs. in Crores)	Number of Units	(Rs. in Crores)
I Investment in equity instruments (fully paid up)				
Unquoted equity instruments at cost				
In subsidiary companies				
NSE IFSC Clearing Corporation Limited **	9,00,00,000	90.00	9,00,00,000	90.00
In Others				
NSE Foundation (Section 8 Company) [* Re. 1/- (Previous Year Re.1/-)]	6,000	-*	6,000.00	-*
Total equity instruments		90.00		90.00
II Investments in government securities at amortised cost				
5.15 Government of India 9 November 2025	2,25,00,000	222.26	5,00,000	5.07
5.22% GOVERNMENT OF INDIA 15 JUN 2025	5,10,00,000	499.70	-	-
5.63 Government of India 12 April 2026	4,15,00,000	409.38	-	-
5.74 Government of India - 15 November 2026	3,80,00,000	374.83	-	-
6.18% GOVERNMENT OF INDIA 2024- 04 Nov 2024	85,00,000	86.52	-	-
6.69 Government of India 27 June 2024	5,00,00,000	507.25	-	-
6.79% GOVERNMENT OF INDIA - 15 MAY 2027	4,35,00,000	440.32	-	-
6.97% GOVERNMENT OF INDIA - 06 SEP 2026	55,00,000	54.71	-	-
7.35 Government of India 22 June 2024	1,95,00,000	200.42	-	-
7.38 GOVERNMENT OF INDIA 20 JUNE 2027	4,30,00,000	440.78	-	-
Total government securities		3,236.17		5.07
Less :				
Amount disclosed under Core SGF investments (refer Note11)		(3,236.17)		(5.07)
Total non-current investments		90.00		90.00
Aggregate amount of book value of quoted investments		3,236.17		5.07
Aggregate amount of quoted investments and market value thereof		3,227.02		4.93
Aggregate amount of book value of unquoted investments		90.00		90.00

* Re 1/-

NSE Foundation was incorporated under section 8 of the Companies Act, 2013 and intends to apply its profits, if any, or other income in promoting its objects and any payment of dividend to its members is prohibited. Accordingly, the investment in the company had been written down to Re. 1/- . Accordingly, the Company had written off investment in NSE Foundation amounting to Rs. 59,999/- by debiting the Statement of Profit and Loss.

5 **Other bank balances**

	Non-current		Current	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	(Rs. in Crores)		(Rs. in Crores)	
Deposits with original maturity for more than 12 months #	506.23	155.82	521.67	622.85
Earmarked Deposits with original maturity for more than 12 months	35.13	3.68	532.22	846.02
Deposits with original maturity for more than 3 months but less than 12 months #	-	-	206.14	371.23
Earmarked Deposits with original maturity for more than 3 months but less than 12 months #	-	-	61.83	92.04
Earmarked Deposits with original maturity for less than 3 months	-	-	1.22	-
Earmarked Deposits with original maturity less than 12 months*	-	-	20.98	20.28
Unspent CSR Bank Balance			1.96	-
Total	541.36	159.51	1,346.02	1,952.42
Less :				
Amount disclosed under Core SGF Investments (note 11)	1.30	3.68	527.68	783.10
Amount disclosed under Investments -SGF for Commodity segment (refer Note 27)	33.83	-	67.60	154.96
Total	506.23	155.82	750.74	1,014.36

* Earmarked towards withheld payouts.

Other bank balances & Cash and cash equivalents Includes Rs. 4,050.04 crores (March 2022: Rs.8,554.46 crores) pertaining to Settlement obligations and margin money from members

6 **Others Financial Assets**

	Non-current		Current	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	(Rs. in Crores)		(Rs. in Crores)	
Advances recoverable in cash				
Unsecured, considered good	-	-	0.28	0.23
Other loans and advances				
Security Deposits	0.22	0.22	-	-
Others*				
Interest accrued on Bank deposits	5.63	0.64	73.10	63.00
Other receivable - from related party (refer note 29)	-	-	0.14	0.38
Total	5.85	0.86	73.52	63.62

* Rs.6.37 crores (previous year: 6.22 crores) regrouped to trade receivables.

7 **Others Assets**

	Non-current		Current	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	(Rs. in Crores)		(Rs. in Crores)	
Advance to suppliers	-	-	0.00	0.00
Balances with GST authorities	-	-	3.70	1.27
Deposits with GST authorities	-	-	2.78	2.78
Other receivable*	-	-	6.18	6.18
Prepaid expenses	15.19	0.00	23.23	12.09
Total	15.19	0.00	35.89	22.33

* Other receivable is Deposits with Supreme Court pursuant to its directives in a case filed by the Company with regard to sale of collateral securities with the company of a defaulter member.

Note 8 CURRENT INVESTMENTS

	31.03.2023		31.03.2022	
	Number of Units	Rs. In crores	Number of Units	Rs. In crores
B) Investment in government securities				
Quoted bonds at amortised cost				
7.16 Government of India - 20 May 2023	1,00,00,000	102.93	-	-
7.68% GOVERNMENT OF INDIA 2023- 15-DEC-2023	3,95,00,000	409.90	-	-
8.83% GOVERNMENT OF INDIA - 25 NOV 2023	2,50,00,000	263.57	-	-
182 Days Treasury Bills 29 September 2022			1,80,00,000	176.31
Total government securities		776.40		176.31
ii Investment in mutual funds				
Un-quoted investments in mutual funds at FVPL				
ADITYA BIRLA SUN LIFE LIQUID FUND - DIRECT - GROWTH	11,97,511	43.47	11,97,511	41.09
AXIS LIQUID FUND -DIRECT - GROWTH	1,69,498	42.38	1,69,498	40.07
HDFC LIQUID FUND - DIRECT - GROWTH	1,31,057	57.97	1,31,057	54.84
HSBC CASH FUND DIRECT GROWTH	7,28,622	163.37	5,08,705	107.83
ICICI PRUDENTIAL LIQUID - DIRECT PLAN - GROWTH	6,92,893	23.09	5,51,531	17.39
IDFC CASH FUND - DIRECT - GROWTH	-	-	1,31,446	33.79
INVESCO INDIA LIQUID FUND - DIRECT - GROWTH	3,36,244	103.90	-	-
MIRAE ASSET CASH MANAGEMENT FUND - DIRECT PLAN - GROWTH	2,87,495	68.33	2,89,064	64.95
NIPPON INDIA LIQUID FUND - DIRECT - GROWTH	57,421	31.62	57,421	29.90
SBI PREMIER LIQUID FUND - DIRECT - GROWTH	76,128	26.82	76,128	25.37
UTI LIQUID FUND - CASH PLAN -DIRECT- GROWTH	35,777	13.20	35,777	12.48
BANDHAN LIQUID FUND - DIRECT - GROWTH	2,19,141	59.58	-	-
LIC MF LIQUID FUND - DIRECT - GROWTH	1,46,557	59.91	1,12,860	43.64
Total mutual fund		693.64		471.37
Less :				
Amount disclosed under Investments -SGF for Commodity segment (refer Note 27)				
Mutual fund		(148.57)		(95.04)
Less :				
Amount disclosed under Core SGF investments (refer Note11)				
Government Securities		(776.40)		(176.31)
Total current investments		545.07		376.33
Aggregate amount of book value of quoted investments		776.40		176.31
Aggregate amount of quoted investments and market value thereof		768.26		176.33
Aggregate amount of book value of unquoted investments		693.64		471.37

9 Trade receivables

	Current	
	31.03.2023	31.03.2022
	(Rs. in Crores)	
Receivable from related parties (Refer to Note 29)	44.17	34.32
Others*	25.04	18.85
	69.21	53.17
Less :		
Credit impaired	(6.48)	(6.42)
Total	62.73	46.75

A Break up of security details

Trade Receivables considered good - Secured	-	-
Trade Receivables considered good - Unsecured	62.73	46.75
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	6.48	6.42
Total	69.21	53.17
Less :		
Credit impaired	(6.48)	(6.42)
Trade receivables Net of provision	62.73	46.75

* Rs.6.37 crores (previous year: 6.22 crores) regrouped from other financial assets to trade receivables.

