NSE International Clearing

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Managing the clearing & risk landscape With robust and secure framework

5th Annual Report 2020-21

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS	: Prof. Samir K Barua (00211077) : Mr. Mukesh Agarwal (03054853) : Mr. Natarajan Ramasamy (07625814)
KEY MANAGERIAL PERSONAL	: Mr. Vivek Singhvi (Chief Executive Officer) : Mr. Nitin Bhadre (Chief Financial Officer) : Mr. Chirag Nagda (Company Secretary)
STATUTORY AUDITOR	: M/s Haribhakti & Co. LLP, Chartered Accountants,705, Leela Business Park, Andheri-Kurla Road, Andheri (E), Mumbai - 400 059.
REGISTERED OFFICE	: Unit-1202, Brigade International financial Centre, 12th floor, Block-14, Road 1c, Zone-1, GIFT SEZ, GIFT city, Gandhinagar Gujarat - 382355

BOARD'S REPORT

Dear Members:

Your directors are pleased to present the 5th Annual Report and the Audited Financial Statements of NSE IFSC Clearing Corporation Limited (the 'Company or NICCL') for the financial year ended March 31, 2021.

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

NICCL clears and settles trades executed on NSE IFSC Ltd, a subsidiary of NSE. NICCL has formulated the Rules, Regulations and Byelaws which are consistent with the Principles for Financial Market Infrastructures (PFMIs) issued by the Committee on Payment and Settlement Systems (CPSS) and International Organisation of Securities Commissions (IOSCO). NICCL has put in place a robust and comprehensive Risk Management System.

NICCL commenced its operations as a Clearing Corporation in the GIFT City, Gandhinagar, Gujarat, India with effect from June 5, 2017, after receiving approval from SEBI. The current renewal from SEBI is until May 28, 2021, and the application for renewal of recognition has been submitted by NICCL to IFSC Authority.

NICCL has the following types of clearing membership – Professional Clearing Member (PCM), Trading Cum Clearing Member (TMCM) and Trading Cum Self Clearing Member (TMSCM).

The various asset classes that are cleared and settled by NICCL are:

<table>
<tr><th>Category</th><th>Instrument Type</th><th>Key Features</th></tr>
<tr><td>Equity Index Derivatives</td><td>Futures & Options</td><td rowspan="4">• Trading Hours:
Session 1 - 08:00 17:00
Session 2 - 17:02 - 23:30
• Currency of Trade: US Dollars
• Contract Calendar: Weekly, Monthly, Quarterly expiries
• Margining: SPAN Based
• Settlement: Cash Settled
• Daily Settlement: T+1 Day</td></tr>
<tr><td>Single Stock Derivatives</td><td>Futures & Options</td></tr>
<tr><td>Currency Derivatives</td><td>Futures & Options</td></tr>
<tr><td>Commodity Derivatives (Non Agri)</td><td>Futures</td></tr>
</table>

Depository Receipts	DR	•**Trading Hours**: Session 1 - 08:00 17:00 Session 2 - 17:02 - 23:30 • **Currency of Trade**: US Dollars Trade for Trade settlement on a gross basis • **Daily Settlement**: T+2 Day

As on March 31, 2021, NICCL had 8 clearing members (5 Trading cum Clearing Members and 3 Trading cum Self Clearing Members). Clearing Banks are the key link between clearing members and NICCL for the settlement of funds. Members are required to maintain and operate clearing account with any one of the clearing banks empaneled with NICCL.

Initiatives and Major Events during FY 2020-21/ State of Companies Affairs

1. Introduced Rupee Derivative Contracts at IFSC by NSE IFSC & NICCL.
2. Provided Cross Margin benefit, across Rupee Derivative Contracts, at 90%.
3. Opened a depository account with Global ICSDs Clearstream Depository; the account is being used for accepting foreign collaterals and settlement of securities.
4. Subscribed to SWIFT messaging services that would be used to interact with Clearstream or with members for movement of securities to and from NICCL Depository Account.
5. NSE IFSC became the first International Exchange in GIFT City to list American Depository Receipts (ADRs), with Dr. Reddy's Laboratories Ltd being the first Indian corporate to do a secondary listing of its ADRs at NSE IFSC. NICCL would provide clearing and settlement of the ADRs.
6. Started accepting US Treasury Bills as collateral,
7. Submitted a Report for CII Identification to National Critical Information Infrastructure Protection Centre (NCIIPC).

Operational Updates

1. As of March 31, 2021, NICCL clears and settles derivative contracts on 3 Indices, 7 currency pairs, 2 commodities, and 140 single stocks.
2. NICCL has 6 IFSC Banking Units (IBU) for issuance of collateral and 5 Banks for clearing and settlement of funds.
3. NICCL has 8 clearing members, out of which 3 are self-clearing members and 5 are trading cum clearing members.
4. NICCL accepts Cash, Fixed Deposit Receipt, Bank Guarantee and US Treasury Securities as collateral.
5. SEBI has prescribed and shared a Cyber Capability Index (CCI) to gauge the cyber security preparedness for MIIs. Based on such guidelines, the CCI score of the Company for the quarter ended March 31, 2021, was 91.42.
6. As on March 31, 2021, the Core Settlement Guarantee Fund was USD 1.34 million.
7. The total value of the settlement for 2020-21 was USD 6.84 million. The highest monthly settlement in FY 2020-21 was USD 1.40 million for the month of January 2021. The details of operations for FY 2020-21 are as given in the table below:

Month	No. of Contracts Traded	Turnover* (in Mn $)	MTM Settlement + Premium Settlement (in $)	Final Settlement including Exercise Settlement (in $)	Total Settlement (in $)
Apr-20	360,099	813.51	2,39,018.75	1,79,635.15	290,928.50
May-20	33,5231	1,004.39	3,88,293.60	1,15,083.83	451,897.75
Jun-20	460,843	2,297.22	4,89,235.60	31,293.27	485,547.97
Jul-20	1,399,672	4,751.31	4,55,786.20	48,595.69	452,897.94
Aug-20	1,582,180	5,165.72	1,62,917.40	7,412.65	143,828.11
Sep-20	1,590,752	5,369.08	1,98,801.60	63,752.39	191,002.34
Oct-20	1,555,624	5,205.12	1,80,536.85	52,619.76	176,675.54
Nov-20	1,971,908	5,250.23	5,28,254.80	57,757.63	522,150.83
Dec-20	3,024,703	7,676.60	4,58,132.65	38,736.09	442,200.39
Jan-21	540,192	14,999.97	14,15,390.40	1,12,871.96	1,404,130.75
Feb-21	347,667	9,692.48	10,09,411.40	8,549.69	1,002,024.20
Mar-21	305,604	8,280.61	12,61,645.60	21,122.60	1,280,046.50

*Turnover includes the value of futures and the premium value of options.

Regulatory Updates

1. IFSC Authority Act 2019 came into effect on October 01, 2020 with the setting up subsequently of the IFSC Authority (IFSCA).
2. All the powers that were exercised by RBI, SEBI, IRDRA shall henceforth be exercised by the IFSC Authority.
3. IFSCA has given relaxation to NICCL from maintaining the net worth of Rs.100 crore or risk-based capital whichever is higher to Rs. 50 crore or risk-based capital whichever is higher till June 05, 2022.
4. IFSCA has given time till April 15, 2022, to comply with the requirement of a minimum of 10 clearing members.
5. IFSCA vide Notification dated April 16, 2021, has issued International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 which will be applicable w.e.f. May 15, 2021.

1. <u>Financials</u>

The financial results for the year ended on March 31, 2021, are summarized as below:

(Rs. in lakhs)

Particulars	2020-21	2019-20
Income	90.78	109.27
Expenditure	1,013.35	749.43
Profit/(Loss) before tax	(922.57)	(640.16)
Add/(Less) provision for tax (including deferred tax)	-	-
Profit/(Loss) after tax	(922.57)	(640.16)
Add/ (Less): Items that will not be reclassified to profit or loss	(150.36)	476.95
Add/(less): Income-tax relating to items that will not be reclassified to profit or loss	(0.19)	0.12
Total comprehensive income	(1,073.12)	(163.09)
Profit/(Loss) bought forward from previous year	(2,416.92)	(2,203.43)
Less: Contribution to core SGF	(99.54)	(49.87)
Less: Share issue expenses	(0.52)	(0.53)
Balance carried to Balance Sheet	(3,590.10)	(2,416.92)

There was no change in the nature of business during the FY 2020-21.

1.1. Dividend

In view of the loss incurred by the Company for the year under review, the Board of Directors did not recommend any dividend for the financial year 2020-21.

1.2. Transfer to Reserves

In view of the loss incurred by the company, no amount was available for transferring to General Reserves for the year 2020-21.

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

During the period under review, the Company did not grant any loan to any person or body corporate and did not provide any guarantee or security in connection with a loan to any person or body corporate. Further, the Company did not make any investment/ acquisition in terms of Section 186 of the Companies Act, 2013 during the financial year 2020-21.

1.4. Contracts or Arrangements with Related parties

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

1.5. Adequacy of Internal Financial Controls

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

1.6. Subsidiaries, Joint Ventures and Associate Companies

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

1.7. Deposits

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

1.8. Risk Management

The Company has formulated a comprehensive enterprise risk management policy. The policy covers the identification and assessment of different elements of risk and specifies measures to mitigate their impact on the Company's functioning. The Risk Management Committee of the Board meets periodically to review the robustness and adequacy of the Company's risk management policy.

1.9. Material Changes and Commitments , if any, affecting the 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 during the FY 2020-21 or which have occurred between the end of the FY 2020-21 and the date of this Report, that adversely affected the financial position of the Company.

The Company received approval from SEBI vide its email dated May 26, 2020, granting recognition as a Clearing Corporation for a period of one year effective from May 29, 2020, to May 28, 2021.

