Indian Clearing Corporation Limited

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INDIAN CLEARING CORPORATION LIMITED

ANNUAL REPORT

FINANCIAL YEAR ENDED MARCH 31, 2018

Board of Directors:
Mr. S. Sundareshan, Chairman, Public Interest Director
Prof. T. Ramabhadran Public Interest Director
Mr. Prasad Dahapute, Public Interest Director
Mr. Nehal Vora, Shareholder Director
Mr. Neeraj Kulshrestha, Shareholder Director
Ms. Devika Shah, Managing Director & CEO

Key Management Personnel:
Ms. Devika Shah, Managing Director & CEO
Mr. Tushar Ambani, Chief Operating Officer
Ms. Myna Venkataraman, Chief Financial Officer
Mr. Dilip Kakwani, Head – Operations
Mr. Piyush Chourasia, Chief Risk Officer & Head – Strategy (Compliance Officer)

Company Secretary:
Ms. Shilpa Pawar

Statutory Auditors:
M/s. S. Panse & Co., Chartered Accountants, Mumbai (FRN: 113470W)

Secretarial Auditors:
M/s Shweta Gokarn & Co., Company Secretaries (ICSI Unique Code P1996MH007500)

Internal Auditors:
M/s Dalal Doctor and Associates, Chartered Accountants

Registered Office:
25th Floor, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001

Registrar & Share Transfer Agent:
Karvy Computershare Limited, Hyderabad.

Website:
www.icclindia.com

Corporate Identity Number:
U67120MH2007PLC170358

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DIRECTORS' REPORT

The Members,

Indian Clearing Corporation Limited

Your Directors have pleasure in presenting their Eleventh Annual Report and Audited Accounts for the financial year ended March 31, 2018.

i. FINANCIAL RESULTS:

The financial results for the year ended March 31, 2018 are as follows:

(INR. In Lakh)

PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
A. Income		
Income from Operations	4,475	4,170
Income from Investments and Deposits	1,863	4,625
Other Income	146	2
Total Income (A)	**6,484**	**8,797**
B. Expenditure		
Employee Benefits Expenses	791	745
Other Operating Expenses	1,713	1,628
Depreciation and Amortisation	123	130
Finance Cost	100	86
Total Expenditure (B)	**2,727**	**2,589**
Profit before Exceptional Items &Tax (A-B)	**3,757**	**6,208**
Less Exceptional Items	0	0
Profit before Tax	**3,757**	**6,208**
Less: Provision for Tax	-107	560
Profit after Tax	**3,864**	**5,648**
Other Comprehensive Income	4	-4
Total Comprehensive Income	3,868	5,644
Balance of Profit brought forward from previous year (*)	3,407	1,321
Amount available for appropriation		
APPROPRIATIONS		
Interim Dividend paid	2,081	2,956
Tax on Interim Dividend paid	424	602
Final Dividend paid	1,542	0
Tax on Proposed Dividend paid	314	0
Core Settlement Guarantee Fund	-	0
Balance of Profit carried to Balance Sheet (*)	**2,914**	**3,407**
* include the Other Comprehensive Income		

ii. PERFORMANCE & OPERATIONS

ICCL clears and settles various products traded on the BSE platform. The products cleared and settled by ICCL include:

1. **Exchange Traded Products**
   - **Equity**
   - **Equity Derivatives**
     - Index Options
     - Index Futures
     - Stock Options
     - Stock Futures
   - **Currency Derivatives**
     - Currency Futures
     - Currency Options
   - **Interest Rate Derivatives**
   - **Small and Medium Enterprises ("BSE SME") and SME ITP**
   - **Debt**
     - Government Securities
     - Corporate Bonds

2. **Over the Counter Products**
   - Debt Market

3. **Securities Lending & Borrowing ("SLB")**
   - ICCL is authorized by SEBI to run a Securities Lending & Borrowing program for its members.

4. **Mutual Funds**

During the period under review, the Company has introduced many new features and facilities to make the clearing & settlement system more efficient and user friendly for market participants in various segments.

DIVIDEND

- The shareholders at their Annual General Meeting held on June 16, 2017 approved the payment of Final Dividend of INR 0.043566 per equity share of face value of INR 1/- each, for the financial year ended March 31, 2017.

- The Board of Directors in their meeting held on July 19, 2017 approved the payment of Interim Dividend of INR 0.023850 per equity share of face value of INR 1/- each, for the quarter ended June 30, 2017.

- The Board of Directors in their meeting held on October 27, 2017 approved the payment of Interim Dividend of INR 0.018018 per equity share of face value of INR 1/- each, for the quarter ended September 30, 2017.

- The Board of Directors in their meeting held on January 17, 2018 approved the payment of Interim Dividend of INR 0.016904 per equity share of face value of INR 1/- each, for the quarter ended December 31, 2017.

Further the Board, in its meeting held on April 24, 2018 have recommended a final dividend on Equity shares at the rate of INR 0.015457/- per equity share of INR 1/- each aggregating to INR 5,47,17,780/-(Rupees Five Crore Forty Seven Lakh Seventeen Thousand Seven Hundred Eighty only), excluding dividend distribution tax.

The dividend, if approved at the ensuing Annual General Meeting, will be paid to those members whose names appear in the Register of Members on April 24, 2018, being record date.

The total dividend amount is INR 3,623 Lakh (Previous year INR 2,956 Lakh). The total tax on dividend thereon is INR 738 lakh (Previous year INR 602 Lakh)

iii. SECURITIES CONTRACTS (REGULATION)(STOCK EXCHANGES AND CLEARING CORPORATIONS) REGULATIONS, 2012:

SEBI vide notification dated June 20, 2012 had notified new Regulations – The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 – to regulate recognition, ownership and governance in Stock Exchanges and Clearing Corporations and matters connected therewith or incidental thereto.

Further SEBI had issued a circular no. CIR/MRD/DSA/33/2012 dated December 13, 2012 on Procedural norms on Recognitions, Ownership and Governance for Stock Exchanges and Clearing Corporations. SEBI has vide letter no. SEBI/HO/MRD/DRMNP/OW/P/2016/26970/1 dated September 28, 2016 granted recognition to ICCL to act as a Clearing Corporation for a period of three years from October 3, 2017 to October 2, 2020.

iv. RISK AND INTERNAL ADEQUACY

Your Company has an elaborate Risk Management procedure, which is based on three pillars: Business Risk Assessment, Operational Controls Assessment and Policy Compliance processes. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed with the Risk Management Committee.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Risk Management / Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

Your Company manages cash and cash flow processes assiduously, involving all parts of the business. The Company's low debt equity ratio provides ample scope for gearing the Balance Sheet, should the need arise.

ICCL has maintained adequate internal financial controls over financial reporting. These includes policies and procedures – (a) pertaining to the maintenance of records that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of ICCL, (b) 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 ICCL are being made only in accordance with authorization of management and directors of the Company, and (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of ICCL's assets that could have a material impact on the financial statements.

1. **ICCL has taken Counterparty Default Insurance for USD 60 million.**

   ICCL remains committed to the safety of investors and members.

   ICCL provides full novation and has the responsibility of guaranteeing contractual performance by playing the role of a central counterparty for all trades on BSE, thereby eliminating counterparty risk for the members. In essence, it splits the original contract between the initiating counterparties into two new contracts; one each between ICCL and the initiating counterparties. ICCL has put in place a risk management framework to mitigate the risk it undertakes in its capacity as a Clearing Corporation.

   In the case of loss arising out of defaults, the capital of Clearing Corporation and its non-defaulting members would be at risk, in accordance with the default waterfall. The magnitude of potential loss due to default a clearing corporation can undertake without affecting the capital of non-defaulting members is contingent upon the networth of the Clearing Corporation and additional capital cushions, which insulate the default loss and the non-defaulting members' resources.

   To further add to this security, ICCL has subscribed to a unique Insurance Policy for USD 60 million across all segments. The objective of the Policy is to protect ICCL against counterparty defaults, and add a further capital cushion to the ICCL net-worth making the resources of the non-defaulting members even safer. The policy also adds to the ability of ICCL to absorb higher losses before any resources of the non-defaulting members are put at risk.

   ICCL, with its net-worth of over INR 500 Crore, which is nearly 2 times its default fund requirements, is well capitalized and instills a high level of confidence in its members and investors of the ability of ICCL to handle extreme loss situations. The additional capital cushion, provided by the Insurance cover, along with ICCL's Core SGF and other resources in the Default Waterfall, covers nearly 4 times the default fund requirement of ICCL and further increases the safety for domestic and international participants alike.

2. **India Ratings & Research assigned rating of 'IND AAA'; Outlook Stable and CARE assigned 'CARE AAA(IS)' rating to ICCL**

   ICCL continues to remain the only clearing corporation in India to be granted "AAA" rating by two rating agencies, India Ratings Ltd. (Indian arm of Fitch Ratings) and Care Ratings Ltd.

3. **ICCL granted renewal of recognition by SEBI**

   ICCL is a recognised clearing corporation under Regulation 4 and 12 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012. On October 3, 2017, ICCL was granted renewal of recognition by the SEBI for a period of three years.

4. **ICCL recognized by ESMA as Third Country Central Counterparty ("TC-CCP")**

   On June 7, 2017, the Union Cabinet (India) gave its approval to SEBI for entering into a Memorandum of understanding ("MoU") with European Securities and Market Authority ("ESMA") in relation to Mutual Co-operation and on June 21, 2017, SEBI established the MoU with ESMA under EMIR.

ICCL received recognition as a TC-CCP on September 27, 2017, which came soon after ICCL being granted recognition by the SEBI for a period of three years.

5. **ICCL published its self-assessment of the PFMIs prescribed by CPMI-IOSCO**

ICCL continued being the leader in Risk Management practices and disclosures by being the first CCP in India to publish its self-assessment of the Committee on Payments and Market Infrastructures ("CPMI") - International Organization of Securities Commissions ("IOSCO") Principles of Financial Market Infrastructures ("PFMIs") on its website to ensure a clear understanding and assessment of the risks associated with ICCL.

v. DIRECTORS

Mr.S. Sundareshan (Chairman) (DIN: 01675195), Mr. Ramabhadran Thirumalai (DIN: 07059883) and Mr. Prasad Dahapute (DIN: 03471995) are Public Interest Directors of ICCL. Mr. Nehal Vora (DIN: 02769054) and Mr. Neeraj Kulshrestha (DIN: 02994647) are Shareholder Directors of ICCL, representing BSE Limited. Ms. Devika Shah [DIN: 07980301] is the Managing Director & CEO of the Company.

In accordance with Article 131 of the Articles of Association of the Company read with applicable provisions of Companies Act, 2013, Mr. Nehal Vora retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re–appointment. Your Board recommends the appointment of Mr. Nehal Vora as Director of the Company.

vi. MEMBERSHIP

During the FY 2017-18, ICCL received 26 applications from Clearing Member (CMs) for admission. Of this, 22 applications were received for the Equity Cash Segment, 2 for Equity Derivatives Segment and 3 for Currency Derivatives Segment of BSE. 1 application was common between Equity Derivatives and Currency Derivatives. As on March 31, 2018, total Clearing Members with ICCL operating in different Segments of BSE were 1420.

				As on March 31, 2018
Type	**Equity Cash Segment**	**Equity Derivative Segment**	**Currency Derivative Segment**	**Debt Segment**
SCM	1,379	35	32	14
CM	-	98	56	21
Custodian	16	-	-	-
Total	1,395	133	88	35
Unique Members: 1,420				

Total applications received for surrender / cancellation of Clearing Membership with ICCL under Equity Derivatives and Currency Derivatives was 9. Of these, 7 were for the Equity Derivatives Segment and 2 for the Currency Derivatives Segment of BSE. As on March 31, 2018, 2 applications received for surrender / cancellation had been pending with SEBI for approval. The balance 7 were not required to be sent to SEBI, hence approved by ICCL.

vii. **DETAILS OF INSPECTIONS CONDUCTED DURING THE FINANCIAL YEAR 2017-18**

ICCL carries out inspections of its Clearing Members as per its inspection policy. ICCL had conducted inspections of 69 (Sixty Nine) Clearing Members, for the period 2016-17, during the financial year 2017-18.

viii. **HUMAN RESOURCE**

ICCL has aligned the compensation packages of Management and laid down HR policies to make benefits and compensation more transparent and employee-friendly.

Also, the organizational structure of ICCL has undergone significant restructuring to enhance accountability and efficiency with a view to aligning performance management and reward strategies.

As of March 31, 2018, ICCL had 64 employees.

ix. **FAMILIARISATION PROGRAMME FOR PUBLIC INTEREST DIRECTORS**

The Public Interest Directors periodically undergo structured familiarisation program. Presentations are made giving a brief overview of the operations of the Company and about the overall securities market. The details of the familiarisation program is available at: http://www.icclindia.com/downloads/Familiarisation_program.pdf

x. **THE COMPANIES ACT**

Disclosure in Directors Report as per Companies Act, 2013

I. **Extract Annual Return (sec 92)**

The details forming part of the extract of the Annual Return in form MGT 9 is enclosed as **Annexure - A**.

II. **Number of Board Meetings**

During the year, nine Board Meetings were convened and held on April 24, 2017, June 16, 2017, July 19, 2017, two Board Meetings on September 18, 2017 (at 03:30 PM and at 04:15 PM). October 27, 2017, two Board Meetings on January 17, 2018 (at 09:00 AM and at 02:45 PM) and on March 23, 2018.

III. **Directors' Responsibility Statement**

Pursuant to sub-section (5) of Section 134 of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, it is hereby confirmed:-

a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
d. the directors had prepared the annual accounts on a going concern basis; and
e. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

IV. Declarations by Independent Directors

All Public Interest Directors / Independent Directors have given declarations that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013.

V. Company's policy on Directors' appointment and remuneration

ICCL's Policy with regard to appointment and remuneration of Directors is governed by the provisions of SECC Regulations 2012 and the SEBI Circular on "Procedural norms on Recognitions, Ownership and Governance for Stock Exchanges and Clearing Corporations" dated December 13, 2012 and any amendments thereto.

VI. Comment on Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Shweta Gokarn & Co., a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for FY 2017 - 18. The Secretarial Audit Report is enclosed as **Annexure – B.**

The Secretarial Auditor has reported following observations in its Report:

a. In terms of the requirements of Clause 6.3.5 of Circular No. CIR/MRD/DSA/33/2012 dated December 13, 2012 issued by the Securities and Exchange Board of India, the Company is required to provide at least seven days of training to every Public Interest Director each year. However, only one training programme for Public Interest Directors was held by ICCL on July 16, 2017 during the financial year 2017-18.

b. Per the requirements of Section 135 (5) of the Companies Act, 2013, if Company fails to spend CSR amount, which was required to be spent in that financial year, Board of the Company is required to specify the reason for not spending such amount in its Report.

The Management response with regard to the above observation is as follows:

Reply to point a. above: Company has conducted training programme for Public Interest Directors during the financial year 2017 – 18 for seven days, however it was not recorded.

Reply to point b. above: Noted for future compliance. However, the company has spent the entire obligation of CSR expenditure as on 2017 – 18.

VII. Particulars of Loans, Guarantees or Investments by the Company under Section 186 of the Companies Act, 2013

A detailed disclosure of the particulars relating to Loans and Investments by the company as per Section 186 of the Companies Act, 2013 read with the Companies (Meetings of the Board and its Powers) Rules, 2014 is given in the Financial Statements.

VIII. Particulars of Contracts or Arrangements with Related Parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. A detailed disclosure of these transactions with the Related Parties is annexed with this report in Form AOC-2 in **Annexure – C.**

IX. Material Changes and Commitments Affecting the Financial Position of the Company

There have been no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

X. Technology upgrade

To be in line with best practices with regards to risk mitigation, ICCL has setup the new DR (Disaster Recovery) site at a different seismic zone in Hyderabad.

During the financial year 2017-18:

Live trading was carried out successfully from DR site on: May 18 & 19, 2017, December 14 & 15, 2017.

Mock trading was conducted from DR site on: April 8, 2017, May 13, 2017, July 15, 2017, August 19, 2017, November 25, 2017, December 9, 2017, and March 17, 2018

XI. Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has an evaluation policy of its own performance. The Board has conducted an evaluation of the Board as well as the Committees for the FY 2017-18. The procedure followed for the performance evaluation of the Board, Committees and individual Directors is enumerated in the Corporate Governance Report.

XII. Change in the Nature of Business

Your Company has not undergone any changes in the nature of the business during the Financial Year.

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XIII. Details of Directors or Key Managerial Personnel who were appointed or have resigned during the year pursuant to Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014:

Appointment

Ms. Devika Shah was appointed as a Managing Director & Chief Executive Officer with effect from January 01, 2018. Ms. Shilpa Pawar was appointed as a Company Secretary with effect from January 17, 2018.

Cessation

Mr. Kumar Kanakasabapathy demitted his office as Managing Director & CEO at close of business day, December 31, 2017. Ms. Maya Sinha demitted her office as Public Interest Director at close of business day, January 16, 2018. Mr. Prasad Sawant, demitted his office as Company Secretary at close of business day, December 29, 2017.

Retirement by Rotation

In accordance with the provisions of Companies Act, 2013 and the Company's Articles of Association Mr. Nehal Vora shall retire by rotation in this Annual General Meeting and being eligible for re-appointment, offers himself for re-appointment.

Key Managerial Personnel

Ms. Devika Shah, Managing Director & CEO, Ms. Myna Venkatraman, Chief Financial Officer, and Ms. Shilpa Pawar, Company Secretary are the Key Managerial Personnel of the Company pursuant to the provisions of Companies Act, 2013.

Changes in Key Managerial Personnel

Ms. Devika Shah was appointed as Managing Director & CEO of the Company for the period of three years with effect from January 1, 2018 consequent to resignation of Mr. K. Kumar and Ms. Shilpa Pawar was appointed as Company Secretary with effect from January 17, 2018 pursuant to resignation of Mr. Prasad Sawant.

XIV. Companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year: Nil

XV. Deposits

The Company has not accepted any public deposits during the financial year ended on March 31, 2018 and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

XVI. Details of Deposits not in compliance with the requirements of the Act

Since the Company has not accepted any deposits during the financial year ended on 31st March, 2018, there has been no non-compliance with the requirements of the Act.

XVII. Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

There have been no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and your company's operations in future.

XVIII. Changes in Share Capital

There was no change in Share Capital during the year.

XIX. Audit Committee

The Board has a well-defined Audit Committee the details of which have been given in the Corporate Governance Report.

XX. Report on performance of subsidiaries, associates companies and joint ventures:

Not applicable. ICCL is a wholly owned subsidiary of BSE Limited.

XXI. Vigil Mechanism

The Company has a Whistle Blower Policy, hosted on its website, to deal with instances of fraud and mismanagement, if any.

XXII. Disclosures if MD/WTD is receiving remuneration or commission from a subsidiary company: Nil

XXIII. Disclosure about ESOP and Sweat Equity Share: Nil

XXIV. Order of Court: Nil

XXV. Details of Employees drawing salary above prescribed limits

In compliance with the requirements of Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Securities Contracts (Regulations) (Stock Exchanges and Clearing Corporations) Regulations, 2012, a statement containing details of employees is enclosed as **Annexure - D**.

XXVI. Particulars relating to the sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company has always believed in providing a safe and harassment free workplace for every individual working in Company's premises through various interventions and practices. The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The Company has adopted a policy on Prevention of Sexual Harassment at Workplace which aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behaviour. An Internal Complaints Committee (ICC) was set up from the senior management with women employees constituting majority. Company is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the Policy.

During the year ended March 31, 2018, no complaints have been received pertaining to sexual harassment.

XXVII. Conservation of energy, technology absorption and foreign exchange earnings and outgo:

A] Conservation of Energy, Technology Absorption:

Considering the nature of operations of the Company, your Directors have nothing to report pursuant to Section 134 of the Companies Act, 2013.

B] Foreign Exchange Earning and Outgo:

The particulars of foreign exchange earning and outgo during the year under review are furnished here under:

Foreign Exchange Earning: Nil

Foreign Exchange Outgo: INR 61 Lakhs (Previous Year INR 78 Lakhs) (on accrual basis)

XXVIII. Auditors

Subject to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, The Company had appointed M/s S. Panse & Co., Chartered Accountants, Mumbai as the Statutory Auditors of the Company from the FY 2014 – 15 for a period of 5 years.

Your Company proposes to ratify the appointment of M/s S. Panse & Co., Chartered Accountants from the conclusion of this Annual General Meeting till the conclusion of twelfth Annual General Meeting. M/s. S. Panse & Co., Chartered Accountants, Mumbai will be paid remuneration of Rs. 6 lakhs per annum plus GST in addition to the reimbursement of out of pocket expenses (actual) for conducting the Statutory Audit, Audit of Internal Financial Controls, three Limited Reviews i.e. for June, September and December quarters for the financial year 2018-19, Tax Audit and issuing net worth certificate.

Auditors Report

The Auditors' Report on the financial statements of the company for financial year ended March 31, 2018 does not contain any reservation, qualification or adverse remark.

XXIX. Corporate Governance

Pursuant to the SECC Regulations, Listing Regulations and the Companies Act, 2013, report on Corporate Governance as at March 31, 2018, forms part of this Annual Report and is enclosed as **Annexure E**. A Certificate from Practicing Company Secretary, Mumbai confirming status of compliances of the conditions of Corporate Governance is annexed to this report.

XXX. Corporate Social Responsibility

As mentioned in Section 135 of the Companies Act, 2013, every company having net worth of Rupees five hundred crores or more, or turnover of Rupees one thousand crores or more or a net profit of Rupees five crores or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an Independent Director.

The Companies (Corporate Social Responsibility Policy) Rules, 2014 further elaborates in detail the formulation of the policy, the roles and responsibilities of the same and such other relevant matters including CSR Expenditures and CSR Reporting. Company has complied with the requirements of the said section.

The composition of the CSR Policy has been disclosed in the Corporate Governance Report which forms a part of the Annual Report. The disclosure required to be made in the Directors' Report as per Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as **Annexure – F**.

XXXI Acknowledgements:

The Board thanks the Government of India, Securities and Exchange Board of India, Reserve Bank of India, the Government of Maharashtra and other State Governments and various government agencies for their continued support, cooperation and advice.

The Board is grateful to the members of various committees constituted during the year. The Board also acknowledges the support extended by clearing members, issuers, investors in the capital market, and other market intermediaries and associates. The Board expresses sincere thanks to all its business associates, consultants, bankers, auditors, solicitors and lawyers for their continued partnership and confidence in the Clearing Corporation.

