

Price Waterhouse & Co Chartered Accountants LLP

The Board of Directors
National Stock Exchange of India Limited
Exchange Plaza, Plot No C-1
Bandra Kurla Complex, Bandra (East)
Mumbai -400 051.

Independent Auditor's Report on the Audit of Standalone Financial Results

Opinion

1. We have audited the standalone annual financial results of National Stock Exchange of India Limited (hereinafter referred to as the "Company") for the year ended March 31, 2022 and the statement of standalone assets and liabilities and the statement of standalone cash flows as at and for the year ended on that date (together referred to as the "standalone financial results"), attached herewith, being submitted by the Company pursuant to Regulation 33 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "SECC Regulations") read with the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial results:
 - (i) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
 - (ii) give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 (the "Act") and other accounting principles generally accepted in India, of net profit and other comprehensive income and other financial information of the Company for the year ended March 31, 2022 and the statement of standalone assets and liabilities and the statement of standalone cash flows as at and for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Results' 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the 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 obtained by us is sufficient and appropriate to provide a basis for our opinion.

Price Waterhouse & Co Chartered Accountants LLP, 252, Veer Savarkar Marg, Shivaji Park,
Dadar (West) Mumbai - 400 028

T: +91 (22) 66691000, F: +91(22) 66547804 / 07

Registered office and Head office: Plot No. Y-14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata 700 091

Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP Identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E)

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of National Stock Exchange of India Limited

Report on the Standalone Financial Results

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Emphasis of Matter

4. We draw your attention to Note 5 to the standalone financial results, 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. Adjudication hearing before SEBI is pending related to the Dark Fiber point to point connectivity and Governance and related matters. Adjudication hearing on preferential access to tick by tick data at the Company's Colocation facility has been completed and SEBI has levied penalty of Rs 1 crore. The Company has deposited Rs 1,107.47 crores with SEBI in respect of these orders. 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 as well as concluded Adjudication proceedings in the standalone financial results. Our opinion is not modified in respect of these matters.

Board of Directors' Responsibilities for the Standalone Financial Results

5. These standalone financial results have been prepared on the basis of the standalone annual financial statements. The Company's Board of Directors are responsible for the preparation and presentation of these standalone financial results that give a true and fair view of the net profit and other comprehensive income and other financial information of the Company and the statement of standalone assets and liabilities and the statement of standalone cash flows in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Board of Directors of the Company are responsible for 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the standalone financial results by the Directors of the Company, as aforesaid.
6. In preparing the standalone financial results, the Board of Directors of the Company are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. The Board of Directors of the Company are responsible for overseeing the financial reporting process of the Company.

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

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Auditor's Responsibilities for the Audit of the Standalone Financial Results

8. Our objectives are to obtain reasonable assurance about whether the standalone financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial results.
9. 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 standalone financial results, 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. (Refer paragraph 12 below).
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
 - Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company 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 standalone financial results 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 standalone financial results, including the disclosures, and whether the standalone financial results represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance of the Company 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.

Other Matters

11. The standalone financial results include the results for the quarter ended March 31, 2022 being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year, which are neither subject to limited review nor audited by us.

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Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of National Stock Exchange of India Limited

Report on the Standalone Financial Results

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12. The standalone annual financial results dealt with by this report has been prepared for the express purpose of complying with Regulation 33 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "SECC Regulations") read with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations"). These results are based on and should be read with the audited standalone financial statements of the Company for the year ended March 31, 2022 on which we issued an unmodified audit opinion vide our report dated May 6, 2022.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/ E-300009

A handwritten signature in black ink, appearing to read 'Sumit Seth', is written over a horizontal line. The signature is stylized and cursive.

Sumit Seth

Partner

Membership Number: 105869

UDIN: 22105869AIMTWT2378

Place: Mumbai

Date: May 6, 2022



NATIONAL STOCK EXCHANGE OF INDIA LIMITED

CIN : U67120MH1992PLC069769



STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crores unless otherwise stated)