1.10. Significant Orders passed by the Regulators or Courts or Tribunals Impacting the Company

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

1.11. Explanations or Comments on the Auditor's Report

The report of the Statutory Auditor forms part of the financial statements. There were no qualifications, reservations, adverse remarks or disclaimers by the Statutory Auditors (appointed under Section 139 of the Companies Act, 2013) in their report.

1.12. Reporting of frauds by Auditors

During the year under review, neither the statutory auditors nor the secretarial auditors reported to the Board of Directors under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against NICCL by its officers or employees.

1.13. Share Capital

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

During the year under review, the paid-up share capital of the company was increased to Rs. 90 crore divided into 9 crore equity shares of Rs. 10 each through additional allotment of 1,00,00,000 equity shares of Rs. 10/- each at par to NSE Clearing Limited, on rights basis.

2. Registered Office

The registered office of the Company is situated at Unit-1202, Brigade international financial center, 12th floor, Block-14, Road 1C, Zone-1, GIFT SEZ, GIFT CITY, Gandhinagar Gujarat – 382355.

3. Extract of the Annual Return

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

4. Human Resources

The Company considers its employees as the most valuable resource and ensures strategic alignment of Human Resource practices to business priorities and objectives. As on March 31, 2021, the Company had a dedicated human capital of 10 employees which included 4 employees on rolls of NICCL, 1 employee on deputation from NSE and 5 employees on deputation from NSE Clearing Limited.

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

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

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

1	Number of complaints of sexual harassment received during the year ended March 31, 2021.	**NIL**
2	Number of complaints disposed of during the year ended March 31, 2021.	**Not applicable**
3	Number of cases pending for more than ninety days.	**Not applicable**
4	Number of workshops or awareness programs against sexual harassment carried out.	**Awareness program was conducted for all employees and online training on POSH was conducted for all employees.**
5	Nature of action taken by the employer.	**Not applicable**

5. Directors and Key Managerial Personnel (KMP)

5.1. Directors:

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

The first term of Prof. Samir Kumar Barua as an Independent Director came to an end on November 07, 2020. The Board of Directors at its meeting held on October 26, 2020, approved the re-appointment of Prof. Samir Kumar Barua as Independent Director of the Company for a period of two years with effect from November 8, 2020. The said re-appointment was approved by the Shareholders at the Extra-Ordinary General Meeting of the Members held on October 30, 2020, in compliance with the applicable provisions of the Companies Act, 2013.

The Board of Directors declare that the Independent Director reappointed during the year has the requisite qualifications, knowledge, experience and expertise to act as an Independent Director of the Company and possesses the highest standards of integrity.

5.2. 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 NICCL have complied with the aforesaid requirement.

5.3. 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.

5.4. Declaration of Independence

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

In terms of section 149 (7) of the Companies Act, the Independent Director shall enroll his / her name in the Databank, being maintained by the Indian Institute of Corporate Affairs to qualify as an Independent Director. The enrollment of Prof. Samir Kumar Barua has been completed and he has furnished the declaration affirming his compliance to the Board with the provisions contained under sub rule 1 & 2 of Rule 6 of Companies (Appointment & Qualification of Directors) Rules. The Independent Director of the Company has served for more than three years on board of listed entities and hence shall not be required to pass the online proficiency self-assessment test as per the proviso to Rule 6(4) of Companies (Appointment and Qualification of Directors) Rules, 2014.

All the Directors of the Company also adhere to the Fit and Proper person criteria norms as specified in SEBI SECC Regulations.

5.5. Directors Retiring by Rotation

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

5.6. Key Managerial Personnel

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

6. NICCL Board

6.1. Board Evaluation

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

Despite the above, NICCL carried out an evaluation of the Board of Directors. The evaluation was done using a questionnaire that was responded to by the Board members. The questionnaire sought response from the directors on several aspects that included vision and strategy of the company, effectiveness of Board processes, and adequacy of information provided by management to the Board. The performance of the Chairman of the Board and the other members of the Board was also evaluated through an appropriate questionnaire that was responded to by the Board members.

6.2. Number of Board Meetings

Regular Meetings of the Board were held to discuss and decide on all relevant aspects of the functioning of the organization. The tentative schedule of Board Meetings to be held in any financial year is circulated to the Directors in advance to enable them to plan their schedule and ensure participation in the meetings.

During the financial year 2020-21, 6 (six) Board Meetings were held on June 15, 2020, July 24, 2020, September 20, 2020, October 26, 2020, January 25, 2021, and March 12, 2021. Ministry of Corporate Affairs vide its General Circular No. 11/2020 dated March 24, 2020, had relaxed the requirement pertaining to the intervening gap between the meetings as prescribed under Section 173 of the Companies Act, 2013. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

The details of the attendance of the directors at the meetings held on the above dates are given in the table hereunder:

Name	Number of meetings held during membership	Number of meetings attended
Prof. Samir K Barua	6	6
Mr. Natarajan Ramasamy	6	6
Mr. Mukesh Agarwal	6	6

6.3. Risk Management Committee (RMC)

During the financial year 2020-21, 4 (four) meetings of the RMC were held on June 15, 2020, July 24, 2020, October 26, 2020, and January 25, 2021.

The details of the attendance of the Members at the meetings held on the above dates are given in the table hereunder:

Name	Number of meetings held during membership	Number of meetings attended
Prof. Samir K. Barua	4	4
Mr. Natarajan Ramasamy	4	4
Mr. Huzefa Mahuvawala	4	4

6.4. Audit Committee

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

6.5. Corporate Social Responsibility Committee (CSR)

In terms of the MCA notification dated January 4, 2017, the IFSC Public Companies are exempted from complying with the provisions of Section 135 of the Companies Act, 2013, for a period of five years from the commencement of business and hence the Company is not required to constitute CSR Committee to discharge the functions mandated under the provisions of Section 135 of the Companies Act, 2013.

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

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

During the year under review, none of the Non-Executive Directors was drawing any remuneration from the Company. The sitting fees were paid to Prof Samir Kumar Barua, Independent Director and Mr. Natarajan Ramasamy, Non-Executive Director of the Company and the same was in accordance with the provisions of the Companies Act, 2013 and the Rules thereunder.

6.7. Directors' Responsibility Statement

Your Directors confirm that:

i. The applicable accounting standards have been followed along with proper explanation relating to material departures, if any, in the preparation of the annual accounts.

ii. They selected accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent to give a true and fair view of the state of affairs of the Company as of 31st March 2021 and of the loss of the Company for the year ended 31st March 2021.

iii. They took proper care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Co mpany and for preventing frauds and other irregularities.

iv. They ensured that the annual accounts were prepared on a going concern basis.

v. They laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and effective.
Explanation: For the purposes of this clause, the term "internal financial controls" means the policies and procedures adopted by the company 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.

vi. They devised proper systems to ensure compliance with the provision of all applicable laws and such systems were adequate and effective.

7. Statutory Auditors

M/s. Haribhakti & Co. LLP, Chartered Accountants, Mumbai, were appointed as Statutory Auditors of the Company at the 1st Annual General Meeting held on September 12, 2017, for a period of 5 (five) years from the conclusion of 1st Annual General Meeting till the conclusion of 6th Annual General Meeting to be held in the year 2022.

The requirement of seeking ratification of the members for the continuance of their appointment has been withdrawn consequent to the changes made by the Companies (Amendment) Act, 2017 with effect from May 07, 2018. Hence the resolution seeking ratification of the members for their appointment is not being placed at the ensuing Annual General Meeting.

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

The Report given by the Statutory Auditors on the financial statements of the Company forms a part of the Annual Report.

8. Secretarial Audit

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed M/s Umesh Ved & Associates, Company Secretaries to undertake the Secretarial Audit of the Company for the Financial Year 2020-21. The Secretarial Audit Report issued by them is annexed herewith as Annexure 1. The report does not contain any qualifications, reservations or adverse remarks. The Company has appointed M/s. Kashyap R Mehta & Associates as the Secretarial Auditors of the Company to conduct the audit for a period of 3 years from the FY 2021-22 onwards.

9. Cost Audit/Cost Records

Pursuant to the provisions of Section 148 of the Act and the Companies (Cost Records and Audit) Rules, 2014, the Company is not required to maintain cost records and to appoint cost auditors during the year.

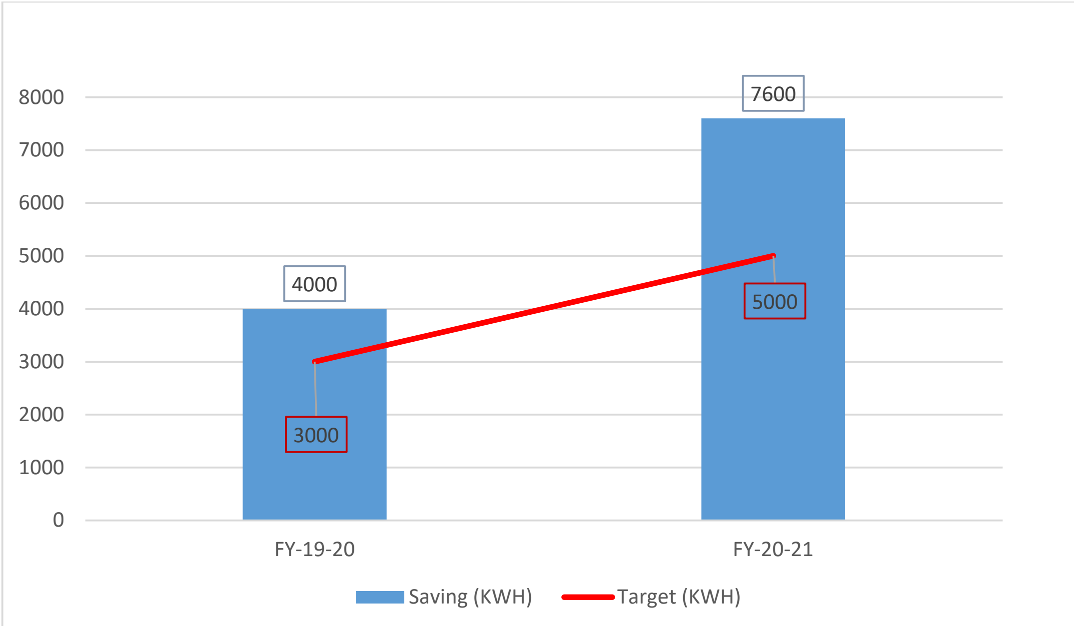
10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

10.1. Conservation of Energy

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

General Lighting System, PAC System and Power distributions system:

(A) LED lights have been used for office area lighting in place of conventional CFL type lights. LED lights consume less energy and have more longevity and reliability than that of conventional CFL lights.
(B) Regular maintenance of Precision Air Conditioning (PAC) system for Data Centre Cooling and Maintaining of optimum thermal parameters at PAC units has reduced the electrical energy consumption.
(C) Maintained unity power factor in distributions system.



