

Price Waterhouse & Co Chartered Accountants LLP

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

1. We have reviewed the unaudited standalone financial results of National Stock Exchange of India Limited (the "Company") for the quarter and the nine months ended December 31, 2020 which are included in the accompanying Statement of Standalone Unaudited Financial Results (the "Statement"). The Statement has been prepared by the Company pursuant to Regulation 33 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporation) Regulations, 2018 (the "SECC Regulations") read with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations, 2015"), which has been initialled by us for identification purposes. The Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement.
3. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SECC Regulations read with Regulation 33 of the Listing Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw your attention to Note 4 to the Statement, relating to the contingent liability, that describes the Orders issued by the Securities and Exchange Board of India ("SEBI") on April 30, 2019 wherein disgorgement/demand aggregating Rs. 687.47 crores (excluding interest thereon at 12% p.a. from April 1, 2014 till the actual date of payment for one order and from September 11, 2015 till the actual date of payment for second order) has been raised against the Company pursuant to an investigation conducted in relation to preferential access to tick by tick data at the Company's Colocation facility, Dark Fiber point to point connectivity and Governance and related matters. SEBI further directed the Company to undertake certain remedial measures, actions and imposed restrictions. The Company has also received Adjudication notices covering identical matters, facts, circumstances and grounds as stated in each of the above orders. Hearing before SEBI is pending related to the Dark Fiber point to point connectivity and Governance and related matters and hearing related to preferential access to tick by tick data at the Company's Colocation facility has been completed, awaiting

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order from SEBI. The Company has deposited Rs 687.47 crores with SEBI in respect of these orders and continues to transfer revenues emanating from the colocation facility to a separate bank account, which are then invested along with accruals thereon and have been shown under restricted/earmarked investments and bank balances. The Company has filed appeals to contest the aforesaid orders with the Hon'ble Securities Appellate Tribunal, the future outcome of which is uncertain at this stage. Based on the legal opinion obtained by the Company, no provision for any liability has been made towards the aforesaid demand from the Orders, including any monetary penalty from the pending Adjudication proceedings in the Statement. Our conclusion on the Statement is not modified in respect of this matter.

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



Sumit Seth
Partner
Membership Number: 105869
UDIN: 21105869AAAAAA9304

Place: Mumbai
Date: February 5, 2021



NATIONAL STOCK EXCHANGE OF INDIA LIMITED

CIN : U67120MH1992PLC069769



STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2020

(₹ in crores unless otherwise stated)

Sr. No. Particulars	Quarter ended			Nine months ended		Year ended
	31.12.2020 Unaudited	30.09.2020 Unaudited	31.12.2019 Unaudited	31.12.2020 Unaudited	31.12.2019 Unaudited	31.03.2020 Audited
1 Income						
(a) Revenue from operations	1,192.34	1,100.40	671.21	3,227.25	1,993.30	2,832.43
(b) Other Income	123.10	209.02	96.45	472.29	404.77	397.46
Total Income	1,315.44	1,309.42	767.66	3,699.54	2,398.07	3,229.89
2 Expenses						
(a) Employee benefits expense	50.23	55.68	48.25	160.49	146.82	206.19
(b) Clearing & settlement charges	70.99	66.25	43.87	191.77	124.91	178.66
(c) Depreciation and amortisation expense	39.66	37.40	34.68	111.27	97.51	132.40
(d) Other expenses	197.79	164.46	121.60	505.33	363.31	595.88
Total expenses	358.67	323.79	248.40	968.86	732.55	1,113.13
3 Profit before exceptional items, Contribution to Core SGF and tax (1-2)	956.77	985.63	519.26	2,730.68	1,665.52	2,116.76
4 Exceptional items						
Contribution to Investor Protection Fund Trust (IPFT) (Refer note 8)	947.95	-	-	947.95	-	-
5 Profit after exceptional items, before Contribution to Core SGF and tax (3-4)	8.82	985.63	519.26	1,782.73	1,665.52	2,116.76
6 (Reversal)/Contribution to Core Settlement Guarantee Fund (Core SGF) (Refer note 9)	(69.07)	-	-	(62.08)	-	62.08
7 Profit before tax (5-6)	77.89	985.63	519.26	1,844.81	1,665.52	2,054.68
8 Less: Income Tax expenses						
(a) Current tax	7.00	209.00	127.00	386.00	378.00	510.00
(b) Deferred tax	10.02	(1.80)	(2.25)	14.77	(4.33)	(15.78)
Total Tax expenses	17.02	207.20	124.75	400.77	373.67	494.22
9 Profit for the period / year (7-8)	60.87	778.43	394.51	1,444.04	1,291.85	1,560.46
10 Other Comprehensive Income						
(a) <i>Items that will be reclassified to profit or loss (net of tax)</i>						
Changes in fair value of FVOCI debt instruments	5.17	(0.35)	0.42	17.38	16.94	20.14
(b) <i>Items that will not be reclassified to profit or loss (net of tax)</i>						
Remeasurements of post-employment benefit obligations	(0.29)	1.70	(2.33)	(1.46)	(3.93)	(4.52)
Changes in fair value of FVOCI equity instruments	0.78	(0.70)	2.40	0.88	8.53	(8.91)
Total other comprehensive income / (loss) for the period / year, net of taxes	5.66	0.65	0.49	16.80	21.54	6.71
11 Total comprehensive income for the period / year (9+10)	66.53	779.08	395.00	1,460.84	1,313.39	1,567.17
12 Paid-up equity share capital (Face Value ₹ 1 per share)	49.50	49.50	49.50	49.50	49.50	49.50
13 Reserves (excluding Revaluation Reserve)						6,866.58
14 Earnings per equity share (EPS) (Face Value ₹ 1 each)						
- Basic and Diluted (₹)	1.23*	15.73 *	7.97 *	29.17*	26.10*	31.52

