

INDIAN CLEARING CORPORATION LIMITED

(A Wholly owned Subsidiary of BSE Limited)

ANNUAL REPORT

FINANCIAL YEAR ENDED MARCH 31, 2020

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Company Information

Board of Directors

Mr. S. Sundareshan, Chairman, Public Interest Director
Prof. T. Ramabhadran, Public Interest Director
Mr. Prasad Dahapute, Public Interest Director
Mr. Neeraj Kulshrestha, Shareholder Director
Mr. Sameer Patil, Shareholder Director (w.e.f February 12, 2020)
Ms. Devika Shah, Managing Director & CEO

Executive Management Committee

Ms. Devika Shah, Managing Director & CEO
Mr. Tushar Ambani, Chief Operating Officer
Mr. Nimesh Kumar Mistry, Chief Financial Officer
Mr. Piyush Chourasia, Chief Risk Officer & Head – Strategy (Compliance Officer)

Company Secretary - Ms. Shilpa Pawar

Statutory Auditors - M/s. Dalal Doctor and Associates, Chartered Accountants

Secretarial Auditors - M/s. Shweta Gokarn & Co., Company Secretaries

Internal Auditors - M/s. S. Panse & Co., Chartered Accountants, Mumbai

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

Registrar & Share Transfer Agent - Karvy Fintech Private Limited

Website - www.icclindia.com

Corporate Identity Number - U67120MH2007PLC170358

DIRECTORS' REPORT

The Members,

Indian Clearing Corporation Limited

Your Directors have pleasure in presenting their Thirteenth Annual Report and Audited Accounts for the financial year ended March 31, 2020.

FINANCIAL RESULTS

The financial results for the year ended March 31, 2020 are as follows:

(INR. In Lakh)

PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Income		
Income from Operations	4,185	3,710
Income from Investments and Deposits	1,852	1,812
Other Income	51	11
Total Income (A)	6,088	5,533
B. Expenditure		
Employee Benefits Expenses	1,127	959
Other Operating Expenses	1,985	2,443
Depreciation and Amortisation	121	88
Finance Cost	237	87
Total Expenditure (B)	3,470	3,577
Profit before Exceptional Items & Tax (A-B)	2,618	1,956
Less Exceptional Items		
Profit before Tax	2,618	1,956
Less: Provision for Tax	15	-84
Profit after Tax	2,603	2,040
Other Comprehensive Income	-4	-8
Total Comprehensive Income	2,599	2,032
Balance of Profit brought forward from previous year (*)	-2010	-2,466
Amount available for appropriation		
APPROPRIATIONS		
Interim Dividend paid	-	760
Tax on Interim Dividend paid	-	156
Final Dividend paid	-	547
Tax on Proposed Dividend paid	-	113
Core Settlement Guarantee Fund		
Balance of Profit carried to Balance Sheet (*)	589	-2,010
* include the Other Comprehensive Income		

PERFORMANCE & OPERATIONS

Indian Clearing Corporation Limited (ICCL) provides Clearing and Settlement Services for various Segments viz.

- Equity Cash Segment,
- Equity Derivatives Segment,
- Currency Derivatives Segment,
- Commodity Derivatives Segment,
- New Debt Segment,
- Tri-Party Repo
- Mutual Fund Segment,
- Indian Corporate Debt Segment (ICDM),
- Offer for Sale platform
- OTB (Buy-back, Take-over and Delisting)
- Non-competitive bidding for Government Securities, Treasury Bills and SDLs
- Sovereign Gold Bond
- Electronic Bidding Platform (EBP)

ICCL is also an Approved Intermediary for providing Securities Lending & Borrowing platform to the market participants.

ICCL has put in place a robust Clearing & Settlement and Risk Management Framework.

During the period under review, ICCL has introduced many new user friendly features and facilities in its various systems for market participants.

In June 2019, Interoperability among Clearing Corporations (CCPs) was operationalized between ICCL, NSE Clearing Ltd. and Metropolitan Clearing Corporation of India Ltd. for Equity Cash, Equity Derivatives and Currency Derivatives segments. It allows market participants to consolidate their clearing and settlement functions at a single CCP, irrespective of the stock exchange on which the trade is executed. It is expected that the interoperability among CCPs would lead to efficient allocation of capital for the market participants, thereby saving on costs as well as provide better execution of trades.

DIVIDEND

No dividend was paid to the Shareholders in the FY 2019 - 20

SECURITIES CONTRACTS (REGULATION) (STOCK EXCHANGE AND CLEARING CORPORATIONS) REGULATIONS, 2018

SEBI had vide notification dated October 3, 2018 notified revised regulation – The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (“SECC Regulations, 2018”) thereby repealing erstwhile 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.

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 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 review the adequacy and effectiveness of the Company's internal control environment and monitor the implementation of audit recommendations, including those relating to strengthening the Company's risk management policies and systems.

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

ICCL has maintained adequate internal controls over the financial reporting, including 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 renewed its 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 net worth 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 enhances 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 600 Crore, is well capitalized and instills a high level of

confidence in its members and investors regarding 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 2 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.

DIRECTORS

Mr. S. Sundareshan (Chairman) (DIN: 01675195), Mr. Ramabhadran Thirumalai (DIN: 07059883) and Mr. Prasad Dahapute (DIN: 03471995) are Public Interest Directors of the Company.

Mr. Neeraj Kulshrestha (DIN: 02994647) and Mr. Sameer Patil (DIN: 08103042) are Shareholder Directors of the Company, representing BSE Limited. Mr. Nehal Vora (DIN: 02769054), Shareholder Director representing BSE Limited resigned from the post of Directorship w.e.f September 19, 2019.

Ms. Devika Shah (DIN: 07980301) is the Managing Director & CEO of the Company.

Pursuant to Articles of Association of the Company read with applicable provisions of Companies Act, 2013, Mr. Neeraj Kulshrestha, Shareholder Director would retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, has offered himself for re-appointment. The Board at its meeting dated April 23, 2020 has recommended the re-appointment of Mr. Neeraj Kulshrestha as a Shareholder Director.

MEMBERSHIP

During the FY 2019-20, ICCL received 53 applications from Clearing Member (CMs) for admission. Of these, 18 applications were received for the Equity Cash Segment, 25 for the Equity Derivatives Segment, 11 for the Currency Derivatives Segment, 4 for the Commodity Derivatives Segment and 4 for the New Debt Segment. There were members who had applied in multiple segments. As on March 31, 2020, total Clearing Members with ICCL operating in different Segments of BSE were 1398.

Type	As on March 31, 2020				
	Equity Cash Segment	Equity Derivative Segment	Currency Derivative Segment	Debt Segment	Commodity Segment
SCM	1280	53	46	18	19
CM	85	77	47	21	18
PCM	8	9	4	2	3
Total	1373	139	97	41	40
	Unique Members: 1,398				
Custodian	17 - Cash Segment				

SCM: Self Clearing Member, CM: Clearing Member, PCM: Professional Clearing Member

Total 18 applications received for surrender / cancellation of Clearing Membership with ICCL. Out of these, 1 was for the Equity Cash Segment, 8 were for the Equity Derivatives Segment, 10 for the Currency Derivatives Segment and 1 for the Commodity Derivatives Segment. There were members who had applied for surrender in multiple segments. All these applications were approved by ICCL and no application was forwarded to SEBI for approval, since the clearing members were admitted in the respective segment as an additional segment with no separate SEBI registration certificates issued to these members.

DETAILS OF INSPECTIONS CONDUCTED DURING THE FINANCIAL YEAR 2019-20

ICCL carries out inspections of its Clearing Members as per its Inspection Policy. ICCL had conducted inspections of 44 Clearing Members, for the period 2018-19, during the financial year 2019-20.

✚ HUMAN RESOURCE

The Company 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 the Company has undergone significant restructuring to enhance accountability and efficiency with a view to aligning performance management and reward strategies.

As on March 31, 2020, the Company had 88 employees.

FAMILIARISATION PROGRAMME FOR PUBLIC INTEREST DIRECTORS

The Public Interest Directors of the Company periodically undergo a structured familiarisation program which aims to provide significant insight into the operations of the Company and about the overall securities market, to enable the Public Interest Directors to understand their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates and business of the Company. The details of the familiarisation program are available at: http://www.icclindia.com/downloads/Familiarisation_program.pdf

✚ THE COMPANIES ACT

Disclosure in Directors Report as per Companies Act, 2013

✓ Extract Annual Return (sec 92)

Extract of Annual Return in form MGT 9 is enclosed with this report as **Annexure - A**. The extract of the Annual Return of the Company can also be accessed on the website of the Company www.icclindia.com.

✓ Number of Board Meetings

During the FY 2019 - 20, six Board Meetings were convened and held. For further details of meetings of the Board, please refer to the Corporate Governance Section, which forms a part of this Annual report.

✓ 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, 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 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, 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.

The Company is in compliance with Secretarial Standards issued by (Institute of Company Secretaries of India) ICSI from time to time.

✓ **Reporting of Frauds by Auditors**

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees, to the Audit Committee under Section 143(12) of the Act, details of which needs to be mentioned in this Report.

✓ **Statement on declarations by Independent Directors**

All the Independent Directors / Public Interest Directors have given their respective declarations stating that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The Independent Directors of the Company have undertaken requisite steps towards the inclusion of their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

✓ **Company's policy on Directors' appointment and remuneration**

The Company's Policy with regard to appointment and remuneration of directors is governed by the provisions of SECC Regulations 2018. As per Regulation 24 (9) of SECC Regulations 2018, public interest directors shall be remunerated only by way of sitting fees as admissible to independent directors in the Companies Act, 2013.

✓ **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 2019 - 20. The Report of the Secretarial Audit is annexed herewith as **Annexure - B**.

The Secretarial Auditor has reported following observations:

- *In terms of the requirements of Regulation 46 of The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, all the securities of the Company (Clearing Corporation) shall be in dematerialised format. However, six equity shares of the Company, held by the Nominee Shareholders on behalf of its Holding Company (BSE Ltd) are in physical format.*
- *Per the requirements of Section 92 (3) of the Companies Act, 2013, an extract of the Annual Return in form MGT-9 shall form part of the Board's Report. However, the same has not been annexed to the Board Report of the Company for financial year 2018-19, filed with Registrar of Companies on August 19, 2019.*

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

Reply to point a. above: Noted for future compliance.

Reply to point b. above: Noted for future compliance

✓ **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 has been disclosed as the part of the "Financial Statements".

✓ **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 interests 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**.

✓ **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 to which the financial statements relate and the date of the report.

✓ **Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of the SEBI Listing Regulations, the Board has put in place a mechanism for evaluation of its own performance, and the performance of its Committees and Individual Directors. The Board has conducted an evaluation of the Individual Directors, the Board as well as the Committees for the FY 2019 – 20. The procedure followed for the performance evaluation of the Board, the Committees and Individual Directors is enumerated in the Corporate Governance Report.

✓ **Change in the Nature of Business**

Your Company has not undergone any changes in the nature of the business during the Financial Year 2019 - 20.

✓ **Details of Directors or Key Managerial Personnel (“KMP”) 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

Mr. Prasad Dahapute was re-appointed as Public Interest Director of the Company for further period of three years commencing April 29, 2019 to April 28, 2022, vide SEBI approval dated April 26, 2019. Additionally, Mr. Sameer Patil was appointed as the Shareholder Director of the Company w.e.f February 12, 2020 vide SEBI approval dated February 12, 2020. Mr. Nimeshkumar Mistry was appointed as Chief Financial Officer of the Company w.e.f November 07, 2019.

Cessation

Mr. Nehal Vora resigned from the post of Shareholder Director w.e.f September 19, 2019. Ms. Myna Venkataraman resigned from the post of Chief Financial Officer w.e.f September 16, 2019. Thereafter Mr. Girish Amesara joined the Company in her place as Chief Financial Officer, from September 16, 2019 till November 6, 2019.

Retirement by Rotation

In accordance with the provisions of Companies Act, 2013 and the Company’s Articles of Association, Mr. Neeraj Kulshrestha (DIN: 02994647), Shareholder Director of the Company is due to retire by rotation at the ensuing thirteenth Annual General Meeting, and being eligible has offered himself for re-appointment.

Details of Key Management Personnel of the Company under SECC Regulations 2018

Following served as Key Management Personnel of the Company pursuant to Regulation 2 (j) of SECC Regulations 2018 during the FY 2019 - 20

S/n	Name of Officer	Designation
1.	Ms. Devika Shah	MD & CEO
2.	Mr. Tushar Ambani	Chief Operating Officer
3.	Ms. Myna Venkataraman	Chief Financial Officer (upto September 15, 2019)
4.	Mr. Girish Amesara	Chief Financial Officer (from September 16, 2019 till November 6, 2019)
5.	Mr. Nimeshkumar Mistry	Chief Financial Officer (w.e.f November 07, 2019)
6.	Mr. Piyush Chourasia	Chief Risk and Regulatory Officer & Head Strategy
7.	Mr. Dilip Kakwani	General Manager
8.	Mr. Surendra Rashinkar	Additional General Manager (w.e.f March

		23, 2020)
9.	Mr. Sanjay Narvankar	Deputy General Manager
10.	Mr. Hitesh Shah	Deputy General Manager
11.	Mr. Ravindra Palande	Deputy General Manager
12.	Mr. Rajesh Singhal	Assistant General Manager (CISO)
13.	Mr. Dhaval Chauhan	Senior Manager
14.	Mr. Jigar Shah	Senior Manager
15.	Ms. Trupti Tirodkar	Senior Manager (w.e.f November 18, 2019)
16.	Ms. Sanaiya Ghadially	Associate Manager
17.	Mr. Harshad Bonde	Associate Manager

Disclosure of resources committed towards strengthening regulatory functions and towards ensuring compliance with regulatory requirements pursuant to Regulation 33(3) of SEBI SECC Regulations 2018.

As per Schedule II, Part – C of SECC Regulations 2018, departments handling the following functions shall be considered as Regulatory departments in a Clearing Corporation:

- Risk management,
- Member registration,
- Compliance,
- Inspection,
- Enforcement,
- Default,
- Investor protection,
- Investor services,

Mr. Ravindra Palande, Key Management Personnel (KMP), handles other regulatory functions viz. Member Registration, Compliance, Inspection, Enforcement, Investor protection, Investor services and Secretarial.

While, Ms. Sanaiya Ghadially, KMP, looks after Risk Policy and Ms. Trupti Tirodkar, KMP, looks after Risk Monitoring.

All the regulatory departments are adequately staffed and being assisted by qualified officials of the Company.

Moreover, Public Interest Directors' in their separate meeting held twice in the financial year, review the functioning of the regulatory departments including the adequacy of resources dedicated to regulatory functions.

✓ **Companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year:**

During the year, no Company became/ ceased to be a Subsidiary/ Associate of the Company. Furthermore, the Company did not become part of any Joint Venture during the year. As at the end of the year on March 31, 2020 and as on the date of this report, your Company does not have any Subsidiary and/ or Associate Company and your Company is also not a part of any Joint Venture.

✓ **Deposits**

During the year under review, your Company has not accepted any fixed deposits from the public falling under Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014. Thus, as on March 31, 2020, there were no deposits which were unpaid or unclaimed and due for repayment.

✓ **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 March 31, 2020, there has been no non-compliance with the requirements of the Act.

✓ **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.

✓ **Changes in Share Capital**

There was no change in Share Capital during the year.

✓ **Audit Committee**

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

✓ **Report on performance of subsidiaries, associates companies and joint ventures:**

Not applicable. The Company is a wholly owned subsidiary of BSE Limited.

✓ **Vigil Mechanism**

The Company has established a Vigil mechanism and Whistle Blower Policy for Directors and employees to deal with instances of fraud and mismanagement, if any. It has been communicated to the Directors and employees of the Company and also posted on the website of the Company.

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

✓ **Internal Financial Controls**

✓ **Disclosure about ESOP and Sweat Equity Share: Nil**

✓ **Order of Court:**

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and operations of your Company in future.

✓ **Details of Employees drawing salary above prescribed limits**

Disclosures with respect to the remuneration of Directors and Employees as required under Section 197(12) of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Securities Contracts (Regulations) (Stock Exchanges and Clearing Corporations) Regulations, 2018, a statement containing details of employees is enclosed as **Annexure - D**.

✓ **Particulars relating to the sexual harassment at the 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 endeavors 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 the Workplace which aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behavior. An Internal Complaints Committee (ICC) was set up by the senior management with women employees constituting the majority. The 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, 2020, no complaints have been received pertaining to sexual harassment.

✓ **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 earnings and outgo during the year under review are furnished here under:

Foreign Exchange Earnings	Nil
Foreign Exchange Outgo	INR 40 Lakhs (Previous Year INR 79 Lakhs) (on accrual basis)

✓ **Auditors**

Subject to the provisions of Section 139 of the Companies Act, 2013 with Companies (Audit and Auditors) Rules, 2014, the Company had appointed M/s. Dalal Doctor and Associates, Chartered Accountants, Mumbai (FRN: 120833W), as the Statutory Auditors of the Company from the FY 2019 - 20 for a period of five years.