Occupancy Sensors:

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

Energy Conservative Measures taken up for the building by GIFT City Limited

District Cooling System (DCS):

The office air conditioning is being fed from GIFT's District Cooling System with state-of-the-art technology with Thermal Energy Storage System. This has resulted in reduction of electricity consumption towards operation of Air-Conditioning System in NSE IFSC's office area by around 2800 Tr-Hr per year as compared to conventional AC System.

10.1.1. Foreign Exchange earnings/outgo

There was no foreign exchange earnings during the year ended March 31, 2021. However, the foreign exchange inflow during the said year was USD 13,34,884.86 received towards equity contribution from NSE Clearing Limited, holding company.

11. 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 your Company.

12. DIFFERENCE IN AMOUNT OF THE VALUATION

MCA has vide Companies (Accounts) Amendment Rules, 2021, effective from April 01, 2021 amended the 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 your as there was no such instance of either settlement or loan from a Bank or Financial Institution during the year under review.

13. COVID – 19

The Coronavirus (COVID-19) 'pandemic' has created an unprecedented situation with severe negative impact on lives and livelihoods of people across the world. The Government of India and various State Governments took several measures to combat the spread and transmission of the virus. Despite that, in the last couple of months, there has been a sudden rise in coronavirus cases across the country in a devastating second wave of the virus. While fresh restrictions in the movement of people have been imposed by various State Governments, the focus now is on vaccination of people in phases to bring the spread and transmission of the virus under control.

NSE Group has always been committed to supporting the Government in the nation's battle against the pandemic and in aiding to alleviate the difficulties faced by the ecosystem due to COVID-19. As a part of its commitment, the NSE Group last year had contributed towards PM Cares Fund and certain State Government funds and ensured all necessary compliances for combating the spread of the COVID-19 in the country.

NSE Group continues to take various initiatives to deal with COVID -19. The key specific measures are briefly described: (i) Being classified as essential services, only critical staff (with sufficient redundancies/backups) required to run the Exchange/Clearing Corporation are working onsite and the other staff continues to Work from Home. Further, critical staff who are still to be vaccinated as per age criteria are required to undergo RT-PCR test every fortnight, with the testing being arranged by the Companies, (ii) The operating model has inbuilt resiliency in place including a robust technology and security infrastructure to ensure that sufficient controls, checks and balances are in place to ensure market integrity and continuity. Implementation of a zero trust model with multi layered checks and balances ensures that the cybersecurity controls are robust and the data and processes are secure, (iii) Safety of staff on premises is ensured through stringent measures that include regular sanitization, temperature checks, ban of visitors, employee official travel restrictions, frequent cleaning of office infrastructure, checks to ensure staff are not coming from containment zone, wearing of masks, setting up of isolation room with oximeter and oxygen cylinders, and ensuring strict social distancing, (iv) Covid helpdesk has been created for immediate reach to assist employees and their family members to avail of the Group Companies' health insurance facilities, (v) Reimbursement of cost of vaccination to all employees and their dependent family members as and when eligible. The Group Companies are fully compliant with all guidelines on COVID-19 issued by the Ministry of Health and Family Welfare from time to time.

14. Acknowledgment

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

For and on behalf of the Board of Directors

Prof. Samir Kumar Barua
DIN-00211077
Chairman

Place: Ahmedabad

Date: April 30, 2021

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Annexure-1

UMESH VED & ASSOCIATES
Company Secretaries
304, Shoppers Plaza-V, Opp. Municipal Market, C. G. Road, Navrangpura, Ahmedabad - 380 009.
Telefax : (0) +91 79 26464153, 48904153 • Moblie +91 98250 35998
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SECRETARIAL AUDIT REPORT

FOR THE YEAR ENDED ON 31ST MARCH, 2021

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives was done in electronic form using the Information Technology Tools due to CO VID - 19, during the conduct of secretarial audit. We hereby report that in our opinion the company has during the audit period covering the year ended on 31" March 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent , in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the year ended on 31•1 March, 2021 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018

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

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable to the Company during the Audit Year)**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/ The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;(Not **Applicable to the Company during the Audit Year)**

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable to the Company during the Audit Year)**

(d) The Securities and Exchange Board of India (Share Based Employee Bene fits) Regulations, 2014; **(Not Applicable to the Company during the Audit Year)**

(e) T he Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the Audit Year)**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the Company during the Audit Year)'and**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable to the Company during the Audit Year**)

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

1. The Securities Contract (Regulations) Act, 1956
2. The Securities and Exchange Board of India Act, 1992
3. The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012
4. Securities And Exchange Board Of India (International Financial Services Centres) Guidelines, 2015
5. Special Economic Zone Act, 2005 and SEZ Rules 2006
6. IFSCA/ SEBI IFSC guidelines
7. Rules, Regulations, Circulars, Orders, notification and Directives issued under the above statue to the extent applicable.

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

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

We further report that:

Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no 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.

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

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

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

We further report that during the year under review i.e. 2020-21, the· Company had announced Rights Issue of 50, 00,000 of its equity shares of face value of Rs. 10/ - per share at par to the Shareholder of the company on a right basis and the same was approved in Board Meeting dated 20.01.2020 allotted by Circular resolution 3/ 2020-21 by the Board of Director of the company on 26.06.2020.

We further report that during the year under review i.e. 2020-21, the Company had announced Rights Issue of 50, 00,000 of its equity shares of face value of Rs. 10/ - per share at par to the Shareholder of the company on a right basis and the same was approved in Board Meeting dated 26.10.2020 and allotted by Circular resolution 4/ 2020-21by the Board of Director of the company on 08.12.2020 .

Place: Ahmedabad
Date: 19/04/2021

Umesh Ved
Umesh Ved & Associates
Company Secretaries
C.P. N o.: 2924
F.C.S No.: 4411
UDIN: F004411C000132308

CS

UMESH VED & ASSOCIATES
Company Secretaries
304, Shoppers Plaza-V, Opp. Municipal Market, C. G. Road, Navrangpura, Ahmedabad - 380 009 .
Telefax : (0) +91 79 26464153 , 48904153 • Moblie + 91 98250 35998
E mail : info@umeshvedcs.com, umeshvedcs.office@ airtelmail.in • Website : www.umeshvedcs.com

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

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit .

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Ahmedabad
Date: 19/04/2021

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

INDEPENDENT AUDITOR'S REPORT

To the Members of NSE IFSC Clearing Corporation Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of NSE IFSC Clearing Corporation Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, of the state of affairs of the Company as at March 31, 2021, its loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Ind AS financial statements.

Other Information

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

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Ind AS financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

(1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(2) As required by section 143(3) of the Act, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account

d. In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

e. On the basis of the written representations received from the directors as on March 31, 2021, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2";

g. With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act:

In our opinion and to the best of our information and according to the explanations given to us, no managerial remuneration has been paid / provided by the Company to its directors during the year. Accordingly, the provisions of section 197 of the Act are not applicable to the Company;

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, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company does not have any pending litigations which would impact its financial position;

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

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

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

Sumant Sakhardande

Membership No.: 034828

UDIN: 21034828AAAACO9580

Place: Mumbai

Date: April 30, 2021

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section in the Independent Auditor's Report of even date to the members of NSE IFSC Clearing Corporation Limited on the Ind AS financial statements for the year ended March 31, 2021.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Ind AS financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

(i)

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) During the year, the fixed assets of the Company have been physically verified by the management and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) The Company does not hold any immovable property during the year. Accordingly, the provisions of clause 3(i)(c) of the Order is not applicable to the Company.

(ii) The Company is in the business of providing services and does not have any physical inventories. Accordingly, clause 3(ii) of the Order is not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, clause 3(iii) of the Order is not applicable to the Company.

(iv) The Company has not granted any loan, made any investment or provided any guarantee or security to the parties covered under section 185 and 186 of the Act. Accordingly, clause 3(iv) of the Order is not applicable to the Company.

(v) In our opinion, the Company has not accepted any deposits from the public within the provisions of sections 73 to 76 of the Act and the rules framed there under. Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of section 148 of the Act and the rules framed there under.

(vii)

(a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, income tax, goods and services tax (GST), customs duty, cess and any other material statutory dues applicable to it. During the year 2017-18, sales tax, value added tax, service tax and duty of excise subsumed in GST and are accordingly reported under GST.

No undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, GST, customs duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) There are no dues with respect to income tax, sales tax, service tax, value added tax, GST, customs duty, excise duty which have not been deposited on account of any dispute.

(viii) During the year, the Company has not taken any loans or borrowings from any financial institution, bank or government nor has it issued any debentures. Accordingly, clause 3(viii) of the Order is not applicable to the Company.