Movement of Capital Impaired

Particulars	31.03.2023	31.03.2022
	(Rs. in Crores)	
Balance at the beginning of the year	6.42	-
Provision during the year	0.06	6.42
Reversal during the year	-	-
Balance at the end of the year	6.48	6.42

B Trade Receivables Ageing as on 31.03.2023

Particulars						Rs. in crs
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables– considered good	15.16	0.14	0.23	-	-	15.53
Undisputed Trade Receivables– which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	6.48	6.48
Disputed Trade Receivables – considered good	-	-	-	-	-	-
Disputed Trade Receivables –which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables –credit impaired	-	-	-	-	-	-
Total	15.16	0.14	0.23	-	6.48	22.01
Less : Credit impaired						(6.48)
Unbilled Dues						47.20
Total						62.73

C Trade Receivables Ageing as on 31.03.2022

Particulars						Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables– considered good	7.34	0.11	0.22	-	-	7.67
Undisputed Trade Receivables– which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	6.42	6.42
Disputed Trade Receivables – considered good	-	-	-	-	-	-
Disputed Trade Receivables –which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables –credit impaired	-	-	-	-	-	-
Total	7.34	0.11	0.22	-	6.42	14.09
Less : Credit impaired						(6.42)
Unbilled Dues						39.08
Total						46.75

10 Cash and cash equivalents

	Current	
	31.03.2023	31.03.2022
	(Rs. in Crores)	
In current accounts #	852.60	481.13
Deposits held for the purpose of meeting short term cash commitments #	4,528.49	11,766.59
	5,381.09	12,247.72
Less :		
Amount disclosed under Core SGF Investments (note 11)	222.47	2,927.38
Total	5,158.62	9,320.34

Other bank balances & Cash and cash equivalents Includes Rs. 4,050.04 crores (March 2022: Rs.8,554.46 crores) pertaining to Settlement obligations and margin money from members

		31.03.2023	31.03.2022
		(Rs. in Crores)	
Core SGF investments			
Non-Current			
Fixed Deposits		1.30	3.68
Government securities & Treasury Bills		3,236.17	5.07
Accrued interest		0.19	0.81
Income Tax Assets		5.70	31.40
Total Non-Current		3,243.36	40.96
Current			
Fixed Deposits		527.68	783.10
Government securities & Treasury Bills		776.40	176.31
Cash and cash equivalents		222.47	2,927.38
Accrued interest		27.32	43.50
Total Current		1,553.87	3,930.29
Total Core-SGF Investments		4,797.23	3,971.25

		31.03.2023	31.03.2022
		(Rs. in Crores)	
Share Capital			
Authorised			
4,50,00,000 (Previous Year :4,50,00,000) Equity Shares of Rs 10 each.			
		45.00	45.00
Issued, Subscribed and Paid-up			
4,50,00,000 (Previous Year :4,50,00,000) Equity Shares of Rs.10 each fully paid up.			
(all the above shares are held by the holding company- National Stock Exchange of India Limited and its nominees)			
		45.00	45.00
Total		45.00	45.00

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

Particulars	Aggregate No. of Shares				
	2021-22	2020-21	2019-20	2018-19	2017-18
Equity Shares					
Fully paid up by way of Bonus Shares	-	-	-	-	-

There is no movement either in the number of shares or in amount between previous year and current year.

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 Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the 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 shareholders.

Details of shareholders holding more than 5% share in the company.

	31.03.2023		31.03.2022	
	No.	% holding	No.	% holding
National Stock Exchange of India Limited (Holding Company) and its nominees	4,50,00,000	100%	4,50,00,000	100%

Promoter's Shareholding :	31.03.2023			31.03.2022		
	No.	% of Total Shares	% Change during the year	No.	% of Total Shares	% Change during the year
Shares held by the Promoter at the end of the Year	4,50,00,000	100%	-	4,50,00,000	100%	-

Capital management

The Company considers the following components of its Balance Sheet to be managed capital:
Total equity (as shown in the balance sheet). – retained profit, other reserves, share capital

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company aims to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The Company is not subject to financial covenants in any of its significant financing agreements.

The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods. Refer note 12(b) for the final dividends declared and paid.

Compliance with externally imposed capital requirements:

Compliance with externally imposed capital requirements:

Capital requirement of Company is regulated by Securities and Exchange Board of India (SEBI). SEBI vide Regulation 14(3) of SECC Regulations 2018 adopted risk-based approach towards computation of capital and net worth requirement for Clearing Corporations(CC) to adequately cover counterparty credit risk, business risk, orderly Wind-down and operational & legal risk. As per Regulation 14(3) (c) of SECC Regulations 2018 every CC shall have a minimum net worth of Rs.100 crores or networth Computed as per the risk-based approach as may specified by SEBI from time to time, whichever is higher.

Accordingly, SEBI vide circular Ref No: SEBI/HO/MRD/DRMP/CIR/P/2019/55 dated April 10, 2019 issued granular norms related to computation of risk based capital and net worth requirement for CCs effective from FY2019-20. The networth requirement for the Company calculated as per the above SEBI circular is Rs.1270.36 crores based on audited financial statements for year ended March 31, 2022. Minimum requirement of Net worth is maintained throughout the year ended March 31, 2023.

Note 12 (b): Other equity

Other Equity	Reserves and Surplus			(Rs.in Crores)
	Capital Reserve	General reserve	Retained Earnings	Total
Balance at the 01.04.2021	10.00	244.71	404.45	659.16
Profit for the year			460.55	460.55
Other Comprehensive Income			0.12	0.12
Transaction with owners in their capacity as owners				
Dividends paid*			(45.00)	(45.00)
Balance at the 01.04.2022	10.00	244.71	820.12	1,074.83
Profit for the Year			545.26	545.26
Other Comprehensive Income			(0.18)	(0.18)
Contribution to core SGF (Refer Note 26)			(267.89)	(267.89)
Tax on contribution to Core SGF			67.42	67.42
Transaction with owners in their capacity as owners				
Dividends paid #			(180.00)	(180.00)
Balance as at 31.03.2023	10.00	244.71	984.73	1,239.44

The Board of directors, in their meeting on May 10, 2023 proposed a dividend of Rs. 5 per equity share. The proposal is subject to the approval of shareholders at the Annual General Meeting. The total dividend proposed for the year ended March 31, 2023 amounted to Rs. 22.50 crores.

During the year ended March 31, 2023, the amount of per share dividend recognized as distribution to equity shareholders was Rs.40/- per equity share. The dividend paid during the year ended March 31, 2023 amounted to Rs.180.00 crore.

* During the year ended March 31, 2022, the amount of per share dividend recognized as distribution to equity shareholders was Rs.10/- per equity share. The dividend paid during the year ended March 31, 2022 amounted to Rs.45.00 crore.