Auditors Report

The Auditors' Report on the financial statements of the Company for financial year ended March 31, 2020 do not contain any reservation, qualification or adverse remark.

✓ **Cost Records and Cost Audit**

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Act, are not applicable for the business activities carried out by the Company

✓ **Corporate Governance**

Pursuant to the SECC Regulations, Listing Regulations and the Companies Act, 2013, report on Corporate Governance as at March 31, 2020, forms part of this Annual Report and is enclosed as **Annexure - E**. A Certificate from Practicing Company Secretary, confirming status of compliances of the conditions of Corporate Governance and non – disqualification of Director is annexed to this report.

✓ **Management Discussion and Analysis Report**

The Management Discussion and Analysis Report as required under the Listing Regulations forms part of the Report.

✓ **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 the immediately preceding 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 elaborate in detail the formulation of the policy, the roles and responsibilities therein and such other relevant matters including CSR Expenditures and CSR Reporting. The Company has complied with the requirements of the said section.

The composition of the CSR Committee has been disclosed in the Corporate Governance Report which forms a part of this 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**.

✓ **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 the 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 their dedication, and excellence displayed in the discharge of their duties for the Clearing Corporation.

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

For and on behalf of the Board

S. Sundareshan
Chairman

Place: Delhi
Date: April 23, 2020

Form No. MGT-9
Extract of Annual Return as on the financial year ended on March 31, 2020

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

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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	:	25 th 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	:	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/ 6716 1624/6716 1623

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing to 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	68.74

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 Shareholder	No. of Shares held at the beginning of the year			% of Total Shares	No. of Shares held at the end of the year			% of Total Shares	% Change during the year
	Demat	Physical	Total		Demat	Physical	Total		
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				% change in shareholding during the year
		Number of shares held	% of total shares of the Company	% of shares pledged/encumbered to total shares	No of shares	% of total shares of the Company	% of Shares pledged/encumbered to total shares	
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	
		No. of shares held	% of total shares of the Company	No. of Shares	% of total shares of the company
1	At the beginning of the Year	3,54,00,00,000	100	3,54,00,00,000	100
2	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. Allotment/transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
3	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.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		Number of shares	% of total shares of the Company	Number of shares	% of total shares of the company
1	At the beginning of the Year	NIL	NIL	NIL	NIL
2	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
3	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.	For Each of the Directors and KMP	Shareholding at the Beginning of the Year		Cumulative Shareholding during the Year	
		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 <ul style="list-style-type: none"> • Mr. Nehal Vora • Mr. Neeraj Kulshrestha (Equity Share held as nominees of BSE Ltd)	10	0.00 0.00	10	0.00 0.00
2	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (eg. Allotment/transfer/bonus /sweat equity etc. <ul style="list-style-type: none"> • Mr. Nehal Vora (23.10.2019) • Mr. Neeraj Kulshrestha (23.10.2019) 	(1) 1	0.00 0.00	(1) 1	0.00 0.00
3	At the end of the Year <ul style="list-style-type: none"> • Mr. Nehal Vora • Mr. Neeraj Kulshrestha (Equity Share held as nominees of BSE Ltd)	10	0.00 0.00	10	0.00 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	Nil	Nil	Nil	Nil
ii. Interest due but not paid				
iii. Interest accrued but not due				
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year				
• Addition	Nil	Nil	Nil	Nil
• Reduction				
Indebtedness at the end of the financial year				
i. Principal Amount	Nil	Nil	Nil	Nil
ii. Interest due but not paid				
iii. Interest accrued but not due				

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 INR)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager
		Ms. Devika Shah (01.04.2019 – 31.03.2020)
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	72,12,396 2,42,507
2.	Stock Options	Nil
3.	Sweat Equity	Nil
4.	Commission - As % of profit - Others, specify	Nil
5.	Others, please specify (Pension, severance pay etc.)	Nil
	Total	74,54,903
	Total (A)	74,54,903
	Ceiling as per the Act	135 lakhs

B. Remuneration to other directors:

(Amount in INR)

	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. S. Sundareshan	Mr. Ramabhadran	Mr. Prasad Dahapute	
1	Independent Directors				
	Fees for attending Board, Committee Meetings	13,20,000	13,90,000	12,20,000	39,30,000
	Commission	0	0	0	0
	Others, please specify	0	0	0	0
	Total (1)	13,20,000	13,90,000	12,20,000	39,30,000
	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Nehal Vora	Mr. Neeraj Kulshrestha	Mr. Sameer Patil	
2	Other Non-Executive				

	Directors				
3	Fees for attending Board, Committee Meetings	0	0	0	0
4	Commission	0	0	0	0
5	Others, please specify (Pension, severance pay etc.)	0	0	0	0
	Total (2)	0	0	0	0
	Total (B) = (1+2)				39,30,000
	Total Managerial Remuneration (A + B)				1,13,84,903

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

(Amount in INR)

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	5,43,217	60,81,373	66,24,590
		228	11,757	11,985
2.	Stock Options	--	--	--
3.	Sweat Equity	--	--	--
4.	Commission As % of profit Others, specify	--	--	--
5.	Others, please specify	--	--	--
	Total	5,43,445	60,93,130	66,36,575

* The remuneration to CFO includes the remuneration paid to Ms. Myna Venkatraman (01.04.2019 - 15.09.2019), Mr. Girish Amesara (16.09.2019 - 06.11.2019) and Ms. Nimeshkumar Mistry (07.11.2019 - 31.03.2020)

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	Nil				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	Nil				
Punishment					
Compounding					
C. Other Officers in default					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

Devika Shah
Managing Director & CEO
DIN: 07980301

S. Sundareshan
Chairman, Public Interest Director
DIN: 01675195

FORM NO. MR-3

Secretarial Audit Report for the Financial Year Ended March 31, 2020

[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,
25thFloor, 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, 2020 ('**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, 2020 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 read with Circular No. CIR/MRD/DSA/33/2012 dated December 13, 2012 issued by the SEBI (effective upto October 02, 2018);
4. Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (effective from October 03, 2018);
5. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
6. 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);
7. 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 (SS-1 & SS-2) and
- 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 Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (effective upto October 02, 2018) and Regulation 33 of Securities Contracts (Regulation) (Stock Exchanges And Clearing Corporations) Regulations, 2018 (effective from October 03, 2018).

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 :-*

- o *In terms of the requirements of Regulation 46 of The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, all the securities of the Company (Clearing Corporation) shall be in Dematerialised format. However, Six Equity Shares of the Company, held by the Nominee Shareholders on behalf of its Holding Company (BSE Ltd) are in physical format.*
- o *Per the requirements of Section 92 (3) of the Companies Act, 2013, an extract of the Annual Return in form MGT-9 shall form part of the Board's Report. However, the same has not been annexed to the Board Report of the Company for financial year 2018-19, filed with Registrar of Companies on August 19, 2019.*

I further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Public Interest Directors (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 no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, Rules, Regulations, Guidelines, etc.

**For Shweta Gokarn & Co.
Company Secretaries**

Date: April 22, 2020
Place: Navi Mumbai
UID: A030393B000171261

Ms. Shweta Gokarn
ACS 30393 | CP 11001

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
25thFloor, 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 11001

Date: April 22, 2020
Place: Navi Mumbai

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: NA

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

For and on behalf of the Board

S. Sundareshan
Chairman

Place: Delhi
Date: April 23, 2020

Annexure - D

(I) Statement pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 27 (5) of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporation) Regulations, 2018

S/N	Name	Age yrs.	Date of Joining	Total Remuneration* (Rs)	Ratio of compensation paid to each KMP, vis-à-vis median of compensation paid to all employees of the Company	Designation/Nature of Duties	Educational Qualifications	Experience in years	Previous Employment
1.	Tushar Ambani	55	25-09-1984	94,55,475	17.84	Chief Operating Officer	L.L.B. (General) and B.Com	35	BSE Limited
2.	Devika Shah	56	01.01.2018	74,54,903	14.06	MD and CEO	F.C.A. and B.Com	31	BSE Limited
3.	Piyush Chourasia	35	01-10-2011	61,31,999	11.57	Chief Risk Officer and Head Strategy	PGDM (IIM Ahmedabad) and B. Tech (NIT Nagpur)	10	United Stock Exchange of India Ltd. (USEIL)
4.	Dilip Kakwani	55	17-10-2016	54,69,563	10.32	General Manager - Head Operations	B.Com	37	IL&FS Securities Services Limited
5.	Sanjay Narvankar	56	01-02-2007	41,79,734.9	7.89	Deputy General Manager - Settlements Head	BSc - Graduate	35	Bank of India
6.	Hitesh Shah	49	01-04-1991	40,93,337	7.72	Dy. General Manager - Collateral Management	B. Com, MFM	30	BSE Ltd., Zenith Projects Pvt. Ltd. and D. S. Khakhar & Co

7.	Myna Venkatraman	53	07-09-2016	29,31,534	5.53	Chief Financial Officer	A.C.A. and B.Com	34	Hewlett Packard Financial Services Private Limited
8.	Mr. Girish Amesara	50	16-09-2019	18,77,145	3.54	Chief Financial Officer	A.C.A. and B.Com	22	BSE Ltd
9.	Mr. Nimeshkumar Mistry	45	07-11-2019	12,84,451	2.42	Chief Financial Officer	A.C.A. and B.Com	16	BSE Ltd
10.	Ravindra Palande	52	01.08.2017	29,97,782	5.65	Dy. General Manager - Membership Dept.	M.Com, CIB (ICFAI)	23	BSE Ltd
11.	Jayeshkumar Ashtekar^	54	12.07.1993	30,08,862	Non-KMP	Senior Manager Operations	Graduate with CA Intern + MFM	28	NA
12.	Ajay Darji^	52	08-06-1992	28,15,237	Non-KMP	Assistant General Manager - Settlement functions	B. Com., Advance Diploma in Computer Software and System Analysis and CFM (Certificate course in Financial Market)	27	NA
13.	Rajesh Singhal	49	01-12-2015	21,10,235	3.98	Assistant General Manager	B. E. Electronics	20	Syndrome Technology
14.	Sanaiya Ghadially	30	24-02-2014	9,85,876	1.86	Associate Manager	International CFA Level 3	6	NA
15.	Dhaval Chauhan	33	01-08-2017	12,55,549	2.36	Senior Manager	PGDBM	10	Deutsche Bank

16.	Jigar Shah	33	20-09-2012	10,99,129	2.07	Manager	Inter CA	8	JRM & Associates
17.	Harshad Bonde	36	20-12-2013	8,60,041	1.62	Associate Manager	MBA (Finance) & B.com	15	Indoco Remedies
18.	Mrs. Trupti Tirodkar	35	18-11-2019	5,01,459	0.94	Senior Manager	Masters in Financial Management	13	National Commodity Clearing Limited
19.	Mr. Surendra Rashinkar	51	23-03-2020	81,787	0.15	Additional General Manager	BSC, ICWAI	31	BSE Ltd

- 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.
- ^ Except, Jayeshkumar Ashtekar and Ajay Darji, all others are designated as Key Management Personnel under SEBI SECC Regulations 2018.

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.

For and on behalf of the Board

S. Sundarshan
Chairman

Place: Mumbai
Date:

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED MARCH 31, 2020

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 emphasizes 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 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 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.

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 net worth 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 cr., 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.

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. His most recent appointment was as the Secretary, Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises during which time, he was also 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.

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.

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. Neeraj Kulshrestha heads the regulatory functions of the exchange including membership compliance, surveillance, inspection, investigation, regulatory communication, investor services, listing compliance and regulatory-legal. At BSE he was earlier responsible for Business Development, Trading, Membership and Listing Operations and Development. He has about 27 years experience in capital markets, which includes Securities Markets and General Insurance.

Prior to BSE he was an Executive Director in Morgan Stanley India for 10 years. He was earlier with National Stock Exchange and has managed various functions like Trading Operations, Inspection and Investigation, Futures and Options Clearing and Trading. He was also the CEO of India Index Services Ltd. and Dotex International Ltd.

He has completed his Bachelors in Computer Science from Delhi University and a MBA (Finance) from Indore University.

Mr. Sameer Patil heads the Business Development of the exchange including equity & equity derivatives, currency derivatives, commodity derivatives, fixed income, debt and mutual funds. He is instrumental in setting up and responsible for Business Development of INDIA INX at GIFT CITY IFSC. Currently, INDIA INX has more than 90% market share.

He has about 21 years of experience in financial sectors like Commodities, Currency Derivatives, Indices etc. and is experienced in Trading, Hedging Strategies, Product Designing and Business Development. He was associated with MCX since inception for more than a decade as Senior Vice President – PKMT (Precious Metals) & Business Development, and with K J Investors Services (I) PVT LTD, an affiliate of Cargill Investors Services, Illinois, Chicago, USA as a Senior Financial Analyst.

He is credited for successful launch of the flagship contracts on MCX the Gold, Silver, WTI Crude Oil and Copper contracts. The Gold Petal contract launched on April 18, 2011 was awarded as the Best Innovative contract of the year by FOW Singapore. He is awarded the "India UAE Business Ambassador of the year 2018" at Abu Dhabi and was nominated for the prestigious IIFC awards for excellence in respective fields. Past recipients of the awards being Mother Teresa, APJ Kalam, Rajesh Khanna, Sunil Gavaskar etc.

He is Science Graduate from Mumbai University and MBA in Finance.

Mr. Devika Shah comes with over 30 years of rich experience with BSE & has deep understanding of the exchange and the 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 Bachelor's Degree in Commerce from the University of Mumbai & is a Fellow Member of the Institute of Chartered Accountants of India.

Names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at 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	Meetings held during the tenure of the member	Meetings attended by the member	Whether attended last AGM	Number of Committee positions held in other public Companies	
				Chairman	Member
Public Interest Directors					
Mr. S. Sundareshan, Chairman	6	6	Yes	-	10
Mr. Ramabhadran Thirumalai	6	6	Yes	-	-
Mr. Prasad Dahapute	6	6	Yes	-	-
Shareholder Directors					
Mr. Nehal Vora (upto 19.09.2019)	4	3	Yes	NA	NA
Mr. Neeraj Kulshrestha	6	5	No	-	-
Mr. Sameer Patil (w.e.f 12.02.2020)	0	NA	NA	-	-
Managing Director and CEO					
Ms. Devika Shah	6	6	Yes	-	-

Note: All Public Interest Directors are Independent, Non-Executive Director, Shareholder Directors are Non- Executive Directors and MD and CEO is an Executive Director

Details of the directorship of the Directors in other companies is as given below:

Sr No.	Name of the Director	No. of Directorship in other Companies	Directorship in listed entity, if any
1.	Mr. S. Sundareshan	5	Patspin India Ltd GTN Textiles Limited Tide Water Oil Co India Ltd
2.	Mr. Prasad Dahapute	4	Nil
3.	Mr. Ramabhadran Thirumalai	Nil	NA
4.	Mr. Neeraj Kulshrestha	6	Nil
5.	Mr. Sameer Patil	4	Nil
6.	Ms. Devika Shah	Nil	NA

None of the Directors is a member of the Board of more than twenty companies or a member of more than eight listed entities and none of the Independent Directors is a whole time Director/Managing Director of more than three listed entities.

None of the Directors are inter-se related.

Board Meetings

During the financial year 2019 – 20, six Board Meetings were convened and held on April 18, 2019, May 31, 2019, July 22, 2019, August 23, 2019, October 23, 2019 and January 16, 2020.

Board Induction and Training

Upon appointment, the Company provides new Directors, both Executive and Non-Executive, a briefing on their legal and regulatory responsibilities as Directors and the 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](http://www.icclindia.com/static/about/Compliance%20with%20Corporate%20Governance.aspx)

Remuneration of Directors

Managing Director and Chief Executive Officer:

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.

The particulars of remuneration paid to whole time director during the financial year 2019-20 is as under:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager
Ms. Devika Shah, Managing Director & CEO		
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	72,12,396 2,42,507
2.	Stock Options	Nil
3.	Sweat Equity	Nil
4.	Commission - As % of profit - Others, specify	Nil
5.	Others, please specify (Pension, severance pay etc.)	Nil
	Total	74,54,903

Non – Executive Directors:

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.

The following table shows the amount of sitting fees paid to the non-executive directors for the financial year 2019-20:

Sr. No	Name of Public Interest Directors	Sitting Fees (Amount in INR)
1.	Mr. S. Sundareshan	13,20,000
2.	Mr. Ramabhadran T.	13,90,000
3.	Mr. Prasad Dahapute	12,20,000
	Total	39,30,000

Note -

- Public Interest Directors shall be remunerated only by way of sitting fees as admissible to independent directors in the Companies Act, 2013
- No sitting fees are paid to Shareholder Directors as they are nominee of BSE Limited.
- No Directors of the Company hold any shares or convertible securities in the Company.