(ix) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) or term loans during the year. Accordingly, clause 3(ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.

(xi) No managerial remuneration has been paid / provided for the year by the Company. Accordingly, clause 3(xi) of the Order is not applicable to the Company.

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, clause 3(xii) of the Order is not applicable to the Company.

(xiii) All transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of Act, where applicable, and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, clause 3(xiv) of the Order is not applicable to the Company.

(xv) The Company has not entered into any non-cash transactions with directors or persons connected with them during the year and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 103523W / W100048

Sumant Sakhardande

Partner
Membership No.: 034828
UDIN: 21034828AAAACO9580
Place: Mumbai
Date: April 30, 2021

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of NSE IFSC Clearing Corporation Limited ("the Company") on the Ind AS Financial Statements for the year ended March 31, 2021]

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

We have audited the internal financial controls with reference to financial statements of the Company as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

Sumant Sakhardande

Partner

Membership No.: 034828

UDIN: 21034828AAAACO9580

Place: Mumbai

Date: April 30, 2021

NSE IFSC CLEARING CORPORATION LIMITED

BALANCE SHEET AS AT MARCH 31, 2021

(Rs. in Lakhs)

Particulars	Notes	As at 31.03.2021	As at 31.03.2020
ASSETS			
Non-current assets			
Property, plant and equipment	2	**161.85**	52.13
Right-Of-Use Assets (ROU)	2	**93.92**	105.06
Other intangible assets	3	**287.12**	410.50
Intangible assets under development	3	**39.59**	-
Financial assets			
- Other financial assets			
Non-current bank balances	4	**4,704.30**	150.77
Others	4	**11.70**	14.77
Income tax assets (net)		**18.85**	14.29
Total non-current assets		**5,317.33**	747.52
Investments - Core Settlement Guarantee Fund	5	**1,027.66**	933.76
Current assets			
Financial assets			
- Cash and cash equivalents	6	**982.14**	1,204.97
- Bank balances other than cash and cash equivalents	7	**485.13**	4,793.04
- Other financial assets	8	**15.71**	7.76
Other current assets	9	**46.48**	1.89
Total current assets		**1,529.46**	6,007.66
TOTAL ASSETS		**7,874.45**	7,688.94
EQUITY AND LIABILITIES			
EQUITY			
Equity Share capital	10a	**9,000.00**	8,000.00
Other Equity	10b	**(3,590.10)**	(2,416.92)
TOTAL EQUITY		**5,409.90**	5,583.08
Core Settlement Guarantee Fund (Core SGF)	11	**1,027.66**	933.76
LIABILITIES			
Non-current liabilities			
Financial liabilities			
- Lease Liability		**105.19**	110.74
Provisions	12	**1.54**	0.87
Total non-current liabilities		**106.73**	111.61
Current liabilities			
Financial liabilities			
- Lease Liability		**2.14**	1.44
- Trade payables	13		
(i) total outstanding dues of micro enterprises and small enterprises		**0.19**	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**177.22**	245.70
- Deposits	14	**477.85**	426.01
- Other financial liabilities	15	**634.42**	358.26
Provisions	16	**4.13**	2.55
Other current liabilities	17	**34.20**	26.55
Total current liabilities		**1,330.15**	1,060.49
TOTAL LIABILITIES		**2,464.54**	2,105.86
TOTAL EQUITY AND LIABILITIES		**7,874.45**	7,688.94

Summary of significant accounting policies 1

Notes refer to above form an integral part of the Balance Sheet

As per our report of even date attached

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W / W100048

Sumant Sakhardande
Partner
Membership No.: 034828

Place : Mumbai
Date : April 30, 2021

For and on behalf of the Board of Directors

Samir K Barua
Director
[DIN:00211077]

Mukesh Agarwal
Director
[DIN:03054853]

Vivek Singhvi
Chief Executive Officer

Nitin Bhadre
Chief Financial Officer
Place : Mumbai
Date : April 30, 2021

Chirag Nagda
Company Secretary
[ACS:23491]

NSE IFSC CLEARING CORPORATION LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2021

(Rs. in lakhs)

Particulars	**Notes**	For the year ended 31.03.2021	For the year ended 31.03.2020
Income			
Revenue from operations		**-**	-
Other income	18	**90.78**	109.27
Total Income		**90.78**	109.27
Expenses			
Employee benefits expense	19	**161.46**	149.17
Finance cost		**9.56**	9.09
Depreciation and amortisation expense	2 & 3	**184.70**	141.91
Other expenses	20	**657.63**	449.26
Total Expenses		**1,013.35**	749.43
Profit /(Loss) before tax		**(922.57)**	(640.16)
Less : Tax expense			
Current tax		**-**	-
Deferred tax		**-**	-
Total tax expenses		**-**	-
Profit / (Loss) for the period (A)		**(922.57)**	(640.16)
Other Comprehensive Income			
Items that will be reclassified to profit or loss			
Changes in foreign currency translation reserve		**(150.36)**	476.95
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		**(0.19)**	0.12
Total Other Comprehensive Income for the period (Net of Taxes) (B)		**(150.55)**	477.07
Total Comprehensive Income for the period (A+B)		**(1,073.12)**	(163.09)
Earnings per equity share (Face Value Rs. 10 each)			
- Basic & Diluted (Rs.)	21	**(1.08)**	(0.82)
Summary of significant accounting policies	1		

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

As per our report of even date attached

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W / W100048

Sumant Sakhardande
Partner
Membership No.: 034828

Place : Mumbai
Date : April 30, 2021

For and on behalf of the Board of Directors

Samir K Barua
Director
[DIN:00211077]

Mukesh Agarwal
Director
[DIN:03054853]

Vivek Singhvi
Chief Executive Officer

Nitin Bhadre
Chief Financial Officer
Place: Mumbai
Date : April 30, 2021

Chirag Nagda
Company Secretary
[ACS:23491]

NSE IFSC CLEARING CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED MARCH 31, 2021

(A) **Equity Share Capital**

	(Rs.in Lakhs)
Balance as at 01.04.2019	**7,500**
Changes in equity share capital during the period	500
Balance as at 31.03.2020	**8,000**
Balance as at 01.04.2020	**8,000**
Changes in equity share capital during the period	1,000
Balance as at 31.03.2021	**9,000**

(B) **Other Equity** (Rs. in Lakhs)

	Reserves and Surplus			
Particulars	**Retained Earnings**	**Foreign Currency Translation Reserve**	**Other Comprehensive Income**	**Total**
Balance as at April 1, 2019	(2,396.66)	195.20	(1.97)	(2,203.43)
Profit /(Loss)for the period	(640.16)	-	-	(640.16)
Changes in Foreign Currency Translation Reserve through Other Comprehensive Income	-	476.95	-	476.95
Contribution to Core SGF	(49.87)	-	-	(49.87)
Share issue expenses	(0.53)	-	-	(0.53)
Other Comprehensive Income	-	-	0.12	0.12
Balance as at March 31, 2020	(3,087.22)	672.15	(1.85)	(2,416.92)
Balance as at April 1, 2020	**(3,087.22)**	**672.15**	**(1.85)**	**(2,416.92)**
Profit /(Loss)for the period	(922.57)	-	-	(922.57)
Changes in Foreign Currency Translation Reserve through Other Comprehensive Income	-	(150.36)	-	(150.36)
Contribution to Core SGF	(99.54)	-	-	(99.54)
Share issue expenses	(0.52)	-	-	(0.52)
Other Comprehensive Income	-	-	(0.19)	(0.19)
Balance as at March 31, 2021	**(4,109.85)**	**521.79**	**(2.04)**	**(3,590.10)**

As per our report of even date attached
For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W / W100048

Sumant Sakhardande
Partner
Membership No.: 034828

Place : Mumbai
Date : April 30, 2021

For and on behalf of the Board of Directors

Samir K Barua
Director
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[DIN:03054853]

Vivek Singhvi
Chief Executive Officer

Nitin Bhadre
Chief Financial Officer
Place : Mumbai
Date : April 30, 2021

Chirag Nagda
Company Secretary
[ACS:23491]

NSE IFSC CLEARING CORPORATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

(Rs. in Lakhs)

Particulars	Notes	For the year ended 31.03.2021	For the year ended 31.03.2020
A) **CASH FLOW FROM OPERATING ACTIVITIES**			
NET PROFIT BEFORE TAX		**(922.57)**	(640.16)
Add : Adjustments for :			
Depreciation & Amortization Expenses	2 & 3	**184.70**	141.91
Re-measurement of defined benefits plans		**(0.19)**	0.12
Finance Cost		**9.56**	7.12
Less : Adjustments for :			
Interest income on bank deposits	18	**(90.78)**	(109.26)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**(819.28)**	(600.27)
Adjustments for :			
Proceed of Deposit from Trading member / applicant	14	**51.85**	93.91
Trade Payables	13	**(68.29)**	(920.39)
Other financial liabilities	15	**276.16**	(416.85)
Other financial assets	4	**(1.02)**	1.35
Other current assets	9	**(44.58)**	0.13
Current Liabilities & Provisions	16 & 17	**10.09**	(39.94)
CASH GENERATED FROM OPERATIONS		**(595.07)**	(1,882.05)
Direct Taxes paid (Net of Refunds)		**(4.56)**	(14.07)
NET CASH FROM (USED IN) OPERATING ACTIVITIES - Total (A)		**(599.63)**	(1,896.12)
B) **CASHFLOW FROM INVESTING ACTIVITIES**			
Purchase of Fixed Assets	2 & 3	**(208.98)**	(76.62)
Investment in fixed deposits	4 & 7	**(245.62)**	(338.22)
Interest received	18	**88.80**	110.03
NET CASH FROM (USED IN) INVESTING ACTIVITIES - Total (B)		**(365.80)**	(304.81)
C) **CASHFLOW FROM FINANCING ACTIVITIES**			
Proceeds from Issue of Equity Shares	10a	**1,000.00**	500.00
Share Issue Expense	10b	**(0.52)**	(0.53)
Increase in Core SGF	10b	**(95.57)**	(49.87)
Payment of Lease Liability		**(10.95)**	(10.43)
NET CASH FROM (USED IN) FINANCING ACTIVITIES - Total (C)		**892.96**	439.16
Changes on account of conversion of balances from functional currency to presentation currency		**(150.36)**	476.95
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**(222.83)**	(1,284.82)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	**1,204.97**	2,489.79
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	**982.14**	1,204.97
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(222.83)**	(1,284.82)
Reconciliation of cash and cash equivalents as per the cash flow statement			
Cash and cash equivalents as per above comprise of the following			
Cash and cash equivalents	6	**982.14**	1,204.97
Bank overdrafts		**-**	-
Balances per statement of cash flows		**982.14**	1,204.97

Notes to Statement of Cash Flows:

1. The above Statement has been prepared under the "Indirect Method" as set out in the Ind AS - 7 on Statement of Cash Flows.
2. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current period classification / disclosure.

