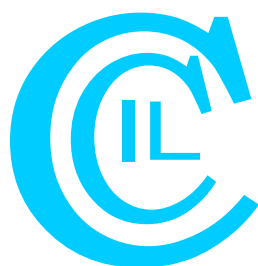


***The Clearing Corporation of India Limited***



***Twentieth Annual Report***

***2020-2021***

**Board of Directors**

**Mr. R. Gandhi (Chairman)**

**Mr. Hare Krishna Jena (Managing Director)**

**Mr. Narayan K Seshadri**

**Mr. G. Sivakumar**

**Mr. B. Prasanna**

**Ms. Meena Hemchandra**

**Mr. S.Vishvanathan**

**Mr. Pradeep Madhav**

**Mr. Ashish Parthasarthy**

**Mr. S.V. Sastry**

**Mr. P.R. Ramesh**

**Mr. Arun Kumar Anand**

**Ms. Radhavi Deshpande**

**Executive Vice President**

**Mr. O. N. Ravi**

**Chief Financial Officer**

**Mr. Deepak Chande**

**Company Secretary and Compliance Officer**

**Mr. Pankaj Srivastava**

**Auditors**

**M/s Kalyaniwalla & Mistry LLP, Chartered Accountants**

**Registered and Corporate Office**

**CCIL Bhavan, S. K. Bole Road, Dadar (West), Mumbai-400 028**

**Tel: 61546200 □ Fax: 24326042 □ Website: [www.ccilindia.com](http://www.ccilindia.com)**

**CIN-U65990MH2001PLC131804**

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## **Board's Report**

### **TO THE MEMBERS,**

The Board of Directors of the Company has pleasure in presenting the Twentieth Annual Report and the Audited Financial Statements of the Company for the financial year ended March 31, 2021.

#### **1. FINANCIAL PERFORMANCE:**

A summary of the Company's financial performance (Standalone and Consolidated) for the financial year ended March 31, 2021 is given below:

#### **Standalone financial performance:**

<b>Particulars</b>	<b>For the financial year ended March 31, 2021 (₹ in Lakhs)</b>	<b>For the financial year ended March 31, 2020 (₹ in Lakhs)</b>
Income	75,722	85,879
Expenditure	15,614	15,829
Profit before depreciation	60,108	70,050
Depreciation	4,131	3,639
Profit before tax	55,977	66,411
Provision for tax including deferred tax	14,348	16,508
Profit after tax	41,629	49,903
Balance brought forward from previous financial year	6,934	6,383
Profit available for appropriation	48,563	56,286
<b>Appropriations:</b>		
Dividend paid on Equity Shares	1,500	1,500
Dividend Distribution Tax paid on Equity Dividend	-	308
Transfer to Settlement Reserve Fund	25,000	20,000
Transfer to Contingency Reserve	7,625	15,044
Transfer to General Reserve	10,000	12,500
Retained Earnings carried to Balance Sheet	4,438	6,934

**Consolidated financial performance:**

Particulars	For the financial year ended March 31, 2021 (₹ in Lakhs)	For the financial year ended March 31, 2020 (₹ in Lakhs)
Income	80,420	89,284
Expenditure	17,853	16,760
Profit before depreciation	62,567	72,524
Depreciation	4,800	4,231
Profit before tax	57,767	68,293
Provision for tax including deferred tax and tax adjustments pertaining to earlier financial years	14,814	17,009
Profit after tax	42,953	51,284

The Company has created a 'Settlement Reserve Fund' and has been appropriating part of the profits to the fund from time to time to ensure that there are sufficient assigned financial resources for meeting claims arising out of participant(s) default/s.

In the financial year 2016-17, the Company has also created a separate fund named as 'Contingency Reserve Fund' for meeting non-default losses. Further, all the Charges received towards penalty from the Members, including the charges transferred to the Settlement Reserve Fund till date, are part of the Contingency Reserve Fund.

In the previous financial year, an amount of ₹ 15,044 Lakhs was appropriated to the Contingency Reserve Fund (including Penalty Charges of ₹ 44 Lakhs). In the current financial year, the Company has transferred ₹ 7,625 Lakhs to the Contingency Reserve Fund (including Penalty Charges amounting to ₹ 43 Lakhs), making the balance lying to the credit of the Contingency Reserve Fund at ₹ 77,900 Lakhs.

In the previous financial year, an amount of ₹ 20,000 Lakhs was appropriated to the Settlement Reserve Fund. In the current financial year, the Company has transferred ₹ 25,000 Lakhs to the Settlement Reserve Fund, making the balance lying to the credit of the Settlement Reserve Fund at ₹ 1,75,000 Lakhs.

## **2. DIVIDEND:**

The Directors have recommended the payment of dividend at 8.5 % per annum (₹ 0.85 per share) on the 8.5% Redeemable Non-convertible Cumulative Preference Shares (RNCPS-II) for the financial year ended 31<sup>st</sup> March 2021 aggregating to ₹ 425 Lakhs.

The Directors have also recommended dividend at the rate of 30 % amounting to ₹ 3 per equity share of ₹10 each (previous financial year – 30 % amounting to ₹ 3 per share) and aggregating to ₹ 1500 Lakhs, for the financial year ended March 31, 2021 (previous financial year ₹ 1500 lakhs).

## **3. CREDIT RATING:**

The Company had obtained a credit rating from CARE to facilitate the issue of 8.5 % Redeemable Non-Convertible Cumulative Preference Shares (RNCPS-II). CARE has assigned ‘CARE AAA (RPS)’ [Triple A] Stable rating to the 8.5% Redeemable Non-Convertible Cumulative Preference shares instrument. As per CARE rating definition, the instrument with this rating is considered to have the highest degree of safety regarding timely servicing of debt obligations. Such instruments carry minimal credit risk. After review of the Company’s recent financial performance and developments, the rating agency retained the existing ‘CARE AAA (RPS)’ [Triple A] Stable rating to the 8.5% Redeemable Non-convertible Cumulative Preference Shares (RNCPS-II).

Additionally, as per the last review, the Credit rating agency ICRA Limited (“ICRA”), had assigned the Issuer Rating of [ICRA] AAA (pronounced as ICRA triple A) which is considered to have the highest degree of safety regarding timely servicing of financial obligations and also carries lowest credit risk.

#### **4. ECONOMIC AND BUSINESS DEVELOPMENTS:**

The year started with the onset of COVID-19 pandemic and has witnessed the global economy plummeting into the depths in the first half of 2020 and then gradually recovering during the second half of the year. The launch of the vaccination program initially in the United States and then gradually in Europe and Asia has brought some ray of hope from the pandemic. However, the renewed waves and the new variants of the virus and the accompanying instances of lockdown and unequal access to vaccines have continued to bring in bouts of uncertainty to economic growth. Global growth during 2020, which was forecast to contract by 4.4% in the October 2020 World Economic Outlook (WEO) is expected to contract by 3.3% in the latest update of the WEO. The fiscal support and monetary accommodation extended by governments during the pandemic and the vaccine-powered recovery in a few large economies have helped to dent the contraction during 2020 and is expected to propel the global growth to 6% in 2021. Amongst the major economies, the United States and China are expected to grow by 5.1% and 8.4% respectively during 2021.

India's economic recovery was moving on the road to growth in the third and fourth quarter of the financial year 2020-21, based on high frequency indicators like vehicle sales, GST collections, railway freight traffic etc. The National Statistical Office (NSO) in its second advance estimates for the financial year 2020-21 has placed India's real gross domestic product (GDP) contraction at 8%, which can be considered as a recovery compared to a contraction of 23.9% recorded in the first quarter of the financial year 2020-21. After the mega contraction of the first quarter, India was expected to be on the road to a V-shaped recovery supported by the continued improvement in growth numbers in the second and third quarter. However, there has been a surge again in the infections since March 2021 creating a road block to the recovery, bringing in a measure of uncertainty to the growth story. Lockdown measures implemented across various states is leading to reverse migration of labor, supply chain disruptions, and the expected fall in consumption and business activity could have a deep impact on the near-term economic activity.

During the financial year 2020-21, RBI continued to lend support to the financial markets participants, lenders (banks, NBFCs, AIFI, HFCs, MFs) and borrowers (retail, corporates and institutions). Borrowers, both at the corporate and retail levels were given loan moratoriums for a specified period of time.

Borrowers, both at the corporate and retail levels were given loan moratoriums for a specified period of time. Asset classification norms were eased for banks and there was rationalization of risk weights for retail loans. Special refinance facilities were provided to all India Financial Institutions like NABARD, SIDBI, EXIM Bank, NHB etc. In October 2020, the central bank further extended the scope of its Targeted Long Term Repo Operations (TLTRO) to an On-Tap TLTRO programme in order to focus on revival of activity in specific sectors that have both backward and forward linkages, and multiplier effects on growth. In addition to the investment in Corporate Bonds, Commercial Papers, Non-Convertible Debentures, borrowings under TLTRO at a floating rate linked to the Repo, could also be used by the banks to provide credit to stressed sectors and NBFCs. To provide sustained support to the government securities market, Held to maturity (HTM) limits were raised, Open Market Operations (OMO)s were conducted in State Development Loans (SDLs). Further, in order to provide support to the government securities market, RBI, in April 2021 announced a secondary market government security acquisition programme (GSAP 1.0) under which the central bank will purchase government securities worth ₹ 1 trillion from the secondary market in the first quarter of financial year 2021-22.

Following the series of rate cuts in financial year 2019-20, RBI cut the reverse repo rate by 0.25% in April 2020 and further affected a 0.40% cut across all the policy rates in its May 2020 policy. Subsequently, the policy rates have remained unchanged throughout the fiscal. The Monetary Policy Committee (MPC) has remained steadfast in its policy of maintaining an accommodative stance as long as necessary, to revive growth on a durable basis and mitigate the impact of COVID-19 on the economy, while ensuring stable inflation levels.

The uncertainty and tumult that accompanied the initial days of the COVID-19 pandemic had an immediate and drastic impact on the rupee and it touched an all-time low of ₹ 76.81 on April 22, 2020. However, the stabilization in the number of cases of COVID-19 infections, along with the gradual reopening of the various sectors of the economy has brought about a semblance of normalcy to the market. The pick-up in economic activity, the vaccination drive in India and indications of positive macro numbers saw the rupee touch its highest level for the year at ₹ 72.29 on February 24, 2021. But, the gradual up-tick in number of infections and the resultant lockdown in key states, pulled down the rupee and it closed at ₹ 73.50 on March 31, 2021.



## **5. OPERATIONAL PERFORMANCE:**

The financial year 2020-21 saw an unprecedented impact due to the COVID-19 pandemic that severely affected the overall economy. The year has seen increased borrowing from the central government and the overall uncertainty led to a drastic fall in secondary market volumes. There was ample liquidity in the system following RBI's measures to support the financial system following the COVID-19 pandemic. This had a positive impact on the volumes in the Market Repo and Triparty Repo segment of the money market. There was however, a decline in the forex volumes due to reduced trading hours during the pandemic. The settlement of forex forward transactions also registered a decline during the financial year 2020-21. The lean market conditions had its impact on the OTC derivatives market, as market volumes and the corresponding processing and settlement volumes have registered a sharp decline during the year.

The following table gives a snapshot of the performance of all settlement segments of the Company during the financial year 2020-21 in comparison to the financial year 2019-20. (Table 1)

**Table 1: - Business Snapshot**

Segment	Unit	2020-21	2019-20	% Change
Securities#	₹ Crore	5,55,45,786	4,28,84,372	29.52
Triparty Repo	₹ Crore	5,68,50,956	4,01,42,194	41.62
Forex	USD Million	66,02,488	69,87,915	(5.52)
CLS	USD Million	5,26,415	7,76,548	(32.21)
Forex Forward (Average Outstanding Volume in INR/USD)	USD Million	8,52,895	10,16,662	(16.11)
Total OIS Processing	₹ Crore	22,13,985	39,18,110	(43.49)
OIS Volumes Processed for Guaranteed Settlement	₹ Crore	18,65,890	27,61,500	(32.43)
F-TRAC	₹ Crore	7,55,541	20,17,460	(62.55)
# includes Repo transactions				

### **Operational Milestones**

- CCIL TR commenced the process of capturing and storing all Non Deliverable Derivative Contracts (NDDC) reported by its Member Banks/Branches (Domestic/Overseas) and also IBU Branches effective June 1, 2020.
- Effective July 1, 2020, CCIL TR has been acting as Collection Agent for Stamp Duty levied on all OTC Derivatives transactions reported to CCIL-TR.
- Clearing Member Structure in the Rupee IRS Guaranteed Segment went live on November 2, 2020.
- Implementation of Clearing Member Structure in Forex Forward Segment went live on February 1, 2021.

- Triparty Repo trading registered its all-time high volume of ₹3,65,159 crore on February 4, 2021 and the number of trades touched an all-time high of 1,449 on February 16, 2021.
- The Forex Segment settled highest gross volume of USD 798 billion in the month of March 2021. It also settled the highest net-position of USD 4.287 billion on February 26, 2021.
- Various measures were introduced by the Company and its subsidiaries to ensure continuity of business operations amidst the outbreak of COVID-19 pandemic and consequent lock-down imposed by the Government during the year. Such measures were appreciated at various levels

The financial year 2020-21 was the 20<sup>th</sup> completed business year of the Company. The highlights of the operational performance of various segments are as follows:

➤ **GOVERNMENT SECURITIES SEGMENT (*Outright, Repo and Triparty Repo trades*)**

During the financial year 2020-21, the market was active in all types of trades in this segment as compared with the previous financial year 2019-20. As of March 31, 2021, total 263 members were active in the Securities segment, including 58 members having connectivity to settlement system through internet and settling only Tri-party Repo trades. During the financial year 2020-21, 9,24,570 trades (Outright and Repo 1st and 2nd Leg) were settled, aggregating to a total Face Value of ₹ 5,55,45,786 crore, representing a decrease of around 23% in number of trades and an increase of around 30% in volumes as compared to the financial year 2019-20. The Market Repo segment registered significant increase in volumes in the financial year 2020-21, a rise of around 54% as compared to the financial year 2019-20, whereas Outright volumes have decreased by around 25% during the same period.

The average daily number of outright trades settled in this segment was 2,574 (3,982 in the financial year 2019-20) and the average daily volume settled was ₹ 41,116 crore (₹54,993 crore in the financial year 2019-20). The daily average repo volumes settled during the financial year 2020-21 was at ₹ 1,68,569 crore compared to ₹ 1,10,772 crore during the financial year 2019-20. (Chart 1)



This segment registered a netting factor of 91.49% on Funds (outright, Market repo and Triparty Repo) and 63.65% on Securities (Outright and Market repo) respectively, during the financial year 2020-21.

Tri party Repo continued to remain the predominant avenue for participants in the money market and its daily average volumes rose over by 40% during the financial year 2020-21. Total volumes traded on Tri party Repo platform was ₹ 5,68,50,956 crore with an increase of around 42% compared to the total volumes of ₹4,01,42,194 crore recorded in Tri party Repo during the financial year 2019-20.(Chart 2). The total number of trades transacted on this platform during the financial year 2020-21 was 2,42,715 (2,18,370 during the financial year 2019-20). Daily volume on this platform crossed the ₹3 lakh crore level on December 24, 2020. The highest daily volume in Tri party Repo was ₹ 3,65,159 crore on February 4, 2021.

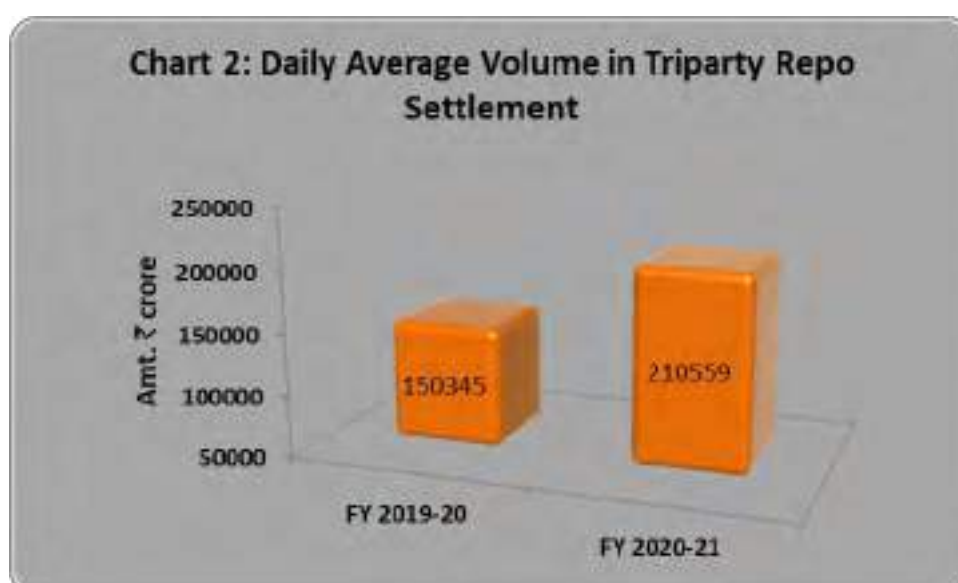


Table 2 compares the transaction volumes of Outright, Repo and Triparty Repo trades in the financial year 2020-21 with that of financial year 2019-20.

**Table 2: - Securities Settlement Summary**

Types of Trades	Financial Year 2020-2021		Financial Year 2019-2020		Variance %	
	Volume (₹ in Crore)	No. of Trades	Volume (₹ in Crore)	No. of Trades	Volume (₹ in Crore)	No. of Trades
Outright	1,00,32,187	6,28,032	1,33,08,365	9,63,622	(24.62)	(34.83)
Repo	4,55,13,599	2,96,538	2,95,76,007	2,40,106	53.89	23.50
Total	5,55,45,786	9,24,570	4,28,84,372	12,03,728	29.52	(23.19)
<b>Net - O/R &amp; Repo</b>	5,55,45,786	9,24,570	4,28,84,372	12,03,728	29.52	(23.19)
Triparty Repo	5,68,50,956	2,42,715	4,01,42,194	2,18,370	41.62	11.15
<b>Net - O/R, Repo</b>	<b>11,23,96,742</b>	<b>11,67,285</b>	<b>8,30,26,566</b>	<b>14,22,098</b>	<b>35.37</b>	<b>(17.92)</b>

#### ➤ **FOREX SEGMENT**

As of March 31, 2021, there were 78 members participating in the USD-INR Segment. A total of 16,04,383 trades and an aggregate volume of USD 6.60 trillion was settled during the financial year 2020-21. This is a decrease of 5.55 % during financial year 2020-21 in terms of volumes settled in this segment in comparison to the financial year 2019-20. The daily average settlement volumes during the year decreased from around USD 30 billion in the financial year 2019-20 to around USD 28 billion in the financial year 2020-21, while the daily average trades decreased to 6,769 in the financial year 2020-21 compared to 9,085 in the financial year 2019-20. The Spot market continued to dominate the settlement volumes followed by Forward transactions. The netting factor during the financial year 2020-21 was 94.25% as compared to 95.41% in the financial year 2019-20.

#### ➤ **Continuous Linked Settlement (CLS)**

As of March 31, 2021 there were 28 members participating in the CCIL CLS segment. During the financial year 2020-21, 5,18,741 deals aggregating to a gross volume of USD 526.42 billion were settled in this segment. This represents a decrease of 32.21% in the volumes in comparison to the previous financial year. The netting factor in the CLS settlement was largely steady at 86.21% in the financial year 2020-21.

## ➤ ***Forex Forward Settlement***

As of March 31, 2021, 77 members participated in this segment. The outstanding deals and volumes in this segment as at the end of March 31, 2021 were 61,037 and USD 1,053.74 billion respectively. This represents a growth of 8.44 % in the outstanding volumes as compared to the previous financial year end.

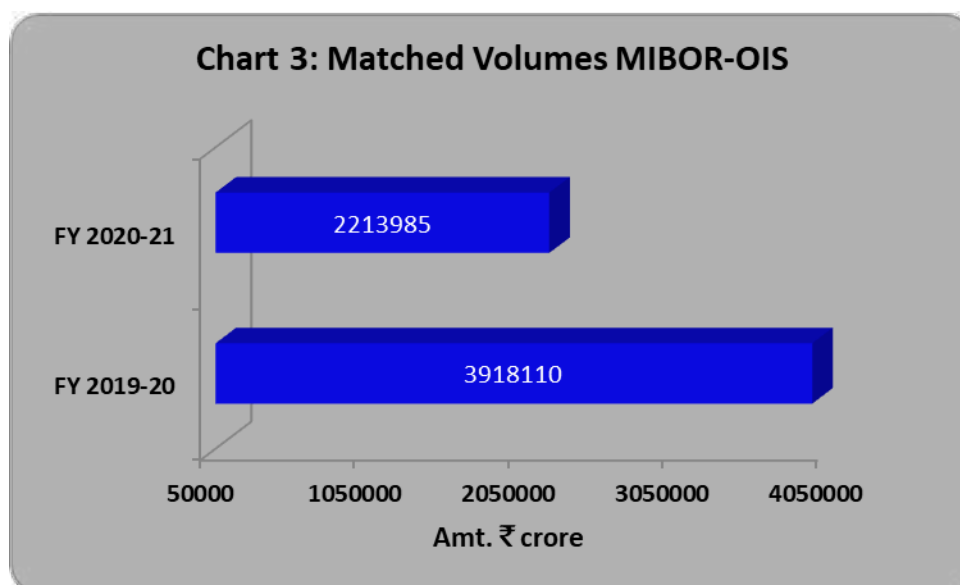
The average daily volume cleared was USD 10.33 billion and average outstanding volume was USD 852 billion during the financial year 2020-21.

Clearing Member structure in the Forex Forward Segment has been implemented with effect from February 1, 2021. Through the CM structure, the facility of clearing services in the forex forward segment is extended to Corporates and non-resident users such as Foreign Portfolio Investors to avail clearing of USD-INR. The Clearing Member structure has been so designed that it provides protection to the clients' collaterals placed by them as margin with the Clearing Members.

## ➤ ***TRADE REPOSITORY (TR)***

### ***1. OTC DERIVATIVES***

The Company has operationalized the Trade Repository for OTC Interest Rate Swaps (IRS) and Forward Rate Agreement (FRA) trades of the market makers from August 2007. As on March 31, 2021, there are 65 members enrolled for reporting in the Interbank Rupee IRS & FRA segment. The total matched volumes reported under the MIBOR Benchmark were ₹ 22,13,985 crore (Chart 3), with an average daily volume of ₹9,074 crore. There is a decrease of 43.49% over the total volumes of ₹39,18,110 crore (Chart 3) (average volumes of ₹16,191 crore) recorded during the financial year 2019-20. The total matched volumes reported on the MIFOR benchmark of this market were ₹1,95,030 crore with an average daily volume at ₹ 799 crore. Foreign Banks continue to be the most dominant players in MIBOR benchmark, followed by Private Sector Banks, Primary Dealers and Nationalized Banks. In the MIFOR segment, Foreign Banks and Private Sector Banks are active participants followed by the Nationalized Banks.



The Company operates TR for Credit Default Swaps (CDS) since December 2011. No trades were reported during the financial year 2020-21. As on March 31, 2021 there were no outstanding CDS trades.

Reporting of OTC foreign currency derivative transactions was initiated in July 2012 and spread over 4 phases ending in December 2013. Thereafter, in March 2019, the reporting platform was extended to facilitate reporting of trades in Interbank and Client Interest Rate Options and Swaptions. Currently, Interbank transactions in all actively traded OTC Forex Derivative instruments including Forwards, Options and Currency Swaps are reported to the TR. All Client transactions irrespective of the value are now reported to the CCIL-TR. The TR data relating to USD-INR Forwards and USD-INR Currency Options are being disseminated on the CCIL website from April 13, 2015. Further with effect from December 28, 2015, the said dissemination was extended to USD-INR near Maturity Swaps. Data dissemination in respect of client trades for the above instruments has also commenced since August 2016. Data in respect of Interbank OTC Forex Derivatives is also being published in the Company's monthly publication, 'Rakshitra' since May 2015.

- ***RUPEE DERIVATIVES***

The Company offers post trade processing services for Rupee denominated IRS and FRA trades including non-guaranteed settlement. Data in respect of Interest Rate Swaps is also being disseminated on the CCIL website. As of March 31, 2021, 45 members are availing services of

non-guaranteed settlement. Cash flows amounting to ₹17,234 crore were settled during the financial year 2020-21, accounting for a netting factor of 69%.

Clearing services are offered under guaranteed settlement for both Bilateral trades and trades executed on ASTROID (Anonymous System for Trading in Rupee OTC Interest Rate Derivatives) from March 2014. 40 members are availing services of guaranteed settlement and there are 39 members on the ASTROID Dealing system. The gross outstanding volumes of notional principal under Rupee IRS and FRA deals for trades referenced to the MIBOR benchmark (Guaranteed Settlement) stood at ₹19,22,822 crore of total MIBOR outstanding volume of ₹24,08,882.47 crore as of March 31, 2021 constituting around 80% of the total MIBOR outstanding volume. The total outstanding of the Rupee Derivatives segment across all benchmarks stood at ₹31,41,459.57 crore as on March 31, 2021.

The INR IRS Derivatives Guaranteed Settlement Process (launched in financial year 2015-16) has found wide acceptance by the market. MIBOR OIS transactions of value ₹17,96,670 crore were cleared through the guaranteed settlement process during financial year 2020-21, representing almost 81% of the transactions in the MIBOR benchmark.

CCIL commenced guaranteed settlement of the IRS derivative transactions referencing the MIFOR benchmark on November 19, 2018. As of March 31, 2021, 19 members are availing the MIFOR guaranteed settlement services. MIFOR transactions of value ₹69,220 crores were cleared through the guaranteed settlement process during financial year 2020-21, representing almost 36% of the transactions in the MIFOR benchmark.

Clearing Member (CM) Structure in the Rupee Derivatives (Guaranteed) Settlement Segment was launched on November 2, 2020. Through the CM structure, the facility of clearing services is extended to both retail and non-retail customers who can avail these services as Constituents through their Clearing Member. This will increase the reach of clearing services of CCIL to the constituent's level.

## **2. *F-TRAC PLATFORM - COMMERCIAL PAPER AND CERTIFICATE OF DEPOSIT***

The Reserve Bank of India (RBI) in June 2019 designated CCIL as the 'Trade Repository' for the purpose of reporting of primary and secondary market transactions in Commercial Papers (CPs), Certificates of Deposit (CDs) and repo transactions in corporate bonds/CPs/CDs. Pursuant to

RBI's directions and board approval, the existing 'F-TRAC Platform' owned and managed by Clearcorp Dealing Systems (India) Ltd was acquired by the Company and was converted into CCIL's Trade Repository for Specified Instruments and made operational w.e.f, October 1, 2019.

Trades numbering 2,791 in CDs (Certificate of Deposits) for an aggregate (face value) volume of ₹1,78,672 crore were reported on F-TRAC platform during the financial year 2020-21 as compared to 12,797 trades for an aggregate volume of ₹9,27,912 crore during financial year 2019-20, implying substantial decrease of 81% in volumes in comparison to the financial year 2019-20.

There were 4,025 trades of CPs (Commercial Paper) aggregating to a (face value) volume of ₹3,94,473 crore during the financial year 2020-21 as compared to 10,048 trades and a volume of ₹9,40,212 crore recorded during the financial year 2019-20, a decrease of 58% in volumes during financial year 2020-21 in comparison to the financial year 2019-20.

