

Price Waterhouse & Co Chartered Accountants LLP

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

1. We have reviewed the unaudited consolidated financial results of National Stock Exchange of India Limited (the "Parent Company"), its subsidiaries (the Parent Company and its subsidiaries hereinafter referred to as the "Group") and associate companies for the quarter and the half year ended September 30, 2020, which are included in the accompanying Statement of Consolidated Unaudited Financial Results, the Statement of Consolidated Unaudited Assets and Liabilities as on that date and the Statement of Consolidated Unaudited Cash Flows for the half-year ended on that date (the "Statement"). The Statement is being submitted by the Parent Company pursuant to the requirement of Regulation 33 of Securities Contract (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "SECC Regulations") read with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations"), which has been initialed by us for identification purposes.
2. This Statement, which is the responsibility of the Parent Company's Management and has been approved by the Parent Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

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4. The Statement includes the results of the following entities:

Sr. No.	Name	Nature of Relationship
1	NSE Clearing Limited	Subsidiary Company
2	NSE Investments Limited	Subsidiary Company
3	NSE IFSC Limited	Subsidiary Company
4	NSE IFSC Clearing Corporation Limited	Subsidiary's Subsidiary Company
5	NSEIT Limited	Subsidiary's Subsidiary Company
6	NSE Data & Analytics Limited	Subsidiary's Subsidiary Company
7	NSE Indices Limited	Subsidiary's Subsidiary Company
8	NSE Infotech Services Limited	Subsidiary's Subsidiary Company
9	NSE.IT (US) Inc.	Subsidiary's Subsidiary's Subsidiary Company
10	Aujas Networks Private Limited	Subsidiary's Subsidiary's Subsidiary Company
11	NSE Academy Limited	Subsidiary's Subsidiary Company
12	NSE Foundation	Subsidiary Company
13	National Securities Depository Limited	Associate Company
14	Power Exchange India Limited	Subsidiary's Associate
15	NSDL e-Governance Infrastructure Limited	Subsidiary's Associate
16	Market Simplified India Limited	Subsidiary's Associate
17	Receivables Exchange of India Limited	Subsidiary's Associate

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SECC Regulations read with Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We draw your attention to Note 5 to the Statement, relating to contingent liability, that describes the Orders issued by the Securities and Exchange Board of India (SEBI) on April 30, 2019 wherein disgorgement/demand aggregating Rs. 687.47 crores (excluding interest thereon at 12% p.a. from April 1, 2014 till the actual date of payment for one order and from September 11, 2015 till the actual date of payment for second order) has been raised against the Parent Company pursuant to an investigation conducted in relation to preferential access to tick by tick data at the Parent Company's Colocation facility, Dark Fiber point to point connectivity and Governance and related matters. SEBI has further directed the Parent Company to undertake certain remedial measures, actions and imposed restrictions. The Parent Company has also received Adjudication notices covering identical matters, facts, circumstances and grounds as stated in each of the above orders, which are currently pending for hearing before SEBI. The Parent Company has deposited Rs 687.47 crores with SEBI in respect of these orders and continues to transfer revenues emanating from the colocation facility to a separate bank account, which are then invested along with accruals thereon and have been shown under restricted/earmarked investments and bank balances. The Parent Company has filed appeals to contest the aforesaid orders with the Hon'ble Securities Appellate Tribunal, the future outcome of which is uncertain at this stage. Based on the legal opinion obtained by the Parent Company, no provision for any liability has been made towards the aforesaid demand from the Orders, including any monetary penalty from the pending Adjudication proceedings in the Statement. Our conclusion on the Statement is not modified in respect of above matters.
7. We did not review the interim financial information of two subsidiaries and consolidated financial information of two subsidiaries included in the consolidated unaudited financial results, whose

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interim financial information reflect total assets of Rs. 15,292.45 crores and net assets of Rs. 4,166.71 crores as at September 30, 2020 and total revenues of Rs. 287.61 crores and Rs. 523.36 crores, total net profit after tax of Rs. 1,613.45 crores and Rs. 1,708.75 crores and total comprehensive income of Rs. 1,611.37 crores and Rs. 1,705.84 crores, for the quarter and half year ended September 30, 2020, respectively, and net cash outflows of Rs. 479.56 crores for the half year ended September 30, 2020, as considered in the consolidated unaudited financial results. These interim financial information have been reviewed by other auditors in accordance with SRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and their reports dated October 26, 2020, October 27, 2020, October 28, 2020 and November 02, 2020 vide which they have issued an unmodified conclusion, have been furnished to us by the Parent Company's Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above. Our conclusion on the Statement is not modified in respect of these matters.