Sr. No. Particulars	Quarter ended			Year ended	
	31.03.2022 Unaudited	31.12.2021 Unaudited	31.03.2021 Unaudited	31.03.2022 Audited	31.03.2021 Audited
1 Income					
(a) Revenue from operations	2,501.31	2,026.13	1,621.04	7,762.80	4,848.29
(b) Other income	252.41	88.59	145.47	621.80	617.76
Total Income	2,753.72	2,114.72	1,766.51	8,384.60	5,466.05
2 Expenses					
(a) Employee benefits expenses	94.55	60.28	51.65	274.28	212.14
(b) Clearing & settlement charges	149.65	118.73	93.17	458.23	284.94
(c) Depreciation and amortisation expense	95.38	60.19	54.88	259.72	166.15
(d) Other expenses	432.51	325.01	261.98	1,288.55	767.31
Total expenses	772.09	564.21	461.68	2,280.78	1,430.54
3 Profit before exceptional items, reversal of contribution to Core SGF and tax (1-2)	1,981.63	1,550.51	1,304.83	6,103.82	4,035.51
4 Exceptional items					
Contribution to Investor Protection Fund Trust (IPFT) (Refer note 6)	-	-	874.10	-	(1,822.05)
5 Profit after exceptional items, before reversal of contribution to Core SGF and tax (3-4)	1,981.63	1,550.51	430.73	6,103.82	2,213.46
6 Reversal of Contribution to Core Settlement Guarantee Fund (Core SGF)	-	-	-	-	62.08
7 Profit before tax (5-6)	1,981.63	1,550.51	430.73	6,103.82	2,275.54
8 Less: Income Tax expense					
(a) Current tax	463.00	388.00	118.62	1,470.00	504.62
(b) Deferred tax	1.02	1.00	(31.13)	12.71	(16.36)
Total Tax expense	464.02	389.00	87.49	1,482.71	488.26
9 Profit for the period / year (7-8)	1,517.61	1,161.51	343.24	4,621.11	1,787.28
10 Other Comprehensive Income (OCI)					
(a) <i>Items that will be reclassified to profit or loss (net of tax)</i>					
Changes in fair value of FVOCI debt instruments	(9.80)	(6.78)	(11.84)	(12.61)	5.54
(b) <i>Items that will not be reclassified to profit or loss (net of tax)</i>					
Remeasurements of post-employment benefit obligations	1.01	1.37	1.80	(0.87)	0.34
Changes in fair value of FVOCI equity instruments	(2.59)	0.95	3.55	(3.87)	4.43
Total other comprehensive income for the period / year, net of taxes	(11.38)	(4.46)	(6.49)	(17.35)	10.31
11 Total comprehensive income for the period / year (9+10)	1,506.23	1,157.05	336.75	4,603.76	1,797.59
12 Paid-up equity share capital (Face Value ₹ 1 per share)	49.50	49.50	49.50	49.50	49.50
13 Reserves (excluding Revaluation Reserve)				11,498.30	8,119.67
14 Earnings per equity share (EPS) (Face Value ₹ 1 each)					
- Basic and Diluted (₹)	30.66*	23.47*	6.93*	93.36	36.11

* Not annualised

NATIONAL STOCK EXCHANGE OF INDIA LIMITED
STATEMENT OF STANDALONE ASSETS AND LIABILITIES

(₹ in crores unless otherwise stated)

Particulars	As at 31.03.2022	As at 31.03.2021
ASSETS		
Non-current assets		
Property, plant and equipment	818.27	635.81
Right of Use Assets	138.00	93.60
Capital work-in-progress	69.55	7.84
Other intangible assets	48.47	43.42
Intangible assets under development	52.50	30.83
Investment in subsidiaries and associates	1,161.67	1,056.67
Financial assets		
- Investments	2,590.39	1,835.10
- Other financial assets		
Non-current bank balances	94.99	577.43
Others	9.59	15.76
Income tax assets (net)	339.75	374.34
Other non-current assets	1,124.15	717.78
Total non-current assets	6,447.33	5,388.58
Current assets		
Financial assets		
- Investments	6,745.65	4,450.00
- Trade receivables	1,336.17	834.82
- Cash and cash equivalents	102.57	39.42
- Bank balances other than cash and cash equivalents	1,750.23	891.03
- Other financial assets	165.68	341.84
Other current assets	174.05	146.51
Total current assets	10,274.35	6,703.62
TOTAL ASSETS	16,721.68	12,092.20
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	49.50	49.50
Other equity	11,498.30	8,119.67
TOTAL EQUITY	11,547.80	8,169.17
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Lease liabilities	74.02	29.14
Other financial liabilities	15.49	12.96
Provisions	32.82	14.11
Deferred tax liabilities (net)	12.89	7.22
Contract Liabilities	58.11	21.23
Other non-current liabilities	5.41	5.41
Total non-current liabilities	198.74	90.07
Current liabilities		
Financial liabilities		
Lease liabilities	8.70	4.33
Deposits	1,086.18	1,047.51
Trade payables		
Total Outstanding dues of micro enterprises and small enterprises	2.21	1.14
Total Outstanding dues of creditors other than micro enterprises and small enterprises	214.20	184.50
Other financial liabilities	542.47	171.92
	1,853.76	1,409.40
Contract Liabilities	2.69	1.08
Provisions	88.45	67.59
Income tax liabilities (net)	228.60	140.09
Other current liabilities	2,801.64	2,214.80
Total current liabilities	4,975.14	3,832.96
TOTAL LIABILITIES	5,173.88	3,923.03
TOTAL EQUITY AND LIABILITIES	16,721.68	12,092.20