Volumes in market repos in Corporate Bonds, CPs, CDs etc., during the financial year 2020-21 was at 999 trades for an aggregate volume of ₹1,82,396 crore as compared to 1,179 trades for an aggregate volume of ₹1,49,336 crore during the financial year 2019-20. This represents a 22% increase in volume.

- ***Primary Market Issuance Statistics (Primary market does not have trades but issuance data- secondary market would be trades)***

During financial year 2020-21, Issuing and Paying Agents (IPAs) reported 8,782 trades amounting to ₹17,41,372 crore (FV) under the Primary Market issuances of Commercial Papers on F-TRAC.

During financial year 2020-21, Issuers reported 808 trades amounting to ₹1,44,730 crore (FV) under Primary Market issuances of Certificate of Deposit on F-TRAC.

➤ ***DATAFEED TO INFOVENDORS***

The Company disseminates delayed data feed of the IRS/FRA trades reported on the Trade Repository to infovendors like Bloomberg and Refinitiv. The feeds are disseminated through dedicated leased lines to these infovendors. The Company has end-of-day data feeds to entities like Refinitiv, CRISIL and ECAP Securities Limited comprising of the TREP, Government Securities, Forex settlement data, end-of-day F-TRAC datafeed etc. through the secured file transfer protocol (SFTP) and End-of-Day prices summary to Bloomberg.



### ➤ **SHORTAGE HANDLING**

All trades in Securities (including Outright, Market Repo and Tri party Repo), Forex and Rupee Derivatives Guaranteed Settlement segments received by CCIL are settled in terms of the provisions of the Company's Bye-Laws, Rules and Regulations.

Committed Rupee Lines of Credits (LOC) from various Banks have been arranged at RBI and also at settlement banks to meet fund shortages in its settlement processes. Instances of securities shortages in the Securities segment on account of outright and Repo trades are met out of the pool of resources comprising of security balances in Proprietary SGL account, member contribution in Settlement Guarantee Fund (SGF) and Securities Lines of Credit. In the event of non-availability of relative security either in the Proprietary account or SGF or in the SLOC, the shortage is then allocated to non-defaulting members as provided in Securities Segment Regulations. There is no scope of securities shortage for Triparty Repo trades as the collateral is collected upfront.

The Company has fully collateralised USD Lines of Credit of USD 300 million with Wells Fargo Bank N.A., NY (WFB, NY) and USD 200 million with Deutsche Bank Trust Company Americas, NY (DBTCA, NY) and Uncollateralized USD Lines of Credit of USD 175 million with DBTCA, NY and USD 200 million with WFB, NY to meet USD liquidity requirements in the INR-USD segment.

Under the CLS segment for cross currency settlement, a Line of Credit of CHF 294 million has been established with the settlement bank viz., UBS Switzerland AG.

### ➤ **COLLATERAL**

The Company is in the business of facilitating Clearing and Settlement of transactions in Government Securities, Money Markets, Foreign Currencies, Rupee Derivatives etc. acting as a Central Counter-Party. It collects Collaterals as margins and also as Default Fund contribution from its Members. The Collaterals are accepted in the form of Cash, Government Securities and Foreign Currency i.e. US Dollar.

The Tiered Membership structure, segregation of collateral and Clearing Member structure was introduced in Securities Segment from March 2, 2020 paving the way for segregation of collateral contribution towards client trades. Collateral contribution for constituent trades can either be for an individual constituent or for a group of constituents.

## **6. OTHER OPERATIONAL AREAS:**

### **➤ *RISK MANAGEMENT***

CCIL is a systematically important payment system authorized under Payment and Settlement Systems Act, 2007. Further, as a Central Counterparty and a vehicle for efficient management of counterparty credit risk, CCIL has been maintaining its risk governance and processes at the highest level of efficiency since its inception.

In recognition of the robust risk management framework at the Company and its efficient clearing and settlement processes, Reserve Bank of India, as its regulator, granted CCIL the status of a Qualified Central Counterparty (QCCP) in January 2014.

As part of the risk management framework, a review of Risk Management Processes and Margin Models for various segments is carried out by external experts annually. The last review carried out by external experts found the risk management processes and margin models at the Company to be robust and efficient.

For the financial year 2020-21, CCIL maintained a Settlement Reserve Fund (SRF) to the extent of ₹1500 crore to meet default losses and a Contingency Reserve Fund (CRF) of ₹ 702.80 crore to meet non-default losses that may arise due to failure of settlement bank, failure of banks where investments are made, operational risk events etc.

During the financial year 2020-21, several enhancements in the risk management processes have been implemented which are listed hereunder:

1. With effect from June 1, 2020, in Forex Forwards segment, Concentration Margin is levied at a higher rate in an event the initial margin or gross position of a member exceeds a second set of thresholds. A similar change was introduced in Rupee Derivatives segment with effect from July 1, 2020.
2. With effect from October 1, 2020, the member contributed default fund is revised in an event the cover 1/ cover 2 stress loss, as the case may be, exceeds the prevailing default fund quantum. The earlier threshold for default fund revision was set as 95% of total prefunded default handling resources for the segment.
3. Effective from November 2, 2020, in CLS segment, the following enhancements in Risk processes have been implemented viz., (i) Introduction of credit rating based Step up factors in

currency based haircuts (ii) introduction of rating based liquidity limits and (iii) provision created for Stepping up currency based haircuts and reduction in liquidity limits in the event of any sudden adverse developments such as deterioration in financial condition, regulatory action and adverse market reports etc.

4. Implementation of *Clearing Member, Collateral Segregation and Tiered Membership Structure* in Rupee Derivative Segment effective from November 2, 2020.
5. Implementation of *Clearing Member, Collateral Segregation and Tiered Membership Structure* in Forex Forward effective from February 1, 2021.
6. Auction based mechanism to handle default in derivatives segments viz. Rupee Derivatives (for MIBOR & MIOIS benchmark only) and Forex Forwards have been implemented w.e.f. February 1, 2021.
7. Post implementation of Auction based Default Handling model effective from February 1, 2021, Margin Period of Risk (MPOR) used in Initial Margin model has been increased (i) from 3 days to 5 days for Rupee Derivatives segment (MIBOR and MIOIS portfolios) and (ii) from 2 days to 5 days in forex forwards segment.
8. In Forex segment, the maximum INR Net Debit Cap (NDC) which can be allowed to members as per the credit rating linked matrix has increased from ₹1800 crores to ₹2100 crores for top rated (CCIL 1) banks with corresponding revision also made in other rating bucket i.e. from CCIL 2 to CCIL 8.
9. In Tri-party repo, the undernoted changes have been implemented:
  - a. Haircut on SDLs & FRBs deposited as collateral towards borrowing limit has decreased from 25% to 15% w.e.f. December 2020.
  - b. The model for setting Single Order Limit (SOL) for mutual fund members of TREPS platform has been revised w.e.f March 1, 2021.
  - c. The maximum limit on borrowing against SDLs is notified to be increased from 10% to 20% of the market value (adjusted for haircut as applicable) of liquid and Semi-Liquid GOI Security (ies) deposited as collateral towards borrowing limit w.e.f May 17, 2021.
10. Functionality to provide Historical Time Series data to members on trade positions, margins, collateral and default fund etc. has gone live w.e.f. April 12, 2021.
11. Portfolio Compression:

Portfolio compression cycles for Rupee IRS trades were conducted on a half yearly basis (in March and September) earlier. FIMMDA and PDAI communicated to the Company the request of market participants for more frequent compression cycles. After further

interactions with market participants, it was decided to run the portfolio compression cycles on a Quarterly basis provided minimum of six members agree to participate therein.

In an exercise aimed to reduce the total trade notional of OTC Interest Rate Swaps market, CCIL conducted the 19<sup>th</sup>, 20<sup>th</sup> and 21<sup>st</sup> cycles of its Portfolio Compression (reduction of non-economical trades) exercise for non-cleared and cleared trades in September 2020, December 2020 and February 2021 achieving compression of 88.76%, 77.87% and 76.08% respectively. The exercise has brought down the market-wide notional outstanding positions by ₹6,26,673.58 crore, ₹2,27,397.30 crore and ₹2,82,692.75 crore respectively.

The 11<sup>th</sup> and 12<sup>th</sup> cycle of Portfolio Compression service for cleared Forex Forward trades were also run successfully in September 2020 and March 2021 respectively. The exercise achieved a compression of 68.09% and 51.85% respectively resulting in a reduction in market-wide Notional outstanding of over USD 3.86 Billion and USD 1.79 Billion respectively.

12. In line with the disclosure requirements set out in the PFMI guidelines, CCIL has published quantitative and qualitative disclosures on quarterly and annual basis respectively.
13. The Company is also playing an active role in multilateral consultations through CCP12– the Global Association of Central Counter-parties, of which it is a member.

### **Developments in pipeline**

1. Enhancements to Initial Margin factor model in the Securities Segment:
  - Increase in MPOR from 3 days to 5 days.
  - The floor for 1 day VAR floor for securities in a tenor bucket shall be recalibrated to 95<sup>th</sup> percentile 1 day VAR value as against the current practice of calibrating 25<sup>th</sup> percentile value of 1 day VaR hiked by volatility component of 50% with percentiles derived from the 1 day VaR values in the last 10 years.
2. Enhancements to the risk management processes in Tri-Party Repo:
  - Rating based step up factors in haircut rates of securities deposited as collateral in Triparty repo.
  - Additionally, haircut rates to be stepped up for entities who show concern from credit risk monitoring (CRM) perspective and
  - Concentration charges (i.e. higher haircut) to be levied on Members with borrowing above certain thresholds
3. CCP Clearing of Non-deliverable forward contracts in USD/INR.

➤ ***INFORMATION TECHNOLOGY***

The Company's business performance/operations are backed by its Information Technology infrastructure. To this end, it has put in place cutting edge IT solutions to permit extensive IT driven operations in a seamless and secure operating environment with adequate capacity redundancies, safeguards and critical recovery support mechanisms. All the important technology decisions that have an impact on the overall operations/IT are vetted and approved by the Technical Approval Committee, a Committee of the Board.

The Company has built and manages three Data Centers, two in one city and one in another city. All these data centers are built as per international standards like Tier 3+ to support high redundancy and availability for business operations. These data centers host critical IT infrastructure comprising of hardware, software, security/network equipment, communication links etc. The Company has established its own robust backbone network with link/service provider redundancies connecting all three data center sites. The Company is a member of the INFINET MPLS network and members use INFINET to connect to the data centers for business operations.

The Company has a team of in-house software professionals which is engaged in project management, software development and infrastructure management. The operations and management of all the IT systems and infrastructure is carried out by the in-house teams which perform activities like system/database/network/security administration, help-desk support, data center operations and business continuity management. The in-house IT team also undertakes software development and production support for applications for various business requirements of the Company.

A leading Indian IT Company has been engaged since inception of the Company for development, enhancement and production support of most of the business application software. Additionally, the Company uses services of some other software development vendors for development and maintenance of certain business applications to cater to the changing demands from business and market participants.

During the financial year 2020-2021, as part of its plans to modernise its IT infrastructure, the Company completed the evaluation, procurement and installation of new Enterprise Class servers

across its three data centers. The new servers support open source software technologies and tools which would prepare the Company for further modernization of its business application software and processes.

The Company has secured the internationally recognized ISO 27001 certification by one of the ISO's certification bodies since July 2006 for information security of its operations and has maintained the same till date. The framework of ISO 27001 helps in maintaining high security standards in a structured way which covers physical as well as logical security. The Company maintains various Policies and Procedures relating to Information Security. Regular training/awareness are conducted for employees and onsite consultants on IS Security Policies/Procedures.

The Company has also put in place a Cyber Security framework/policy and Cyber Crisis Management Plan aligned with the guidelines on cyber security resilience from Committee on Payments and Market Infrastructures-International Organization of Securities Commissions (CPMI-IOSCO). In addition, the Company has also chosen to align its cyber security measures to the circular on cyber security framework issued by the RBI to banks. The Company has subscribed for Cyber Insurance from a leading general insurance company to protect against losses arising from cyber risks.

As part of the preventive systemic controls/measures for information security, the Company has been conducting regular System Audits & VA/PT (Vulnerability Assessment and Penetration Testing) covering its IT infrastructure and business applications. The company has further strengthened its security posture by implementing a Web Application Firewall (WAF) solution to protect its web applications from critical attacks arising due to application security flaws. The Company is required to undertake systems audit by external auditors under the PSS Act 2007 on annual basis for the systems covered under the Act. However, as good governance practice all the systems of the Company are covered under the scope of appointed external auditors.

The Company has put in place a comprehensive Business Continuity Plan (BCP) for rapid disaster recovery and for minimizing the impact of potential disaster on its business operations. The Business Continuity Plan is approved by its Board of Directors and is also furnished to RBI as the Regulator. In most of the disruption scenarios, the Company is capable of recovering and restarting the critical operations within a very short period of time. The 'Recovery Time

Objective' (RTO) of the Company meets the required international standards. The BCP processes, documents of the Company are reviewed by various internal or external Auditors (like Operational Auditors, System Auditors, and ISO Auditors etc.) on a regular basis. Regular live BCP/DR drills are conducted to validate the efficacy of the business continuity plan and readiness of the departments to handle different emergency/disaster situations. During the financial year 2020-21, six live BCP/DR drills were conducted wherein different disaster scenarios were considered and alternate data center sites were put to use. RBI and the Members also participated in these drills.

### ***Business Continuity measures for COVID-19***

COVID-19 (Coronavirus Disease caused by Severe Acute Respiratory Syndrome Coronavirus) which spread in various countries across the world during last quarter of the financial year 2019-20, has been declared as a pandemic by the World Health Organisation (WHO). Various measures are being adopted by the Governments across the globe for containment of the spread of the Coronavirus. With the pace of its spread, Coronavirus poses a huge threat for safety of people.

The Company has implemented a comprehensive Business Continuity Plan (BCP) to handle various disaster scenarios including epidemic. In this regard, the Company has taken various steps to ensure business continuity and at the same time to ensure safety of the employees and other persons working at the Company premises. As part of contingency, work from home facility (WFH) for the employees and other support teams from IT vendor / consultants has been enabled to connect to infrastructure at the Company's office for carrying out the business operations. Operational activities are majorly being carried out through WFH facility with a few critical officials attending office. All Members were informed about the BCP plan to handle the situation arising during the epidemic situation. Additionally, access to the trading platforms, operated by Clearcorp, the subsidiary company, has been enabled for the members over Internet. Though dealing on trading platforms is enabled through remote access/Internet, all members have been advised to ensure that settlement obligations are honoured on the respective settlement date, by arranging for funds/ securities etc. in their respective settlement accounts. Members are also required to ensure that margin obligations are deposited well in advance to avoid any margin shortfalls. Members are required to ensure that such margin shortfalls, if any, are replenished immediately wherever required. Various other measures (including transport arrangements for employees and vendors) have also been implemented to maintain enhanced hygiene and necessary advisory / instructions have also been issued to the employees from time to time for ensuring their safety.

Following contingency plan has been made by the Company to ensure continuous functioning/ servicing to the members:

- Critical business operations are already being carried out by staff deployed at the three CCIL office/ data center locations (Dadar, Kurla and Pune).
- In order to handle any situation impacting staff/ manpower movement restrictions, 'Work from Home' using VPN (Virtual Private Network) facility using Internet has been configured/enabled for identified critical staff of the Company and other support teams from IT, and external IT vendors / consultants etc. to connect to infrastructure at the Company's office for carrying out the business operations.
- In response to queries, members were also advised to make use of such VPN facilities within their institution, wherever available, to connect to the Company applications normally through remote access (via their office infrastructure) and connecting to CCIL Host servers over INFINET. Additionally, as contingency option (where remote VPN facility is not available), the members have been provided access on Internet for host servers for NDS-OM, NDS-CALL, CROMS, TREPS, FX-CLEAR, FX-SWAP and ASTROID trading platforms of the subsidiary company.
- Access to applications, such as IRIS, FRS Utility, CORE, NDS OM Web, CROMS Web, TREPS, FX Clear Retail are already available over internet.
- Internet bandwidth at CCIL locations has been upgraded to handle increased network traffic.
- Details of the Company's preparedness, system availability and required configurations changes have been shared with members.

In addition, the following actions have been taken by the Company as precautionary measures:

- Apart from monitoring the global status of the spread of COVID-19 diseases, the Company is following the circulars/ mandates issued by governmental/ local authorities etc.;
- Monitoring the health of all employees/ officials of on-site vendors etc. Employees/ vendors have been advised to take leave in case of any symptom of flu and report incidents of flu within family/ household to the office;
- Health advisory posters have been displayed in office areas for officials/contractors awareness;
- Employees have been advised to follow enhanced personal hygiene measures. Frequent disinfection of reception area, floor areas, door handles, wash rooms etc. is being carried out;



- All member meets/ conferences / training etc. have been discontinued till further notice;
- All officials have been requested to avoid meeting with outsiders in the office premises. If it is essential to have a meeting with outsiders, employees have been requested to use the conference call facility and in essential cases use the video conferencing facility;
- All Business travels have been put on hold. Wherever required, issues are discussed through conference call arrangements.
- Entry of visitors to office premises has also been restricted.

## **7. BUSINESS / OTHER DEVELOPMENTS:**

### **➤ BUSINESS DEVELOPMENTS:**

#### **a. Initiatives in TR for the financial year 2020-21**

- Effective June 1, 2020, CCIL TR is also capturing and storing all Non Deliverable Derivative Contracts (NDDC) reported by its Member Banks/Branches (Domestic/Overseas) and also IBU Branches. Additional information as required by the RBI for such trades such as currency of settlement, trading jurisdiction and the exchange on which such transaction are traded or the clearing house through which they are settled are also captured in TR.
- Based on the revised rules of Indian Stamp Act, CCIL TR has been designated as a Stock Exchange for the limited purpose of collection of stamp duty in respect of the OTC derivative trades. Effective July 1, 2020, CCIL TR has been acting as Collection Agent for Stamp Duty levied on all OTC Derivatives transactions reported to CCIL-TR. In accordance with the rules, the stamp duty computed by CCIL and collected from its Members is transferred to the respective States with in a stipulated time.

### **➤ FUTURE DEVELOPMENTS**

#### **a. Trade Repository Developments**

- To provide Value Added Services:* Leveraging TR data to provide market infrastructure for supporting members in implementation of Uncleared Margin Rules (UMR) for non-centrally cleared OTC Derivatives and (ii) providing Data/Risk Analytical tools to the members/RBI.
- Unique Trade Identifier (UTI) generation for all OTC Derivatives Transactions:* As per CPMI- IOSCO guidelines, each OTC derivative trade has to be identified with a UTI number as per the technical specification provided. The same is required to be implemented across

jurisdictions as per FSB directions. UTI shall support aggregation of the data reported across TRs to help ensure that authorities can obtain a comprehensive view of OTC derivatives markets and activity. CCIL TR shall implement capturing of UTI in CCIL TR post the RBI directives.

iii) ***Expanding the Scope of Data Dissemination:*** Based on feedback from RBI and the Market Bodies, the scope of data dissemination shall be expanded to cover more instruments. It is also being contemplated to disseminate trade by trade information (without counterparty details) with a lag for some types of trades. Currently, discussions are underway with RBI and market bodies.

b. Introduction of pre-funding in securities segment to enable the Clearing Members to minimize their margin requirements.

➤ **OTHER DEVELOPMENTS :**

During the year under review, amendments were made to CCIL Rules and Regulations for Rupee Derivatives Segment, Rupee Derivatives (Guaranteed Settlement) Segment Regulations and Forex Forward Segment Regulations for introduction of Tiered Membership structure, segregation of collaterals and Clearing Member structure.

**8. SUBSIDIARY COMPANIES:**

➤ ***Clearcorp Dealing Systems (India) Limited.***

Clearcorp Dealing Systems (India) Limited (Clearcorp), a wholly owned subsidiary company, is engaged in the business of providing dealing/reporting systems/platforms in Money Market, Foreign Exchange and derivatives transactions.

Clearcorp was formed in 2003, as a wholly owned subsidiary of the Company with the objective of developing/managing dealing systems for markets which CCIL serves. Clearcorp was authorised as an Electronic Trading Platform Operator (ETP Operator) in October 2019 by RBI under The Electronic Trading Platforms (Reserve Bank) Directions, 2018 covering all the trading platforms owned/managed by it. Clearcorp manages trading platforms like NDS-OM and NDS-CALL on behalf of RBI. Clearcorp owns and operates dealing systems like TREPS, CROMS, ASTROID, FX-CLEAR (including FX-Retail) and FX-SWAP Dealing Systems. All the trading platforms owned/maintained by Clearcorp like NDS-OM, CROMS, NDS-CALL, ASTROID, FX-CLEAR( including FX-Retail), FX-SWAP and TREPS have been designated as Electronic

Trading Platforms since August / October 2019. Table 3 gives the snapshot of Clearcorp's operations.

**Table 3: -Clearcorp Business Snapshot (in volumes)**

Dealing Platforms	Unit	Financial Year 2020-21	Financial Year 2019-20	% Change
NDS-OM	₹ Crore	73,21,639	1,03,59,169	(29.32)
NDS-Call	₹ Crore	14,23,194	27,63,358	(48.50)
CROMS	₹ Crore	2,13,74,796	1,31,72,278	62.27
TREPS	₹ Crore	5,68,50,956	4,01,42,194	41.62
FX-CLEAR	USD Million	1,25,407	2,67,091	(53.05)
FX-SWAP	USD Million	40,529	33,029	22.71
ASTROID	₹ Crore	14,09,500	13,32,570	5.77

During the financial year 2020-21, Clearcorp recorded a total income of ₹ 4,576 lakhs (Previous financial year ₹ 4,545 lakhs) and Profit after Tax of ₹ 1,030 lakhs (Previous financial year ₹1,167 lakhs). The Company's net-worth as on March 31, 2021 is ₹ 10,954 lakhs (as on March 31, 2020 ₹ 9,929 lakhs)

➤ ***Legal Entity Identifier India Limited***

Legal Entity Identifier India Ltd (LEIL), a wholly Owned Subsidiary of The Clearing Corporation of India Ltd has been accredited by the Global Legal Entity Identifier Foundation (GLEIF) as a Local Operating Unit (LOU) for issuance of Legal Entity Identifiers (LEIs) in December 2016 and every year thereafter, the accreditation certificate is renewed after review by the GLEIF. In October 2016, LEIL has been recognized by the Reserve Bank of India as an "Issuer" of Legal Entity Identifiers under the Payment and Settlement Systems Act 2007 (as amended in 2015).

During the year, Reserve Bank of India has mandated the LEI Number for all payment transactions of value of ₹50 crore and above undertaken by entities (non-individuals) through Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT). The RBI Mandate is effective from April 1, 2021. Further, on June 08, 2020, The Insurance Regulatory and Development Authority of India (IRDAI) has mandated implementation of the LEI system for all insurers and their corporate borrowers. Entities without an LEI number will not be able to avail renewal / enhancement of credit facilities, after the date specified in the schedule.

During the financial year 2020-21, LEIL processed 30,920 LEI applications (7,016 new LEI applications and 23,904 applications for renewal of LEI ) as compared to 24,983 LEIL

applications (9,245 new LEI applications and 15,738 applications for renewal of LEIL) during the financial year 2019-20.

During the financial year 2020-21, LEIL recorded a total income of ₹ 1,114 lakhs (Previous financial year ₹ 979 Lakhs) and Profit after Tax of ₹ 277 lakhs (Previous Year ₹ 229 lakhs). The Company's networth as on March 31, 2021 is ₹ 1,219 lakhs (as on March 31, 2020 ₹ 943 lakhs)

As required under the provisions of Section 129 of the Companies Act, 2013 and rules made thereunder, a statement containing the salient features of the financial statement of the subsidiary companies in Form AOC-1 is attached to the financial statement of the Company.

A copy of the Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and the Report of the Auditors of the subsidiary companies are attached to the Balance Sheet of the Company.

## **9. HUMAN RESOURCE MANAGEMENT :**

The current staff strength of the Company is 206. The Company aims to recruit, train, develop and retain suitable talent by offering market competitive compensation as well as healthy and competitive work environment. The headcount at the beginning of the financial year, i.e. as on 1<sup>st</sup> April, 2020 was 204.

Employees join the organization after being assessed through a rigorous selection process that includes telephonic screening and personal interviews. Required background check-up of each of the selected candidates for employment is also being done. In the financial year 2020-21, 18 employees joined the organization. The Company witnessed 16 resignations, the attrition rate of the Company is about 7.21% for the financial year 2020-21.

Employees are evaluated and promoted to higher positions through a detailed, objective online annual appraisal process and promotion interviews. In the financial year 2020-2021, 194 employees were part of the Annual Appraisal process and 15 (8% percent of appraised population) were promoted to next level. Employees are also nominated for various external trainings, seminars, workshops and conferences depending on the need of the profile and individual skill gaps. In the FY 2020-21, the Company also organized customized on-line refresher training

programmes on Cyber Security, BCP as well as technical or business knowledge related topics. Also owing to the current pandemic, multiple online wellness programmes were organised for employee health, safety & wellbeing. In the financial year 2020-2021, 823 participants attended various in-house and external programmes/conferences. (The participant count is higher than the employee count since one employee might have attended multiple programmes and webinars on different topics during the course of the year).

As a part of the Employee Wellness initiatives, the Company provides Group Mediclaim Insurance, Group Personal Accident Policy, Group Term Life policy and Annual Health Check-up benefits to all its employees. The Staff Health, Safety and Welfare Committee organized a few virtual employee engagement programmes during the year considering the fact that many employees were working from home.

The Company had hired the services of the following official as Consultant subsequent to his superannuation from the services of the Company as per the details tabled below:-

Sr. No	Name of the Consultant	Department	Professional fees (₹)	Period
1.	Mr. P Sundereswaran	Administration and Premises	15,92,528/-	April, 2020 to July, 2020

In terms of disclosure requirement under the Directions for Central Counterparties issued by RBI, the ratio of compensation paid to the Senior Management vis-a-vis median of compensation paid to the employees is 6.81 for CCIL and its subsidiaries.

➤ **INITIATIVES TAKEN IN THE CONTEXT OF COVID -19 PANDEMIC FOR EMPLOYEES**

Since the onset of COVID -19 pandemic from last year and the subsequent lockdown, there has been a paradigm shift in the way things have been in operation in general and in the financial world in particular. CCIL being an important financial market intermediary is an essential service provider. A majority of the staff were shifted to work from home protocol, barring the top management and a few employees who are required to come to office in order to ensure smooth operations. There have been cases of employees and/or their family members being infected, however in most cases they have recovered or are recovering.

The following initiatives were taken by the Company during the pandemic:

- Most of the employees were on Work from Home protocol and office attendance during peak Covid period in FY 2020-21 was approximately 15-20% . Even when employees had to attend office, they were called by rotation and in small numbers within a team, so that social distancing protocols could be maintained.
- Most of the departmental processes and procedure were digitalized to the extent possible including trainings, selection interviews, meetings etc. which were conducted virtually.
- Mediclaim sum insured limit for all employees was enhanced to ensure coverage of expenses especially related to Covid-19 treatment. In the event of a situation where the insurance would have exhausted due to Covid related expenses, the company has decided to provide the necessary support by bearing the additional expense.
- Various webinars on Covid-19 and other health and safety related topics were arranged. Renowned doctors from reputed hospitals like Apollo or Wockhardt were requested to conduct awareness sessions for CCIL employees on Covid related health topics. Sessions on mental health and wellbeing were also organized.
- Guidelines related to reporting to office post outstation travel, contact with Covid positive persons, post-Covid recovery, etc. were issued in discussion with Company Doctor and intimated to employees.
- All efforts have been made to follow the Government guidelines as directed from time to time.