8. The consolidated unaudited financial results includes the interim financial information of one subsidiary which have not been reviewed by their auditors, whose interim financial information reflect total assets of Rs. 2.30 crores and net assets of Rs. 1.95 crores as at September 30, 2020 and total revenues of Rs. 0.10 crores and Rs. 0.23 crores, total net profit after tax of Rs. 0.03 crores and Rs. 0.11 crores and total comprehensive income of Rs. 0.03 crores and Rs. 0.11 crores for the quarter and half year ended September 30, 2020, respectively, and net cash inflows of Rs. 0.36 crores for the half year ended September 30, 2020, as considered in the consolidated unaudited financial results. The consolidated unaudited financial results also includes the Group's share of net profit after tax of Rs. 8.65 crores and Rs. 16.14 crores and total comprehensive income of Rs. 8.59 crores and Rs. 16.15 crores for the quarter and half year ended September 30, 2020, respectively, as considered in the consolidated unaudited financial results, in respect of one associate, based on their interim financial information which have not been reviewed by their auditors. The consolidated unaudited financial results do not include the Group's share of total comprehensive income/loss in respect of two associate companies in which the investment of Rs. 24.56 crores made by the Group has been fully provided for towards diminution in its value. According to the information and explanations given to us by the Parent Company's Management, these interim financial information are not material to the Group. Our conclusion on the Statement is not modified in respect of the above matters.

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



Sumit Seth
Partner
Membership Number 105869
UDIN: 20105869AAAABH7661
Place: Mumbai
Date: November 6, 2020



NATIONAL STOCK EXCHANGE OF INDIA LIMITED

CIN : U67120MH1992PLC069769



STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2020

Sr. No. Particulars	(Rs. in crores unless otherwise stated)					
	Quarter ended			Half year ended		Year ended
	30.09.2020 Unaudited	30.06.2020 Unaudited	30.09.2019 Unaudited	30.09.2020 Unaudited	30.09.2019 Unaudited	31.03.2020 Audited
1 Income						
(a) Revenue from operations	1,287.38	1,073.55	859.46	2,360.93	1,671.79	3,507.93
(b) Other Income	112.75	183.84	112.39	296.59	239.31	389.59
Total Income	1,400.13	1,257.39	971.85	2,657.52	1,911.10	3,897.52
2 Expenses						
(a) Employee benefits expense	116.72	114.80	103.98	231.52	205.76	429.90
(b) Depreciation and amortisation expense	51.51	47.72	44.06	99.23	84.70	180.78
(c) Other expenses	220.94	174.65	187.87	395.59	374.37	812.08
Total expenses	389.17	337.17	335.91	726.34	664.83	1,422.76
3 Profit before exceptional item, share of net profits of investments accounted for using equity method and tax (1-2)	1,010.96	920.22	635.94	1,931.18	1,246.27	2,474.76
4 Share of net profit of associates accounted by using equity method	16.74	9.42	32.05	26.16	60.50	112.57
5 Profit before exceptional item and tax (3+4)	1,027.70	929.64	667.99	1,957.34	1,306.77	2,587.33
6 Exceptional item Add : Profit on sale of investment in Computer Age Management Services Limited (Refer note 7)	1,729.55	-	-	1,729.55	-	-
7 Profit before contribution to Core Settlement guarantee fund and tax (5+6)	2,757.25	929.64	667.99	3,686.89	1,306.77	2,587.33
8 Less: Contribution to Core Settlement guarantee fund (Core SGF)	-	6.99	-	6.99	-	62.08
9 Profit before tax (7-8)	2,757.25	922.65	667.99	3,679.90	1,306.77	2,525.25
10 Less: Income Tax expense						
(a) Current tax	480.87	207.38	114.94	688.25	331.44	663.89
(b) Deferred tax	(0.07)	8.93	(1.49)	8.86	(5.20)	(23.42)
Total Tax expenses	480.80	216.31	113.45	697.11	326.24	640.47
11 Profit for the period / year (9-10)	2,276.45	706.34	554.54	2,982.79	980.53	1,884.78
12 Other Comprehensive Income						
(a) <i>Items that will be reclassified to profit or loss (net of tax)</i>						
Changes in fair value of FVOCI debt instruments	(0.35)	12.57	4.61	12.22	16.52	20.14
Changes in foreign currency translation reserve	(2.13)	0.13	1.72	(2.00)	1.74	7.47
(b) <i>Items that will not be reclassified to profit or loss (net of tax)</i>						
Remeasurements of post-employment benefit obligations	1.99	(3.59)	(0.41)	(1.60)	(2.77)	(5.81)
Changes in fair value of FVOCI equity instruments	(0.70)	0.80	4.07	0.10	6.13	(8.91)
Share of other comprehensive income of associates accounted for using the equity method	(0.30)	(0.17)	-	(0.47)	(0.11)	(0.86)
Total other comprehensive income / (loss) for the period / year, net of taxes	(1.49)	9.74	9.99	8.25	21.51	12.03
13 Total comprehensive income for the period / year (11+12)	2,274.96	716.08	564.53	2,991.04	1,002.04	1,896.81
14 Profit attributable to :						
Owners of National Stock Exchange of India Limited	2,276.47	706.33	554.60	2,982.80	980.71	1,885.04
Non-Controlling Interests	(0.02)	0.01	(0.06)	(0.01)	(0.18)	(0.26)
15 Other comprehensive income/(loss) attributable to :						
Owners of National Stock Exchange of India Limited	(1.49)	9.74	9.99	8.25	21.51	12.02
Non-Controlling Interests	-	-	-	-	-	0.01
16 Paid-up equity share capital (Face value Re. 1 per share)	49.50	49.50	49.50	49.50	49.50	49.50
17 Reserves (excluding Revaluation Reserve)						8,571.76
18 Earnings per equity share (EPS) (Face Value Re. 1 each) - Basic and Diluted (Rs.)	45.99*	14.27 *	11.20*	60.26 *	19.81*	38.08