13 Income Tax

	31.03.2023	31.03.2022			
	(Rs. in Crores)				
a) The major components of income tax expense statement of profit and loss					
<u>Statement of profit and loss</u>					
<u>Current Tax</u>					
Current tax on profit for the year	182.78	131.67			
Adjustment for current tax of prior periods	-	0.01			
Total current tax expense	182.78	131.68			
<u>Deferred tax expense (income)</u>					
Decrease (increase) in deferred tax assets	(0.62)	(1.17)			
(Decrease) increase in deferred tax liabilities	3.95	4.27			
Total deferred tax expense (benefit)	3.32	3.11			
Total for statement of profit and loss	186.11	134.79			
	31.03.2023	31.03.2022			
	(Rs. in Crores)				
<u>OCI section</u>					
Related to items recognised in OCI during in the year:					
Re-measurement of the defined benefit(liability) / asset	0.06	(0.04)			
Income tax charged to Other Comprehensive Income	0.06	(0.04)			
b)					
As per section 115BAA of the Income Tax Act, 1961, existing domestic companies can exercise the option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. The reduced tax rates come with the consequential surrender of specified deductions/incentives. Once exercised, such an option cannot be withdrawn for the same or subsequent Assessment Years. The provision for current and deferred taxes w.e.f. 01.04.2021 have been recognised on the basis of the Company availing such option to pay income tax at lower rate as per section 115BAA.					
c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate					
	31.03.2023	31.03.2022			
	(Rs. in Crores)				
Profit before income tax expense	731.37	595.34			
Tax rate (%)	25.168%	25.170%			
Tax at the Indian Tax Rate	184.07	149.83			
Tax effect of amounts which are not deductible (taxable) in calculating taxable income					
(Profit)/Loss on sale of investments taxed at other than Statutory rate	0.15	0.04			
CSR Expenses	1.97	1.52			
Provision reversal	-	(17.17)			
Short Provision for previous years	-	0.01			
Others	(0.09)	0.56			
Income Tax Expense	186.11	134.79			
d)					
Deferred tax liabilities (net)					
The balance comprises temporary differences attributable to:					
Particulars	31.03.2023	31.03.2022			
	(Rs. in Crores)				
Deferred income tax assets					
Others	5.33	4.65			
Total deferred tax assets (a)	5.33	4.65			
Deferred income tax liabilities					
Property, plant and equipment and investment property	0.39	1.50			
Financial Assets at Fair Value through profit and Loss	13.18	8.13			
Total deferred tax liabilities (b)	13.57	9.63			
Net Deferred Tax Assets /(Liabilities) (a)-(b)	(8.24)	(4.98)			
e) Movement in Deferred Tax Assets					
				(Rs. in Crores)	
Particulars	Property, plant and equipment	Financial Assets at Fair Value through profit and Loss	Financial Assets at Fair Value through OCI	Others (Gratuity, PBVP, LE)	Total
At 1st April 2021	-	-	-	3.52	3.52
(Charged) / Credited					
- to profit or loss	-	-	-	1.17	1.17
- to other comprehensive income	-	-	-	(0.04)	(0.04)
At 31st March 2022	-	-	-	4.65	4.65
(Charged) / Credited					
- to profit or loss	-	-	-	0.62	0.62
- to other comprehensive income	-	-	-	0.06	0.06
At 31st March 2023	-	-	-	5.33	5.33

f) Movement in Deferred Tax liabilities	(Rs. in Crores)					
	Particulars	Property, plant and equipment	Financial Assets at Fair Value through profit and Loss	Financial Assets at Fair Value through OCI	Others	Total
At 1st April 2021		0.46	4.89	-	-	5.35
Charged / (Credited)						
- to profit or loss		1.03	3.24	-	-	4.27
- to other comprehensive income		-	-	-	-	-
At 31st March 2022		1.49	8.13	-	-	9.63
Charged / (Credited)						
- to profit or loss		(1.10)	5.05	-	-	3.95
- to other comprehensive income		-	-	-	-	-
At 31st March 2023		0.39	13.18	-	-	13.57

- g) The company recognizes MAT credit available as an asset only to the extent there is reasonable certainty that the company will pay normal income tax during the specified period. Accordingly, MAT credit entitlement not recognized in books of accounts till March 31, 2023 is Rs.119.29 crore out of which MAT credit entitlement to be carried forward is Rs.NIL. Further, if even the MAT credit will be recognised the same will be directly credited to reserves and not the statement to profit & loss account as the same is arising out of contribution to Core SGF.

		31.03.2023	31.03.2022
		(Rs. in Crores)	
14	Income tax liabilities (net)	73.59	67.66
	Income Tax (Net of Advances)	73.59	67.66
		31.03.2023	31.03.2022
		(Rs. in Crores)	
15	Income tax assets (net)	162.84	77.62
	Income Tax paid including TDS (Net of Provisions)	162.84	77.62
16	Deposits (Unsecured)	Current	
		31.03.2023	31.03.2022
		(Rs. in Crores)	
	Security Deposit from Clearing Members	344.45	326.06
	Security Deposit in lieu of Bank Guarantee/securities	94.04	91.49
	Deposits from applicants for membership	2.08	2.14
	Deposits from Clearing Banks	1,335.57	800.25
	Total	1,776.14	1,219.94

17 **Other financial liabilities**

	Current	
	31.03.2023	31.03.2022
	(Rs. in Crores)	
Trade payables		
Trade Payable to Micro and Small Enterprises	-	-
Trade Payable to other than Micro and Small Enterprises	28.89	19.23
Trade payables to related parties (Refer Note 29)	1.07	1.60
	29.96	20.83
Others		
Margins From Members	3,867.33	5,286.13
Settlement Obligations payable	182.71	3,268.33
Creditor for Capital Expenditure	2.32	0.81
Other liabilities	42.95	40.07
	4,095.31	8,595.34
	4,125.27	8,616.18

Trade payables include outstanding amounts of Rs. NIL (Previous Year: Rs. NIL) (including interest of Rs. Nil, (Previous Year Rs. Nil) payable to Micro Enterprises & Small Enterprises. Total outstanding dues to Micro Enterprises & Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

B **Trade payables Ageing as on 31.03.2023**

Particulars	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years
MSME	-	-	-	-	-
Others	10.23	-	0.27	-	-
Disputed dues (MSMEs)	-	-	-	-	-
Disputed dues (Others)	-	-	-	-	-
Total	10.23	-	0.27	-	-
Unbilled Dues					
Total					

C **Trade payables Ageing as on 31.03.2022**

Particulars	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years
MSME	-	-	-	-	-
Others	10.15	-	-	-	-
Disputed dues (MSMEs)	-	-	-	-	-
Disputed dues (Others)	-	-	-	-	-
Total	10.15	-	-	-	-
Unbilled Dues					
Total					

18 **Other current liabilities**

	Current	
	31.03.2023	31.03.2022
	(Rs. in Crores)	
Statutory payments	19.03	14.33
Stamp Duty Payable	170.29	188.06
Unspent CSR Expenditure	1.96	-
Amount payable into Core SGF	25.03	23.10
Advances from debtors	7.55	12.62
	223.86	238.10

19 **Provision employee benefits**

	Non-current		Current	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	(Rs. in Crores)		(Rs. in Crores)	
Provisions for Leave encashments	-	-	2.00	1.56
Provision for Gratuity	7.72	5.86	0.86	0.62
Provision for variable pay and other allowances	6.75	4.02	6.87	7.78
	14.47	9.88	9.73	9.96

Revenue from operations

(Rs. in Crores)

	For the year ended 31.03.2023	For the year ended 31.03.2022
Sale of Services		
Clearing & Settlement Charges	633.97	454.77
Other operating revenues		
Connect to NSE Services	1.47	1.87
Interest received	268.45	209.44
Processing Charges	1.93	1.66
Voluntary Auction Charges	4.42	3.12
Fines and penalties-SLB segment	0.26	0.49
Income from Usage Charges	1.41	1.41
Stamp Duty Facilitation charges	3.98	4.00
Total	915.89	676.75

Major Customer

Revenue from one major customer (related party) is Rs.604.60 crores (previous year Rs 415.13 crores) which is more than 10% of the total revenue of the Company.

	(Rs. in Crores)	
Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Revenue Recognised		
Point in time	644.56	464.04
Over the time	271.33	212.72
Total	915.89	676.75

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Other income and other gains/(losses)**Other income**

Interest Income on Bank Deposits	63.23	36.83
Miscellaneous Income	5.48	0.03
	68.69	36.87

Other gains/(losses)

Net gain on financial assets mandatorily measured at Fair Value through Profit or Loss	27.79	15.52
Net gain on sale of investments mandatorily measured at Fair Value through Profit or Loss	2.28	(0.15)
	30.07	15.37
Total	98.77	52.24

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Employee benefits expenses

Salaries, wages and bonus	29.06	26.91
Salaries, wages and bonus of Deputed Staff (Refer note 24)	7.79	11.95
Contribution to provident and other fund	0.88	0.92

	For the year ended 31.03.2023	For the year ended 31.03.2022
Employees welfare expenses	1.80	1.55
Total	39.53	41.33