COMMITTEES FOR CLEARING CORPORATION

The committees of Clearing Corporation are governed under Companies Act, 2013, SECC Regulations 2018 and SEBI Listing Regulations.

Pursuant to SECC Regulations 2018, and SEBI circular no. SEBI/HO/MRD/DOP2DSA2/CIR/P/2019/13 dated January 10, 2019 on “Committees at Market Infrastructure Institutions”, following Statutory Committees of the Company are constituted:

Sr. No.	Name of the Committee	Regulatory reference
1.	Member and Core Settlement Guarantee Fund Committee (erstwhile known as Member Selection Committee)	Functional committee as per SEBI (SECC) Regulation, 2018
2.	Nomination and Remuneration Committee (also in compliance with Companies Act, 2013 and SEBI Listing Regulations)	
3.	Standing Committee on Technology	Oversight committees as per SEBI (SECC) Regulation, 2018
4.	Advisory Committee	
5.	Regulatory Oversight Committee	

6.	Risk Management Committee	
7.	Audit Committee	Statutory committees as per Companies Act, 2013 and SEBI Listing Regulations
8.	Corporate Social Responsibility Committee	
9.	Public Interest Director's Meeting	Regulated as per Companies Act, 2013 and SEBI circular no. SEBI/HO/MRD/DOP2DSA2/CIR/P/2019/13 dated January 10, 2019 on "Committees at Market Infrastructure Institutions"

The latest composition of various committees as on March 31, 2020, terms of reference and attendance of the members thereat are given below:

Member and Core Settlement Guarantee Fund Committee (erstwhile known as Member Selection Committee)

As on March 31, 2020, the composition of Member and Core Settlement Guarantee Fund Committee was as follow:

- Prof. T. Ramabhadran, Public Interest Director - Chairman
- Mr. S. Sundareshan, Public Interest Director
- Mr. Prasad Dahapute, Public Interest Director
- Ms. Devika Shah, MD & CEO

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

- To scrutinize, evaluate, accept or reject applications for admission of members and transfer of membership and approve voluntary withdrawal of membership;
- In case of clearing corporations with commodity segment, the committee shall also look into:
 - Approving enplanement & cancellation of Warehouse Service Providers/Vault Service Providers /Assayers, accreditation of Warehouse, etc.
 - Reviewing the continuous functioning, monitoring, and compliance of norms by Warehouse Service Providers, Vault Service Providers and Assayers;
- Formulate policy for regulatory actions, including warning, monetary fine, suspension, deactivation of terminal, declaring a member as defaulter, expulsion, to be taken for various violations by the members of the clearing corporation;
- 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;
- While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the 'Principles of Natural Justice';
- Realize the assets/deposits of defaulter/expelled member and appropriate amongst various dues and claims against the defaulter/expelled member in accordance with the Rules, Byelaws and Regulations of the Clearing Corporation;
- Admission/rejection of claims against such members over the assets of the defaulter/expelled member;
- To manage the Core Settlement Guarantee Fund (Core SGF) of the Clearing Corporation, including its investments as per norms laid down and ensure proper utilization of Core SGF.

During the FY 2019-20, five (5) Member and Core Settlement Guarantee Fund Committee Meeting were held on April 18, 2019; July 22, 2019; August 23, 2019; October 23, 2019 and January 16, 2020.

The necessary quorum was present for all the meetings with the presence of Public Interest Directors as required under the SEBI (SECC) Regulation, 2018.

Attendance of the members of Committee in FY 2019 – 20 is given below:

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

Nomination & Remuneration Committee:

As on March 31, 2020, the composition of Nomination & Remuneration Committee was as follow:

- Mr. T. Ramabhadran, Public Interest Director - Chairman
- Mr. S. Sundareshan, Public Interest Director
- Mr. Prasad Dahapute, Public Interest Director

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

- Identifying a Key Management Personnel (KMP), other than personnel as specifically provided in its definition under SECC Regulations, 2018;
- Lay down the policy for compensation of KMPs in terms of the compensation norms prescribed by SEBI;
- Determining the compensation of KMPs in terms of the compensation policy.
- Determining the tenure of a KMP, other than a director, to be posted in a regulatory department;000000000000000000000000
- Selecting the Managing Director;
- Framing & reviewing the performance review policy to carry out evaluation of every director’s performance, including that of Public Interest Director (PID);
- Recommending whether to extend the term of appointment of the PID;
- Besides the above, it will also discharge the function as Nomination & Remuneration Committee under the Companies Act, 2013 and SEBI (LODR) regulations, 2015 as amended from time to time.

During the FY 2019-20, four (4) Nomination & Remuneration Meeting were held on April 18, 2019; July 22, 2019; August 23, 2019 and October 10, 2019.

The necessary quorum was present for all the meetings with the presence of Public Interest Directors as required under the Companies Act, 2013, SEBI (SECC) Regulation, 2018 and SEBI (LODR) Regulation, 2015.

Attendance of the members of Committee in FY 2019 – 20 is given below:

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

Standing Committee on Technology

As on March 31, 2020, the composition of Standing Committee on Technology is as follow:

- Prof. T. Ramabhadran, Public Interest Director - Chairman
- Mr. Prasad Dahapute, Public Interest Director
- Mr. Pravir Vohra, Independent External Person
- Mr. Alok Kumar, Independent External Person

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

- Monitor whether the technology used by the Clearing Corporation remains up to date and meets the growing demands;
- Monitor the adequacy of system capacity and efficiency;
- Look into the changes being suggested to the existing software/hardware;
- Investigate into the problems computerized risk management/clearing & settlement systems, such as hanging/slowdown/breakdown;
- Ensure that transparency is maintained in disseminating information regarding slowdown/break down in risk management/clearing & settlement systems;
- 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;
- Any stoppage beyond five minutes will be explained and reported to the Board. The Clearing Corporation shall issue a press release specifying the reasons for the breakdown;
- Review the implementation of board approved cyber security and resilience policy and its framework;
- Such other matters in the scope as may be referred by the Governing Board of the Clearing Corporation and/or SEBI.

Meetings held during the year and attendance thereat:

During the FY 2019 - 20, four (4) Standing Committee on Technology Meeting were held i.e. on April 18, 2019; July 22, 2019; October 23, 2019 and January 16, 2020.

The necessary quorum was present for all the meetings with the presence of Public Interest Directors as required under the SEBI (SECC) Regulation, 2018.

Attendance of the members of Committee in FY 2019 – 20 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	3
4	Mr. Alok Kumar	4	4

Advisory Committee

As on March 31, 2020, the composition of Advisory Committee is as follow:

- Mr. S. Sundareshan, Public Interest Director - Chairman
- MD of the Company is the Permanent Invitee of the Committee

The terms of reference of the Committee is as follows:

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

Meetings held during the year and attendance thereat:

During the FY 2019-20, Two (2) Advisory Committee Meeting were held on May 15, 2019; and November 11, 2019.

Attendance of the members of Committee in FY 2019 – 20 is given below:

Sr. No.	Members	No. of Meetings eligible for attendance	No. of Meetings attended
1	Mr. S. Sundareshan	2	2

Note: The detailed composition of committee is given on the website of the Company <http://www.icclindia.com/static/about/iccladvisorycommittee.aspx>

Regulatory Oversight Committee

As on March 31, 2020, the composition of Regulatory Oversight Committee is as follow:

- Mr. S. Sundareshan, Public Interest Director - Chairman
- Mr. Prasad Dahapute, Public Interest Director
- Mr. Alok Mohan Sherry, Independent External Person

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

- Oversee matters related to member regulation such as admission of members, inspection, disciplinary action, etc.
- Oversee SEBI inspection observations on membership related issues;
- Estimate adequacy of resources dedicated to member regulation;
- Monitor the disclosures made under Reg.35 of SCR(SECC) Regulations, 2018;
- Review the actions taken to implement the suggestions of SEBI's Inspection Reports and place it before the Board of the Clearing Corporation;
- To follow up and ensure compliance/implementation of the inspection observations;
- Supervising the functioning of Investors' Services Cell of the Clearing Corporation which includes review of complaint resolution process, review of complaints unresolved over long period of time, estimate the adequacy of resources dedicated to investor services, etc.
- Lay down procedures for the implementation of the Code;
- Prescribe reporting formats for the disclosures required under the Code;
- Oversee the implementation of the code of ethics;
- To periodically monitor the dealings in securities of the Key Management Personnel;
- To periodically monitor the trading conducted by firms/corporate entities in which the directors hold twenty percent or more beneficial interest or hold a controlling interest;
- Reviewing the fees and charges levied by the Clearing Corporation;
- Monitoring implementation of SECC Regulations and other applicable rules and regulations along-with SEBI Circulars and other directions issued thereunder;
- The head(s) of department(s) handling the above matters shall report directly to the committee and the managing director;
- Any action of a recognized 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.

Meetings held during the year and attendance thereat:

During the FY 2018-19, Four (4) Regulatory Oversight Committee Meeting were held i.e. on April 18, 2019; July 22, 2019; October 23, 2019 and January 16, 2020.

The necessary quorum was present for all the meetings with the presence of Public Interest Directors as required under the SEBI (SECC) Regulation, 2018.

Attendance of the members of Committee in FY 2019 – 20 is given below:

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

Risk Management Committee

As on March 31, 2020, the composition of Risk Management Committee is as follow:

- Mr. S. Sundareshan, Public Interest Director - Chairman
- Prof. T. Ramabhadran, Public Interest Director
- Mr. Prasad Dahapute, Public Interest Director
- Mr. Kausick Saha, Independent External Person
- Dr. Ajit Ranade, Independent External Person

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

- To formulate a detailed Risk Management Policy which shall be approved by the governing board;
- To review the Risk Management Framework & risk mitigation measures from time to time;
- To monitor and review enterprise-wide risk management plan and lay down procedures to inform the Board members about the risk assessment and minimization procedures;
- The head of the risk management department shall report to the risk management committee and to the managing director of the Clearing Corporation;
- 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.

During the FY 2019-20, two (2) Risk Management Committee Meeting were held on July 22, 2019 and January 16, 2020.

The necessary quorum was present for all the meetings with the presence of Public Interest Directors as required under the SEBI (SECC) Regulation, 2018 and SEBI (LODR) Regulation, 2015

Attendance of the members of Committee in FY 2019 – 20 is given below:

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

Audit Committee:

As on March 31, 2020, the composition of Audit Committee is as follow:

- Prof. T. Ramabhadran, Public Interest Director - Chairman
- Mr. S. Sundareshan, Public Interest Director
- Mr. Neeraj Kulshreshta, Shareholder Director

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

- To review compliance with internal control systems;
- To review the findings of the Internal Auditor relating to various functions of the Company;
- 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;
- To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board;
- To make recommendations to the Board on any matter relating to the financial management of the Company, including statutory & Internal Audit Reports;
- Recommending the appointment of statutory auditors and internal auditors and fixation of their remuneration;
- Reviewing the Company's financial and risk management policies.

During the FY 2019-20, four (4) Audit Committee Meeting were held on April 18, 2019; July 22, 2019; October 23, 2019 and January 16, 2020.

As per Companies Act, 2013, the gap between any two (2) meetings did not exceed one hundred and twenty days.

The necessary quorum was present for all the meetings with the presence of Public Interest Directors as required under the Companies Act, 2013 and SEBI (LODR) Regulation, 2015

Attendance of the members of Committee in FY 2019 – 20 is given below:

Sr. No.	Members	No. of Meetings eligible for attendance	No. of Meetings attended
1	Mr. T. Ramabhadran, Chairman	4	4
2	Mr. S. Sundareshan	4	4
3	Mr. Nehal Vora (upto 19.09.2019)	2	2
4	Mr. Neeraj Kulshreshta (w.e.f October 10, 2019)	2	2

Corporate Social Responsibility Committee

As on March 31, 2020, the composition of Corporate Social Responsibility Committee is as follow:

- Mr. S. Sundareshan, Public Interest Director - Chairman
- Mr. Prasad Dahapute, Public Interest Director

- Mr. Neeraj Kulshrestha, Shareholder Director
- Ms. Devika Shah, MD & CEO

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

Meetings held during the year and attendance thereat:

During the FY 2019-20, two (2) Corporate Social Responsibility Committee Meeting were held July 22, 2019 and January 16, 2020.

The necessary quorum was present for all the meetings with the presence of Public Interest Directors as required under the Companies Act, 2013.

Attendance of the members of Committee in FY 2019 – 20 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	Mr. Neeraj Kulshrestha	2	1
4	Ms. Devika Shah	2	2

Public Interest Directors Committee

The Public Interest Director's Members consists of all the Public Interest Director's/Independent Director's i.e. Mr. Sundareshan, Prof. T. Ramabhadran and Mr. Prasad Dahapute.

During their meetings, the Public Interest Directors shall review the following:

- Status of compliance with SEBI letters/circulars;
- Review the functioning of regulatory departments including the adequacy of resources dedicated to regulatory functions;
- 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;
- A consolidated report shall then be submitted to the Governing Board of the Clearing Corporation;
- 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.

Meetings held during the year and attendance thereat:

During the FY 2019 - 20, two (2) Public Interest Director meeting were held on April 18, 2019 and October 23, 2019.

Attendance of the members of Committee in FY 2019 – 20 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
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✚ 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	Date & Time	Venue	Special Resolution Passed	Names of the Directors who attended the General Meetings
2018-19	July 22, 2019, 3.30 PM	15 th Floor, Conference Room, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001.	<ul style="list-style-type: none"> • There were no special business and all the agenda items were passed by Ordinary Resolution. 	<ul style="list-style-type: none"> • Mr. S. Sundareshan • Prof. T. Ramabhadran • Mr. Prasad Dahapute • Mr. Nehal Vora • Ms. Devika Shah
2017-18	April 24, 2018, 3:30 PM	15 th Floor, Conference Room, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001.	<ul style="list-style-type: none"> • There were no special business and all the agenda items were passed by Ordinary Resolution. 	<ul style="list-style-type: none"> • Mr. S. Sundareshan • Prof. T. Ramabhadran • Mr. Prasad Dahapute • Mr. Nehal Vora • Ms. Devika Shah
2016-17	June 16, 2017, 1:00 PM	Board Room, 25 th Floor, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001.	<ul style="list-style-type: none"> • Consider Payment of one-time special Ex-gratia to the MD & CEO 	<ul style="list-style-type: none"> • Mr. S. Sundareshan • Ms. Maya Sinha • Prof. T. Ramabhadran • Mr. Prasad Dahapute • Mr. Nehal Vora • Mr. K. Kumar • Mr. Neeraj Kulshrestha
Extra Ordinary General Meeting				
2018 - 19	December 23, 2019, 10.30 AM	15 th Floor, Conference Room, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001.	<ul style="list-style-type: none"> • Appointment of Mr. Sameer Patil as Shareholder Director of the Company 	<ul style="list-style-type: none"> • Mr. Nehal Vora • Mr. Neeraj Kulshrestha • Ms. Devika Shah
2018 - 19	July 10, 2019, 3.30 PM	15 th Floor, Conference Room, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001.	<ul style="list-style-type: none"> • Appointment of M/s Dalal Doctor and Associates as the Statutory Auditors of the Company in place of M/s S. Panse & Co. 	<ul style="list-style-type: none"> • Mr. Nehal Vora • Mr. Neeraj Kulshrestha • Ms. Devika Shah

During the previous three financial years (2018 - 19, 2017 - 18 and 2016 - 17) and in the current financial year 2019-20, the company had not hold any general meeting through postal ballot.

The requirement of passing any resolution by postal ballot is not applicable to the Company.

MEANS OF COMMUNICATION

For easy reference of the Shareholders, data related to:

- Quarterly and annual financial results;
 - Shareholding pattern;
 - Intimation and outcome of General meetings;
 - Intimation and outcome of every Board Meetings;
 - Vigil mechanism;
 - Annual Report etc.
- are available on website of the Company i.e. <http://www.icclindia.com/>

DISCLOSURE UNDER SEXUAL HARRASMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The disclosure required under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 for FY 2019 - 20 is given in the following table:

1.	Number of complaints of sexual harassment received in the year	Nil
2.	Number of complaints disposed of during the year	Not applicable
3.	Number of cases pending as on end of the financial year	Not applicable

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 2018.

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 March 31, 2020, the Company 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 33 of the SEBI (Stock Exchanges and Clearing Corporations) Regulations, 2018.

Secretarial Standards and Secretarial Audit Report.

The Company has undertaken Secretarial Standards Audit for the year 2019-2020 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 2019- 20 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, 2020.