* Not annualised

Segment Information

(a) Description of segments and principal activities

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO of the Parent Company. The Group has identified the following segments i.e. Trading Services, Clearing Services, Data Feed, Index Licensing and Strategic Investment as reporting segments based on the information reviewed by CODM.

1: **Trading Services** : This part of the business/offers services related to trading in equity, equity derivatives, debt, currency derivatives and commodity derivatives segments. Revenue includes transaction charges, listing & book building fees, revenue from data centre charges etc.

2: **Clearing Services** : This part of the business/offers clearing and settlement of the trades executed in the capital markets, future & options, currency derivatives and commodity derivatives segments.

3: **Data Feed Services** : This part of business/offers services related to dissemination of price, volume, order book and trade data relating to securities and various indices to the stock and commodity brokers.

4: **Index Licensing Fees** : This part of the business primarily provides indices and related products and services to various participants in capital market in India.

5: **Strategic Investments** : This part of business is related to making or holding all strategic investments in the equity shares and / or other securities of various group companies.

6: Other segments includes End to End Solution, E-learning Solutions, Web Trading, IT services, IT Process Support charges, Software Application development, and IT security services. The results of these operations are included in the "Other Segments".

The above business segments have been identified considering :

- a) the nature of products and services
- b) the differing risks
- c) the internal organisation and management structure, and
- d) the internal financial reporting systems.

The segment information presented is in accordance with the accounting policies adopted for preparing the consolidated financial statements of the Group. Segment revenues, expenses and results include inter-segment transfers. Such transfers are undertaken either at competitive market prices charged to unaffiliated customers for similar goods or at contracted rates. These transfers are eliminated on consolidation.

(b) Segment Revenue :

Transactions between segments are carried out at arms length and are eliminated on consolidation. Segment revenue is measured in the same way as in the statement of profit or loss. Revenue and expenses which relate to the enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as Unallocable. The CODM primarily uses a measure of profit before tax to assess the performance of the operating segments.

(Rs. Crs)