As per our report of even date attached

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W / W100048

For and on behalf of the Board of Directors

Sumant Sakhardande
Partner
Membership No.: 034828

Samir K Barua
Director
[DIN:00211077]

Mukesh Agarwal
Director
[DIN:03054853]

Vivek Singhvi
Chief Executive Officer

Place : Mumbai
Date : April 30, 2021

Nitin Bhadre
Chief Financial Officer

Chirag Nagda
Company Secretary
[ACS:23491]

Place: Mumbai
Date : April 30, 2021

NSE IFSC CLEARING CORPORATION LIMITED

Notes to financial statements for the year ended March 31, 2021

1. Background and Summary of significant accounting policies:

The NSE IFSC Clearing Corporation Ltd. (NICCL or the Company), a wholly owned subsidiary of NSE Clearing Limited (Formerly known as National Securities Clearing Corporation Ltd. (NSCCL)), was incorporated in December 2, 2016. It is set up to operate a clearing corporation as a unit in an International Financial Service Centre (IFSC) in India.

During the FY 2020-21, the Government of India has notified International Financial Services Centres Authority (IFSCA) as a unified authority for the development and regulation of financial products, financial services and financial institutions in the International Financial Services Centre (IFSC) in India. Accordingly, w.e.f October 1, 2020 the operations of the Company will be governed by the regulations issued by IFSCA from time to time.

Summary of significant accounting policies:

This note provides a list of the significant accounting policies adopted in the preparation of Indian Accounting Standard (Ind AS) financial statements ("Ind AS financial statements"). These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, and the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Amendment Rules. Accounting policies have been consistently applied and are consistent with those used in the previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements were authorised for issuance by the Company's Board of Directors on April 30, 2021.

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 considers the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

b) Foreign currency translation and transactions

(i) Functional and presentation currency:
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company is USD.

The financial statements are presented in Indian currency (INR), which is the Company's presentation currency.

(ii) Transactions and balances:
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognised in Statement of Profit and Loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in Statement of Profit and Loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

(iii) Translation to the presentation currency:
The financial statements are translated from functional currency to presentation currency by using the following procedures:
(a) assets and liabilities for each balance sheet presented (i.e. including comparatives) shall be translated at the closing rate at the date of that balance sheet;
(b) income and expenses for each Statement of Profit and Loss presented (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
(c) all resulting exchange differences shall be recognised in other comprehensive income.

c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of allowances, incentives, taxes and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised in the period when the service is provided as per arrangements/agreements with the customers. The sources of revenue are:

(i) Clearing and Settlement charges, IT & support charges and processing charges are recognized on accrual basis as and when the services are rendered.;
(ii) Income excludes applicable taxes and other levies.

In respect of members who have been declared as defaulters by the Company all amounts (dues) remaining to be recovered, net of available security and insurance cover available if any, till the date of being declared as defaulters are written off as bad debts. All subsequent recoveries are accounted when received.

Penal charges in respect of shortages due from the respective member is recognised in the Statement Profit and Loss as part of other revenue to the extent such charges are recoverable in the period of declaration of default.

Insurance claims are accounted on accrual basis when the claims become due and payable.

The Company considers the terms of the contract in determining the transaction price. The transaction price is based upon the amount the Company expects to be entitled to in exchange for transferring of promised services to the customer after deducting allowances and discounts etc. Revenue excludes any taxes and duties collected on behalf of the government.

The Company is not recognising any revenue as of now as there is waiver of transaction charges in IFSC exchange on which Clearing & Settlement charges are levied.

d) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

The current income tax charge is calculated based on 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 based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet approach, on deductible and taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax asset is recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

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

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

Current and deferred tax is recognised in Statement of Profit and 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.

Deferred tax assets and liabilities are not recognised as of now as there is tax exemption for ten years to IFSC companies.

e) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

f) Cash Flow Statements & Cash and cash equivalents

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

Cash and Cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These do not include bank balances earmarked/restricted for specific purposes.

g) Trade receivables

Trade receivables are recognised initially at fair value and subsequently allowances for receivables and unbilled revenues with no significant financing component is measured at an amount equal to lifetime expected credit loss (ECL) where there is significant increase in credit risk.

h) Investments and other financial assets

(i) Classification:
The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

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

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

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

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

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

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

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

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

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

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

(iii) Impairment of financial assets:
The Company assesses on a forward-looking basis the expected credit loss 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
- The Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

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

(v) Income recognition:

Interest income
Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the

contractual terms of the financial instrument but does not consider the expected credit losses.

Dividends
Dividends are recognised in Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be reliably measured.

i) Financial liabilities

(i) Classification as debt or equity
Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

(ii) Initial recognition and measurement
Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(iii) Subsequent measurement
Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

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

j) Offsetting financial instruments

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

k) Property, plant and equipment (including CWIP)

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

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

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

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

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

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in Statement of Profit and Loss.

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

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

l) Intangible assets

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:
- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs are capitalised as part of the software.

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

Computer software is amortised over a period of 4 years.

m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and de-recognised when the obligation specified in the contract is discharged, cancelled or expires.

n) Provisions

Provisions 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 are measured at the present value of management's best estimate of the expenditure required to settle the present obligation to be settled at a future date. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

o) Contingent Liabilities and contingent assets

Contingent liabilities are disclosed in notes when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

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

p) Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

q) Dividends

Provision is made for any dividend declared including dividend distribution tax, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

r) Earnings per share

(i) Basic earnings per share:
Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted Earnings per share:
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to consider:
- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

s) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating 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 conveys the right of use an asset (the underlying asset) for a period 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 expense 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.

t) Employee Benefits

(i) Provident Fund: The Company registered with Regional Provident Fund Office, Ahmedabad, and both the employee and the employer make monthly contribution equal to 12% of the employee's basic salary respectively.
(ii) Gratuity: Provisions are made for the defined benefit with respect to gratuity liability based on the present value of defined benefit obligation as per the actuarial valuation calculation. The present value is calculated using the projected unit credit method. Actuarial gains or losses are recognized in full in the other comprehensive income for the period in which they occur.

(iii) Leave Encashment: Liability on account of Leave encashment is provided based on Actuarial Valuation at Balance Sheet date using the projected unit credit method.
(iv) Short term employee benefits are charged to revenue in the year in which the related service is rendered.

u) Current versus Non-current classification and operating cycle

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

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

All other assets are classified as non-current.

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

All other liabilities are classified as non-current.

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

v) Rounding of Amounts:

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

w) Critical Accounting Estimates and Judgements

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

The areas involving critical estimates or judgements are:
Estimation of useful life of intangible asset refer Note 3
Estimation of contingent liabilities refer Note 31
Estimation of Impairment of Assets

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

x) Core SGF Fund:

As per SEBI IFSC guidelines, ref no. SEBI/HO/MRD/DSA/ CIR / P/2016/125 dated November 28, 2016, Clearing corporations in IFSC shall establish and maintain a Fund to guarantee the settlement of trades executed in the stock exchanges in IFSC. First Clearing corporations shall evolve a detailed framework for the Fund, subject to approval of SEBI. To begin with, such Fund shall have a corpus equivalent to at least 10% of the net worth of the clearing corporation. Accordingly, Company has created Core SGF in January 2017 by transferring 10% of Equity Share contribution received from Holding company to Core SGF fund in order to comply with SEBI norms. In the event of a clearing / Custodian member (s) 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 entire corpus of the Core SGF has been contributed by NSE IFSC Clearing Corporation Ltd. This fund is represented by earmarked Core SGF investments. The income earned on such investments (net of TDS, bank charges, etc.) is credited to the Core SGF. Penalties and fines levied by the Clearing Corporation are transferred to Core SGF as Other Contributions.

y) Recent accounting pronouncements:

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of Profit and Loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive, and the Company will evaluate the same to give effect to them as required by law.