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

STATEMENT OF STANDALONE CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022

	(₹ in Crores)	
	For the year ended 31.03.2022	For the year ended 31.03.2021
A) CASH FLOWS FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX	6,103.82	2,275.54
Adjustments for		
Depreciation and amortisation expense	259.72	166.15
Interest on lease liabilities	6.66	3.84
(Reversal)/ Provision for doubtful debts	(2.13)	3.61
Bad debts written off	0.65	4.37
Interest income from financial assets at amortised cost	(122.12)	(62.77)
Interest income from financial assets designated at fair value through other comprehensive income	(55.65)	(36.12)
Income on Investments	(46.64)	(74.31)
Dividend income	(225.72)	(206.99)
Rent income	(2.96)	(6.07)
Net fair value (gain) / loss on financial assets mandatorily measured at fair value through profit or loss	(139.51)	(137.08)
Net gain on sale of financial assets measured at amortised cost	-	(9.73)
Net gain on sale of investments mandatorily measured at fair value through profit or loss	(53.78)	(147.21)
Net profit on sale of property, plant and equipment	(0.21)	-
Change In operating assets and liabilities		
(Increase)/Decrease in trade receivables	(499.88)	(291.89)
Increase/(Decrease) in trade payables	30.77	59.43
(Increase)/Decrease in other financial assets	(30.09)	(3.22)
(Increase)/Decrease in other assets	(439.72)	4.94
Increase/(Decrease) in other financial liabilities	296.69	(32.27)
Increase/(Decrease) in contract liabilities	38.50	5.46
Increase/(Decrease) in provisions	38.42	(4.37)
(Refund) /Proceeds of deposits from trading members / applicants	38.66	14.40
Increase/(Decrease) in other liabilities	586.85	1,736.95
CASH GENERATED FROM OPERATIONS	5,782.33	3,262.66
Income taxes paid	(1,346.91)	(513.18)
NET CASH INFLOWS FROM OPERATING ACTIVITIES - TOTAL (A)	4,435.42	2,749.48
B) CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment & intangibles	(439.91)	(321.33)
Proceeds from rent income	2.96	6.07
Proceeds from property, plant and equipment	0.82	0.37
Payment for investment in a subsidiary and associate	(105.00)	(40.00)
Proceeds from sale of investments	26,758.85	22,591.80
Payment for purchase of investments	(29,659.04)	(23,578.54)
Proceeds from fixed deposits and certificate of deposits with banks	981.89	122.37
Proceeds from fixed deposits with financial institutions	298.10	265.00
Payment for investment in fixed deposits and certificate of deposits with banks	(1,326.79)	(1,381.03)
Payment for investment in deposits with financial institutions	(115.00)	(265.00)
Interest received	241.15	168.79
Dividend received	225.72	206.99
NET CASH INFLOWS / (OUTFLOWS) FROM INVESTING ACTIVITIES - TOTAL (B)	(3,136.25)	(2,224.51)
C) CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,224.97)	(544.50)
Payment of lease liability	(4.39)	(6.06)
Interest on lease liabilities	(6.66)	(3.84)
NET CASH OUTFLOWS FROM FINANCING ACTIVITIES - TOTAL (C)	(1,236.02)	(554.40)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	63.15	(29.43)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	39.42	68.85
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	102.57	39.42
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	63.15	(29.43)
Reconciliation of cash and cash equivalents as per the cash flow statement		
Cash and cash equivalents comprise of the following		
Balances with banks		
In current accounts	102.57	39.42
Balances as per statement of cash flows	102.57	39.42

Notes :