	For the year ended 31.03.2023	For the year ended 31.03.2022
23		
Other expenses		
Space & Infrastructure Usage Charges	3.77	4.55
Common Usage Expenses	21.29	21.37
Insurance Premium	0.69	0.22
Printing, Stationery & Consumables	1.30	0.60
Auditors' Remuneration (refer note below)	0.45	0.43
Legal and Professional fees	8.05	7.01
Repairs & Maintenance :		
- On Building	0.26	0.16
- On Computer systems	71.91	46.26
IT Management & Consultancy Charges	1.78	0.70
Software Expenses	30.81	22.24
Leased Line Charges	21.93	15.42
Directors' Sitting fees	0.42	0.45
Bank Chages & BG Charges	18.40	7.21
Electricity expenses	2.22	2.40
Provision for doubtful debts	0.06	6.42
CSR Expense (refer Note 39)	7.84	6.05
Financial Disincentive	0.25	1.25
Other expenses	11.61	10.02
Total	203.04	152.76
Note :		
Payment to auditor		
As auditor :		
Audit fees	0.18	0.18
Tax audit fee	0.06	0.04
Limited review	0.10	0.08
In other capacity		
Taxation matters	0.07	0.09
Certification matters	0.03	0.03
Out of Pocket	0.01	0.01
Total	0.45	0.43

- 24 Employee Benefits expenses includes the amount reimbursed by the company to The National Stock Exchange of India Limited (NSEIL) in respect of employees made available to the company upto February 2023. Accordingly, necessary provisions as required for all retirement benefits and other long term employee benefits as per Ind AS 19 - Employee Benefits as notified under Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended, was carried out by NSEIL in respect of employees made available to the company upto March 2022.
- 25 Disclosure under Indian Accounting Standard 19 (Ind As 19) on Employee Benefit as notified under Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.
- i) **Defined Benefit Plan :**
Provident & Pension Fund: Company has contributed Rs. 0.87 Crores (previous year : Rs.0.61 crores) towards Provident & Pension Fund during the year ended March 31, 2023 to Employee Provident Fund Organisation.
- Gratuity:** The company provides for gratuity for employees as per Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity, The amount of Gratuity is payable on retirement/termination of the employee's last drawn basic salary per month multiplied for the number of years of service. The gratuity plan is a non funded plan and the company makes provision on the basis of Actuarial Valuation.

A Balance Sheet

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

	(Rs. in Crores)	
	31.03.2023	31.03.2022
Liability at the beginning of the year	6.48	6.70
Interest cost	0.44	0.44
Current service Cost	0.53	0.50
Transfers	2.08	(0.76)
Benefits paid	(1.20)	(0.24)
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	(0.30)	(0.14)
Actuarial (gains)/losses on obligations - due to experience	0.55	(0.02)
Liability at the end of the year	8.58	6.48

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

	(Rs. in Crores)	
	31.03.2023	31.03.2022
Fair value of plan assets as at the end of the year	-	-
Liability as at the end of the year	(8.58)	(6.48)
Net (liability) / asset	(8.58)	(6.48)

- (iii) Balance sheet reconciliation

	(Rs. in Crores)	
	31.03.2023	31.03.2022
Opening net liability	6.48	6.70
Expenses recognized in Statement of Profit or Loss	0.97	0.94
Expenses recognized in OCI	0.25	(0.16)
Net liability/(asset) transfer in	2.08	(0.76)
Benefits Paid	(1.20)	(0.24)
Amount recognised in the Balance Sheet	8.58	6.48

B Statement of Profit & Loss

	(Rs. in Crores)	
	31.03.2023	31.03.2022
(i) Net interest cost for current period		
Interest cost	0.44	0.44
Interest income	-	-
Net interest cost for current period	0.44	0.44

	(Rs. in Crores)	
	31.03.2023	31.03.2022
(ii) Expenses recognised in the Statement of Profit & Loss		
Current service cost	0.53	0.50
Net interest cost	0.44	0.44
Expenses recognised in the Statement of Profit & Loss	0.97	0.94

	(Rs. in Crores)	
	31.03.2023	31.03.2022
(iii) Expenses recognised in the Other Comprehensive Income		
Re-measurement		
Expected return on plan assets	-	-
Actuarial (gain) or loss	0.24	(0.16)
Net (income)/expense for the period recognized in OCI	0.24	(0.16)

C Sensitivity Analysis

	(Rs. in Crores)	
	31.03.2023	31.03.2022
Projected Benefit Obligation on Current Assumptions	8.58	6.48
Delta Effect of +1% Change in Rate of Discounting	(0.50)	(0.38)
Delta Effect of -1% Change in Rate of Discounting	0.56	0.43
Delta Effect of +1% Change in Rate of Salary Increase	0.54	0.41
Delta Effect of -1% Change in Rate of Salary Increase	(0.49)	(0.37)
Delta Effect of +1% Change in Rate of Employee Turnover	(0.09)	(0.08)
Delta Effect of +1% Change in Rate of Employee Turnover	0.10	0.09

D Significant actuarial assumptions are as follows:

	31.03.2023	31.03.2022
Discount rate	7.39%	6.84%
Rate of return on plan assets	N.A.	N.A.
Salary escalation	10.00%	10.00%
Attrition rate	12.00%	12.00%

E Maturity Analysis of Projected Benefit Obligation: From the Employer

	31.03.2023	31.03.2022
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	0.86	0.62
2nd Following Year	0.85	0.63
3rd Following Year	0.93	0.62
4th Following Year	0.80	0.69
5th Following Year	0.79	0.58
Sum of Years 6 To 10	4.44	3.52

26 Securities and Exchange Board of India, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, Interlia, has issued norms related to the computation and contribution to the Core Settlement Guarantee Fund by the Clearing Corporation (minimum 50%), Stock Exchange (minimum 25%) and members (maximum 25%) and also norms issued under Interoperability Framework. 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.

I Details of Core SGF a on March 31, 2023 are as follows :

(Rs. in Crores)							
Details of MRC of Core SGF	CM	FO	CD	Debt	TRI Party	Commodity	Total
NCL own contribution	119.96	805.00	89.09	3.00	8.50	5.00	1,030.55
Interest Adjusted towards NCL's Contribution	54.04	363.00	32.91	-	-	-	449.95
Contribution by NSE on behalf of Member	67.70	454.45	23.00	-	-	2.50	547.65
Interest Adjusted towards member's Contribution	19.30	129.55	38.00	-	-	-	186.85
Contribution by National Stock Exchange of India (NSE)	65.36	409.81	24.00	1.00	8.50	2.50	511.17
Interest Adjusted towards NSE's Contribution	21.64	174.19	24.00	-	-	-	219.82
Contribution by BSE Limited (BSE)	7.56	0.05	15.16	-	-	-	22.78
Contribution by Metropolitan Stock Exchange of India (MSE)	-	-	1.33	-	-	-	1.33
Interest Adjusted towards MSE's Contribution	0.01	-	-	-	-	-	0.01
Others (Financials Disincentives)	1.00	-	-	-	-	-	1.00
Total	356.57	2,336.05	247.50	4.00	17.00	10.00	2,971.12
Previous Year	219.36	1,344.05	211.70	4.00	17.00	10.00	1,806.12

II Details of Core SGF as on March 31, 2022 are as follows :

(Rs. in Crores)								
Contribution to Corpus of Core SGF	CM	FO	CD	Debt	TRI Party	Commodity	Other	Total
a NCL own contribution	107.00	672.00	100.00	3.00	8.50	5.00	-	895.50
b Contribution by NSE on behalf of Member	53.00	336.00	50.00	-	-	2.50	-	441.50
c Contribution by NSE	54.00	336.00	48.00	1.00	8.50	2.50	327.51	777.51
Contribution by BSE	4.36	0.05	12.58	-	-	-	-	16.99
Contribution by MSE	-	-	1.12	-	-	-	-	1.12
Others (Financials Disincentives)	1.00	-	-	-	-	-	-	1.00
1 Total (a+b+c+d)	219.36	1,344.05	211.70	4.00	17.00	10.00	327.51	2,133.62
2 Penalty*	196.37	956.80	42.59	-	-	0.12	-	1,195.89
3 Income on Investments*	58.91	544.41	21.34	0.99	4.09	1.87	10.14	641.75
Grand Total (1+2+3)	474.64	2,845.26	275.63	4.99	21.09	11.99	337.65	3,971.25