The Board wishes to thank all the employees for the dedication and excellence displayed in discharge of their duties for the Clearing Corporation.

Finally, the Board expresses its gratitude to you as shareholders for the confidence reposed in the management of the Clearing Corporation.

For and on behalf of the Board

Devika Shah	**S. Sundareshan**
Managing Director & CEO	**Chairman, Public Interest Director**
DIN: 07980301	**DIN: 01675195**

Place: Mumbai
Date: April 24, 2018
Registered Office: 25th Floor, P. J. Towers, Dalal Street, Fort, Mumbai – 400001

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Annexure - A

Form No. MGT-9
Extract of Annual Return as on the financial year ended on March 31, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1	CIN	: U67120MH2007PLC170358
2	Registration Date	: April 26, 2007
3	Name of the Company	: Indian Clearing Corporation Limited
4	Category / Sub-Category of the Company	: Company limited by shares
5	Address of the Registered office and contact details	: 25th Floor, P.J Towers, Dalal Street Mumbai-400 001
6	Whether listed company	: No
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	: Karvy Computershare Private Limited **Address:** Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032. **Contact details:** Tel. No.: 91-40-6716 1509/1624/1623

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and description of main products/ services	NIC Code of the Product /Service	% to total turnover of the company
1	Clearing and Settlement Operations	6619	69.02

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	Name and address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of Shares held	Applicable section
1	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai- 400001	L67120MH2005PLC155188	Holding	100%	Sections 2(46) of the Companies Act, 2013

IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
g) Individual/ HUF	-	-	-	-	-	-	-	-	-
h) Central Govt	-	-	-	-	-	-	-	-	-
i) State Govt(s)	-	-	-	-	-	-	-	-	-
j) Bodies Corp.	3,53,99,99,994	6	3,54,00,00,000	100	3,53,99,99,994	6	3,54,00,00,000	100	00
k) Banks / FI	-	-	-	-	-	-	-	-	-
l) Any Other.	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):-	3,53,99,99,994	6	3,54,00,00,000	100	3,53,99,99,994	6	3,54,00,00,000	100	00
(2) Foreign									
a)NRIs-Individuals	-	-	-	-	-	-	-	-	-
b)Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	3,53,99,99,994	6	3,54,00,00,000	100	3,53,99,99,994	6	3,54,00,00,000	100	00
B. Public Shareholding									
1.Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-

e)Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2.Non-Institutions									
Sub-total(B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**3,53,99,99,994**	**6**	**3,54,00,00,000**	**100**	**3,53,99,99,994**	**6**	**3,54,00,00,000**	**100**	**00**

(ii) Shareholding of Promoters

Sr. No.	**Name of the shareholder**	**Shareholding at the Beginning of the Year**		**Shareholding at the end of the year**				
		Number of shares held	**% of total shares of the Company**	**% of shars pledged/encumbered to total shares**	**No of shares**	**% of total shares of the Company**	**% of Shares pledged/encumbered to total shares**	**% change in shareholding during the year**
1	BSE Limited	3,54,00,00,000	100.00	---	3,54,00,00,000	100.00	---	**NIL**
TOTAL		**3,54,00,00,000**	**100.00**	---	**3,54,00,00,000**	100.00	---	**NIL**

(iii) Change in Promoters' Shareholding

Sr. No.		Shareholding at the Beginning of the Year		Cumulative Shareholding during the Year	
		Number of shares held	**% of total shares of the Company**	**No. of Shares**	**% of total shares of the company**
	At the beginning of the Year	3,54,00,00,000	100	3,54,00,00,000	100
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (eg. Allotment/transfer/bonus/ sweat equity etc.	NIL	NIL	NIL	NIL
	At the end of the Year	3,54,00,00,000	100	3,54,00,00,000	100

(iv) Shareholding Pattern of Top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.		Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
	For Each of the Top 10 Shareholders	**Number of shares**	**% of total shares of the Company**	**Number of shares**	**% of total shares of the company**
	At the beginning of the Year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (eg. Allotment/transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
	At the end of the Year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.		Shareholding at the Beginning of the Year		Cumulative Shareholding during the Year	
	For Each of the Directors and KMP	**No. of shares**	**% of total shares of the Company**	**No. of Shares**	**% of total shares of the company**
1	At the beginning of the Year Mr. Nehal Vora (Equity Share held as nominees of BSE Ltd)	1	0.00	1	0.00
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (eg. Allotment/transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
	At the end of the Year Mr. Nehal Vora (Equity Share held as nominees of BSE Ltd)	1	0.00	1	0.00

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for the payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i. Principal Amount ii. Interest due but not paid iii. Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year • Addition • Reduction	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year **i.** Principal Amount ii. Interest due but not paid **iii.** Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs)

Sl No.	Particulars of Remuneration	Name of MD/WTD/Manager	
		Mr. K. Kumar (01.04.2017 – 31.12.2017)	Ms. Devika Shah (01.01.2018 – 31.03.2018)
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	112,19,165	13,52,250
2.	Stock Options	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission - As % of profit - Others, specify	Nil	Nil
5.	Others, please specify (Pension, severance pay etc.)	Nil	Nil
	Total	112,19,165	13,52,250
	Total (A)	125,71,415	
	Ceiling as per the Act	188 lakhs	

B. Remuneration to other directors:

(Amount in Rs)

S. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. S. Sundareshan	Ms. Maya Sinha	Mr. Ramabhadran Thirumalai	Mr. Prasad Dahapute	
1.	Independent Directors					
	• Fees for attending Board, Committee Meetings	14,00,000	10,60,000	11,90,000	11,20,000	47,70,000
	• Commission	0	0	0	0	0
	• Others, please specify	0	0	0	0	0
	Total (1)	14,00,000	10,60,000	11,90,000	11,20,000	47,70,000

S. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. Nehal Vora	Mr. Neeraj Kulshrestha	
2	Other Non- Executive			

	Directors			
	• Fees for attending Board, Committee Meetings	0	0	0
	• Commission	0	0	0
	• Others, please specify (Pension, severance pay etc.)	0	0	0
	Total (2)	0	0	0
	Total (B)=(1+2)			47,70,000
	Total Managerial Remuneration (A + B)			173,41,415

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD

(Amount in Rs)

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary*	**CFO**	**Total**
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	9,37,567	41,64,856	51,02,422
2.	Stock Options	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission - As % of profit - Others, specify	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
	Total	**9,37,567**	**41,64,856**	**51,02,422**

* The remuneration to CS includes the remuneration paid to Mr. Prasad Sawant (01.04.2017 – 29.12.2017) and Ms. Shilpa Pawar (17.01.2018 – 31.03.2018)

VII. Penalties/Punishment/ Compounding of Offence

Type	Section of the Companies Act	Brief Description	Details of Penalties/ Punishment/ Compounding fees imposed	Authorised (RD/NCLT /Court)	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment			**Nil**		
Compounding					
B. DIRECTORS					
Penalty			**Nil**		

Type	**Section of the Companies Act**	**Brief Description**	**Details of Penalties/ Punishment/ Compounding fees imposed**	**Authorised (RD/NCLT /Court)**	**Appeal made, if any (give Details)**
Punishment					
Compounding					
C. Other Officers in default					
Penalty					
Punishment			**Nil**		
Compounding					

For and on behalf of the Board

Devika Shah **Managing Director & CEO** **DIN: 07980301**	**S. Sundareshan** **Chairman,** **Public Interest Director** **DIN: 01675195**

Annexure - B

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018
[Pursuant to Section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members,
Indian Clearing Corporation Limited,
25th Floor, P. J. Towers,
Dalal Street, Mumbai 400001.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Indian Clearing Corporation Limited** (hereinafter called the '**Company**'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 ('**Audit Period**'), complied with the Statutory provisions listed hereunder and also that the Company has proper Board Processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, Minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 ('SECCR') read with Circular No. CIR/MRD/DSA/33/2012 dated December 13, 2012 issued by the SEBI;
4. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
5. 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; (Not applicable to the Company during the year under review as the Company does not have any Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings);
6. 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 year under review);
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the year under review);
d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme)Guidelines, 1999 and The Securities and Exchange Board of India (Shared based Employee Benefits) Regulations, 2014 notified on 28th October 2014; (Not applicable to the Company during the year under review);
e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; *(*Not applicable to the Company during the year under review);
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 year under review);
h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the year under review) and

I have also examined compliance with the applicable clauses of the following:
i. Secretarial Standards issued by The Institute of Company Secretaries of India
ii. Regulations 17 to 27, 46(2)(b) to 46(2)(i) and Para C, D, E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as per the requirement of Regulation 35 of the SECCR;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, *Subject to the following observations :-*

a. *In terms of the requirements of Clause 6.3.5 of Circular No. CIR/MRD/DSA/33/2012 dated December 13, 2012 issued by the Securities and Exchange Board of India, the Company is required to provide at least Seven days of training to every Public Interest Director each year. However, only two training programmes for Public Interest Directors were held by ICCL on June 16, 2017 and on July 19, 2017 during the financial year 2017-18.*

b. Per the requirements of Section 135 (5) of the Companies Act, 2013, if Company fails to spend CSR amount, which was required to be spent in that Financial year, Board of the Company is required to specify the reason for not spending such amount in its Report.

Company was required to spend an amount of INR 148.09 Lakhs during the financial year 2016-17 on CSR activities, which was unspent during the said financial year. However, reason for not spending such amount was not provided in the Board Report of Financial Year 2016-17.

I further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on the agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All decisions at the Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the

Board, as the case may be. As per the records provided by the Company, none of the member of the Board dissented on any resolution passed at the meeting of the Board.

- There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable Laws, Rules, Regulations and Guidelines.

I further report that during the audit period there were following events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.:

- Resignation of Mr. Kumar Kanakasabapathy from the position of Managing Director & Chief Executive Officer of the Company, with effect from December 31st, 2017 and
- Appointment of Ms. Devika Shah as Managing Director & Chief Executive Officer of the Company for the tenure of three years with effect from January 1st, 2018 to December 31st, 2020.

For Shweta Gokarn & Co.
Company Secretaries

Ms. Shweta Gokarn
ACS: 30393
CP No: 11001

Place: Navi Mumbai
Date: April 18, 2018

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

'ANNEXURE A' TO SECRETARIAL AUDIT REPORT

The Members,
Indian Clearing Corporation Limited
25th Floor, P. J. Towers,
Dalal Street, Mumbai 400001

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. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. I believe that the processes and practices I followed provided a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. The compliance of the provisions of corporate laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
5. Where ever required, I have obtained and relied on the Management representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Shweta Gokarn & Co.
Company Secretaries

Ms. Shweta Gokarn
ACS: 30393
CP No: 11001

Place: Navi Mumbai
Date: April 18, 2018

Indian Clearing Corporation Limited

ICCL

Reliability builds relationships

Annexure - C

Form No. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis:

Sr. No	Particulars	
1	Name(s) of the related party and nature of relationship	NIL
2	Nature of contracts/arrangements/transactions	
3	Duration of the contracts / arrangements/transactions	
4	Salient terms of the contracts or arrangements or transactions including the value, if any	
5	Justification for entering into such contracts or arrangements or transactions	
6	date(s) of approval by the Board	
7	Amount paid as advances, if any:	
8	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship

S. No.	Name of the related party	Nature of relationship
1.	BSE Limited	Holding Company
2.	Marketplace Technologies Private Ltd.	Fellow Subsidiary
3.	Central Depository Services (India) Ltd.	Fellow Subsidiary

(b) Nature of contracts/arrangements/transactions

S. No.	Name of the related party	Nature of contracts/arrangements/ transactions
1.	BSE Limited	Rendering/availing various services viz. infrastructure and operational expenses, incurred by BSE on behalf of ICCL.
2.	Marketplace Technologies Private Ltd.	Availing Technology related services

3.	Central Depository Services (India) Ltd.	Availing of depository participant services

(c) Duration of the contracts / arrangements/transactions:

Till the termination by either of the parties and on a transaction need basis.

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

ICCL reimburses the costs incurred by BSE on behalf of ICCL, towards providing infrastructure and operational expenses.

(e) Date(s) of approval by the Board, if any: April 24, 2017, July 19, 2017 and October 27, 2017

(f) Amount paid as advances, if any: N.A.

For and on behalf of the Board

Devika Shah **Managing Director & CEO** **DIN: 07980301**	**S. Sundareshan** **Chairman,** **Public Interest Director** **DIN: 01675195**

Place: Mumbai
Date: April 24, 2018
Registered Office: 25th Floor, P. J. Towers, Dalal Street, Fort, Mumbai – 400001

Indian Clearing Corporation Limited

ICCL

Reliability builds relationships

Annexure - D

STATEMENT UNDER RULE 5 OF THE COMPANIES APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND THE SECURITIES CONTRACTS (REGULATION) (STOCK EXCHANGES AND CLEARING CORPORATION) REGULATIONS, 2012, FOR THE PERIOD FROM 01.04.2017 TO 31.03.2018

S. No.	Name	Age (yrs.)	Date of Joining	Total Remuneration* (Rs)	Designation/Nature of Duties	Educational Qualifications	Experience in years	Previous Employment
1.	Mr. K. Kumar	63	05-09-2013	112,19,165	Managing Director and Chief Executive Officer	M.A. (Hons) (Economics) (BITS, Pilani)	39	United Stock Exchange of India Ltd. (USEIL)
2.	Ms. Devika Shah	54	01.01.2018	13,52,250	Managing Director and Chief Executive Officer	F.C.A. and B.Com	30	BSE Limited
3.	Mr. Tushar Ambani	53	25-09-1984	79,41,588	Chief Operating Officer	L.L.B. (General) and B.Com	34	Not applicable
4.	Ms. Myna Venkatraman	51	07-09-2016	41,64,856	Chief Financial Officer	A.C.A. and B.Com	33	Hewlett Packard Financial Services Private Limited
5.	Mr. Dilip Kakwani	53	17-10-2016	39,54,284	Head Operations	B.Com	36	IL&FS Securities Services Limited
6.	Mr. Piyush Chourasia	33	01-10-2011	50,31,666	Chief Risk Officer and Head Strategy	PGDM (IIM Ahmedabad) and B. Tech (NIT Nagpur)	9	United Stock Exchange of India Ltd. (USEIL)
7.	Mr. Prasad Sawant	29	27-11-2015	8,71,148	Company Secretary and Compliance Officer	B.Com, ACS, LLB, Diploma in Securities Law	6	Zyfin Research Limited

* Total Remuneration stated above is excluding unpaid 50% of total variable pay as per Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporation) Regulations, 2012.

Notes:

1. Nature of employment : Contractual
2. Remuneration as shown above includes Salary, Allowances, Ex-gratia, Performance Linked Bonus and other perquisites.
3. None of the employees named above is relative of any Director of the Company.
4. None of the employees named above hold any equity shares in the Company.
5. Ms. Devika Shah was appointed as Managing Director and CEO with effect from January 1, 2018
6. Mr. K. Kumar demitted his office as Managing Director & CEO at close of business day, December 31, 2017
7. Mr. Tushar Ambani was appointed as Chief Operating Officer with effect from August 1, 2017
8. Mr. Prasad Sawant, demitted his office as Company Secretary at close of business day, December 29, 2017

For and on behalf of the Board

Devika Shah
Managing Director & CEO
DIN: 07980301

S. Sundareshan
Chairman, Public Interest Director
DIN: 01675195

Place: Mumbai
Date: April 24, 2018
Registered Office: 25th Floor, P. J. Towers, Dalal Street, Fort, Mumbai – 400001

Annexure – E

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED MARCH 31, 2018

(As required under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

1. The Company's Corporate Governance Philosophy

Indian Clearing Corporation Limited (ICCL) is a Qualified Central Counterparty (QCCP) in the Indian securities markets. ICCL has qualified as QCCP in view of the fact that it is regulated by Securities and Exchange Board of India (SEBI) under SEBI Act 1992, Securities Contract (Regulation) Act, 1956 (SCRA) and Rules and Regulations made there under.

Indian Clearing Corporation Ltd. (ICCL) is a wholly owned subsidiary of BSE Ltd and was incorporated in 2007 to function as a full fledged Clearing Corporation. ICCL has been set up with an objective of promoting financial stability, integrity and expanding its capacities to support an efficient securities markets. ICCL is working towards becoming a globally recognized CCP that clears and settles trades for a multitude of diverse and sophisticated products.

The Company has set itself the objective of expanding its capacities and becoming globally competitive in its business. As a part of its growth strategy, the Company believes in adopting the 'BEST PRACTICES' that are followed in the area of Corporate Governance across various geographies. The Company emphasises the need for full transparency and accountability in all its transactions, and the Board considers itself as a Trustee of its Shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth. As a clearing corporation is a systemically important institution in the financial sector, the Board has the additional responsibility towards all the stakeholders in the securities markets.

ICCL has taken Counterparty Default Insurance for USD 60 million.

ICCL remains committed to the safety of investors and members and to further add to this security, ICCL has subscribed to a unique Insurance Policy for USD 60 million across all segments. The objective of the Policy is to protect ICCL against counterparty defaults, and add a further capital cushion to the ICCL networth making the resources of the non-defaulting members even safer. The policy also adds to the ability of ICCL to absorb higher losses before any resources of the non-defaulting members are put at risk.

ICCL provides full novation and has the responsibility of guaranteeing contractual performance by playing the role of a central counterparty for all trades on BSE, thereby eliminating counterparty risk for the members. In essence, it splits the original contract between the initiating counterparties into two new contracts; one each between ICCL and the initiating counterparties. ICCL has put in place a risk management framework to mitigate the risk it undertakes in its capacity as a Clearing Corporation.

However, as a second line of defense to the margining and risk management systems, ICCL has subscribed to the Insurance policy. In the case of loss arising out of defaults, the capital of Clearing Corporation and its non-defaulting members would be at risk, in accordance with the default waterfall. The magnitude of potential loss due to default a clearing corporation can undertake without affecting the capital of non-defaulting members is contingent upon the networth of the

Clearing Corporation and additional capital cushions, which insulate the default loss and the non-defaulting members' resources.

ICCL, with its net-worth of over INR 500 Crore, which is nearly 2 times its default fund requirements, is well capitalized and instills a high level of confidence in its members and investors of the ability of ICCL to handle extreme loss situations. The additional capital cushion, provided by the Insurance cover, along with ICCL's Core SGF and other resources in the Default Waterfall, covers nearly 4 times the default fund requirement of ICCL and further increases the safety for domestic and international participants alike.

ICCL continues to remain the only clearing corporation in India to be granted "AAA" rating by two rating agencies, India Ratings Ltd. (Indian arm of Fitch Ratings) and Care Ratings Ltd.

2. Board of Directors

- **Profile of Board of Directors**

Mr. S. Sundareshan is an IAS officer of the 1976 Batch belonging to the Kerala Cadre. Mr. S. Sundareshan has held several senior positions of responsibility in the Government of India and the Government of Kerala in his career spanning 38 years including Joint Secretary in the Department of Economic Affairs, Ministry of Finance, Government of India; Minister (Economic and Commercial) in the Embassy of India at Tokyo, Japan; Secretary, Revenue, Expenditure, Public Works Department and Secretary, Irrigation in the State of Kerala.

He has been the Managing Director of several State Public Sector Undertakings. He was Secretary, Heavy Industries and also Secretary Petroleum in the Government of India. During this period he was on the Board of Oil and Natural Gas Corporation Ltd. (ONGC), GAIL India Ltd. and Indian Oil Corporation Ltd. and the Chairman of Petronet LNG Ltd.

Mr. Sundareshan was the Chairman of the Forward Market Commission from 2005-2007. He was instrumental in putting in place appropriate regulations and structures for the growth of the commodities futures market.

He holds an MBA Degree from the University of Leeds, United Kingdom and an M.A. from the University of Bombay.

Mr. Sundareshan does not hold any shares or any convertible instruments in the Company.

Prof. Ramabhadran Thirumalai is an Assistant Professor of Finance at the Indian School of Business ("ISB"). He is working on issues related to pre-trade transparency in equity markets, arbitrage trading between individual stock futures and underlying stocks, retail and institutional investor trading frictions in equity markets, intraday stock return momentum and promoting share pledges in India. He has held positions at the Indiana University's Kelley School of Business in Bloomington and the University of Pittsburgh's Joseph M. Katz Graduate School of Business. His research interests are in market microstructure and corporate finance.
He holds a PhD in Finance from the Kelley School of Business at Indiana University, Bloomington, an MS in Statistics from the University of South Carolina, Columbia and a BE (Honours) in Chemical Engineering from Birla Institute of Technology and Science, Pilani.

Prof. Ramabhadran does not hold any shares or any convertible instruments in the Company.

Mr. Prasad Dahapute is the founder of the Varhad Group and Managing Director of Varhad Capital.

Prior to setting up of Varhad, he was Head of Research at PUG Securities and Co-head of Equity Research at Standard Chartered, heading India equity research team independently. He was instrumental in getting mandates in private equity and joint ventures. Mr. Dahapute has worked with HSBC as utility analyst for India, China and Korea and Antique Stock Broking as Senior Vice President, Research. He started his career at Power Finance Corporation, New Delhi in treasury as well as credit assessment. He had vetted project finance of INR 164 bn. Mr. Dahapute was rated among top 30 equity analysts in India by Asia money for 3 years in a row from 2007 to 2009. Mr. Dahapute is an MBA from Symbiosis Institute of Business Management (SIBM), Pune and a Bachelor of Engineering from Government College of Engineering, Jalgaon.

Mr. Prasad Dahapute does not hold any shares or any convertible instruments in the Company.

Mr. Nehal Vora has more than 18 years of rich and varied experience in the area of Compliance and regulation. He is the Chief Regulatory Officer of BSE Limited and heads all the regulatory functions at BSE. He is also Head – Planning and Policy at BSE.

As a board member of the Company he oversees the activities of the clearing corporation in a supervisory capacity especially in the areas of regulation. Earlier, as Director, Compliance at Merrill Lynch, India he headed the compliance for the broking, investment banking and fixed income businesses. In recognition of his commitment and dedication to the Compliance Function at Merrill Lynch, he was awarded OGC Living the Mission Award in 2008.

Prior to that he has worked with the Securities and Exchange Board of India (SEBI) for more than 10 years in varied areas of derivatives, venture capital and surveillance. He holds a Commerce degree from Mumbai University, a Master of Management Studies degree in Finance from the Narsee Monjee Institute of Management Studies, University of Mumbai.

Mr. Nehal Vora holds one equity share in the Company as a nominee of the holding Company, BSE Limited.

Mr. Neeraj Kulshrestha joined BSE as Chief Operations Officer in 2015. He is responsible for Trading (Operations and Development), Listing (Sales and Operations), Membership and IT operations. He is on the Board of Asia Index Private Limited.