General Information for Shareholders

In terms of the provisions of Point No. 9 - Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), General Information of your Company for reference of the Shareholders, is provided as under:

• Schedule of 13 th Annual General Meeting	:	Date: Time: Venue: Conference Room, 15 th Floor, P. J. Towers, Dalal Street, Fort, Mumbai – 400 001
• Financial Year	:	April 01, 2019 – March 31, 2020
• Dividend payment date	:	N.A.
• 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 dematerialization	:	Attached as Annexure – E1
• 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	:	25 th Floor, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001.
• Company Secretary	:	Ms. Shilpa Pawar, Tel No.: +9122 2272 8988, 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 determining 'material' subsidiaries is disclosed	:	http://www.icclindia.com/static/about/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	:	The Company 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.

Annexure - E1

Distribution of Shareholding as on March 31, 2020

S/n	Entity	Equity Shares	% Equity
1.	BSE Limited (Recognized Stock Exchange) - Dematerialized form	3,53,99,99,994	100
2.	Nayan Mehta - Nominee of BSE Limited	1	0
3.	Kersi Tavadia - Nominee of BSE Limited	1	0
4.	Girish Joshi - Nominee of BSE Limited	1	0
5.	Neeraj Kulshrestha - Nominee of BSE Limited	1	0
6.	Prajakta Powle - Nominee of BSE Limited	1	0
7.	Rajesh Saraf - Nominee of BSE Limited	1	0

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 the immediately preceding 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. The Company 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 Company as it fulfils the criteria of having a net profit of INR 5 cr. 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 the Company'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. Prasad Dahapute – Public Interest Director
- c) Mr. Neeraj Kulshrestha– Shareholder Director
- d) Ms. Devika Shah - Managing Director & CEO

As per section 135 (4)(a) of the Act, The Company 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 3,973 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. 79.47 Lakhs.

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

- a) Total amount to be spent during the financial year: INR. 79.47 Lakhs
- 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
Managing Director &
CEO

S. Sundareshan
Chairman of the CSR
Committee

Place: Mumbai
Date: 23.04.2020

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/program 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) and Carpentry Workshop	Education	Chennai	21,84,000	14,47,000	14,47,000	Thakkar Bapa Academy
2	Technology Incubator	Promotion of entrepreneurship	Mumbai	65,00,000	65,00,000	65,00,000	BSE CSR Integrated Foundation

 **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 2019-20.

For the purpose of this declaration, Senior Management Personnel means Key Management Persons appointed under Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

Date: April 23, 2020
Place: Mumbai

Devika Shah
MD & CEO

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, 2020, 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, 2019 to March 31, 2020. 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

SD/-
Ms. Shweta Gokarn
ACS: 30393
CP No: 11001

Place: Navi Mumbai
Date: April 22, 2020

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS
(PURSUANT TO REGULATION 34(3) AND SCHEDULE V PARA C CLAUSE (10)(I) OF THE
SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015)
AND SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) (AMENDMENT)
REGULATIONS, 2018.**

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

I Shweta Gokarn, Founder of M/s. Shweta Gokarn & Co., Practicing Company Secretaries, Navi Mumbai have examined the relevant registers, records, forms, returns, and disclosures received from the Directors of M/s. **Indian Clearing Corporation Limited** (CIN U67120MH2007PLC170358) having its registered office at 25th Floor, P. J. Towers, Dalal Street, Mumbai City MH 400001 (hereinafter referred to as '**the Company**'), produced before me by the Company for the purpose of issuing this certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 and SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Registrar of Companies, Mumbai or any such other Statutory Authority :

Sr. No.	Name of The Directors	DIN	Date of Appointment In Company
1.	Mr. Sundareshan Sthanunathan	01675195	28/08/2015
2.	Mr. Neeraj Kulshrestha	02994647	27/04/2016
3.	Mr. Prasad Dahapute	03471995	29/04/2016
4.	Mr. Ramabhadran Srinivasan Thirumalai	07059883	28/08/2015
5.	Mr. Devika Sandeep Shah	07980301	01/01/2018
6.	Mrs. Sameer Giridhar Patil	08103042	12/02/2020

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Navi Mumbai
Date: May 11, 2020
UDIN: A030393B000220352

For Shweta Gokarn & Co.
Company Secretaries

Ms. Shweta Gokarn
ACS 30393 | CP 11001

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

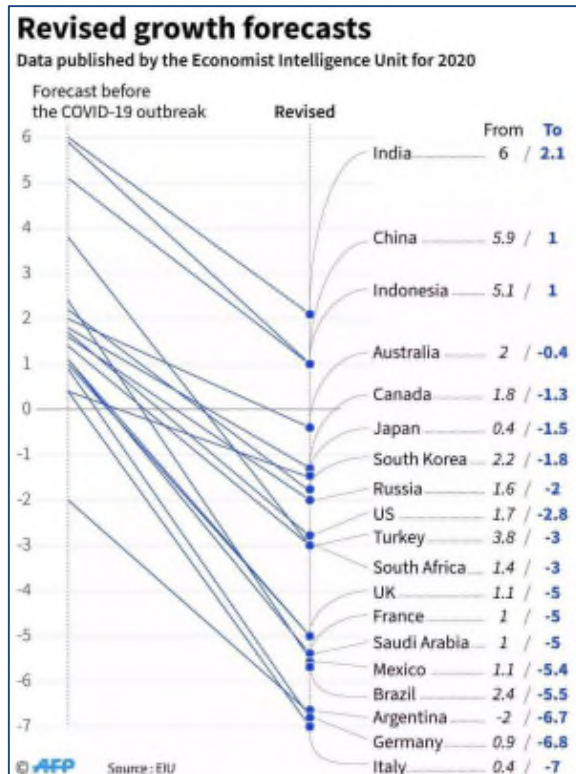
GLOBAL ECONOMIC OUTLOOK

The COVID-19 pandemic is inflicting high and rising human costs worldwide. Protecting lives and allowing health care systems to cope have required isolation, lockdowns, and widespread closures to slow the spread of the virus. The health crisis is therefore having a severe impact on economic activity. As a result of the pandemic, the global economy is projected to contract sharply by -3 percent in 2020, according to the International Monetary Fund (IMF) World Economic Report of April 2020. In a baseline scenario, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 5.8 percent in 2021 as economic activity normalizes, helped by policy support. Similarly, the Economist Intelligence Unit (EIU) expects global real GDP growth to contract by 2.5% this year—a worse outturn than during the global financial crisis.

The economic fallout depends on factors that interact in ways that are hard to predict, including the pathway of the pandemic, the intensity and efficacy of containment efforts, the extent of supply disruptions, the repercussions of the dramatic tightening in global financial market conditions, shifts in spending patterns, behavioral changes (such as people avoiding shopping malls and public transportation), confidence effects, and volatile commodity prices. Many countries face a multi-layered crisis comprising a health shock, domestic economic disruptions, plummeting external demand, capital flow reversals, and a collapse in commodity prices.

The fiscal response in affected countries has been swift and sizable in many advanced economies (such as Australia, France, Germany, Italy, Japan, Spain, the United Kingdom, and the United States). Many emerging market and developing economies (such as China, Indonesia, and South Africa) have also begun providing or announcing significant fiscal support to heavily impacted sectors and workers. Fiscal measures will need to be scaled up if the stoppages to economic activity are persistent, or the pickup in activity as restrictions are lifted is too weak. Economies facing financing constraints to combat the pandemic and its effects may require external support. Broad-based fiscal stimulus can preempt a steeper decline in confidence, lift aggregate demand, and avert an even deeper downturn.

Assuming that there will be a recovery in the second half of the year, downside risks to this baseline scenario were extremely high, as the emergence of second, or third waves of the epidemic would sink growth further. At this stage, it is also hard to see an exit strategy from the lockdowns, which means that uncertainty will remain high. Finally, the combination of lower fiscal revenues, and higher public spending, will put many countries on the brink of a debt crisis.



United States (US)

Coronavirus is rapidly spreading in the US, which now reports the highest number of cases worldwide. The impact of the pandemic on growth will be mainly felt during the second quarter (April-June 2020), expected to contract by 5.9%. The administration's initial response to the coronavirus outbreak was particularly poor, allowing the virus to spread quickly. Factoring in the abrupt implementation of measures needed to contain the virus, the steep jump in jobless claims in late March (about 22 million) and sluggish progress in accelerating testing for coronavirus, real GDP is expected to contract by 2.9% in 2020. This is still an optimistic baseline scenario, which will be derailed if containment measures are not lifted by the second half of this year. It also assumes that federal stimulus measures are implemented quickly, giving workers access to vital financial support. The combination of the coronavirus epidemic, and the slump in global oil prices, means that investment will contract sharply this year, especially in the energy sector, and export growth will slump.

China's real GDP growth will slow to 1% this year

China was the first country hit by the coronavirus outbreak. After an initially slow response, the authorities placed Hubei and other provinces on lockdown, significantly restricting economic activity in areas that are crucially important to national and international supply chains. Chinese citizens have cut down on spending, which means that firms working in service sectors have struggled to remain afloat. Recent data also show that industrial output, as well as property and fixed-asset investments, plunged by record-high levels in January-February. China's economic output contracted by 10.9% quarter on quarter in January-March. There are signs that activity is now slowly starting to recover, with the Chinese leadership keen to normalize the situation and lift quarantine measures. Against this backdrop, EIU expects growth to rebound to 9.2% quarter on quarter in April-June, with full-year growth at 1%.

Europe

The eurozone will be one of the hardest hit regions, posting a full-year recession of 6%. Germany (-6%), France (-5%), and Italy (-7%) will register full-year recessions. In Germany, the huge manufacturing sector is highly export-oriented, which means that the country is particularly exposed to both supply chain disruption and weak global demand. The country's recovery will be slower than that of other eurozone countries, such as France, where typically more resilient domestic consumption represents a larger driver of growth.

Latin America

The decline in global demand and country-specific containment measures owing to the Covid-19 epidemic will push Latin America into a recession in 2020. The EIU expects regional growth to contract by 4.6% this year owing to especially steep contractions in the region's largest economies, such as Brazil, Mexico and Argentina. Still, the impact will be heterogeneous across Latin American economies and will depend on countries' exposure to major foreign markets (such as China and the EU), their reliance on trade to drive growth, the strength of their domestic healthcare systems, their integration in global supply chains and the extent to which they are economically diversified.

Global Oil Prices

Containment measures due to the virus will cause global oil demand to contract significantly in 2020 as social distancing measures cut domestic movement of goods and people, and international travel is severely restricted. In China, economic activity began to recover in March, as the virus's spread has been largely halted; this will help to avoid a sharper contraction in oil demand, given that China represents the largest source of new oil consumption. With oil prices now at a near-record low, this could also encourage some opportunistic consumption, supporting a recovery in demand in this critical economy. However, in many OECD countries—where oil consumption has already been flat in recent years—the containment efforts are just getting into full swing.

As travel restrictions multiply and increasing numbers of workers self-isolate, The Economist Intelligence Unit expects lost energy consumption in the second quarter to be only partially made up in the second half of the year. Oil prices in the second quarter of 2020 is expected average around US\$ 26/barrel (from US\$20/b previously). If the global economy makes a modest recovery in the second half of 2020; and global economic activity rebounds from the deep recession in the first half of the year, and as US shale production begins to fall, oil prices is expected to average around US\$34/b in the second half of 2020, bring the full-year average to US\$36/b.

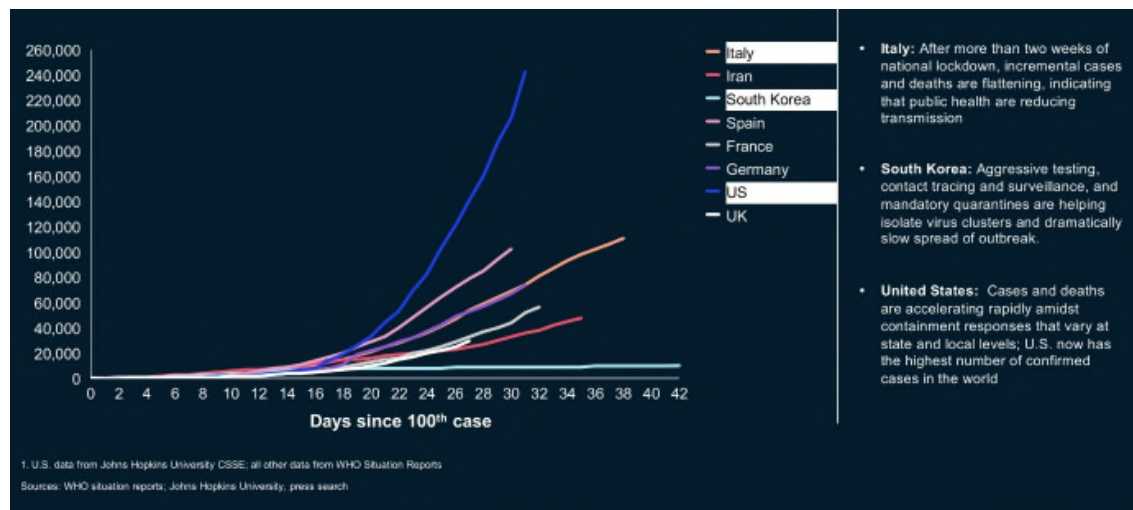
Across the Globe

- Infrastructure spending could lead the U.S. out of the COVID-19 recession. A \$2.1 trillion boost of public infrastructure spending could add \$5.7 trillion to the U.S. over the next decade, creating 2.3 million jobs by 2024, with personal income growing by \$2,400 by 2029.
- While we continue to expect limited bank downgrades this year due to COVID-19, the outlook bias has turned markedly negative, following the recent downward revision of the economic forecasts, continued material downside risks to these forecasts, and the potential longer-term effect on banks' profitability.
- Russian local and regional governments could face their highest budget deficits since the turn of the century. Recession and low commodity prices will substantially reduce Russian regions' tax revenue into next year.

COVID-19 – Facts and Insights - April 2020

COVID-19 is, first and foremost, a global humanitarian challenge with cases increasing quickly around the world and concerns that a 15% hospitalization rate could drive hospital system overload. Governments have moved to stricter social distancing norms across the globe, driving rapid demand declines that are being met by attempts at bailouts.

The global spread is accelerating with more reports of local transmission. The virus has spread worldwide despite containment efforts. The largest share of recent cases come from Europe and United States. Countries begin with similar trajectories, but curves diverge based on measures taken.



Key considerations for disease progression

- Emerging evidence indicates that asymptomatic cases could be drivers of transmission
- Seasonality is unlikely to be a major contributor to stopping the spread of COVID-19

- Promising testing innovations may greatly expand disease surveillance capabilities
- Asian jurisdictions have restarted economy, containing local transmission, though travel related transmissions persist

Possible economic impact of the COVID-19 crisis

If the virus is contained and the recovery is slow, China will undergo a sharp but brief slowdown and relatively quickly rebound to pre-crisis levels of activity. In Europe and the US, monetary and fiscal policy would mitigate some of the economic damage, so that a strong rebound could begin after the virus was contained at the end of Q2 2020. Most countries are expected to experience sharp GDP declines eg. United States expected real GDP at -8%.

In case of virus resurgence and slow long-term growth, China would recover more slowly and would be hurt by falling exports to the rest of the world, leading to potentially unprecedented contraction. The United States and Europe would face a GDP decline of 35 to 40 percent at an annualized rate in Q2, with U.S. expected real GDP at -13% and major economies in Europe registering similar performance. Economic policy would fail to prevent a huge spike in unemployment and business closures, creating a far slower recovery even after the virus is contained. Most countries would take more than two years to recover to pre-virus levels of GDP.

The three questions business leaders are asking are

- How deep is the depth of disruption, the demand reductions?
- How long could the disruption last?
- What shape could recovery take?

Market capitalization has declined across sectors, with significant variation to the extent of the decline. The maximum impact has been to the commercial aerospace, air and travel sectors, oil and gas, and banking sectors. The minimum affected are the consumer services and pharma sectors, healthcare supplies and distribution sectors. Even within sectors, there is significant variance between companies.

Leaders need to think and act across 5 horizons

1. Resolve - Address the immediate challenges that COVID-19 represents to the institution's workforce, customers, technology, and business partners. Companies should invest and prioritize to protect the safety and morale of employees unable to work from home. Set up agile Rapid Revenue Response squads to drive progress during the pandemic for B2B & B2C companies.
2. Resilience - Address near-term cash management and liquidity challenges, and broader resiliency issues. Develop an end to end resilience plan to identify and prioritize key risks, develop tailored scenarios, conduct stress testing of financials, establish portfolio of interventions, set up a cash management dashboard and build the resilience dashboard.
3. Return - Create a detailed plan to return the business back to scale quickly using 6 building blocks to be rolled out and sequenced according to local realities:
 - Restarting supply chain
 - Separation of regions
 - Testing and transparency
 - Infection reduction norms
 - Health system capacity

4. Reimagination - Re-imagine the “next normal”—what a discontinuous shift looks like, and implications for how the institution should reinvent. The “next normal” will be re-imagined across multiple pillars. For eg. What will change for consumers, Will supply chains models shift with the increasing focus on resiliency and digitization? How will valuations shift given corporates need to invest in resilience capability?
5. Reform - Be clear about how the regulatory and competitive environment in your industry may shift.