- 1 The above Standalone Financial Results for the quarter and year ended March 31, 2022 have been reviewed by the Audit Committee in its meeting held on May 5, 2022 and approved by the Board of Directors in its meeting held on May 6, 2022. The financial results for the year ended March 31, 2022 were subject to audit by the Statutory Auditors of the Company and the figures for the quarter ended March 31, 2022 and March 31, 2021 are the balancing figures between audited figures in respect of full financial year and published year to date figures upto the third quarter of the respective financial year.
- 2 The Company has paid final dividend of ₹ 1,225.13 crores as approved by the shareholders in the Annual General Meeting held on August 25, 2021.
- 3 The Board of Directors have recommended a dividend of 4200% (₹ 42 per equity share of ₹ 1 each).
- 4 Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO of the 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". The Company while presenting the consolidated financial results has disclosed the segment information as to the extent applicable as required under Indian Accounting Standard 108 "Operating Segments".
- 5 Securities and Exchange Board of India (SEBI) had directed National Stock Exchange of India Limited (NSE) to carry out an investigation including forensic examination by independent external agencies in respect of certain aspects of NSE's Colocation facility. Accordingly, investigations were carried out and the reports were submitted to SEBI. Further, SEBI in September 2016 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. In terms of the said directions, NSE continued to transfer the amount till May 2021 when SAT allowed the release of the amounts from such separate bank account (as further explained below).

Three separate show cause notices (SCN) on May 22, 2017 and July 03, 2018 were issued by SEBI to the Company and to some of its employees, including former employees, in respect of the alleged preferential access to tick by tick data in Company's Colocation facility, Dark Fibre point to point connectivity and Governance and conflict of interest related matters which were responded to by NSE. 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 passed orders in respect of all the three show cause notices. In the first order, it 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 accessing securities 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 certain non-monetary and restrictive directions and in the third order it has passed certain non-monetary and remedial directions on NSE. Additionally, NSE also received Adjudication notices covering the above three orders for which NSE has filed its replies with SEBI. Hearing before SEBI in respect of all three Adjudication matters have been completed. With respect to Adjudication notice pertaining to preferential access to tick by tick data at the Company's Colocation facility, SEBI on February 10, 2021 passed an order and levied a monetary penalty of ₹ 1 crore. Order of SEBI in relation to Adjudication of Dark Fiber point to point connectivity and Governance and conflict of interest matters is awaited.

The Company having received the orders passed by SEBI sought legal advice thereon and preferred an appeal with SAT. 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. Further, the Company was 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. SAT, in an appeal filed by the Company also stayed the penalty levied by SEBI in relation to Adjudication order passed by it on preferential access to tick by tick data at the Company's Colocation facility.

While the Company's appeal in respect of the colocation matter had been heard by the Hon'ble SAT and the same was reserved for orders, the Company had, in the interim, filed an application with Hon'ble SAT to permit withdrawal of the amounts transferred to the separate account, as indicated above, and also to discontinue the transfer of all revenues emanating from its co-location facility to such separate bank account going forward. Hon'ble SAT heard the matter on May 17, 2021 and modified its earlier order dated May 22, 2019 and allowed NSE to withdraw the amounts previously transferred to such account, discontinue further transfer of future revenues and close the separate account. However, in order to balance the equities, Hon'ble SAT directed NSE to transfer an additional amount of ₹ 420 crores into an interest-bearing account with SEBI which has been remitted by the Company on June 17, 2021. Accordingly, as at March 31, 2022, a total amount of ₹ 1,107.47 crores has been deposited by the Company with SEBI. SAT directed the parties to a refresher hearing which has been concluded and the final order is now reserved by SAT.

The Company believes that it has strong grounds to contest each of the above orders including monetary liability (including from completed / pending adjudication proceedings) passed by SEBI. Accordingly, no provision for any liability in this regard is considered necessary in the financial statements as of and for the year ended March 31, 2022.