Mr. Kulshrestha has about 27 year experience in Capital Markets, which includes Securities Markets and General Insurance.

Earlier, he was an Executive Director in Morgan Stanley India for 10 years. Prior to his tenure with Morgan Stanley India, Mr. Kulshrestha was with National Stock Exchange (NSE) and had managed various functions like Trading Operations, Inspection and Investigation, Futures and Options Clearing and Trading at NSE. He was also the CEO of India Index Services Ltd. and Dotex International Ltd.

Mr. Kulshrestha is a Bachelors in Computer Science from Delhi University and MBA (Finance) from Indore University.

Mr. Neeraj Kulshrestha does not hold any shares or any convertible instruments in the Company.

Ms. Devika Shah has assumed office as the MD & CEO with effect from January 1, 2018. Devika comes with over 30 years of rich experience with BSE & has deep understanding of the exchange and clearing corporation related operations and regulations. During her tenure at BSE, she has headed various functions, in the areas of regulatory & business, including surveillance, investigation & inspection, trading operations, clearing & settlement, listing membership, Investor Protection Fund, business development, accounts, legal & regulatory communications.

She holds a Bachelors in Commerce degree from the University of Mumbai & is a Fellow member of the Institute of Chartered Accountants of India.

- **The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships held by them in other Companies are given below:**

Name of the members of Governing Board	Director Identification Number (DIN)	Category	Meetings held during the tenure of the member	Meetings attended by the member	Attendance at last Annual General Meeting
Mr. S. Sundareshan	01675195	PID	9	9	Yes
Mr. Ramabhadran Thirumalai	07059883	PID	9	9	Yes
Mr. Prasad Dahapute	03471995	PID	9	9	Yes
Ms. Maya Swaminathan Sinha*	03056226	PID	6	6	Yes
Ms. Devika Shah**	07980301	MD	3	3	NA
Mr. Nehal Vora	02769054	SHD	9	8	Yes
Mr. Neeraj Kulshrestha	02994647	SHD	9	7	Yes
Mr. K. Kumar	06632984	MD	6	6	Yes

* Ceased to be a Public Interest director with effect from January 16, 2018
** Appointed as Managing Director & CEO with effect from January 1, 2018
*** Ceased to be a Managing Director & CEO with effect from December 31, 2017

Note: All PID's are Independent Non-Executive Director, SHD are Non- Executive Directors and MD is Executive Director

- **The Details of the Directorship of the Directors in other Companies is as given below:**

Sr No.	Name of the Director	Directorship in other Companies
1.	Mr. S. Sundareshan	1. Patspin India Limited 2. GTN Textiles Limited 3. Tide Water Oil Corporation Limited 4. India Power Corporation Limited 5. Krishnapatnam Port Company Limited 6. Great Eastern Energy Corporation Limited 7. Price Thomas Holdings Limited (PTHCL)

2.	Ms. Devika Shah	NIL
3.	Mr. Prasad Dahapute	1. Sahindra Green World Private Limited 2. Varhad Capital Private Limited 3. Varhad Investment Managers Private Limited 4. Sahindra Energy Storage Private Limited
4.	Mr. Ramabhadran Thirumalai	NIL
5.	Mr. Nehal Vora	1. Central Depository Services (India) Limited 2. BSE Investments Limited 3. BSE Sammaan CSR Limited 4. BSE CSR Integrated Foundation 5. India International Clearing Corporation (IFSC) Limited 6. India International Exchange (IFSC) Limited
6.	Mr. Neeraj Kulshrestha	1. Asia Index Private Limited 2. BSE Investments Limited 3. BSE EBIX Insurance Broking Private Limited

None of the Directors is a member of the Board of more than twenty Companies or a Member of more than ten Board-level Committees or a Chairman of more than five such Committees.
None of the Directors are inter-se related.

- **Board Meetings**

During the year, nine Board Meetings were convened and held on April 24, 2017, June 16, 2017, July 19, 2017, two Board Meetings on September 18, 2017 (at 03:30 PM and at 04:15 PM). October 27, 2017, two Board Meetings on January 17, 2018 (at 09:00 AM and at 02:45 PM) and on March 23, 2018.

- **Board Induction and Training**

Upon appointment, Company provides new Directors, both Executive and Non-Executive, with a briefing on their legal and regulatory responsibilities as Directors and Company's current structure and performance of business.

The details of the familiarisation program provided to the Independent Directors is given at http://www.icclindia.com/static/about/Compliance_with_Corporate_Governance.aspx

3. REMUNERATION OF DIRECTORS

Non – Executive Director

There is no pecuniary relationship or transaction between non – executive directors (Public Interest Directors and Shareholder Directors) and the Company. The only pecuniary relationship with Public Interest Directors is payment of sitting fees for attending the board and committee meetings and reimbursement of expenses incurred for attending the meetings. No sitting fees are paid to Shareholder Directors as they are nominee of BSE Limited.

Executive Directors

Managing Director and CEO is the only executive director of the Company. Remuneration paid to executive director is as per the terms of agreement between the Company and Executive director. The terms of agreement are approved by the Board at the time of appointment.

Details of the payment of remuneration to executive director and non-executive directors is provided in MGT – 9, annexed with this Directors Report.

4. MANDATORY COMMITTES FOR CLEARING CORPORATION

A. Nomination & Remuneration Committee:

The terms of reference of the Committee are broadly given as follows:

a) The committee shall lay down the policy for compensation of key management personnel in terms of the compensation norms prescribed by the SEBI.
b) The committee shall determine the tenure of the key management personnel to be posted to a regulatory department.

Attendance of the members of Committee in FY 2017 – 18 is given below:

Sr. No.	Members	No. of Meetings eligible for attendance	No. of Meetings attended
1	Mr. T. Ramabhadran, Chairman	1	1
2	Mr. S. Sundareshan	5	5
3	Ms. Maya Sinha	4	4
4	Mr. Nehal Vora	5	4

B. Stakeholders Relationship Committee

The terms of reference of the Committee are broadly given as follows:

To consider and resolve the matters /grievances of shareholders/investors in regard to the following:

- Transfer of shares
- Non- receipt of declared dividend
- Non- receipt of shares in demat account
- Non- receipt of balance sheet
- Any other matter of shareholder / investor grievance

Attendance of the members of Committee in FY 2017 – 18 is given below:

Sr. No.	Members	No. of Meetings eligible for attendance	No. of Meetings attended
1	Mr. Prasad Dahapute, Chairman	2	2
2	Prof. T. Ramabhadran	2	2
3	Ms. Maya Sinha	1	1
4	Mr. Neeraj Kulshrestha	2	1
5	Mr. K. Kumar	1	1

BSE Limited, Holding Company is the only security holder of the Company.

During the FY 2017 – 18, the Company has not received any complaints /grievances from BSE Limited

C. Audit Committee:

The terms of reference of the Committee are broadly given as follows:

a) To review compliance with internal control systems;
b) To review the findings of the Internal Auditor relating to various functions of the company;
c) To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/Internal Auditors;
d) To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board;
e) To make recommendations to the Board on any matter relating to the financial management of the Company, including statutory & Internal Audit Reports;
f) Recommending the appointment of statutory auditors and internal auditors and fixation of their remuneration.
g) Reviewing the Company's financial and risk management policies.

Attendance of the members of Committee in FY 2017 – 18 is given below:

Sr. No.	Members	No. of Meetings eligible for attendance	No. of Meetings attended
1	Mr. T. Ramabhadran, Chairman	1	1
2	Mr. S. Sundareshan	4	4
3	Ms. Maya Sinha	3	3
4	Mr. Nehal Vora	4	3

D. Corporate Social Responsibility Committee

The terms of reference of the Committee are broadly given in Annexure F

Attendance of the members of Committee in FY 2017 – 18 is given below:

Sr. No.	Members	No. of Meetings eligible for attendance	No. of Meetings attended
1	Mr. S. Sundareshan	4	4
2	Ms. Maya Sinha	2	2
3	Mr. Prasad Dahapute	2	2
4	Mr. Neeraj Kulshrestha	4	2
5	Ms. Devika Shah	2	2
6	Mr. K. Kumar	2	2

E. Membership Selection Committee

The functions handled are Selection/admission of members to the various segments of the Clearing Corporation.

Attendance of the members of Committee in FY 2017 – 18 is given below:

Sr. No.	Members	No. of Meetings eligible for attendance	No. of Meetings attended
1	Prof. T. Ramabhadran	4	4
2	Ms. Maya Sinha	3	3
3	Ms. Devika Shah	1	1
4	Mr. K. Kumar	3	3
5	Mr. Prasad Dahapute	4	4

F. Disciplinary Action Committee:

The terms of reference of the Committee are broadly given as follows:

a) The Committee shall formulate the policy for regulatory actions including warning, monetary fine, suspension, deactivation of terminal, expulsion, to be taken for various violations by the members of the clearing corporation.
b) Based on the laid down policy, the Committee shall consider the cases of violations observed during inspection, etc and impose appropriate regulatory measure on the members of the clearing corporation.
c) While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the "Principles of natural justice".

Attendance of the members of Committee in FY 2017 – 18 is given below:

Sr. No.	Members	No. of Meetings eligible for attendance	No. of Meetings attended
1	Mr. S. Sundareshan	2	2
2	Prof. T. Ramabhadran	2	2
3	Mr. Prasad Dahapute	2	2
4	Ms. Devika Shah	1	1
5	Mr. K. Kumar	1	1

G. Grievance Redressal Committee:

To deal with the complaints referred to it by the Clearing Corporation, hear the parties and resolve their complaints/disputes.

Attendance of the members of Committee in FY 2017 – 18 is given below:

Sr. No.	Members	No. of Meetings eligible for attendance	No. of Meetings attended
1	Mr. S. Sundareshan	1	1
2	Prof. T. Ramabhadran	1	1
3	Mr. Prasad Dahapute	1	1

H. Defaulters' Committee/SGF Utilisation Committee:

The terms of reference of the Committee are broadly given as follows:

a) To realize all the assets/deposits of the defaulter/expelled member and appropriate the same amongst various dues and claims against the defaulter/expelled member in accordance with the Rules, Byelaws and Regulations of the Clearing Corporation.
b) Admission or rejection of claims of clients/trading members/clearing members over the assets of the defaulter/expelled member.
c) Recommendation in respect of the claims to the Trustees of the IPF on whether the claim is to be paid out of IPF or otherwise.
d) The Defaulter's Committee or any other Committee set up by the Governing Board of the Clearing Corporation with similar composition shall manage the settlement guarantee fund/trade guarantee fund of the Clearing Corporation.

Attendance of the members of Committee in FY 2017 – 18 is given below:

Sr. No.	Members	No. of Meetings eligible for attendance	No. of Meetings attended
1	Mr. S. Sundareshan	2	2
2	Mr. T. Ramabhadran	2	2
3	Mr. Prasad Dahapute	2	2
4	Ms. Maya Sinha	1	1
5	Ms. Devika Shah	1	1
6	Mr. K. Kumar	1	1

I. Standing Committee on technology

The terms of reference of the Committee are broadly given as follows:

a) To monitor whether the technology used by the Clearing Corporation remains up to date and meets the growing demands of the markets.
b) To monitor the adequacy of systems capacity and efficiency.
c) To look into the changes being suggested by the Clearing Corporation to the existing software/hardware.
d) To investigate into problems of computerised Risk Management/Clearing and Settlement system, such as hanging/slowdown/breakdown.
e) To ensure that transparency is maintained in disseminating information regarding slowdown/breakdown in Risk Management/Clearing and Settlement system.
f) The Committee shall submit a report to the Governing Board of the clearing corporation. The Board will deliberate on the report and suitable action/remedial measure will be taken.
g) Any stoppage beyond five minutes to be explained and reported to the Board. The Clearing Corporation shall issue a press release specifying the reasons for the breakdown.

Attendance of the members of Committee in FY 2017 – 18 is given below:

Sr. No.	Members	No. of Meetings eligible for attendance	No. of Meetings attended
1	Prof. T. Ramabhadran	4	4
2	Mr. Prasad Dahapute	4	4
3	Mr. Pravir Vohra	4	4
4	Mr. Alok Kumar	4	4
5	Mr. Neeraj Kulshrestha	3	3

J. Sub-Committee for Monitoring Compliance of suggestions given in SEBI inspection report

The terms of reference of the Committee are broadly given as follows:
a) To review the actions taken to implement the suggestions of SEBI's Inspection Reports.
b) To place the same before the Governing Board of the Clearing Corporation.
c) To follow up and ensure compliance/implementation of the inspection observations.

Attendance of the members of Committee in FY 2017 – 18 is given below:

Sr. No.	Members	No. of Meetings eligible for attendance	No. of Meetings attended
1	Mr. S. Sundareshan	4	4
2	Ms. Maya Sinha	3	3
3	Mr. T. Ramabhadran	1	1
4	Mr. Nehal Vora	4	3
5	Mr. K. Kumar	3	3
6	Mr. Prasad Dahapute	1	1
7	Ms. Devika Shah	1	1

K. Investor Services Committee:

Supervising the functioning of Investors' Services cell of the Clearing Corporation which includes review of complaints remaining unresolved over long period of time, estimate the adequacy of resources dedicated to investor services, etc.

Attendance of the members of Committee in FY 2017 – 18 is given below:

Sr. No.	Members	No. of Meetings eligible for attendance	No. of Meetings attended
1	Prof. T. Ramabhadran	2	2
2	Ms. Maya Sinha	1	1
3	Mr. Prasad Dahapute	2	2
4	Mr. K. Kumar	1	1
5	Mr. Sundareshan	1	1

L. Public Interest Directors Committee :

The terms of reference of the Committee are broadly given as follows:
During their meetings, the Public Interest Directors shall review the following:
a) Status of compliance with SEBI letters/circulars.
b) Review the functioning of regulatory departments including the adequacy of resources dedicated to regulatory functions.
c) The Public Interest Directors shall prepare a report on the working of the other Committees on which they are present in. The report shall be circulated to the other Public Interest Directors.
d) A consolidated report shall then be submitted to the Governing Board of the Clearing Corporation.

e) The Public Interest Directors shall identify important issues which may involve conflict of interest for the Clearing Corporation or may have significant impact on the market and report the same to SEBI.

Attendance of the members of Committee in FY 2017 – 18 is given below:

Sr. No.	Members	No. of Meetings eligible for attendance	No. of Meetings attended
1	Mr. S. Sundareshan	3	3
2	Prof. T. Ramabhadran	3	3
3	Mr. Prasad Dahapute	3	3
4	Ms. Maya Sinha	2	2

M. Ethics Committee : The Committee shall oversee the implementation of the Code of Ethics

Attendance of the members of Committee in FY 2017 – 18 is given below:

Sr. No.	Members	No. of Meetings eligible for attendance	No. of Meetings attended
1	Mr. S. Sundareshan	2	2
2	Mr. Prasad Dahapute	2	2
3	Ms. Devika Shah	1	1
4	Mr. Nehal Vora	2	1
5	Mr. Piyush Chourasia	2	2
6	Mr. Prasad Sawant	1	1

N. Independent Oversight Committee of the Governing Board for Member Regulation:

The terms of reference of the Committee are broadly given as follows:

a) The Committee shall oversee matters related to member regulation such as admission of members, inspection, disciplinary action, etc.
b) The Head(s) of Department(s) handling the above matters shall report directly to the Committee and also to the Managing Director.
c) Any action of a recognised Clearing Corporation against the aforesaid Head(s) shall be subject to an appeal to the Committee, within such period as may be determined by the Governing Board.
d) The Committee shall oversee SEBI inspection observations on membership related issues.
e) To estimate the adequacy of resources dedicated to member regulation
f) Monitor the disclosures made by the Clearing Corporation in accordance with regulation 35 of SECC Regulations.

Attendance of the members of Committee in FY 2017 – 18 is given below:

Sr. No.	Members	No. of Meetings eligible for attendance	No. of Meetings attended
1	Mr. S. Sundareshan	1	1
2	Prof. T. Ramabhadran	2	2
3	Mr. Prasad Dahapute	2	2
4	Prof. Alok Sherry	2	2

O. Risk Management Committee

The terms of reference of the Committee are broadly given as follows:

a) Formulate a detailed risk management policy which shall be approved by the Governing Board.
b) The head of the Risk Management Department shall report to the Risk Management Committee and to the Managing Director of the recognised Clearing Corporation.
c) The Risk Management Committee shall monitor implementation of the risk management policy and keep the Board and the Governing Board informed about its implementation and deviation, if any.

Attendance of the members of Committee in FY 2017 – 18 is given below:

Sr. No.	Members	No. of Meetings eligible for attendance	No. of Meetings attended
1	Mr. S.Sudareshan	1	1
2	Prof. T. Ramabhadran	3	3
3	Ms. Maya Sinha	2	2
4	Dr. Ajit Ranade	3	3
5	Mr. Kausick Saha	3	3
6	Mr. Prasad Dahapute	1	1

P. Advisory Committee: To advise the Governing Board on non-regulatory and operational matters including product design, technology, charges and levies.

Attendance of the members of Committee in FY 2017 – 18 is given below:

Sr. No.	Members	No. of Meetings eligible for attendance	No. of Meetings attended
1	Mr. S. Sundareshan	4	4

5. DETAILS OF GENERAL MEETINGS

Details of last three Annual General Meetings and Extra Ordinary General Meeting and the summary of Special Resolution passed therein are as under:

Annual General Meeting				
Financial year ended	**Date & Time**	**Venue**	**Special Resolution Passed**	**Names of the Directors who attended the General Meetings**
March 31, 2017	June 16, 2017, 1:00 P.M	Board Room, 25th Floor, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001.	• Consider Payment of one-time special Ex-gratia to the MD & CEO	• Mr. S. Sundareshan • Ms. Maya Sinha • Prof. T. Ramabhadran • Mr. Prasad Dahapute • Mr. Nehal Vora • Mr. K. Kumar • Mr. Neeraj Kulshrestha
March 31, 2016	June 18, 2016, 12.00 Noon	15th Floor, Conference Room, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001.	• Extension of tenure of Mr. K. Kumar as Managing Director & CEO for a further period of three years.	• Mr. S. Sundareshan • Ms. Maya Sinha • Prof. T. Ramabhadran • Mr. Prasad Dahapute • Mr. Nehal Vora • Mr. K. Kumar
March 31, 2015	June 22, 2015, 3:00 P.M.	Board Room, 25th Floor, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001.	• Increase in Remuneration of MD & CEO for September 6, 2014 to September 5, 2015. .	• Ms. Maya Swaminathan Sinha • Mr. Ashishkumar Chauhan • Mr. Nehal Vora • Mr. Kumar
Extra Ordinary General Meeting				
Financial year ended	**Date & Time**	**Venue**	**Special Resolution Passed**	**Names of the Directors who attended the General Meetings**
March 31, 2018	January 17, 2018, 9.15 AM	15th Floor, Conference Room. P.J Towers, Dalal Street, Mumbai- 400 001	• Appointment of Ms. Devika Shah as Managing Director and Chief Executive Officer	• Mr. S. Sundareshan • Mr. Ramabhadran Thirumalai • Mr. Prasad Dahapute • Mr. Nehal Vora • Ms. Devika Shah

March 31, 2016	September 21, 2015	Board Room, BSE Limited, 25th floor, P.J. Towers, Dalal Street, Mumbai – 400 001.	• To consider and approve the borrowing power upto Rs. 1500 Crs. and creation of charge. • To consider and approve increase in remuneration payable to Mr. K Kumar, MD & CEO.	• Mr. S. Sundareshan • Mr. Maya Sinha • Mr. Ramabhadran Thirumalai • Mr. Nehal Vora • Mr. K. Kumar

During the previous three financial years (2017 – 18, 2016-17 and 2015-16) and in the current financial year 2018-19, the company did not hold any general meeting through postal ballot.

6. OTHER DISCLOSURES:

Policy on Appointment and Tenure of Public Interest Director

- The Company has adopted the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and SECC Regulations 2012.

Board Evaluation

Pursuant to SEBI (Listing Obligation and Disclosures Requirements) Regulation, 2015 and Companies Act, 2013 the evaluation of the Board was carried out at multiple levels, which are as follows:

A. Evaluation of Board as a whole
B. Evaluation of Committees of the Board
C. Evaluation of Individual Directors and Chairperson (including Chairperson, CEO, Independent Directors, Non-independent directors, etc.)

The evaluation of the Board, its Directors (including Chairperson, CEO, Independent Directors, Non-independent directors, etc.) and the Committees was carried out on the basis of criteria such as composition, qualification, experience, diversity, knowledge, leadership, performance, attendance, quality of decisions and recommendations, etc.

Subsidiary Companies

As on 31st March 2018, ICCL did not have any 'material non-listed subsidiary'. However, the policy for material non-listed subsidiary' is being disseminated on the website of the Company on the following link: http://www.icclindia.com/static/about/Compliance_with_Corporate_Governance.aspx

Internal Controls and Risk Management

The Company has robust systems for internal audit and risk assessment and mitigation.

Risk Assessment procedures have been set in place for self-assessment of business risks, operating controls and compliance with corporate policies. There is an ongoing process to track the evolution of risks and delivery of mitigating action plans.

Board Membership Criteria

The Board of Directors is collectively responsible for selection of a member on the Board. The Nomination and Remuneration Committee of the Company follows a defined criteria for identifying, screening, recruiting and recommending candidates for election as a Director on the Board. The criteria for appointment to the Board include:

- Composition of the Board, which is commensurate with the size of the Company and its business.
- Diversity on the Board;
- Size of the Board with optimal balance of skills and experience and balance of Executive and Non-Executive Directors consistent with the requirements of law;
- Professional qualifications, expertise and experience in specific area of business;
- Balance of skills and expertise in view of the objectives and activities of the Company;
- Avoidance of any present or potential conflict of interest;
- Availability of time and other commitments for proper performance of duties;
- Personal characteristics being in line with the Company's values, such as integrity, honesty, transparency, pioneering mindset.

Preventing Conflict of Interest

The Board of Directors is responsible for ensuring that rules are in place to avoid conflict of interest by the Board members. The Company has adopted the Code of Conduct for the members of the Board and Senior Management Team. The Code provides that the Directors are required to avoid any interest in contracts entered into by the Company.

The members of the Board and the Management Committee annually confirm the compliance of the Code of Conduct to the Board.

Whistle Blower Policy

The Company has adopted a Whistle Blower Policy to provide appropriate avenues to the employees to bring to the attention of the management any issue which is perceived to be in violation of or in conflict with the fundamental business principles of the Company.