Segments	For the quarter ended 30th September, 2020				For the quarter ended 30th June, 2020				For the quarter ended 30th September, 2019				For the half ended 30th September, 2020				For the half ended 30th September, 2019				For the year ended 31st March, 2020				
	Segment Revenue	Inter-segment revenue	Revenue from external customers	Segment Results	Segment Revenue	Inter-segment revenue	Revenue from external customers	Segment Results	Segment Revenue	Inter-segment revenue	Revenue from external customers	Segment Results	Segment Revenue	Inter-segment revenue	Revenue from external customers	Segment Results	Segment Revenue	Inter-segment revenue	Revenue from external customers	Segment Results	Segment Revenue	Inter-segment revenue	Revenue from external customers	Segment Results	
Trading Services	1,100.39	12.76	1,087.63	840.15	934.52	13.05	921.47	708.53	696.18	11.94	684.24	505.57	2,034.91	25.81	2,009.10	1,548.68	1,322.08	22.08	1,300.00	941.91	2,832.41	46.48	2,785.93	1,964.21	
Clearing Services	119.70	57.83	61.87	34.64	100.82	51.47	49.35	25.15	85.68	43.66	42.02	22.08	220.52	109.30	111.22	59.79	169.05	80.67	88.38	45.73	366.83	170.23	196.60	102.00	
Data feed Services	32.97	0.39	32.58	32.58	29.54	0.28	29.26	25.26	22.96	8.20	14.76	12.49	62.51	0.67	61.84	57.84	52.00	13.80	38.20	35.69	101.48	0.56	100.91	96.91	
Index Licensing Services	36.20	8.18	28.02	26.08	34.42	8.32	26.10	23.84	28.66	5.56	23.10	20.93	70.62	16.50	54.12	49.92	53.94	10.07	43.87	39.61	113.26	21.74	91.52	82.38	
Strategic Investments	102.70	102.70	-	0.31	-	-	-	(1.39)	14.99	14.99	-	(0.52)	102.70	102.70	-	(1.07)	79.24	79.24	-	(1.10)	82.52	82.52	-	(2.22)	
Other Segments	98.42	21.14	77.28	(35.43)	65.57	18.20	47.37	(44.87)	112.48	17.14	95.34	(36.86)	163.98	39.33	124.65	(80.30)	233.11	31.77	201.34	(54.60)	468.06	135.08	332.97	(158.55)	
Total	1,490.38	203.00	1,287.38	898.33	1,164.87	91.32	1,073.55	736.52	960.95	101.49	859.46	523.69	2,655.24	294.31	2,360.93	1,634.86	1,909.42	237.63	1,671.79	1,007.24	3,964.56	456.61	3,507.93	2,084.73	
Add: Unallocable income (Net of Expenses)			76.34		36.29		159.29		24.41		55.42				235.62				127.86					170.44	
Add: Interest income																								219.59	
Profit before, share of net profits of investments accounted for using equity method, profit on sale of investment, contribution to Core Settlement Guarantee Fund and tax					1,010.96				920.22						1,931.18										2,474.76
Add: Share of profit (net) of Associates accounted by using equity method					16.74				9.42							26.16				60.50					112.57
Profit before, profit on sale of investment, contribution to Core Settlement Guarantee Fund and tax					1,027.70				929.64						1,957.34					1,306.77					2,587.33
Add: Profit on sale of investment in Computer Age Management Services Limited					1,729.55				-							1,729.55				-					-
Profit before contribution to Core Settlement Guarantee Fund and tax					2,757.25				929.64						3,686.89					1,306.77					2,587.33
Less: Contribution to Core Settlement guarantee fund (Core SGF)					-				(6.99)							(6.99)				-					(62.08)
Profit before Tax					2,757.25				922.65						3,679.90					1,306.77					2,525.25
Less: Tax Expense:																									
Current Tax					(480.87)				(207.38)							(688.25)				(331.44)					(663.89)
Deferred Tax					0.07				(8.93)							(8.86)				5.20					23.42
Total Tax Expenses					(480.80)				(216.31)							(697.11)				(326.24)					(640.47)
Net profit after tax					2,276.45				706.34						2,982.79					980.53					1,884.78

(c) Segment Assets :

Segment assets are measured in the same way as in the Balance Sheet. These assets are allocated based on the operations of the segment.

(Rs. Crs)

Segments	30.09.2020	30.09.2019	31.03.2020
Trading Services	2,571.41	2,548.98	2,511.80
Clearing Services *	10,517.56	7,382.55	13,093.52
Datafeed Services	10.84	23.06	10.94
Index Licensing Services	16.68	18.85	15.37
Strategic Investments	531.48	870.68	872.13
Other Segments	322.96	420.44	309.31
Total Segment Assets	13,970.93	11,264.56	16,813.07
Unallocable Assets	11,616.13	7,045.51	7,357.26
Total Assets	25,587.06	18,310.07	24,170.33

There are no non current assets situated outside India.

Investments held by the Group are not considered to be segment assets but are managed by the treasury function. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as unallocable. Interest income are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

* Segment Asset include amount pertaining to Core SGF maintained by NSE Clearing Limited and NSE IFSC Clearing Corporation Limited (NSE IFSC CC) as follows:

(Rs. Crs)

Particulars	30.09.2020	30.09.2019	31.03.2020
Contribution to Core SGF	3,380.31	2,961.48	3,149.13
Contribution to SGF - Commodity Derivatives	250.00	250.00	250.00
Contribution to Core SGF - NSE IFSC CC	9.73	8.67	9.34

(d) Segment Liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

(Rs. Crs)

Segments	30.09.2020	30.09.2019	31.03.2020
Trading Services	2,878.73	2,343.50	1,773.79
Clearing Services	10,450.98	6,957.85	13,006.01
Datafeed Services	8.52	23.59	8.85
Index Licensing Services	9.93	9.41	2.23
Strategic Investments	1.15	0.70	2.00
Other Segments	135.70	140.98	122.02
Total Segment Liabilities	13,485.01	9,476.03	14,914.90
Unallocable Liabilities	1,054.44	521.46	633.34
Core Settlement Guarantee Fund	(3,658.20)	(3,236.54)	(3,426.67)
Total Liabilities	10,881.25	6,760.95	12,121.57

NATIONAL STOCK EXCHANGE OF INDIA LIMITED
STATEMENT OF CONSOLIDATED UNAUDITED ASSETS AND LIABILITIES

(Rs. in crores unless otherwise stated)

