

Price Waterhouse & Co Chartered Accountants LLP

To
The Board of Directors
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block- G,
Bandra Kurla Complex,
Bandra (East),
Mumbai- 400 051.

1. We have reviewed the unaudited financial results of National Stock Exchange of India Limited (the "Company") for the quarter ended June 30, 2021 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 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, 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 3 to the unaudited 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 crore (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 continued to transfer revenues emanating from the Colocation facility to a separate bank account until May 2021. Pursuant to an Application made by the Company to the Hon'ble Securities Appellate

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3

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Tribunal (SAT), the Company was allowed to withdraw the amounts previously transferred to such bank account, discontinue further transfer of future revenues from the Colocation facility and close such separate bank account. However, in order to balance the equities, Hon'ble SAT directed the Company to transfer an additional amount of Rs. 420 crores into an interest-bearing account with SEBI which was remitted on June 17, 2021. Accordingly, as at June 30, 2021, a total amount of Rs. 1,107.47 crores have been deposited by the Company with SEBI. The Company has filed appeals to contest the aforesaid orders with the Hon'ble SAT, 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 unaudited standalone financial results. Our opinion is not modified in respect of this matter.
Our conclusion on the Statement is not modified in respect of these matters.

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



Sumit Seth
Partner
Membership Number: 105869
UDIN: 21105869AAAAAY2543
Place: Mumbai
Date: August 12, 2021



NATIONAL STOCK EXCHANGE OF INDIA LIMITED

CIN : U67120MH1992PLC069769



STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2021

(₹ in crores unless otherwise stated)

Sr. No. Particulars	Quarter ended			Year ended
	30.06.2021 Unaudited	31.03.2021 Unaudited	30.06.2020 Unaudited	31.03.2021 Audited
1 Income				
(a) Revenue from operations	1,579.83	1,621.04	934.51	4,848.29
(b) Other income	92.87	145.47	140.17	617.76
Total Income	1,672.70	1,766.51	1,074.68	5,466.05
2 Expenses				
(a) Employee benefits expenses	60.69	51.65	54.58	212.14
(b) Clearing & settlement charges	91.85	93.17	54.53	284.94
(c) Depreciation and amortisation expense	49.88	54.88	34.21	166.15
(d) Other expenses	214.57	261.98	143.08	767.31
Total expenses	416.99	461.68	286.40	1,430.54
3 Profit before exceptional items, Contribution to Core SGF and tax (1-2)	1,255.71	1,304.83	788.28	4,035.51
4 Exceptional items				
Contribution to Investor Protection Fund Trust (IPFT) (Refer note 4)	-	874.10	-	1,822.05
5 Profit after exceptional items, before Contribution to Core SGF and tax (3-4)	1,255.71	430.73	788.28	2,213.46
6 (Reversal)/Contribution to Core Settlement Guarantee Fund (Core SGF)	-	-	6.99	(62.08)
7 Profit before tax (5-6)	1,255.71	430.73	781.29	2,275.54
8 Less: Income Tax expense				
(a) Current tax	322.00	118.62	170.00	504.62
(b) Deferred tax	(3.29)	(31.13)	6.55	(16.36)
Total Tax expense	318.71	87.49	176.55	488.26
9 Profit for the period / year (7-8)	937.00	343.24	604.74	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	0.92	(11.84)	12.56	5.54
(b) <i>Items that will not be reclassified to profit or loss (net of tax)</i>				
Remeasurements of post-employment benefit obligations	(2.94)	1.80	(2.87)	0.34
Changes in fair value of FVOCI equity instruments	(2.47)	3.55	0.80	4.43
Total other comprehensive income / (loss) for the period / year, net of taxes	(4.49)	(6.49)	10.49	10.31
11 Total comprehensive income for the period / year (9+10)	932.51	336.75	615.23	1,797.59
12 Paid-up equity share capital (Face Value ₹ 1 per share)	49.50	49.50	49.50	49.50
13 Reserves (excluding Revaluation Reserve)				8,119.67
14 Earnings per equity share (EPS) (Face Value ₹ 1 each)				
- Basic and Diluted (₹)	18.93*	6.93*	12.22*	36.11

* Not annualised

Notes :

- 1 The above Standalone Unaudited Financial Results for the quarter ended June 30, 2021 have been reviewed by the Audit Committee in its meeting held on August 11, 2021 and approved by the Board of Directors in its meeting held on August 12, 2021. The financial results for the quarter ended June 30, 2021 were reviewed by the Statutory Auditors of the Company. The figures for the quarter ended March 31, 2021 are the balancing figures between audited figures in respect of full financial year 2020-21 and published year to date figures upto the third quarter of the financial year 2020-21.
- 2 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".
- 3 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. 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 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 June 30, 2021, a total amount of ₹ 1,107.47 crores has been deposited by the Company with SEBI. SAT has also directed the parties for a refresher hearing which is underway.

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 results as of and for the quarter ended June 30, 2021.

- 4 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 were yet to be processed by IPFT during the year ended March 31, 2021. This provision has been 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 bye laws 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 adequacy of the corpus of NSE IPFT as at June 30, 2021 and believes that currently the corpus remains adequate and no further contribution is considered necessary. Accordingly, no provision for any liability in this regard is considered necessary in the financial results as of and for the quarter ended June 30, 2021.
- 5 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. Further, SEBI vide its letter dated July 2, 2021 directed NSE to pay financial disincentive of ₹ 25 lakhs which has been paid by NSE on July 12, 2021.

- 6 Based on the Company's current assessment, the impact of coronavirus (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.
- 7 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 : August 12, 2021

Vikram Limaye
Managing Director & CEO
DIN : 00488534