Managing across the 5Rs requires a new architecture based on a team-of-teams approach called Nerve center. Nerve centers are a specific organizational construct, meant for institutions that are facing existential, high-velocity disruptions, that are designed to address this question.

INDIAN ECONOMIC OUTLOOK

Prior to the Great Lockdown

- The forecast of economic growth in India was 5.1% for fiscal year 2019/20 and 5.7% for 2020/21
- The relatively weak print for 2020/21 was related to weaker global growth due to recessionary risks in the US (later in 2020). It was unlikely that India will be resistant to these developments, but their impact was expected to be lower than in many other emerging economies, such as Mexico, Vietnam and the Philippines
- Ongoing structural issues were expected to weigh on India’s medium- and longer-term growth potential
- The growth slowdown could have resulted in some fiscal slippage by the government. The central government’s fiscal deficit was expected to end up at -3.7% of GDP for fiscal FY2019/20, a breach of the fiscal deficit target of -3.3%
- Given the weak fiscal metrics, no anticipation of additional major stimulus programs in the Union Budget was expected
- On the monetary side, the Monetary Policy Committee (MPC) was to adopt a status quo in the February meeting to prevent higher prices becoming anchored in inflation projections
- After a rocky start to 2020, the INR was expected to strengthen against the USD in coming months to levels between 70 and 71
- From mid-2020 the USD/INR to slide to 72-73 due to renewed trade tensions between China and the US and underwhelming performance of the Indian economy due to the absence of structural reforms in the past

India has not been spared from the exponential spread of COVID-19 and as of April 22, close to 20,000 cases had been reported. While efforts are being mounted on a war footing to arrest its spread, spillovers are being transmitted through finance and confidence channels to domestic financial markets. The outlook for India is overcast with massive dislocations in production, supply chains, trade and tourism. Financial markets in India, like across the world, is experiencing extreme volatility; on account of global commodity prices, especially of crude oil, which has declined sharply. COVID-19 would impact economic activity in India directly due to lockdowns, and through second round effects operating through global trade and growth.

Prior to the outbreak of COVID-19, the outlook for growth for 2020-21 was looking up. First, the bumper rabi harvest and higher food prices during 2019-20 provided conducive conditions for the strengthening of rural demand. Second, the transmission of past reductions in the policy rate to bank lending rates has been improving, with favorable implications for both consumption and investment demand. Third, reductions in the goods and services tax

(GST) rates, corporate tax rate cuts in September 2019 and measures to boost rural and infrastructure spending were directed at boosting domestic demand more generally. The COVID-19 pandemic has drastically altered this outlook.

Against this backdrop, forecasts for real GDP growth in India were not provided by Reserve Bank of India, who are awaiting a clear fix on the intensity, spread and duration of COVID-19. The IMF slashed its FY21 growth projection for India to 1.9% from 5.8% projected in January 2020. Investment bank Barclays pared its growth forecast for India to 0% for calendar year 2020 from its earlier projection of 2.5%, and Nomura expects India's GDP to contract by 0.5% in 2020, revised downward from its earlier estimate of 4.5%, assuming 6.5% dip in economic growth in the June quarter.

Oil Price Impact on India

The sharp reduction in international crude oil prices, if sustained, could improve the India's terms of trade, but the gain from this channel is not expected to offset the drag from the shutdown and loss of external demand according to the RBI. Assuming an average crude price of US\$35 a barrel in FY 21, as assumed by RBI's Monetary Policy Report, the crude import bill could be US\$ 53 billion. If oil goes below \$20/ barrel, then the import bill could go down even further.

Ratings Impact on India

Moody's Investors Service has projected India's growth at zero per cent for the current fiscal and maintains that the negative outlook on sovereign rating reflects increasing risks that GDP growth will remain significantly lower than in the past. The outlook also partly shows weaker policy effectiveness to address economic and institutional issues.

Stating that the negative outlook indicates that an upgrade is unlikely in the near term, Moody's said high government debt, weak social and physical infrastructure, and a fragile financial sector face further pressures due to the coronavirus outbreak. Moody's had, in November 2019, affirmed India's 'Baa2' rating but revised downward the outlook to negative from stable on concerns of lower economic growth. 'Baa2' is an investment grade rating with moderate credit risk, and is two notches above the junk grade. The negative outlook reflects increasing risks that economic growth will remain significantly lower than in the past.

For India, despite a slower curve of infection, the impact has been ruthless in many ways. The initial 21-day lockdown period had been estimated to cost nearly \$4.5 billion every single day. Despite about half of the nation's businesses being adversely affected, and supply chains having fallen victim to the pandemic, there does appear *a silver lining in the dark clouds*.

India has so far managed to keep a relatively flatter infection curve in its battle against the pandemic. When compared to other countries, it does appear to have a better chance of pulling off with lesser collateral damage, at least for the time being.

However, several factors are already playing in, or might play out, during these events, and these might prove to be favorable for India to become a major trade and commerce player in the world.

An outsourcing hub - The global economic slowdown will mean that first world economies – such as the US – will be looking out for low-cost outsourcing solutions. Whether it is IT, finance or non-core items, India can rise to the challenge.

Supply basket - Globally, buyers have already shifted to India to source ceramics, home,

fashion, and lifestyle goods.

A shift in manufacturing - Around a thousand foreign manufacturers want to relocate their production to India, a country they see as an alternative to China. Reportedly, at least 300 are already talking with the Indian government for production in a wide range of sectors, including electronics, medicine, and textiles. Impact? Infrastructural development around manufacturing facilities and a boost to employment.

Supporting the cause - This year, the government has proposals to hike import duties on more than 300 products, such as an increase of 30 percent in furniture import from the current 25 percent price. This can provide an opportunity for local production to break out within the market, especially OMEs, SMEs, and even the ever-so-varied handicrafts of India.

Of dependencies and actions - Much of the world has had China as its resource, assembly and manufacturing hub, especially in the case of electronics and mobile accessories. However, given the source of pandemic and actions taken over it, the world is paying a heavy price.

For a long time, China has been in the top of India's imports list for a variety of items. It is no denying that, given the pandemic, the supply has been hit hard. But the Indian government is already exploring alternative countries for over 1,000 items to replace China as their supplier.

Undoubtedly, there are many hitches to overcome, some which will require other countries to lift themselves up from the pandemic before entering trade negotiations.

The Future is difficult to predict but anticipating where a single seed can be planted to bear a massive fruit-bearing tree is what we need to do. The COVID-19 pandemic will, undoubtedly, continue to keep us all on our toes until a vaccine comes out.

CAPITAL MARKET DEVELOPMENTS

The number of entities listed on BSE for Equity, Debt and Mutual Fund schemes is 5,155 with market capitalization of equity listed companies over INR 122 Lakh Crore. The S&P BSE SENSEX ended FY 2019-20 at 29,468.49 compared to 38,939 in FY 2018-19.

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 market infrastructure due in part to the introduction of mandatory central clearing for standardized OTC derivatives in some jurisdictions.

In June 2019, interoperability among Clearing Corporations (CCPs) was operationalized between ICCL, NSE Clearing Ltd. and Metropolitan Clearing Corporation of India Limited for Equity Cash, Equity Derivatives and Currency Derivatives segments. It allows market participants to consolidate their clearing and settlement functions at a single CCP, irrespective of the stock exchange on which the trade is executed. It is expected that the interoperability

among CCPs would lead to efficient allocation of capital for the market participants, thereby saving on costs as well as provide better execution of trades.

BSE and ICCL, had successfully gone live from June 3, 2019 as per the timeline specified by the regulator. SEBI had advised the clearing corporations to submit a joint proposal/roadmap to operationalize interoperability in OFS, Tri-party repo and SLB by October 31, 2019.

ICCL had confirmed its readiness to bring interoperability in OFS, Tri-party repo and SLB and seek guidance from SEBI on implementation of Phase 2 of Interoperability in Commodity Derivatives Segment. With effect from April 01, 2020 Offer for Sale (OFS) will be under Interoperability framework. ICCL released Operational Guidelines for Collateral Management & Clearing and Settlement process for the same.

Furthermore, based on the criteria stipulated by SEBI for cross-margining benefit, ICCL has sought approval from SEBI for 7 pairs eligible to get the same. Following are the index pairs traded on BSE, MSEI and NSE: -

- i. BANKEX and BANKNIFTY
- ii. IN50 and NIFTY
- iii. SENSEX and IN50
- iv. SENSEX and NIFTY
- v. SENSEX and SX40
- vi. SX40 and IN50
- vii. SX40 and NIFTY

With effect from January 15, 2020 ICCL introduced Cross Margining benefit to its members in the above 7 index pairs.

SEBI on January 16, 2020 released the Product Design and Risk Management Framework for Stock Exchanges to launch Option in goods under their Commodity Derivatives segment. Stock Exchanges are now permitted to launch 'Option in Goods' in their commodity derivatives segment. This is in addition to 'Options on commodity futures', guidelines which were issued by SEBI earlier in June 13, 2017. Exchanges willing to start trading in options contracts with goods as underlying shall take prior approval of SEBI for launching such contracts.

FEATURES AND DEVELOPMENTS

Competitive Strengths

Sound corporate governance and regulatory framework

ICCL has been accorded Qualified Central Counterparty ("QCCP") status by SEBI, along with the renewal of its recognition valid till October 2020; and is additionally required to comply with the rules and regulations that are consistent with the PFMI issued by CPMI- IOSCO. ICCL in its endeavor to enhance transparency, became the first CCP in India to publish its self-assessment of the PFMI 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.

As on March 31, 2020, ICCL's Board of Directors had six members, out of which three are Public Interest Directors, two Shareholders Directors, and the MD&CEO. The clearing and settlement operations of ICCL are regulated by SEBI.

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 USD 60 mn, 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 net worth making the resources of the non-defaulting members even safer. The additional capital cushion provided by the Insurance cover, along with the net worth covers over 2 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. For the current year, Care Ratings Ltd. reaffirmed its stable outlook for ICCL by maintaining the "AAA" rating.

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 not sought contribution from members towards its Default Fund (ICCL's Default Fund is upto 75 percent self-funded, while at least 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 as part of its BCP.

ICCL also has strong risk management systems in place which helps to manage the risk of default by clearing members wherein ICCL regularly collects prescribed margins from its clearing members in each segment. The members get margin usage alerts on pre-defined levels on real-time basis. The member is put in Risk reduction mode at 90% collateral utilisation whereby trades only get executed on availability of adequate collateral. On 100% collateral utilisation, member's terminal is put under suspension. In case of default by clearing members, ICCL follows a defined waterfall mechanism to recover money and mitigate the counterparty risk. ICCL also has lines of credit with various commercial banks to act as a liquidity cushion.

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 Derivatives and the Currency Derivatives Segment.

ICCL also provides clearing and settlement services for tri-party repo on corporate bonds, commodity derivatives and 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.

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, 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.

As on March 31, 2020, the Company had 88 employees.

INTERNAL CONTROL, RISKS AND CONCERNS

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 authorisations/ approvals, processing controls, segregations of duties, maker – checker approach, etc., 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.

Risks and Concerns

- Since ICCL is a clearing and settlement agency, its performance is dependent upon the trading activity on the exchanges' trading platforms, the number of active members in the market, the trading activity of the members, and the members who have chosen ICCL as their designated clearing corporation in the post-interoperability world.
- 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 two more clearing corporations 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.

FINANCIAL PERFORMANCE

During FY 2019-20, the total revenue of INR 6,088 Lakh increased by 10% from INR 5,533 Lakh in FY 2018-19. The increase in revenue was mainly due to (a) increase in Income from Operation by 13% to INR 4,185 Lakh (FY 2018-19 INR 3,710 Lakh) mainly due to increase in Income from clearing & settlement service charges (b) decrease in investment income by 2% to INR 1,852 Lakh (FY 2018-19 INR 1,812 Lakh).

The total expenditure during FY 2019-20 has reduced by 3% from INR 3,577 Lakh for FY 2018-19 to INR 3,470 Lakh for FY 2019-20. This decrease was mainly due to (a) decrease in other operation expense by 19% to INR 1,985 Lakh (FY 2018-19 INR 2,443 Lakh) on account of decrease in Core SGF contribution in last year Off set by (b) increase in depreciation by 38% to INR 121 Lakh (FY 2018-19 INR 88 Lakh) (c) increase in finance cost by 172% to INR 237 Lakh (FY 2018-19 INR 87 Lakh). (d) increase in employee cost by 18% to INR 1,127Lakh (FY 2018-19 INR 959 Lakh) mainly due to increase in headcount of employee and annual increment.

The total Profit before tax for the FY 2019-20 was INR 2,618 Lakh as against INR 1,956 Lakh for FY 2018-19.

The total Profit after tax for FY 2019-20 was INR 2,603 Lakh as against INR 2,040 Lakh for FY 2018- 19, increase of approximately 28%.

Financial Statement as on March 31, 2020

Share Capital

The total paid up capital of the Company as on March 31, 2020 is INR 35,400 Lakh (FY 2018-19 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, 2020 is INR 26,700 Lakh (FY 2018-19 INR 22,178 Lakh) comprising of Core Settlement Guarantee Fund ("Core SGF") of INR 26,111 Lakh (FY 2018-19 INR 24,188 Lakh) and statement of profit & loss of INR 589 Lakh (FY 2018-19 INR - 2010 Lakh).

Thus, the total Net worth of the Company as on March 31, 2020 is INR 62,100 Lakh (FY 2018-19 INR 57,578 Lakh).

Liabilities

Total liabilities stood at INR 1,05,489 Lakh (FY 2018-19 INR 71,566 Lakh). The details are as under:

1. Non-Current Liabilities: INR 16,549 Lakh (FY 2018-19 INR 15,230 Lakh). The increase in other long-term liabilities is due to contribution received from BSE Ltd towards CoreSGF
2. Current Liability
 - a) Trade Payable: INR 413 Lakh (FY 2018-19 INR 139 Lakh).
 - b) Other Financial Liabilities: INR 88,288 Lakh (FY 2018-19 INR 56,023 Lakh). The increase is mainly due to increase in deposits and margin money received from members.
 - c) Other current liabilities: INR 30 Lakh (FY 2018-19 INR 28 Lakh).
 - d) Provisions: increase to INR 89 Lakh (FY 2018-19 INR 28 Lakh)

Assets

Total assets stood at INR 1,67,589 Lakh (FY 2018-19 INR 1,29,144 Lakh). The major components are given below:

- a) Property, Plant and Equipment, Intangible assets: Total Gross Block as on March 31, 2020 is INR 866 Lakh (FY 2018-19 INR 576 Lakh) and total Accumulated depreciation up to March 31, 2020 is INR 565 Lakh (FY 2018-19 INR 444 Lakh). Thus, Net Fixed Assets is INR 301 Lakh (FY 2018-19 INR 132 Lakh). In addition, intangible under

- development is INR 36 Lakh (FY 2018-19 INR 30 Lakh).
- b) Investment: INR 11,348 Lakh (FY 2018-19 INR 5,863 Lakh).
 - c) Loans: INR 21 Lakh (FY 2018-19 INR 12 Lakh).
 - d) Trade Receivable: INR 1,397 Lakh (FY 2018-19 INR 194 Lakh)
 - e) Cash and cash equivalents: INR 65,460 Lakh (FY 2018-19 INR 38,191 Lakh)
-
- f) Bank balances other than (e) above: INR 59,355 Lakh (FY 2018-19 INR 74,182 Lakh).
 - g) Other Financial Assets: INR 10,047 Lakh (FY 2018-19 INR 4,790 Lakh).
 - h) Tax: INR 5,862 Lakh (FY 2018-19 INR 5,069 Lakh).
 - i) Other Assets: INR 842 Lakh (FY 2018-19 INR 681 Lakh).

**INDEPENDENT AUDITOR'S REPORT
To the Members of Indian Clearing Corporation Limited
Report on the Audit of the Ind AS Financial Statements**

Opinion

We have audited the accompanying Ind AS financial statements of **Indian Clearing Corporation Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), and the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred as "Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31st, 2020 and its profit including total Comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Ind AS Financial Statements.

Information Other than the Financial Statements and Auditor's Report Thereon.

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

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charges with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the Ind AS financial position, financial performance including other comprehensive income, changes in equity and cash flow of the Company in accordance with the Ind AS specified under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going

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

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

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS financial statements.

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

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

From the matters communicated with Board of Directors/those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 in terms of section 143(11) of the Companies Act, 2013 we give in the "**Annexure A**", a statement on the matters specified in the paragraph 3 and 4 of the order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income) the Statement of Cash Flows 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 Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e) On the basis of the written representations received from the directors as on 31st March 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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**”.
- g) In our opinion and to best of our knowledge and explanation provided to us, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.
- h) With respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - I. The Company has disclosed the impact of any pending litigations as at 31 March 2020 on its financial position – Refer Note to the significant accounting policies attached to the financial statements.
 - II. The Company has in previous years made provision of Rs. 146 lakh in respect of the amount receivable from a defaulter member as mentioned in Note to the financial statements.
 - III. The Company is not required to transfer any amount to the Investor Education and Protection Fund.