➤ ***Administration and facilities related measures for employees:***

Ever since the Pandemic outbreak i.e. from March 2020, employees were provided with transportation facility (office bus in all 3 prime routes within the City and office car for employee who stay beyond the bus routes and for those working in shifts) . Also on need basis stay arrangements were made for critical staff and vendor employees at hotels for all the office locations of CCIL. Necessary office infrastructure, health & hygiene processes related changes/ set-up was done on war-footing e.g. installation of hand wash and hand sanitization facility at the entrance of office premises with hand free, sensor driven water taps; frequent sanitization of office furniture, doors, pantry and washroom areas; communication on safety and sanitization norms for employees while entering the office, within the office, lifts etc. Also restrictions were imposed on entry of different vendors and visitors and employees were encouraged for virtual meetings.

## **10. PARTICULARS OF EMPLOYEES:**

The particulars of the employees of the Company, as required to be furnished under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as **Annexure I**.

## **11. INSURANCE:**

The Company has taken suitable insurance cover for its assets including computers, equipment, furnitures and fixtures etc.

The Company has also taken Directors' and Officers' Liability Insurance Policy covering Directors and Officers of the Company as well as those of its Subsidiary Companies. The proportionate premia is recovered from the Officers and Directors of the Company and its subsidiaries.

## **12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO :**

### ***Conservation of Energy***

On the front of energy conservation, the Company has installed various systems and equipment for saving power usage and for improving efficiency and effectiveness of the systems. The Company has also installed Sun control films to reduce the heat and thus saving a lot on electricity consumption by reducing load on the air conditioning systems. The Company has also installed LED lights for providing illumination within the staff areas and on access road for peripheral / area lighting and installed energy saving air-conditioning systems.

The Company has replaced the existing outdoor units of Variable Refrigerant Volume (VRV) air-conditioning systems with new outdoor units of VRV air-conditioning systems which are more energy efficient and energy conserving, during the year under review for its Dadar office. Additionally, the Company has also replaced existing traditional lighting system with energy conserving LED lighting system during the year under review for its premises at Pune office.

The Company maintains a healthy power factor for electrical supply systems which helps for better utilization of electrical machines, resulting in reduction of electrical burden on cables

and other electrical components/machines, thereby extending the life of the components/machines and improving efficiency of machines.

The Company has not made any capital investment in energy conservation equipments during the financial year under review.

Particulars required to be disclosed with respect to the technology absorption in terms of Section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules 2014, are not applicable.

**Foreign Exchange earnings / outgo during the year under review**

- Earnings: ₹ 1,749 Lakhs
- Outgo: ₹ 2,745 Lakhs

**13. DEMATERIALISATION OF SHARES :**

The Ministry of Corporate Affairs has mandated all the Unlisted Public Companies, except unlisted public company which is a Nidhi Company, Government Company or wholly owned subsidiary company, to provide their shareholders with the facility of dematerialization of shares and transfer of physical shares was also restricted.

Accordingly, the Company had facilitated dematerialization of shares to all its shareholders (equity and preference) by obtaining International Securities Identification Number (ISIN) for equity shares and preference shares and admission of its securities with National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL). The Company had also appointed NSDL Database Management Ltd as the Registrar and Share Transfer Agent for maintaining an electronic connectivity between the Company and the Depository. The Company has complied with all the requirements under the Depositories Act, 1996 and regulations framed thereunder as amended and applicable from time to time with respect to the dematerialization of the shares of the Company.

As on March 31, 2021, all the equity and preference shareholders hold the shares in dematerialized form.

**14. DIRECTIONS FOR CENTRAL COUNTERPARTIES ISSUED BY RBI :**

The Company has ensured compliance with the Directions for Central Counterparties issued (hereinafter referred to as 'RBI CCP Directions') by RBI in the year 2018 as amended from



time to time. After the appointment of a Nominee Director of promoter shareholder with effect from 29<sup>th</sup> January 2021, the Company is in the process of appointing another Independent Director to align the Composition of the Board as specified under the said Directions. The Company has, wherever required, have suitably advised the shareholders to ensure compliance with these Directions.

#### **15. BOARD OF DIRECTORS:**

The Board of Directors along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company.

As on the date of this report, the Board of Directors comprises of Thirteen (13) Directors, consisting of the Chairman who is an Independent Director, the Managing Director, nominees of Shareholders and the Independent Directors. The Directors on the Board of the Company represent one of the various fields of profession such as Law, Banking, Finance & Accountancy, Information Technology, Forex, Treasury, Insurance, Investment Operations etc.

#### **16. BOARD MEETINGS AND ATTENDANCE OF DIRECTORS :**

During the financial year under review, five (5) Board Meetings were held on May 22, 2020, July 29, 2020, October 29, 2020, January 29, 2021 and March 18, 2021. The composition of the Board and Directors' attendance at the Board Meetings (BM) held during the financial year under review are given below:-

<b>Name of the Director</b>	<b>Category</b>	<b>Nominating Institution</b>	<b>Attendance at Board Meetings</b>	<b>No. of meetings held during the tenure of Directors</b>
Mr. R. Gandhi	Independent Director and Non-Executive Chairman	-	5	5
Mr. R. Sridharan*	Managing Director	-	2	2
Mr. Hare Krishna Jena**	Managing Director	-	3	3

Mr. Sankarshan Basu #	Non- Executive, Independent Director	-	2	2
Mr. Narayan K Seshadri	Non- Executive, Independent Director	-	5	5
Mr. G. Sivakumar	Non- Executive, Independent Director	-	5	5
Mr. B Prasanna @	Non- Executive, Nominee Director	ICICI Bank Ltd.	3	5
Ms. Meena Hemchandra	Non- Executive, Independent Director	-	5	5
Mr. Pradeep Madhav	Non- Executive, Nominee Director	STCI Finance Ltd	4	5
Mr. S. Vishvanathan	Non- Executive, Independent Director	-	5	5
Mr. Sudhakar Shanbhag***	Non-Executive , Nominee Director	Kotak Mahindra Life Insurance Company Ltd	5	5
Mr. Ashish Parthasarthy \$	Non-Executive Nominee Director	HDFC Bank Ltd	4	4
Mr. S.V. Sastry ^	Non-Executive Additional Director (Nominee)	State Bank of India	3	3
Mr. P.R. Ramesh^ ^	Non-Executive Additional Director (Independent )	-	3	3
Mr. A.K. Anand ##	Non-Executive Additional Director (Nominee)	Life Insurance Corporation of India	-	1

Ms. Radhavi Deshpande \$\$	Non-Executive Additional Director (Nominee)	Kotak Mahindra Life Insurance Company Ltd	N.A	N.A
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**Notes:-**

* Demitted office as the Managing Director of the Company with effect from the close of business hours on July 31, 2020 on completion of his tenure of appointment.
** Appointed as Managing Director of the Company for a term of three years from August 1, 2020 and the appointment was approved by the Shareholders at the 14th Extra-ordinary General Meeting held on March 17, 2020.
# Retired with effect from August 25, 2020 due to completion of tenure as a Non-Executive and Independent Director.
\$ Appointed as Additional Director (Nominee category) by the Board of Directors w.e.f. May 22, 2020. Appointment as Nominee Director approved by the Shareholders for a period of three years from May 22, 2020 at the 19th Annual General Meeting held on July 30, 2020.
@ Re-appointed as Nominee Director, by the Shareholders at the 19th Annual General Meeting held on July 30, 2020 for a second term from the date of Annual General Meeting i.e w.e.f. July 30, 2020, until November 4, 2022 based on the approval of RBI
^ Appointed as Additional Director (Nominee) by the Board of Directors w.e.f. August 1, 2020 and appointment as Nominee Director for a period of three years from August 1, 2020 is recommended to the Shareholders for approval at the ensuing Annual General Meeting.
^ Appointed as Additional Director (Independent) by the Board of Directors w.e.f. August 1, 2020 and appointment as Independent Director for a period of three years from August 1, 2020 is recommended to the Shareholders for approval at the ensuing Annual General Meeting.
## Appointed as Additional Director (Nominee) by the Board of Directors w.e.f. January 29, 2021 and appointment as Nominee Director for the period from January 29, 2021 to April 30, 2022 is recommended to the shareholders for approval at the ensuing Annual General Meeting.
*** Resigned with effect from May 7, 2021 on account of change in nomination by Kotak Mahindra Life Insurance Company Ltd
\$\$ Appointed as Additional Director (Nominee) by the Board of Directors w.e.f. May 7, 2021 and appointment as Nominee Director for the period of three years from May 7, 2021 to May 6, 2024 is recommended to the shareholders for approval at the ensuing Annual General Meeting.

**17. DIRECTORS AND KEY MANAGERIAL PERSONNEL (APPOINTMENTS AND RESIGNATIONS):**

**(A) MANAGING DIRECTOR:**

Mr. R. Sridharan completed his term as the Managing Director on July 31, 2020 and he demitted office as the Managing Director of the Company with effect from the close of business hours on July 31, 2020. The Board places on record the appreciation for the significant contribution made by him to the Board and Committees and the invaluable leadership rendered by him to the Company as the Managing Director. On account of his cessation as the Managing Director of CCIL, he also ceased to be the Managing Director of Clearcorp Dealing Systems (India) Ltd and as a Director of Legal Entity Identifier India Limited, both the subsidiary companies.

Based on the approval of RBI and in accordance with the provisions of Section 196, 197, 203 and Schedule V of the Companies Act, 2013 and rules thereunder, the Board of Directors at its meeting held on February 4, 2020 approved the appointment of Mr. Hare Krishna Jena (DIN 07624556) as the Managing Director of the Company for a period of three years w.e.f August 1, 2020 alongwith the terms and conditions of his appointment and remuneration and recommended the same to the shareholders for their approval. Further, in order to ensure smooth succession, the Board in the aforesaid meeting also recommended his appointment as MD- Designate for a period from the date of his joining on or after April 1, 2020 till July 31, 2020 and recommended the same to the shareholders for their approval.

The Shareholders at the at the 14<sup>th</sup> Extra-Ordinary General Meeting held on March 17, 2020 approved the appointment of Mr. Hare Krishna Jena as Director not liable to retire by rotation and the Managing Director. The Shareholders also approved his appointment as MD Designate for a period from the date of his joining on or after April 1, 2020 till July 31, 2020. Mr. Hare Krishna Jena joined CCIL as MD- Designate on June 1, 2020 and acted as such for the period from June 1, 2020 upto July 31, 2020. As per the extant practice, he was also appointed as Managing Director of Clearcorp Dealing Systems (India) Ltd and Director on the Board of Legal Entity Identifier India Limited, wholly owned subsidiary companies with effect from August 1, 2020 with the permission of the Board of the Company as required under the Companies Act, 2013 for such appointment on the Board of subsidiary companies. The Board

has delegated general and financial powers to Mr. Jena to conduct the routine day to day operations of the Company.

**(B) INDEPENDENT DIRECTORS:**

**(I) APPOINTMENTS**

The Board of Directors at its meeting held on July 29, 2020 upon the recommendation of the Nomination and Remuneration Committee, approved the appointment of Mr. P.R. Ramesh (holding DIN – 01915274) as an Additional Director (Independent) with effect from August 1, 2020, pursuant to Article 134 of the Articles of Association of the Company. The Board in the aforesaid meeting also recommended to the shareholders, his appointment as an Independent Director, for a period of three consecutive years with effect from August 1, 2020 to July 31, 2023. His appointment as an Independent Director shall be placed before the shareholders at the ensuing Annual General Meeting and his office shall not be liable to be determined for the purpose of retiring by rotation in terms of provisions of the Companies Act, 2013.

Mr. P R Ramesh is a graduate in Commerce from Osmania University, Hyderabad and is a Fellow Member of the Institute of Chartered Accountants of India (ICAI). He was the Chairman of Deloitte India and has over 40 years of experience in the profession. He has also served as a member of Deloitte Global Board and Deloitte Asia Pacific Board. He has also been associated with various Regulatory bodies viz SEBI, RBI, IRDA and also was member of the Committee for Reforming the Regulatory Environment for doing Business in India set up by Government of India. He has served clients in manufacturing, banking and financial services, technology, media, telecommunications, energy and resources and consumer business sectors throughout his professional career.

As on March 31, 2021, the Board of Directors comprise of six (6) Independent Directors namely Mr. R. Gandhi, Mr. Narayan Seshadri, Mr. G Sivakumar, Ms. Meena Hemchandra, Mr. S. Vishvanathan and Mr. P. R Ramesh. The Independent Directors are not liable to retire by rotation as per the provisions of Section 149 of the Companies Act, 2013.

**(II) RE-APPOINTMENTS**

The Shareholders, at the fifteenth Annual General Meeting held on August 8, 2016 had approved appointment of Mr. Narayan Seshadri as an Independent Director for a period of five years with effect from April 12, 2016 up to April 11, 2021 in terms of applicable provisions of

the Companies Act, 2013. Mr. Seshadri completed his first term of five years as an Independent Director on April 11, 2021. Based on the recommendation of the Nomination and Remuneration Committee and satisfactory performance review, the Board at its meeting held on October 29, 2020 had accorded its in-principle approval for the re-appointment of Mr. Narayan Seshadri (DIN :00053563) as an Independent Director for a second term of one year from April 12, 2021 to April 11, 2022 subject to the approval of RBI. RBI accorded its approval for the re-appointment of Mr. Narayan Seshadri for a period of one year from April 12, 2021 to April 11, 2022. The Board at its meeting held on March 18, 2021 noted the approval of RBI received for the re-appointment of Mr. Seshadri as an Independent Director and recommended to the shareholders his re-appointment as an Independent Director of the Company for a second term of one year commencing from April 12, 2021 to April 11, 2022. His re-appointment as an Independent Director for a second term of one year commencing from April 12, 2021 to April 11, 2022 is being placed before the shareholders for approval at the ensuing Annual General Meeting by way of Special Resolution in terms of Section 149 read with Schedule IV of the Companies Act, 2013 and RBI CCP Directions. His office shall not be liable to be determined for the purpose of retiring by rotation in terms of the provisions of the Companies Act, 2013. Prior to completion of his term, the Board of Directors, during the annual performance evaluation of Directors, carried out his performance evaluation and his performance has been rated as 'good' on various parameters laid down by the Board in respect of the criteria laid down for the performance evaluation of independent directors.

Mr. Narayan. Seshadri is a Chartered Accountant. He focuses on business transformation enabling companies to continually address challenges arising from economic, regulatory and technological changes. With over 40 years of experience across different sectors and countries, many enterprises he has counseled are now multibillion dollar businesses continuing to grow. He founded Tranzmute, a Management and Business Transformation Services enterprise that works with underperforming businesses of high potential and stressed assets to transform them into robust rapidly growing companies. He is also a non-executive Chairman of several listed Indian companies including PI Industries, AstraZeneca Pharma India and is independent director of several other leading companies some of them include SBI Life Insurance Co. Ltd, Kalpataru Power Transmission Ltd & Ramky Enviro Engineers Ltd. He is Chairman / Member of the various Committees of the Board of CCIL. He is also an Independent Director on the Board of Clearcorp Dealing Systems (India) Ltd, the wholly owned subsidiary company.

The Shareholders, at the 11<sup>th</sup> EGM held on June 29, 2017 had approved appointment of Mr. G. Sivakumar as an Independent Director for a period of five years with effect from September 8, 2016 up to September 7, 2021. The first term of five years of Mr. G. Sivakumar as an Independent Director will complete on September 7, 2021. Based on the recommendation of the Nomination and Remuneration Committee and satisfactory performance review, the Board at its meeting held on January 29, 2021 had accorded its in-principle approval for the re-appointment of Mr. G. Sivakumar (DIN : 07537575) as an Independent Director for a second term of one year from September 8, 2021 to September 7, 2022 subject to the approval of RBI. RBI accorded its approval for the re-appointment of Mr. G. Sivakumar for a period of one year from September 8, 2021 to September 7, 2022. The Board at its meeting held on May 7, 2021 noted the approval of RBI received for the re-appointment of Mr. G. Sivakumar as an Independent Director and recommended to the shareholders his re-appointment as an Independent Director of the Company for a second term of one year commencing from September 8, 2021 to September 7, 2022. His re-appointment as an Independent Director for a second term of one year commencing from September 8, 2021 to September 7, 2022 is being placed before the shareholders at the ensuing Annual General Meeting by way of Special Resolution in terms of Section 149 read with Schedule IV of the Companies Act, 2013 and RBI CCP Directions. His office shall not be liable to be determined for the purpose of retiring by rotation in terms of provisions of the Companies Act, 2013. Prior to completion of his term, the Board of Directors, during the annual performance evaluation of Directors, carried out his performance evaluation and his performance has been rated as 'good' on various parameters laid down by the Board in respect of the criteria laid down for the performance evaluation of independent directors.

Mr. G. Sivakumar is a B. Tech (Electrical Engineering) from IIT, Madras, Ph. D (Computer Science) from the University of Illinois and is currently the faculty of Computer Science and Engineering, IIT Bombay, since 1991. His core research interests are in the applications of Logic in diverse areas of Computer Science such as Artificial Intelligence, Software Engineering and Network Security. He is the Head of the Centre for Formal Design and Verification of Software (CFDVS) which undertakes projects related to design and verification of safety of critical real-time systems.

Mr. G. Sivakumar has published over 25 papers in reputed journals and conferences. He has supervised 5 Ph.D. Theses and over 80 Master's theses. He has served as a member of IIT Bombay's Board of Governors (2006-2007), and on the Governing Council of IDRBT since

2005. He is an Independent Director on the Board of NPCI and NSDL. He serves/has served on several Technology Advisory Committees including those of RBI, NPCI, CCIL, NSDL and SEBI. He is Chairman / Member of the various Committees of the Board of CCIL.

### **(III) RETIREMENT**

Mr. Sankarshan Basu retired as an Independent Director with effect from August 25, 2020 from the Board of the Company on account of completion of his term from the close of business hours on August 24, 2020. The Board places on record its appreciation for the significant contribution of Mr. Basu to the deliberations of the Board as well as the committees of the Board, where he was a member.

### **(C) NOMINEE DIRECTORS :**

#### **(I) APPOINTMENTS**

Pursuant to the Article 131 (2) of the Articles of Association, HDFC Bank Limited (one of the Core Promoter shareholder) nominated Mr. Ashish Parthasarthy, Treasurer, HDFC Bank Ltd as a nominee director on the Board of the Company. The Board, on the recommendation of the Nomination and Remuneration Committee, at its meeting held on May 22, 2020 appointed Mr. Ashish Parthasarthy (holding DIN: 08209972) as an Additional (Nominee) Director of the Company with effect from the said date pursuant to Article 134 of the Articles of Association of the Company. The Board in the aforesaid meeting also recommended his appointment as a Nominee Director to the shareholders for a period of three years with effect from May 22, 2020 to May 21, 2023. His appointment as a Nominee Director was approved by the shareholders at the 19<sup>th</sup> Annual General Meeting held on July 30, 2020 for a period of three years with effect from May 22, 2020 to May 21, 2023 in terms of provisions of Section 152 of the Companies Act, 2013 and RBI CCP Directions. Mr. Parthasarthy's office is liable to be determined for retirement by rotation at the Annual General meeting (AGM) and if otherwise eligible, he can be re-appointed in the said AGM during the aforesaid tenure of 3 years in terms of Section 152 of the Companies Act, 2013.

Mr. Ashish Parthasarthy, Treasurer, HDFC Bank Ltd, is an alumnus of the Indian Institute of Management, Bangalore and has over 30 years of experience in the Indian financial markets. His career encompasses a wide ranging experience across domains like Money Markets and Interest Rate trading, Balance Sheet Management, Foreign Exchange and Bullion. Mr. Parthasarthy is a very well known and highly regarded personality in the Indian Financial



Markets. He sits on the board of FIMMDA an association of Scheduled Commercial Banks, Public Financial Institutions, Primary Dealers and Insurance Companies.

Pursuant to the Article 131 (2) of the Articles of Association, State Bank of India (one of the Core Promoter shareholder) nominated Mr. S.V. Sastry, Deputy Managing Director, Global Markets, SBI, as a nominee director on the Board of the Company. The Board at its meeting held on July 29, 2020, based on the recommendation of the Nomination and Remuneration Committee, appointed Mr. S.V. Sastry (holding DIN: 07972562) as an Additional (Nominee) Director of the Company with effect from August 1, 2020 pursuant to Article 134 of the Articles of Association of the Company. The Board in the aforesaid meeting also recommended his appointment to the Shareholders as a Nominee Director for a period of three years from August 1, 2020 to July 31, 2023 in terms of the provisions of Companies Act, 2013 and rules made thereunder. His appointment as a Nominee Director is being placed before the shareholders for approval in the ensuing Annual General Meeting.

Mr. Sastry's office is liable to be determined for retirement by rotation at the Annual General meeting (AGM) and if otherwise eligible, he can be re-appointed in the said AGM during the aforesaid tenure of 3 years in terms of Section 152 of the Companies Act, 2013.

Mr. S.V. Sastry is a B.Sc. He joined SBI as Probationary Officer in 1985 and has a good experience in Treasury operations. He was DGM, Treasury Management, International Banking Group of SBI in 2008. He served as General Manager, Network-II, Ahmedabad local head office and later as General Manager (Forex) at Global Markets of SBI. He was MD & CEO of SBI DFHI Ltd.. Presently, he is serving as Deputy Managing Director, Global Markets at SBI. During his tenure as MD & CEO at SBI DFHI Ltd., between November 2017 and May 2020, he implemented automation of business process and HR management in the Company. During his tenure at Global Markets as General Manager (Forex), straight through processing of outward forex remittances for retail users across the branch network of SBI was rolled out. He was actively involved in the discussion and in the implementation of centralization of SWIFT operations for better control and risk management.

Pursuant to the Article 131 (2) of the Articles of Association, Life Insurance Corporation of India (one of the Core Promoter shareholder) nominated Mr. Arun Kumar Anand, Executive Director- LIC as a nominee director on the Board of the Company. The Board at its meeting held on January 29, 2021, based on the recommendation of the Nomination and Remuneration

Committee, appointed Mr. Arun Kumar Anand (holding DIN: 08964078) as an Additional (Nominee) Director of the Company with effect from the said date pursuant to Article 134 of the Articles of Association of the Company.

In terms of RBI CCP Directions, the Directors nominated by the nominating organization shall be serving officials with relevant experience and expertise. Hence, considering the scheduled date of retirement of Mr. Anand from LIC of India, the Board in the aforesaid meeting recommended his appointment to the Shareholders as a Nominee Director for a period commencing from January 29, 2021 to April 30, 2022 in terms of the provisions of Companies Act, 2013 and rules made thereunder. His appointment as a Nominee Director is being placed before the shareholders for approval in the ensuing Annual General Meeting.

Mr. Anand's office will be liable to be determined for retirement by rotation at the Annual General Meeting (AGM) in terms of Section 152 of the Companies Act, 2013.

Mr. Arun Kumar Anand is an M.A(Economics). He is associated with Life Insurance Corporation of India since last 36 years and has good experience in Investment Operations. Mr. Anand, is presently an Executive Director of LIC and has served as Chief (Investment) for two years in Equity and Investment in bonds and one year in Investment (Monitoring & Accounting) as Head of the Department. Currently, he is working as Head of the Department in Investment Operations, looking after all the investments of LIC.

Pursuant to the Article 131 (3) of the Articles of Association, Kotak Mahindra Life Insurance Company Ltd (KMLICL), nominated Ms. Radhavi Deshpande, Chief Investment Officer, KMLICL, as a nominee director on the Board of the Company. The Board at its meeting held on May 7, 2021, based on the recommendation of the Nomination and Remuneration Committee, appointed Ms. Radhavi Deshpande (holding DIN: 09162876) as an Additional (Nominee) Director of the Company with effect from the said date pursuant to Article 134 of the Articles of Association of the Company. The Board in the aforesaid meeting also recommended her appointment to the Shareholders as a Nominee Director for a period of three years from May 7, 2021 to May 6, 2024 in terms of the provisions of Companies Act, 2013 and rules made thereunder. Her appointment as a Nominee Director is being placed before the shareholders for approval in the ensuing Annual General Meeting.

Ms. Radhavi's office will be liable to be determined for retirement by rotation at the Annual General meeting (AGM) and if otherwise eligible, she can be re-appointed in the said AGM during the aforesaid tenure of 3 years in terms of Section 152 of the Companies Act, 2013.

Ms. Radhavi Deshpande is a Bachelor of Commerce and also MBA (Institute of Management Education, Pune). She is currently the Chief Investment Officer of the Kotak Mahindra Life Insurance Company Ltd. She has 25 years of work experience with the Kotak Group. After joining Fixed Income Securities Group in Kotak Mahindra Capital Company Limited in the year 1996, she joined Treasury Team of Kotak Mahindra Bank Limited in the year 2003. Her responsibilities at Kotak Mahindra Bank Limited included:

1. Head of Primary Dealer business;
2. Head of Fixed Income trading, OIS and Debt Sales;
3. Head of Equity trading desk with focus on IPO investments;
4. Steering a team of senior dealers and Relationship Managers with pan India coverage for debt sales;
5. Updating policies and regulations, developing and implementing processes, driving solutions through automation and system upgradation projects.

## **(II) RE-APPOINTMENT**

Based on the approval of RBI and recommendation of the Board of Directors of the Company, the shareholders at the 19<sup>th</sup> Annual General Meeting of the Company held on July 30, 2020, approved the re-appointment of Mr. B. Prasanna (holding DIN : 02257744), who was liable to retire by rotation and eligible for re-appointment at the said meeting, as a nominee director for a second term from the date of the Annual General meeting i.e July 30, 2020 till November 4, 2022.

## **(III) RESIGNATION**

Mr. Sudhakar Shanbhag, Nominee Director (representative of Kotak Mahindra Life Insurance Company Ltd) resigned from the Board of the Company with effect from May 7, 2021 consequent upon change in nomination by Kotak Mahindra Life Insurance Company Ltd. The Board places on record its appreciation for the valuable contribution made by Mr. Shanbhag to the deliberations at the Board meetings.

#### **(IV) RETIREMENT BY ROTATION**

The Nominee Directors are liable to retire by rotation in terms of the provisions of Section 152 of the Companies Act, 2013.

Pursuant to the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Pradeep Madhav, Nominee Director (representative of STCI Finance Ltd) would be due for retirement as a Director in the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment in terms of the Companies Act, 2013.

#### **(D) KEY MANAGERIAL PERSONNEL :**

As on the date of this report, Mr. Hare Krishna Jena, Managing Director, Mr. O.N. Ravi, Executive Vice President, Mr. Deepak Chande, Chief Financial Officer and Mr. Pankaj Srivastava, Company Secretary and Compliance Officer are the Key Managerial Personnel of the Company in terms of the provisions of the Companies Act, 2013 and rules made thereunder. During the financial year 2020-21, Mr. Hare Krishna Jena, Managing Director of the Company was also appointed as the Managing Director of Clearcorp Dealing Systems (India) Ltd, and as a Director of Legal Entity Identifier India Limited (LEIL), the wholly owned subsidiary companies. Further, Mr. O.N Ravi was appointed as a Director on the Board of LEIL, with the permission of the Board of the Company.