Particulars	As at 30.09.2020 Unaudited	As at 31.03.2020 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	536.61	497.39
Right of Use Asset	124.63	130.29
Capital work-in-progress	4.57	34.25
Goodwill	132.59	128.56
Other intangible assets	90.20	100.17
Intangible assets under development	90.66	80.11
Investment in associates accounted for using the equity method	450.45	424.76
Financial assets		
- Investments	2,559.72	2,518.39
- Other financial assets		
Non-current bank balances	1,072.45	770.82
Others	126.95	61.58
Income tax assets (net)	507.38	504.53
Deferred tax assets (net)	5.65	29.96
Other non-current assets	743.60	723.70
Total non-current assets	6,445.46	6,004.51
Current assets		
Financial assets		
- Investments	5,386.88	3,577.94
- Trade receivables	671.55	652.11
- Cash and cash equivalents*	8,745.47	9,237.90
- Bank balances other than cash and cash equivalents*	3,757.57	3,300.49
* Includes Rs. 5,928.12 crores (Previous Year : Rs.8,702.82 crores) pertaining to Settlement obligation and margin money from members		
- Other financial assets	433.63	772.27
Other current assets	146.50	185.11
Total current assets	19,141.60	17,725.82
Assets classified as held for sale	-	440.00
TOTAL ASSETS	25,587.06	24,170.33
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	49.50	49.50
Other equity	10,997.82	8,571.76
Equity attributable to owners of National Stock Exchange of India Limited	11,047.32	8,621.26
Non Controlling Interest	0.18	0.73
TOTAL EQUITY	11,047.50	8,621.99
CORE SETTLEMENT GUARANTEE FUND		
- Core Settlement Guarantee Fund paid	3,390.04	3,158.47
- Core Settlement Guarantee Fund payable	18.16	18.20
- Settlement Guarantee Fund paid - Commodity Derivatives	250.00	250.00
	3,658.20	3,426.67
Investor Protection Fund	0.11	0.10
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Lease Liabilities	49.11	54.05
Provisions	23.63	34.84
Deferred tax liabilities (net)	139.60	152.25
Contract Liabilities	17.72	16.54
Other non-current liabilities	5.41	5.41
Total non-current liabilities	235.47	263.09
Current liabilities		
Financial liabilities		
- Lease liabilities	16.10	14.92
- Deposits	1,863.77	1,884.01
- Trade Payables		
Total Outstanding dues of micro enterprises and small enterprises	0.39	1.21
Total Outstanding dues of creditors other than micro enterprises and small enterprises	163.30	165.25
- Other Financial liabilities*	6,268.92	8,996.21
* Includes Rs. 5,928.12 crores (Previous Year : Rs.8,702.82 crores) pertaining to Settlement obligation and margin money from members	8,312.48	11,061.60
Provisions	74.99	87.11
Contract Liabilities	0.39	0.31
Income tax liabilities (net)	489.78	197.25
Other current liabilities	1,768.14	512.21
Total current liabilities	10,645.78	11,858.48
TOTAL LIABILITIES	10,881.25	12,121.57
TOTAL EQUITY AND LIABILITIES	25,587.06	24,170.33

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

STATEMENT OF CONSOLIDATED UNAUDITED CASH FLOWS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2020

	(Rs.in Crores)	
	For the half year ended 30.09.2020 (Unaudited)	For the half year ended 30.09.2019 (Unaudited)
A) CASH FLOWS FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX	3,679.90	1,306.77
Adjustments for		
Depreciation and amortisation expense	99.23	84.70
Interest income from financial assets at amortised cost	(43.32)	(91.05)
Interest Income from investments	(137.29)	(121.60)
Interest income from investments designated at FVOCI	(17.38)	(20.13)
Rental income	(3.15)	(2.62)
Dividend income from other investments	(0.02)	-
Net fair value gain on financial assets mandatorily measured at FVPL	(133.74)	(22.68)
Net gain on sale of financial assets measured at FVOCI	(2.10)	(0.73)
Net gain on sale of financial assets mandatorily measured at FVPL	(91.80)	(96.32)
Provision for doubtful debts	3.46	4.05
Share of net profit of associates accounted by using equity method	(26.16)	(60.50)
Profit on sale of investment in Computer Age Management Services Limited	(1,729.55)	-
Interest on Lease Liability	3.41	3.74
Change in operating assets and liabilities		
(Increase)/Decrease in trade receivables	(22.89)	(98.38)
Increase/(Decrease) in trade payables	(2.77)	69.03
(Increase)/Decrease in other financial assets	(25.25)	(13.01)
(Increase)/Decrease in other assets	43.18	(709.84)
Increase/(Decrease) in other financial liabilities	(2,746.63)	(3,171.36)
Increase/(Decrease) in provisions	(25.49)	(7.07)
Increase/(Decrease) in other liabilities	1,257.19	694.42
(Refund) / proceeds of deposits	(20.24)	(17.25)
Change in Core Settlement Guarantee Fund balance	211.05	178.96
CASH GENERATED / (USED) FROM OPERATIONS	269.64	(2,090.87)
Income taxes paid	(398.57)	(337.70)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES - TOTAL (A)	(128.93)	(2,428.57)
B) CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(123.30)	(162.00)
Proceeds from rental income	3.15	2.62
(Payment) / proceeds from investments (Net)	(1,379.75)	137.43
Proceeds on sale of investment in Computer Age Management Services Limited	2,169.52	-
(Payment) / proceeds from investments in deposits with financial institutions (Net)	3.87	(50.00)
(Payment) / proceeds from fixed deposits / Bank balances other than cash & cash equivalents (Net)	(743.04)	(349.86)
Interest received	268.36	179.45
Dividend received (including dividend from associate companies)	0.02	5.49
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES - TOTAL (B)	198.83	(236.87)
C) CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid (including dividend distribution tax)	(544.50)	(477.37)
Acquisition of non controlling interest in subsidiary	(5.70)	(4.41)
Payment of Lease Liability	(8.72)	(3.81)
Interest on Lease Liability	(3.41)	(3.74)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES - TOTAL (C)	(562.33)	(489.33)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	(492.43)	(3,154.77)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD *	9,237.90	6,515.84
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD *	8,745.47	3,361.07
* Includes amount received from members towards settlement obligation and margin money.		
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT	(492.43)	(3,154.77)
Reconciliation of cash and cash equivalents as per the cash flow statement		
Cash and cash equivalents as per above comprise of the following		
Cash and cash equivalents	8,745.47	3,361.07
Bank overdrafts	-	-
Balances per statement of cash flows	8,745.47	3,361.07