For Dalal Doctor & Associates
Chartered Accountants
FRN: 120833W

Amol Khanolkar
Partner
Membership No 116765
Mumbai, 23rd April 2020.
UDIN:

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in "Report on Other Legal and Regulatory Requirements" of the Independent Auditors' Report of even date to the members of on the financial statements for the year ended 31st March, 2020:

- 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 program 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. According to the information and explanations given to us, the company does not hold any immovable properties. Hence reporting under paragraph 3(i)(c) of the order is not applicable to the company
- ii The Company is a service company, primarily in rendering clearing and settlement. Accordingly, it does not hold any physical inventories. Hence reporting under paragraph 3(ii) of the Order is not applicable.
- iii In our opinion 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'). Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- iv To the best of our knowledge and according to the information and explanations given to us, the company has not made investments made or provided any guarantee or security in terms of provisions of section 185 and 186 of the Companies Act, 2013 and hence reporting under paragraph 3(iv) of the order is not applicable.
- V The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- vi As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.

- vii a According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2020 for a period of more than six months from the date on when they become payable.

- b According to the information and explanation given to us, there are no dues of income tax, sales tax, goods and service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute except those reported below:

Name of the Statute	Nature of Dues	Period to which it relates	Amount involved (INR in lakh)	Forum where dispute pending
Income Tax Act, 1961	Income Tax	A.Y. 2013-14	29	CIT (A)
Income Tax Act, 1961	Income Tax	A.Y. 2014-15	58	CIT (A)
Income Tax Act, 1961	Income Tax	A.Y. 2015-16	732	CIT (A)
Income Tax Act, 1961	Income Tax	A.Y. 2016-17	1	CIT (A)
Income Tax Act, 1961	Income Tax	A.Y. 2017-18	170	CIT (A)
Chapter V of Finance Act, 1994	Service Tax	F.Y. 2015-16 & F.Y. 2016-17 (upto June'2016)	1676	Appeal filing under process

- viii In our opinion and according to the information and explanations given to us, the Company has not taken any loan either from financial institutions, or banks or from the government and has not issued any debentures. Hence reporting under paragraph 3(viii) of the Order is not applicable. 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 Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- x Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- xi In our opinion and according to the information and explanations given to us, the Company has paid/provided any managerial remuneration during the period. Accordingly, paragraph 3 (xi) of the Order is not applicable.
- xii In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- xiii In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv Based upon the audit procedures performed and the information and explanations given by the

- management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- xv Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected to its directors and thus provisions of Section 192 of the Companies Act. 2013 are not applicable. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For Dalal Doctor & Associates
Chartered Accountants
Firm's Registration No. 120833W

Amol Khanolkar
Partner
Membership No 116765
Mumbai, 23rd April 2020.
UDIN:

Annexure – B to the Auditor’s Report

Report on the Internal Financial Controls under Section 143(3)(i) 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 on 31st March 2020 in conjunction with our audit of Ind AS financial statements of the Company for the year ended on that date.

Management’s responsibility for internal financial controls

The Management of the Company 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. 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, 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 internal financial controls over financial reporting of the Company 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”) issued by the Institute of Chartered Accountants of India and the standards on auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 were 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 judgement, including the assessment of the risks of material misstatement in 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 control 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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and

dispositions of the assets of the company; (ii) 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 (iii) 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.

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 of 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 and according to the information and explanations given to us, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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 Dalal Doctor & Associates
Chartered Accountants
Firm's Registration No. 120833W

Amol Khanolkar
Partner
Membership No 116765
Mumbai, 23rd April 2020.
UDIN:

Indian Clearing Corporation Limited

Reg off: Floor 25, P J Towers, Dalal Street, Mumbai 400001

Statement of Standalone Financial Results for the Quarter And Year Ended March 31, 2020 prepared in compliance with the Indian Accounting Standard (Ind-AS)

(₹ in Lakh)

Particulars	For The Quarter Ended Mar 31, 2020 (Un-Audited)	For The Quarter Ended Dec 31, 2019 (Un-Audited)	For The Quarter Ended Mar 31, 2019 (Un-Audited)	For the Year Ended Mar 31, 2020 (Audited)	For the Year Ended Mar 31, 2019 (Audited)
I. INCOME					
a) Income From Operations	1,134	1,055	960	4,185	3,710
b) Income From Investments And Deposits	463	464	450	1,852	1,812
c) Other Income	5	9	3	51	11
Total Income	1,602	1,528	1,413	6,088	5,533
II. EXPENDITURE					
a) Employee Costs	286	277	242	1,127	959
b) Computer Technology Related Expenses	216	205	176	719	821
c) Administration and Other Expenses	495	295	496	1,266	1,622
d) Depreciation and Amortisation	44	44	22	121	88
e) Interest Cost	103	47	19	237	87
Total Expenditure	1,144	868	955	3,470	3,577
III. Profit from Ordinary Activity before Exceptional items & Tax	458	660	458	2,618	1,956
a) Exceptional Items	-	-	-	-	-
IV. Profit from Ordinary Activities before Tax	458	660	458	2,618	1,956
a) Tax Expenses	6	2	(389)	15	(84)
V. Net Profit After Tax For The Quarter/Year	452	658	847	2,603	2,040
VI. Other Comprehensive Income					
a) Items that will not be reclassified to profit or loss (net of taxes)	(6)	5	2	(4)	(8)
Total other comprehensive income for the quarter/year	(6)	5	2	(4)	(8)
VII. Total Comprehensive Income for the quarter/year	446	663	849	2,599	2,032
Paid up Equity Capital (Face Value Per Share ₹ 1 Each)				35,400	35,400
Reserves & Surplus				26,700	22,178
Basic and Diluted EPS (Refer Note Below)	0.01	0.02	0.02	0.07	0.06

Note: Basic and Diluted EPS is not annualised for the quarter ended results.

Statement Of Assets and Liabilities as at March 31, 2020

₹ In Lakh

Particulars		As at March 31, 2020 (Audited)	As at March 31, 2019 (Audited)
I.	ASSETS		
1	Non-current assets		
	(a) Property, Plant and Equipment	68	38
	(b) Other Intangible assets	233	94
	(c) Intangible assets under development	36	30
	(d) Financial Assets		
	(i) Investments		
	a. Investments in Equity Instruments	-	-
	b. Other Investments	11,348	5,863
	(ii) Loans	14	8
	(iii) Others	9,802	3,809
	(e) Non Current Tax Assets (Net)	2,303	1,909
	(f) Deferred tax assets (net)	3,559	3,160
	(g) Other non-current assets	4	-
	Sub-total - A	27,367	14,911
2	Current Assets		
	(a) Financial Assets		
	(i) Investments	12,916	-
	(ii) Trade receivables	1,397	194
	(iii) Cash and cash equivalents	65,460	38,191
	(iv) Bank balances other than (iii) above	59,355	74,182
	(v) Loans	7	4
	(vi) Others	245	981
	(b) Other current assets	842	681
	Sub-total - B	1,40,222	1,14,233
	Total Assets (A+B)	1,67,589	1,29,144
II.	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity Share capital	35,400	35,400
	(b) Other Equity	26,700	22,178
	Sub-total - A	62,100	57,578
2	Liabilities		
	Non-current liabilities		
	(a) Financial Liabilities		
	(i) Other financial liabilities	60	51
	(b) Other non-current liabilities	16,549	15,230
	(c) Provisions	60	66
	Sub-total - B	16,669	15,347
3	Current liabilities		
	(a) Financial Liabilities		
	(i) Trade payables	413	139
	(ii) Other financial liabilities	88,288	56,023
	(b) Other current liabilities	30	28
	(c) Provisions	89	29
	Sub-total - C	88,820	56,219
	Total Equity and Liabilities (A+B+C)	1,67,589	1,29,144

- 1 The above financial results for the quarter and year ended March 31, 2020 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on April 23, 2020.
- 2 As per the Indian Accounting Standard – 108 (IndAS-108) “Operating Segments”, the Management is of the opinion that as the Company’s operations comprise only facilitating clearing and settlement activities and the activities incidental thereto, there is neither more than one business segment nor more than one reportable geographical segment.
- 3 As per SEBI circular, Clearing Corporation shall have a fund called Core Settlement Guarantee Fund (Core SGF) for each segment of each Recognised Stock Exchange (SE) to guarantee the settlement of trades executed in respective segment of the SE. The said circular, inter-alia has issued norms related to the computation and contribution to the Core Settlement Guarantee Fund by the Clearing Corporation (atleast 50%), Stock Exchange-SE (atleast 25%) and members (not more than 25%). Accordingly, 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. Core SGF has been contributed by Clearing Corporation (ICCL) and Stock exchange (BSE) as prescribed by SEBI.

ICCL has established a fund called Core SGF for each segment (Equity, Equity Derivative, Debt, Currency Derivative & Commodity Derivative) of each Recognised SE to guarantee the settlement of trades executed in respective segment of the SE. Accordingly, an amount ₹ 26,111 lakh has been contributed 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 ₹ 15,071 lakh, including income earned thereon and also includes the balance from 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 amount of ₹ 1,478 lakh including income earned thereon which represents (a) an amount received under the Scheme of amalgamation between United Stock Exchange of India Limited and BSE Ltd, (b) an amount being fines & penalties collected from members by ICCL (c) an amount received being fines & penalties charged by BSE and transferred to Core SGF during current period as per SEBI directed.

₹ In Lakh

Particulars	BSE Contribution	ICCL Contribution	Other Contributions	Total
Equity Segment	5,507	16,456	608	22,571
Equity Derivative Segment	524	1,563	119	2,206
Currency Derivative Segment	7,180	7,174	743	15,097
Commodity Derivative Segment	758	758	8	1,524
Debt	-	160	-	160
Additional Contribution	1,102	-	-	1,102
Grand Total	15,071	26,111	1,478	42,660

- 5 Estimation uncertainty relating to the global health pandemic on COVID-19: In assessing the recoverability of receivables, intangible assets and investments, the Company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions; the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions. The company do not foresee any significant impact on operation of the company on account of COVID-19.
- 6 During the period, Company has implemented Inter-operability for Equity, Equity Derivative and Currency Derivative Segment.
- 7 Previous period figures have been regrouped/reclassified and rearranged wherever necessary to correspond with the current period classification/disclosure.

For and on behalf of Board of Directors of
Indian Clearing Corporation Limited

Devika Shah
Managing Director & CEO

Mumbai, April 23, 2020

Particulars		Note No	As at March 31, 2020	As at March 31, 2019
I.	ASSETS			
1	Non-current assets			
	(a) Property, Plant and Equipment	3	68	38
	(b) Other Intangible assets	4	233	94
	(c) Intangible assets under development	4	36	30
	(d) Financial Assets			
	(i) Investments	5	11,348	5,863
	(ii) Loans	6	14	8
	(iii) Others	7	9,802	3,809
	(e) Non Current Tax Assets (Net)		2,303	1,909
	(f) Deferred tax assets (net)	8	3,559	3,160
	(g) Other non-current assets	9	4	-
	Sub-total - A		27,367	14,911
2	Current Assets			
	(a) Financial Assets			
	(i) Investments	5	12,916	-
	(ii) Trade receivables	10	1,397	194
	(iii) Cash and cash equivalents	11	65,460	38,191
	(iv) Bank balances other than (iii) above	12	59,355	74,182
	(v) Loans	6	7	4
	(vi) Others	7	245	981
	(b) Other current assets	9	842	681
	Sub-total - B		1,40,222	1,14,233
	Total Assets (A+B)		1,67,589	1,29,144
II.	EQUITY AND LIABILITIES			
3	Equity			
	(a) Equity Share capital	13	35,400	35,400
	(b) Other Equity	14	26,700	22,178
	Sub-total - A		62,100	57,578
4	Liabilities			
	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Other financial liabilities	16	60	51
	(b) Other non-current liabilities	17	16,549	15,230
	(c) Provisions		60	66
	Sub-total - B		16,669	15,347
5	Current liabilities			
	(a) Financial Liabilities			
	(i) Trade payables	15		
	A) Total outstanding due of Micro & Small Enterprises Payable to service providers		-	-
	B) Total outstanding due of Creditors other than Micro & Small Enterprises Payable to service providers		413	139
	(ii) Other financial liabilities	16	88,288	56,023
	(b) Other current liabilities	17	30	28
	(c) Provisions	18	89	29
	Sub-total - C		88,820	56,219
	Total Equity and Liabilities (A+B+C)		1,67,589	1,29,144

See accompanying notes forming part of financial statements

For and on behalf of the Board of Directors

In terms of our report attached
 For **Dalal Doctor & Associates**
 Chartered Accountants
 Firm Reg. No.: 120833W

S. Sundareshan
 Chairman

Devika Shah
 Managing Director & CEO

Amol Khanolkar
 Partner
 Membership No.: 116765
 Place: Mumbai
 Date: April 23, 2020

Nimeshkumar Mistry
 Chief Financial Officer

Shilpa Karde
 Company Secretary

Particulars		Note No	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
I	REVENUES			
	(a) Revenue From Operations	19	4,185	3,710
	(b) Revenue From Investments And Deposits	20	1,852	1,812
	(c) Other Income	21	51	11
	Total Revenue		6,088	5,533
II	EXPENSES			
	(a) Employee Benefits Expenses	22	1,127	959
	(b) Other Operating Expenses	23	1,985	2,443
	(c) Depreciation And Amortisation	3&4	121	88
	(d) Finance Cost - Interest		237	87
	Total Expenses		3,470	3,577
III	Profit Before Exceptional, Extraordinary Items And Tax	I - II	2,618	1,956
IV	Exceptional Items		-	-
V	Profit Before Extraordinary Items And Tax	III - IV	2,618	1,956
VI	Extraordinary Items		-	-
VII	Profit Before Tax	V - VI	2,618	1,956
VIII	Tax Expense:			
	Current Tax		413	359
	Deferred Tax		(398)	(443)
IX	Profit From Continuing Operations	VII - VIII	2,603	2,040
X	Profit From Discontinuing Operations		-	-
XI	Profit For The Year	IX + X	2,603	2,040
XII	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit plans;		(5)	(8)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		1	-
	B (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Total other comprehensive income for the year		(4)	(8)
XIII	Total Comprehensive Income for the year		2,599	2,032
XIV	Earning Per Equity Share:			
	Basic And Diluted		0.07	0.06
	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

In terms of our report attached
For **Dalal Doctor & Associates**
Chartered Accountants
Firm Reg. No.: 120833W

For and on behalf of the Board of Directors

S. Sundareshan
Chairman

Devika Shah
Managing Director & CEO

Amol Khanolkar
Partner
Membership No.: 116765

Nimeshkumar Mistry
Chief Financial Officer

Shilpa Karde
Company Secretary

Place: Mumbai
Date: April 23, 2020

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, 2018	35,400	21,844	-2,469	3	54,778
Transferred to Core SGF		684	-	-	684
Profit for the year			2,040	-	2,040
Other comprehensive income for the year			-	-8	-8
Income Transferred to Core SGF		1,660		-	1,660
Payment of Dividend			-1,307	-	-1,307
Payment of Tax on Dividend			-269	-	-269
Balance as at March 31, 2019	35,400	24,188	-2,005	-5	57,578
Profit for the year			2,603	-	2,603
Other comprehensive income for the year			-	-4	-4
Transferred to Core SGF		74	-	-	74
Income Earned during the year		1,849	-	-	1,849
Balance as at March 31, 2020	35,400	26,111	598	-9	62,100

In terms of our report attached
For **Dalal Doctor & Associates**
Chartered Accountants
Firm Reg. No.: 120833W

For and on behalf of the Board of Directors

S. Sundareshan
Chairman

Devika Shah
Managing Director & CEO

Amol Khanolkar
Partner
Membership No.: 116765

Nimeshkumar Mistry
Chief Financial Officer

Shilpa Karde
Company Secretary

Place: Mumbai
Date: April 23, 2020

INDIAN CLEARING CORPORATION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

₹ In Lakh

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit After Tax	2,603	2,040
<u>Adjustments For:</u>		
Adjustments for Income tax expense	15	(84)
Amortisation Of Bonds Premium / Discount On Bonds	(24)	(11)
Finance Cost	237	87
Depreciation On Fixed Assets	121	88
Provision for Compensated absence	74	66
Provision for Gratuity	10	13
Interest Income	(1,610)	(1,565)
Dividend Income	(218)	(236)
	(1,395)	(1,642)
Operating Profit Before Working Capital Changes	1,208	398
<u>Change in assets and liabilities</u>		
Trade Receivables	(1,203)	(140)
Loans and other financial assets	465	(836)
Other Assets	(170)	32
Trade Payable	274	(10)
Other financial liabilities	32,274	(34,479)
Other liabilities & Provisions	(28)	(92)
	31,612	(35,525)
Taxes Paid	(807)	(911)
Net Cash From / (Used In) Operating Activities	32,013	(36,038)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payment towards Property, Plant, Equipment and Intangible assets	(296)	(37)
Investment in Government Securities	(3,408)	(1,918)
Net Proceed (Purchase) towards Investments in Mutual Fund	(5,372)	-
Investment in Fixed Deposits With Banks	(14,502)	(16,057)
Proceeds received from Fixed Deposits With Banks	15,527	18,888
Interest Income	1,575	1,407
Dividend From Mutual Funds	218	236
Net Cash From / (Used In) Investment Activities	(6,258)	2,519
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid	-	(1,307)
Tax on Dividend Paid	-	(269)
Finance Cost	(237)	(87)
Net Cash From / (Used In) Financing Activities	(237)	(1,663)

D. Net (Decrease) / Increase In Cash And Cash Equivalents	25,518	(35,182)
Cash And Cash Equivalents At The End Of The Year		
In Current Account	19,767	26,282
In Deposit Account	43,912	11,879
	63,679	38,161
Cash And Cash Equivalents At The Beginning Of The Year	38,161	73,343
Changes In Cash & Cash Equivalents	25,518	(35,182)
Cash And Cash Equivalents At The End Of The Year	63,679	38,161
Cash and Cash Equivalents as per note no. "11"	63,679	38,161

See accompanying notes forming part of financial statements

- 1 The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard - 7 "Cash Flow Statement".
- 2 Movement in Core SGF liabilities and assets of company are not considered.
- 3 Previous years' figures have been regrouped wherever necessary.