#### **18. DECLARATION BY INDEPENDENT DIRECTORS:**

All the Independent Directors have given the necessary declarations to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013. In the aforesaid declaration, the Independent Directors have confirmed that they have complied with sub-rule (1) of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended / substituted by the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019 (Rules) with respect to registration in Independent Directors' Databank within the timelines specified thereunder. The Independent Directors have also confirmed that compliance with sub-rule (2) of Rule 6 of the Rules with respect to renewal of registration (if applicable) has been ensured within the timelines specified thereunder.

## **19. STATEMENT BY THE BOARD REGARDING THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR:**

In the opinion of the Board, the Independent Directors appointed/re-appointed during the financial year 2020-21 possess the requisite skills, expertise and rich experience in the various areas of financial sector, banking, audit etc which are relevant to the operations of the Company and observe highest ethical standards of integrity and probity. Further, in terms of the requirements under the Companies Act, 2013 and Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended / substituted by the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, the Independent Directors have taken up and qualified / shall take up the online proficiency self assessment test conducted by the Indian Institute of Corporate Affairs within the stipulated timelines under the aforesaid rules as per the applicability of the said requirement.

## **20. DIRECTORS' RESPONSIBILITY STATEMENT:**

The Company is in compliance with various accounting and financial reporting requirements in respect of the financial statements for the period under review. Pursuant to Section 134(5) of the Companies Act, 2013, and in respect of the annual accounts for the period under review, the Directors hereby confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year i.e 31<sup>st</sup> March, 2021 and of the profit and loss of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

## **21. COMMITTEES:**

The following Committees are constituted as per the Companies Act, 2013 and Directions for Central Counterparties (CCPs) issued by Reserve Bank of India.

### ***(i) Audit Committee***

The Audit Committee has been constituted in accordance with Section 177 of the Companies Act, 2013 and Directions for CCPs. Presently, all the members of the Audit Committee of the Board are Independent Directors and Mr. Narayan Seshadri, Independent Director is the Chairman of the Audit Committee. Mr. Seshadri is an eminent Chartered Accountant and has more than 30 years of experience in finance, investment advisory, management consulting and financial services. The other members of the Committee are Mr. R. Gandhi, Non-Executive Chairman and Independent Director, Ms. Meena Hemchandra, Mr. G. Sivakumar and Mr. S. Vishvanathan, Independent Directors. The Committee examines the financial statements and the Statutory Audit reports on financial statements submitted by the Statutory Auditors. The Committee also reviews concurrent audit reports, internal and operational audit reports, secretarial audit report, systems audit reports and suggests necessary improvements for the overall functioning of the Company. It recommends to the Board the appointment, remuneration and terms of appointment of auditors of the Company. The Committee also grants approval or any subsequent modification of transactions of the Company with related parties in terms of Section 177 of the Companies Act, 2013 as amended from time to time, oversees the vigil mechanism i.e. Whistle Blower Policy of the Company, evaluates internal financial controls and audit reports of the risk management systems, reviews the report on compliances of applicable laws as reported by the Internal and Operations Auditors, etc.

At the commencement of every financial year, the Committee discusses a detailed audit plan to be undertaken by Internal cum Operations Auditors, who are external auditors.

During the financial year 2020-21, four (4) Audit Committee meetings were held on May 22, 2020, July 29, 2020, October 29, 2020 and January 29, 2021. The composition of the Committee during the financial year 2020-21 and Members' attendance at the committee meetings are given hereunder:

<b>Name of the Director</b>	<b>Category</b>	<b>No. of meetings attended</b>	<b>No. of meetings held during the tenure of Directors</b>
Mr. Narayan Seshadri	Non-Executive, Independent Director (Chairman of the Committee)	4	4

Mr. R. Gandhi	Non-Executive Chairman and Independent Director	4	4
Mr. G. Sivakumar	Non-Executive, Independent Director	4	4
Ms. Meena Hemchandra	Non-Executive, Independent Director	4	4
Mr. S. Vishvanathan	Non-Executive, Independent Director	4	4

The Managing Director, Internal cum Operations Auditors and the Statutory Auditors of the Company attend these Committee meetings as “Invitees”. The Chief Financial Officer, Executive Vice President and operational heads also attend the meetings as invitees. The Company Secretary acts as the Secretary to the Audit Committee.

***Details of establishment of vigil mechanism:***

The Company has established a vigil mechanism i.e. Whistle Blower Policy to provide an avenue for employees / directors, to raise concerns about violation of law, questionable business practices or grave misconduct by the employees or directors or vendors of Company, which could lead to financial loss or reputation risks to the Company. The Company has provided adequate safeguards against victimization of employees and Directors who express their concerns such as consideration of anonymous reporting of incidents, keeping identity of the whistle blower confidential unless required by law, etc.

In terms of the policy, any employee or any person employed on contractual basis, who has a reason to believe that he / she has become aware of questionable business practices or grave misconduct, he / she must immediately report those facts to the designated ‘Reporting Officer’ or ‘Chairman of the Audit Committee’ in exceptional cases. Any director, who has a reason to believe that he / she has become aware of questionable business practices or grave misconduct being perpetrated by any employee of the Company or a fellow member of the Board or a vendor who has transactions with the Company and which may result in financial loss or reputation risk to the Company, he / she must immediately report those facts to the ‘Chairman of the Audit Committee of the Board’ or ‘Chairman of the Company’ in exceptional cases. The Whistle Blower Policy is also placed on the website of the Company at the link <https://www.ccilindia.com/AboutUs/Promoters/Pages/OtherInformation.aspx>.

**(ii) *Nomination and Remuneration Committee***

In accordance with Section 178 of the Companies Act, 2013 and Directions for Central Counter Parties, presently, the Nomination and Remuneration Committee comprises of Mr. Narayan Seshadri, Independent Director (Chairman of the Committee), Mr. R. Gandhi, Non-Executive Chairman and Independent Director and Mr. G. Sivakumar, Independent Director. The Committee looks into all the governance matters including the requirements under the Companies Act, 2013 and Directions for CCPs issued by RBI, such as identification of persons eligible to become directors, senior management in accordance with the criteria laid down, to recommend to the Board their appointment and removal. It also specifies the manner for effective evaluation of performance of the Board and its Committees and individual directors. The Nomination and Remuneration Committee discharges all functions set out under the provisions of the Companies Act, 2013 as well as RBI CCP Directions. Further, in terms of the scope, the Committee is also required to scrutinize the candidature of Directors in terms of “Fit and proper criteria” as stipulated under the RBI CCP Directions and recommend the same to the Board. The Committee also evaluates and recommends the appointment/re-appointment of the Chairperson and the Managing Director, determine/recommend the terms and conditions, remuneration of the Managing Director of the Company. The Committee also reviews and recommends succession policy to the Board and also the roles and responsibilities of Senior Management. The Committee recommends to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees in terms of the provisions of section 178(4) of the Companies Act, 2013 and also carries out annual review of the Policy relating to the remuneration for the Directors, Managing Director and senior management in terms of Directions for Central Counterparties issued by RBI.

During the financial year 2020-21 four (4) meetings of the Nomination and Remuneration Committee were held on May 22, 2020, July 29, 2020, October 29, 2020 and January 28, 2021. The composition of the Committee during the financial year 2020-21 and Members’ attendance at these meetings are given hereunder:

<b>Name of the Director</b>	<b>Category</b>	<b>No. of meetings attended</b>	<b>No. of meetings held during the tenure of Directors</b>
Mr. Narayan Seshadri	Non-Executive, Independent Director (Chairman of the Committee)	4	4



Mr. R. Gandhi	Non-Executive Chairman and Independent Director	4	4
Mr. G. Sivakumar	Non-Executive, Independent Director	4	4

**(iii) Corporate Social Responsibility Committee**

In accordance with the provisions of Section 135 of the Companies Act, 2013, the Corporate Social Responsibility (CSR) Committee comprised of Mr. R. Gandhi, Independent Director as Chairman of the Committee, Mr. Sankarshan Basu, Independent Director, Mr. G. Sivakumar, Independent Director and Mr. R. Sridharan, Managing Director as the members of the Committee. However, on account of demission of office as Managing Director by Mr. R. Sridharan with effect from close of business hours on July 31, 2020, Mr. Hare Krishna Jena was appointed as the Managing Director and member of the Committee with effect from August 1, 2020. Further, Mr. Sankarshan Basu retired as Independent Director of the Company with effect from August 25, 2020 and accordingly ceased to be the member of the Committee with effect from the said date.

The scope of the CSR Committee is in line with the provisions of the Companies Act, 2013. The scope of the CSR Committee includes formulating and recommending to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company in areas or subject as specified in Schedule VII of the Companies Act, 2013. Further, the scope of the Committee also includes specifying modalities of execution of such projects or programs and implementation schedule for the same and monitoring the process of such projects or programs, recommending the amount of expenditure to be incurred on the CSR activities, monitoring CSR Policy of the Company by instituting a transparent monitoring mechanism for implementing the CSR projects or programs undertaken by the Company.

The Annual report on CSR activities providing details of the policy and the amounts spent in line with the Companies (Corporate Social Responsibility Policy) Rules 2014 as amended by Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 is enclosed as **Annexure II**. The web-address where the Composition of the CSR Committee, CSR Policy and CSR projects approved by the Board are located is indicated in the aforesaid **Annexure II**.

During the financial year 2020-21 two (2) Corporate Social Responsibility Committee meetings were held on January 28, 2021 and February 5, 2021 respectively. The said meetings were attended by all the members of the CSR Committee viz. Mr. R. Gandhi, Non-Executive Chairman

and Independent Director (Chairman of the Committee), Mr. Hare Krishna Jena, Managing Director and Mr. G. Sivakumar, Independent Director.

***(iv) Regulatory Compliance Committee***

The Directions for CCPs issued by Reserve Bank of India in October 2018 stipulated that a Regulatory Compliance Committee should be constituted by an authorized Central Counterparty. Accordingly, the Board of Directors at their meeting held on November 16, 2018, constituted the Regulatory Compliance Committee in terms of the said Directions issued by RBI.

The scope of Committee includes reviewing the compliance to the requirements under the Payment and Settlement Systems Act, 2007 and regulations made thereunder, review the compliance requirements under the Companies Act, 2013 and rules framed thereunder, review the compliance to the Directions issued by RBI from time to time, monitoring the compliance of recommendations arising out of inspection carried out by RBI and any other matter as may be specified by the Board / RBI from time to time.

During the period under review five (5) Regulatory Compliance Committee meetings were held on May 22, 2020, July 29, 2020, October 29, 2020, January 28, 2021 and March 18, 2021. The composition of the Committee during the financial year 2020-21 and Members' attendance at the Committee meetings are given hereunder:

<b>Name of the Director</b>	<b>Category</b>	<b>No. of meetings attended</b>	<b>No. of meetings held during the tenure of Directors</b>
Mr. R. Gandhi	Non-Executive Chairman of the Board and Independent Director (Chairman of the Committee)	5	5
Mr. R. Sridharan *	Managing Director	2	2
Mr. Hare Krishna Jena **	Managing Director	3	3
Mr. G. Sivakumar	Non-Executive, Independent Director (Chairman of the Technical Approval Committee)	5	5
Mr. Narayan Seshadri	Non-Executive, Independent Director (Chairman of the Audit Committee, NRC and Committee of Directors on Risk Management)	5	5

*\* Demitted the office as the Managing Director of the Company with effect from close of business hours on July 31, 2020 on completion of his tenure of appointment.*

*\*\* Appointed as Managing Director and member of the Committee w.e.f August 1, 2020.*

*Mr. Hare Krishna Jena attended the meeting held on July 29, 2020 as an Invitee in the capacity of Managing Director- Designate.*

**(v) Committee of Directors on Risk Management**

The Committee of Directors on Risk management presently comprises of Mr. Narayan Seshadri, Independent Director (Chairman of the Committee), Mr. R. Gandhi, Non-Executive Chairman and Independent Director, Mr. Hare Krishna Jena, Managing Director, Mr. B. Prasanna, Nominee Director (representative of ICICI Bank Ltd) and Mr. S. Vishvanathan, Independent Director as members of the Committee. The Committee has been constituted to address and decide issues relating to the risk management of the Company and report the same to the Board, review and approve the risk management policies and processes covering risks associated with clearing and settlement for various segments, review and approve the risk management processes for new products/services, to select external experts for validation of risk model and processes and review assessment reports from the experts, to ratify the decision of the selection of the external rating agency for providing risk ratings of members, to lay down criteria/policy for membership relating to admissions, continuation, suspension etc. in various business segments from time to time, to approve the first time membership of the Company by a new entrant, membership screening and approval process, review of investment portfolio of the Company, to advise / review / recommend Risk Management related matters for subsidiary company as may be delegated / referred by the Board of the subsidiary from time to time, etc.

During the period under review five (5) Risk Management Committee meetings were held on May 22, 2020, July 29, 2020, October 26, 2020, January 29, 2021 and March 18, 2021. The composition of the Committee during the financial year 2020-21 and attendance of Members at these meetings are given hereunder:

<b>Name of the Director</b>	<b>Category</b>	<b>No. of meetings attended</b>	<b>No. of meetings held during the tenure of Directors</b>
Mr. Narayan K. Seshadri	Non-Executive, Independent Director	5	5

	(Chairman of the Committee)		
Mr. R Gandhi	Non-Executive Chairman of the Board and Independent Director	5	5
Mr. R Sridharan*	Managing Director	2	2
Mr. Hare Krishna Jena**	Managing Director	3	3
Mr. Sankarshan Basu@	Non-Executive, Independent Director	2	2
Mr. B. Prasanna	Non-Executive, Nominee Director	3	5
Mr. S.Vishvanathan	Non-Executive, Independent Director	5	5

*\* Demitted the office as Managing Director of the Company with effect from close of business hours on July 31, 2020 on completion of his tenure of appointment.*

*\*\* Appointed as Managing Director and member of the Committee w.e.f August 1, 2020.*

*Mr. Hare Krishna Jena attended the meeting held on July 29, 2020 as an Invitee in the capacity of Managing Director- Designate*

*@ Ceased to be member of the Committee w.e.f August 25, 2020 on account of completion of tenure as an Independent Director*

**(vi) Technical Approval Committee**

The Technical Approval Committee presently comprises of Mr. G. Sivakumar, Independent Director (Chairman of the Committee), Mr. R. Gandhi, Non-Executive Chairman and Independent Director, Mr. Hare Krishna Jena, Managing Director and Mr. S. Vishvanathan, Independent Director as members of the Committee, along with special invitee Mr. N. L. Sarda, former Professor, IIT, Mumbai. The scope of the Committee covers advising, recommending, approving, deciding the matters related to Information Technology (IT) systems/ infrastructure/ policies/ procedures/ guidelines/ approach, to oversee IT related systems and infrastructure of the Company, to consider and accept all audit related systems/IT, to approve the capital and revenue budget for IT, to recommend the appointment of Auditors such as Information Security (ISO), Systems Audit, etc for approval by the Board, review the Business Continuity management processes/manual and disaster recovery drills that are undertaken periodically, review the IT policy of the Company on annual basis, to advise / review / recommend Information Technology

related matters for subsidiary companies as may be delegated / referred by the Board of subsidiaries from time to time, etc.

During the period under review, six (6) meetings of the Technical Approval Committee were held on May 21, 2020, July 28, 2020, August 25, 2020, October 26, 2020, January 29, 2021 and March 18, 2021. The composition of the Committee during the financial year 2020-21 and Members' attendance at the meetings are given hereunder:

<b>Name of the Director</b>	<b>Category</b>	<b>No. of meetings attended</b>	<b>No. of meetings held during the tenure of Directors</b>
Mr. G. Sivakumar	Non-Executive, Independent Director (Chairman of the Committee)	6	6
Mr. R Sridharan*	Managing Director	2	2
Mr. Hare Krishna Jena#	Managing Director	4	4
Mr. R. Gandhi	Non-Executive Chairman and Independent Director	6	6
Mr. S. Vishvanathan	Non-Executive, Independent Director	6	6
<b>Special Invitees:</b>			
Mr. N L Sarda, former Professor, IIT, Mumbai		6	6

*\*Demitted the office as Managing Director of the Company with effect from close of business hours on July 31, 2020 on completion of his tenure of appointment.*

*# Appointed as Managing Director and member of the Committee w.e.f August 1, 2020.*

*Mr. Hare Krishna Jena attended the meeting held on July 28, 2020 as an Invitee in the capacity of Managing Director- Designate.*

#### ➤ **Other Committees of the Board**

The following Committees are set up by the Board to oversee the smooth functioning of the affairs of the Company on various fronts:

##### ***(i) Committee of Directors for Bye-laws, Rules and Regulations of the Company***

The Bye- Laws, Rules and Regulations Committee presently comprises of Mr. R. Gandhi, Non-Executive Chairman and Independent Director and Mr. Hare Krishna Jena, Managing Director.

The scope of the Committee includes reviewing the draft Bye-laws, Rules and Regulations of the Company and its subsidiary company, consideration of any amendments/changes in the existing Bye-laws, Rules and Regulations of the Company and its subsidiary company and to recommend all appropriate changes in the Bye-laws, Rules and Regulations to the Board for its approval.

During the period under review two (2) meetings of the Bye- Laws, Rules and Regulations Committee were held on July 27, 2020 and October 27, 2020. The composition of the Committee during the financial year 2020-21 and Members' attendance at the meetings are given hereunder:

<b>Name of the Director</b>	<b>Category</b>	<b>No. of meetings attended</b>	<b>No. of meetings held during the tenure of Directors</b>
Mr. R. Gandhi	Non-Executive Chairman and Independent Director	2	2
Mr. R Sridharan*	Managing Director	1	1
Mr. Hare Krishna Jena#	Managing Director	1	1

*\* Demitted the office as Managing Director of the Company with effect from close of business hours on July 31, 2020 on completion of his tenure of appointment.*

*#Appointed as Managing Director and member of the Committee w.e.f August 1, 2020.*

*Mr. Hare Krishna Jena attended the meeting held on July 27, 2020 as an Invitee in the capacity of Managing Director- Designate.*

## **(ii) Human Resources Committee (HRC)**

The Human Resources Committee presently comprises of Mr. R. Gandhi, Non-Executive Chairman and Independent Director (Chairman of the Committee), Mr. Hare Krishna Jena, Managing Director, Ms. Meena Hemchandra, Independent Director and Mr. Narayan Seshadri, Independent Director as its members. The Committee reviews the organisational structure of the Company, the compensation package for the staff members (excluding senior management staff) in accordance with the policy framework laid down by the Nomination and Remuneration Committee, recommends and reviews recruitment, succession, retirement plan to the Board, approves any amendments to the staff rules other than those pertaining to compensation package, approves changes in HR related policies of operational nature other than monetary in nature, such other matters referred to the Board from time to time. The Committee also advises / reviews / recommends remuneration policy and other Human Resources related matters for subsidiary companies as may be delegated / referred by the Board of subsidiaries from time to time.

During the period under review three (3) meetings of the Human Resources Committee were held on May 21, 2020, July 28, 2020 and October 29, 2020. The composition of the Committee during the financial year 2020-21 and Members' attendance at the meetings are given hereunder:

Name of the Director	Category	No. of meetings attended	No. of meetings held during the tenure of Directors
Mr. R. Gandhi	Non-Executive Chairman and Independent Director (Chairman of the Committee)	3	3
Mr. R Sridharan*	Managing Director	2	2
Mr. Hare Krishna Jena#	Managing Director	1	1
Ms. Meena Hemchandra	Non-Executive, Independent Director	3	3
Mr. Narayan Seshadri	Non-Executive, Independent Director,	3	3

*\* Demitted the office as Managing Director of the Company with effect from close of business hours on July 31, 2020 on completion of his tenure of appointment.*

*#Appointed as Managing Director and member of the Committee w.e.f August 1, 2020.*

*Mr. Hare Krishna Jena attended the meeting held on July 28, 2020 as an Invitee in the capacity of Managing Director- Designate.*

### **(iii) Investment Committee of Directors**

For operational convenience, the Board of Directors of the Company has constituted a Committee of Directors comprising of following Directors as its members :-

1. Mr. Narayan Seshadri, Non-Executive, Independent Director (Chairman of the Committee)
2. Mr. Pradeep Madhav, Non- Executive, Nominee Director.

The scope of Committee includes to invest the funds of the Company during the absence of the Managing Director, in terms of Section 179(3)(e) of the Companies Act, 2013 and in accordance with the Investment norms approved by the Board.

This is a Committee to handle exceptional situations and no such event occurred during the year. Hence no meeting of the Investment Committee was required during the financial year 2020-21.

***(iv) Committee of Directors for Transfer of Shares***

The Committee of Directors for Transfer of Shares comprises of the following Directors as its members :-

1. Mr Narayan Seshadri, Non- Executive, Independent Director (Chairman of the Committee)
2. Mr. G. Sivakumar, Non- Executive, Independent Director
3. Mr. Sudhakar Shanbhag, Non- Executive, Nominee Director \*

The scope of Committee inter-alia includes approve/register transfer / transmission of shares, approve sub-division/split, consolidation and issue new share certificates, etc.

During the year, there was no request received for share transfer and hence meeting of this Committee was not required to be held during the year.

*\* Ceased to be member w.e.f May 7, 2021 on account of resignation from the Board of the Company with effect from the said date*

➤ **Other Committees**

The Company has set up following external committees with personnel from diverse fields to bring about greater transparency and efficiency in the decision making process relating to certain core areas of its operations.

**(A) Premises Advisory Committee**

A Committee comprising of Mr. Hare Krishna Jena, Managing Director, as Chairman of the Committee, Mr. M S Sundara Rajan, former Independent Director, Mr. C B Gokhale, Retd. ED Buildings, Life Insurance Corporation of India, Mr. B D Sumitra, Ex – Managing Director of the Company, Mr. Shashikant Tambe, Retd Secretary (Roads), Public Works Dept., Govt. of Maharashtra and Mr. Prabhakar Ambike, Retd. Chief Engineer, CIDCO, Govt. of Maharashtra has been constituted to advise the Company on all issues relating to acquisition, maintenance, leasing of premises for office use, for employees' accommodation, Disaster Recovery and Alternate User Location site, selection and appointment of Project Managers, consultants, contractors etc., for designing and execution of engineering services and Building Management Systems, Fire, Safety and Security related works etc.



During the financial year, two (2) meetings of the Premises Advisory Committee were held on July 16, 2020 and December 29, 2020 and were attended by the following members as given below:

Name of the Director	Category /	No. of meetings attended	No. of meetings held during the tenure of Directors
Mr. R Sridharan*	Managing Director, (Chairman of the Committee)	1	1
Mr. Hare Krishna Jena#	Managing Director, (Chairman of the Committee)	1	1
Mr. M S Sundara Rajan	Expert(Former Independent Director)	2	2
Mr. B D Sumitra	Ex – Managing Director of the Company	2	2
Mr. C.B. Gokhale	Retd. ED Buildings, Life Insurance Corporation of India	2	2
Mr. Shashikant Tambe	Secretary (Roads), Public Works Dept., Govt. of Maharashtra	2	2
Mr. Prabhakar Ambike	Retd. Chief Engineer, CIDCO, Govt. of Maharashtra	2	2

*\* Demitted the office as Managing Director of the Company with effect from close of business hours on July 31, 2020 on completion of his tenure of appointment.*

*#Appointed as Managing Director and member of the Committee w.e.f August 1, 2020.*

*Mr. Hare Krishna Jena attended the meeting held on July 16, 2020 as an Invitee in the capacity of Managing Director Designate.*

*\$ Mr. Umesh Bapat attended the above-mentioned meetings on July 16, 2020 and December 29, 2020 as a Special Invitee.*

## **(B) User Committees**

The Company recognizes the need to be in constant touch with the market players to be aware of the dynamics of the markets and ascertain the constantly evolving market developments and their

expectations. The Company is also keen in obtaining first hand feedback of the members on its various services and products. To this end, it has a process in place of conducting Annual Member Meet wherein each and every member of CCIL/Clearcorp across all categories viz. Foreign Banks, Private Banks, Public Sector Banks, Mutual Funds, Insurance Companies, NBFCs, Co-operative Banks etc. are invited for the yearly interactive meeting. The representatives from the market bodies like FIMMDA, FEDAI, etc. are invited to the said meetings as and when required. In addition, representative(s) from the Reserve Bank of India also attend such meetings as per their convenience. The minutes of such meetings are shared with all the stakeholders as well as the RBI. This has lent transparency to the entire process and greatly assisted the Company to respond effectively to market requirements within the shortest possible time.

### ➤ **Scope of the Committees**

During the financial year, the Board reviewed the scope and role of the various Committees of the Board.

## **22. FAMILIARISATION PROGRAMME:**

During the financial year, one familiarization program was conducted by the Company on January 20, 2021 for newly appointed Directors on the Board. The said familiarization program was attended by Mr. Ashsih Parthasarthy, Nominee Director (representative of HDFC Bank Ltd), Mr. S.V. Sastry, Nominee Director ( representative of State Bank of India) and Mr. P. R. Ramesh, Independent Director. The directors were primarily familiarized about the background of CCIL since its inception, major operations carried out by the Company and its subsidiaries and financial highlights of the Company.

## **23. FORMAL ANNUAL EVALUATION:**

The Board on the recommendation of the Nomination and Remuneration Committee, has framed a Mechanism for evaluation of Directors, the Board and its Committees which includes guidelines / Criteria for the purpose of evaluation. In accordance with the mechanism, for the financial year 2020-21, the Independent Directors at their separate meeting reviewed the performance of Chairman, Non –Independent Directors and the Managing Director, Board Committees, Board as a whole and assessed the flow of information between the Board and company management. The Independent Directors evaluated the performance by providing their ratings to the Directors / Board

Committees / Board as a whole/ flow of information between Board and Company management, as specified in the Guidelines.

Further, in terms of the provisions of Companies Act, 2013, the Board carried out evaluation of performance of Independent Directors, except the Director being evaluated and expressed satisfaction for their performance. The Board considered the inputs from the Lead Independent Director and agreed with the Independent Directors' assessment with respect to the satisfactory performance of the Chairman, the Nominee Directors and the Managing Director. The Board also agreed with the assessment of the performance of all the Committees of the Board and the Board as a whole that was found to be satisfactory by the Independent Directors. Further, the Board also agreed with the assessment of quality, quantity and timeliness of the flow of information to the Board that was found to be satisfactory by the Independent Directors.

The Board upon taking on record the above inputs and its own deliberations, found the performance of all the Directors, Committees of the Board, as also its own performance to be satisfactory.

#### **24. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION FOR DIRECTORS/KMP/OTHER EMPLOYEES:**

The following policy on directors' appointment and remuneration including the criteria for determining qualifications, positive attributes and independence of a Director, etc of the Company has been approved by the Board on the recommendation of the Nomination and Remuneration Committee:

##### **i. Appointment and Qualifications/positive attributes and Independence of the Directors**

- a) The Directors shall possess appropriate balance of skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, information technology or other disciplines related to the Company's business;
- b) The Directors are expected to have proven record of professional success, leadership and highest level of personal and professional ethics, integrity and values.
- c) The Directors shall not incur any disqualification in terms of the provisions of the Act and Rules made thereunder and shall fulfill the "Fit and Proper" criteria prescribed under the

directions issued by RBI under the Payment and Settlement Systems Act, 2007 as amended from time to time;

- d) The Independent Directors shall fulfill the criteria of Independence laid down under section 149(6) of the Companies Act, 2013 and rules made thereunder as amended from time to time and also comply with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended from time to time;
- e) The nominee directors shall be serving officials of the nominating organization with relevant experience and expertise in areas such as finance, treasury, risk management, bond markets, payment systems, Information Technology, etc;
- f) The Managing Director and the Chairperson shall be required to fulfill the criteria as prescribed under the Act and as per the direction issued in this regard by RBI under the Payment and Settlement Systems Act, 2007 as amended from time to time ;
- g) Such other qualifications as may be prescribed under the Act or directed by RBI from time to time.
- h) The appointment of all the Directors shall be made by the Board on the recommendation of the Nomination and Remuneration Committee of Directors. The procedure and manner of appointment and re-appointment of the Directors, Managing Director and Chairperson shall be in terms of the provisions of the Companies Act, 2013 and Rules made thereunder, Articles of Association of the Company and directions issued in this regard by RBI under the Payment and Settlement Systems Act, 2007 as amended from time to time including but not limited to the age limit, maximum tenure, Fit and Proper criteria and prior approval of RBI wherever required.