Compliance with the Governance Framework

The Company is in compliance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 35 of the SEBI (Stock Exchanges and Clearing Corporations) Regulations, 2012.

Secretarial Standards and Secretarial Audit Report.

The Company has undertaken Secretarial Standards Audit for the year 2017-2018 for audit of secretarial records and procedures followed by the Company in compliance with relevant Secretarial Standards issued by the Institute of Company Secretaries of India. The Secretarial Standards Audit Report is attached as an Annexure to the Directors' Report.

CEO/ CFO certification

The Managing Director and CFO certification of the financial statements for the financial year 2017-18 is enclosed with the financial results

Affirmation

All the members of the Board and the Management Committee have affirmed their compliance with the Code of Conduct as on March 31, 2018.

7. General Information for Shareholders

• Schedule of 11th Annual General Meeting	:	Date: April 24, 2018 Time: 3.30 PM Venue: Conference Room, 15th Floor, P. J. Towers, Dalal Street, Fort, Mumbai – 400 001
• Financial Year	:	April 01, 2017 – March 31, 2018
• Dividend payment date	:	On or before April 30, 2018
• Stock Exchanges on which shares of the Company are listed	:	N.A
• Stock code	:	N.A
• Market Price of securities of the Company	:	N.A
• Performance of the securities in comparison with other broad based indices	:	N.A
• Securities suspended from trading	:	N.A
• Distribution of shareholding, details of dematerialisation	:	Refer point IV of Form MGT – 9, Extract of Annual Return
• Outstanding ADRs, GDRs or any other convertible security	:	N.A
• Commodity price risk or foreign exchange risk and hedging activities	:	N.A.
• Plant Locations	:	N.A
• Address for Correspondence	:	25th Floor, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001.
• Company Secretary	:	Ms. Shilpa Pawar, Tel No.: +912222728418, Email ID: Shilpa.pawar@icclindia.com
• Registrar and Transfer Agent of the Company	:	M/s Karvy Computershare Private Limited.
• Details of establishment of vigil mechanism, whistle blower policy	:	The whistle blower policy is disseminated on the website of the Company under the following link: http://www.icclindia.com/static/about/ Compliance with Corporate Governance.aspx
• Web link where policy for	:	http://www.icclindia.com/static/about/

determining 'material' subsidiaries is disclosed		Compliance with Corporate Governance.aspx.
• Disclosure with respect to demat suspense account/ unclaimed suspense account	:	N.A
• Details of the materially significant related party transactions that may have potential conflict with the interests of listed entity at large	:	N.A
• Disclosure of Accounting Treatment	:	ICCL follows the guidelines of Accounting Standards laid down by the Central Government under the provisions of Section 133 of the Companies Act, 2013 in the preparation of its financial statements.
• Details of non-compliance by the Company, penalties, strictures imposed on the Company by SEBI or any other statutory authority on any matter related to capital markets during the last three years	:	There have been no penalties, strictures imposed by SEBI or any other statutory authority during the past three years, for any non-compliance.

CODE OF CONDUCT

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

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the Code of Conduct for the Financial Year 2017-18.

For the purpose of this declaration, Senior Management Personnel means Key Management Persons appointed under SCR (SECC) Regulations, 2012.

Date: April 24, 2018
Place: Mumbai

Devika Shah
Managing Director & CEO
(DIN: 0798030)

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
Indian Clearing Corporation Limited

We have examined the compliance of conditions of Corporate Governance by **M/s. Indian Clearing Corporation Limited** ("the **Corporation**") for the year ended March 31, 2018, for the purpose of certifying compliance of the conditions of the Corporate Governance as mentioned in Regulations 17 to 27, 46(2)(b) to 46(2)(i) and Para C, D, E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as per the requirement of Regulation 35 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, for the period from April 1, 2017 to March 31, 2018. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Corporation for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Corporation.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Corporation has complied with the conditions of Corporate Governance as stipulated in the said Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Corporation nor the efficiency or effectiveness with which the Management has conducted the affairs of the Corporation.

For Shweta Gokarn & Co.
Company Secretaries

Ms. Shweta Gokarn
ACS: 30393
CP No: 11001

Place: Navi Mumbai
Date: April 18, 2018

Indian Clearing Corporation Limited

ICCL

Reliability builds relationships

Annexure - F

CORPORATE SOCIAL RESPONSIBILITY

As mentioned in Section 135 of the Companies Act, 2013, every company having net worth of Rupees five hundred crores or more, or turnover of Rupees one thousand crores or more or a net profit of Rupees five crores or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an Independent Director.

The Companies (Corporate Social Responsibility Policy) Rules, 2014 further elaborates in detail the formulation of the policy, the roles and responsibilities of the same and such other relevant matters including CSR Expenditures and CSR Reporting. ICCL has complied with the requirements of the said section.

1. The concept of CSR is governed by Section 135 of the Companies Act, 2013.. The provisions of CSR are applicable to the ICCL as it fulfils the criteria of having a net profit of Rs. 5 crores. While there may be no single universally accepted definition of CSR, the roots of CSR lie in philanthropic activities (such as donations, charity, relief work, etc.) of corporations. The objective of CSR is to ensure a high social impact in a manner which is aligned with ICCL's tradition of creating wealth in the community using a three pronged focus on Education, Health and the Environment. The CSR policy shall be applicable to all CSR projects undertaken by the Company in India as per Schedule VII of the Companies Act. The CSR policy shall be applicable to the Company and all its employees.

   The CSR Committee of the Company shall be responsible for –
   a) Formulating and recommending to the Board, the CSR Policy which shall indicate activities to be undertaken in line with Section 135 read with Schedule VII of the Companies Act, 2013.
   b) Approving the budgetary allocation for CSR projects / activities to be undertaken by the Company within the Board approved CSR annual budget.
   c) Recommending to the Board, modifications to the CSR policy as and when required.
   d) Regularly monitoring the implementation of the CSR policy including compliance with provisions relating to mandatory spend towards CSR projects / activities and reporting to the Board.

2. CSR Committee Composition

   a) Mr. S. Sundareshan – Public Interest Director, Chairman of the Committee
   b) Mr. Neeraj Kulshrestha– Shareholder Director
   c) Mr. Prasad Dahapute – Public Interest Director
   d) Ms. Devika Shah - Managing Director & CEO

   As per section 135 (4)(a) of the Act, ICCL discloses the contents of the CSR Policy in company's website:
   http://www.icclindia.com/downloads/Corporate_Social_Responsibility_Policy.pdf

3. Average net profit of ICCL for the last three financial years: The average net profit of ICCL calculated pursuant to Section 135 read with Section 198 for last three Financial Years is INR 4,747 Lakhs.

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above): The prescribed CSR expenditure budget at 2% of the amount as in item no. 3 above is INR. 94.94 Lakhs.

5. Details of CSR expenditure spent during the financial year:

    a) Total amount to be spent during the financial year: INR 251.28 Lakhs (INR 118.15 Lakhs for the financial year 2017-18, INR 130.63 Lakhs and INR 17.50 Lakhs carried forward for financial year 2016-17 and 2015-16 respectively),
    b) Amount unspent, if any: Nil
    c) Manner in which the amount spent during the financial year is detailed below: attached as **Annexure F1**

6. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board

Devika Shah	**S. Sundareshan**
Managing Director & CEO	**Chairman,**
	Public Interest Director
DIN: 07980301	**DIN: 01675195**

Place: Mumbai
Date: April 24, 2018
Registered Office: 25th Floor, P. J. Towers, Dalal Street, Fort, Mumbai – 400001

Indian Clearing Corporation Limited

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Annexure F1

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Area of project implementation (Name of the Dist./state/where project/programme was undertaken)	Amount outlay (budget) project or programs wise (Rs)	Amount spent on the projects or programs Subheads (Direct expenditure on projects or programs and Overheads) (Rs)	Cumulative expenditure upto the reporting period (Rs)	Amount spent through implementing agency
1	Provision for Mech Refrigeration & Air Conditioned Workshop (MRAC)	Education	Chennai	6,60,000	500000	500000	Thakkar Bapa Academy
2	Employability Oriented Skill Development	Women empowerment	Chennai	18,75,000	500000	500000	Rotary Club of Madras
3	Hygiene Management for adolescent girls	Health care prevention	Mumbai	21,27,710	500000	500000	Citizens Association for Child Rights
4	Technology Incubator	Promotion of entrepreneurship	Mumbai	251,28,000	251,28,000	251,28,000	BSE CSR Integrated Foundation

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. GLOBAL ECONOMY

The world economy is experiencing a broad-based cyclical recovery with investment activity and trade rebounding. Growth has perked up to three per cent in 2017, with both emerging and advanced economies growing at a faster pace. This economic improvement comes against the framework of benign global financing conditions, largely accommodative policies, rising consumer and business confidence, and firming commodity prices.

Currently, all major developed economies are experiencing a synchronized upturn with growth strengthened in almost two thirds of countries worldwide in 2017. Global growth is expected to be sustained over the next couple of years—and even accelerate somewhat in emerging market and developing economies (EMDEs) thanks to a rebound in commodity exporters. EMDE growth is projected to further strengthen to 4.5 percent in 2018 and to an average of 4.7 percent in 2019-20, as headwinds to commodity exporters dissipate.

The only dampening factor could be the global outlook being subject to substantial downside risks, including the possibility of financial stress, increased protectionism, and rising geopolitical tensions.

Landmark tax reforms were one of the top economic trends shaping the global economy in 2017, with India's introduction of a goods and services tax (GST), and the United States' approval of a tax reform bill. The significant slash in the US corporate tax rate is expected to help drive economic growth as well as manufacturing reshoring.

The UAE and Saudi Arabia also introduced value-added tax (VAT) in January 2018; other Gulf Cooperation Council (GCC) countries are only expected to do so by 2019. The inflationary impact of VAT in the UAE and Saudi Arabia is expected to be limited, with the new tax helping to boost and diversify government revenue.

Growth in advanced economies gained significant momentum in 2017. The recovery was markedly stronger than expected in the Euro Area and, to a lesser degree, in the United States and Japan. As economic slack diminishes and monetary policy becomes less accommodative, growth is expected to gradually moderate toward low potential growth rates in 2018-20. Growth in China continues to be resilient, with drivers of activity shifting away from state-led investment. The growth forecast for US is expected to expand at a steady pace of 2.1% in both 2018 and 2019.

Global trade strengthened significantly in 2017, benefiting from a cyclical recovery in global manufacturing and investment growth. This momentum is expected to diminish in 2018-20, as the upturn in advanced economies moderates and growth in China continues to decelerate. Global financing conditions remain benign, despite prospects of further normalization of monetary policy in major advanced economies, but are likely to tighten going forward. Energy and metals prices recovered in 2017, while agricultural prices remained stable.

Organization of Petroleum Exporting Countries (OPEC) and its allies have been able to drive oil prices higher to an extent as a result of agreed production cuts. While the production cuts were set to expire in March 2018, the participating countries recently decided to extend to effective period for the cuts till 2018 end. This decision should help crude oil prices further strengthen in 2018, although higher US production stands to thwart significant price gains.

There was stronger import demand in East Asia, as domestic demand picked up in the region, supported by accommodative policy measures. In several developed economies, imports of capital goods have rebounded, as firms respond to improving conditions for investment. Recent course adjustments in major trade relationships, such as the United Kingdom (UK) decision to withdraw from the European Union (EU) and the United States of America (US) decisions to renegotiate the North American Free Trade Agreement (NAFTA) and to reassess the terms of its other existing trade agreements, have raised concerns over a potential escalation in trade barriers and disputes.

World industrial production accelerated in tandem with a recovery in global trade that has been predominantly driven by strong import demand from East Asia. World GDP growth is estimated to have risen to 3.6% in 2017 and is expected to further strengthen to 3.7% in 2018, with higher growth expected across emerging markets and developing economies. In regards to emerging market giants, China is expected to witness a marginal growth slowdown in 2018 with the deepening of structural reforms; India's growth is expected to rise in 2018-19. Advanced economies are expected to maintain the same growth level as in 2017, with an expected pick-up in growth across advanced economies such as the United States, France, and Japan. Cyclical improvements in Argentina, Brazil, Nigeria and the Russian Federation explain roughly a third of the rise in the rate of global growth in 2017. The composition of global demand has shifted more towards investment in the last year. Gross fixed capital formation accounted for roughly 60% of the acceleration in global economic activity in 2017.

Commodity prices play a key role in the economic dynamics of the majority of countries in Africa, South America and Western Asia. Some developed economies such as Australia and Canada, as well as many economies in transition, are also very sensitive to commodity prices. Strong consumption demand is expected from China, the US and India — the world's three largest energy consumers. Crude oil prices (Brent) is expected to average USD 55.4 per barrel in 2018.

Economic growth in Japan accelerated to unexpectedly high levels in 2017, with GDP growth reaching an estimated 1.7% in 2017. The robust economic growth is prompted by the continuously accommodative macroeconomic policy stance, and is led by a rapid expansion of domestic demand. Steady external demand growth from Asia and North America also contributed to the growth. The present momentum is expected to taper off in 2018 and 2019, as the impact from fiscal stimulus measures ease, with GDP forecast to grow by 1.2% in 2018 and 1.0% in 2019.

Economic activity in Europe remains robust, with real GDP growth forecast to reach 2.1% in 2018, up from 2.1 % in 2017. The European Central Bank (ECB) decision to taper the pace of its asset purchases and eventually cease expansion of its balance sheet will have some dampening effect, contributing to a slight downturn in growth to 1.9% in 2019. This overall solid aggregate growth trajectory in Europe encompasses several economies with markedly higher growth rates. For instance, economic growth in the EU members from Eastern Europe and the Baltic States continue to outpace the EU average, thanks to capital accumulation and productivity gains. The aggregate GDP of these group known as EU-13 countries is estimated to expand by 3.6% in 2018 and 3.5% in 2019. The expansion of 4.2% in 2017, has been largely driven by the robust export performance of the manufacturing sector in Eastern Europe.

In the UK, growth is expected to decelerate to 1.4% in 2018 and 2019, as the economy will face increasing pressure from the effects of the decision to leave the EU. The weaker pound sterling has contributed to the rise in import cost pressures while taming domestic demand in the UK. At the same time, business investment is suffering from significant uncertainty regarding the future framework for the economic relations of the UK with the EU and the rest of the world. Lastly, Africa's economic growth is projected to pick-up to 3.5% in 2018 and 3.7% in 2019, up from 3.0% in 2017. The projected modest improvement in growth is underpinned by strengthening external demand and a moderate increase in commodity prices.

2. INDIAN ECONOMY

The year 2017 was marked by a number of key structural initiatives to build strength across macro-economic parameters for sustainable growth in the future. The growth in the first half of the year suffered despite global tailwinds. However, the weakness seen at the beginning of 2017, seems to have bottomed out as 2018 set in. Currently, the economy seems to be on the path to recovery, with indicators of industrial production, stock market index, auto sales and exports having shown some uptick. India's economic outlook remained promising for FY17-18 and is expected to strengthen further in FY18-19.

The biggest challenges for 2018 are as to how the economy can maintain its recovery in the face of increasing inflationary pressures, coupled with a higher fiscal deficit as well as an increasing debt burden. Over the last few quarters, what has become increasingly evident is the divergence between Indian and global growth. This decoupling largely happened as India's growth was hit on account of mega policy announcements.

Looking ahead, for 2018, it is widely expected that this decoupling will not continue. As per IMF and World Bank, the Indian economy is expected to grow at 7.3%, for 2018 on account of uptick in investment activity and broader market adjustments to previous market disruptions. Currently, India is the world's seventh-largest economy at USD 2.2 trillion, sitting between France and Italy. A report by World Economic Forum has projected that by 2050, the Indian economy is expected to be the world's second-largest, behind China.

In FY 2017-18, India's GDP growth rebounded to 6.5% and 7.2% in the second and third quarter respectively from 5.7% in the first quarter after initial hiccups associated with the roll-out of the GST. In FY 2017-18, Gross Value Added (GVA) also posted 6.2% and 6.7% rise in the second and the third quarter respectively compared to 5.6% in the first quarter.

The services sector continued to show a stable rate of growth. The agriculture sector suffered from a price crash following over-production during the kharif season, while erratic monsoon during the latter part of the year led to some crop destruction resulted in falling farm incomes. Looking ahead, the agriculture segment is expected to grow higher than the estimated 2.1% in the current fiscal possibly following positive prospects on rabi harvest. Growth in commodity importers the world over which remained robust at an estimated 6 percent in 2017, reflecting a continued strong contribution from India.

Industry growth recorded an upswing from 5.9% in 2QFY18 to 6.8% in 3QFY18. On a positive side, manufacturing growth showed a reversal rising by 8.1% in 3QFY18 as compared to -1.8% in 1QFY18, while utilities remained steady at 6.1% growth in 3QFY18.

While private consumption grew at an average of 6.3% in the first three quarters of 2017-18, consumer durables have contracted through most part of the year. Recent Policy Measures to Boost Growth have been Goods and Services Tax, Insolvency and Bankruptcy Code, Jan Dhan Yojana and Aadhaar, and Ayushman Bharat.

India's fiscal deficit has steadily declined over the years. However, the path to reach the target of 3% has been extended. On analyses of revenue trends, the gross tax to GDP ratio is likely to have risen by 0.2% to 11.6% in FY17-18 and tax revenues are expected to grow by 16.6% in FY19 as compared to 15.3% in FY18.

Post the Budget, the benchmark 10-year yield hit a 22-month high to close at 7.6% and is currently trending at 7.68% as of the last close on 15 March, 2018, having gained close to 6% since the Budget. Since the RBI announcement to inject INR 1 trillion into the system saw bond yield dipping nearly 15 basis points after hitting a high of 7.78%. The domestic bond market have risks to the upside and may get affected due to expectations of rising oil, recapitalisation, and likely shortfall in GST collections.

One of the major positives over the past few years has been the declining inflation levels. Consumer price inflation has in fact, fallen to multi year lows during the last fiscal. This has been possible on account of falling or stable global commodity prices and better management of supply shortages in the agrarian economy. CPI inflation for FY18-19 is likely to come in at an average of around 3.9%13 for the full fiscal year, slightly below the RBI's long-term target of 4%. In its last bi-monthly monetary policy for the fiscal year 2018 in Feb'18, the Monetary Policy Committee (MPC) in Feb 2018 said inflation has been stipulated to remain around 5.1- 5.6% in the 1HFY19 and then ease to 4.5-4.6% in the 2HFY1914, and with the yearly estimate set at 4.5%.

The credit growth has remained subdued due to the twin balance sheet problem that India has been facing. The issue here is that balance sheets of Indian companies and banks both have been under stress. While Indian companies remain over-leveraged, the banks are reeling under high nonperforming assets. The new Insolvency and Bankruptcy code (IBC) and the bank recapitalisation plan are the two-pronged policy responses that have been formulated to tackle this issue.

Indian exports grew by 11.2% between Apr-Jan 2017-18. If we look at the details of the exports, highest growth has been seen in sectors such as gems and jewellery, mineral fuels, machinery, pharmaceuticals, organic chemicals, electrical machinery textiles among others. Growth in oil imports has marked an upswing in the six months to Dec'17. In contrast, gold imports have remained muted. Overall trade deficit has risen close to $117 billion between Apr-Dec 2017 as compared to $78 billion in the same period last year.

The Indian rupee (INR) has shown tremendous strength over the better part of 2017, especially looking at the past trend when it had seen a fall for almost six years. The remarkable rise in INR could have been prompted by strong foreign flows, proactive policy initiatives, and relative weakness in US dollar. In 2017, apart from appreciating against the dollar, the rupee has also appreciated against the currencies of Indonesia, Brazil, and Turkey.

The Indian economy has once again regained the tag of the "fastest growing economy". How sustainable this momentum will be, will depend on how effectively the various policies, especially with respect to structural and infrastructure related reforms are implemented.

3. CAPITAL MARKET DEVELOPMENTS

The number of companies listed on BSE is 5,464 with a market capitalisation of over INR 148 Lakh Crore. The S&P BSE SENSEX ended FY 2017-18 at 32,969 compared to 29,621 in FY 2016-17, an increase of 11.30 percent over the year. The average daily clearing value for equity segment of ICCL, was INR 4,402 Crore in FY 2017-18, an annual increase of about 9.37 percent from INR 4,025 Crore in FY 2016-17. The Average Daily Clearing Value in FY 2017-18 in the Currency

Derivatives segment is over INR 2 Lakh Crore as compared to INR 1.44 Lakh Crore in the FY 2016-17, an increase of approximately 39 percent.

BSE's online Mutual Fund platform "BSE StAR MF" continues to gain acceptance with turnover reaching INR 1,17,823 Crore in FY 2017-18, an increase of almost 59 percent over the previous year compared to INR 74,301 Crore in FY 2016-17. The platform also set a record high in November this year, by processing 2.5 lakh orders in a single day. With new features and continuous innovations to meet customer needs, the model of investment and redemption of mutual fund units through an exchange-provided infrastructure has gained tremendous response in the market. ICCL undertakes the settlement for BSE's StAR MF platform.

4. CCPs IN INDIA AND REGULATORY DEVELOPMENTS

In India, there are four CCPs, three of whom clear exchange listed products while one CCP operates in the over- the- counter ("OTC") clearing space. CCPs clearing exchange listed products are regulated by SEBI and RBI (for certain products), while the OTC CCPs are solely regulated by the RBI.

During the last decade the central clearing sector has experienced a large number of changes, in terms of awareness, reach and mandate, thus broadening its role in the financial infrastructure space and its own market structure. CCPs have become increasingly critical components of the financial due in part to the introduction of mandatory central clearing for standardised OTC derivatives in some jurisdictions.

In FY 2017-18, CCPs have been the focus of the Global as well as Indian Regulators. SEBI introduced the guidelines pertaining to Acceptance of Central Government Securities by Clearing Corporations towards Core Settlement Guarantee Fund (SGF), Comprehensive Review of Margin Trading Facility, Clarification on Exchange Traded Derivatives Contracts on cross-currency pairs, Outsourcing of activities by Stock Exchanges and Clearing Corporations, Integration of broking activities in Equity Markets and Commodity Derivatives Markets under single entity, Online Registration Mechanism and Filing System for Clearing Corporations and Margin provisions for intra-day crystallised losses, to name a few. SEBI also issued circulars applicable to India International Exchange IFSC Limited ("India INX") and India International Clearing Corporation IFSC Limited ("India ICC"), pertaining to Acceptance of Bank Guarantees by Clearing Corporations and Position limits for cross-currency futures and options contracts (not involving Indian Rupee) on exchanges in International Financial Services Centres (IFSC). The enhanced measures are undertaken to ensure that Indian CCPs are compliant with International benchmarks and regulations, including the Principles for Financial Market Infrastructures ("PFMI") issued by the Committee on Payments and Market Infrastructures ("CPMI") and the International Organisation of Securities Commissions ("IOSCO") and the European Market Infrastructure Regulation ("EMIR").