In terms of our report attached

For and on behalf of the Board of Directors

For **Dalal Doctor & Associates**

Chartered Accountants

Firm Reg. No.: 120833W

S. Sundareshan

Chairman

Devika Shah

Managing Director & CEO

Amol Khanolkar

Partner

Membership No.: 116765

Place: Mumbai

Date: April 23, 2020

Nimeshkumar Mistry

Chief Financial Officer

Shilpa Karde

Company Secretary

Significant Accounting Policies and Notes to Accounts

Notes annexed to and forming part of Financial Statements for the year ended March 31, 2020.

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 as at and for the year ended March 31, 2020 have been prepared in accordance with Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

2.2. Basis of preparation and presentation

These financial statements have been prepared in Indian Rupee which is the functional currency of the Company. These financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value or amortized cost 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.

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 116, 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.

2.3. Use of Estimates and Judgment:

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets and fair value measurement of financial instruments, these are discussed below. Key sources of estimation of uncertainty in respect of revenue recognition, employee benefits and provisions and contingent liabilities have been discussed in their respective policies.

Impairment of investments:

The Company reviews its carrying value of investments carried at amortized cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

Useful lives of property, plant and equipment:

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. The useful life are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. This reassessment may result in change in depreciation expense in future periods.

Valuation of deferred tax assets:

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

Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy has been explained under respective head.

Impairment of trade receivables:

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.

Fair value measurement of financial instruments:

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The policy has been further explained under relevant head

The principal accounting policies are set out below.

2.3.1 Revenue Recognition:

The Company has applied Ind AS 115 Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognized. The Company has adopted Ind AS 115 using the cumulative effect method.

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.

Revenue from Annual fee contracts is recognized ratably over the period of the contract using the percentage of completion method. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight line basis over the specified period or under some other method that better represents the stage of completion

2.3.2 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

2.3.3 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).

2.3.4 Operating 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. Lease payments under operating leases are recognized as an income / expense on a straight line basis in the Statement of Profit and Loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

2.3.5 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.

2.3.6 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

2.3.7 Cost recognition

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

2.3.8 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.

2.3.9 Property, plant and equipment

Depreciation on tangible assets is provided on the 'Written Down Value' basis 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.

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 or 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

2.3.10 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.

2.3.11 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.

2.3.12 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 2.3.12.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 115, 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 parts 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.

2.3.13 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, may be designated as at FVTPL upon initial recognition if:
 - Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
 - the financial liability forms part of a company of financial assets or financial liabilities or both, which 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 115.

2.3.14 Settlement Obligation:

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

2.3.15 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.

2.3.16 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.

2.3.17 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.

2.3.18 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.

2.3.19 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.

2.3.20 Estimation uncertainty relating to the global health pandemic on COVID-19:

In assessing the recoverability of receivables, intangible assets and investments, the Company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions; the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions. The company do not foresee any significant impact on operation of the company on account of COVID-19.

5. INVESTMENTS

₹ In Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
A. Non Current Investment		
Unquoted - Investments in Equity Instruments - at Fair Value through profit & loss		
2,500 Shares of BSE CSR Integrated Foundation of ₹ 10/- each fully paidup	-	-
Quoted - Investment in Govt Securities at Amortised cost		
Core SGF	5,987	3,934
Earmarked - Augmentation	5,361	1,929
Sub-Total - A	11,348	5,863
B. Current Investment		
Quoted - Investment in Units of Mutual Funds - at Fair Value through profit & loss		
Own Fund		
Units of Dividend Oriented Liquid Schemes of Mutual Funds	904	-
Clearing and Settlement Fund		
Units of Dividend Oriented Liquid Schemes of Mutual Funds	7,544	-
Earmarked - Augmentation		
Units of Dividend Oriented Liquid Schemes of Mutual Funds	4,468	-
Sub-Total - B	12,916	-
Total	24,264	5,863

Scrip-wise Details of Investment

Particulars	Units	As at March 31, 2020	Units	As at March 31, 2019
Investment in Govt Securities at at Amortised cost				
Core SGF				
6.65% Govt Sec 09-Apr-2020	-	-	5,00,000	496
6.84% Govt Sec 19-Dec-2022	20,00,000	1,950	20,00,000	1,935
7.37% Govt Sec 16-Apr-2023	15,00,000	1,502	15,00,000	1,503
7.17% Govt Sec 08-Jan-2028	15,00,000	1,502	-	-
7.32% Govt Sec 28-Jan-2024	10,00,000	1,033	-	-
Earmarked - Augmentation				
6.84% Govt Sec 19-Dec-2022	20,00,000	1,945	20,00,000	1,929
7.17% Govt Sec 08-Jan-2028	35,00,000	3,416	-	-
Sub Total - A	1,15,00,000	11,348	60,00,000	5,863
Aggregate value of Govt Securities		11,348		5,863
Market value of Govt Securities		11,983		6,037
Investment in Units of Mutual Funds - at Fair Value through profit & loss				
Own Fund				
Mirae Asset Cash Management Fund Dir DR	84,041	904	-	-
Clearing and Settlement Fund				
Sundaram Money Fund Direct DDR	4,49,75,173	4,544	-	-
Nippon India Overnight Fund-Dir-DDR	29,99,894	3,000	-	-
Earmarked - Augmentation				
Mirae Asset Cash Management Fund DDR	4,15,299	4,468	-	-
Sub Total - B	4,84,74,407	12,916	-	-
Aggregate value of Mutual Funds		12,916	-	-
Market value of Mutual Funds		12,916	-	-

6. LOANS

₹ In lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Non Current		
Unsecured, considered good		
Other Loans - Loans to Employee	14	8
Current		
Unsecured, considered good		
Other Loans - Loans to Employee	7	4
Total	21	12

7. OTHERS FINANCIAL ASSETS

₹ In lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Non Current		
Deposit with Others	27	30
In Deposit with Bank		
Own	284	49
Clearing and Settlement	5,247	-
Core SGF	1,988	2,711
Earmarked Augmentation	2,256	1,019
Sub-Total - A	9,802	3,809
Current		
Deposit with Others	5	-
Unamortised Cost	-	1
Others Receivable from defaulter member	104	104
Impairment allowance for doubtful debts	(104)	(104)
Accrued interest :		
Deposits		
Own Fund	-	831
Clearing and Settlement Fund	14	5
Core SGF	2	-
G - Sec		
Own Fund	97	39
Core SGF	127	105
Sub-Total - B	245	981
Total (A+B)	10,047	4,790

8. DEFERRED TAX ASSETS (NET)

₹ In lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax Assets:		
Provision for Bad & Doubtful Debts	42	51
Provision for Compensated Absences	38	40
MAT Credit Entitlement	3,505	3,091
Less : Deferred Tax Liabilities		
On difference between book balance and tax balance of Property, Plant and Equipment and Intangible assets	26	22
Net Deferred Tax Assets	3,559	3,160

Note: The carry-forward of unused tax losses of ₹ 196 Lakh is not considered

9. OTHER CURRENT ASSETS

₹ In lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Non Current Assets		
Prepaid Expenses	4	-
Sub-Total - A	4	-
Current Assets		
Prepaid Expenses	181	26
Cenvat Credit Receivable	647	655
Others	10	-
Advances for rendering of services (Other than Capital Advances)	4	-
Sub-Total - B	842	681
Total	846	681

10. TRADE RECEIVABLES

₹ In lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Secured and Considered Good	72	4
Unsecured, considered good	1,045	164
Less: Provision for doubtful loans	(42)	(42)
Holding Company	322	68
Total	1,397	194

11. CASH AND CASH EQUIVALENTS

₹ In lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	-	-
Balances with banks		
In Current accounts		
Own Fund	28	509
Clearing and Settlement Fund	19,739	25,773
Core SGF	25	30
In Deposit accounts		
Clearing and Settlement Fund	43,912	5,320
Core SGF	1,756	-
Earmarked Augmentation	-	6,559
Total	65,460	38,191

12. BANK BALANCES OTHER THAN (III) ABOVE

₹ In lakh

Particulars	As at March 31, 2020	As at March 31, 2019
In Deposit accounts		
Own Fund	900	29
Clearing and Settlement Fund	12,747	26,022
Core SGF	32,775	32,638
Earmarked Augmentation	12,933	15,493
Total	59,355	74,182

Notes:

- Balances in Deposits with Banks of ₹ 8,099 Lakh (As at March 31, 2019 ₹ 22,033 Lakh), are pledged against bank over draft.

13. EQUITY SHARE CAPITAL

₹ In lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
5,00,00,00,000 Equity Shares of ₹ 1/- each with voting rights (As at March 31, 2019: 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, 2019: 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 March 31, 2020		As at March 31, 2019	
	No. of Shares	₹ In lakh	No. of Shares	No. of Shares
Opening Balance	3,54,00,00,000	35,400	3,54,00,00,000	3,54,00,00,000
a) Right Issue	-	-	-	-
b) Bonus	-	-	-	-
c) Preferential Allotment	-	-	-	-
d) Others	-	-	-	-
Closing Balance	3,54,00,00,000	35,400	3,54,00,00,000	3,54,00,00,000

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

Name of Shareholders	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	% of total shares	No. of Shares	No. of Shares
BSE Limited and its nominees	3,54,00,00,000	100	3,54,00,00,000	3,54,00,00,000

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. Each shareholder is entitled to one vote per share.

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, 2020	As at March 31, 2019
Core Settlement Guarantee Fund - Core SGF		
Opening Balance	24,188	21,844
Add : Contribution for the year	74	684
Add : Income Earned during the year	1,849	1,660
Sub-Total - A	26,111	24,188
Retained earnings		
Opening Balance	(2,010)	(2,466)
Add : Profit for the year	2,599	2,032
<i>Less : Appropriations</i>		
Dividend	-	1,307
Tax on Dividend	-	269
Sub-Total - B	589	(2,010)
Total (A+B)	26,700	22,178

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. 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.

13. TRADE PAYABLES

₹ In lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
i) Total outstanding due of Micro & Small Enterprises Payable to service providers	-	-
ii) Total outstanding due of Creditors other than Micro & Small Enterprises Payable to service providers	413	139
Total	413	139

16. OTHER FINANCIAL LIABILITIES

₹ In lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Non Current		
Accrued Employee Benefits Expense	60	51
Sub-Total - A	60	51
Current		
Deposit from Clearing Banks & Warehouses	13,359	12,351
Deposit and Margins from Members	56,150	27,191
Settlement Obligation Payable	1,192	4,729
Clearing and Settlement - Others	17,364	11,551
Accrued Employee Benefits Expense	145	195
Others	78	6
Sub-Total - B	88,288	56,023
Total (A+B)	88,348	56,074

17. OTHER CURRENT LIABILITIES

₹ In lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Non Current		
Core Settlement Guarantee Fund (Exchange Contribution and Others Contributions)	16,549	15,230
Sub-Total - A	16,549	15,230
Current		
Statutory dues payable	30	28
Sub-Total - B	30	28
Total (A+B)	16,579	15,258

18. PROVISIONS

₹ In lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Non Current		
Provision for Employee Benefits		
Other Provision		
Provision for Compensated Absences	60	66
Sub-Total - A	60	66
Current		
Provision for Employee Benefits		
Other Provision		
Provision for Compensated Absences	74	28
Provision for Gratuity	15	1
Sub-Total - B	89	29
Total (A+B)	149	95

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

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Carrying amount of:		
Computer Equipment	64	32
Furniture, Fixtures	3	4
Office & Electronics Equipments	1	2
Total	68	38

₹ in Lakh

Particulars	Computer Equipment	Furniture, Fixtures	Office & Electronics Equipments	Total
Cost				
Balance as at April 1, 2018	105	7	6	118
Additions during the year	4	1	-	5
Balance as at March 31, 2019	109	8	6	123
Balance as at April 1, 2019	109	8	6	123
Additions during the year	70	-	-	70
Balance as at March 31, 2020	179	8	6	193

₹ in Lakh

Particulars	Computer Equipment	Furniture, Fixtures	Office & Electronics Equipments	Total
Accumulated depreciation and impairment				
Balance as at April 1, 2018	52	3	3	58
Depreciation for the year	25	1	1	27
Balance as at March 31, 2019	77	4	4	85
Balance as at April 1, 2019	77	4	4	85
Depreciation for the year	38	1	1	40
Balance as at March 31, 2020	115	5	5	125

₹ in Lakh

Particulars	Computer Equipment	Furniture, Fixtures	Office & Electronics Equipments	Total
Net Book Value				
As at March 31, 2019	32	4	2	38
As at March 31, 2020	64	3	1	68

₹ in Lakh

Particulars	Computer Equipment	Furniture, Fixtures	Office & Electronics Equipments	Total
Carrying amount				
Balance as at April 1, 2018	53	4	3	60
Additions during the year	4	1	-	5
Depreciation for the year	25	1	1	27
Balance as at March 31, 2019	32	4	2	38
Balance as at April 1, 2019	32	4	2	38
Additions during the year	70	-	-	70
Depreciation for the year	38	1	1	40
Balance as at March 31, 2020	64	3	1	68

4. OTHER INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Carrying amount of:		
Software	233	94
Intangible assets under development	36	30
Total	269	124

₹ in Lakh

Particulars	Software
Cost	
Balance as at April 1, 2018	451
Additions during the year	2
Balance as at March 31, 2019	453
Balance as at April 1, 2019	453
Additions during the year	220
Balance as at March 31, 2020	673

₹ in Lakh

Particulars	Software
Accumulated depreciation and impairment	
Balance as at April 1, 2018	298
Amortisation for the year	61
Balance as at March 31, 2019	359
Balance as at April 1, 2019	359
Depreciation for the year	81
Balance as at March 31, 2020	440

Particulars	Software
Net Book Value	
As at March 31, 2019	94
As at March 31, 2020	233

Particulars	Software
Carrying amount	
Balance as at April 1, 2018	153
Additions during the year	2
Depreciation for the year	61
Balance as at March 31, 2019	94
Balance as at April 1, 2019	94
Additions during the year	220
Depreciation for the year	81
Balance as at March 31, 2020	233

19. REVENUE FROM OPERATIONS

₹ In Lakh

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Sale of services		
Clearing and Settlement Services	1,763	443
Auction Fees	53	88
Others	76	114
Other Operating Revenue		
Treasury Income from Clearing and Settlement Funds		
A. Interest income earned on financial assets that are measured at amortised cost:		
Deposits	2,189	2,869
B. Income earned on financial assets that are mandatorily measured as at fair value through profit or loss:		
Dividend From Mutual Funds measured at FVTPL	104	196
Total	4,185	3,710

20. REVENUE FROM INVESTMENTS AND DEPOSITS

₹ In Lakh

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
A. Interest income earned on financial assets that are measured at amortised cost:		
Deposits	1,240	1,486
G Sec	394	90
B. Income earned on financial assets that are mandatorily measured as at fair value through profit or loss:		
Dividend From Mutual Funds measured at FVTPL	218	236
Total	1,852	1,812

21. OTHER INCOME

₹ In Lakh

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Miscellaneous Income	51	11
Total	51	11