* Not annualised

Notes :

- 1 The above Standalone Unaudited Financial Results for the quarter and nine months ended December 31, 2020 have been reviewed by the Audit Committee in its meeting held on February 4, 2021 and approved by the Board of Directors in its meeting held on February 5, 2021. The financial results for the quarter and nine months ended December 31, 2020 were reviewed by the Statutory Auditors of the Company.
- 2 The Company has paid final dividend of ₹ 544.50 crores during the quarter ended September 30, 2020, approved by the shareholders in Annual General Meeting held on September 25, 2020.
- 3 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 MD & CEO of the Company. The Company operates only in one Business Segment i.e. facilitating trading in securities and the activities incidental thereto within India, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments"
- 4 Securities and Exchange Board of India (SEBI) had directed National Stock Exchange of India Ltd (NSE) to carry out an investigation including forensic examination by independent external agencies in respect of certain aspects of NSE's Colocation facility. NSE got the investigation carried out and submitted the reports to SEBI. Further, SEBI had directed that pending completion of the investigations, all revenues emanating from the colocation facility with effect from September 2016 be transferred to a separate bank account. Accordingly, as of December 31, 2020, an amount of ₹ 5,212.37 crores (March 31, 2020 ₹ 3,606.73 crores) was transferred to a separate bank account and then have been invested in accordance with Board of directors approved investment policy and procedures. These investments along with accruals there on have been shown under restricted / earmarked investments and bank balances.

Three show cause notices were issued by SEBI to the Company and to some of its employees, including former employees, in respect of the preferential access to tick by tick data in Company's Colocation facility, Dark Fibre point to point connectivity and Governance and related matters which were responded to. Further, NSE had also filed a Consent Application with SEBI on August 31, 2018 in respect of the said show cause notices. SEBI vide its letter dated April 30, 2019 returned the Consent Application filed by NSE and has passed orders in respect of all the three show cause notices. In the first order, it has passed a direction on NSE inter alia to disgorge an amount of ₹ 624.89 crores along with interest at the rate of 12% per annum from April 01, 2014 till the actual date of payment and certain non-monetary and restrictive directions prohibiting the Company from raising funds from the market, through issuance of equity, debt or other securities for a period of six months from the date of the order; in the second order it passed a direction to deposit a sum of ₹ 62.58 crores along with interest at the rate of 12% p.a. from September 11, 2015 till the actual date of payment along with other non-monetary and restrictive directions and in the third order it has passed certain non-monetary and remedial directions on NSE. Additionally, NSE has also received Adjudication notices covering the above three orders. Hearing before SEBI is pending related to the Dark Fiber point to point connectivity and Governance and related matters and hearing related to preferential access to tick by tick data at the Company's Colocation facility has been completed, awaiting order from SEBI.