- 6 NSE has established an Investor Protection Fund with the objective of compensating investors in the event of defaulters' assets not being sufficient to meet the admitted claims of investors, promoting investor education, awareness and research. The Investor Protection Fund is administered by way of a registered Trust created for the purpose. In order to enhance the effectiveness of Investor Protection Fund (IPF) of Stock Exchange, SEBI 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. The Company was directed to transfer the requisite amount to bring the Corpus to ₹ 1,500 crores. Accordingly, the Company had paid ₹ 1,701 crores to NSE Investor Protection Fund Trust (NSE IPFT) during the year ended March 31, 2021. Additionally, the Company had also provided ₹ 121.05 crores in relation to the investors' claims related to defaulted members, which was paid in current year. This provision is estimated by applying past historical experience of claims admitted and paid to the outstanding claims through the date of approval of the financial statements including the maximum amount that can be paid to each investor in accordance with trust deed of NSE IPFT. Accordingly, an amount of ₹ 1,822.05 crores was recognised as an exceptional expense in the statement of profit and loss for the year ended March 31, 2021 considering the materiality of the amount, nature and incidence of these transactions. The Company has assessed the adequacy of the IPF corpus as at March 31, 2022 and has made payments of ₹ 118.20 crores and provision of ₹ 32.25 crores in relation to the investor claims pertaining to defaulted members received and yet to be processed by NSE IPFT as at year-end. Accordingly, aggregate expense of ₹ 150.45 crores has been included as part of Other expenses in the statement of profit and loss for the year ended March 31, 2022.

- 7 On February 24, 2021, the Company's trading system was halted due to certain issues in the links with telecom service providers which in turn impacted the Storage Area Network (SAN) system of the Company, resulting in the primary SAN becoming inaccessible to the host servers. This also resulted in the risk management system of NSE Clearing Limited and other systems such as clearing and settlement, index and surveillance systems becoming unavailable. The Company has submitted a root cause analysis of the incident to SEBI. SEBI vide its letter dated July 2, 2021 directed NSE to pay financial disincentive of ₹ 25 lakhs and the same was paid by the Company on July 12, 2021. Further, in this regard, SEBI has issued a show cause notice on August 11, 2021 to the Company and some of its employees alleging non-compliance with certain paragraphs of SEBI circular dated October 8, 2015, September 13, 2017, March 26, 2019 and Regulation 12(6) read with Regulation 7(3)(a) and 7(3)(c) of SECC Regulation 2018 for which detail response is filed. In this regard, the Company has taken necessary remedial actions and the Company has filed consent application with SEBI on August 31, 2021 against which preliminary hearing on maintainability of the said consent application has taken place on May 4, 2022. The Company is directed to file written submission against the same. The Company is of the view that pending conclusion of this matter with SEBI, a reliable estimate of any obligation in respect of this matter cannot be presently made and therefore no provision / adjustment to this effect has been made in the financial statements as of and for the year ended March 31, 2022.
- 8 The Company was in receipt of Show Cause Notice issued by SEBI on October 9, 2019 and a Supplementary notice on December 16, 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 the Company with an alleged third party by former Managing Director & Chief Executive Officer. The Company filed a Settlement Application with SEBI on December 11, 2019, which was returned to NSE on October 27, 2020. During the year, SEBI vide order dated February 11, 2022 levied penalty of ₹ 2 Crore which has been paid by the Company. In this direction, certain investigating agencies have been making inquiries and seeking various information, data etc. from the Company, which is being provided.
- 9 SEBI issued an Adjudication Show Cause Notice on July 31, 2020 with respect to investments made by NSE and its subsidiary in certain entities alleging that the investments made by NSE were in activities that were unrelated and non-incident to its activities as a stock exchange. SEBI subsequently after detailed hearing in its order dated October 01, 2020 levied a penalty of ₹ 6 Crore on NSE (₹ 1 Crore for each of the investments made by NSE and its subsidiaries). NSE had preferred an appeal against the SEBI order challenging the findings and the said penalty levied by SEBI. SAT had stayed the effect and operation of the order during the pendency of the appeal. During the current year ended March 31, 2022, SAT vide its order dated January 04, 2022 has quashed the Adjudicating Notice including the penalty levied by the Adjudication Order.
- 10 The Company was in receipt of SEBI Adjudication SCN dated January 07, 2021 and supplementary SCN dated May 6, 2021 with respect to the default of Karvy Stock Broking Limited, erstwhile trading member registered with the Company. The Company had filed its detailed response with SEBI. The Company has filed a consent application in response to the said SCNs issued by SEBI which was returned to NSE on April 6, 2022. SEBI vide order dated April 12, 2022 passed the order levying penalty of ₹ 2 crores. The Company is evaluating its course of action, pending which the said amount has been disclosed as contingent liability. Based on the legal view, the Company believes that it has strong ground to contest the said order and accordingly no provision / adjustment to this effect has been made in the financial results as of and for the year ended March 31, 2022.
- 11 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 : May 6, 2022

Vikram Limaye
Managing Director & CEO
DIN : 00488534