Notes :

1 The above Consolidated Unaudited Financial Results for the quarter and half year ended September 30, 2020 have been reviewed by the Audit Committee in its meeting held on November 5, 2020 and approved by the Board of Directors in its meeting held on November 6, 2020. The financial results for the quarter and half year ended September 30, 2020 were reviewed by the Statutory Auditors of the Company.

2 The Company has paid final dividend of Rs. 544.50 crores during the quarter ended September 30, 2020, approved by the shareholders in Annual General Meeting held on September 25, 2020.

3 a) In case of NSE Clearing Limited (NCL), Securities and Exchange Board of India, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, inter alia, has issued norms related to the computation and Minimum Required Contribution (MRC) to the Core Settlement Guarantee Fund by the Clearing Corporation (minimum 50%), Stock Exchange (minimum 25%) and members (maximum 25%). Further SEBI vide circular CIR/CFD/FAC/62/2016 dated May 05, 2016 advised Stock Exchange to transfer 25% of its annual profits to Core SGF. Accordingly, total Core SGF as on September 30, 2020 is Rs.3,380.31 crores comprising of: a) Rs.762.66 crores contributed by NSE Clearing Ltd (NCL) by appropriating reserves / profits, b) Rs.373.65 crores received from National Stock Exchange of India Limited towards Core SGF, c) Member's contribution to Core SGF amounting to Rs.364.43 crores is utilised out of the amount received from NSE towards 25% of its annual profits upto August 2015, d) The balance amount of 25% of Exchange profits amounting to Rs.327.51 crores is credited to Core SGF, e) Rs.128.84 crores, Rs.76.35 crores and Rs.75.07 crores adjusted towards incremental requirement of Minimum Required Corpus (MRC) from the interest accrual on the cash contribution by NCL, NSE and NSE's Contribution on behalf of members respectively. In addition to the above, Fines & penalties collected by NCL amounting to Rs.755.71 crores and an amount of Rs.516.08 crores being Income from investments of Core SGF funds have been credited to Core SGF.

NCL's own contribution to Core SGF for the quarter ended September 2020, June 2020 and September 2019 amounting to Rs.Nil, Rs.28.20 crores and Rs.Nil respectively and for the half year ended September 2020 and September 2019 is Rs.28.20 crores and Rs.Nil respectively (For year ended March 2020 Rs.Nil) have been appropriated out of profits.

Further incremental requirement of Contribution to core SGF adjusted from interest on respective investments for quarter ended September 2020 is Nil and for quarter ended June 2020 was Rs.115.94 crores (from NCL Rs.59.80 crores, NSE Rs.29.09 crores and NSE on behalf of members Rs.27.05 crores). Also interest on investment of balance amount of 25% of Exchange profits amounting to Rs.14.91 crores and Rs.16.95 Crores adjusted for Incremental Contribution of NSE and NSE on behalf of members respectively. Further incremental contribution for Quarter ended September 2020 was Rs. Nil.