CPMI and IOSCO continue to closely monitor the implementation of the PFMI. In the past year, Level 2 assessments of whether and to what degree; legal, regulatory and oversight framework for key payments and settlement systems including those of CCPs, are complete and consistent with the PFMI, were conducted for Hong Kong and Singapore. CPMI and IOSCO also released the draft guidance for authorities on how to design and run supervisory stress tests for central counterparties (CCPs). In the OTC Derivatives space, CPMI and IOSCO released, surveys on the effects on incentives to centrally clear over-the-counter (OTC) derivatives trades and technical guidance on harmonisation of critical OTC derivatives data elements like uniform global Unique

Product Identifier (UPI). SEBI being a member of IOSCO, any international regulatory changes would impact ICCL.

ICCL had applied to European Securities and Market Authority ("ESMA") as a Third Country Central Counterparty ("TC-CCP") under the European Market Infrastructure Regulation ("EMIR") and has received recognition vide their letter dated September 27, 2017. Furthermore, on September 22, 2017, SEBI granted ICCL renewal of recognition, after being satisfied that it would be in the interest of the trade, in the interest of securities market and also in the public interest to do so. This renewal is for a period of three years, commencing on the October 3, 2017 and ending on the October 2, 2020, subject to ICCL's compliance with the conditions specified by SEBI from time to time.

5. FEATURES AND DEVELOPMENTS

5.1 Competitive Strengths

Sound corporate governance and regulatory framework

ICCL has been accorded Qualified Central Counterparty ("QCCP") status by SEBI and is additionally required to comply with the rules and regulations that are consistent with the PFMIs issued by CPMI- IOSCO. ICCL in its endeavour to enhance transparency, became the first CCP in India to publish its self-assessment of the PFMIs issued by CPMI-IOSCO on its website to ensure a clear understanding and assessment of the risks associated with ICCL.

As a QCCP, ICCL is subject to a high level of regulatory oversight. ICCL's Board comprises of a majority of independent directors. ICCL has a multitude of Committees chaired by Independent Directors which overlook the operations, risk, investment and other functions. ICCL has implemented a Code of Conduct for its Directors and Code of Ethics for its Directors and Key Management Personnel. ICCL has completely segregated its Business function from its Regulatory function and the information flow across departments is on a strict need-to-know basis.

Financial strength

ICCL's financial policy seeks to maintain sufficient financial resources to finance growth and ensure financial flexibility while maintaining creditworthiness and liquidity. ICCL continues to be the only CCP in the World with a Default Insurance cover of INR 390 Crore, which comes above the Default Fund of the CCP, in the Default Waterfall. The objective of the Policy is to protect ICCL against counterparty defaults, and add a further capital cushion to the ICCL networth making the resources of the non-defaulting members even safer. The additional capital cushion of INR 390 Crore, provided by the Insurance cover, along with the networth covers nearly 3 times the default fund requirement of ICCL and further increases the safety for domestic and international participants alike.

ICCL continues to remain the only CCP in India to be granted "AAA" rating by two rating agencies, India Ratings Ltd. (Indian arm of Fitch Ratings) and Care Ratings Ltd.

Robust Risk Management Framework

ICCL's primary objective is to manage risk. Credit Risk, Liquidity Risk, Settlement Risk, Custody and Investment Risk, Collateral Risk, etc. are some of the risks that ICCL needs to deal with on an everyday basis. ICCL has a sound risk framework for the comprehensive management of all material risks, and has established documented policies, procedures and systems and controls to identify measure, monitor and manage such risks. ICCL has a dedicated risk management function and a Risk Management Committee comprising of Independent Directors and outside experts. The Chief Risk Officer has a dual reporting – to the MD&CEO as well as the Risk Management Committee.

ICCL has created a dedicated Default Fund, which is readily and unconditionally available to meet settlement obligations of ICCL in case of clearing member(s) failing to honour settlement obligation.

ICCL maintains a dedicated Default Waterfall for each segment, effectively ring fencing each segment of ICCL from defaults in other segments. ICCL has limited the liability for non-defaulting members to a maximum of INR 10 Lakh across segments. ICCL is the only CCP in the World which has not sought contribution from members towards its Default Fund (ICCL's Default Fund is 75 percent self-funded, while 25 percent is funded by the Exchange, BSE). ICCL carries out daily stress tests for credit risk, daily liquidity stress test to assess the adequacy of liquidity arrangements, periodic reverse stress tests and daily back tests for adequacy of margins. ICCL maintains a Business Continuity Plan ("BCP") and Disaster Recovery ("DR") Plan for systems as well as manpower. ICCL has a far DR, situated in a different seismic zone and INR 100 Crore is kept separately as part of recovery and resolution for covering operational cost for 1 year, legal cost, regulatory cost, and other liabilities.

5.2 Key Strategies

Technology Leadership

ICCL is the CCP to BSE, the fastest exchange in the world with a speed of 6 microseconds.

ICCL provides its members with a Real Time Risk Management System ("RTRMS") terminal, free of cost, to monitor and manage their own risks and that of their constituents. ICCL also has a versatile collateral management system ("CLASS") for members to manage their segment-wise collateral. The collateral system is interlinked with RTRMS and change in collateral is reflected in the trading limits of the member. ICCL provides front end facility to over 1400 clearing members to monitor and manage their collaterals and trading limits. ICCL also has some other periphery support systems like BEFS (for member filing), which enable the members to add/update their membership and other details online.

ICCL ensures that the systems are reliable and resilient even during stressed market conditions and are based on internationally recognised technical standards and industry best practices.

Product Leadership

ICCL settles trades reported on the Indian Corporate Debt Segment and the Mutual Fund ("StAR MF) Segment of BSE and clears and settles trades executed on all the other segments of BSE, including Equity Cash, BSE SME, Offer for Sale, Securities Lending & Borrowing, Equity

Derivatives, BSE SME, Offer for Sale, Securities Lending & Borrowing, Debt Segment, Sovereign Gold Bonds, Interest Rate Futures and the Currency Derivatives Segment.

ICCL has recently commenced providing clearing and settlement services for cross-currency derivatives and would soon offer clearing and settlement for interest rate options contracts and tri-party repo on corporate bonds traded on the BSE platform. ICCL also plans to begin settlement of government bonds in the primary market for non-competitive bids.

Services Leadership

ICCL continues to work closely with market participants and exchanges so as to capitalize opportunities and continues to improve its systems and processes to provide the most efficient clearing and settlement system in India.
ICCL's dictum is Reliability builds Relationships and ICCL strives to uphold the confidence and integrity of the financial markets by aligning its systems with the industry's best- practices.

5.3 Developments in Human Resource

ICCL's focus is on matching skills and expertise to the roles to enhance employee satisfaction. Recognizing the growing importance of talent in driving the success of the organisation and the changing dynamics of business, ICCL has built a talent pool of around 64 professionals with an ideal mix of experience and youth. Knowledge updation of employees is taken care by regularly sending them for various public seminars and in-house training sessions as well. The in-house training is imparted through 100% subsidiary company BSE Institute Limited.

6. INTERNAL CONTROL, RISKS AND CONCERNS

6.1 Internal Control Systems and their Adequacy

ICCL identifies a risk based internal audit scope and assesses the inherent risk in the processes and activities of the department within the company and ensures that appropriate risk management limits, control mechanisms and mitigation strategies are in place. The Internal Auditors, via, their internal audit reports, make observations relating to the deficiencies/non-compliance of various audit areas and give suggestions/recommendations and control directives like periodic reconciliation, proper authorizations/ approvals, processing controls, segregations of duties, maker – checker approach, etc., so as to mitigate the deficiencies and make the process, procedure, systems and functions more robust, accountable, reliable and compliant. The observations made by the internal auditors and the compliances thereof are placed before the Audit Committee.

ICCL has further implemented pre-audit of all the major payments made to vendors based on a set criteria. It strives to put in checks and controls like internal approvals, budgetary controls, documentary controls, compliance to statutory requirement, etc.

ICCL identifies and prioritizes key compliance issues with the help of an outsourced agency. The compliances and the monitoring thereof are regularly placed before the Audit Committee.

The Company has an Audit Committee, the details of which have been provided in the Corporate Governance Report. The Committee reviews audit reports submitted by the internal auditors. Suggestions for improvement are considered and the Committee follows up on the implementation of corrective actions. The Committee also meets the Company's statutory auditors to ascertain, inter alia, their views on the adequacy of internal control systems in the Company.

6.2 Risks and Concerns

- Since ICCL is a clearing and settlement agency, its performance is dependent upon the trading activity on BSE's trading platform, the number of active traders in the market, the number of new/further listings and the amount of capital raised through such listings.
- Adverse economic conditions could negatively affect the business, financial condition and results of operations.
- The industry ICCL operates in is highly competitive and ICCL competes with a broad range of market participants for clearing and settlement volumes.
- ICCL operates in a business environment that continues to experience significant and rapid regulatory and technological changes.
- ICCL operates in a highly regulated industry and may be subject to censures, fines and other legal proceedings if it fails to comply with its legal and regulatory obligations. Changes in government policies could adversely affect trading volumes of instruments traded on the exchange and hence the settlement volumes of ICCL.
- The continuation or recurrence of systemic events such as the global economic crisis, changes in economic policies and the political situation in India or globally may adversely affect ICCL's performance.

7. FINANCIAL PERFORMANCE

During FY 2017-18, the total revenue of INR 6,484 Lakh decreased by 26% from INR 8,797 Lakh in FY 2016-17. The decrease in revenue was mainly due to (a) decrease in Income from investment and deposits by 59% to INR 1,863 Lakh (FY 2016-17 INR 4,625 Lakh) mainly due to profit on sale of corporate bonds, offset by (b) increase in operational income by 7% to INR 4,475 Lakh (FY 2016-17 INR 4,170 Lakh).

The total expenditure during FY 2017-18 has gone up by 5% from INR 2,589 Lakh for FY 2016-17 to INR 2,727 Lakh for FY 2017-18. This increase was mainly due to (a) increase in employee cost by 6% to INR 791 Lakh (FY 2016-17 INR 745 Lakh) on account of increase in headcount from previous year (b) increase in other operating expenses by 5% to INR 1,713 Lakh (FY 2016-17 INR 1,628 Lakh) on account of increase in CSR Contribution, Business Promotion, and Rent set off by decrease in Cenvat disallowed under the provision of Service Tax Act (c) increase in finance cost by 16% to INR 100 Lakh (FY 2016-17 INR 86 Lakh). Off set by (d) decrease in depreciation by 5% to INR 123 Lakh (FY 2016-17 INR 130 Lakh)

The total Profit before tax for the FY 2017-18 was INR 3,757 Lakh as against INR 6,208 Lakh for FY 2016-17.

The total Profit after tax for FY 2017-18 was INR 3,864 Lakh as against INR 5,648 Lakh for FY 2016-17, decrease of approximately 31%.

Financial Statement as on March 31, 2018

Share Capital

The total paid up capital of the Company as on March 31, 2018 is INR 35,400 Lakh (FY 2016-17 INR 35,400 Lakh) divided into 3,54,00,00,000 equity shares of INR 1 each.

Reserves & Surplus

The total Reserves & Surplus as on March 31, 2018 is INR 18,005 Lakh (FY 2016-17 INR 17,005 Lakh) comprising of Core Settlement Guarantee Fund ("Core SGF") of INR 15,091 Lakh (FY 2016-17 INR 13,598 Lakh) and statement of profit & loss of INR 2,914 Lakh (FY 2016-17 INR 3,407 Lakh).

Thus the total Net worth of the Company as on March 31, 2018 is INR 53,405 Lakh (FY 2016-17 INR 52,405 Lakh).

Liabilities

Total liabilities stood at INR 1,04,827 Lakh (FY 2016-17 INR 1,24,709 Lakh). The details are as under:

(a) Non-Current Liabilities: INR 14,037 Lakh (FY 2016-17 INR 6,895 Lakh). The increase in other long term liabilities is due to contribution received from BSE Ltd towards Core SGF

(b) Current Liability
   i. Trade Payable: INR 149 Lakh (FY 2016-17 INR 203 Lakh). The reduction is due to settlement of holding company dues during the year
   ii. Other Financial Liabilities: INR 90,505 Lakh (FY 2016-17 INR 1,17,530 Lakh). The decrease is mainly due to decrease in deposits of clearing banks and margin money received from members
   iii. Other current liabilities: INR 24 Lakh (FY 2016-17 INR 21 Lakh).
   iv. Provisions: increase to INR 112 Lakh (FY 2016-17 INR 60 Lakh)

Assets

Total assets stood at INR 1,58,232 Lakh (FY 2016-17 INR 1,77,114 Lakh. The major components are given below:

a) Property, Plant and Equipment, Intangible assets: Total Gross Block as on March 31, 2018 is INR 574 Lakh (FY 2016-17 INR 527 Lakh) and total Accumulated depreciation up to March 31, 2018 is INR 361 Lakh (FY 2016-17 INR 238 Lakh). Thus Net Fixed Assets is INR 213 Lakh (FY 2016-17 INR 289 Lakh). In addition, intangible under development is Nil (FY 2016-17 INR 2 Lakh).
b) Loans: INR 13 Lakh (FY 2016-17 INR 10 Lakh). This is mainly on account of employee loan
c) Trade Receivable: INR 54 Lakh (FY 2016-17 INR 9 Lakh)
d) Cash and cash equivalents: INR 73,399 Lakh (FY 2016-17 INR 1,01,021 Lakh)
e) Bank balances other than (d) above: INR 79,049 Lakh (FY 2016-17 INR 57,802 Lakh).
f) Other Financial Assets: INR 2,081 Lakh (FY 2016-17 INR 15,294 Lakh).

8. FUTURE OUTLOOK

The role of CCPs in facilitating safer financial markets has been gaining wide-spread importance over the recent years. The Indian and the international CCP framework has witnessed significant developments in the past year.

New Developments:

i. Clearing and settlement of Cross-Currency futures and options contracts traded on BSE Product(s):

1. Cross currency futures and option contracts
   - EUR-USD
   - GBP-USD
   - USD-JPY

2. Currency option contracts
   - EUR-INR
   - GBP-INR
   - JPY-INR

The approval for the above products was received from SEBI and RBI. These were successfully launched on March 31, 2018.

ii. Settlement of Government Bonds (Primary market) bids collected by BSE

On August 1, 2017, BSE got SEBI's "No Objection" to act as a "Facilitator" in non-competitive bidding in the auction of Government Securities and T-Bills, through Exchange mechanism. BSE has received permission from RBI to open a new CSGL Account in Q1 FY19. Furthermore, till the new account is enabled by RBI, BSE has permission to use the old CSGL account for the purpose of Settlement of Government Bonds.

iii. Repo on Corporate Bonds

On March 20, 2018 BSE was authorized to act as a Tri-Party agent (acts as an intermediary between the two parties to the repo to facilitate services like collateral selection, payment and settlement, custody and management during the life of the transaction) for tri-party repo on both Government securities and corporate bonds. BSE has also applied to SEBI for NOC for 4 different Tri-Party repo models.

iv. Intra - day Crystallisation of Losses

SEBI Circular dated January 8, 2018 to address the issue of risk arising out of accumulation of crystallised obligations incurred on account of intra-day squaring off of positions. On April 6, 2018, ICCL commenced charging an additional margin in the form of Crystallised Loss Margin ("CLM") in the ECM, EDX and CDX Segment.
Previously, ICCL blocked real time margin for open positions arising out of trades in the ECM, EDX and CDX Segment. If the position was closed (offsetting position), the margin to that extent was released. Thus, the risk of crystallised obligations incurred due to intra-day trades was not fully captured in the margining system and consequently in the risk management system for the purpose of providing further exposure.

In the next 6-12 months the below products are expected to be launched.

i. Clearing and settlement of Interest Rate options contracts traded on BSE

The Interest Rate Options (Reserve Bank) Directions, 2016 prescribed by RBI on December 28, 2016 permitted Interest Rate Options on exchanges authorized by SEBI as well as in the Over-the-Counter (OTC) market. Eligible entities can undertake transaction in simple European call and put options, interest rate caps, interest rate floors or collars. A European option may be exercised only at the expiration date of the option i.e., on a single pre-defined date.

Previously, the only interest rate derivatives (IRD) permitted in India were Interest Rate Swap (IRS) and Forward Rate Agreement (FRA) in the OTC segment and Interest Rate Futures (IRF) on the Exchanges. The IRS market has evolved over a period of time and is fairly liquid. Trading in IRF market has gradually increased with wider participation by different categories of participants. These IRDs can be used by the banks and other market participants to manage market risk effectively in their books. However, the financial entities, including banks, did not have any instruments to manage the embedded options on their balance sheets. The Working group on Introduction of Interest Rate Options in India (Chairman: Prof P.G. Apte) had recommended the following:

- To begin with, simple call and put Options, caps, floors, collars and swaptions may be permitted. Complex structures may be introduced subsequently.
- Both OTC as well as exchange traded options may be introduced. While in the OTC segment only European options may be permitted, both American and European structures may be permitted on Exchanges.
- Fixed Income Money Market and Derivatives Association of India ("FIMMDA")/Financial Benchmark India Private Limited ("FBIL") may come out with the list of eligible domestic money or debt market rates as benchmarks like G-Sec, T-Bills, MIBOR,OIS, MIFOR, IRF etc.
- While banks, PDs and other regulated entities having sound financials and prudent risk management may be allowed as market makers subject to the approval of concerned regulator, all domestic entities having underlying interest rate risk may be permitted as users.
- While no documentation relating to underlying exposure may be required for exposures up to INR 5 Crore, large corporates may also be allowed to take hedging positions for their anticipated interest rate exposures.

ii. Broadening Market Participation - Electronic Trading Platforms

Para 37 of the First Bi-monthly Monetary Policy Statement announced dated April 5, 2016

- In order to broaden participation in OTC instruments and to provide a safe trading environment, RBI has proposed to put in place a policy framework for authorization of electronic platforms with linkage to an approved central counterparty for settlement. The framework will also cover forex platforms to facilitate hedging by small and retail customers

RBI Circular dated May 5, 2016 on Transactions in derivatives by regulated institutional entities on electronic platforms

- Furthermore, in order to make participation in OTC derivative markets through electronic platforms more broad-based, RBI has enabled any institutional entity regulated by RBI, SEBI, the Insurance Regulatory and Development Authority of India ("IRDAI"), the Pension Fund Regulatory and Development Authority ("PFRDA") and the National Housing Bank ("NHB") to trade in interest rate swaps ("IRS") on electronic trading platforms with guaranteed settlements by the CCIL

RBI Annual Report 2016, Chapter 5: Financial Markets and Foreign Exchange Management, Agenda 2016-17

- Initiatives currently under consideration include operationalising electronic platforms for repo in corporate bonds in coordination with the SEBI
- In fulfilment of the G20 mandate for shifting OTC derivatives on to exchanges or electronic trading platforms, where appropriate, a framework for authorisation of such platforms will be put in place.

On October 12, 2017, The Reserve Bank of India released Draft Directions for authorising Electronic Trading Platforms for financial market instruments regulated by the Reserve Bank. Draft framework for authorisation of Electronic Trading Platforms (ETP) for financial instruments was issued on March 31, 2018. These directions have the following broad objectives:

- Development of market through transparent trading, safe settlement systems and standardisation of instruments;
- Promoting fair, equitable, orderly and non-discriminatory access to markets;
- Prevention of market abuse and ensuring financial integrity through effective monitoring and surveillance; and
- Improving dissemination of trading information and thereby reducing information asymmetry.

iii. Integration of stocks and commodities trading on a single exchange

In a major step towards a simpler securities market trading infrastructure, regulator SEBI on December 28, 2017 announced much-awaited integration of stocks and commodities trading on a single exchange from October 2018.

A two-phase integration of trading in commodity derivatives market with other segments of securities market at the exchange level was approved by the SEBI board. This move that would help leading stock exchanges, to launch their commodity trading platforms.

Currently, commodity derivatives are traded on separate exchanges, and the integration process would involve removal of certain existing restrictions by amending the relevant securities market regulations with effect from October 1, 2018.

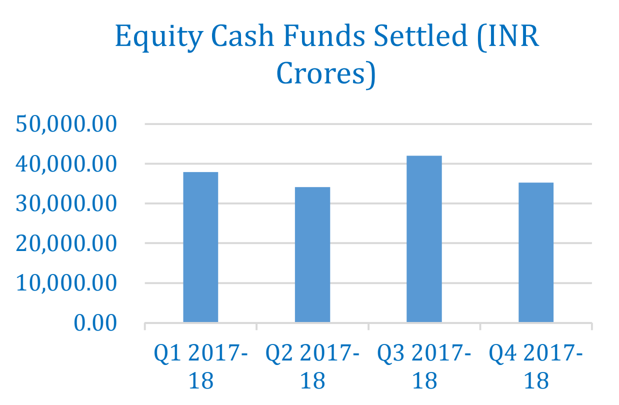
This would pave way for all exchanges -- currently providing trading platforms for stocks and commodity exchanges -- to provide universal trading facilities. This would allow all exchanges to do stocks as well as commodities trade from October 2018. SEBI has already been regulating the commodities derivative market after the merger of erstwhile FMC (Forward Markets Commission) with it.

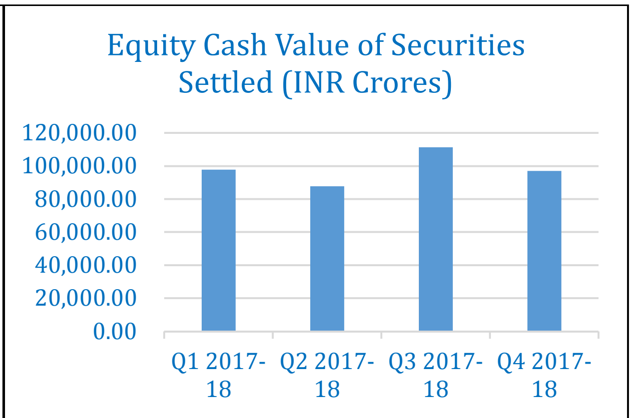
SEBI had decided that the integration would be done in two phases. The first phase involves integration at the intermediary level, while the second phase deals with enabling a single exchange to operate various segments such as equity, equity derivatives, commodity derivatives, currency derivatives, interest rate futures and debt instruments, among others.