## **ii. Directors' Compensation**

- a) Sitting fees shall be paid to the Directors other than the Managing Director / Manager/ Whole-time Director, for attending Meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board and the amount of such fees shall not exceed the sum as may be prescribed under Companies Act 2013 and Rules thereunder as amended from time to time.

- b) Subject to the provisions of the Articles of Association, Directors may be paid all travelling, hotel and other expenses incurred by them in attending and returning from meetings or for such purposes in the business connection as may be decided by the Board from time to time.
- c) The Directors may be paid professional fees apart from the remuneration / sitting fees for the services rendered which are of professional nature and where in the opinion of the Nomination and Remuneration Committee, the Director possesses the requisite qualification for the practice of such profession.
- d) The remuneration to the Managing Director / Whole time Director shall be in accordance with the provisions of the Companies Act, 2013, Rules and Schedules made as amended from time to time and directions, if any, issued by RBI under PSS Act in this regard from time to time.
- e) The Chairperson shall be a Non-Executive and Independent Director and will not be remunerated except to the extent of payment of sitting fees and facilities provided for official purposes which may be decided by the Board from time to time.

**iii. Remuneration policy for Key Managerial Personnel (Executive Vice President, Chief Financial Officer and Company Secretary) and other employees**

The remuneration policy as approved by the Board includes the following components as part of the compensation structure for the employees and Key Managerial Personnel (Executive Vice President, Chief Financial Officer and Company Secretary) of the Company:

- a) Fixed Salary which includes Basic Pay, Special Allowance, Conveyance Allowance, Children's Education Allowance, House Rent Allowance, Lunch Allowance, Communication Allowance, Medical, LTA, PF and Superannuation (for eligible employees).
- b) Additional Allowance – For new employees on case to case basis on approval of the Managing Director.
- c) Others – Employees are provided one time Diwali Gift every year. Every year employees also receive a small token amount as birthday gift.
- d) Variable Pay is paid as per the Variable Pay Plan, based on employee's performance and Company's performance.
- e) Gratuity - one month's Basic Pay for each completed year of service as per the policy of the Company.

- f) Group Medclaim / Personal Accident Insurance/ Term Life Insurance Covers – All employees are covered under the Group Medclaim / Personal Accident Insurance/Term Life Insurance schemes as per the policy of the Company.
- g) Leave Encashment – All the employees are entitled to get leave as per the Leave Policy of the Company. Employees are also entitled to accumulate and encash leave in accordance with the terms and conditions prescribed in the Leave policy.

The aforesaid policy is placed on the following path on the website of the Company:

<https://www.ccilindia.com/AboutUs/Promoters/Pages/OtherInformation.aspx>

## **25. ANNUAL RETURN:**

In accordance with sub-section (3) Section 92 of the Companies Act, 2013, the Annual Return in the prescribed Form MGT-7 for the financial year 2020-21 shall be placed on the following path on the website of the Company:

<https://www.ccilindia.com/AboutUs/Promoters/Pages/OtherInformation.aspx>

## **26. AUDITORS:**

### **a) Statutory Auditors**

During the course of examination of the books of accounts for the financial year 2020-21, M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants, Statutory Auditors, have not come across any instance of fraud by officers or employees of the Company. Statutory Auditors have also submitted their report on Internal Controls on Financial Reporting (ICFR). The report of Statutory Auditors does not contain any qualification, reservations or adverse remarks.

M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants (Reg. no. 104607W/W100166) were appointed as the Statutory Auditors of the Company for a period of five years from the financial year 2016-17 to the financial year 2020-21 i.e till the conclusion of the Twentieth Annual General Meeting in accordance with the provisions of the Companies Act, 2013 and Rules thereunder at a remuneration that would be decided by the Board.

Pursuant to the provisions of the Companies Act, 2013 and applicable rules made thereunder, based on the recommendation of the Audit Committee, the Board of Directors has recommended the appointment of M/s. G.M. Kapadia & Co., Chartered Accountants (Firm Reg No.104767W), to the shareholders as Statutory Auditors of the Company in place of M/s. Kalyaniwalla &

Mistry LLP, Chartered Accountants, retiring Statutory Auditors, for a period of five consecutive years i.e from the conclusion of the 20<sup>th</sup> Annual General Meeting till the conclusion of 25<sup>th</sup> Annual General Meeting (from FY 2021-22 to FY 2025-26).

The Company has obtained consent, certificate of eligibility for appointment as required under Section 139(1) of the Companies Act, 2013 and a certificate of independence from M/s. G.M. Kapadia & Co, Chartered Accountants for appointment as statutory auditors of the Company.

#### **b) Internal cum Operations Auditors**

Pursuant to the provisions of Section 138 of the Companies Act, 2013 and the rules thereunder, the Company had appointed M/s BSR & Co. LLP as Internal cum Operations Auditors to carry out Internal and Operations Audit for the financial year 2020-21. The Internal cum Operations Auditors conduct review and evaluation of process robustness, effectiveness of controls and compliances on concurrent basis. It also ensures adherence to the policies and systems and mitigation of the operational risks perceived for each area under audit. The role of Internal cum Operations Audit is to provide an independent assurance on the robustness of Operating processes and adequacy of operating effectiveness of Internal Controls including financial controls, instituted by the Company. The Internal cum Operations Auditors also review the Books of Accounts and related records to verify that those are maintained to reflect the financial transactions/financial position of the Company fairly. They also review processes adopted by the Company to ensure compliance with various laws, ISMS controls, various Information Technology related processes, etc. Further, the Board has also appointed M/s B.S.R Co. & LLP as Concurrent Auditors of the Company for the financial year 2020-21.

#### **c) Systems Auditors**

As per the directions of the Reserve Bank of India, Systems Audit is required to be carried out each year for the IT infrastructure and applications covered under The Payment and Settlement Systems Act 2007 (PSS Act, 2007) as per the scope defined by RBI. Although the requirement of systems audit is only for the systems covered under PSS Act 2007, other systems of CCIL are also included in the scope of systems audit. M/s Nangia & Co. LLP have been appointed as Systems Auditor for the year ended March 2021 to ensure that the systems are operated in a safe, secure and efficient manner.

The technical vulnerability assessment/penetration testing (VA/PT) was carried out by an appointed external agency, besides the Internal Security Team.

**d) Certification audit for ISO27001:2013 accreditation**

CCIL is an ISO27001:2013 certified and M/s. Det Norske Veritas (DNV) GL Business Assurance India Private Limited have been appointed for carrying certification audit for ISO27001:2013 accreditation with coverage for all of our office locations and subsidiaries.

**27. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:**

The Company has devised appropriate processes, policies and procedures to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements in accordance with generally accepted accounting principles. The records of the Company are maintained in reasonable detail, accurately and to reflect fairly the financial transactions of the Company. The financial transactions are being made in accordance with the delegation of authority of the Board and the management of the Company. The Company has put in place adequate checks and balances to prevent or detect on a timely basis, any unauthorised acquisition, use, or disposition of the Company's assets that could have material effect on the financial position. All the systems, processes, policies and procedures which are used as a basis of recording of financial transactions are subjected to regular Systems Audit, Concurrent Audit, Operations Audit and Internal Audit by external independent professionals and no omission that could have material effect on the financial statements has been reported during the financial year.

**28. RELATED PARTY TRANSACTIONS:**

The Company has been entering into certain contracts / arrangements with the wholly owned subsidiaries i.e Clearcorp Dealing Systems (India) Ltd and Legal Entity Identifier India Ltd, on an ongoing basis.

An arrangement for revision in business support charges was entered into between the Company and Legal Entity Identifier India Ltd, its wholly owned subsidiary company for Application Development, Maintenance and Operations Support and Business Support for IT infrastructure and administration services. The said arrangement was valid until March 31, 2020 and during the year the same was reviewed and extended from April 1, 2020 to March 31, 2021 with certain



modifications in the charges which was approved by the Audit Committee and Board in terms of provisions of the Companies Act, 2013.

Further, an arrangement has been entered into between the Company and Clearcorp Dealing Systems (India) Ltd, wholly owned subsidiary for usage of office space and other administrative services, information technology related infrastructure and maintenance services, rent for residential accommodation and sharing of other expenses. The said arrangement was valid until March 31, 2020 and during the year the same was reviewed and extended for the period from April 1, 2020 to March 31, 2022 subject to annual review. The arrangement with Clearcorp was approved by the Audit Committee and Board of Directors in terms of provisions of the Companies Act, 2013.

During the year under review, the Company, in its ordinary course of business and at arms' length basis, has renewed its LEI number from Legal Entity Identifier India Ltd.

The Company has adopted a Policy on Related Party transactions as approved by the Board of Directors and Audit Committee of Directors.

The detailed particulars of the contracts or arrangements with related parties in the prescribed Form- AOC-2 is enclosed as **Annexure III** to the Board's Report.

## **29. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:**

The Company has not given any loans or guarantees or provided any security in connection with a loan given under Section 186 of the Companies Act, 2013 during the financial year 2020-21.

## **30. RISK MANAGEMENT POLICY:**

The Company has implemented a robust and efficient risk management framework in compliance with the Principles for Financial Market Infrastructures under the supervision of the Reserve Bank of India. A comprehensive Risk Management Framework document duly approved by the Board is put in place and is also submitted to RBI. This framework provides for identification of key risks faced by the Company which includes credit, market, liquidity, operational, investment, legal and reputation risks and the measures in place to handle such risks. The document highlights the risk management policies / processes and their Governance. These processes are periodically reviewed by external experts and eminent professors from reputed Institutes such as Indian Institute of Management and Indian School of Business, XLRI etc. The Company

employs appropriate tools such as admission criteria and periodic monitoring of the members, collection of margins and stress tests to mitigate the identified risks arising from clearing participants. It also has other policies and processes such as Investment Policy, Business Continuity Plans etc. The Company's Board has been discharging its risk related responsibilities assisted by various committees which closely supervise and review specific areas. The Committee of Directors on Risk Management (CODRM) is responsible for the overall risk management of the Company which is carried out by the Risk Management Department of the Company headed by the Chief Risk Officer who reports to the Managing Director of the Company with an additional line of reporting to the Chairman of CODRM. Various aspects of operational risk are monitored by the Audit Committee, the Risk Management Committee and the Technical Approval Committee. Further, Regulatory and Compliance Risks are monitored by the Audit Committee and the Regulatory Compliance Committee.

**31. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE:**

No significant and material orders were passed by the regulators or courts or tribunals which would impact the going concern status and the Company's operations in future.

**32. DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:**

An Internal Committee (IC) has been constituted by the Company in compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. There were no complaints / cases of sexual harassment received and disposed off by the Internal Committee constituted by the Company for the calendar year ended December 31, 2020 in terms of the Act.

**33. COMPLIANCE WITH SECRETARIAL STANDARDS :**

During the financial year 2020-21, the Company has complied with applicable Secretarial Standards i.e. Secretarial Standards on Board Meetings (SS-1) and Secretarial Standards on General Meetings (SS-2).

**34. MAINTENANCE OF COST RECORDS :**

The Company is not required to maintain cost records as specified by the Central Government under sub-section (1) of section 148 of the Act.

### **35. 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 Board at its meeting held on July 29, 2020, re-appointed a firm of Practising Company Secretaries as Secretarial Auditor to undertake the Secretarial Audit of the Company for the financial year 2020-2021. The Secretarial Audit Report submitted by the Secretarial Auditors is enclosed herewith as **Annexure IV**. There are no adverse comments or observations in the Secretarial Audit Report except that in their report, the Secretarial Auditors have stated that after appointment of Nominee Director of Promoter Shareholder w.e.f 29<sup>th</sup> January 2021, the Company is in the process of appointing another independent director to align the composition of the Board as specified under the Directions for Central Counterparties.

As noted by the Secretarial Auditors, the Company has already initiated the process of identification and appointment of another independent director to align the composition of the Board as specified under the Directions for Central Counterparties.

### **36. DEPOSITS:**

The Company has not accepted any deposits under Chapter V of the Act and has not issued equity shares with differential rights or sweat equity shares or under any employee stock option scheme during the financial year 2020-21.

### **37. GENERAL BODY MEETINGS:**

Location and time of General Meetings held during last five Financial Years:

<b>Year</b>	<b>Type</b>	<b>Date</b>	<b>Venue</b>	<b>Time</b>
2016-2017	AGM	August 8, 2016	CCIL Bhavan, S. K. Bole	4.00 p.m.
2017 -2018	EGM	June 29 2017	Road, Dadar (West),	4.30 p.m
2017 -2018	AGM	August 7, 2017	Mumbai - 400 028.	4.30 p.m
2017-2018	EGM	March 13, 2018		4.30 p.m
2018-2019	AGM	July 24, 2018		4.30 p.m
2018-2019	EGM	January 30, 2019		4.30 p.m
2019-2020	AGM	July 12, 2019		4.30 p.m
2019-2020	EGM	March 17, 2020		4.30 p.m
2020-2021	AGM	July 30, 2020	Held through Video Conferencing due to outbreak of COVID-19 pandemic in terms of	4.30 p.m

			<p>circulars issued by the Ministry of Corporate Affairs for conducting the Annual General meetings through VC/OAVM facility. However, CCIL Bhavan, S. K. Bole Road, Dadar (West), Mumbai - 400 028, registered office of the Company was deemed venue for the AGM</p>	
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All special resolutions moved at the General Meetings were passed with requisite majority by show of hands by members attending the meeting.

#### **Address for Correspondence**

Mr. Pankaj Srivastava  
Company Secretary  
The Clearing Corporation of India Limited  
5<sup>th</sup> Floor, CCIL Bhavan,  
S. K. Bole Road, Dadar (West),  
Mumbai - 400 028  
Telephone No.: 61546548; Email: [ssd@ccilindia.co.in](mailto:ssd@ccilindia.co.in)

#### **38. SHARE CAPITAL:**

The Authorised, Issued and paid-up Share Capital of the Company is ₹ 100 crores consisting of Equity Share Capital of ₹ 50 crores and Preference Share Capital of ₹ 50 crores.

As on March 31, 2021, the Equity Shareholding pattern is as under:

Serial No.	Shareholder Group	Percentage Holding
1	Commercial Banks	62.20
2	Financial Institutions	14.00
3	Insurance Companies / NBFCs / Primary Dealers / Other Bodies Corporate	23.80
	<b>Total</b>	<b>100.00</b>

The Shareholding pattern of 8.5% Redeemable Non- Convertible Cumulative Preference Shares (RNCPS-II) is as under:

Serial No.	Shareholder Group	Percentage Holding
1	Banks	100.00
	<b>Total</b>	<b>100.00</b>

**39. DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONGWITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR:**

No application was made during the financial year 2020-21 or any proceeding was pending against the Company as at the end of the financial year 2020-21 under the Insolvency and Bankruptcy Code, 2016 (31 of 2016).

**40. DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF:**

During the financial year 2020-21, the Company has not availed loan for proprietary purposes and Lines of Credit (LOC) facilities availed from the Banks are for the purpose of meeting the temporary liquidity requirements for carrying out Settlement Operations. Hence the aforesaid details are not applicable to the Company.

**41. APPRECIATION:**

The Board of Directors of the Company places on record its sincere thanks for the support and co- operation extended by Government of India, Reserve Bank of India, Institutions, Members of the Company, FIMMDA, FEDAI, PDAI, AMFI, FBIL, Consultants and Company's Bankers. The Board would also like to place on record its sincere appreciation for the support extended by the shareholding institutions and unstinted co-operation and efforts made by its employees in building the Company as a value based institution.

**For and on Behalf of the Board of Directors**

Sd/-

**R. GANDHI  
CHAIRMAN  
(DIN:03341633)**

**Mumbai  
Date: May 7, 2021**

### **Annexure I to the Board's Report**

Information as per Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Board's Report for the financial year ended March 31, 2021.

Sl. No.	Name	E-Code	Age (Yrs)	Designation /nature of Duties	Gross Remuneration (Rs in lacs.)	Qualification	Experience	Date of Commencement of employment	Previous Employment
							(Yrs)		
1.	R Sridharan *	R049	69.1	Managing Director	168.43	B.Com	48.2	1-Aug-2012	Managing Director, State Bank of India
2.	Hare Krishna Jena*	H015	59.6	Managing Director	110.10	M.A (Economics), Diploma in Treasury, Investment and Risk Management and CAIIB	35.2	1-June - 2020	Deputy Managing Director (Global Markets), State Bank of India
3.	O.N. Ravi	O001	58.9	Executive Vice President	131.99	B.Com , LLB , A.C.S, ACIS (London), Ph.D.	33.4	25-Aug-2001	Company Secretary & Compliance Officer - SBI Mutual Fund
4.	Kausick Saha	K020	49.9	Chief Risk Officer	131.34	B.Tech-Honours, FPM-Economics, GARP-FRM	20.8	16-Feb-2015	Vice President-Nomura Services India Pvt Ltd
5.	Golaka C. Nath#	G003	61.0	Senior Vice President	124.41	B.Sc.-Economics, M.A-Economics,	35.2	14-May-2004	Manager - National Stock Exchange

						MBA-Finance, CAIIB, Ph.D.			
6.	Deepak Chande	D001	51.6	Chief Financial Officer	118.66	B.Com , CMA,CA ,CS	26.7	4-Oct-2001	Head - Finance & Accounts Internet Exchange Next.Com Ltd.
7.	Pradeep Naik	P005	60.1	Senior Vice President	108.08	B.Com, M.Com , CAIIB	40.5	14-Jun-2002	Chief Manager- State Bank of India
8.	Praveen Mata	P011	56.6	Senior Vice President	89.60	B.Sc. (Mathematics), M.Sc. (Computer Science)	36.11	15-May-2004	AVP - IDBI Intech Ltd
9.	Arun Kumar Pandey	A078	50.10	Senior Vice President	88.61	Bachelor of Science (Hons) - Physics, CAIIB, IFRS, FMRP, FRM, CFA, CQF	27.11	1-Jun-2016	AGM - State Bank of India
10.	Nandan Pradhan	N005	45.9	Vice President	87.47	B.Com, CMA, FRM, CFA, ACA	20.0	06-March-2002	Management. Trainee,IL&FS

Notes:

- (1) \*Mr R Sridharan and Mr Hare Krishna Jena were appointed for the part of the year.
- (2) Mr R. Sridharan ceased to be Managing Director on account of completion of his term with effect from close of working hours on July 31, 2020. He was employed for the part of the year and the details provided herein above other than remuneration is as on the date of his cessation as the Managing Director of the Company.
- (3) Mr Hare Krishna Jena was employed for part of the year i.e he served as MD Designate from June 1, 2020 to July 31, 2020 and thereafter he was appointed as Managing Director with effect from August 1, 2020.
- (4) #Mr. Golaka Nath, Sr. Vice President, Membership, ERS and HRD, superannuated from the services of the Company with effect from April 1, 2021
- (5) The Gross Remuneration comprises Salary, Allowances, Incentive, Leave encashment (if availed), Monetary value of perquisites as per Income tax provisions and Company's Contribution to Provident Fund, National Pension Scheme (NPS) and Superannuation Fund.
- (6) In addition to the above remuneration, employees are entitled to Gratuity in accordance with the company rules.
- (7) None of the above employees are related to the Director/Manager of the Company.
- (8) None of the above employees hold any shares in the Company.
- (9) The nature of employment is contractual in all above cases.

**For and on Behalf of the Board of Directors**

Sd/-

**R. GANDHI  
CHAIRMAN  
(DIN-03341633)**

**Mumbai  
Date: May 7, 2021**



**Format For The Annual Report on CSR Activities to be Included in the Board's Report For Financial Year Commencing on or After 1<sup>st</sup> Day of April, 2020**

1. Brief outline on CSR Policy of the Company:

- The Company has in place a Corporate Social Responsibility Policy laid down in accordance with the provisions of Companies Act, 2013 and rules made thereunder, which is available on the Company's website.

The Company under its CSR policy, affirms its commitment of seamless integration of marketplace, workplace, environment and community concerns with business operations by undertaking following activities / initiatives in the fields of Healthcare, Livelihood, event of natural calamity etc. that are not taken in its normal course of business and/or confined to only the employees and their relatives and which are in line with the broad-based list of activities, areas or subjects that are set out under schedule VII of the Companies Act 2013 and Rules thereunder as amended from time to time.

- i. To eradicate hunger, poverty and malnutrition, promote health care including preventive health care and sanitation and to make available safe drinking water;
- ii. To promote education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- iii. To promote gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv. To ensure environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- v. To contribute to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

- vi. To undertake such initiatives/projects or participate in any events as the CSR Committee / Board may consider appropriate in areas or subjects that are set out under Schedule VII of the Companies Act, 2013 and Rules thereunder as amended from time to time.
- The Board of Directors has constituted the CSR Committee and the scope of the CSR Committee includes formulation and recommendation to the Board, a Corporate Social Responsibility Policy, to determine and recommend to the Board, the amount of expenditure to be incurred on the CSR activities in the areas or subjects specified in Schedule VII of the Companies Act, 2013, as amended from time to time, monitoring and establishing methods for reporting of the Corporate Social Responsibility activities of the Company from time to time, to determine the implementation process and modalities of utilization of funds for undertaking CSR initiatives whether on annual basis or long term basis. The Company has set up a Social Development Cell consisting of Senior Officials of the Company appointed by the Managing Director for CSR implementation as prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, undertake such other activities as advised by the Board or as may be required under the Companies Act, 2013 or Rules thereunder as amended from time to time, etc.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. R. Gandhi	Non-Executive Chairman, Independent Director - Chairman of the Committee	2	2
2.	Mr. Hare Krishna Jena	Managing Director and Member of the Committee	2	2
3.	Mr. G. Sivakumar	Independent Director and Member of the Committee	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

<https://www.ccilindia.com/AboutUs/Promoters/Pages/OtherInformation.aspx>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report)-**Not Applicable during the financial year 2020-21**

The Company shall undertake the impact assessment, through an independent agency in respect of the amount spent during the financial year 2020-21 on those CSR projects having outlay of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any-**Not Applicable**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1			
2	<b>Not Applicable</b>		
3			
	<b>Total</b>		

6. Average net profit of the company as per section 135(5).

Financial Year	Net Profit Before Tax (Amount in Rs.)
2019-2020	664,15,41,495
2018-2019	550,18,95,101
2017-2018	485,42,07,293
Average Net Profit of previous three financial years	566,58,81,296

7. (a) Two percent of average net profit of the company as per section 135(5)-**Rs. 11,33,17,626/-**  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years-**Nil**  
 (c) Amount required to be set off for the financial year, if any-**Nil**  
 (d) Total CSR obligation for the financial year (7a+7b-7c).- Rs. **11,33,17,626/-**
8. (a) CSR amount spent ~~or unspent~~ for the financial year: **Rs. 11,33,18,000/-**

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
11,33,18,000	Nil	Nil	N.A	N.A	N.A

(b) Details of CSR amount spent against ongoing projects for the financial year: **Not Applicable**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.