The Company having received the orders passed by SEBI sought legal advice thereon and preferred an appeal against the said SEBI Orders. Hon'ble SAT vide its interim order has stayed the disgorgement of the amount, however it directed the Company to transfer the amount of ₹ 624.89 crores in the Colocation matter and ₹ 62.58 crores in the Dark Fibre matter totalling to ₹ 687.47 crores to SEBI which has been remitted by the Company on June 13, 2019 out of the total earmarked investments as indicated above. Accordingly, as on December 31, 2020 the total earmarked investment including income accrued thereon stood at ₹ 5,131.77 crores (March 31, 2020 ₹ 3,288.86 crores). Further, the Company is also directed to continue to transfer all revenues emanating from its co-location facility to a separate bank account. With respect to Governance and related matters, Hon'ble SAT vide its interim order has kept the directions passed in the SEBI order in abeyance.

The Company believes that it has strong grounds to contest the above orders including monetary liability (including from pending adjudication proceedings) raised by SEBI. Accordingly, no provision for any liability in this regard is considered necessary in the financial results as of and for the nine months ended December 31, 2020.

- 5 The Company is in receipt of SEBI Show Cause Notice dated October 9, 2019 (bearing reference no. MRD/DSA-I/VA/SKS/26772/1/2019) and a Supplementary notice dated December 16, 2019 (bearing no. MRD/DSA-I/VA/SKS/33591/1/2019) alleging violation in relation to certain alleged irregularities in the appointment of Chief Strategic Advisor and his re-designation as 'Group Operating Officer and Advisor to MD' by the former Managing Director & Chief Executive Officer and the sharing of certain internal information pertaining to Company with an alleged third party by former Managing Director & Chief Executive Officer. The Company has sought inspection of records from SEBI in respect of this matter and had also filed a Settlement Application. SEBI vide its letter dated October 27, 2020 has returned NSE's settlement application. However, response from SEBI in respect of the request made by NSE seeking inspection of records is awaited. In view of the same, no provision is presently made/determinable in the financial results.
- 6 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 28, 2020. The Code has been published in the Gazette of India. However, the date on which the Code comes into effect has not been notified. The 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. The Company will assess the financial impact of the code, if any, once the effective date is notified.
- 7 The Coronavirus (COVID-19) outbreak is an unprecedented global situation, declared as a 'pandemic' by World Health Organisation. Based on the Company's current assessment, the impact of COVID-19 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 results. 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.
- 8 In order to enhance the effectiveness of Investor Protection Fund (IPF) of Stock Exchange, SEBI has comprehensively reviewed the existing framework in consultation with Stock Exchanges. Basis such review, SEBI decided to augment IPF Corpus and assessed required IPF corpus to be ₹ 1,500 crores. Accordingly, the Company was directed to transfer the requisite amount to bring the Corpus to ₹ 1,200 crores and transfer additional amount of ₹ 300 crores to escrow account as a reserve fund in case of any shortfall in IPF within 15 days of receipt of the SEBI letter. Accordingly, the Company has paid ₹ 641.83 crores to NSE IPFT to augment the corpus to ₹ 1,200 crores and has also transferred ₹ 300 crores to a separate bank account and then has been invested in liquid mutual funds in accordance with Board of directors approved investment policy and procedures. Accordingly, ₹ 947.95 crores (including contribution to Charity Commissioner) has been recognised as an Exceptional expense in the financial results.
- 9 SEBI vide circular dated January 8, 2021 has allowed transfer of excess contribution made by Stock Exchanges from Core SGF of one Clearing Corporation to the Core SGF of another Clearing Corporation, in an inter-operable scenario. Accordingly, Core SGF contribution of ₹ 69.07 crores payable to India Clearing Corporation Limited (ICCL) has been reversed during the quarter ended December 31, 2020, and the same has been paid by NSE Clearing Ltd to ICCL.
- 10 Previous period's / year figures have been regrouped / reclassified wherever necessary to correspond with the current period classification / disclosure.

For and on behalf of the Board of Directors

Place : Mumbai
Date : February 5, 2021

Vikram Limaye
Managing Director & CEO
DIN : 00488534