III Contribution made during the year 2022-23

(Rs. in Crores)								
Contribution during the year	CM	FO	CD	Debt	TRI Party	Commodity	Other # \$	Total
NCL own contribution								
Direct Contribution \$	42.00	212.00	13.89	-	-	-	-	267.89
Adjusted from Interest Income **	25.00	284.00	8.11	-	-	-	-	317.11
Others (Financials Disincentives)	-	-	-	-	-	-	-	-
Total	67.00	496.00	22.00	-	-	-	-	585.00
Contribution by NSE on behalf of Member								
Direct Contribution	-	4.00	-	-	-	-	-	4.00
Contribution adjusted from NSE Other Contribution #	24.77	154.45	-	-	-	-	-	179.22
Adjusted from Interest Income **	9.23	89.55	11.00	-	-	-	-	109.78
Total	34.00	248.00	11.00	-	-	-	-	293.00
Contribution from Exchanges								
Contribution by NSE								
Contribution adjusted from NSE Other Contribution #	24.71	112.81	-	-	-	-	-	137.52
Adjusted from Interest Income **	8.29	135.19	-	-	-	-	326.74	470.21
Excess Contribution transfer to Other Clearing Corporation***	-	-	-	-	-	-	(326.74)	(326.74)
Total	33.00	248.00	-	-	-	-	-	281.00
Contribution by BSE								
Direct Contribution	2.98	-	1.98	-	-	-	-	4.96
Adjusted from Interest Income **	0.23	-	0.60	-	-	-	-	0.83
Total	3.21	-	2.58	-	-	-	-	5.79
Contribution by MSEI								
Direct Contribution	0.00	-	0.14	-	-	-	-	0.15
Adjusted from Interest Income **	-	-	0.07	-	-	-	-	0.07
Total	0.00	-	0.21	-	-	-	-	0.22

								Current year	Previous year
Income during the period (Net Off adjustment towards MRC) **									
Penalty	71.49	229.45	8.85	-	-	0.04	-	309.84	326.13
Income on : Investments/Tax Refunds^	30.16	203.83	22.35	0.03	1.27	0.40	(1.91)	256.13	126.37
Less : Income adjusted against MRC**	42.74	508.74	19.78	-	-	-	-	571.27	6.01
Less : Income adjusted towards transfer of contribution to Other Clearing Corporation***	-	-	-	-	-	-	7.00	7.00	12.68
Income on Investments (Net Off adjustment towards MRC)	(12.59)	(304.91)	2.57	0.03	1.27	0.40	(8.91)	(322.13)	107.67

^ Includes Interest on Income Tax refund of Rs. 5.83 crores less income tax thereon of Rs. 2.44 crores.

IV Details of Core SGF a on March 31, 2023 are as follows :

(Rs. in Crores)								
Contribution to Corpus of Core SGF	CM	FO	CD	Debt	TRI Party	Commodity	Other #	Total
a NCL own contribution	174.00	1,168.00	122.00	3.00	8.50	5.00	-	1,480.50
b Contribution by NSE on behalf of Member	87.00	584.00	61.00	-	-	2.50	-	734.50
c Contribution by NSE	87.00	584.00	48.00	1.00	8.50	2.50	0.77	731.77
d Contribution by BSE	7.56	0.05	15.16	-	-	-	-	22.78
e Contribution by MSE	0.01	-	1.33	-	-	-	-	1.34
f Others (Financials Disincentives) \$	1.00	-	-	-	-	-	-	1.00
1 Total	356.57	2,336.05	247.50	4.00	17.00	10.00	0.77	2,971.89
2 Penalty*	267.86	1,186.26	51.44	-	-	0.16	-	1,505.72
3 Income on Investments (After allocation towards MRC)*	46.32	239.50	23.91	1.02	5.36	2.27	1.23	319.62
Grand Total (1+2+3)	670.76	3,761.80	322.85	5.02	22.36	12.43	2.00	4,797.23
II Details of Investment	CM	FO	CD	Debt	TRI Party	Commodity	Other	Total
1 Mutual Funds	-	-	-	-	-	-	-	-
Fixed Deposit with Banks	50.07	460.37	18.54	-	-	-	-	528.98
2 Government securities*	527.65	3,185.19	265.10	1.01	21.54	12.08	-	4,012.57
3 Flexi Fixed Deposits	88.77	87.56	34.99	0.01	0.78	0.21	1.19	213.51
4 Balance in Bank Accounts	1.05	0.80	2.99	3.96	0.02	0.14	-	8.96
5 Accrued interest	2.69	23.02	0.97	-	-	-	0.81	27.49
6 Prepaid taxes	0.52	4.86	0.25	0.04	0.02	0.00	0.00	5.70
Grand Total (1+2+3+4+5+6)	670.76	3,761.80	322.85	5.02	22.36	12.43	2.00	4,797.23
Previous year	474.64	2,845.26	275.63	4.99	21.09	11.99	337.65	3,971.25

* Aggregate amount of quoted investments and market value Rs.3,995.28 crores.

Other contribution is balance amount of transfer from NSE pertain to 25% of NSE's Annual profits as contribution to Core SGF. SEBI vide circular CIR/CFD/FAC/62/2016 dated May 05, 2016 advised Stock Exchange to transfer 25% of its annual profits upto August 2015 to Core SGF and utilise the same for contribution required by Members and NSE.

** SEBI vide its letter reference no. SEBI/HO/MRD/DRMNP/OW/P/2018/4559/1 dated February 12, 2018 has clarified that "Clearing Corporations may adjust incremental requirement of Minimum Required Corpus (MRC) against the interest accrual on the cash contribution of respective contributors before taking additional contribution from them.

*** Further, as per circular dated SEBI/HO/MRD/DCAP/CIR/P/2021/03 January 08, 2021, SEBI has allowed transfer of excess contribution made by Stock Exchanges from Core SGF of one Clearing Corporation to the Core SGF of another Clearing Corporation in inter-operable scenario. Accordingly, Rs.21.08 crores contribution of other stock exchanges received from respective clearing corporation and also a sum of Rs.90.19 crores of NSE contribution transferred to other clearing corporation.

§ Debited to retained earnings (refer to Note 12(b))

- 27 The Company had received approval from SEBI to start clearing & settlement activities in Commodity Derivatives and commenced operations w.e.f. October 12, 2018. As required by SEBI an amount of Rs. 250 crores has been earmarked towards a separate fund to augment Settlement Guarantee Fund for Commodity Derivatives by way of appropriation from General Reserves. Further, the Company has also earmarked investments amounting to Rs. 250 crores towards the same.
- 28 Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of the Company. The Company operates only in one Business Segment i.e. facilitating Clearing & Settlement in securities and the activities incidental thereto, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".
- 29 In compliance with Indian Accounting Standard (Ind AS)-24 - "Related Party Disclosures" notified under section 133 of the Act read with Companies (Accounting Standards) Rules 2015, the required disclosures are given in the table below:

(a) **Names of the related parties and related party relationship**

Sr. No.	Related Party	Nature of Relationship
1	National Stock Exchange of India Limited	Holding Company
2	NSE IFSC Clearing Corporation Ltd	Subsidiary Company
3	NSE Investments Limited	Fellow Subsidiary
4	NSE Foundation	Fellow Subsidiary
5	NSE IFSC Limited	Fellow Subsidiary
6	NSEIT Limited	Fellow Subsidiary's Subsidiary
7	NSE Data & Analytics Limited	Fellow Subsidiary's Subsidiary
8	NSE Indices Limited	Fellow Subsidiary's Subsidiary
9	NSE Infotech Services Limited	Fellow Subsidiary's Subsidiary
10	NSE.IT (US) Inc.	Fellow Subsidiary's Subsidiary's Subsidiary
11	Aujas Cybersecurity Limited (Formerly known as Aujas Networks Limited /Aujas Networks Private Limited.)	Fellow Subsidiary's Subsidiary's Subsidiary
12	Talentsprint Private Limited (w.e.f. 10.11.2020)	Fellow Subsidiary's Subsidiary's Subsidiary
13	TalentSprint Inc. (w.e.f. 29-11-2021)	Fellow Subsidiary's Subsidiary's Subsidiary
14	Cogencis Information Services Limited (w.e.f. 21.01.2021)	Fellow Subsidiary's Subsidiary's Subsidiary
15	CXIO Technologies Private Limited (w.e.f July 08, 2021)	Fellow Subsidiary's Subsidiary's Subsidiary
16	NSE Academy Limited	Fellow Subsidiary's Subsidiary's Subsidiary
17	National Securities Depository Limited	Holding Company's Associate
18	BFSI Sector Skill Council of India	Holding Company's Associate
19	India International Bullion Holding IFSC Limited (w.e.f. June 04, 2021)	Holding Company's Associate
20	India International Bullion Exchange IFSC Limited (w.e.f. August 17, 2021)	Holding Company's Associate's Subsidiary Company
21	Power Exchange India Limited	Associate of Fellow Subsidiary
22	Protean eGov Technologies Ltd.(Formerly known as NSDL e-Governance Infrastructure Limited)	Associate of Fellow Subsidiary
23	Market Simplified India Limited (formerly known as INXS Technologies Limited)	Associate of Fellow Subsidiary
24	Computer Age Management Services Private Limited (upto 04.02.2020)	Associate of Fellow Subsidiary
25	Receivables Exchange Of India Limited	Associate of Fellow Subsidiary
26	Indian Gas Exchange Limited (w.e.f. 16.03.2021)	Associate of Fellow Subsidiary
27	Capital Quant Solutions Private Limited (w.e.f. 03.03.2021)	Associate of Fellow Subsidiary's Subsidiary's Subsidiary
28	NSDL Database Management Limited	Holding Company's Associate's Subsidiary
29	Mr. Harun R Khan –Director (upto 07.09.2022)	Key Managerial Personnel
30	Mr. Salim Gangadharan-Director (upto 16.06.2022)	Key Managerial Personnel
31	Mr. N.K Maini-Director (upto 16.06.2022)	Key Managerial Personnel
32	Mr. C.V.R Rajendran- Director (upto 16.06.2022)	Key Managerial Personnel
33	Ms. Bhagyam Ramani–Director	Key Managerial Personnel
34	Mr. K. S. Somasundaram (upto 09.08.2021)	Key Managerial Personnel
35	Mr. Yatrik Vin (w.e.f. 07.09.2022)	Key Managerial Personnel
36	Mr. Vikram Kothari- Managing Director	Key Managerial Personnel
37	Mr. Jayant Ramaswamy Haritsa (w.e.f. 17.06.2022)	Key Managerial Personnel
38	Mr. Ananth Narayan Gopalkrishnan (upto 27.09.2022)	Key Managerial Personnel
39	Mr. Gopalkrishna Hedge (w.e.f 17.06.2022)	Key Managerial Personnel
40	Mr. Golaka Nath (w.e.f 17.11.2022)	Key Managerial Personnel

(b) Details of transaction (including GST wherever levied) with parties are as follows :

(Rs. in Crores)			
Name of the Related Party	Nature of Transactions	Year ended 31.03.2023	Year ended 31.03.2022
National Stock Exchange of India Ltd.	• Clearing and Settlement charges received	710.92	487.43
	• Usage charges Received	1.66	1.66
	• EBP Platform Usage charges Received	0.84	0.86
	• Usage charges paid	25.13	25.22
	• Contribution received towards Core SGF	4.00	-
	• Reimbursement paid for expenses on staff on deputation	10.61	15.58
	• Reimbursement paid for other expenses incurred	70.51	57.89
	• Reimbursement received for services Rendered	0.09	0.15
	• Space & Infrastructure usage Charges paid	4.45	5.37
	• Dividend paid	180.00	45.00
• Outstanding balance – (Credit) / Debit	44.17	34.32	
NSE IFSC Clearing Corporation Ltd	• Reimbursement paid for other expenses incurred	0.84	1.34
	• Investment in Equity Share Capital	-	-
	• Outstanding balance – (Credit) / Debit	0.14	0.38
	• Investment in Equity Share Capital	90.00	90.00
NSE IFSC Limited	• Sale of Fixed Asset	-	0.15
	• Outstanding balance – (Credit) / Debit	0.15	0.15
NSEIT Ltd.	• Repairs & Maintenance – Clearing & Computer systems	26.60	19.74
	• Purchase & Installation of Equipments	-	23.98
	• Outstanding balance – (Credit) / Debit	(1.07)	(1.59)
Aujas Cybersecurity Limited	• Repairs & Maintenance – Clearing & Computer systems	0.52	0.40
	• Outstanding balance – (Credit) / Debit	-	-
NSE Foundation	• Contribution towards CSR	5.88	6.05
	• Outstanding balance – (Credit) / Debit	-	-
National Securities Depository Limited	• Depository operation fees	0.19	0.20
	• Outstanding balance – (Credit) / Debit	-	(0.01)
Key Management Personnel (Mr. T Venkata Rao - Managing Director (upto 06.11.2017)	Short term employee Benefits* \$	-	-
	Post - employment Benefits	-	-
	Long term employee Benefits	-	0.17
Key Management Personnel (Mr. Vikram Kothari- Managing Director (w.e.f.07.11.2017)	Short term employee Benefits *	2.29	1.96
	Post - employment Benefits **	0.07	0.06
	Long term employee Benefits*	0.31	0.25
Directors	Sitting fees/Committee sitting fees :		
	Mr. Harun R Khan	0.15	0.33
	Mr. Salim Gangadharan	0.08	0.30
	Mr.N K Maini	0.10	0.26
	Mr. C VR Rajendran	0.09	0.27
	Mr. Gopalkrishna Hegde	0.21	-
	Mr. Jayant Ramaswamy Haritsa	0.25	-
	Mr. Ananth Narayan Gopalkrishnan	0.04	-
	Mr. Golaka Nath	0.08	-
	Ms.Bhagyam Ramani	0.36	0.33

* Includes amount paid towards Leave encashment, Medical allowance & Leave Travel allowance and 50% of the variable pay payable after 3 years subject to certain conditions.

\$ pertaining to earleir years

** As the liabilities for define benefits plan are provided on actuarial basis for the Company as a whole, the amount pertaining to key managerial person are not included.

No commitments made during the years to associate concerns and vice versa

- 30 In accordance with Indian Accounting Standard (Ind AS) 33 - "Earning per Share" issued by the Institute of Chartered Accountants of India, the required disclosure is given below.

Basic and diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year, by weighted average number of equity shares outstanding during the year.

	Year ended 31.03.2023	Year ended 31.03.2022
Net Profit attributable to Shareholders (Rs. In Crores)*	545.26	460.55
Weighted Average number of equity shares issued	4,50,00,000	4,50,00,000
Earnings per share of Rs. 10/- each (in Rs.) (Basic)	121.17	102.34
Earnings per share of Rs. 10/- each (in Rs.) (Diluted)	121.17	102.34

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earning per share of the Company remain the same.

There are no instruments (including contingently issuable shares) issued that could potentially dilute basic earnings per share in the future.

31 Capital and other commitments :

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs.0.05 crores (Previous Year :Rs.39.07 crores) and other Commitments Rs 29.47 crores (Previous Year :Rs.7.62 crores)

32 Contingent liabilities and Commitments :

- (i) Claims against company not acknowledged as debts (excluding interest) : Rs. 6.34 Crores (Previous Year : Rs. 6.34 Crores)
- (ii) A suit filed against the Company for damages / compensation amounting to Rs.NIL (Previous Year : Rs. Nil).
- (iii) On account of disputed demand of Income tax of Rs.197.40 Crores (Previous Year : Rs.115.81 Crores).The said amount includes Rs. 76.90 crores demand raised for AY 2020-21, the assessment order has been passed u/s 143(3) of the Income Tax Act, 1961, wherein credit for Advance Tax of Rs. 47.25 crores and TDS credit of Rs. 44.22 crores was not considered in the computation resulting to levy of interest u/s 234A & 234B of Rs. 19.51 Crores. And on account of demand of Dividend Distribution Tax (DDT) including interest thereon amounting to Rs. 22.98 Crores (previous year: Nil). Further, credit of dividend distribution tax of Rs. 16.65 crores was not considered in the computation resulting levy of interest of Rs. 6.33 Crore. The Company has filed an appeal to Commissioner of Income Tax (Appeals), National Faceless Appeal Center, New Delhi.
- (iv) On account of disputed demand of Service tax Rs.74.20 Crores plus interest as applicable the Company has filed appeal before CESTAT. (Previous Year :Rs.74.20 crores plus interest and penalty, as applicable)
- (v) Bank Guarantee Rs.4000 Crores (Previous year Rs.3000 Crores). (Also refer to Note 41)

Based on the legal opinion received by the company, Company is of the view that the above matters are not likely to have any material impact on financial position of the Company.