									Rs.).			
				<b>Not Applicable</b>								

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.	<b>Complete financial adoption of child/young adults</b> : It is aimed at providing complete financial support to the children/young adults during duration of treatment of cancer	Promoting health care including preventive health care (activity (i) of schedule VII of the Companies Act, 2013)	Yes	Maharashtra	Mumbai	2,00,00,000	No	Tata Memorial Centre	CSR00001287

2	<b>Dr. Arun Kurkure Initiation and Treatment Fund (AKITF)</b> : It is aimed at providing financial support to underprivileged patients who are unable to afford the initial costs of diagnostics and/or treatment. of cancer.	Promoting health care including preventive health care (activity (i) of schedule VII of the Companies Act, 2013)	No	1.Maharashtra 2. Assam	1. Ratnagiri 2. Silchar	30,00,000	No	Indian Cancer Society	CSR00000792
3	<b>Cancer Cure Fund Project (CCF)</b> – To provide financial aid for treatment to underprivileged and low income patients diagnosed with any curable/ early detected cancers	Promoting health care including preventive health care (activity (i) of schedule VII of the Companies Act, 2013)	No	16 Empanelled Hospitals on Pan India basis as given in Footnote No 4	16 Empanelled Hospitals on Pan India basis as given in Footnote No 4	70,00,000	No	Indian Cancer Society	CSR00000792

	through the empanelled hospitals.								
4	Support For Mobile Eye Surgery Unit (MESU) for Eastern Region of India in rural areas in Jharkhand State	Promoting health care including preventive health care (activity (i) of schedule VII of the Companies Act, 2013)	No	Jharkhand	Dhanbad and Mukundabera	26,25,000	No	Medical Research Foundation	CSR00002623.
5	Contribution to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) for combating with COVID-19 pandemic	Contribution to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (activity (viii) of schedule VII of the Companies Act, 2013)	N.A	N.A	N.A	8,00,00,000	Yes	-	N.A

6	Contribution to Prime Minister's National Relief Fund	Contribution to Prime Minister's National Relief Fund  (activity (viii) of schedule VII of the Companies Act, 2013)	N.A	N.A	N.A	6,93,000	Yes	-	N.A
				<b>Total</b>		<b>11,33,18,000</b>			

**\*Details of implementing agency: --**

1. Tata Memorial Centre, Impacct Foundation which is a not-for-profit organization, registered as Trust under the Maharashtra Public Trusts Act, 1950 and a Society under the Societies Registration Act, 1860 and is registered under section 12A and 80G of the Income Tax Act, 1961,.
2. Indian Cancer Society is a not-for-profit organization registered as a Trust under the Maharashtra Public Trusts Act, 1950, a Society under the Societies Registration Act, 1860 and is registered under section 12A and 80G of the Income Tax Act, 1961,.
3. Medical Research Foundation (MRF) is a not-for-profit organization registered as a Society under the Societies Registration Act, 1860 and runs an eye care hospital in the name of Sankara Nethralaya. MRF is registered under section 12A and 80G of the Income Tax Act, 1961,
4. The locations of 16 hospitals operating at Pan India basis for Cancer Cure Fund Project are given hereunder:-



<b>Sr.No</b>	<b>State/UT</b>	<b>City/District</b>
1	Maharashtra	Chiplun
2	Tamil Nadu	Chennai
3	Tamil Nadu	Vellore
4	Gujarat	Ahmedabad
5	Gujarat	Vadodara
6	Telangana	Hyderabad
7	Punjab	Jalandhar
8	New Delhi	New Delhi
9	Kerala	Trivandrum
10	Jammu and Kashmir	Srinagar
11	Maharashtra	Mumbai
12	Bihar	Patna
13	Assam	Silchar
14	Karnataka	Bangalore
15	Uttar Pradesh	Varanasi
16	Madhya Pradesh	Betul

(d) Amount spent in Administrative Overheads-**Nil**

(e) Amount spent on Impact Assessment, if applicable-**Not Applicable**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) **Rs. 11,33,18,000/-**

(g) Excess amount for set off, if any-**Not Applicable**

<b>Sl. No.</b>	<b>Particular</b>	<b>Amount (in Rs.)</b>
(i)	Two percent of average net profit of the company as per section 135(5)	
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

9. (a) Details of Unspent CSR amount for the preceding three financial years:-**Nil**

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):-**Nil**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
1								
2	<b>NIL</b>							
3								
	Total							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (**asset-wise details**) : **The Company has not spent any amount for creation or acquisition of capital asset with respect to the CSR contribution for the financial year 2020-21.**

(a) Date of creation or acquisition of the capital asset(s). N.A

(b) Amount of CSR spent for creation or acquisition of capital asset. N.A

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.- N.A

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). N.A

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).-**Not Applicable**

**For and on behalf of the Board of Directors**

**Sd/-**

**HARE KRISHNA JENA  
MANAGING DIRECTOR  
(DIN: 07624556)**

**Mumbai**

**Date: May 7, 2021**

**Sd/-**

**R. GANDHI  
CHAIRMAN OF THE CSR COMMITTEE  
(DIN: 03341633)**

**Annexure III****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:**

Sl. No	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions:	Date(s) of approval by the Board, if any	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1.	Clearcorp Dealing Systems (India) Limited. (Wholly owned subsidiary company)	Use of CROMS Platform of Clearcorp by CCIL to calculate FBIL Market repos overnight rate (MROR) Rates for FBIL, though in the ordinary course	Ongoing.	To access or use the CROMS Platform of Clearcorp, solely for the purpose of calculating Market repos overnight rate (MROR) for	Clearcorp owns trading platforms and related infrastructure which would enable CCIL to calculate benchmark as an initiative to promote market development	November 16, 2017	Nil	N.A

		of business, but the same is without any consideration.		FBIL. The arrangement, though in the ordinary course of business, is without any consideration.				
2.	Clearcorp Dealing System (India) Ltd. (Wholly Owned Subsidiary)	Reimbursement of expenses relating to business support services	April 1, 2020 to March 31, 2022	As mentioned at point (1) below	Clearcorp is the wholly owned subsidiary of the Company and both the companies are located at the same registered office. Due to the aforesaid reason the administration and infrastructure resources are shared by the companies. Further, Clearcorp also requires the IT and technical expertise of the Company for smooth functioning of its activities.	October 29, 2020	Nil	N.A

3.	Legal Entity Identifier India Limited (Wholly Owned Subsidiary)	LEI Application Development & Maintenance and Operations Support, Reimbursement of Expenses relating to Business Support for IT Infrastructure, Administration and Support Services and payment of Business Management Fees.	April 1, 2020 to March 31, 2021	As mentioned at point (2) below	LEIL is the wholly owned subsidiary of the Company and both the companies are located at the same registered office. Due to the aforesaid reason the administration and infrastructure resources are shared by the companies. Further, LEIL also requires the IT and technical expertise of the Company for smooth functioning of its activities.	July 29, 2020		
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(1) The salient features of the contract entered with Clearcorp Dealing Systems (India) Ltd. (Wholly Owned Subsidiary Company) are as under:

Sr. No	Particulars of contract or arrangement	Material terms	Monetary terms
1.	Business support service arrangement for Office space and other administrative services / amenities	<p>Sharing of expenses for use of office space and other administrative services amenities, etc. (vide agreement dated March 12, 2021)</p> <p>Validity: Agreement is valid for a period of 2 years i.e. from April 1, 2020 to March 31, 2022 and would be renewed for further period as mutually agreeable between Clearcorp and the Company.</p>	Rs. 19,20,000/- per month plus applicable taxes
2.	Business support service arrangement for Information Technology (IT) related Infrastructure and maintenance cost / services	<p>Sharing of expenses for IT related Infrastructure and Maintenance cost / software subscription and other services at its office premises at Dadar, Kurla and Pune (vide agreement dated March 12, 2021).</p> <p>Validity: Agreement is valid for a period of 2 years i.e. from April 1, 2020 to March 31, 2022.</p>	Rs. 41,80,000/- per month plus applicable taxes

3.	Other expenses	Sharing of expenses like leased line charges, staff welfare expenses etc will be recovered from Clearcorp On the basis of approval of the Board of Directors dated October 29, 2020	Recovery of expenses is done on proportionate basis i.e. share relating to Clearcorp to be recovered on actual basis.
4.	Rent for Residential Accommodation	Rent for Company owned Residential Flat provided to a senior official of Clearcorp. On the basis of approval of the Board of Directors dated October 29, 2020	Rs. 1,35,000/- per month plus applicable taxes.

(2). The salient features of the contract entered with Legal Entity Identifier India Ltd. (Wholly Owned Subsidiary Company) are as under:

Sl. No	Particulars of contract or arrangement	Material terms	Monetary terms
1	Application Development, Maintenance and Production Support	The arrangement for software application development and enhancement, maintenance and operations support services was valid until March 31, 2020 and was thereafter extended for a period of 1 year	(i) Job based model at a person month rate taken as Rs. 1,81,500/- plus applicable taxes for Application Development /Enhancement /Changes. (ii) 22% of cumulative total cost of software as on 31st March of previous financial year plus applicable



		from April 1, 2020 to March 31, 2021 with the revised charges. (vide Agreement dated November 2, 2020)	taxes. Charges for the financial year 2020-21 are Rs. 2,62,000/- per month (rounded off), plus applicable taxes.
2	Business Support Services Agreement for office space, administrative services/amenities and other support services	The arrangement for use of office space, amenities and support services namely administration, HR, Legal, Secretarial, Accounting services was valid until March 31, 2020 and was thereafter extended for a period of one year from April 1, 2020 to March 31, 2021 for giving effect to the revised charges. (vide Agreement dated November 2, 2020)	Rs. 5,25,000 /- per month plus applicable taxes.
3	Business Support for IT related infrastructure and related maintenance costs/services.	The arrangement for use of IT Infrastructure and related maintenance services was valid until March 31, 2020 and was thereafter extended for a period of one year from April 1, 2020 to March 31, 2021 with the revised charges. (vide Agreement dated November 2, 2020)	Rs. 7,60,000/- per month plus applicable taxes.
4	Business Management Fees for services	The arrangement for recovery of business management fees was valid	Rs. 2,70,000/- per month plus applicable taxes

	rendered by senior officials of the Company to LEIL	until March 31, 2020 and was thereafter extended for a period of one year from April 1, 2020 to March 31, 2021 with the revised charges.	
5.	Other expenses	Sharing of expenses like staff welfare expenses etc will be recovered from LEIL on the basis of approval of the Board of Directors dated July 29, 2020	Recovery of expenses is done on proportionate basis i.e. share relating to LEIL to be recovered on actual basis.

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

Sl. No	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts / arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any.	Date(s) of approval by the Board, if any	Amount paid as advances, if any
	(a)	(b)	(c)	(d)	(e)	(f)

1	Legal Entity Identifier India Limited (Wholly Owned Subsidiary)	Expenses relating to renewal of LEI Number	One year	Renewal of LEI Number of the Company by payment of renewal fees of Rs. 3540/- (including taxes).	N.A	Nil
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**For and on behalf of the Board of Directors**

**Place : Mumbai**  
**Date : May 7, 2021**

Sd/-  
**R. GANDHI**  
**CHAIRMAN**  
**(DIN : 03341633)**

# MAKARAND M. JOSHI & CO.

## Company Secretaries

Ecstasy, 803-804, 8<sup>th</sup> Floor, City of Joy, JSD Road, Mulund (W), Mumbai- 400080 (T) 022-21678100

### FORM NO. MR.3

### SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31<sup>st</sup> March, 2021

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
**The Clearing Corporation of India Limited,**  
CCIL Bhavan, S K Bole Road, Dadar (West)  
Mumbai - 400028.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **The Clearing Corporation of India Limited** (hereinafter referred to as "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company books, papers, minute 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 secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31<sup>st</sup> March, 2021 (hereinafter referred to as "**the 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2021, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; **(Not Applicable to the Company during the Audit Period)**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; **(Applicable only to the extent of the provisions entailed with respect to dematerialisation of securities of unlisted public company)**

- (iv) 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 Audit Period)
- (v) 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 Audit Period)
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (Not Applicable to the Company during the Audit Period)
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable to the Company during the Audit Period)
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not Applicable to the Company during the Audit Period)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period)
  - (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; (Not Applicable to the Company during the Audit Period)
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period) and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period).

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (Not applicable to the Company during the Audit Period)

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc.

**We further report that,** having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the law applicable specifically to the Company i.e. The Payment and Settlement Systems Act, 2007 and regulations made / directions issued there under as amended from time to time except that after appointment of Nominee Director of Promoter Shareholder w.e.f 29th January 2021, the Company is in the process of appointing another independent director to align the Composition of the Board as specified under the said directions.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on 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 Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the Company had no events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

**For Makarand M. Joshi & Co.  
Practicing Company Secretaries**

Digitally signed by MAKARAND MADHUSUDAN JOSHI  
DN: cn=MAKARAND MADHUSUDAN JOSHI, o=RM,  
st=Maharashtra, c=Persons  
serialNumber=6480639528753834164700ee8439  
49e6e6d6a3e6597a8300e687c00309  
Date: 2021.04.28 14:32:43 +05'30'

**Makarand Joshi**

**Partner**

FCS No. 5533

CP No. 3662

UDIN: F005533C000195151

Peer Review No: P2009MH007000

Place: Mumbai

Date: 28.04.2021

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  
The Members,  
**The Clearing Corporation of India Limited,**  
CCIL Bhavan, S K Bole Road, Dadar (West)  
Mumbai - 400028

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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
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 Makarand M. Joshi & Co.**  
**Practicing Company Secretaries**

Digitally signed by MAKARAND MADHUSUDAN  
JOSHI  
DN: cn=MAKARAND MADHUSUDAN JOSHI,  
o=IN, st=Maharashtra, ou=Personal,  
serialNumber=baa4806e380287838241404700e  
e8d3848ae4badb642ad587e8360b867ca030f  
Date: 2021.04.28 14:33:03 +05'30'

**Makarand Joshi**  
**Partner**  
FCS No. 5533  
CP No. 3662  
UDIN: F005533C000195151  
Peer Review No: P2009MH007000  
Place: Mumbai  
Date: 28.04.2021

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

*THE CLEARING CORPORATION OF INDIA LIMITED*

Report on the Audit of the Standalone Ind-AS Financial Statements

### Opinion

We have audited the standalone Ind-AS financial statements of *THE CLEARING CORPORATION OF INDIA LIMITED* ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended and the Notes to the standalone Ind-AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind-AS financial statements give the information required 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 (India Accounting Standard) Rules, 2015, as amended, (Ind-AS) and with other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone Ind-AS financial statements 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 Standalone 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 together with the ethical requirements that are relevant to our audit of the standalone 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.

### Information Other than the Standalone Ind-AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report but does not include the standalone Ind-AS financial statements and our auditor's report thereon. The Other Information is expected to be made available to us after the date of this auditor's report which we obtained prior to the date of this auditor's report.

Our opinion on the standalone 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 standalone 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 in the 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.

#### **Responsibility of Management for Standalone Ind-AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind-AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 standalone 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 standalone 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.

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

#### **Auditor's Responsibilities for the Audit of the Standalone Ind-AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone Ind-AS financial statements.

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

- Identify and assess the risks of material misstatement of the 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of the users of the 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 standalone Ind-AS financial statements.

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

#### Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 Cash Flow Statement 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 standalone Ind-AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended from time to time.
- e) On the basis of the written representations received from the Directors of the Company as on March 31, 2021 taken on record by the Board of Directors, none of the Directors of the Company are disqualified as on March 31, 2021 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g) According to information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Company does not have any pending litigations which would impact its financial position.
  - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

*For KALYANIWALLA & MISTRY LLP*  
*CHARTERED ACCOUNTANTS*  
Firm Regn. No.: 104607W / W100166

Sd/-  
*Daraius Z. Fraser*  
**PARTNER**  
M. No.: 42454  
UDIN: 21042454AAAABZ5592

Mumbai: May 7, 2021.

## Annexure to the Independent Auditor's Report

The Annexure referred to in paragraph 1 'Report on Other Legal and Regulatory Requirements' in our Independent Auditors' Report to the members of the Company on the Standalone Ind-AS Financial Statements for the year ended March 31, 2021:

Statement on Matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2016:

### 1. Fixed Assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification. The physical verification of fixed asset additions during October 1, 2020, to March 31, 2021, which was scheduled to be verified in April 2021, could not be carried out due to the Covid 19 lockdown imposed by the Government. In case of intangibles comprising of software, Management certifies the software in use and the same is properly dealt with in the books of account.
- c) According to the information and explanations given to us and on the basis of the records examined by us, the title deeds of immovable properties are held in the name of the Company except a freehold land located at CCIL Bhavan, Dadar having gross block of Rs. 1,320 lakhs as at March 31, 2021.

### 2. Inventory:

The Company does not have any inventory and hence the provisions of paragraph 3(ii) of the Order are not applicable.

3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of sub-clause (a), (b) and (c) of paragraph 3 (iii) of the Order are not applicable.
4. According to the information and explanations given to us, the Company has not advanced any loans or given guarantee or provided any security to parties covered under section 185 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us and records examined by us, the provisions of section 186 of the Companies Act, 2013, in respect of investments made have been complied with by the Company. The Company has not given any loans or guarantees.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of sections 73 to 76, or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. No order has been passed by the Company Law Board, or National Company Law Tribunal, or Reserve Bank of India, or any Court, or any other Tribunal.
6. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013, in respect of any of the activities of the Company.

### 7. Statutory Dues:

- a) According to the information and explanations given to us and on the basis of the records examined by us, the Company is regular in depositing undisputed statutory dues, including dues pertaining to Investor Education and Protection Fund, Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Duty of Customs, Cess and any other statutory

dues with the appropriate authorities wherever applicable. We have been informed that there are no undisputed dues which have remained outstanding as at the last day of the financial year, for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us, there are no dues of Income-tax, Goods and Service Tax, Duty of Customs or Cess outstanding on account of any dispute, other than the following :

Name of the Statute	Nature of Dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income - tax	20	AY 2006-07	Assistant Commissioner of Income Tax
		18	AY 2009-10	Assistant Commissioner of Income Tax, CPC
		32	AY 2015-16	Assistant Commissioner of Income Tax
		255	AY 2016-17	Assistant Commissioner of Income Tax
		259	AY 2017-18	Commissioner of Income Tax (Appeal)
		560	AY 2017-18	Assistant Commissioner of Income Tax
		309	AY 2018-19	Commissioner of Income Tax (Appeal)

8. According to the information and explanations given to us and based on the documents and records produced before us, there has been no default in repayment of dues to banks. There are no dues to financial institutions, debenture holders and Government.
9. According to the information and explanations given to us, the Company has neither raised money through initial public offer or further public offer, nor taken any term loans, hence the provisions of paragraph 3 (ix) of the Order are not applicable.
10. During the course of our examination of the books of account and records of the Company, to the best of our knowledge and belief and according to the information and explanations given to us by the Management, no fraud by, or on the Company by its officers or employees, has been noticed or reported during the year.
11. According to the information and explanations given to us and on the basis of the records examined by us, the Company has paid or provided managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the Standalone Ind-AS Financial Statements as required by the applicable accounting standards.

14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with Directors or persons connected with him.
16. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

*For KALYANIWALLA & MISTRY LLP*  
*CHARTERED ACCOUNTANTS*  
Firm Reg. No.: 104607W / W100166

Sd/-  
*Daraius Z. Fraser*  
**PARTNER**  
M. No.: 42454  
UDIN: 21042454AAAABZ5592

Mumbai: May 7, 2021.



## Annexure A

**Independent Auditor's report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of *THE CLEARING CORPORATION OF INDIA LIMITED* ("the Company") as of March 31, 2021, in conjunction with our audit of the Standalone Ind-AS Financial Statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the "Act" or the "Companies Act").

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India ("the ICAI") and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind-AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

### Meaning of Internal Financial Controls with reference to financial statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Ind-

AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind-AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Ind-AS Financial Statements.

#### Inherent Limitations of Internal Financial Controls with reference to financial statements

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

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements 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 ICAI.

*For KALYANIWALLA & MISTRY LLP*  
*CHARTERED ACCOUNTANTS*  
Firm Reg. No.: 104607W / W100166

Sd/-  
*Daraius Z. Fraser*  
**PARTNER**  
M. No.: 42454  
UDIN: 21042454AAAABZ5592

Mumbai: May 7, 2021.





# THE CLEARING CORPORATION OF INDIA LIMITED

## BALANCE SHEET AS AT 31 MARCH 2021

(₹ in lakhs)

Particulars	Note	As at 31 March 2021	As at 31 March 2020
<b>I. ASSETS</b>			
Non Current Assets			
Property, Plant and Equipment	3	16,730	15,056
Capital Work-In-Progress		14	-
Intangible Assets	4	4,857	4,880
Intangible Assets Under Development		642	695
Investments in Subsidiaries	5	1,450	1,450
Financial Assets			
Non Current Loans	6	41	41
Other Non Current Financial Assets	7	-	17,123
Other Non Current Assets	8	61	51
Non Current Tax Assets (Net)	9	1,710	1,287
Total Non Current Assets		25,505	40,583
Current Assets			
Financial Assets			
Investments	10	12,18,865	9,26,087
Trade Receivables	11	3,244	4,404
Cash and Cash Equivalents	12a	1,22,271	78,182
Other Bank Balances	12b	4,17,308	4,70,103
Other Current Financial Assets	13	7,668	13,857
Other Current Assets	14	959	11,017
Total Current Assets		17,70,315	15,03,650
<b>TOTAL ASSETS</b>		<b>17,95,820</b>	<b>15,44,233</b>
<b>II. EQUITY AND LIABILITIES</b>			
Equity			
Equity Share Capital	15	5,000	5,000
Other Equity	16	3,80,254	3,42,169
Total Equity		3,85,254	3,47,169
Non Current Liabilities			
Financial Liabilities			
Borrowings	17	5,000	5,000
Deferred Tax Liabilities (Net)	18	1,206	1,828
Non Current Provisions	19	1,545	1,482
Total Non Current Liabilities		7,751	8,310
Current Liabilities			
Financial Liabilities			
Borrowings	20	-	10,456
Trade Payables Due to :	21		
- Micro and Small Enterprises		13	10
- Other than Micro and Small Enterprises		430	369
Other Current Financial Liabilities	22	14,00,246	11,75,903
Other Current Liabilities	23	587	516
Current Provisions	24	1,496	1,457
Current Tax Liabilities (Net)	25	43	43
Total Current Liabilities		14,02,815	11,88,754
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17,95,820</b>	<b>15,44,233</b>

Significant Accounting Policies and Notes to the Financial Statements

1-44

As per our report of even date attached

Signatures to the Financial Statements and Notes thereon

For and on behalf of

For and on behalf of the Board of Directors

For KALYANIWALLA & MISTRY LLP

Chartered Accountants

Firm Registration No: 104607W / W100166

Sd/-

Daraius Z. Fraser

Partner

Membership No.: 42454

Sd/-

Hare Krishna Jena

Managing Director

(DIN : 07624556)

Sd/-

Narayan K. Seshadri

Director

(DIN : 00053563)

Sd/-

Deepak Chande

Chief Financial Officer

Sd/-

Pankaj Srivastava

Company Secretary

Place : Mumbai

Date : May 07, 2021

# THE CLEARING CORPORATION OF INDIA LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021



(₹ in lakhs)

Particulars	Note	Year Ended March 31, 2021	Year Ended March 31, 2020
Revenue			
Revenue from Operations			
- Income from Operations	26	32,291	40,769
- Other Operating Revenues	27	26,660	25,033
Other Income	28	16,771	20,077
Total Revenue		75,722	85,879
Expenses			
Employee Benefit Expenses	29	5,288	5,233
Finance Cost	30	2,971	2,314
Depreciation and Amortization Expenses	31	4,131	3,639
Other Expenses	32	7,355	8,282
Total Expenses		19,745	19,468
Profit Before Tax		55,977	66,411
Tax Expense	33		
Current Tax		14,282	16,833
Deferred Tax Expense / (Income)		66	(325)
Total Tax Expenses		14,348	16,508
Profit After Tax		41,629	49,903
Other Comprehensive Income			
<u>Items that will not be reclassified to Profit and Loss</u>			
- Remeasurements of the Defined Benefit Plans		(29)	(276)
- Income Tax on above		7	69
		(22)	(207)
<u>Items that will be reclassified to Profit and Loss</u>			
- Investments measured at FVOCI		(2,702)	1,944
- Income Tax on above		680	(489)
		(2,022)	1,455
Other Comprehensive Income for the Year, (Net of Income Tax)		(2,044)	1,248
Total Comprehensive Income for the Year		39,585	51,151
Earnings Per Equity Share			
Basic Earnings Per Share (₹)	34	83.26	99.81
Diluted Earnings Per Share (₹)		83.26	99.81
(Equity Share of Face Value of ₹ 10 each)			
Significant Accounting Policies and Notes to the Financial Statements	1-44		
As per our report of even date attached For and on behalf of For KALYANIWALLA & MISTRY LLP Chartered Accountants Firm Registration No: 104607W / W100166		Signatures to the Financial Statements and Notes thereon For and on behalf of the Board of Directors	
Sd/- Daraius Z. Fraser Partner Membership No.: 42454		Sd/- Hare Krishna Jena Managing Director (DIN : 07624556)	Sd/- Narayan K. Seshadri Director (DIN : 00053563)
Place : Mumbai Date : May 07, 2021		Sd/- Deepak Chande Chief Financial Officer	Sd/- Pankaj Srivastava Company Secretary



# THE CLEARING CORPORATION OF INDIA LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

	(₹ in lakhs)	
Particulars	2020-2021	2019-2020
<b>A Cash Flow from Operating Activities</b>		
Net Profit Before Tax	55,977	66,411
<b>Adjustments for :</b>		
Depreciation and Amortisation Expense	4,131	3,639
Unrealised (Gain)/Loss on Foreign Exchange	38	(103)
Interest on Taxes	-	8
Interest Income on Investments made out of Own Funds	(15,762)	(19,035)
Provision Written Back	-	(13)
Profit/(Loss) on Sale of Property, Plant and Equipment	(2)	(2)
Remeasurement of Defined Benefit Obligation	(29)	(276)
Fair Valuation of Variable Pay	(33)	(38)
Provision for Dividend on Preference Share	425	425
Finance Cost	40	30
<b>Operating Profit before Working Capital Changes</b>	<b>44,785</b>	<b>51,046</b>
<b>Adjustments:</b>		
(Increase) / Decrease Trade Receivables	1,160	(822)
(Increase) / Decrease Other Current Loans	-	(11)
(Increase) / Decrease Other Non Current Assets	(8)	258
(Increase) / Decrease Other Current Financial Assets	(111)	(84)
(Increase) / Decrease Other Current Assets	10,255	(10,249)
(Increase) / Decrease Interest Accrued	(2,472)	7,303
(Increase) / Decrease in Investments & Bank Deposits made out of Operational Funds	(1,87,874)	(1,25,938)
Increase / (Decrease) Borrowings	(10,456)	10,456
Increase / (Decrease) Other Current Financial Liabilities	2,24,339	(2,14,166)
Increase / (Decrease) Trade Payables	64	111
Increase / (Decrease) Other Current Liabilities	72	94
Increase / (Decrease) Current Provisions	37	265
Increase / (Decrease) Non Current Provisions	57	116
<b>Cash Generated from Operating Activities</b>	<b>79,848</b>	<b>(2,81,621)</b>
<b>Taxes Paid (Net of Refund)</b>	<b>(14,705)</b>	<b>(17,087)</b>
<b>Net Cash Generated from Operating Activities (A)</b>	<b>65,143</b>	<b>(2,98,708)</b>

# THE CLEARING CORPORATION OF INDIA LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021



	(₹ in lakhs)	
Particulars	2020-2021	2019-2020
<b>B Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(2,733)	(2,125)
Purchase of Intangible Assets	(3,011)	(2,219)
Sale of Property, Plant and Equipment	2	11
Purchase of Government of India Treasury Bills out of Own Funds	(2,75,548)	(1,49,322)
Redemption of T Bills with Government of India made out of Own Funds	2,00,316	1,66,228
Placement of Bank Deposits made out of Own Funds	(1,39,809)	(2,10,529)
Redemption of Bank Deposits made out of Own Funds	1,75,859	1,45,061
Interest Income	25,795	15,032
<b>Net Cash (Used in) / Generated from Investing Activities (B)</b>	<b>(19,129)</b>	<b>(37,863)</b>
<b>C Cash Flow from Financing Activities</b>		
Dividend/Dividend Distribution Tax Paid	(1,925)	(2,321)
<b>Net Cash Used by Financing Activities (C)</b>	<b>(1,925)</b>	<b>(2,321)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A) + (B) + (C)</b>	<b>44,089</b>	<b>(3,38,892)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>78,182</b>	<b>4,17,074</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>1,22,271</b>	<b>78,182</b>
<b>CLOSING BALANCE</b>		
- Before Adjustment of Unrealised Foreign Exchange	1,22,464	78,083
- Unrealised Foreign Exchange Restatement in Cash and Cash Equivalents	(193)	99
<b>Total</b>	<b>1,22,271</b>	<b>78,182</b>

As per our report of even date attached  
For and on behalf of

For KALYANIWALLA & MISTRY LLP  
Chartered Accountants  
Firm Registration No: 104607W / W100166

Sd/-  
Daraius Z. Fraser  
Partner  
Membership No.: 42454

Place : Mumbai  
Date : May 07, 2021

Signatures to the Financial Statements and Notes thereon  
For and on behalf of the Board of Directors

Sd/-  
Hare Krishna Jena  
Managing Director  
(DIN : 07624556)

Sd/-  
Deepak Chande  
Chief Financial Officer

Sd/-  
Narayan K. Seshadri  
Director  
(DIN : 00053563)

Sd/-  
Pankaj Srivastava  
Company Secretary



# STATEMENT OF CHANGES IN EQUITY (SOCIE) FOR THE YEAR ENDED 31 MARCH 2021

(₹ in lakhs)

(a) Equity Share Capital	Note	
Balance as at 1 April 2019	15	5,000
Changes in equity share capital during the period		-
Balance as at 31 March 2020	15	5,000
Changes in equity share capital during the period		-
Balance as at 31 March 2021	15	5,000

## (b) Other Equity

(₹ in lakhs)

Particulars	Settlement Reserve Fund	General Reserve	Contingency Reserve Fund	Retained Earnings	Other Comprehensive Income Fair Valuation of Debt Instruments Measured at FVOCI	Remeasurement of Defined Benefit Plan	Total
Balance as at 1 April, 2020	1,50,000	1,13,232	70,275	6,934	1,960	(232)	3,42,169
Profit for the Period	-	-	-	41,629	-	-	41,629
Fair Value Changes in Investments Measured at OCI	-	-	-	-	(2,022)	-	(2,022)
Gain / (Loss) on Re-measurement of Defined Benefit Plans	-	-	-	-	-	(22)	(22)
Total comprehensive income	-	-	-	41,629	(2,022)	(22)	39,585
Dividend Paid on Equity Shares	-	-	-	(1,500)	-	-	(1,500)
Transferred from Retained Earnings	25,000	10,000	7,625	(42,625)	-	-	-
Balance as at 31 March 2021	1,75,000	1,23,232	77,900	4,438	(62)	(254)	3,80,254
Balance as at 1 April, 2019	1,30,000	1,00,732	55,231	6,383	505	(25)	2,92,826
Profit for the Period	-	-	-	49,903	-	-	49,903
Fair Value Changes in Investments Measured at OCI	-	-	-	-	1,455	-	1,455
Gain / (Loss) on Re-measurement of Defined Benefit Plans	-	-	-	-	-	(207)	(207)
Total Comprehensive Income	-	-	-	49,903	1,455	(207)	51,151
Dividend Paid on Equity Shares	-	-	-	(1,500)	-	-	(1,500)
Dividend Distribution Tax Paid - Equity Shares	-	-	-	(308)	-	-	(308)
Transferred from Retained Earnings	20,000	12,500	15,044	(47,544)	-	-	-
Balance as at 31 March 2020	1,50,000	1,13,232	70,275	6,934	1,960	(232)	3,42,169

As per our report of even date attached  
For and on behalf of

For KALYANIWALLA & MISTRY LLP  
Chartered Accountants  
Firm Registration No: 104607W / W100166

Sd/-  
Daraius Z. Fraser  
Partner  
Membership No.: 42454

Place : Mumbai  
Date : May 07, 2021

Signatures to the Financial Statements and Notes thereon  
For and on behalf of the Board of Directors

Sd/-  
Hare Krishna Jena  
Managing Director  
(DIN : 07624556)

Sd/-  
Deepak Chande  
Chief Financial Officer

Sd/-  
Narayan K. Seshadri  
Director  
(DIN : 00053563)

Sd/-  
Pankaj Srivastava  
Company Secretary

THE CLEARING CORPORATION OF INDIA LIMITED  
STATEMENT OF CHANGES IN EQUITY (SOCIE) FOR THE YEAR ENDED 31 MARCH 2021

# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



### 1 Background of the Company and Nature of Operations

The Clearing Corporation of India Limited ('the Company') was incorporated on April 30, 2001 having CIN U65990MH2001PLC131804. It provides clearing and settlement services for the transactions in the Money Market, Government Securities Market, Foreign Exchange Market, etc. and carries out related activities. The Company acts as a central counterparty for the trades executed by its members and extends settlement guarantee in terms of the Bye-laws, Rules and Regulations for various types of operations. The Company is authorized as a Payment System provider under 'The Payment and Settlement Systems Act, 2007' by Reserve Bank of India.