Also incremental requirement of Contribution to core SGF of Rs.18 Crores for Year ended March 2020 (from NCL Rs.9 crores, NSE Rs.4 crores and NSE on behalf of members Rs.5 crores) had been adjusted from interest on respective investments.

b) In case of NSE IFSC Clearing Corporation (NICCL), SEBI vide circular no. SEBI/HO/MRD/DSA/ CIR / P/2016/125 dated November 28, 2016 has issued norms for set up of a fund and minimum corpus of such fund to guarantee the settlement of trades executed in the stock exchanges in International Financial Service Centre (IFSC). Accordingly, total Core SGF as on September 30, 2020 of NSE IFSC Clearing Corporation (NICCL) is Rs.9.73 crores comprising of Rs.9.34 crores contributed by NICCL by appropriating reserves / profits and Fines & penalties collected by NICCL amounting to Rs.0.03 crores & an amount of Rs.0.34 crores being Income from investments of Core SGF funds have been credited to Core SGF. Further, NSE IFSC Clearing Corporation Limited contribution to its Core SGF for the quarter ended September 2020, June 2020 and September 2019 amounting to Rs. NIL , Rs. 0.50 crores and Rs. 0.50 crores, respectively and for half year ended September 2020 and September 2019 amounting to Rs. 0.50 crore and Rs.0.50 crores respectively. (for year ended March 31, 2020 is Rs.0.50 crores).

c) During the year ended March 31 2019, NSE Clearing Limited, the subsidiary Company, had received approval from SEBI to start clearing & settlement activities in Commodity Derivatives and commenced operations from October 12, 2018. As required by SEBI, an amount of Rs.250 crores has been earmarked towards a separate fund to augment Settlement Guarantee Fund for Commodity Derivatives by way of appropriation from General Reserves. Further, NCL has also earmarked investments amounting to Rs.250 crores in this regard.

4 During the quarter ended September 30, 2020, NSE Clearing Limited (NCL), the subsidiary Company, has given additional bank guarantee of Rs.250 crores (previous year Rs.500 crores) in favour of ICCL towards Inter CCP collateral under interoperability framework as prescribed by SEBI. Total bank guarantee amount as on September 30, 2020 is Rs.750 crores (previous year Rs.500 crores).

5 Securities and Exchange Board of India (SEBI) had directed NSE to carry out an investigation including forensic examination by independent external agencies in respect of certain aspects of NSE's Colocation facility. NSE got the investigation carried out and submitted the reports to SEBI. Further, SEBI had directed that pending completion of the investigations, all revenues emanating from the colocation facility with effect from September 2016 be transferred to a separate bank account. Accordingly, as of September 30, 2020, an amount of Rs. 4,606.01 crores (March 31, 2020 Rs. 3,606.73 crores) was transferred to a separate bank account and then have been invested in accordance with Board of directors approved investment policy and procedures. These investments along with accruals there on have been shown under restricted / earmarked investments and bank balances.

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

The Company having received the orders passed by SEBI sought legal advice thereon and preferred an appeal against the said SEBI Orders. Hon'ble SAT vide its interim order has stayed the disgorgement of the amount, however it directed the Company to transfer the amount of Rs. 624.89 crores in the Colocation matter and Rs. 62.58 crores in the Dark Fibre matter totaling to Rs. 687.47 crores to SEBI which has been remitted by the Company on June 13, 2019 out of the total earmarked investments as indicated above. Accordingly, as on September 30, 2020 the total earmarked investment including income accrued thereon stood at Rs. 4,429.25 crores (March 31, 2020 Rs. 3,288.86 crores). Further, the Company is also directed to continue to transfer all revenues emanating from its co-location facility to a separate bank account. With respect to Governance and related matters, Hon'ble SAT vide its interim order has kept the directions passed in the SEBI order in abeyance.

The Company believes that it has strong grounds to contest the above orders including monetary liability (including from pending adjudication proceedings) raised by SEBI. Accordingly, no provision for any liability in this regard is considered necessary in the financial results as of and for the half year ended September 30, 2020.

6 The Company is in receipt of SEBI Show Cause Notice dated October 9, 2019 (bearing reference no. MRD/DSA-I/VA/SKS/26772/1/2019) and a Supplementary notice dated December 16, 2019 (bearing no. MRD/DSA-I/VA/SKS/33591/1/2019) alleging violation in relation to certain alleged irregularities in the appointment of Chief Strategic Advisor and his re-designation as 'Group Operating Officer and Advisor to MD' by the former Managing Director & Chief Executive Officer and the sharing of certain internal information pertaining to Company with an alleged third party by former Managing Director & Chief Executive Officer. The Company has sought inspection of records from SEBI in respect of this matter and had also filed a Settlement Application. SEBI vide its letter dated October 27, 2020 has returned NSE's settlement application. However, response from SEBI in respect of the request made by NSE seeking inspection of records is awaited. In view of the same, no provision is presently made/determinable in the financial results.