NSE IFSC CLEARING CORPORATION LIMITED

Notes to financial statements for the year ended March 31, 2021

Note 2 : Property, plant and equipment

Rs in Lakhs

Particulars	Office equipments	Electrical installations	Furniture and fixtures	Computer System Others	TOTAL	Capital Work In Progress	Right-Of-Use Assets Building
Gross carrying amount							
Opening as at 01.04.2019	14.02	9.87	45.54	-	69.43	-	-
Additions	-	-	-	-	-	-	112.37
Disposals	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Currency Fluctuation	1.17	0.82	3.80	-	5.80	-	0.19
Closing gross carrying amount	15.19	10.69	49.35	-	75.23	-	112.56
Accumulated depreciation							
Opening as at 01.04.2019	1.95	1.89	4.75	-	8.60	-	-
Depreciation charge during the period	3.31	0.93	8.61	-	12.86	-	7.50
Disposals	-	-	-	-	-	-	-
Currency Fluctuation	0.40	0.21	1.02	-	1.64		-
Closing accumulated depreciation	5.67	3.04	14.39	-	23.10	-	7.50
Net carrying amount as at 31.03.2020	**9.52**	**7.65**	**34.96**	**-**	**52.13**	**-**	**105.06**
Gross carrying amount							
Opening as at 01.04.2020	15.19	10.69	49.35	-	75.23	-	112.56
Additions	-	-	-	150.88	150.88	-	-
Disposals	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Currency Fluctuation	(1.44)	(1.01)	(4.68)	(2.90)	(10.03)	-	(2.58)
Closing gross carrying amount	13.75	9.68	44.67	147.97	216.07	-	109.98
Accumulated depreciation							
Opening as at 01.04.2020	5.67	3.04	14.39	-	23.10	-	7.50
Depreciation charge during the period	3.52	0.99	9.15	19.32	32.99	-	7.97
Disposals	-	-	-	-	-	-	-
Currency Fluctuation	(0.30)	(0.13)	(0.78)	(0.65)	(1.87)	-	0.59
Closing accumulated depreciation	8.88	3.90	22.77	18.67	54.22	-	16.06
Net carrying amount as at 31.03.2021	**4.87**	**5.78**	**21.90**	**129.31**	**161.85**	**-**	**93.92**

NSE IFSC CLEARING CORPORATION LIMITED

Notes to financial statements for the year ended March 31, 2021

Note 3 : Other intangible assets

(Rs in Lakhs)

Particulars	Clearing and Settlement System	Intangible Assets under development	TOTAL
Gross carrying amount			
Opening as at 01.04.2019	499.87	9.61	509.48
Additions	51.31	-	51.31
Disposals	-	-	-
Transfers	-	(9.61)	(9.61)
Currency Fluctuation	46.02	-	46.02
Closing gross carrying amount	597.20	-	597.20
Accumulated amortisation			
Opening as at 01.04.2019	52.82	-	52.82
Amortisation charge during the period	121.55	-	121.55
Disposals	-	-	-
Currency Fluctuation	12.33	-	12.33
Closing accumulated amortisation	186.70	-	186.70
Net carrying amount as at 31.03.2020	**410.50**	**-**	**410.50**
Gross carrying amount			
Opening as at 01.04.2020	597.20	-	597.20
Additions	67.76	39.81	107.57
Disposals	-	-	-
Transfers	-	-	-
Currency Fluctuation	(57.93)	(0.22)	(58.15)
Closing gross carrying amount	607.04	39.59	646.62
Accumulated amortisation			
Opening as at 01.04.2020	186.70	-	186.70
Amortisation charge during the period	143.74	-	143.74
Disposals	-	-	-
Currency Fluctuation	(10.53)		(10.53)
Closing accumulated amortisation	319.91	-	319.91
Net carrying amount as at 31.03.2021	**287.12**	**39.59**	**326.71**

Note : 3.1 - for Capital and other Contractual commitment, Refer note 30

Significant estimate: Useful life of intangible assets

The Company has completed the development / procurement of software that is used in its various business processes. As at 31 March 2021, the net carrying amount of this software was ₹ 287.12 lakhs (31 March 2020: ₹ 410.50 lakhs). 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."

(Rs in Lakhs)

		As at 31.03.2021	As at 31.03.2020
4	**Other financial assets (non-current)**		
	Non Current bank balances		
	Fixed deposits with maturity for more than 12 months	4,704.30	150.77
		4,704.30	150.77
	Others		
	Security deposit for utilities and premises	8.14	9.16
	Interest Accrued on Bank Deposits	3.56	5.61
		11.70	14.77
	Total	**4,716.00**	165.54

		As at 31.03.2021	As at 31.03.2020
5	**Investment -Core Settlement Guarantee Fund (Refer Note No. 11)**		
	Current accounts with Bank	**10.29**	0.20
	Fixed Deposits with Bank	**976.14**	906.89
	Accrued interest on CSGF FD	**41.23**	26.66
	Total	**1,027.66**	933.76

		As at 31.03.2021	As at 31.03.2020
6	**Cash and cash equivalents**		
	Balances with banks :		
	Current accounts	**982.14**	1,026.31
	Fixed Deposit with less than 3 month maturity	-	178.66
	Total	**982.14**	1,204.97

		As at 31.03.2021	As at 31.03.2020
7	**Bank balances other than Cash and Cash equivalents**		
	Fixed deposits with maturity for less than 12 months	**485.13**	4,793.04
	Total	**485.13**	4,793.04

		As at 31.03.2021	As at 31.03.2020
8	**Other financial assets (Current)**		
	Others		
	Interest Accrued on Bank Deposits	**15.71**	7.76
	Total	**15.71**	7.76

		As at 31.03.2021	As at 31.03.2020
9	**Other Current Assets**		
	Prepaid Expenses	**34.09**	0.51
	Other Advance recoverable #	**8.30**	-
	Balance with Government Authorities	**4.09**	1.39
	Total	**46.48**	1.89

represents receivable from National Stock Exchange of India Limited

		As at 31.03.2021	As at 31.03.2020
10 a)	**Share Capital**		
	Authorised		
	10,00,00,000 (Previous year: 10,00,00,000) Equity Shares of Rs 10 each	**10,000.00**	10,000.00
		10,000.00	10,000.00
	Issued, Subscribed and Paid-up		
	9,00,00,000 (Previous year: 8,00,00,000) Equity Shares of Rs 10 each	**9,000.00**	8,000.00
	Total	**9,000.00**	8,000.00

Equity Shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Director is subject to the approval of the shareholder in the ensuing Annual General Meeting except in the case of interim dividend.

In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

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

Equity Shares

Name of the Company	As at 31.03.2021		As at 31.03.2020	
	No. of Shares	**% holding**	No. of Shares	% holding
NSE Clearing Limited & its nominees	**9,00,00,000**	**100.00%**	8,00,00,000	100.00%
Total	**9,00,00,000**	**100.00%**	8,00,00,000	100.00%

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

Name of the Company	As at 31.03.2021		As at 31.03.2020	
	No. of Shares	**% holding**	No. of Shares	% holding
NSE Clearing Limited & its nominees	**9,00,00,000**	**100.00%**	8,00,00,000	100.00%
Total	**9,00,00,000**	**100.00%**	8,00,00,000	100.00%

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

Reconciliation of number of shares

Particulars	31-03-2021	31-03-2020
	No. of Shares	No. of Shares
Outstanding at the beginning of the Year	**8,00,00,000**	7,50,00,000
Issued during the Year	1,00,00,000	50,00,000
Outstanding at the end of the Year	**9,00,00,000**	8,00,00,000

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

There are no unpaid calls from any Director or Officers.

Under amended Clause 5 (2) of SEBI (IFSC) Guidelines, 2015, Recognised Corporations Clearing operating in IFSC are required to maintain Risk-based capital and networth requirements with a minimum networth of Rs. 50 crores equivalent initially which needs to be enhanced, over a period of three years from commencement of operations, to higher of Rs. 100 crores equivalent or capital required as per risk-based capital requirements. However, the Company has taken a relaxation period of one year from IFSCA to meet those networth criteria. IFSCA has given relaxation to NICCL from maintaining the net worth of Rs. 100 crore or risk-based capital whichever is higher to Rs. 50 crore or risk-based capital whichever is higher for a period of one year i.e. till June 05, 2022.

10 **b) Other Equity**

(Rs. In Lakhs)

	Reserves and Surplus			
Particulars	**Retained Earnings**	**Foreign Currency Translation Reserve**	**Other Comprehensive**	**Total**
Balance as at April 1, 2019	**(2,396.66)**	**195.20**	**(1.97)**	**(2,203.43)**
Profit /(Loss)for the period	(640.16)	-	-	(640.16)
Changes in Foreign Currency Translation Reserve through OCI	-	476.95	-	476.95
Contribution to Core SGF	(49.87)	-	-	(49.87)
Share issue expenses	(0.53)	-	-	(0.53)
Other Comprehensive Income	-	-	0.12	0.12
Balance as at 31.03.2020	**(3,087.22)**	**672.15**	**(1.85)**	**(2,416.92)**

	Reserves and Surplus			
Particulars	**Retained Earnings**	**Foreign Currency Translation Reserve**	Other Comprehensive	**Total**
Balance as at 01.04.2020	**(3,087.22)**	**672.15**	**(1.85)**	**(2,416.92)**
Profit /(Loss)for the period	(922.57)	-	-	(922.57)
Changes in Foreign Currency Translation Reserve through OCI	-	(150.36)	-	(150.36)
Contribution to Core SGF	(99.54)	-	-	(99.54)
Share issue expenses	(0.52)	-	-	(0.52)
Other Comprehensive Income	-	-	(0.19)	(0.19)
Balance as at 31.03.2021	**(4,109.85)**	**521.79**	**(2.04)**	**(3,590.10)**

SEBI vide circular no. SEBI/HO/MRD/DSA/ CIR / P/2016/125 dated November 28, 2016 has issued norms for set up of fund and minimum corpus of fund to guarantee the settlement of trades executed in the stock exchanges in IFSC.

Details of Core SGF are as follows : **(Rs. in Lakhs)**

	As at 31.03.2021	As at 31.03.2020
Company's Own contribution*	**983.83**	904.92
Penalty collected from members	**2.60**	2.18
Accrued interest on CSGF FD	**41.23**	26.66
Total	**1,027.66**	933.76

* Company`s own contribution includes contributions of Rs. 99.54 Lakhs made during current year (Rs. 49.87 Lakhs made during previous year 2019-20), Interest received on Core SGF FDs of Rs 1.56 lakhs (Rs. Nil in previous year 2019-20) and balance movement is on account of currency fluctuation.