The Company is a public limited company incorporated and domiciled in India. The address of its corporate office is CCIL Bhavan, S. K. Bole Road, Dadar (West), Mumbai 400028, Maharashtra.

### 2 Basis of Preparation, Measurement and Significant Accounting Policies

#### 2.1 Basis of Preparation and Measurement

##### (a) Basis of Preparation

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016 and other relevant provisions of the Act.

The financial statement have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act 2013. Based on the nature of services and the time taken between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of the classification of assets and liabilities into current and non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

These standalone Ind AS financial statements were authorized for issue by the Company's Board of Directors on May 07, 2021.

##### (b) Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
- Defined benefit plans are measured at fair value of plan assets less present value of defined benefit obligations.

#### 2.2 Key Estimates and Assumptions

In preparing these financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.



# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

The areas involving critical estimates or judgements are :

- i. Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalized; (Note 2.4(a))
- ii. Determination of the estimated useful lives of intangible assets and determining intangible assets having an indefinite useful life; (Note 2.4(b))
- iii. Recognition of deferred tax assets, availability of future taxable profit against which tax losses carried forward can be used; (Note 2.4(j))
- iv. Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources; (Note 2.4(g))
- v. Fair value of financial instruments (Note 35)
- vi. Recognition and measurement of defined benefit obligations, key actuarial assumptions; (Note 2.4(i))
- vii. Recognition and measurement of Right of use asset and lease liability (Note 2.4(k))

### 2.3 Measurement of Fair Values

The Company's accounting policies and disclosures require financial instruments to be measured at fair values.

The Company has an established control framework with respect to the measurement of fair values. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



### 2.4 Significant Accounting Policies

#### a) Property Plant and Equipments

##### Recognition and Measurement

Property, plant and equipment are stated at cost which comprises of purchase price, freight, duties, taxes except for recoverable taxes, cost of installation and other incidental expenses incurred towards acquisition and installation of such assets.

Any gain or loss on derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

##### Subsequent Expenditure

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Company and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repair and maintenance are charged to profit and loss during the reporting period in which they are incurred.

##### Depreciation

Depreciation on property, plant and equipment, is provided on Straight Line Method (SLM) prescribed under Schedule II of the Act, except for the following:

- a) Furniture and fittings (Chairs), which are depreciated over 5 Years, and;
- b) Non Carpeted Road, which is depreciated over 5 Years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The Estimated useful life of property, plant and equipment considered for providing depreciation are as under:

Asset	Estimated useful life (in years)	Estimated scrap value (% of cost)
Buildings - Residential	60	5
Buildings - Office	60	-
Non-carpeted road	5	-
Computer Systems - hardware	3 to 6	-
Electrical installations and equipments	10	-
Furniture and fittings	5 to 10	-
Office equipments	5	-

#### b) Intangible Assets

Expenses incurred towards acquisition or development of software by an external vendor is capitalized as Computer Software.

Following initial recognition, intangible assets are carried at cost less any accumulated impairment losses.

Intangible assets are amortised on a straight line basis over the estimated useful life.



# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Amortization

Amortization of Intangible Assets is based on internal technical assessment/advice.

Residual value, is estimated to be immaterial by Management.

The estimated useful life of intangible assets comprising of computer software considered for providing depreciation is 3 years.

### c) Impairment of Non-financial Assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an individual asset exceeds its recoverable amount.

The recoverable amount is the greater of the asset's net selling price and value in use. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

### d) Borrowing Costs:

Interest and other borrowing costs attributable to qualifying assets are capitalized. Other interest and borrowing costs are charged to revenue.

### e) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as forward contracts, futures and currency options.

## 1. Financial Assets

### (i) Recognition and Initial Measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset, except for an item measured at fair value through profit and loss (FVTPL), is initially measured at fair value plus transaction costs that are directly attributable to its acquisition. 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.

### (ii) Classification and Subsequent Measurement of 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 marketplace. All recognised financial assets are subsequently measured at either amortised cost or fair value depending on their respective classification.

On initial recognition, a financial asset is classified as measured at

- amortised cost;

# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



- FVOCI - debt investment;
- FVOCI - equity investment; or
- FVTPL

The classification of debt investment as amortised cost or FVOCI is based on the business model and cash flow characteristics of such instrument.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

### Financial Assets Measured at Amortised Cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

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 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.

### Debt Investments Measured at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investment at FVOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets unless designated as effective hedge instruments.

The Company measures its investment in Treasury Bills at FVOCI since it satisfies both the business model test and the SPPI specified in Ind AS 109.

In case of investment in discounted securities/instruments, the discount is accrued over the period to maturity and included in Income from Investments.



# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Equity Investments:

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

For other equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of profit or loss on disposal of the investments. These investments in equity are not held for trading. Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in the Statement of Profit or Loss.

Dividend Income on equity investments is recognized when the right to receive is established.

### Debt Instruments at Amortized Cost

A debt instrument' is measured at the amortized cost if both the following conditions are met: The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

### (iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- (i) The contractual rights to receive cash flows from the financial asset have expired, or
- (ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - (a) the Company has transferred substantially all the risks and rewards of the asset, or
  - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control

# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### (iv) Impairment of Financial Assets

The Company recognises loss allowances for expected credit losses on its financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised costs are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

## 2. Financial Liabilities

### (i) Recognition and Initial Measurement

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition.

### (ii) Subsequent Measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit or loss. Any gain or loss on derecognition is also recognised in Statement of profit or loss.

### (iii) Loans and Borrowing :

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

### (iv) Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

## 3. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### f) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet includes cash at bank and on hand, deposits held at call with financial institutions, with original maturities less than three months which are readily convertible into cash and which are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits as defined above, as they are considered an integral part of the Company's cash management.

### g) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognized as finance cost.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent Assets are not recognized till the realization of the income is virtually certain.

### h) Revenue Recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115.

- (i) Revenue from services is recognized as and when the service is performed as per the relevant agreements.
- (ii) Other revenue income is recognised as and when services are rendered and there is a reasonable certainty of ultimate realisation.
- (iii) Interest income on financial assets is recognized on an accrual basis using effective interest method.

Revenue is reported excluding applicable taxes.

For income from investments refer point (e) on financial instruments.

# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



### i) Employee Benefits

Short term Employee Benefits are estimated and provided for. Post Employment Benefits and Other Long term Employee Benefits are treated as follows:

#### (i) Defined Contribution plans:

- (a) **Provident Fund:** The provident fund plan is operated by Regional Provident Fund Commissioner (RPFC) and the contribution thereof is paid/provided for.
- (b) **Superannuation Fund:** Superannuation benefit for the eligible employees is covered by Superannuation Scheme with Life Insurance Corporation of India and the contribution thereof is paid/provided for.
- (c) **National Pension Scheme:** The National Pension Scheme is operated by Pension Fund Regulatory and Development Authority (PFRDA) and the contribution thereof in respect of eligible employees is paid/provided for.

Contributions to the defined contribution plans are charged to Statement of Profit & Loss for the respective financial year.

#### (ii) Defined Benefits plans:

**Gratuity:** Gratuity for employees is covered by Gratuity Scheme with Life Insurance Corporation of India and the contribution thereof is paid/provided for. Provision for Gratuity is made as per actuarial valuation as at the end of the year. Actuarial gains/losses at the end of the year accrued to the defined benefit plans are taken to the Other Comprehensive income (OCI) for the respective financial year and are not deferred.

#### (iii) Other Long Term benefits:

**Long term compensated absences:** Provision for Leave encashment is made on the basis of actuarial valuation as at the end of the year.

### j) Income-Tax

Income tax expense /income comprises current tax expense/income and deferred tax expense/income. It is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or in Other Comprehensive Income. In which case, the tax is recognized directly in equity or other comprehensive income, respectively.

#### **Current Tax**

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the year and any adjustment to the tax payable or recoverable in respect of previous years. It is measured using tax rates enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretations and establishes provisions where appropriate.

- Current tax assets and liabilities are offset only if, the Company has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.



# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Deferred Tax

Deferred Income tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purpose and the amount considered for tax purpose.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized such reductions are reversed when it becomes probable that sufficient taxable profits will be available.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be recovered.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the end of the reporting period.

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

Deferred tax assets and liabilities are offset only if:

- i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
  - ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the Company.
- k) Lease

#### Accounting for Lease as a Lessor :

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

A Lessor shall recognise assets held under a finance lease in its Balance Sheet and present them as a receivable at an amount equal to the net investment in the lease.

Lease income from operating leases, is recognised as income on straight-line basis over the term of lease.

### l) Foreign Currency Transactions

#### Functional and Presentation Currency

The Company's financial statements are prepared and presented in Indian Rupees (INR) which is also Company's functional currency.



# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



### Transactions and Balances

Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value is determined.

Exchange differences arising on the settlement or translation of monetary items are recognized in statement of profit or loss in the year in which they arise.

### m) Dividend:

Final dividend on shares is recorded as a liability on the date of approval by the equity shareholders, and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

### n) Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- Weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.



### Note 3 Property, Plant and Equipment

Changes in the Carrying Value of Property, Plant and Equipment for the year ended 31 March 2021:

	(₹ in lakhs)								
DESCRIPTION	Freehold land	Buildings - Residential	Buildings - Office	Furniture and Fixtures	Electrical Installations and Equipment	Office Equipment	Computers	Non Carpeted Road	Total
Cost as at 1 April 2020	1,320	959	10,357	136	367	128	3,314	24	16,605
Additions	-	-	-	0	2	4	2,712	-	2,718
Disposals	-	-	-	-	-	(0)	(181)	-	(181)
Adjustments	-	(38)	38	-	-	-	-	-	-
Cost as at 31 March 2021 (A)	1,320	921	10,395	136	369	132	5,845	24	19,142
Accumulated Depreciation as at 1 April 2020	-	52	524	88	214	48	608	15	1,549
Depreciation charged for the year	-	18	181	26	90	23	700	6	1,044
Disposals	-	-	-	-	-	(0)	(181)	-	(181)
Accumulated depreciation up to 31 March 2021 (B)	-	70	705	114	304	71	1,127	21	2,412
Net Carrying amount as at 31 March 2021 (A) - (B)	1,320	851	9,690	22	65	61	4,718	3	16,730

Changes in the Carrying Value of Property, Plant and Equipment for the year ended 31 March 2020:

	(₹ in lakhs)								
DESCRIPTION	Freehold land	Buildings - Residential	Buildings - Office	Furniture and Fixtures	Electrical Installations and Equipment	Office Equipment	Computers	Non Carpeted Road	Total
Cost as at 1 April 2019	1,320	959	10,357	132	453	64	1,737	24	15,046
Additions	-	-	-	4	3	65	2,054	-	2,126
Disposals	-	-	-	-	(89)	(1)	(477)	-	(567)
Cost as at 31 March 2020 (A)	1,320	959	10,357	136	367	128	3,314	24	16,605
Accumulated Depreciation as at 1 April 2019	-	34	343	60	198	27	583	10	1,255
Depreciation charged for the year	-	18	181	28	97	22	502	5	853
Disposals	-	-	-	-	(81)	(1)	(477)	-	(559)
Accumulated depreciation up to 31 March 2020 (B)	-	52	524	88	214	48	608	15	1,549
Net Carrying amount as at 31 March 2020 (A) - (B)	1,320	907	9,833	48	153	80	2,706	9	15,056

**THE CLEARING CORPORATION OF INDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



**Note 4**

**Intangible Assets**

**Changes in the Carrying Value of Intangible Assets for the year ended 31 March 2021:**

	(₹ in lakhs)
DESCRIPTION	Computer Software
Cost as at 1 April 2020	11,035
Additions	3,064
Cost as at 31 March 2021 (A)	14,099
Accumulated amortisation as at 1 April 2020	6,155
Amortisation recognised for the year	3,087
Accumulated Amortisation up to 31 March 2021 (B)	9,242
Net Carrying Amount as at 31 March 2021 (A) - (B)	4,857

**Changes in the Carrying Value of Intangible Assets for the year ended 31 March 2020:**

	(₹ in lakhs)
DESCRIPTION	Computer Software
Cost as at 1 April 2019	8,830
Additions	2,205
Cost as at 31 March 2020 (A)	11,035
Accumulated amortisation as at 1 April 2019	3,369
Amortisation recognised for the year	2,786
Accumulated Amortisation up to 31 March 2020 (B)	6,155
Net Carrying Amount as at 31 March 2020 (A) - (B)	4,880



**THE CLEARING CORPORATION OF INDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

	(₹ in lakhs)	
Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note 5</b>		
<b>Investments in Subsidiaries</b>		
Investment in Equity Instruments in Wholly Owned Subsidiaries (Unquoted)		
Clearcorp Dealing Systems (India) Limited		
1,00,00,000 (31 March 2020 - 1,00,00,000 ) Equity Shares of Face Value ₹ 10 each (Fully Paid Up)	1,000	1,000
<b>Legal Entity Identifier India Limited</b>		
45,00,000 (31 March 2020 - 45,00,000 ) Equity Shares of Face Value ₹ 10 each (Fully Paid Up)	450	450
	<u>1,450</u>	<u>1,450</u>
Aggregate Book Value of Quoted Investments	-	-
Aggregate Market Value of Quoted Investments	-	-
Aggregate Book Value of Unquoted Investments	1,450	1,450
Aggregate Amount of Impairment in Value of Investments	-	-
<b>Note 6</b>		
<b>Non Current Loans</b>		
<i>(Unsecured, Considered Good)</i>		
Security Deposits	41	41
	<u>41</u>	<u>41</u>
<b>Note 7</b>		
<b>Other Non Current Financial Assets</b>		
<i>(Unsecured, Considered Good)</i>		
Bank Deposits with Residual Maturity of more than 12 Months <sup>^</sup>	-	17,099
Interest Accrued on Bank Deposits	-	24
	<u>-</u>	<u>17,123</u>
<sup>^</sup> Bank Deposits includes deposits amounting to Nil (31 March 2020 - ₹ 2,100 lakhs ) earmarked for Contingency Reserve Fund and Nil (31 March 2020 - ₹ 3,000 lakhs) earmarked for Settlement Reserve Fund.		
<b>Note 8</b>		
<b>Other Non Current Assets</b>		
<i>(Unsecured, Considered Good unless otherwise stated)</i>		
Prepaid Expenses	61	51
	<u>61</u>	<u>51</u>

**THE CLEARING CORPORATION OF INDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



	(₹ in lakhs)	
Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note 9</b>		
<b>Non Current Tax Assets (Net)</b>		
Advance Taxes (Net of Provision for Taxes)	1,710	1,287
	1,710	1,287
<b>Note 10</b>		
<b>Current Investments</b>		
Investments in Government Securities at Fair Value through Other Comprehensive Income (FVOCI)		
- Investment in US Government Treasury Bills	5,17,852	4,52,942
- Investment in Government of India Treasury Bills	7,01,013	4,73,145
	12,18,865	9,26,087
Aggregate Book Value of Quoted Investments	12,08,606	9,11,655
Aggregate Market Value of Quoted Investments	12,18,865	9,26,087
Aggregate Book Value of Unquoted Investments	-	-
Aggregate Amount of Impairment in Value of Investments	-	-
<b>Note :</b>		
(a) Investment in Government of India Treasury Bills includes Treasury Bills amounting to ₹ 91,728 lakhs (31 March 2020 - ₹ 46,901 lakhs) earmarked for Settlement Reserve Fund.		
(b) Investment in Government of India Treasury Bills includes Treasury Bills amounting to ₹ 42,613 lakhs (31 March 2020 - ₹ 31,078 lakhs) earmarked for Contingency Reserve Fund.		
(c) Investment in US Government Treasury Bills above represents Treasury bills amounting to ₹ 5,17,852 lakhs (31 March 2020 ₹ 4,52,942 lakhs) which are held in custody with Settlement Banks, who have extended committed lines of credit to enable the Company to meet settlement shortages, if any.		
<b>Note 11</b>		
<b>Trade Receivables</b>		
Secured, Considered Good	3,191	4,268
Unsecured, Considered Good	53	136
	3,244	4,404



# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	(₹ in lakhs)	
Particulars	As at 31 March 2021	As at 31 March 2020
Note 12a		
Cash and Cash Equivalents		
Cash on Hand	0*	1
Balances with Banks		
- in Current Accounts #	24,945	54,904
- in Deposit Accounts (Original Maturity of upto 3 Months)	97,326	23,277
	<u>1,22,271</u>	<u>78,182</u>

# Includes ₹ Nil (31 March 2020: ₹ 338 lakhs) earmarked for Settlement Reserve Fund and ₹ Nil (31 March 2020: ₹ 456 lakhs) earmarked for Contingency Reserve Fund.

### Note 12b

#### Other Bank Balances

Bank Deposits with Original Maturity of more than 3 Months but Residual Maturity upto 12 months * ^ @	4,17,308	4,70,103
	<u>4,17,308</u>	<u>4,70,103</u>

\* Includes ₹ 59,394 lakhs (31 March 2020 : ₹ 81,002 lakhs) earmarked for Settlement Reserve Fund.

^ Includes ₹ 28,176 lakhs (31 March 2020 : ₹ 22,305 lakhs) earmarked for Contingency Reserve Fund.

@ Includes ₹ 65,832 lakhs (31 March 2020: ₹ 89,478 lakhs) are held in custody by various banks against overdraft limits sanctioned by them. The total overdraft limits sanctioned by these banks as on 31 March 2021 amounts of ₹ 57,804 lakhs (as on 31 March 2020 : ₹ 78,710 lakhs).

### Note 13

#### Other Current Financial Assets

(Unsecured, Considered Good)

Due from Legal Entity Identifier India Limited - Subsidiary Company	21	18
Interest Accrued on Bank Deposits	7,451	13,517
Due from Clearcorp Dealing Systems (India) Ltd. - Subsidiary Company	52	88
Others	144	234
	<u>7,668</u>	<u>13,857</u>

### Note 14

#### Other Current Assets

(Unsecured, Considered Good)

Prepaid Expenses	551	454
Balances with Government Authorities	300	-
Advance to Suppliers and Others	45	33
Funds Used for Default	-	10,456
Others	63	74
	<u>959</u>	<u>11,017</u>

\* denotes amount less than ₹ 1 lakhs

**THE CLEARING CORPORATION OF INDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



**Note 15**

**Equity Share Capital**

**a. Details of Authorised, Issued and Subscribed Share Capital**

Particulars	31 March 2021		31 March 2020	
	Number	₹ in lakhs	Number	₹ in lakhs
<b>Authorised Share Capital</b>				
Equity Shares of ₹ 10/- each	5,00,00,000	5,000	5,00,00,000	5,000
Redeemable, Non Convertible, Cumulative Preference Shares of ₹ 10/- each*	5,00,00,000	5,000	5,00,00,000	5,000
<b>Issued, Subscribed and Fully Paid Up</b>				
Equity shares of ₹ 10/- each fully paid	5,00,00,000	5,000	5,00,00,000	5,000
	5,00,00,000	5,000	5,00,00,000	5,000

\* 5,00,00,000 Nos 8.50% Redeemable Cumulative Non-convertible Preference Shares of ₹ 10 each (total face value of ₹ 5,000) are classified as Financial Liability (See Note 17)

**b. Reconciliation of Number of Equity Shares at the beginning and at the end of the year**

Particulars	31 March 2021		31 March 2020	
	Number	₹ in lakhs	Number	₹ in lakhs
Equity Shares outstanding at the beginning of the year	5,00,00,000	5,000	5,00,00,000	5,000
Add: Shares issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Equity Shares outstanding at the end of the year	5,00,00,000	5,000	5,00,00,000	5,000

**c. Particulars of shareholders holding more than 5% of equity shares held**

Name of shareholder	31 March 2021		31 March 2020	
	No of equity shares held	Percentage	No of equity shares held	Percentage
State Bank of India	84,00,000	16.80%	84,00,000	16.80%
Life Insurance Corporation of India	50,00,000	10.00%	50,00,000	10.00%
STCI Finance Limited	50,00,000	10.00%	50,00,000	10.00%
ICICI Bank Limited	49,50,000	9.90%	49,50,000	9.90%
HDFC Bank Limited	45,00,000	9.00%	45,00,000	9.00%



# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 15

#### Equity Share Capital (Continued)

#### d. Terms/rights attached to equity shares

**Voting Rights:** The Company has only one class of Equity Shares having a par value of ₹ 10 per share. Each Equity Shareholder is entitled to one vote per share.

**Dividend:** The dividend recommended by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting and would be paid in proportion to the amount of capital paid-up on shares. The Board of Directors have recommended dividend of ₹ 3 per fully paid up equity share of ₹ 10/- each, aggregating ₹ 1,500 Lakhs for the financial year 2020-21, which is based on relevant share capital as on 31st March, 2021.

**Winding up:** If any assets are available for distribution upon liquidation in terms of the provisions of the Act, it will be distributed in proportion to the capital paid-up or which ought to have been paid up at the commencement of winding up.

- e. For the period of five years immediately preceding the date of the Balance Sheet, the Company has not
- i) Allotted any shares as fully paid up pursuant to contracts without payment being received in cash; or
  - ii) Allotted any shares as fully paid up bonus shares; or
  - iii) Bought back any of its Equity Shares.
- f. There are no securities convertible into equity / preference shares.
- g. There are no calls unpaid.
- h. No shares have been forfeited.

Particulars	(₹ in lakhs)	
	As at 31 March 2021	As at 31 March 2020
<b>Note 16</b>		
<b>Other Equity</b>		
<i>(Refer Statement of Changes in Equity)</i>		
Settlement Reserve Fund	1,75,000	1,50,000
Contingency Reserve Fund	77,900	70,275
General Reserve	1,23,232	1,13,232
Other Comprehensive Income	(316)	1,728
Retained Earnings	4,438	6,934
	<u>3,80,254</u>	<u>3,42,169</u>

# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



### Note 16

#### Other Equity (Continued)

##### 16.1 Nature and Purpose of Reserves

###### Settlement Reserve Fund

Settlement reserve fund represents amounts set aside from the profits of the Company from time to time as may be considered appropriate by the Board of Directors, to ensure that there are sufficient assigned financial resources which may be utilised for meeting claims in relation to any participants' default. Bank Balances / Bank Deposits / Current Investments amounting to ₹ 1,50,000 lakhs (31 March 2020: ₹ 1,30,000 lakhs) are earmarked for this purpose.

###### Contingency Reserve Fund

Contingency Reserve Fund represents amounts set aside from the profits of the Company from time to time as may be considered appropriate by the Board of Directors to ensure that there are sufficient assigned financial resources which may be utilised for meeting Non-default losses. Bank Balances / Bank Deposits / Current Investments amounting to ₹ 70,275 lakhs (31 March 2020: ₹ 55,231 lakhs) are earmarked for this purpose.

###### General Reserve

General Reserve represents appropriation of retained earnings and are available for distribution to shareholders.

###### Other Comprehensive Income

Other comprehensive income represents the actuarial loss on fair valuation of defined benefit obligation and fair valuation gain or loss on investments classified as FVOCI.

###### Retained Earnings

Retained Earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.

Particulars	(₹ in lakhs)	
	As at 31 March 2021	As at 31 March 2020
<b>Note 17</b>		
<b>Borrowings</b>		
Redeemable Preference Shares (Unsecured)		
- 8.5% Redeemable, Non Convertible, Cumulative		
Preference Shares of ₹ 10 each (RNCPS II)	5,000	5,000
	5,000	5,000

#### Terms of Preference Shares:

- 1) The Company has only one class of Preference Shares being Redeemable, Cumulative, Non-convertible and Non-participating Preference Shares.
- 2) The shareholders have right to vote only on resolutions which directly affect their interest. The Preference Shareholders are entitled to dividend @ 8.50% p.a. and shares are redeemable on March 22, 2023.
- 3) In the event of liquidation, Preference Shares will have preferential right of return of amount paid-up on the shares together with the arrears of 'cumulative preferential dividend, if any, due on the date of winding up but shall not have further right or claim over the surplus assets of the Company.





# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(₹ in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note 18</b>		
Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities		
Difference between Book Base and Tax Base of Property, Plant and Equipment and Intangible Assets	1,613	1,527
Fair Valuation of Investments Carried at FVOCI	5	685
Fair Valuation of Variable Compensation	11	13
	<u>1,629</u>	<u>2,225</u>
Deferred Tax Assets		
Tax Disallowances	423	397
	<u>423</u>	<u>397</u>
Deferred Tax Assets (Net)/(Deferred Tax Liabilities (Net))	<u>1,206</u>	<u>1,828</u>
<b>Note 19</b>		
Non Current Provisions		
Provision for Employee Benefits:		
- Leave Encashment	1,207	1,018
- Others	338	464
	<u>1,545</u>	<u>1,482</u>
<b>Note 20</b>		
Current Borrowings		
Line of Credit from a Bank	-	10,456
	<u>-</u>	<u>10,456</u>
<b>Note 21</b>		
Trade Payables Due to :		
- Micro and Small Enterprises	13	10
- Other than Micro and Small Enterprises	430	369
	<u>443</u>	<u>379</u>
<b>Note 22</b>		
Other Current Financial Liabilities		
Interest Accrued but not Due	2,812	6,765
Deposits from Members ##	13,95,337	11,66,735
Other Liabilities ^	544	490
Creditors for Capital Expenses *	1,128	1,488
Dividend Payable on Redeemable Preference Shares	425	425
	<u>14,00,246</u>	<u>11,75,903</u>

\* Creditors for Capital Expenses includes ₹ Nil ( 31 March 2020 : ₹ 2 lakh) due to Micro and Small Enterprises.