- 33 The Company's pending litigations comprise of claims against the Company and proceedings pending with Statutory, Regulatory and Tax Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, whenever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position. (Refer note 32 & 35)

- 34 In accordance with the relevant provisions of the Companies Act, 2013, the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses as of March 31, 2023 and March 31, 2022.

- 35 a) On February 24, 2021 the Storage Area Network (SAN) system of the Company was impacted due to certain issues in the links with telecom service providers, resulting in the primary SAN becoming inaccessible to the host servers. This also resulted in the risk management system and clearing and settlement system of the Company and other systems such as index and surveillance systems of National Stock Exchange of India (NSE) becoming unavailable leading to a decision to halt the Trading at NSE. The Company had submitted a root cause analysis of the incident to SEBI. SEBI vide its letter dated July 2, 2021 directed the Company to pay financial disincentive of Rs. 0.25 crores for not restoring its operations within the Recovery Time Objective (RTO). The Company paid the same on July 14, 2021. Further, in this regard, SEBI had issued a show cause notice on August 11, 2021 to the Company and some of its employees alleging non-compliance with certain paragraphs of SEBI circular dated October 8, 2015, September 13, 2017, March 26, 2019 and Regulation 12(6) read with Regulation 7(4)(g) of SECC Regulation 2018 for which detail response is filed. In this regard, the Company has taken necessary remedial actions and also filed consent application with SEBI on September 03, 2021, against this, during the year, preliminary hearing on maintainability of the said consent application had taken place and the Company has filed its revised consent terms on March 19, 2023. The revised consent application is under review with relevant authority at SEBI. The Company is of the view that pending conclusion of this matter with SEBI, a reliable estimate of any obligations in respect of this matter cannot be presently made and therefore no provision /adjustment to this effect has been made in the financial statements as of and for the Year ended March 31, 2023

- b) Company encountered an incident on November 01, 2021, which resulted in delay in securities pay-out in the cash segment. Pursuant to SEBI circular SEBI/HO/MRD1/DTCS/CIR/P/2021/590 dated July 05, 2021 an amount of Rs.1 Crore was payable to the Core Settlement Guarantee Fund (Core SGF) of NCL towards financial disincentive which is included in other expenses of previous year and the same has been transferred to the Core SGF on January 24, 2022.

- c) During the year ended March 31, 2022, SEBI had issued a show cause notice to the Company alleging non-compliance with certain paragraphs of SEBI circular dated December 17, 2018 for failure to share alerts with other exchange post interoperability. During the year ended March 31, 2023, SEBI levied penalty of Rs.0.25 crores to the Company, the same is included in other expenses for the year ended March 31, 2023. The same has been paid on February 9, 2023.

- 36 During the previous year ended March 31, 2022 contract pertaining to clearing and settlement system was terminated and an amount of Rs.83.86 crores was received towards the same. Accordingly, provision for impairment of intangible asset under development pertaining to the said contract made in year ended March 2021 amounting to Rs.68.23 crores has been reversed and the balance amount of Rs.15.63 crores is treated as settlement compensation. The same have been considered as exceptional items.

37 A Fair value measurement

(i) Fair Value Hierarchy:

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value and are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three level prescribed under the accounting standard. An explanation of each level follows underneath the table.

(Rs. In crores)					
Financial Assets and Liabilities measured at Fair Value - recurring fair Value measurements At March 31, 2023	Notes	Level 1	Level 2	Level 3	Total March 31, 2023
Financial Assets					
Financial Investments at FVPL					
Mutual Fund - Growth Plan	8	545.07	-	-	545.07
Total Financial Assets		545.07	-	-	545.07
Financial Liabilities					
Total Financial Liabilities			-	-	-

(Rs. In crores)					
Financial Assets and Liabilities measured at Fair Value - recurring fair Value measurements At March 31, 2022	Notes	Level 1	Level 2	Level 3	Total March 31, 2022
Financial Assets					
Financial Investments at FVPL					
Mutual Fund - Growth Plan	8	376.33	-	-	376.33
Total Financial Assets		376.33	-	-	376.33

The fair value of financial instruments as referred to in note above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements). The categories used are as follows :

- Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, exchange traded funds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, debentures, government securities and commercial papers) is determined using FIMMDA valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

There are no transfers between levels 1 and 2 during the period. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy level as at the end of reporting period.

ii) Valuation technique used to determine fair value :

Specific valuation techniques used to value financial instruments include:

- 1) The use of quoted market prices or dealer quotes for similar instruments in case of quoted equity shares, exchange traded funds and mutual funds.
- 2) The fair value of the unlisted equity instruments is determined using the price / book multiple (P/B) multiple approach.
- 3) All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, where the fair values have been determined as per 2 above.

(iii) Fair value measurements using significant unobservable inputs (level 3)

No item falling in level 3 during the restated period .

(iv) Valuation processes :

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO).

B Financial Instruments by category

	(Rs. In crores)			
	31-Mar-23		31-Mar-22	
	FVPL	Amortised Cost	FVPL	Amortised Cost
Financial Assets				
Investments				
Fixed Deposits	-	1,256.97	-	1,170.18
Mutual Funds	545.07	-	376.33	-
Trade receivables	-	62.73	-	46.75
Cash and Cash equivalents	-	5,158.62	-	9,320.34
Other financial assets	-	79.37	-	64.48
Total financial assets	545.07	6,557.69	376.33	10,601.75
Core SGF				
Fixed Deposits	-	528.98	-	786.78
Government securities & Treasury Bills	-	4,012.57	-	181.38
Other financial assets	-	27.50	-	44.31
Cash and Cash equivalents	-	222.47	-	2,927.38
Total financial assets	-	4,791.53	-	3,939.85
Financial Liabilities				
Deposits	-	1,776.14	-	1,219.94
Trade payable	-	29.96	-	20.83
Other financial liabilities	-	4,095.31	-	8,595.34
Total financial Liabilities	-	5,901.41	-	9,836.11

38 FINANCIAL RISK MANAGEMENT

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Assessment & Review Committee (RARC), which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The RARC is supported by Treasury department among others, that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Treasury department activities are designed to:

- protect the Company's financial results and position from financial risks
- maintain market risks within acceptable parameters, while optimising returns; and
- protect the Company's financial investments, while maximising returns.

The Treasury department is responsible to maximise the return on companies internally generated funds.

A MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintains a conservative funding and investment strategy, with a positive cash balance throughout the year ended 31st March, 2023 and 31st March, 2022. This was the result of cash generated from operating activities and investing activities to provide the funds to service the financial liabilities on a day-to-day basis.

The Company's treasury department regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated by the operating entities, over and above the amount required for working capital management and other operational requirements, is retained as cash equivalents (to the extent required), other highly liquid investments and excess is invested in interest bearing term deposits and other highly marketable debt investments including the government securities with appropriate maturities to optimise the returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.