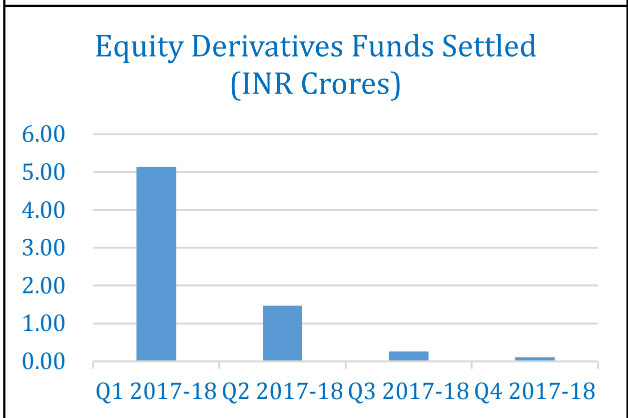
SEBI is looking at it from point of view of securities market. The concept is that there is single regulator at the highest level from client's point of view and investor point of view to bring in the synergy.

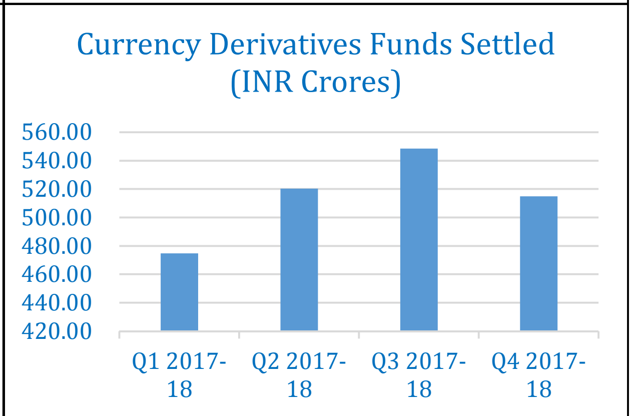
BSE has commenced Mock Trading in the segment.

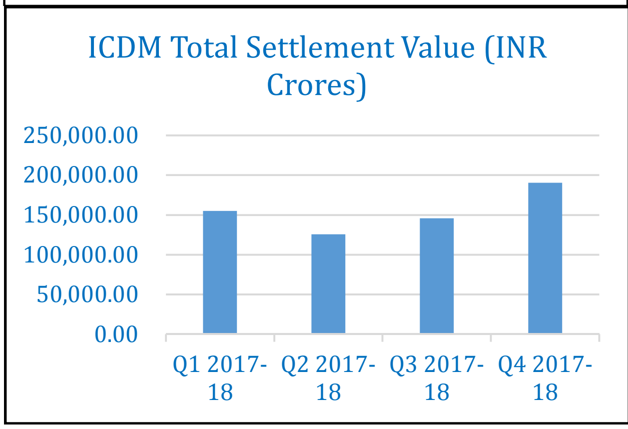
9. KEY BUSINESS STATISTICS

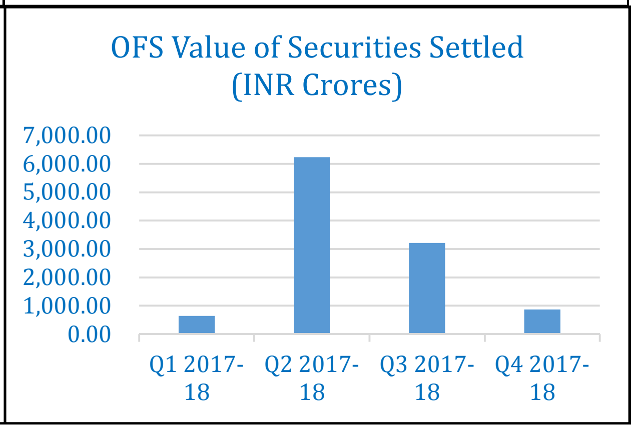






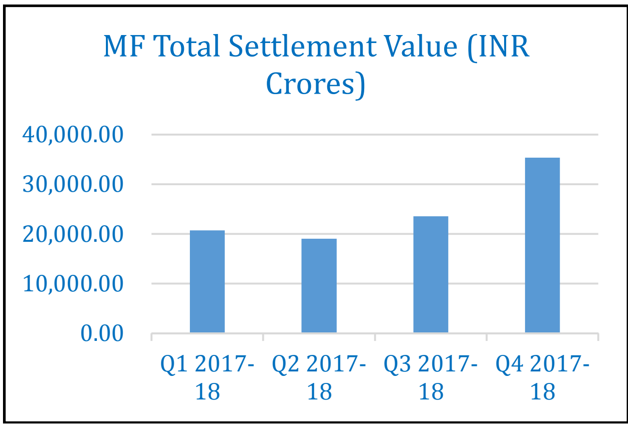


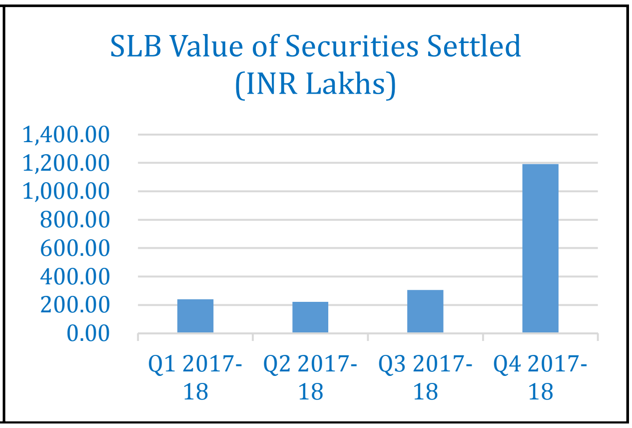




Indian Clearing Corporation Limited

Reliability builds relationships





The Board of Directors
Indian Clearing Corporation Limited
25th Floor, P.J. Towers,
Dalal Street,
Mumbai – 400 001.

Sub: CEO/CFO Certification

We, Devika Shah, Managing Director & Chief Executive Officer and Myna Venkatraman, Chief Financial Officer do hereby certify the following:-

a. I have reviewed the financial statement for the year ended March 31, 2018 and to the best of our knowledge and belief:
   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   (ii) these statements, together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during year ended March 31, 2018, which are fraudulent, illegal or violative of the Company's Code of Conduct.

c. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and I have disclosed to the auditor and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.

d. I have indicated to the auditor and the Audit Committee,
   (i) significant changes in internal control over financial reporting during the year;
   (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   (iii) instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.

Place: Mumbai	Devika Shah	Myna Venkatraman
Date: 24/04/2018	Managing Director & CEO	Chief Financial Officer

Independent Auditor's Report
To the Members of Indian Clearing Corporation Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Indian Clearing Corporation Limited (herein after referred to as 'the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred to as 'the financial statements').

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, and cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the Financial position of the Company as at 31 March 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

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, the statement of cash flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;

   (e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the director is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

   (g) 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, to the best of our information and according to the explanations given to us we state that:

      (i) the Company has disclosed the details of pending litigation in respect of Income Tax demand of Rs.826 lakh in Note 25 on Contingent Liabilities and Commitments (to the extend not provided for) to the financial statements where it is mentioned that the company is contesting the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process.

(ii) the Company has disclosed the details of amount receivable from a defaulter member of Rs. 104 lakh in Note 31 to the financial statements where it is mentioned that based on the negotiation with the said member, the company does not expect any credit loss and hence no provision is made in the books of account.

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

For S. Panse & Co.
Chartered Accountants
(Firm Registration No: 113470W)

Supriya Panse
Partner
Membership No.: 46607
April 24, 2018
Mumbai

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2018, we report that:

(i)

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

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified once every year. The fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical 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. Hence reporting under paragraph 3(i) (c) of the Order is not applicable to the Company.

(ii) The Company is a service company, primarily rendering clearing and settlement services. Accordingly, it does not hold any physical inventories. Hence reporting under paragraph 3(ii) of the Order is not applicable to the Company.

(iii) To the best of our knowledge and according to the information and explanations given to us, the Company has not granted any loans to entities covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

(iv) To the best of our knowledge and according to the information and explanations given to us, the Company has not made any investment or provided any guarantee or security in terms of provisions of section 185 and 186 of the Act. Hence reporting under paragraph 3 (iv) of the Order is not applicable.

(v) To the best of our knowledge and according to the information and explanations given to us, the Company has not accepted deposits from public and therefore, reporting under paragraph 3 (v) of the Order is not applicable.

(iv) To the best of our knowledge and according to the information and explanations given to us, the Company is not required to maintain cost records as prescribed by the Central Government under section 148(1) of the Act for the services rendered by the Company.

(vi) To the best of our knowledge and according to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise duty, Cess and other material statutory dues as applicable with the appropriate authorities. In case of any delay in payment the amounts are paid along with the interest to the appropriate authorities. As explained to us the Company did not have any dues on account of employees' state insurance, sales tax, value added tax, duty of customs and excise duty.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise duty, Cess and other material statutory dues as applicable in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax which have not been deposited as at March 31, 2018 on account of dispute are given below:

Name of the statute	Nature of dues	Amount (in Rs) of demand	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	Rs.7 lakh	Assessment Year 2012-13	CIT(A)
Income Tax Act, 1961	Income Tax	29 Lakh	Assessment Year 2013-14	CIT (A)
Income Tax Act, 1961	Income Tax	58 Lakh	Assessment Year 2014-15	CIT (A)
Income Tax Act, 1961	Income Tax	732 Lakh	Assessment Year 2015-16	CIT (A)

(viii) To the best of our knowledge and according to the information and explanations given to us, the Company has not taken any loans or borrowings from any financial institution, banks, government or has not issued any debentures. Hence reporting under paragraph 3 (viii) of the Order is not applicable to the Company. In respect of temporary overdraft facility availed by the Company, to the best of our knowledge and according to the information and explanations given to us, there was no default in repayment.

(ix) To the best of our knowledge and according to the information and explanations given to us, the Company has not raised monies by way of initial public offer or further public offer (including debt instruments) and term loans and hence reporting under paragraph 3 (ix) of the Order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) To the best of our knowledge and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) To the best of our knowledge and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) To the best of our knowledge and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) To the best of our knowledge and according to the information and explanations give to us of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xii) To the best of our knowledge and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and thus provisions of section 192 of the Companies Act, 2013 are not applicable to the Company. Hence reporting under paragraph 3(xv) of the Order is not applicable.

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

For S. Panse & Co.
Chartered Accountants
(Firm Registration No: 113470W)

Supriya Panse
Partner
Membership No.: 46607
April 24, 2018
Mumbai

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Indian Clearing Corporation Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the 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 over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, 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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S. Panse & Co.
Chartered Accountants
(Firm Registration No:113470W)

Supriya Panse
Partner
Membership No.: 46607
April 24, 2018
Mumbai

INDIAN CLEARING CORPORATION LIMITED
BALANCE SHEET AS AT MARCH 31, 2018

₹ In Lakh

	Particulars	Note No	As at March 31, 2018	As at March 31, 2017
I.	**ASSETS**			
1	**Non-current assets**			
	(a) Property, Plant and Equipment	3	60	40
	(b) Tangible assets under development	3	-	-
	(c) Other Intangible assets	4	153	249
	(d) Intangible assets under development	4	-	2
	(e) Financial Assets			
	(i) Investments	5		
	a. Investments in Equity Instruments		-	-
	(ii) Loans	6	9	8
	(iii) Others	7	2,008	15,241
	(f) Non Current Tax Assets (Net)		1,373	1,479
	(g) Deferred tax assets (net)	8	1,329	618
	(h) Other non-current assets	9	-	1
	Sub-total - A		**4,932**	**17,638**
2	**Current Assets**			
	(a) Financial Assets			
	(i) Trade receivables	10	54	9
	(ii) Cash and cash equivalents	11	73,399	1,01,021
	(iii) Bank balances other than (ii) above	12	79,049	57,802
	(iv) Loans	6	4	2
	(v) Others	7	73	53
	(b) Other current assets	9	721	589
	Sub-total - B		**1,53,300**	**1,59,476**
	Total Assets (A+B)		**1,58,232**	**1,77,114**
II.	**EQUITY AND LIABILITIES**			
3	**Equity**			
	(a) Equity Share capital	13	35,400	35,400
	(b) Other Equity	14	18,006	17,005
	Sub-total - A		**53,406**	**52,405**
4	**Liabilities**			
	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Other financial liabilities	16	48	42
	(b) Other non-current liabilities	17	13,988	6,853
	Sub-total - B		**14,036**	**6,895**
5	**Current liabilities**			
	(a) Financial Liabilities			
	(i) Trade payables	15	149	203
	(ii) Other financial liabilities	16	90,505	1,17,530
	(b) Other current liabilities	17	24	21
	(c) Provisions	18	112	60
	Sub-total - C		**90,790**	**1,17,814**
	Total Equity and Liabilities (A+B+C)		**1,58,232**	**1,77,114**

See accompanying notes forming part of financial statements

For and on behalf of the Board of Directors

In terms of our report attached
For **S. Panse & Co.**
Chartered Accountants
Firm Reg. No.: 113470W

S. Sundareshan
Chairman

Devika Shah
Managing Director & CEO

Supriya Panse
Partner
Membership No.: 46607
Place: Mumbai
Date: April 24, 2018

Myna Venkatraman
Chief Financial Officer

Shilpa Pawar
Company Secretary

INDIAN CLEARING CORPORATION LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

₹ In Lakh

	Particulars	Note No	For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
I	**REVENUES**			
	(a) Revenue From Operations	19	4,475	4,170
	(b) Revenue From Investments And Deposits	20	1,863	4,625
	(c) Other Income	21	146	2
	Total Revenue		**6,484**	**8,797**
II	**EXPENSES**			
	(a) Employee Benefits Expenses	22	791	745
	(b) Other Operating Expenses	23	1,713	1,628
	(c) Depreciation And Amortisation	3	123	130
	(d) Finance Cost - Interest		100	86
	Total Expenses		**2,727**	**2,589**
III	Profit Before Exceptional, Extraordinary Items And Tax	I - II	3,757	6,208
IV	Exceptional Items		-	-
V	Profit Before Extraordinary Items And Tax	III - IV	3,757	6,208
VI	Extraordinary Items		-	-
VII	Profit Before Tax	V - VI	**3,757**	**6,208**
VIII	Tax Expense: (refer note 37)			
	Current Tax		699	866
	Deferred Tax		(711)	(306)
	Tax Adjustment For Earlier Years		(95)	-
IX	Profit From Continuing Operations	VII - VIII	**3,864**	**5,648**
X	Profit From Discontinuing Operations		-	-
XI	Profit For The Year	IX + X	**3,864**	**5,648**
XII	**Other Comprehensive Income**			
	A (i) Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit plans;		4	(4)
	Total other comprehensive income for the year		**4**	**(4)**
XIII	**Total Comprehensive Income for the year**		**3,868**	**5,644**
XIV	Earning Per Equity Share:			
	Basic And Diluted		0.11	0.16
	Par Value Of Share (Re.)		1	1
	Weighted Average Number Of Shares (Nos.)		3,54,00,00,000	3,54,00,00,000

See accompanying notes forming part of financial statements

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Chartered Accountants
Firm Reg. No.: 113470W

Supriya Panse
Partner
Membership No.: 46607

Place: Mumbai
Date: April 24, 2018

For and on behalf of the Board of Directors

S. Sundareshan
Chairman

Devika Shah
Managing Director & CEO

Myna Venkatraman
Chief Financial Officer

Shilpa Pawar
Company Secretary

Statement of change in Equity

₹ in Lakh

Particulars	A. Equity Share Capital	B. Other Equity			Total (A+ B)
		Core Settlement Guarantee Fund (Core SGF)	Retained Earnings	Other Comprehensive Income	
Changes in equity					
Balance as at April 01, 2016	35,400	12,263	1,318	3	48,984
Profit for the year			5,648	-	5,648
Other comprehensive income for the year			-	-4	-4
Income Transferred to Core SGF		1,335		-	1,335
Payment of Dividend			-2,956	-	-2,956
Payment of Tax on Dividend			-602	-	-602
Balance as at March 31, 2017	**35,400**	**13,598**	**3,408**	**-1**	**52,405**
Profit for the year			3,864	-	3,864
Other comprehensive income for the year			-	4	4
Income Transferred to Core SGF		1,494	-	-	1,494
Payment of Dividend			-3,623	-	-3,623
Payment of Tax on Dividend			-738	-	-738
Balance as at March 31, 2018	**35,400**	**15,092**	**2,911**	**3**	**53,406**

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Shilpa Pawar
Company Secretary

Indian Clearing Corporation Limited

Reliability builds relationships

INDIAN CLEARING CORPORATION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

₹ In Lakh

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit After Tax	3,864	5,648
	Adjustments For:		
	Adjustments for Income tax expense	(107)	560
	Amortisation Of Bonds Premium / Discount On Bonds	-	4
	Finance Cost	100	86
	Depreciation On Fixed Assets	123	130
	Income earned on Core Settlement Guarantee Fund	1,494	1,335
	Provision for Compensated absence	41	37
	Provision for Gratuity	8	6
	Profit on Sale / Redemption of Bonds	-	(2,302)
	(Profit) / Loss On Sale / Redemption Of Mutual Funds	-	(2)
	Interest Income	(1,664)	(2,151)
	Dividend Income	(199)	(166)
		(204)	(2,463)
	Operating Profit Before Working Capital Changes	3,660	3,185
	Change in assets and liabilities		
	Trade Receivables	(45)	190
	Loans and other financial assets	9,282	18
	Other Assets	(127)	70
	Trade Payable	(54)	27
	Other financial liabilities	(27,019)	54,935
	Other liabilities & Provisions	7,141	1,483
		(10,822)	**56,723**
	Taxes Paid	(498)	(1,159)
	Net Cash From / (Used In) Operating Activities	**(7,660)**	**58,749**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Payment towards Property, Plant, Equipment and Intangible assets	(45)	(165)
	Proceed (Purchase) towards Investments	-	33,833
	Proceed (Purchase) towards Fixed Deposits With Banks	(17,417)	(23,869)
	Interest Income	1,762	2,811
	Dividend From Mutual Funds	199	166
	Net Cash From / (Used In) Investment Activities	**(15,501)**	**12,776**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Dividend Paid	(3,623)	(2,956)
	Tax on Dividend Paid	(738)	(602)
	Finance Cost	(100)	(86)
	Net Cash From / (Used In) Financing Activities	**(4,461)**	**(3,644)**

D.	**Net (Decrease) / Increase In Cash And Cash Equivalents**	**(27,622)**	**67,881**
	Cash And Cash Equivalents At The End Of The Year		
	In Current Account	36,544	32,121
	In Deposit Account	36,855	68,900
		73,399	**1,01,021**
	Cash And Cash Equivalents At The Beginning Of The Year	**1,01,021**	**33,140**
	Changes In Cash & Cash Equivalents	**(27,622)**	**67,881**
	Cash And Cash Equivalents At The End Of The Year	**73,399**	**1,01,021**
	Cash and Cash Equivalents as per note no. "11"	**73,399**	**1,01,021**

See accompanying notes forming part of financial statements

In terms of our report attached
For **S. Panse & Co.**
Chartered Accountants
Firm Reg. No.: 113470W

Supriya Panse
Partner
Membership No.: 46607
Place: Mumbai
Date: April 24, 2018

For and on behalf of the Board of Directors

S. Sundareshan
Chairman

Devika Shah
Managing Director & CEO

Myna Venkatraman
Chief Financial Officer

Shilpa Pawar
Company Secretary

Significant Accounting Policies and Notes to Accounts

Notes annexed to and forming part of Financial Statements for the year ended March 31, 2018.

1. Corporate information

Indian Clearing Corporation Limited ("ICCL" or "Company") was incorporated in 2007 as a wholly owned subsidiary of BSE Ltd. ICCL carries out the functions of clearing, settlement, collateral management and risk management for various segments of different stock exchanges. The registered office of the Company is at 25th floor, P. J. Towers, Dalal Street, Mumbai 400 001, Maharashtra, India.

2. Significant Accounting Policies

2.1. Statement of Compliance

The financial statements have been prepared in accordance with Ind ASs notified under the (Indian Accounting Standards) Rules, 2015. Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of IGAAP as the previous GAAP, which include Standards notified under the Companies (Accounting Standards) Rules, 2006.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP and the date of transition is April 1, 2015. Further company has availed exemption under Ind AS first time adoption.

2.2. Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that' are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.
In addition, for financial reporting purposes, fair value measurements are categorized 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.

The principal accounting policies are set out below.

2.2.1 Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from Service is recognized as and when the service is performed as per the relevant agreements and when there is a reasonable certainty of ultimate realization.

2.2.2 Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition

2.2.3 Dividend Income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

2.2.4 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.
Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.2.5 Foreign currency transactions and balances

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. All foreign currency current assets/liabilities are translated at the rates prevailing on the date of the Balance Sheet. Foreign Exchange rate differences arising on settlement(s) / conversion(s) are recognised in the Statement of Profit and Loss.

2.2.6 Employee benefits

a. Retirement benefit costs and termination benefits – Gratuity

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in Other Comprehensive Income in the period in which they occur. Remeasurement recognised in Other Comprehensive Income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in Other Comprehensive Income.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

b. Short-term employee benefits - Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognized in the period in which the absences occur. The Company recognizes actuarial gains and losses immediately in the statement of profit and loss

2.2.7 Cost recognition

Costs and expenses are recognized when incurred and have been classified according to their primary nature.

2.2.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset-to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Minimum Alternate Tax (MAT):

In accordance with the guidance note issued by the Institute of Chartered Accountants of India ('ICAI') on accounting for credit available in respect of MAT under the Income-tax Act, 1961, the Company recognizes MAT credit as an asset only when and to the extent there is convincing evidence that the Company will be liable to pay normal income tax during the specified period.

d. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity.

2.2.9 Property, plant and equipment

Depreciation on tangible assets is provided on the 'Written Down Value' basis, except depreciation on Motor Vehicle, as per useful life of the assets as prescribed under Schedule II of the Companies Act, 2013 for the number of days the assets have been ready to put to use for their intended purposes.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives. Depreciation on Motor Vehicle assets is depreciated over a useful life of 3 years which represent the lease period of the asset purchased on finance lease.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit of loss.