7 NSE Investments Limited, the subsidiary Company, had acquired 44.99% equity stake in Computer Age Management Services Limited (CAMS) in Financial Year 2013-14. NSE, the holding company, had received a letter dated February 04, 2020 from SEBI, inter alia, stating that NSE should have obtained prior permission from Securities Exchange Board of India (SEBI) for acquisition of equity stake in Computer Age Management Services Limited, through its wholly owned subsidiary NSE Investments Limited (formerly NSE Strategic Investment Corporation Limited) in Financial Year 2013-14 and that it has resulted in violation of Securities Contracts (Regulations) Stock Exchanges and Clearing Corporation (SECC) Regulations, 2018. In the same letter, SEBI directed NSE to divest its entire stake in CAMS (1,82,46,600 shares i.e. 37.50% as on February 04 2020) within a period of 1 year; withdraw its directorship in Computer Age Management Services Limited and not to exercise voting rights and avail any corporate benefits in respect of the shareholding. SEBI has further stated that this is without prejudice to any other action that SEBI may initiate for non-compliance with the Regulation 38(2) of SECC Regulations, 2018 read with Regulation 41(3) of SECC Regulations, 2012.

In view of the above directions of SEBI, as on March 31, 2020, the entire investment of 37.50 % in CAMS was reclassified from 'investment in associate' to ' Assets classified as held for sale' and the same was carried at the lower of carrying amount and fair value as per Indian Accounting Standard (Ind AS) 105 - 'Non-current Assets Held for Sale and Discontinued Operations'.

Pursuant to the said directions of SEBI, NSE had withdrawn its nominee Directors in CAMS and not exercised any voting rights or availed any corporate benefits from the date of the letter. During the three months period ended September 30, 2020 the subsidiary Company has divested its entire stake in CAMS, resulting in net profit of Rs.1,729.55 crores which is shown as an Exceptional item.

During the half year ended September 30, 2020, the company has not received any dividend from CAMS (Previous half year ended September 30, 2019 Rs.11.89 crores and year ended March 31, 2020 Rs.22.27 crores) and related tax expenses is Rs. Nil.

8 During the half year ended September 30, 2020, NSEIT Limited, the subsidiary company, has acquired 79,92,700 equity shares (22,21,017 in quarter ended June 30, 2020) of Re. 1/- each of Aujas Networks Limited, its subsidiary company, for aggregate consideration of INR 5.70 Crores (Rs.1.70 crores in quarter ended June 30, 2020). Accordingly as at September 30, 2020, NSEIT Limited holds 99.29% (97.67% as at June 30, 2020 and 96.84% as at March 31, 2020) of total equity shares of the said subsidiary company.

9 During the half year ended September 30, 2020, NSE Academy Limited, a subsidiary of NSE Investments Limited has entered into a Share Purchase Agreement with the shareholders of Talentsprint Private Limited, an e-learning company, to acquire controlling stake in the said Company. The SEBI has granted its approval to NSE vide letter dated October 15, 2020 for the said acquisition with the condition that the total expected investment amount upto Rs. 260 crores for the proposed acquisition shall be set aside by the Company since the acquisition is planned to be completed in 4 (four) tranches.

10 On October 15, 2020 NSE Data and Analytics Limited, a subsidiary of NSE Investments Limited has entered into a Share Purchase Agreement with the shareholders of Cogencis Information Services Limited to acquire 100% equity shares of the said company for an enterprise value of Rs.140 crores. The SEBI has granted its approval to NSE vide letter dated October 21, 2020 for the said acquisition.

11 During the quarter ended September 2020, National Stock Exchange of India Limited (NSE) and Singapore Stock Exchange (SGX) have entered into an agreement to cement the key terms for operationalising the NSE IFSC-SGX Connect which will bring together international and Gujarat International Finance Tec City (GIIFT) participants to create a bigger liquidity pool for Nifty Products in Gift City and to develop the infrastructure for the NSE IFSC-SGX Connect and ensure member readiness prior to its implementation.

12 The Coronavirus (COVID-19) outbreak is an unprecedented global situation, declared as a 'pandemic' by World Health Organisation. Based on the Group's current assessment, the impact of COVID-19 on its operations and the resultant financial performance except for its education and E-learning business is not likely to be significant. During the quarter and half year, COVID-19 has partially affected test enrolment & registrations, post graduate programmes, examination services etc of education business and substantially affected ITES-Assessment Services (On-Line Examination Services) business operations of E-learning business. Post the unlock advisory issued by the Government, these businesses have started in a limited way. The Group has made an assessment of its liquidity position for a period ended September 30, 2020 of atleast one year from the balance sheet date, of the recoverability and carrying values of its assets and ability to pay its liabilities as they become due and effectiveness of internal control as at balance sheet date and is of the view that there is no material impact or adjustments required to be made in these financial results. The impact assessment of COVID-19 may be different from that presently estimated and the Group will continue to evaluate any significant changes to its operations and its resultant impact on the financial performance.

13 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group is in process of evaluating the financial impact, if any.

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

For and on behalf of the Board of Directors

Place : Mumbai
Date : November 6, 2020

Vikram Limaye
Managing Director & CEO
DIN : 00488534