	Carrying amount	Payable on demand	Less than 3 months	3-6 months	6-12 months	More than 12 months	Total
As at March 31, 2023							
Trade payables	29.96	-	29.96	-	-	-	29.96
Deposits	1,776.14	1,776.14	-	-	-	-	1,776.14
Creditor for Capital Expenditure	2.32	-	2.32	-	-	-	2.32
Margins From Members	3,867.33	3,867.33	-	-	-	-	3,867.33
Settlement Obligations payable	182.71	182.71	-	-	-	-	182.71
Other liabilities	42.95	-	42.95	-	-	-	42.95
As at March 31, 2022							
Trade payables	20.83	-	20.83	-	-	-	20.83
Deposits	1,219.94	1,219.94	-	-	-	-	1,219.94
Creditor for Capital Expenditure	0.81	-	0.81	-	-	-	0.81
Margins From Members	5,286.13	5,286.13	-	-	-	-	5,286.13
Settlement Obligations payable	3,268.33	3,268.33	-	-	-	-	3,268.33
Other liabilities	40.07	-	40.07	-	-	-	40.07

B MANAGEMENT OF MARKET RISK

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
1. PRICE RISK		
The Company is mainly exposed to the price risk due to its investment in mutual funds and exchange traded funds. The price risk arises due to uncertainties about the future market values of these investments.	In order to manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio in accordance with the limits set by the risk management policies.	As an estimation of the approximate impact of price risk, with respect to mutual funds and exchange traded funds, the Company has calculated the impact as follows.
At 31st March, 2023, the exposure to price risk due to investment in mutual funds amounted to Rs. 693.65 crores (March 31, 2022: Rs. 471.37 crores).	The Treasury department maintains a list of approved financial instruments. The use of any new investment must be approved by the Chief Financial Officer.	For mutual funds, a 0.25% increase in prices would have led to approximately an additional Rs. 1.73 crores gain in the Statement of Profit and Loss (FY 2021-22: Rs. 1.18 crores gain). A 0.25% decrease in prices would have led to an equal but opposite effect.

C MANAGEMENT OF CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

Trade and other receivables

Concentrations of credit risk with respect to trade receivables are limited, due to the Company's customer base being large and diverse and also on account of member's deposits kept by the company as collateral which can be utilised in case of member default. Further, amount lying in Core settlement Guarantee fund (CSGF) is available for utilisation in case of settlement default by member. All trade receivables are reviewed and assessed for default on a quarterly basis.

Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low.

Revenue from top customer is account for 95.37% (Previous Year 91%)

Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks, investments in commercial papers, government securities, investments in mutual funds and exchange traded funds. The Company has diversified portfolio of investment with various number of counter-parties which have secure credit ratings hence the risk is reduced. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Company's Treasury department.

The Company's maximum exposure to credit risk as at March 31, 2023 and March 31, 2022 is the carrying value of each class of financial assets as disclosed in note no. 4,5,6,8,10 and 11.

- 39 a) As per Section 135 of the Act, every Company having net worth of Rs. 500 crores or more or a Turnover of Rs. 1000 crores or more or a Net Profit of Rs. 5 crores or more during any financial year is required to spend at least 2% of its Average Net Profit made during the immediately 3 preceding financial years on the Corporate Social Responsibility (CSR) activities. The details of spending is as given below:

Particulars	(Rs. In crores)	
	Current Year	Previous Year
ii Amount required to be spent by the company during the year	7.84	6.05
ii Amount of expenditure incurred	5.88	6.05
iii Amount unspent*	1.96	-
iv Shortfall at the end of the year	-	-
v Total of previous years shortfall	-	-
vi Reason for shortfall	NA	NA
vii Provision for Contractual obligation	-	-

* The unspent amount of Rs. 1.96 Crores is towards ongoing project and same has been transferred to special account on 31st March 2023 in compliance with section 135(6) of the Companies Act 2013.

viii **Nature of CSR activities :**

NSE Foundation, a Section 8 Company and a subsidiary of National Stock Exchange of India Limited was incorporated in March 2018, as a common CSR function to undertake the CSR activities on behalf of the NSE Group Companies in line with the Group CSR Policy to create consolidated impact and avoid replication/ duplication of activities among the Group Companies. NSE Foundation currently undertakes CSR projects in the focus areas of Primary Education, Safe Drinking Water and Sanitation, Elder Care, Environment Sustainability, Skill Development, Health & Nutrition, Funding to Incubators and Disaster Relief & Rehabilitation.

ix **Details of related party transactions :**

	Current Year	Previous Year
Contribution To NSE Foundation	5.88	6.05

NSE Group incorporated NSE Foundation to undertake CSR activities for the Group. Accordingly, the Company has contributed to NSE Foundation to be spent on CSR activities as stated in the Group CSR policy which has been adopted by the Company as Company's CSR policy.

- b) Amount spent / contribution to NSE Foundation towards CSR during the year on:

		(Rs. In crores)			
	Particulars		In Cash	Yet to be paid in Cash	Total
i	Construction / acquisition of any asset	Current Year	-	-	-
		Previous Year	-	-	-
ii	On purposes other than (i) above (through Contribution to NSE Foundation)	Current Year	5.88	1.96	7.84
		Previous Year	6.05	-	6.05

40 Analytical Ratios

Sr. No.	Ratio	31.03.2023	31.03.2022	% Variance	Reason for variance >25%	Numerator	Denominator
1	Current Ratio	1.07	1.07	(0.08)		Current Assets	Current Liabilities
2	Debt –Equity Ratio	NA	NA		NIL Debt as on B/S date	Total Debt (Borrowing)	Shareholder’s Equity
3	Debt Service Coverage Ratio	NA	NA		NIL Debt as on B/S date	Earnings available for debt service	Debt Service
4	Return on Equity (ROE)	45%	50%	(9.28)		Net Profits after taxes less Pref.Dividend (if any)	Average Shareholder’s Equity
5	Inventory Turnover ratio	NA	NA		NIL Debt as on B/S date	Cost of goods sold OR sales	Average Inventory
6	Trade Receivables turnover ratio	11.83	8.90	32.89	Increase in Turnover	Net Credit Sales	Avg. Accounts Receivable
7	Trade payables turnover ratio	7.99	8.17	(2.15)	Increase in Other Expenditure	Net Credit Purchases	Average Trade Payables
8	Net capital turnover ratio	1.55	0.68	129.34		Net Sales	Working Capital
9	Net Profit Ratio	54%	63%	(14.94)		Net Profit	Net Sales/ Total Revenue
10	Return on capital employed	57%	46%	24.46		Earning before interest and taxes	Capital Employed =Tangible Net Worth + Total Debt + Deferred Tax Liability
11	Return on investment	5.81%	4.63%	25.49	Increase in Interest Rate	Income on Investment	Average Investment

- 41 Total bank guarantee provided by NCL in favour of ICCL towards Inter CCP collateral under interoperability framework as prescribed by SEBI as on March 31, 2023 Rs.4,000 crores and March 31, 2022 Rs.3,000 crores.
- 42 For the year ended March 31, 2023 and March 31, 2022, the Company is not required to transfer any amount into the Investor Education & Protection Fund as required under relevant provisions of the Companies Act, 2013.
- 43 The Code on Social Security, 2020 (Code) relating to employee benefits during employment and post-employment benefits has received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code comes into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 44 **Additional Regulatory Information required by Schedule III :**
- (i) **Wilful Defaulter**
The Company has not been declared wilful defaulter by any bank or financial institutions or government or any government authority.
- (ii) **Relationship with struck off Companies**
The Company has no transactions with the companies struck off under the Companies Act, 2013.
- (iii) **Compliance with approved scheme(s) of arrangements**
The Company has not entered into any scheme of arrangement which has an accounting impact on current of previous financial year.
- (iv) **Utilisation of Borrowed funds and Share premium**
No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds by the Company to or in any other person or entity, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (v) **Undisclosed Income**
There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- (vi) **Details of crypto currency of virtual currency**
The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.
- (vii) **Valuation of PP&E, intangible asset and investment property**
The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets during the current or previous year.
- (viii) **Registration of charges or satisfaction with Registrar of Companies**
There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.
- (ix) **Details of Benami Property held**
No proceedings have been initiated on or are pending against the company for holding benami under the Benami Transaction (Prohibition) Act, 1988 (45 of 1988) and Rule made thereunder.
- (x) **Title deeds of immovable properties not held in name of the company**
There are no immovable properties held in name of the company.
- 45 Previous year figures have been regrouped / reclassified wherever necessary.

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

For and on behalf of the Board of Directors

NARENDRA JAIN
Partner
Membership No.: 048725

BHAGYAM RAMANI
Chairperson
[DIN : 00107097]

VIKRAM KOTHARI
Managing Director
[DIN : 07898773]

Place : Mumbai
Date : May 10, 2023

AMIT AMLANI
Chief Financial Officer

RAVIN TANK
Company Secretary