Estimated useful lives of the tangible assets are as follows:

Computer Equipment	3-6 years
Motor Vehicles-	3 years
Furniture, Fixtures	10 years
Office & Electronics Equipments-	5-10 years

2.2.10 Intangible assets

a. Intangible assets acquired separately

Intangible assets consisting of computer software are being depreciated at 40% on the 'Written Down Value' basis for the number of days the assets have been ready to put to use for their intended purposes.

b. Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.2.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.2.12 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

b. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer note 2.2.12.e

Equity instruments are subsequently measured at Fair Value through Other Comprehensive Income (FVTOCI) and all other financial assets are subsequently measured at fair value.

c. Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.
Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Revenue from Investments and Deposits" line item.

d. Financial assets at fair value through profit or loss

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in Other Comprehensive Income for, investments in equity instruments which are not held for trading Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL. A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

e. Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL. Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses. Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information. The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in Other Comprehensive Income and is not reduced from the carrying amount in the balance sheet.

f. Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in Other Comprehensive Income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company' allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those pasts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in Other Comprehensive Income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in Other Comprehensive Income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.2.13 Financial liabilities and equity instruments

a. Classification as debt or equity

Debt and equity instruments issued by the company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

b. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

c. Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVP.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

d. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument. A financial liability other than a financial liability held for trading or contingent consideration, recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, m. be designated as at FVTPL upon initial recognition if:
- Such designation eliminates or significantly reduces a measurement or recognition inconsistent that would otherwise arise;
- the financial liability forms part of a company of financial assets or financial liabilities or both, whit is managed and its performance is evaluated on a fair value basis, in accordance with the Company documented risk management or investment strategy, and information about the company : provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permit the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income’ line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in Other Comprehensive Income, unless the recognition of the effects of changes in the liability's credit risk in Other Comprehensive Income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in Other Comprehensive Income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

e. Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a company entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

2.2.14 Settlement Obligation:

Pay-in/Pay-out obligation (Settlement Obligation) of the Company are accounted based on settlement dates.

2.2.15 Current / Non-current classification

The company present assets and liabilities to be classified as either Current or Non-current.

Assets

- An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realised in, or is intended for sale or consumption in, the entity’s normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realised within twelve months after the balance sheet date; or
d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date

- All other assets are classified as non-current.

Liabilities

- A liability is classified as current when it satisfies any of the following criteria:
  a) it is expected to be settled in, the entity's normal operating cycle;
  b) it is held primarily for the purpose of being traded; it is due to be settled within twelve months after the balance sheet date; or
  c) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

- All other liabilities are classified as non-current.

Operating Cycle

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.

2.2.16 Earnings per equity share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2.2.17 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.2.18 Earmarked Funds:

Earmarked Funds represent deposits, margins, etc. held for specific purposes. These amounts are invested and the same are earmarked in the Balance Sheet. The income earned on the investments from those earmarked funds are shown as liabilities and are not routed through the Statement of Profit and Loss.

2.2.19 Core Settlement Guarantee Fund (Core SGF):

As per SEBI vide circular no. CIR/MRD/DRMNP/25/2014 dated August 27,2014 every recognised clearing corporation shall establish and maintain a Fund for each segment, to guarantee the settlement of trades executed in that respective segment of a recognised stock exchange. The Clearing Corporation shall have a fund called Core SGF for each segment of each Recognised Stock Exchange (SE) to guarantee the settlement of trades executed in the respective segment of the SE. In the event of a clearing member(member) failing to honour settlement commitments, the Core SGF shall be used to fulfill the obligations of that member and complete the settlement without affecting the normal settlement process. The Core SGF shall be contributed by Clearing Corporation (ICCL), Stock exchange (BSE) and the clearing members, in a manner as prescribed by SEBI. This fund is represented by earmarked Core SGF investments. The income earned on such investments (ICCL) is credited to the respective contributor’s funds. Penalties and fines levied by the Company are directly transferred to Core SGF as Other Contributions.

3. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Carrying amount of:		
Computer Equipment	53	28
Motor Vehicles	-	1
Furniture, Fixtures	4	6
Office & Electronics Equipments	3	5
Total	**60**	**40**

₹ in Lakh

Particulars	Computer Equipment	Motor Vehicles	Furniture, Fixtures	Office & Electronics Equipments	Total
Cost					
Balance as at April 1, 2016	48	5	-	-	53
Additions during the year	15	-	7	6	28
Balance as at March 31, 2017	**63**	**5**	**7**	**6**	**81**
Balance as at April 1, 2017	63	5	7	6	81
Additions during the year	42	-	-	-	42
Balance as at March 31, 2018	**105**	**5**	**7**	**6**	**123**

₹ in Lakh

Particulars	Computer Equipment	Motor Vehicles	Furniture, Fixtures	Office & Electronics Equipments	Total
Accumulated depreciation and impairment					
Balance as at April 1, 2016	20	3	-	-	23
Depreciation for the year	15	1	1	1	18
Balance as at March 31, 2017	**35**	**4**	**1**	**1**	**41**
Balance as at April 1, 2017	35	4	1	1	41
Depreciation for the year	17	1	2	2	22
Balance as at March 31, 2018	**52**	**5**	**3**	**3**	**63**

₹ in Lakh

Particulars	Computer Equipment	Motor Vehicles	Furniture, Fixtures	Office & Electronics Equipments	Total
Net Book Value					
As at March 31, 2017	28	1	6	5	40
As at March 31, 2018	53	-	4	3	60

₹ in Lakh

Particulars	Computer Equipment	Motor Vehicles	Furniture, Fixtures	Office & Electronics Equipments	Total
Carrying amount					
Balance as at April 1, 2016	28	2	-	-	30
Additions during the year	15	-	7	6	28
Depreciation for the year	15	1	1	1	18
Balance as at March 31, 2017	**28**	**1**	**6**	**5**	**40**
Balance as at April 1, 2017	28	1	6	5	40
Additions during the year	42	-	-	-	42
Depreciation for the year	17	1	2	2	22
Balance as at March 31, 2018	**53**	**-**	**4**	**3**	**60**

4. OTHER INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Carrying amount of:		
Software	153	249
Intangible assets under development	-	2
Total	**153**	**251**

₹ in Lakh

Particulars	Software
Cost	
Balance as at April 1, 2016	296
Additions during the year	150
Balance as at March 31, 2017	**446**
Balance as at April 1, 2017	446
Additions during the year	5
Balance as at March 31, 2018	**451**

₹ in Lakh

Particulars	Software
Accumulated depreciation and impairment	
Balance as at April 1, 2016	85
Amortisation for the year	112
Balance as at March 31, 2017	**197**
Balance as at April 1, 2017	197
Depreciation for the year	101
Balance as at March 31, 2018	**298**

Particulars	Software
Net Book Value	
As at March 31, 2017	249
As at March 31, 2018	153

Particulars	Software
Carrying amount	
Balance as at April 1, 2016	211
Additions during the year	150
Depreciation for the year	112
Deductions / Adjustments	-
Balance as at March 31, 2017	**249**
Balance as at April 1, 2017	249
Additions during the year	5
Depreciation for the year	101
Balance as at March 31, 2018	**153**

5. INVESTMENTS

₹ In Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
A. Non Current Investment		
Non Trade Investments (At cost, unless otherwise specified):		
(Fully Paid-up, unless otherwise stated)		
Unquoted - Investments in Equity Instruments		
25,000 Shares of BSE CSR Integrated Foundation of ₹ 1/- each (w.e.f March 20, 2018)	-	-
Total	**-**	**-**

6. LOANS

₹ In lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Non Current		
Unsecured, considered good		
Other Loans		
Loans to Employee	9	8
Current		
Unsecured, considered good		
Other Loans		
Loans to Employee	4	2
Total	**13**	**10**

7. OTHERS FINANCIAL ASSETS

₹ In lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Non Current		
Deposit with Others	30	19
In Deposit with Bank		
Own	575	4,513
Clearing and Settlement	-	1,208
Core SGF	1,325	9,396
Others Receivable from defaulter member	78	104
Unamortised Cost	-	1
Sub-Total - A	**2,008**	**15,241**
Current		
Unamortised Cost	-	
Others Receivable from defaulter member	26	26
Accrued interest :		
Deposits		
Own Fund	11	1
Clearing and Settlement Fund	36	26
Sub-Total - B	**73**	**53**
Total (A+B)	**2,081**	**15,294**

8. DEFERRED TAX ASSETS (NET)

₹ In lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred Tax Assets:		
Provision for Compensated Absences	23	18
MAT Credit Entitlement	1,344	645
Less : Deferred Tax Liabilities		
On difference between book balance and tax balance of Property, Plant and Equipment and Intangible assets	38	45
Net Deferred Tax Assets	**1,329**	**618**
Note: The carry-forward of unused tax losses of ₹ 492 Lakh is not considered		

9. OTHER CURRENT ASSETS

₹ In lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Non Current Assets		
Prepaid Expenses	-	1
Sub-Total - A	**-**	**1**
Current Assets		
Prepaid Expenses	181	193
Cenvat Credit Receivable	540	396
Sub-Total - B	**721**	**589**
Total (A+B)	**721**	**590**

10. TRADE RECEIVABLES

₹ In lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Secured and Considered Good	6	8
Unsecured, considered good	2	1
Holding Company	46	-
Total	**54**	**9**

11. CASH AND CASH EQUIVALENTS

₹ In lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Cash on hand	-	-
Balances with banks		
In Current accounts		
Own Fund	14	881
Clearing and Settlement Fund	36,474	30,883
Earmarked - Core SGF	56	357
In Deposit accounts		
Own Fund	6,855	7,500
Clearing and Settlement Fund	30,000	61,400
Total	**73,399**	**1,01,021**

12. BANK BALANCES OTHER THAN (II) ABOVE

₹ In lakh

Particulars	As at March 31, 2018	As at March 31, 2017
In Deposit accounts		
Own Fund	19,547	17,353
Clearing and Settlement Fund	25,051	25,255
Earmarked - Core SGF	34,451	15,194
Total	**79,049**	**57,802**

Notes:
- Balances in Deposits with Banks of ₹ 23,063 Lakh (As at March 31, 2017 ₹ 22,865 Lakh), are pledged against bank over draft.

13. EQUITY SHARE CAPITAL

₹ In lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised		
5,00,00,00,000 Equity Shares of ₹ 1/- each with voting rights (As at March 31, 2017: 5,00,00,00,000 Equity Shares of ₹ 1/- each)	50,000	50,000
Issued, Subscribed and Fully Paid - up 3,54,00,00,000 Equity Shares of ₹ 1/- each with voting rights (As at March 31, 2017: 3,54,00,00,000 Equity Shares of ₹ 1/- each)	35,400	35,400
Total	**35,400**	**35,400**

2(a). Reconciliation of number of shares outstanding at the beginning and at the end of the year

Particulars of issue	As at		As at March 31, 2017	
	No. of Shares	₹ In lakh	No. of Shares	₹ In lakh
Opening Balance	3,54,00,00,000	35,400	3,54,00,00,000	35,400
a) Right Issue	-	-	-	-
b) Bonus	-	-	-	-
c) Preferential Allotment	-	-	-	-
d) Others	-	-	-	-
Closing Balance	**3,54,00,00,000**	**35,400**	**3,54,00,00,000**	**35,400**

2(b). List of shareholders holding more than 5% shares

Name of Shareholders	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	% of total shares	No. of Shares	% of total shares
BSE Limited and its nominees	3,54,00,00,000	100	3,54,00,00,000	100

2(c) I. The holders of equity shares are entitled to dividends, if any, proposed by the board of directors and approved by the shareholder at the Annual General Meeting.

2(c) II. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of preferential amount. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

14. OTHER EQUITY

₹ In lakh

Particulars		As at March 31, 2018	As at March 31, 2017
Core Settlement Guarantee Fund - Core SGF			
Opening Balance		13,598	12,263
Add : Income Earned during the year		1,494	1,335
	Sub-Total - A	**15,092**	**13,598**
Retained earnings			
Opening Balance		3,407	1,321
Add : Profit for the year		3,868	5,644
Less : Appropriations			
Dividend		3,623	2,956
Tax on Dividend		738	602
	Sub-Total - B	**2,914**	**3,407**
Total (A+B)		**18,006**	**17,005**

Notes:

Core Settlement Guarantee Fund:

ICCL has created a dedicated Core Settlement Guarantee Fund (Core SGF), which is readily and unconditionally available to meet settlement obligations of ICCL in case of clearing member(s) failing to honour settlement obligation.

ICCL maintains a dedicated Core SGF for each segment, effectively ring fencing each segment of ICCL from defaults in other segments. Core SGF contributed 75% self-funded, while 25% is funded by the Exchange i.e. BSE Limited). ICCL carries out daily stress tests for credit risk, daily liquidity stress test to assess the adequacy of liquidity arrangements, periodic reverse stress tests and daily back tests for adequacy of margins.

Retained earnings:

The same reflects surplus/deficit after taxes in the Statement of Profit and Loss. The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance in this reserve and also considering the requirements of the Companies Act, 2013.

15. TRADE PAYABLES

₹ In lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
a) Payable to Service Providers	149	140
b) Payable to Holding Company	-	63
Total	**149**	**203**

Note - The Company has received information from some "Suppliers" regarding their status under the Micro, Small, and Medium Enterprises Development Act, 2006. Based on the information received, there are no amounts unpaid as at the year

16. OTHER FINANCIAL LIABILITIES

₹ In lakh

Particulars		As at March 31, 2018	As at March 31, 2017
Non Current			
Accrued Employee Benefits Expense		48	42
	Sub-Total - A	**48**	**42**
Current			
Deposit from Clearing Banks		12,301	13,551
Deposit and Margins from Members		25,519	51,562
Settlement Obligation Payable		40,176	50,248
Clearing and Settlement - Others		12,335	1,907
Accrued Employee Benefits Expense		169	262
Others		5	-
	Sub-Total - B	**90,505**	**1,17,530**
Total (A+B)		**90,553**	**1,17,572**

17. OTHER CURRENT LIABILITIES

₹ In lakh

Particulars		As at March 31, 2018	As at March 31, 2017
Non Current			
Core Settlement Guarantee Fund (Refer to Note 2.2.19 & 30) (Exchange Contribution and Others Contributions)		13,988	6,853
	Sub-Total - A	**13,988**	**6,853**
Current			
Statutory Remittances		24	21
	Sub-Total - B	**24**	**21**
Total (A+B)		**14,012**	**6,874**

18. PROVISIONS

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Provision for Employee Benefits		
Other Provision		
Provision for Compensated Absences	61	53
Provision for Gratuity	51	7
Total	**112**	**60**

19. REVENUE FROM OPERATIONS

₹ In Lakh

Particulars	For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
Sale of services		
Clearing and Settlement Services	250	-
Auction Fees	124	90
Others	24	33
Other Operating Revenue		
Treasury Income from Clearing and Settlement Funds		
A. Interest income earned on financial assets that are measured at amortised cost:		
Bonds	-	328
Deposits	3,804	2,911
Net gain on sale of financial assets mandatorily measured at amortised cost	-	403
B. Income earned on financial assets that are mandatorily measured as at fair value through profit or loss:		
Net gain on sale of financial assets mandatorily measured at FVTPL	-	7
Dividend From Mutual Funds measured at FVTPL	273	398
Total	**4,475**	**4,170**

20. REVENUE FROM INVESTMENTS AND DEPOSITS

₹ In Lakh

Particulars	For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
A. Interest income earned on financial assets that are measured at amortised cost:		
Bonds	-	1,343
Deposits	1,664	812
Net gain on sale of financial assets mandatorily measured at amortised cost	-	2,302
B. Income earned on financial assets that are mandatorily measured as at fair value through profit or loss:		
Net gain on sale of financial assets mandatorily measured at FVTPL	-	2
Dividend From Mutual Funds measured at FVTPL	199	166
Total	**1,863**	**4,625**

21. OTHER INCOME

₹ In Lakh

Particulars	For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
Interest Income on Income Tax Refund	139	-
Miscellaneous Income	7	2
Total	**146**	**2**

22. EMPLOYEE BENEFITS EXPENSES

₹ In Lakh

Particulars	For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
Salaries, Allowances and Bonus	686	669
Contribution to Provident and Other Funds	29	21
Provision for Compensated Absence	41	37
Staff Welfare Expenses	35	18
Total	**791**	**745**

23. OTHER OPERATING EXPENSES

₹ In Lakh

Particulars	For the Year Ended March 31, 2018	For the Year Ended March 31, 2017
Auditors' Remuneration	6	6
Business Promotion Expenses	40	-
Contribution to Corporate Social Responsibility	266	-
Electricity Charges	13	8
Rent	151	75
Computer Technology Related Expenses	765	784
Insurance	188	206
Rates and taxes, excluding taxes on income	23	239
Clearing House Charges	10	16
Directors' Sitting Fees	13	11
Legal Fees	-	2
Membership & Subscription Fees	13	39
Maintenance Expenses	5	6
Professional Fees	89	92
Stamp Duty, Registration Charges & Regulatory Fees	2	11
Travelling Expenses	46	56
Committee Meeting Sitting Fees	56	49
Miscellaneous Expenses	27	28
Total	**1,713**	**1,628**

23.1 Auditors' Remuneration		₹ In Lakh
Particulars	**For the Year Ended March 31, 2018**	**For the Year Ended March 31, 2017**
Auditors' Remuneration Includes:		
Statutory Audit Fees	4	4
Tax Audit Fees	1	1
Other services	1	1
Total	**6**	**6**

23.2 Contribution to Corporate Social Responsibility		₹ In Lakh
Particulars	**For the Year Ended March 31, 2018**	**For the Year Ended March 31, 2017**
The gross amount required to be spent by company during the year	118	131
Amount debited to statement of profit and loss account were paid in cash during the respective year and were incurred for the purpose other than construction / acquisition of any asset.		

24. Commitments (to the extent not provided for)

₹ in lakh

Sr. No.	Particulars	As at March 31, 2018	As at March 31,2017
(a)	Estimated amount of unexecuted capital contracts	-	33

25. Contingent Liabilities (to the extent not provided for)

₹ in lakh

Sr. No.	Particulars	As at March 31, 2018	As at March 31,2017
(a)	Claims against the company not acknowledged as debts in respect of :		
	- Income tax matters (The company is contesting the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process.)	826	87

26. The Managing Director & CEO of the company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on only one class of operations i.e. facilitating clearing and settlement activities and the activities incidental thereto, hence there are no reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

27. Related party Transactions:

1. <u>List of Related Party and Relationships</u>

Sr.	Name of Related Party & Relationship
1.	BSE Limited - Holding Company
2.	Marketplace Technologies Private Ltd - Fellow Subsidiary
3.	Marketplace Tech Infra Services Private Limited - Fellow Subsidiary
4.	BFSI Sector Skill Council of India - Fellow Subsidiary
5.	BSE Skills Limited - Fellow Subsidiary
6.	BIL - Ryerson Technology Startup Incubator Foundation - Fellow Subsidiary
7.	BSE CSR Integrated Foundation - Fellow Subsidiary (Being a Section 8 company under companies Act, 2013) (w.e.f March 20, 2018)
8.	BSE Institute Limited – Fellow Subsidiary
9.	BSE Investments Limited – Fellow subsidiary
10.	BSE Sammaan CSR Limited – Fellow subsidiary (w.e.f. September 10, 2015)
11.	BSE International Exchange (IFSC) Limited - Fellow subsidiary (w.e.f. September 12, 2016)
12.	India International Clearing Corporation (IFSC) Limited – Follow subsidiary (w.e.f. September 12, 2016)

Sr.	Name of Related Party & Relationship
13.	BSE EBIX Insurance Broking Private Limited – Follow subsidiary (w.e.f. March 15, 2018)
14.	Central Depository Services (India) Ltd - Associate of Holding Company
15.	CDSL Ventures Limited - Associate of Holding Company
16.	CDSL Insurance Repository Limited - Associate of Holding Company
17.	CDSL Commodity Repository Limited - Associate of Holding Company
18.	Asia Index Private Ltd - Associate of Holding Company
19.	Shri K. Kumar - Managing Director & CEO (Till December 31, 2017)
20.	Smt Devika Shah - Managing Director & CEO (w.e.f. January 01, 2018)
21.	Shri S. Sundareshan – Chairman
22.	Smt. Maya Swaminathan Sinha – Public Interest Director (Till January 16, 2018)
23.	Shri Ramabhadran S Thirumalai – Public Interest Director
24.	Shri Prasad Dahapute – Public Interest Director
25.	Shri Nehal Vora – Shareholder Director
26.	Shri Neeraj Kulshreshtha – Shareholder Director

2. Transactions with Related Parties

(a) BSE Ltd (Holding Company):

₹ in Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Income		
Clearing and settlement fees	183	-
Rental Income	4	-
Expenditure		
Computer Technology Related Expenses	186	201
Rent	133	62
Electricity Charges	12	8
Property Tax	3	4
Staff welfare	17	2
Others Expenses	5	4

Particulars	As at March 31, 2018	As at March 31, 2017
Assets		
Prepaid Expenses	5	5
Receivable (net)	46	-
Liability		
Contribution towards Core SGF (excluding income earned thereon)	11,534	5,258
Payable (net)	-	63

(b) Marketplace Technologies Private Ltd (Fellow Subsidiary):

₹ in Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Expenditure		
Computer Technology Expenses	414	480
Purchase of Intangible Assets	-	28

Particulars	As at March 31, 2018	As at March 31, 2017
Liability		
Payable	69	91

(c) BSE Sammaan CSR Limited (Fellow Subsidiary – w.e.f. September 10, 2015)

₹ in Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Income		
Rental Income	1	-

(d) BSE CSR Integrated Foundation (Fellow Subsidiary – w.e.f. March 20, 2018)

₹ in Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Expenditure		
CSR Contribution	251	-

Particulars	As at March 31, 2018	As at March 31, 2017
Assets		
Investment (25,000 Equity shares of ₹ 1/- each)	-	-

(e) India International Clearing Corporation (IFSC) Limited - Follow subsidiary (w.e.f. September 12, 2016)

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Assets		
Administrative and Other Expenses (Recoveries)	-	7

Particulars	As at March 31, 2018	As at March 31, 2017
Assets		
Receivable	1	-

(f) Central Depository Services (India) Ltd (Fellow Associate):

₹ in Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Expenditure		
Administrative & Other Expenses	6	4

Particulars	As at March 31, 2018	As at March 31, 2017
Assets		
Deposits (Asset)	5	5
Prepaid Expenses	1	1

(g) Key Management Personnel (KMP):

₹ in Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Shri K. Kumar (Managing Director & CEO) Gross remuneration and other benefits paid *	112	89
Smt. Devika Shah (Managing Director & CEO) Gross remuneration and other benefits paid *	13	-

* Excludes the variable pay of the prior years which has been paid in the current year based on Securities Contract (Regulations) (Stock Exchanges and Clearing Corporations) Regulations 2012

28. Earnings per Share:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit after tax (₹ in lakh)	3,864	5,648
Weighted average number of Equity shares used in computing Basic and Diluted earnings per share (Nos.)	3,54,00,00,000	3,54,00,00,000
Face Value of equity shares (₹)	1	1
Basic and Diluted earnings per share (₹)	**0.11**	**0.16**

29. Expenditure in Foreign Currency: (on accrual basis)

₹ in Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Software Expenses	23	24
Travel Expenses	7	14
Membership Fees	13	37
Professional Fees	16	-
Others	2	3

30. (a) As per SEBI circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014, ICCL has established a fund called Core SGF for each segment (Equity, Equity Derivative, Debt & Currency Derivative) of each Recognised SE to guarantee the settlement of trades executed in respective segment of the SE. Accordingly, an amount ₹ 21,844 lakh as at March 31, 2018 (₹ 18,094 lakh as at March 31, 2017) has been earmarked from investments and bank balances towards the Core SGF maintained for various segment by ICCL including income earned thereon. The contribution made by BSE Ltd to the said Core SGF amounts to ₹ 13,020 lakh as at March 31, 2018 (₹ 5,993 lakh as at March 31, 2017) including income earned thereon and also include the amount received towards "Transfer of Profits" under Regulation 33 of SECC Regulations 2012, from the date the SECC Regulations, 2012 came into effect till August 29, 2016, and which has not been allocated to any specific segment. Further, Other Contribution represent an amount (i) ₹ 467 lakh as at March 31, 2018 (₹ 437 as at March 31, 2017) have been received under the Scheme of amalgamation between United Stock Exchange of India Limited and BSE Ltd, including income earned thereon (ii) ₹ 501 lakh as at March 31, 2018 (₹ 423 lakh as at March 31, 2017), being fines & penalties collected from members by ICCL have been included in Core SGF, including income earned thereon.