22. EMPLOYEE BENEFITS EXPENSES

₹ In Lakh

Particulars	For the Year	For the Year
	Ended March 31, 2020	Ended March 31, 2019
Salaries, Allowances and Bonus	984	832
Contribution to Provident and Other Funds	42	40
Provision for Compensated Absence	74	66
Staff Welfare Expenses	27	21
Total	1,127	959

23. OTHER OPERATING EXPENSES

₹ In Lakh

Particulars	For the Year	For the Year
	Ended March 31, 2020	Ended March 31, 2019
Auditors' Remuneration	8	7
Bank Charges & Commission	116	-
Business Promotion Expenses	19	28
Contribution to Corporate Social Responsibility	79	99
Electricity Charges	13	12
Rent	319	189
Computer Technology Related Expenses	719	821
Contribution to Core SGF	74	684
Insurance	169	176
Rates and taxes, excluding taxes on income	32	20
Clearing House Charges	17	11
Directors' Sitting Fees	9	9
Legal Fees	-	4
Membership & Subscription Fees	8	30
Maintenance Expenses	7	5
Professional Fees	275	86
Impairment loss allowance on receivable	-	146
Stamp Duty, Registration Charges & Regulatory Fees	6	3
Travelling Expenses	45	44
Committee Meeting Sitting Fees	43	45
Miscellaneous Expenses	27	24
Total	1,985	2,443

23.1 Auditors' Remuneration		₹ In Lakh	
Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019	
Auditors' Remuneration Includes:			
Statutory Audit Fees	6	5	
Tax Audit Fees	1	1	
Other services	1	1	
Total	8	7	

23.2 Contribution to Corporate Social Responsibility		₹ In Lakh	
Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019	
The gross amount required to be spent by company during the year	79	99	
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, 2020	As at March 31, 2019
(a)	Estimated amount of unexecuted capital contracts	-	42

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

₹ in lakh

Sr. No	Particulars	As at March 31, 2020	As at March 31, 2019
(a)	<p>Claims against the company not acknowledged as debts in respect of :</p> <p>- 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.)</p> <p>- Service tax matter During the year, under EA-2000 Service tax audit was conducted by the service tax department for past years. The said audit yet not concluded, however the department has sent us the preliminary observation of some of the issues raised by them during the course of audit. Cumulatively, all the issues involve total liability of ₹ 1,683 lakhs. The issues deal with legal interpretation of the provisions and in view of the company it is not liable to pay the said amount. However, in few of the issues involving genuine errors or non-material items, the Company has paid ₹ 7 lakhs (along with interest and penalty thereon). It has also submitted suitable reply on the observations and would defend its' position before the appropriate authorities.</p>	990	820
(b)	Guarantee given by the company	50,000	-

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. List of Related Party and Relationships

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 (Section 8 Company) - Fellow Subsidiary
5.	BIL - Ryerson Technology Startup Incubator Foundation (BRTSIF) (Section 8 Company) - Fellow Subsidiary
6.	BSE CSR Integrated Foundation - Fellow Subsidiary (Being a Section 8 company under companies Act, 2013)
7.	BSE Institute Limited – Fellow Subsidiary
8.	BSE Investments Limited – Fellow subsidiary
9.	BSE Sammaan CSR Limited – Fellow subsidiary
10.	India International Exchange (IFSC) Limited - Fellow subsidiary
11.	India International Clearing Corporation (IFSC) Limited – Fellow subsidiary
12.	BSE Institute of Research Development & Innovation (Section 8 Company) (w.e.f. December 5, 2019) – Fellow subsidiary
13.	Indian INX Global Access IFSC Limited – Fellow subsidiary
14.	Pranurja Solution Limited – Associate of Holding Company
15.	Central Depository Services (India) Ltd - Associate of Holding Company
16.	CDSL Ventures Limited - Associate of Holding Company
17.	CDSL Insurance Repository Limited - Associate of Holding Company
18.	CDSL Commodity Repository Limited - Associate of Holding Company
19.	BSE EBIX Insurance Broking Private Limited – Associate of Holding Company
20.	Marketplace EBIX Technology Services Pvt Limited – Associate of Holding Company
21.	Asia Index Private Ltd - Associate of Holding Company
22.	BSE Investors Protection Fund (Trust set-up by Holding Company)
23.	ICCL Employees Gratuity Fund (Trust set-up by the Company)
24.	Smt Devika Shah - Managing Director & CEO (w.e.f. January 01, 2018)
25.	Shri S. Sundarshan – Chairman
26.	Shri Ramabhadran S Thirumalai – Public Interest Director
27.	Shri Prasad Dahapute – Public Interest Director
28.	Shri Nehal Vora – Shareholder Director (till September 18, 2019)
29.	Shri Neeraj Kulshreshtha – Shareholder Director

2. Transactions with Related Parties

(a) BSE Ltd (Holding Company):

₹ in Lakh

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Income		
Clearing and settlement fees	896	273
Warehouse Service Charges	49	-
Rental Income	4	5
Expenditure		

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Computer Technology Related Expenses	135	118
Rent	214	164
Electricity Charges	11	11
Membership & Subscription	-	9
Property Tax	4	4
Staff welfare	11	8
Other Expenses	14	12

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Assets		
Prepaid Expenses	-	8
Receivable (net)	322	68
Liability		
Contribution towards Core SGF (excluding income earned thereon)	11,728	11,668

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

₹ in Lakh

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Income		
Rental Income	1	-
Expenditure		
Computer Technology Expenses	288	429
Purchase of Intangible Assets	226	30

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Assets		
Prepaid Expenses	4	-
Liability		
Payable (net)	49	48

(c) BSE Sammaan CSR Limited (Fellow Subsidiary)

₹ in Lakh

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
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, 2020	For the year ended March 31, 2019
Expenditure		
CSR Contribution	65	99

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Assets		
Investment (25,000 Equity shares of ₹ 1/- each)	-	-

(e) BFSI Sector Skill Council of India - Fellow Subsidiary

₹ in Lakh

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Income		
Rental Income	1	1

(f) BSE Institute Limited – Fellow Subsidiary

₹ in Lakh

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Income		
Rental Income	1	1

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

₹ in Lakh

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Expenditure		
Administrative & Other Expenses	7	6

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Assets		
Deposits (Asset)	5	5
Prepaid Expenses	2	-

(h) BSE Investors Protection Fund (Trust set-up by Holding Company):

₹ in Lakh

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Income		
Rental Income	1	-
Expenditure		
Rent	7	6

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Liability		
Payable (Net)	-	1

(i) ICCL Employees Gratuity Fund (Trust set-up by the Company):

₹ in Lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Net defined benefit assets		
ICCL Employee's Gratuity Fund	164	145

(j) Key Management Personnel (KMP):

₹ in Lakh

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Smt. Devika Shah (Managing Director & CEO)		
Gross remuneration and other benefits paid *	75	59

* 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, 2020	For the year ended March 31, 2019
Profit after tax (₹ in lakh)	2,603	2,040
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 (₹)	0.07	0.06

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

₹ in Lakh

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Software Expenses	25	24
Travel Expenses	6	15
Membership Fees	7	21
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 ₹ 26,111 lakh as at March 31, 2020 (₹ 24,188 lakh as at March 31, 2019) has been contributed 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 ₹ 15,072 lakh as at March 31, 2020 (₹ 14,001 lakh as at March 31, 2019) 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 ₹ 1,477 lakh as at March 31, 2020 (₹ 1,229 lakh as at March 31, 2019) includes (i) amount received under the Scheme of amalgamation between United Stock Exchange of India Limited and BSE Ltd, (ii) as per SEBI direction, BSE has transferred the penalty collected from client to our Core SGF of Currency Derivative and Equity Derivative segment and Commodity Derivatives respectively, (iii) fines & penalties collected from members by ICCL and income earned thereon.

₹ in lakh

Particulars	BSE Contribution	ICCL Contribution	Other Contributions	Total
Equity Segment	5,507	16,456	608	22,571
Equity Derivative Segment	525	1,563	119	2,207
Currency Derivative Segment	7,180	7,174	742	15,096
Commodity Derivative Segment	758	758	8	1,524
Debt	-	160	-	160
Others	1,102	-	-	1,102
Grand Total	15,072	26,111	1,477	42,660

31. Disclosure as required on "Employee Benefits" is as under:

31.1. 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.

Demographic risk: This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, medical cost inflation, discount rate and vesting criteria.

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, 2020 and March 31, 2019.

₹ in lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Change in benefit obligations		
Benefit obligations at the beginning	147	138
Current Service Cost	10	10
Interest on defined benefit obligation	10	10
Re-measurements - Actuarial Loss / (Gain)	3	7
Benefits Paid	(12)	(2)
Liability assumed on acquisition/(Settled on Divestiture)	21	(16)
Closing Defined Benefit Obligation	179	147
Change in plan assets		
Opening Fair Value of Plan Assets	145	94
Contributions by Employer	22	46
Interest on Plan Assets	9	7
Re-measurements - Actuarial Loss / (Gain)	-	-
Benefits Paid	(12)	(2)
Closing Fair Value of Plan Assets	164	145
Funded status	164	145

b. Amount For the year ended March 31, 2020 and year ended March 31, 2019.

₹ in lakh

Particulars	March 31, 2020	March 31, 2019
Current Service Cost	10	10
Interest on net defined benefit obligations / (asset)	-	3
Total Included in "Employee Benefit Expense"	10	13

c. Amount for the year ended March 31, 2020 and year ended March 31, 2019 recognised in the statement of other comprehensive income:

₹ in lakh

Particulars	March 31, 2020	March 31, 2019
Opening amount recognised in “Other Comprehensive Income”	(4)	3
Re-measurement for the year – Obligation gains / (losses)	(5)	(7)
Re-measurement for the year – Plan asset gains / (losses)	-	-
Total amount recognised in “Other Comprehensive Income”	(9)	(4)

d. Principle actuarial assumption

Assumptions	As at March 31, 2020	As at March 31, 2019
Discount Rate	6.45%	7.50%
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, 2020	
	Discount rate	Salary escalation rate
Impact of increase in 50 bps on defined benefit obligation	-2.85%	2.93%
Impact of decrease in 50 bps on defined benefit obligation	3.00%	-2.81%

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, 2020
Expected benefits for year 1	11
Expected benefits for year 2	10
Expected benefits for year 3	10
Expected benefits for year 4	57
Expected benefits for year 5	46
Expected benefits for year 6 to year 10	77
Expected benefits for year 10 and above	64

The weighted average duration to the payment of these cash flows is 5.86 years.

g. Composition of Plan Assets

₹ in lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Insurer Managed Funds	164	145
Others	-	-

Actual return on the assets for the year ended March 31, 2020 and year ended March 31, 2019 were ₹ 9 lakh and ₹ 6 lakh respectively.

31.2. 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, 2020 and for the year ended March 31, 2019 of ₹ 26 lakh and ₹ 23 lakh respectively for provident fund in the statement of profit & loss.

31.3. 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.

32. Other 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:

32.1. 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.

32.2. 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.

32.3. 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.

32.4. 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.

33. 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 Audit 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 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, among others. The primary focus is to implement measures that mitigate these risks and 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 PFMI 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. ICCL has also received temporary recognition pursuant to the UK Statutory Instrument the Central Counterparties (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2018 (“the SI”). The Temporary Recognition Regime (“TRR”) enables ICCL to provide clearing services and activities in the UK for up to three years from the commencement of the TRR, extendable by HM Treasury in increments of twelve months.

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 and clearing corporations must make contributions to Core Settlement Guarantee Fund in the last few years. Should SEBI in the future vary the required contribution amounts to the Core Settlement Guarantee Fund, the Company may have to contribute more of profit to the Core 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 the Core 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:

- ❖ Mark to Market Margin payments: Open positions in futures are settled at least daily. The Company has to ensure that sufficient funds are available to fulfil their obligations
- ❖ 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 funds or securities, leaving the Company short of funds or 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 Risk committee.

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. 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 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 600 Crore, 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 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 which would hypothetically cause the highest loss. 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, 2020 and March 31, 2019.

As at March 31, 2020:

₹ in lakh

Particulars	< 1 year	1-5 years	> 5 years	Total
Non-current liabilities				
Accrued Employee benefit expenses	-	60	-	60
Total Non-Current Liabilities	-	60	-	60
Current Liabilities				
Deposits and Margin Received	69,509	-	-	69,509
Settlement Obligation Payable	1,192	-	-	1,192
Accrued Employee benefit expenses	145	-	-	145
Others Clearing Settlement Liability	17,364	-	-	17,364
Trade Payable	413	-	-	413
Others	78	-	-	78
Total Current Liabilities	88,701	-	-	88,701

As at March 31, 2019:

₹ in lakh

Particulars	< 1 year	1-5 years	> 5 years	Total
Non-current liabilities				
Accrued Employee benefit expenses	-	51	-	51
Total Non-Current Liabilities	-	51	-	51
Current Liabilities				
Deposits and Margin Received	39,542	-	-	39,542
Settlement Obligation Payable	4,729	-	-	4,729
Accrued Employee benefit expenses	1,95	-	-	1,95
Others Clearing Settlement Liability	11,551	-	-	11,551
Trade Payable	139	-	-	139
Others	6	-	-	6
Total Current Liabilities	56,162	-	-	56,162

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 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 default. 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). Insignificant portion of the Company's revenues insignificant portion are in these foreign currencies, while a significant portion of its costs are in Indian rupees.

While 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, the 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, bonds, government securities and various derivatives. 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 an average, every two months and recommends or provides suggestions 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 had divested its entire holding in Corporate Bonds this year in 2017, 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 exchanges' trading platforms, the number of active traders in the market, ICCL's marketshare in clearing, etc.

- 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 other clearing corporations 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 exchanges 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.

Interoperability of Clearing Corporations

SEBI has issued a Circular regarding implementation of Interoperability of Clearing Corporations, which was implemented during the year. Clearing Members may clear trades executed on exchanges through their preferred Clearing Corporations. While, this may result in an increase in clearing volume of ICCL, there is also a risk that ICCL may lose its clearing volumes to other Clearing Corporations.

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. As per SECC Regulations 2018, "Every recognized clearing corporation shall maintain, at all times, a minimum net worth of one hundred crore rupees or capital as determined under regulation 14(3)(a) and 14(3)(b), whichever is higher." 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, 2020	March 31, 2019	March 31, 2020	March 31, 2019
i) Financial assets				
(a) Measured at Amortised Cost				
Trade receivable	1,397	194	1,397	194
Cash and cash equivalents	65,460	38,191	65,460	38,191
Bank Balances other than Cash and cash Equivalents	59,355	74,182	59,355	74,182
Loans	21	12	21	12
Other financial assets	10,047	4,790	10,047	4,790
ii) Financial Liabilities				
(a) Measured at Amortised Cost				
Trade payables	413	139	413	139
Other financial liabilities	88,348	56,074	88,348	56,074

Level wise disclosure of fair value measurement of financial instruments

₹ in lakh

Particulars	Fair values As at		Fair Value Hierarchy
	March 31, 2020	March 31, 2019	
Financial assets			
Trade receivable	1,397	194	Level 3
Cash and cash equivalents	65,460	38,191	Level 1
Bank Balances other than Cash and cash Equivalents	59,355	74,182	Level 2
Loans	21	12	Level 3
Other financial assets	10,047	4,790	Level 3
Financial Liabilities			
Trade payables	413	139	Level 3
Other financial liabilities	88,348	56,074	Level 3

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

34. 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.

35. Income Tax Expense:

The following are the details of income tax assets as of March 31, 2020, March 31, 2019.

₹ in lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Net Current tax at the beginning (Assets)	1,909	1,357
Current Income Tax provision including earlier tax adjustment	(413)	(359)
Income tax paid (Including TDS)	807	911
Balance at the end	2,303	1,909

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, 2020 and March 31, 2019.

₹ in lakh

Particular	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax from continuing operations	2,618	1,956
Income tax expense calculated at 29.12% & 34.944% respectively (A)	762	684
Adjustment:		
Effect of income that is exempt from taxation	94	167
Effect of expenses that are not deductible in determining taxable profit	(44)	(47)
Effect on deferred tax balances due to the change in income tax rate	(12)	-
Effect of Carried forward losses under tax	710	648
Total (B)	748	768
Adjustments recognised in the current year in relation to the current tax of prior years (C)	-	-

Particular	For the year ended March 31, 2020	For the year ended March 31, 2019
Income tax expense recognised in profit or loss (relating to continuing operations) (A-B-C)	14	(84)

- 36.** The financial statements were approved for issue by the board of directors in their meeting held on April 23, 2020.
- 37.** 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 Dalal Doctor & Associates
Chartered Accountants
Firm Reg. No.: 120833W

For and on behalf of the Board of Directors

S. Sundareshan
Chairman

Devika Shah
Managing Director & CEO

Partner
Membership No.: 116765
Place: Mumbai
Date: April 23, 2020

Nimeshkumar Mistry
Chief Financial Officer

Shilpa Karde
Company Secretary