(Rs. In lakhs)

		As at 31.03.2021	As at 31.03.2020
12	**Provision (Non Current)**		
	Employee benefits obligation		
	Provision for Gratuity	**1.54**	0.87
	Total	**1.54**	0.87

13	**Trade Payable**	**As at 31.03.2021**	As at 31.03.2020
	Trade Payable to Micro and Small Enterprises (Refer Note No. 26)	**0.19**	
	Trade Payable to other than Micro and Small Enterprises	**74.74**	128.10
	Trade Payable to Related Party (Refer Note No. 25)	**102.48**	117.60
	Total	**177.41**	245.70

14	**Deposits (Unsecured- Current)**	**As at 31.03.2021**	As at 31.03.2020
	Security Deposit from Clearing Members	**477.85**	426.01
	Total	**477.85**	426.01

15	**Other Financial Liabilities (Current)**	**As at 31.03.2021**	As at 31.03.2020
	Margins From Members	**634.26**	358.08
	Other liabilities	**0.16**	0.17
	Total	**634.42**	358.26

		As at 31.03.2021	As at 31.03.2020
16	**Provision (Current)**		
	Provisions for Leave encashment	**0.95**	0.50
	Provision for Gratuity	**0.09**	0.00
	Provision for variable pay and other allowances	**1.79**	0.98
	Bonus Payable	**1.30**	1.07
	Total	**4.13**	**2.55**

17	**Other Current liabilities**	**As at 31.03.2021**	As at 31.03.2020
	Statutory Dues Payable	**34.20**	26.55
	Total	**34.20**	26.55

18	**Other Income**	**For the year ended 31.03.2021**	For the year ended 31.03.2020
	Interest income on bank deposits	**90.78**	109.26
	Interest on Income Tax Refund		0.01
	Miscellaneous Receipts	**0.00**	0.00
	Total	**90.78**	109.27

19	**Employee benefits expense**	**For the year ended 31.03.2021**	For the year ended 31.03.2020
	Salaries, wages and bonus (Refer Note No. 23)	**157.45**	141.24
	Contribution to provident and other fund	**1.02**	4.22
	Staff welfare Expenditure	**2.99**	3.72
	Total	**161.46**	149.17

20 **Other expenses**

	For the year ended 31.03.2021	(Rs. In lakhs) For the year ended 31.03.2020
Repairs & Maintenance - Computer systems	**294.66**	276.50
Software expenses	**191.61**	108.29
Repairs & Maintenance - Building	**10.18**	8.87
Professional Fees	**34.05**	19.32
Fees and Subscription	**78.40**	6.83
Electricity expenses	**7.75**	4.09
Director Sitting Fees	**10.98**	2.27
Travelling Expense	**8.73**	8.97
Profit / Loss of Exchange Fluctuation	**14.07**	1.34
Payment to auditor (Refer note below)	**2.76**	5.07
Other Expenses	**4.44**	7.71
Total	**657.63**	449.26

Note :		
Payment to Auditor		
As Auditor		
Statutory audit	**1.76**	1.50
Limited review for quarterly result	**0.75**	0.75
In other Capacity		
Certification Matters	**0.25**	1.05
Cyber Security Audit Fees		1.77
Total	**2.76**	5.07

21 **Earnings per share**

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

Particulars	**For the year ended 31.03.2021**	For the year ended 31.03.2020
Profit attributable to the equity holders of the		
Profit Before Tax	(922.57)	(640.16)
Tax on above	-	-
Profit for the period (Rs. in Lakhs)	(922.57)	(640.16)
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	8,53,97,260	7,78,41,530
Earnings per equity share (basic and diluted) (Rs.)	**(1.08)**	(0.82)

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.

22 **Deputed Personal Cost**

Salaries, Wages & Allowances also includes the deputation expenses in respect of the employees of National Stock Exchange of India Limited (NSEIL) and NSE Clearing Limited, ultimate holding company and holding company respectively of the Company.

22

Note 23: Employee Benefits

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

(ii) Gratuity: Provisions are made for the defined benefit with respect to gratuity liability based on the present value of defined benefit obligation as per the actuarial valuation calculation.

(iii) Leave Encashment : Liability on account of Leave encashment is provided based on Acturial Valuation at Balance Sheet date.

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

(v) Amounts disclosed below are excluding currency fluctuation impact.

	Long - term		Short - term	
	31.03.2021	31.03.2020	**31.03.2021**	31.03.2020
	(Rs. In lakhs)		(Rs. In lakhs)	
Provision for employee benefits				
Provision for Leave Travel allowance			**0.30**	0.29
Provision for gratuity	**1.56**	0.82	**0.09**	0.00
Provision for Leave encashment			**0.96**	0.46
	1.56	0.82	**1.35**	0.75

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 :**

a) Provident Fund: The Company has contributed Rs. 0.47 lakhs (previous year Rs 0.37 lakhs) towards Provident Fund during the year ended March 31, 2021 to Employee Provident Fund Organisation.

b) 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 emplyee'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.

c) Compensated Absences
The increase in provision for compensated absences for the year is Rs. 0.49 Lakhs (PY increased by Rs. 0.06 Lakhs).

A **Balance Sheet**

(Rs. In lakhs)

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

	Current Year 31.03.2021	Previous Year 31.03.2020
Liability at the beginning of the year	**0.82**	**0.55**
Interest cost	**0.05**	0.04
Current Service Cost	**0.59**	0.35
Liability transferred		
Benefits Paid		
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions		-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	**0.02**	0.19
Actuarial (Gains)/Losses on Obligations - Due to Experience	**0.17**	(0.31)
Liability at the end of the year	**1.65**	**0.82**

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

	Current Year 31.03.2021	Previous Year 31.03.2020
Fair Value of plan assets at the beginning of the year		-
Interest Income	-	
Expected return on plan assets	-	-
Contributions	-	
Transfer from other company		-
Benefits paid		
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	-	
Fair Value of plan assets at the end of the year		

(Rs In lakhs)

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

	Current Year 31.03.2021	Previous Year 31.03.2020
Fair value of plan assets as at the end of the year		
Liability as at the end of the year	(1.65)	(0.82)
Net (liability) / asset	**(1.65)**	**(0.82)**

(iv) Balance Sheet Reconciliation

	Current Year 31.03.2021	Previous Year 31.03.2020
Opening Net Liability	0.82	0.55
Expenses Recognized in Statement of Profit or Loss	0.64	0.39
Expenses Recognized in OCI	0.19	(0.12)
Net (Liability)/Asset Transfer in		
Employers Contribution		
Amount recognised in the Balance Sheet	1.65	0.82

B Statement of Profit & Loss

Net Interest Cost for Current Period

	Current Year 31.03.2021	Previous Year 31.03.2020
Interest Cost	0.05	0.04
Interest Income		
Net Interest Cost for Current Period	0.05	0.04

(ii) Expenses recognised in the Statement of Profit & Loss

	Current Year 31.03.2021	Previous Year 31.03.2021
Current Service cost	0.59	0.35
Net Interest Cost	0.05	0.04
Expenses recognised in the Statement of Profit & Loss	0.64	0.39

(iii) Expenses recognised in the Other Comprehensive Income

	Current Year 31.03.2021	Previous Year 31.03.2020
Expected return on plan assets		
Actuarial (Gain) or Loss	0.19	(0.12)
Net (Income)/Expense for the Period Recognized in OCI	0.19	(0.12)

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

	Current Year 31.03.2021	Previous Year 31.03.2020
Insurer Managed Funds		
Total		

D Sensitivity Analysis

	Current Year 31.03.2021	Previous Year 31.03.2020
Projected Benefit Obligation on Current Assumptions	1.65	0.82
Delta Effect of +1% Change in Rate of Discounting	(0.15)	(0.08)
Delta Effect of -1% Change in Rate of Discounting	0.17	0.09
Delta Effect of +1% Change in Rate of Salary Increase	0.16	0.09
Delta Effect of -1% Change in Rate of Salary Increase	(0.14)	(0.07)
Delta Effect of +1% Change in Rate of Employee Turnover	(0.06)	(0.03)
Delta Effect of +1% Change in Rate of Employee Turnover	0.07	0.04

Significant actuarial assumptions are as follows:

	Current Year 31.03.2021	Previous Year 31.03.2020
Discount Rate	6.49%	6.59%
Rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation	10.00%	10.00%
Attrition Rate	12.00%	12.00%

Maturity analysis of the Benefit Payments

	Current Year 31.03.2021	Previous Year 31.03.2020
1st Following Year	0.09	0.00
2nd Following Year	0.09	0.06
3rd Following Year	0.08	0.06
4th Following Year	0.16	0.06
5th Following Year	0.15	0.08
Sum of 6th to 10th Year	0.70	0.37

24 **Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CEO of the Company. The Company operates only in one Business Segment i.e. operations comprise of only facilitating Clearing & Settlement in securities and the activities incidental thereto within India or global, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