₹ in lakh

Particulars	**BSE Contribution**	**ICCL Contribution**	**Other Contributions**	**Total**
Equity Segment	4,771	14,216	478	19,465
Equity Derivative Segment	453	1,349	7	1,809
Currency Derivative Segment	2,032	6,141	483	8,656
Debt	-	138	-	138
Others	5,764	-		5,764
Grand Total	**13,020**	**21,844**	**968**	**35,832**

31. A sum of ₹ 104 lakh (P. Y. ₹ 130 Lakh) has been shown as receivable from a defaulter member. Based on the negotiation with the said member, the company does not expect any credit loss and hence no provision is made in the books of account.

32. Disclosure as required on “Employee Benefits” is as under:

32.1. Gratuity - Defined Benefit Plan

The Company offers its employees defined-benefit plans in the form of a gratuity scheme (a lump sum amount). Benefits under the defined benefit plans are typically based on years of service and the employee’s compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees.

Such plan exposes the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to market yields at the end of the reporting period on government bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities and debt instruments.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

a. The following tables set out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements As at March 31, 2018 and March 31, 2017.

₹ in lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Change in benefit obligations		
Benefit obligations at the beginning	86	80
Current Service Cost	8	6
Interest on defined benefit obligation	6	6
Re-measurements - Actuarial Loss / (Gain)	(6)	3
Benefits Paid	(2)	(1)
Liability assumed on acquisition/(Settled on Divestiture)	46	(8)
Closing Defined Benefit Obligation	138	86
Change in plan assets		
Opening Fair Value of Plan Assets	86	78
Contributions by Employer	6	5
Interest on Plan Assets	6	6
Re-measurements - Actuarial Loss / (Gain)	(2)	(1)
Benefits Paid	(2)	(1)
Closing Fair Value of Plan Assets	94	87
Funded status	94	86

b. Amount For the year ended March 31, 2018 and year ended March 31, 2017.

₹ in lakh

Particulars	March 31, 2018	March 31, 2017
Current Service Cost	8	6
Interest on net defined benefit obligations / (asset)	-	-
Total Included in "Employee Benefit Expense"	8	6

c. Amount for the year ended March 31, 2018 and year ended March 31, 2017 recognised in the statement of other comprehensive income:

₹ in lakh

Particulars	March 31, 2018	March 31, 2017
Opening amount recognised in "Other Comprehensive Income"	(1)	3

Particulars	March 31, 2018	March 31, 2017
Re-measurement for the year – Obligation gains / (losses)	4	(4)
Re-measurement for the year – Plan asset gains / (losses)	-	-
Total amount recognised in "Other Comprehensive Income"	3	(1)

d. Principle actuarial assumption

Assumptions	As at March 31, 2018	As at March 31, 2017
Discount Rate	7.40%	7.20%
Salary escalation	7.00%	7.00%

- **Discount Rate:** The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.
- **Salary Escalation Rate:** The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

e. Sensitivity Analysis: The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points:-

Particulars	Year ended March 31, 2018	
	Discount rate	Salary escalation rate
Impact of increase in 50 bps on defined benefit obligation	-2.97%	3.11%
Impact of decrease in 50 bps on defined benefit obligation	3.11%	-2.99%

f. Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flow: Expected benefit payment

₹ in lakh

Maturity Profit	As at March 31, 2018
Expected benefits for year 1	9
Expected benefits for year 2	9
Expected benefits for year 3	9
Expected benefits for year 4	8
Expected benefits for year 5	18
Expected benefits for year 6	85
Expected benefits for year 7	4
Expected benefits for year 8	23
Expected benefits for year 9	14
Expected benefits for year 10 and above	53

The weighted average duration to the payment of these cash flows is 6.08 years.

g. Composition of Plan Assets

₹ in lakh

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Insurer Managed Funds	95	86
Others	-	1

Actual return on the assets for the year ended March 31, 2018 and year ended March 31, 2017 were ₹ 1 lakh and ₹ 3 lakh respectively.

32.2. Provident Fund – Defined Contribution Plan

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contribution along with interest thereon is paid on cessation of services. Both the employee and the company make monthly contributions to the "BSE Employees' Provident Fund", a trust set up and administered by the BSE Ltd. The company is liable for any shortfall in the fund assets based on the minimum rate of return specified by the Government, which is debited to the Statement of Profit and Loss as and when services are rendered by the employees.

The Company recognised charge for the year ended March 31, 2018 and for the year ended March 31, 2017 of ₹ 18 lakh and ₹ 13 lakh respectively for provident fund in the statement of profit & loss.

32.3. Other long-term employee benefit obligations

The leave obligation covers the company liability for sick and earned leave. Under these Compensated absences plans, leave encashment is payable to all eligible employees on separation from the Company due to death, retirement, superannuation or resignation. At the rate of daily salary, as per current accumulation of leave days. Refer Note 22 and Note 18 with respect to item of profit and loss and Balance Sheet where such charge/provision has been presented.

33. During the year the Board of Directors has declared interim dividend in its meeting held during the year, for an amounting ₹ 2,081 lakh excluding tax thereon and same has been paid to shareholder.

34. Critical accounting judgments and estimates

In the course of applying the policies outlined in all notes stated above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that critical judgment and estimation have been made in the following areas:

34.1. Intended use, useful lives and residual value of property, plant and equipment and intangible assets

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly depreciable lives are reviewed annually using the best information available to the Management.

34.2. Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

34.3. Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised.

34.4. Income taxes

The Company's tax jurisdiction is in India. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

34.5. Defined employee benefit assets/liabilities

Determined based on the present value of future pension obligations using assumptions determined by the Company with advice from an independent qualified actuary.

34.6. Other estimates

The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer status, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

35. Financial instruments

Risk Management:

The Company has an elaborate Risk Management procedure, which is based on three pillars: Business Risk Assessment, Operational Controls Assessment and Policy Compliance processes. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed with the Risk Management Committee.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Risk Management / Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

The Company manages cash and cash flow processes assiduously, involving all parts of the business. The Company's low debt equity ratio provides ample scope for gearing the Balance Sheet, should the need arise.

ICCL's primary objective as a recognised Clearing Corporation providing full novation, is to manage the risk arising out of Clearing and Settlement activities i.e. Regulatory, Credit Liquidity Settlement , Collateral, to name a few. The primary focus is to implement measures that minimise potential adverse effects on the performance of the company. ICCL has a sound risk framework, and has established documented policies, procedures and systems and controls to identify measure, monitor and manage such risks. ICCL has a dedicated risk management function and a Risk Management Committee comprising of Independent Directors and outside experts. The Chief Risk Officer has a dual reporting – to the Managing Director & CEO as well as the Risk Management Committee.

Regulatory risk:

The Company operates in areas that are highly regulated

Clearing Corporations (CCPs) have been the focus of the Global as well as Indian Regulators. SEBI introduced the guidelines on stress testing, Core Settlement Guarantee Fund ("Core SGF") and Default Waterfall, to ensure that Indian CCPs are compliant with International benchmarks and regulations, including the Principles for Financial Market Infrastructures ("PFMI") issued by the Committee on Payments and Market Infrastructures ("CPMI") and the International Organisation of Securities Commissions ("IOSCO") and the European Market Infrastructure Regulation ("EMIR"). IOSCO has issued discussion papers on Recovery and Resolution and Cyber Risk, areas which are expected to witness regulatory guidance in the next few years. The CPMI and the IOSCO continue to closely monitor the implementation of the PFMI. The Third Update to the Level 1 Assessment Report of the Implementation Monitoring of PFMIs has accorded India with the highest rating of 4. SEBI being a member of IOSCO, these international regulatory changes would impact ICCL. ICCL has received Third Country Central Counterparty ("TC-CCP") recognition from the European Securities and Markets Authority ("ESMA") under EMIR on September 27, 2017.

The Company continues to focus on remaining well positioned to respond to regulatory developments and further opportunities exist for the Company to deliver solutions to help the market address the changing regulatory environment.

There have been several changes to the form and manner in which recognized stock exchanges must make contributions to a Settlement Guarantee Fund and Core Settlement Guarantee Fund in the last few years. Should SEBI in the future vary the required contribution amounts to the Settlement Guarantee Fund, the Company may have to contribute more of profit to the Settlement Guarantee Fund which could materially and adversely affect the Company's financial ability. The regulatory team keeps a track regarding the amendments in SEBI circulars/regulations pertaining to such settlement guarantee fund.

Liquidity risk:
The Company holds a significant amount of cash and securities deposited by clearing members as margin or default funds.
Potential liquidity risks faced by the Company includes:

- ❖ Margin payments: Margins are settled at least daily. The Company has to ensure that sufficient funds are available to fulfil their obligations
- ❖ Collateral switches and excess cash margin cover: Members have some flexibility to choose whether to post margin in cash or securities, and may choose to over-collateralise.
- ❖ Market disruptions: Such as unusual market volatility driving large margin movements; liquidity squeezes in the cash or securities markets and central bank action.
- ❖ Failed settlements: Arise when a member fails to deliver securities, leaving the Company short of these securities which may have been designated to meet the obligations of another member.

The Company monitors its liquidity needs daily using stressed assumptions and reports to the various committee each month.

ICCL has created a dedicated Core Settlement Guarantee Fund (Core SGF), which is readily and unconditionally available to meet settlement obligations of ICCL in case of clearing member(s) failing to honour settlement obligation.

ICCL maintains a dedicated Core SGF for each segment, effectively ring fencing each segment of ICCL from defaults in other segments. Core SGF contributed 75% self-funded, while 25% is funded by the Exchange i.e. BSE Limited). ICCL carries out daily stress tests for credit risk, daily liquidity stress test to assess the adequacy of liquidity arrangements, periodic reverse stress tests and daily back tests for adequacy of margins. ICCL maintains a Business Continuity Plan

(“BCP”) and Disaster Recovery (“DR”) Plan for systems as well as manpower. ICCL has a far DR, situated in a different seismic zone.

ICCL provides full novation and has the responsibility of guaranteeing contractual performance by playing the role of a central counterparty for all trades on BSE, thereby eliminating counterparty risk for the members. In essence, it splits the original contract between the initiating counterparties into two new contracts; one each between ICCL and the initiating counterparties. ICCL has put in place a risk management framework to mitigate the risk it undertakes in its capacity as a Clearing Corporation.

Further, as a second line of defence to the margining and risk management systems, ICCL has subscribed to the Insurance policy. As per the default waterfall, in the case of loss arising out of defaults, the capital of Clearing Corporation and its non-defaulting members would be at risk. The magnitude of potential loss due to default that a clearing corporation can undertake without affecting the capital of non-defaulting members is contingent upon the networth of the Clearing Corporation and additional capital cushions, which insulate the default loss and the non-defaulting members’ resources.

ICCL remains committed to the safety of investors and members and to further add to this security, ICCL has subscribed to a unique Insurance Policy for INR 390 Crore across all segments. The objective of the Policy is to protect ICCL against counterparty defaults, and add a further capital cushion to the ICCL net-worth making the resources of the non- defaulting members even safer. The policy also adds to the ability of ICCL to absorb higher losses before any resources of the non-defaulting members are put at risk.

ICCL, with its net-worth of over INR 500 Crore, which is nearly 2 times its Core SGF requirements, is well capitalized and instils a high level of confidence in its members and investors in the ability of ICCL to handle extreme loss situations. The additional capital cushion of INR 390 Crore, provided by the Insurance cover, along with the net-worth covers nearly 3 times the Core SGF requirement of ICCL and further increases the safety for domestic and international participants alike.

ICCL conducts daily liquidity stress tests on a hypothetical stress scenario basis to ensure that it maintains sufficient liquid resources to manage liquidity risk from its clearing members. ICCL carries out the stress tests on the liquidity position by assuming the default of the two clearing participants to which it has the largest exposures in equity derivatives and currency derivatives segment. In addition, ICCL has lines of credit with various commercial banks in excess of its entire average daily funds pay-out, to build redundancy in case of one or more banks being unable to provide the liquidity support. The investments made in liquid resources are based on ICCL’s investment policy, which is periodically reviewed by its investment committee and duly approved by its audit committee and the board of directors. The investment policy specifies the quality as well as exposure limits for each type of the qualified liquid resources.

The management monitors the Company’s net liquidity position through forecasts on the basis of expected cash flows. The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2018 and March 31, 2017

As at March 31, 2018:

Particulars	< 1 year	1-5 years	> 5 years	Total
Non-current liabilities				
Accrued Employee benefit expenses	-	48	-	48
Total Non-Current Liabilities	**-**	**48**	**-**	**48**
Current Liabilities				
Deposits and Margin Received	37,820	-	-	37,820
Settlement Obligation Payable	40,176	-	-	40,176
Accrued Employee benefit expenses	169	-	-	169
Others Clearing Settlement Liability	12,335	-	-	12,335
Trade Payable	149	-	-	149
Others	5	-	-	5
Total Current Liabilities	**90,654**	**-**	**-**	**90,654**

As at March 31, 2017:

Particulars	< 1 year	1-5 years	> 5 years	Total
Non-current liabilities				
Accrued Employee benefit expenses	-	42	-	42
Total Non-Current Liabilities	**-**	**42**	**-**	**42**
Current Liabilities				
Deposits and Margin Received	65,113	-	-	65,113
Settlement Obligation Payable	50,248	-	-	50,248
Accrued Employee benefit expenses	262	-	-	262
Others Clearing Settlement Liability	1,907	-	-	1,907
Trade Payable	203	-	-	203
Total Current Liabilities	**117,733**	**-**	**-**	**117,733**

Credit risk:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above.

The Company provides a counterparty guarantee to its clearing members to guarantee performance and completion of the settlement of trades. By acting as guarantor in this manner, ICCL is exposed to potential losses should a clearing member defaults. The Company protects against the risk of defaults by a clearing member before it has settled its outstanding transactions, we require the clearing member to deposit margins and collateral, at least 50% of which must be in the form of cash and cash equivalents. The Company is also required to maintain a Core Settlement Guarantee Fund as mentioned above.

Foreign Currency risk

The Company's exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in U.S. dollars and euros). Company's revenues insignificant portion are in these foreign currencies, while a significant portion of its costs are in Indian rupees.

As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's revenues measured in rupees may decrease. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. Due to lessor quantum of revenue and expenses from foreign currencies company is not much exposed to foreign currency risk.

Clearing and settlement risk:

Our clearing services guarantee final settlement of trades and manage counterparty risk for a range of assets and instruments including cash equities, derivatives, interbank collateralised money loans and Government bonds. The financial risks associated with clearing operations are further mitigated by strict membership rules including supervisory capital, technical and organisational criteria. The maintenance of prudent levels of margin and default funds to cover exposures to participants. Each member deposits margins, computed at least daily, to cover the theoretical costs which the clearing service would incur in order to close out open positions in the event of the member's default.

Investment (Market and Custody) risk:

The Company limits its exposure to credit risk by making investment as per the Investment Policy. Further Investment Committee of the company reviews the investment portfolio on every two months and recommend or provide suggestion to the management. The company does not expect any losses from non- performance by these Investments, and does not have any significant concentration of exposures to any specific industry sector.

The company is mainly exposed to market the investment price risk due to its investment in mutual funds and other quoted investments. The market risk arises due to uncertainties about the future market values of these investments. However, ICCL has divested its entire holding in Corporate Bonds this year, and the market risk of the current Investment portfolio is quite low.

The Investments are also exposed to Custody Risk on its Investment portfolio, due to the remote probability of an issuer or Bank or Custodian of assets defaulting and / or going bankrupt / insolvent.

In order to manage its market and custody risk arising from above, the company diversifies its portfolio in accordance with the limits set by the risk management policies. Further, the treasury department reviews the investments made in order to ensure compliance with its investment policy for the exposure and credit category of its mutual fund portfolios.

Other risks:

Since ICCL is a clearing and settlement agency, its performance is dependent upon the trading activity on BSE's trading platform, the number of active traders in the market, the number of new/further listings and the amount of capital raised through such listings.

• Adverse economic conditions could negatively affect the business, financial condition and results of operations.
• The industry ICCL operates in is highly competitive and ICCL competes with a broad range of market participants for clearing and settlement volumes.
• ICCL operates in a business environment that continues to experience significant and rapid regulatory and technological changes.
• ICCL operates in a highly regulated industry and may be subject to censures, fines and other legal proceedings if it fails to comply with its legal and regulatory obligations. Changes in government policies could adversely affect trading volumes of instruments traded on the exchange and hence the settlement volumes of ICCL.
• The continuation or recurrence of systemic events such as the global economic crisis, changes in economic policies and the political situation in India or globally may adversely affect ICCL's performance.

Capital Management
The Company manages its capital to ensure that entity will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance and internal accrual funds.

The capital structure of the Company consists of only equity (comprising issued capital, reserves, and retained earnings), there are no external borrowings.

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. The Company considers 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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The company 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 will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to provide return by it to shareholders by continuing to distribute dividends in future periods.

Compliance with externally imposed capital requirements:
Capital requirement of the Company is regulated by Securities and Exchange Board of India (SEBI). As per SEBI notification dated June 20, 2012 Clearing corporation shall be mandated to build up to the prescribed net worth of ₹ 300 Crore over a period of three years from the date of notification. Minimum requirement of net worth is maintained throughout the period from effective date of notification. ICCL has been compliant with the capital requirement since the date of notification.

Categories of Financial Instruments ₹ in lakh

Particulars	Carrying Value		Fair Value	
	As at			
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
i) Financial assets				
(a) Measured at Amortised Cost				
Trade receivable	54	9	54	9
Cash and cash equivalents	73,399	1,01,021	73,399	1,01,021
Bank Balances other than Cash and cash Equivalents	79,049	57,802	79,049	57,802
Loans	13	10	13	10
Other financial assets	2,081	15,294	2,081	15,294
ii) Financial Liabilities				
(a) Measured at Amortised Cost				
Trade payables	149	203	149	203
Other financial liabilities	90,553	1,17,572	90,553	1,17,572

Level wise disclosure of fair value measurement of financial instruments

₹ in lakh

Particulars	Fair values As at		Fair Value Hierarchy
	March 31, 2018	March 31, 2017	
Financial assets			
Trade receivable	54	9	Level 3
Cash and cash equivalents	73,399	1,01,021	Level 1
Bank Balances other than Cash and cash Equivalents	79,049	57,802	Level 2
Loans	13	10	Level 3
Other financial assets	2,081	15,294	Level 3
Financial Liabilities			
Trade payables	149	203	Level 3
Other financial liabilities	90,553	1,17,572	Level 3

There were no transfers between Level 1 and 2 in the period.

36. Trade receivables:

The average credit period provided to customers is 0 to 60 days. Interest may be charged on overdue trade receivables. Allowances for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Before accepting any new customer, the Company assess the potential customer's credit quality and defines credit limits of customer.

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the Company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts (which include interest accrued after the receivable is more than 180 days outstanding) are still considered recoverable. The Company generally hold collateral over these balances and having legal right of offset against any amounts owed by the Company to the counterparty.

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

37. Income Tax Expense:

The following are the details of income tax assets as of March 31, 2018, March 31, 2017.

₹ in lakh

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Net Current tax at the beginning (Assets)	1,479	1,186
Current Income Tax provision including earlier tax adjustment	(604)	(866)
Income tax paid (Including TDS)	498	1,159
Balance at the end	1,373	1,479

A reconciliation of Income tax provision to the amount computed by applying the income tax rate to the profit before tax for year ended March 31, 2018 and year ended March 31, 2017.

₹ in lakh

Particular	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Profit before tax from continuing operations	3,757	6,208
Income tax expense calculated at 34.608% (A)	1,300	2,148
Adjustment:		
Effect of income that is exempt from taxation	178	775
Effect of expenses that are not deductible in determining taxable profit	(103)	(10)
Effect of Carried forward losses under tax	1,237	454
Tax saving due to reduced rate on capital gain	-	369
Total (B)	**1,312**	**1,588**
Adjustments recognised in the current year in relation to the current tax of prior years (C)	95	-
Income tax expense recognised in profit or loss (relating to continuing operations) (A-B-C)	(107)	560

38. The Board of Directors of the Company in its meeting held on April 24, 2018 have proposed a final dividend of ₹ 547 lakh (₹ 0.015457/- per equity share of face value of ₹ 1/- each fully paid-up) excluding dividend distribution tax. The proposed dividend is subject to the approval of shareholder at the Annual General Meeting.

39. The financial statements were approved for issue by the board of directors in their meeting held on April 24, 2018.

40. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report attached
For **S. Panse & Co.**
Chartered Accountants
Firm Reg. No.: 113470W

Supriya Panse
Partner
Membership No.: 46607
Place: Mumbai
Date: April 24, 2018

For and on behalf of the Board of Directors

S. Sundareshan
Chairman

Devika Shah
Managing Director & CEO

Myna Venkatraman
Chief Financial Officer

Shilpa Pawar
Company Secretary