25 **Related Party**

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

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

Sr. No.	Related Party	Nature of Relationship
1	National Stock Exchange of India Limited	The Ultimate Holding Company
2	NSE Clearing Limited	Holding Company
3	NSE IFSC Limited	Subsidiary of Ultimate Holding company
4	NSEIT Limited	Fellow Subsidiary of Holding Company
	NSE Data & Analytics Limited	Holding company's Fellow Subsidiary's Subsidiary Company
6	NSE Indices Limited	Holding company's Fellow Subsidiary's Subsidiary Company
7	NSE Infotech Services Limited	Holding company's Fellow Subsidiary's Subsidiary Company
8	NSE.IT (US) Inc.	Holding company's Fellow Subsidiary's Subsidiary Company
9	NSE Academy Limited	Ultimate Holding company Subsidiary's Subsidiary Company
10	NSE Foundation	Subsidiary of Ultimate Holding company
11	National Securities Depository Limited	Ultimate Holding Company's Associate
12	NSDL Database Management Limited	Subsidiary of Associate of the Ultimate Holding Company
13	BFSI Sector Skill Council of India	Ultimate Holding Company's Associate
14	Power Exchange India Limited	Associate of Subsidiary of Ultimate Holding company
15	NSDL e-Governance Infrastructure Limited	Associate of Subsidiary of Ultimate Holding company
16	Market Simplified India Limited	Associate of Subsidiary of Ultimate Holding company
17	Receivables Exchange Of India Limited	Associate of Subsidiary of Ultimate Holding company
18	Aujas Cybersecurity Limited (Formerly known as Aujas Networks Limited/Aujas Networks Private Limited)	Subsidiary of Fellow Subsidiary of Holding Company
19	NSE Investments Ltd	Subsidiary Company of Ultimate Holding Company
20	Talentsprint Private Limited (w.e.f. November 10, 2020)	Ultimate Holding company Subsidiary's Subsidiary's Subsidiary Company
21	Indian Gas Exchange Limited (w.e.f. March 16, 2021)	Ultimate Holding company Subsidiary's Associate
22	Cogencis Information Services Limited (w.e.f. January 21, 2021)	Holding company's Fellow Subsidiary's Subsidiary' Subsidiary Company
23	Capital Quants Solutions Private Limited (w.e.f. February 26, 2021)	Holding company's Fellow Subsidiary's Subsidiary' Associate Company
24	Prof. Samir K Barua	Key Managerial Personnel
25	Mr. Mukesh Agarwal	Key Managerial Personnel
26	Mr. Natarajan Ramasamy	Key Managerial Personnel
27	Mr Vivek Singhvi - Chief Executive Officer	Key Managerial Personnel

(b) Details of transaction with parties are as follows : **(Rs in lakhs)**

Name of the Related Party	Nature of Transactions	For the year ended 31.03.2021	For year ended 31.03.2020
NSE Clearing Limited	Contribution towards Equity Share Capital	1,000.00	500.00
	Reimbursement of expenses for staff on deputation paid / payable	115.02	89.27
	Reimbursement for other expenses incurred (including taxes)		87.28
	Outstanding balance included in Trade Payables	30.22	54.79
National Stock Exchange of India Limited (NSEIL)	Reimbursement of expenses for staff on deputation paid / payable	13.58	35.04
	Reimbursement for other expenses incurred	0.84	0.71
	Outstanding balance included in advance paid for FY 2020-21 (previous year included as trade payable)	8.30	21.61
NSE IFSC Limited	Reimbursement for other expenses incurred	20.41	13.34
	SEBI turnover fees collected on behalf of NSE IFSC Limited	0.57	0.38
	SEBI turnover fees collected payable	1.01	0.46
	Outstanding balance included in Trade Payables	14.95	18.13
NSE IT Limited	Payment for services	141.18	84.75
	Outstanding balance included in Trade Payables	56.30	23.07
NSDL Database Management Limited	Payment for services	0.10	1.53
	Outstanding balance included in Trade Payables		
Prof. Samir K Barua	Sitting fees	5.00	2.25
Mr. Natarajan Ramasamy	Sitting fees	6.00	

Note : Amounts disclosed in related party transactions above are excluding currency fluctuation impact.

26 Trade payables include outstanding amounts of Rs. 0.19 lakhs (Previous Year: Rs. NIL) (including interest of Rs. Nil, (Previous Year Rs. Nil) payable to Micro, Small & Medium Enterprises. Total outstanding dues to Micro, Small & Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

27 As at March 31, 2021 the Company does not have any pending litigations which would impact its financial position.

28 a) In accordance with relevant provisions of Companies Act, 2013, the Company did not have any long–term contracts including derivative contracts as at March 31, 2021.
b) There is Rs. Nil (PY Rs. Nil) Loans, Guarantees, Investments under section 186 of the Companies Act, 2013.

29 For the year 2020-21 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.

30 **Capital and other commitments**

	31.03.2021	31.03.2020
	(Rs. in Lakhs)	
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided		
Other Commitments on revenue account	**279.82**	145.99
	279.82	145.99

31 **Contingent liability**

	31.03.2021	31.03.2020
	(Rs. in Lakhs)	
Contingent Liabilities		

32 The company's tax jurisdiction is India. Income of the company is fully exempt from the Income tax for initial period of ten years (i.e. FY 2017- 18 to FY 2026-27). Deferred tax asset is recognised based on reasonable certainty.

33 **Lease :**
The Company has measured the Right of use asset and lease liability based on the remaining lease period and payments discounted using the incremental borrowing rate as on the date of initial application as per Ind AS 116 Leases.
(i) Amounts recognised in balance sheet

(Rs. In lakhs)

Particulars	**Amount (Rs.) 31.03.2021**	Amount (Rs.) 31.03.2020
Right-of-use-assets		
Buildings	**93.92**	105.06
Total	**93.92**	105.06

Particulars	**Amount (Rs.) 31.03.2021**	Amount (Rs.) 31.03.2020
Lease liabilities		
Current	**2.14**	1.44
Non Current	**105.19**	110.74
Total	**107.33**	112.18

(ii) Amounts recognised in the Statement of Profit and Loss

(Rs. In lakhs)

Particulars	**Amount (Rs.) 31.03.2021**	Amount (Rs.) 31.03.2020
Depreciation charge of Right-of-use assets		
Buildings	**7.97**	7.93
Total	**7.97**	7.93

Particulars	**Amount (Rs.) 31.03.2021**	Amount (Rs.) 31.03.2020
Interest expenses	**9.56**	9.09
Total	**9.56**	9.09

34 **Financial Risk Management**

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Treasury department that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Treasury department activities are designed to:

- protect the Company's financial results and position from financial risks
- maintain market risks within acceptable parameters, while optimising returns; and
- protect the Company's financial investments, while maximising returns.

The Treasury department is responsible to maximise the return on companies internally generated funds.

A. FINANCIAL INSTRUMENTS BY CATEGORY

(Rs. In Lakhs)

	31-03-2021			31-03-2020		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised
As at March 31, 2021						
Financial Assets						
Fixed Deposits with Banks	-	-	6,226.07	-	-	5,890.73
Cash and Cash equivalents	-	-	982.14	-	-	1,204.97
Securitv deposits	-	-	8.14	-	-	9.16
Total Financial Assets	-	-	**7 216.36**	-	-	7 104.86
Financial Liabilities						
Trade payables	-	-	177.41	-	-	245.70
Deposits	-	-	477.85	-	-	426.01
Other liablities	-	-	634.26	-	-	358.08
Total Financial Liabilities	-	-	**1 289.53**	-	-	1 029.79

B. MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is the risk that the Company will face difficulty in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintains a conservative funding and investment strategy, with a positive cash balance during the year ended March 31, 2021.

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), and excess is invested in interest bearing term deposits.

(Rs in lakhs)

Particulars	Carrying amount	Payable on demand	Less than 12 Month	More than 12 months
As at March 31, 2021				
Trade payables	177.41	-	177.41	-
Deposits	477.85	477.85	-	-
Margins From Members	634.26	634.26	-	-
Lease liabilities	107.33	-	2.14	105.19
Other financial & current liabilities	0.16	-	0.16	-

Particulars	Carrying amount	Payable on demand	Less than 12 Month	More than 12 months
As at March 31, 2020				
Trade payables	245.70	-	245.70	-
Deposits	426.01	426.01	-	-
Margins From Members	358.08	358.08	-	-
Lease liabilities	112.18	-	1.44	110.74
Other financial & current liabilities	0.17	-	0.17	-

C. MANAGEMENT OF MARKET RISK

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

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

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

D. CAPITAL MANAGEMENT

The Company considers the following components of its Balance Sheet to be managed capital:
Total equity (as shown in the balance sheet) – retained profit, share capital.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company aims to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The Company is not subject to financial covenants in any of its significant financing agreements.

The management monitors the return on capital as well as the level of dividends to shareholders. The Company is required to maintain the minimum networth of Rs. 50 crores or risk based capital whichever is higher to operate an clearing corporation as per SEBI guidelines till June 05, 2022.

35 **COVID-19 Risk Assessment**

Based on the Company's current assessment, the impact of coronavirus on its operations and the resultant financial performance is not likely to be significant. The Company has also made an assessment of its liquidity position for a period of at least one year from the balance sheet date, of the recoverability and carrying values of its assets and ability to pay its liabilities as they become due and effectiveness of internal financial controls as at the balance sheet date and is of the view that there is no material impact or adjustments required to be made in these financial statements. The impact assessment of COVID-19 may be different from that presently estimated and the Company will continue to evaluate any significant changes to its operations and its resultant impact on the financial performance.

36 On February 28, 2019, the Honorable Supreme Court of India delivered a judgement in the case of "Vivekananda Vidyamandir and Others Vs The Regional Provident Fund Commissioner (II) West Bengal' in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The Employees' Provident Fund Organisation also issued a circular (Circular No. C-I/1(33)2019/Vivekananda Vidyamandir/284) dated March 20, 2019 in relation to aforesaid matter. In Company's assessment, the above judgement is not likely to have a significant impact and therefore presently no provision has been made in the financial statements. The Company will continue to monitor the developments in this matter.

37 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its valuation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

38 Previous year figures have been regrouped / reclassified wherever necessary to confirm to current year presentation.

As per our report of even date attached

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

Sumant Sakhardande
Partner
Membership No.: 034828

Place : Mumbai
Date : April 30, 2021

For and on behalf of the Board of Directors

Samir K Barua
Director
[DIN:00211077]

Mukesh Agarwal
Director
[DIN:03054853]

Vivek Singhvi
Chief Executive Officer

Nitin Bhadre
Chief Financial Officer
Place : Mumbai
Date : April 30, 2021

Chirag Nagda
Company Secretary
[ACS:23491]