^ Other Liabilities includes ₹ 55 lakhs (31 March 2020 : ₹ 21 lakhs) due to Micro and Small Enterprises.

##. 'Deposits from members' represents collaterals received in the form of cash. Total collaterals received from members and outstanding at the end of the year are as under :

**THE CLEARING CORPORATION OF INDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



**Note 22**

**Other Current Financial Liabilities (Continued)**

Particulars	Cash Collaterals	Govt. Securities #	Guarantees**
As at 31 March 2021			
Securities Settlement	5,98,424	81,54,986	-
Forex Settlement *	5,46,253	-	-
TREPS Settlement	1,04,970	6,59,03,486	2,15,000
Default Funds	1,45,690	8,01,760	-
<b>Total</b>	<b>13,95,337</b>	<b>7,48,60,232</b>	<b>2,15,000</b>

**As at 31 March 2020**

Securities Settlement	4,65,113	64,10,275	-
Forex Settlement	4,90,490	-	-
CBLO Settlement	75,273	3,83,11,708	2,15,000
Default Funds	1,35,859	7,34,220	-
<b>Total</b>	<b>11,66,735</b>	<b>4,54,56,203</b>	<b>2,15,000</b>

The Collaterals received in the form of cash have been invested as under and are included in respective accounts:

Particulars	(₹ in lakhs)	
	As at 31 March 2021	As at 31 March 2020
US Government Treasury Bills (under Current Investments)	5,17,682	4,49,939
Government of India Treasury Bills (under Current Investments)	4,94,910	3,40,935
Balance in Bank Accounts (under Cash and Cash Equivalents)		
- In Current Accounts	21,397	48,216
- In Deposit Accounts	3,61,348	3,27,645
	<b>13,95,337</b>	<b>11,66,735</b>

# Collaterals received in the form of Government Securities are held by the Company under its Constituent Subsidiary General Ledger (CSGL) Account with Reserve Bank of India.

\* Equivalent to US Dollars 7,46,783 thousands (31 March 2020 : US Dollars 6,50,640 thousands).

\*\* The Company has accepted Bank Guarantees as additional collaterals.



# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(₹ in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Note 23		
Other Current Liabilities		
Revenue Received in Advance	1	10
Statutory Dues	586	506
	<u>587</u>	<u>516</u>

### Note 24

#### Current Provisions

#### Provision for Employee Benefits:

- Leave Encashment	136	226
- Others	1,360	1,231
	<u>1,496</u>	<u>1,457</u>

### Note 25

#### Current Tax Liabilities (Net)

Provision for Taxation (Net of Advance Tax)	43	43
	<u>43</u>	<u>43</u>

(₹ in lakhs)

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
Note 26		
Income from Operations		
- Transaction Charges - Securities Settlement - Outright Trades	14,016	21,363
- Transaction Charges - Securities Settlement - Repo Trades	5,022	4,181
- Transaction Charges - TREPS Settlement Segment	3,386	2,707
- Transaction Charges - Forex Settlement	3,453	4,608
- Transaction Charges - CLS Settlement	1,445	2,275
- Trade Processing Charges - Trade Repository	660	773
- Portfolio Compression Charges	435	351
- Forex Forward Charges	2,008	2,384
- Derivatives Charges	1,440	1,767
- Other Fees and Charges	426	360
	<u>32,291</u>	<u>40,769</u>

**THE CLEARING CORPORATION OF INDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



(₹ in lakhs)

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
<b>Note 27</b>		
<b>Other Operating Revenues</b>		
Interest / Income on Investments Made Out of Operational Funds		
- Income on Current Investments	21,363	27,362
- Interest on Bank Deposits	15,204	18,643
	<u>36,567</u>	<u>46,005</u>
Less : Interest Paid on Deposits from Members	9,907	20,972
	<u>26,660</u>	<u>25,033</u>
<b>Note 28</b>		
<b>Other Income</b>		
Interest / Income on Investments Made out of Own Funds		
- on Current Investments	6,853	7,467
- on Bank Deposits	8,909	11,568
	<u>15,762</u>	<u>19,035</u>
Profit on Sale of Property, Plant and Equipments (Net)	2	2
Profit on Foreign Currency Transactions and Translation (Net)	-	103
Business Support Charges from Subsidiary Companies	886	781
Business Management Charges from Subsidiary Companies	32	56
Others	89	100
	<u>16,771</u>	<u>20,077</u>
<b>Note 29</b>		
<b>Employee Benefits Expenses</b>		
Salaries	4,540	4,471
Contribution to Provident and Other Funds {Refer Note 40}	609	580
Staff Welfare Expenses	139	182
	<u>5,288</u>	<u>5,233</u>
<b>Note 30</b>		
<b>Finance Cost</b>		
Line of Credit Commitment and Other Charges	2,506	1,851
Dividend on Preference Shares	425	425
Interest on Taxes	0*	8
Interest on Others	40	30
	<u>2,971</u>	<u>2,314</u>

\* denotes amount less than ₹ 1 lakh



# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(₹ in lakhs)

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
<b>Note 31</b>		
<b>Depreciation &amp; Amortisation Expense</b>		
Depreciation of Property, Plant and Equipment {Refer Note 3}	1,044	853
Amortisation of Intangible Assets {Refer Note 4}	3,087	2,786
	<u>4,131</u>	<u>3,639</u>
<b>Note 32</b>		
<b>Other Expenses</b>		
Power and Fuel	376	412
Repairs and Maintenance - Buildings	79	57
Repairs and Maintenance - Computer Systems and Equipment	2,558	2,165
Repairs and Maintenance - Others	133	120
Insurance	145	132
Rates and Taxes	135	128
Communication Expenses	302	271
CLS Settlement Charges	954	1,480
Loss on Foreign Currency Transactions and Translation (Net)	38	-
Expenditure towards Corporate Social Responsibility	1,133	1,076
Professional Fees	301	285
Directors' Sitting Fees	76	89
<b>Payment to Auditors :</b>		
- Audit Fees	19	25
- Certification	4	3
<b>Sharing of Income with Subsidiary Company</b>		
- Transaction Charges - Securities Settlement	-	1,025
- Transaction Charges - Forex Settlement	-	148
- Derivatives Charges	-	4
<b>Others</b>	<u>1,102</u>	<u>862</u>
	<u><u>7,355</u></u>	<u><u>8,282</u></u>



**Note 33**  
**Income Taxes (Continued)**  
**(d) Movement in Deferred Tax Balances (F.Y. 2020-21)**

(₹ in lakhs)

Particulars	Net Balance 1 April 2020	Recognised during the year		As at 31 March 2021		
		Recognised in Profit or Loss	Recognised in OCI	Net Deferred Tax (Asset) / Liability	Deferred Tax Asset	Deferred Tax Liability
<b>Deferred Tax Liability</b>						
Difference between Book Base and Tax Base of Tangible and Intangible Assets	1,527	86	-	1,613	-	1,613
Fair Valuation of Investments Carried at FVOCI	685	-	(680)	5	-	5
Fair Valuation of Variable Compensation	13	(2)	-	11	-	11
<b>Deferred Tax Asset</b>						
Indexation Benefit of Freehold Land	-	-	-	-	-	-
Tax Disallowances	(397)	(26)	-	(423)	(423)	-
Remeasurment of Defined Benefit Obligation	-	7	(7)	-	-	-
Investments Measured using EIR	-	-	-	-	-	-
<b>Tax Assets (Liabilities)</b>	<b>1,828</b>	<b>66</b>	<b>(687)</b>	<b>1,206</b>	<b>(423)</b>	<b>1,629</b>
Set Off Tax	-	-	-	-	-	-
<b>Net Tax Assets</b>	<b>1,828</b>	<b>66</b>	<b>(687)</b>	<b>1,206</b>	<b>(423)</b>	<b>1,629</b>

**Note 33**  
**Income Taxes (Continued)**  
**(d) Movement in Deferred Tax Balances (F.Y. 2019-20)**

(₹ in lakhs)

Particulars	Net Balance 1 April 2019	Recognised during the year		As at 31 March 2020		
		Recognised in Profit or Loss	Recognised in OCI	Net Deferred Tax (Asset) / Liability	Deferred Tax Asset	Deferred Tax Liability
<b>Deferred Tax Liability</b>						
Difference between Book Base and Tax Base of Tangible and Intangible Assets	1,936	(409)	-	1,527	-	1,527
Fair Valuation of Investments Carried at FVOCI	272	(76)	489	685	-	685
Fair Valuation of Variable Compensation	15	(2)	-	13	-	13
<b>Deferred Tax Asset</b>						
Indexation Benefit of Freehold Land	-	-	-	-	-	-
Tax Disallowances	(486)	89	-	(397)	(397)	-
Remeasurment of Defined Benefit Obligation	-	69	(69)	-	-	-
Investments Measured using EIR	(5)	5	-	-	-	-
<b>Tax Assets (Liabilities)</b>	<b>1,732</b>	<b>(325)</b>	<b>420</b>	<b>1,828</b>	<b>(397)</b>	<b>2,225</b>
Set Off Tax	-	-	-	-	-	-
<b>Net Tax Assets</b>	<b>1,732</b>	<b>(325)</b>	<b>420</b>	<b>1,828</b>	<b>(397)</b>	<b>2,225</b>

**Note :**

- 1) The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.
- 2) Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income.







# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 34

#### Earnings Per Share (EPS)

Basic EPS calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting profit impact of dilutive potential equity shares, if any) by the aggregate of weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	(₹ in lakhs)	
	As at 31 March 2021	As at 31 March 2020
<b>i. Profit Attributable to Equity Holders (₹ in lakhs)</b>		
Profit attributable to equity holders for basic and diluted EPS	41,629	49,903
	<u>41,629</u>	<u>49,903</u>
<b>ii. Weighted Average Number of Ordinary Shares</b>		
Number of shares outstanding at the beginning of the year	5,00,00,000	5,00,00,000
Add/(Less): Effect of shares issued/ (bought back)		
Weighted average number of shares for calculating basic EPS	<u>5,00,00,000</u>	<u>5,00,00,000</u>
Effect of Dilution		
Share Options	-	-
Weighted average number of shares for calculating diluted EPS	<u>5,00,00,000</u>	<u>5,00,00,000</u>
<b>iii. Basic Earnings Per Share (₹)</b>	<u>83.26</u>	<u>99.81</u>
<b>iv. Diluted Earnings Per Share (₹)</b>	<u>83.26</u>	<u>99.81</u>

**Note 35**

**Financial Instruments - Fair Values**

**A. Accounting Classification and Fair Values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(₹ in lakhs)

Particulars	As at 31 March 2021						
	Carrying Amount				Fair Value		
	Fair Value through Profit and Loss	Fair Value through Other Comprehensive Income	Amortised Cost	Total	Level 1 - Quoted Price in Active Markets	Level 2 - Significant Observable Inputs	Level 3 - Significant Unobservable Inputs
<b>Financial Assets</b>							
Non Current Loans	-	-	41	41	-	-	-
<u>Current Investments</u>							
- Investment in US Government Treasury Bills	-	5,17,852	-	5,17,852	-	5,17,852	-
- Investment in Government of India Treasury Bills	-	7,01,013	-	7,01,013	2,20,669	4,80,344	-
Trade Receivables	-	-	3,244	3,244	-	-	-
Cash and Cash Equivalents	-	-	1,22,271	1,22,271	-	-	-
Bank Balances other than Cash and Cash Equivalents	-	-	4,17,308	4,17,308	-	-	-
Other Current Financial Assets	-	-	7,668	7,668	-	-	-
	-	12,18,865	5,50,532	17,69,397	2,20,669	9,98,196	-
<b>Financial Liabilities</b>							
<u>Borrowings</u>							
- Preference Shares	-	-	5,000	5,000	-	-	-
Trade Payables	-	-	443	443	-	-	-
Other Current Financial Liabilities	-	-	14,00,246	14,00,246	-	-	-
	-	-	14,05,689	14,05,689	-	-	-

Note: There are no other categories of financial instruments other than those mentioned above.



Note 35 (Continued)  
Financial Instruments - Fair Values

(₹ in lakhs)

Particulars	As at 31 March 2020							
	Carrying Amount				Fair Value			
	Fair Value through Profit and Loss	Fair Value through Other Comprehensive Income	Amortised Cost	Total	Level 1 - Quoted Price in Active Markets	Level 2 - Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
<b>Financial Assets</b>								
Non Current Loans	-	-	41	41	-	-	-	-
Other Non current Financial Assets	-	-	17,123	17,123	-	-	-	-
<b>Current Investments</b>								
- Investment in US Government Treasury Bills	-	4,52,942	-	4,52,942	-	4,52,942	-	4,52,942
- Investment in Government of India Treasury Bills	-	4,73,145	-	4,73,145	42,884	4,30,261	-	4,73,145
Trade Receivables	-	-	4,404	4,404	-	-	-	-
Cash and Cash Equivalents	-	-	78,182	78,182	-	-	-	-
Bank Balances other than Cash and Cash Equivalents	-	-	4,70,103	4,70,103	-	-	-	-
Other Current Financial Assets	-	-	13,857	13,857	-	-	-	-
	-	9,26,087	5,83,710	15,09,797	42,884	8,83,203	-	9,26,087
<b>Financial Liabilities</b>								
<b>Borrowings</b>								
- Preference Shares	-	-	5,000	5,000	-	-	-	-
- Line of Credit from a Bank	-	-	10,456	10,456	-	-	-	-
Trade Payables	-	-	379	379	-	-	-	-
Other Current Financial Liabilities	-	-	11,75,903	11,75,903	-	-	-	-
	-	-	11,91,738	11,91,738	-	-	-	-

Note: There are no other categories of financial instruments other than those mentioned above.

THE CLEARING CORPORATION OF INDIA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note 35 (Continued)

Financial Instruments - Fair Values

The Fair value of cash and cash equivalents, other bank balances, trade receivables, trade payables approximated their carrying value largely due to short term maturities of these instruments.

Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual creditworthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses, if any, of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

B. Fair Value Hierarchy

Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

Financial Instruments Measured at Fair Value

The following table shows the valuation techniques used in measuring Level 2 fair values for financial instruments measured at fair value in the balance sheet as well as the significant unobservable inputs used.

Type	Valuation Technique	Significant Unobservable Inputs	Inter-relationship between Significant Unobservable Inputs and Fair Value Measurement
Investment in Government Securities	The fair value of treasury bills is calculated on the basis of the market price of these instruments as at the balance sheet date. Market price is calculated on the basis of the price published by Financial Benchmarks India Private Limited (FBIL).	N.A.	N.A.
Investment in U.S.Government Securities	The fair value of treasury bills is calculated basis of the market price of these instruments as at the balance sheet date. Market price is calculated on the basis of the price published by Federal Reserve.	N.A.	N.A.

Transfers between Levels

There have been no transfers between levels during the reporting periods.





# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 35

#### Financial Instruments - Fair Values and Risk Management (*Continued*)

##### Risk Management

###### *Introduction*

The Company's activities expose it to a number of financial risks, principally liquidity risk, credit risk and market risk (Interest rate risk and foreign exchange risk). In addition to the financial risks, the Company is also exposed to other risks such as operational, legal, compliance and reputational risk. The Company has put in place an Integrated Enterprise Risk Management Framework in order to identify, measure, monitor and effectively manage various risks it is exposed to. The framework prescribes the governance structures and responsibilities and includes written risk policies at all levels, which defines Company's risk appetite, highlights the key risks, and describe the manner in which those risks are properly managed.

Overall responsibility for risk management rests with the Board. The Board has constituted a Committee of Directors for Risk Management (CODRM) which is responsible for developing and monitoring Risk Policies and deciding all issues relating to risk management of the Company. The Company's Senior Management is responsible for day to day overseeing of the Compliance of the Risk policies. The Company also has a dedicated Risk Management Department which is responsible for day to day administration of Risk Management Activity specially managing risks faced by the Company as a Central Counter Party (CCP). The Company has an elaborate Operation Audit, Internal Audit, Systems Audit and other Control Mechanisms entrusted to independent external professionals.

##### a. Credit Risk

###### *Risk Description*

The Credit risk, for the Company, could arise on account of failure of a member to honor its settlement obligation or upon default by a Settlement Bank. Credit risk could also arises on account of investment activity of the Company.

###### *Risk Management Approach*

The Company counters Credit Risk exposure to members by reducing the exposures through multi-lateral netting and settling transactions on Delivery Versus Payment (DVP) or Payment versus Payment (PVP) basis and therefore does not run any Principal Credit Risk. Moreover, the Company has set criteria for membership for each type of settlement.

Most of the settlements happen in the Books of Reserve Bank of India and therefore there is no Settlement Bank Risk in respect of the same. Wherever settlements are settled through Commercial Banks, Settlement Bank Risk is mitigated by the company by prescribing stringent minimum eligibility criteria for selection of the Settlement Banks and setting of appropriate exposure control limits.

The Company regularly invests its internally generated funds and funds received from its members towards Margin and Default funds. The Company has a detailed Investment Policy, approved by the CODRM and the Board, which prescribes eligible instruments, exposure limits, Guidelines on Risk management and other aspects relating to the investment activity. The CODRM and the Board review the Investment Policy annually. In accordance with the Investment policy, the Company invests only into highly secure and liquid avenues such as Deposit with high net-worth Commercial Banks and short term Government Securities such as Government treasury Bills. The total credit risk of the Company is

# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



### Note 35

#### Financial Instruments - Fair Values and Risk Management (Continued)

represented by the total financial assets of the Company. There is no credit risk in case of investment into Government securities. Credit risk in case of Bank Deposits, is mitigated by prescribing stringent eligibility criteria for the investee banks and setting of exposure and concentration limits on the amounts to be invested.

#### Bank Balances and Bank Deposits

The Company held bank balances and bank deposits of ₹ 5,39,579 lakhs at 31 March 2021 (31 March 2020 : ₹ 5,65,383 lakhs). The bank balances and bank deposits are held with bank and financial institution counterparties with good credit ratings.

#### Offsetting of Financial Assets and Liabilities

The disclosures set out in the following tables include recognised financial assets and financial liabilities that:

- are offset in the Company's statement of financial position; or
- are subject to an enforceable netting arrangement and other provisions under Bye laws, Rules and regulation of the Company, irrespective of whether they are offset in the statement of financial position.

The Company receives collateral in the form of cash (including US Dollars towards forex settlement) and Government securities in respect of settlement transactions pertaining to the following operations :

- security settlement;
- forex settlement; and
- derivatives.

Financial assets and financial liabilities are subject to offsetting, enforceable netting arrangements and other provisions under Bye laws, Rules and Regulations of the Company:

(₹ in lakhs)

As at 31 March 2021	Gross Amounts of Financial Assets	Gross Amounts of Financial Liabilities	Net Amounts Presented in Statement of Financial Position after setoff of Financial Assets & Financial Liabilities	Related Amount not offset in Statement of Financial Position		Net Amount
				Financial Instruments (including Non-Cash Collateral)	Cash Collateral Received	
Types of Financial Assets						
Forex Settlement (Including Forwards)	6,86,120	6,86,120	-	-	-	-
Derivative Settlement (IRS)	1,51,292	1,51,292	-	-	-	-
Securities Settlement (including TREPS)	7,39,304	7,39,304	-	-	-	-
Total	15,76,716	15,76,716	-	-	-	-



# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 35

#### Financial Instruments - Fair Values and Risk Management (Continued)

(₹ in lakhs)

As at 31 March 2020	Gross Amounts of Financial Assets	Gross Amounts of Financial Liabilities	Net Amounts Presented in Statement of Financial Position after setoff of Financial Assets & Financial Liabilities	Related Amount not offset in Statement of Financial Position		Net Amount
				Financial Instruments (including Non-Cash Collateral)	Cash Collateral Received	
Types of Financial Assets						
Forex Settlement (Including Forwards)	7,10,580	7,10,580	-	-	-	-
Derivative Settlement (IRS)	2,71,105	2,71,105	-	-	-	-
Securities Settlement (including TREPS)	5,70,148	5,70,148	-	-	-	-
Total	15,51,833	15,51,833	-	-	-	-

#### b. Liquidity Risk

##### *Risk Description*

Liquidity risk is the risk that the Company is unable to meet its payment obligations when they fall due. The Company, being a Central Counter Party (CCP), is required to have adequate liquid resources in order to meet liquidity requirement in case if any member fails to honour its settlement obligations. Liquidity risk also exists as a result of day to day operational flows such as repayment of cash collaterals to members, trade payables etc.

##### *Risk Management Approach*

Liquidity risk is managed by ensuring that the Company has sufficient Lines of Credit from the participant banks, overdraft facility against the time deposits placed with Commercial banks and easily marketable securities collected as collaterals. etc. The Company also maintains adequate balances with Banks and keeps its investments in highly liquid avenues to enable it to meet Cash collateral withdrawals by members, trade payables, etc.

##### **Maturities of Financial Liabilities**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



Note 35

Financial Instruments - Fair Values and Risk Management (Continued)

(₹ in lakhs)

As at 31 March 2021	Contractual Cash Flows				
	Carrying Amount	Total	Upto 1 Year	1 to 5 Years	More than 5 Years
<b>Non-Derivative Financial Liabilities</b>					
<b>Borrowings</b>					
- Preference Shares	5,000	5,000	-	5,000	-
Trade Payables	443	443	443	-	-
Other Current Financial Liabilities	14,00,246	14,00,246	14,00,246	-	-
<b>Total</b>	<b>14,05,689</b>	<b>14,05,689</b>	<b>14,00,689</b>	<b>5,000</b>	<b>-</b>

(₹ in lakhs)

As at 31 March 2020	Contractual Cash Flows				
	Carrying Amount	Total	Upto 1 Year	1 to 5 Years	More than 5 Years
<b>Non-Derivative Financial Liabilities</b>					
<b>Borrowings</b>					
- Preference Shares	5,000	5,000	-	5,000	-
- Line of Credit from Banks	10,456	10,456	10,456	-	-
Trade Payables	379	379	379	-	-
Other Current Financial Liabilities	11,75,903	11,75,903	11,75,903	-	-
<b>Total</b>	<b>11,91,738</b>	<b>11,91,738</b>	<b>11,86,738</b>	<b>5,000</b>	<b>-</b>

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows.

### c. Market Risk (Price Risk and Interest Rate Risk)

#### *Risk Description*

The Company provides Central Counterparty (CCP) clearing services for both cash market and derivative products. The Company settles cash transactions cleared by it on a Delivery versus Payment (or Payment versus Payment in case of currencies). The failure of a member therefore exposes it to market risk arising out of adverse movement in prices of securities cleared or adverse movements in interest rates and exchange rates. In case of derivative products like rupee derivatives and forward USD INR transactions, the company is also exposed to pre-settlement risk which is manifested in the form of market risk.

The Company's investments are primarily in fixed rate interest bearing investments. Hence, the Company is not significantly exposed to interest rate risk. However, Company is exposed to the price risk in case of its investment in Government treasury Bills.

The Company is exposed to the interest rate risk due to interest paid to members, at variable rate, on the deposits received from them towards margins and default fund contributions.

#### *Risk Management Approach*

The Company seeks to cover its market risk exposure through collection of various margins. The potential future exposure is covered by collecting Initial Margin and Volatility Margin. The current exposure is covered by collecting mark to market margins. The efficiency of the margining models is monitored closely through a rigorous daily back-testing process.





# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 35

#### Financial Instruments - Fair Values and Risk Management (Continued)

The interest rate profile of the Company's interest-bearing financial instruments as reported to the Management of the Company is as follows :

Particulars	(₹ in lakhs)	
	As at 31 March 2021	As at 31 March 2020
<b>Fixed Rate Instruments</b>		
Financial Assets - INR Investments	11,92,321	9,62,348
Financial Assets - US Dollar Investments	5,41,179	4,95,496
Financial Liabilities	(5,000)	(5,000)
	<u>17,28,500</u>	<u>14,52,844</u>
<b>Variable Rate Instruments</b>		
Financial Assets	-	-
Financial Liabilities - INR (Deposits from Members)	(8,49,084)	(6,76,244)
Financial Liabilities - US Dollar (Deposits from Members)	(5,46,253)	(4,90,490)
Financial Liabilities - Line of Credit from Bank	-	(10,456)
	<u>(13,95,337)</u>	<u>(11,77,190)</u>
<b>Total</b>	<u><u>3,33,163</u></u>	<u><u>2,75,654</u></u>

#### Interest Rate Sensitivity Analysis

##### Interest Rate Sensitivity - Variable Rate Instruments

A change of 100 basis points (bps) (31 March 2020 : 100 basis points) for INR investments / liabilities and 10 basis points (bps) (31 March 2020 : 50 basis points) for US Dollar investments / liabilities in interest rates at the reporting date would have increased / decreased profit or loss by amounts shown below. This analysis assumes that all other variables remains constant. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year end balances are not necessarily representative of the financial assets / financial liabilities outstanding during the year.

**THE CLEARING CORPORATION OF INDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



**Note 35**

**Financial Instruments - Fair Values and Risk Management (Continued)**

(₹ in lakhs)

<u>As at 31 March 2021</u>	INR INVESTMENTS / LIABILITIES		FOREIGN INVESTMENTS / LIABILITIES	
	Gain /(Loss)		Gain /(Loss)	
	100 bp Increase	100 bp Decrease	10 bp Increase	10 bp Decrease
Variable-Rate Instruments	(8,491)	8,491	(546)	546
Cash Flow Sensitivity (Net)	(8,491)	8,491	(546)	546
<u>As at 31 March 2020</u>	Gain /(Loss)		Gain /(Loss)	
	100 bp Increase	100 bp Decrease	50 bp Increase	50 bp Decrease
Variable-Rate Instruments	(6,762)	6,762	(2,505)	2,505
Cash Flow Sensitivity (Net)	(6,762)	6,762	(2,505)	2,505

(Note: The impact is indicated on the profit/loss before tax basis)

**d. Foreign Exchange Risk**

*Risk Description*

The functional currency of the Company is Indian Rupee. Though the Company is a Central counter party for Foreign Exchange Settlements it is not exposed to any foreign currency risk on account of its collateral and settlement operations all its settlement obligations are received and paid in respective foreign currencies. Also, collaterals are received and repaid in US Dollars and Investment of collaterals are in US Dollars. Foreign Exchange Risk for the Company primarily arises on account of foreign currency revenues and expenses, which is not significant.

Exposure to Currency Risk (Exposure in different currencies converted to functional currency i.e. INR)

The currency profile of financial assets and financial liabilities of material financial currency exposure denominates as at 31 March 2021 and 31 March 2020 are as below:

(₹ in lakhs)

Exposure in US Dollar	As at 31 March 2021	As at 31 March 2020
<b>Financial Assets (A)</b>		
US Govt. Treasury Bills	5,17,852	4,52,942
Bank Balance and Bank Deposits	29,649	42,942
	5,47,501	4,95,884
<b>Financial Liabilities (B)</b>		
Deposits from Members	5,46,253	4,90,491
Interest payable to Members	241	3,906
Expenses Payable	167	191
	5,46,661	4,94,588
<b>Net Exposure (A - B)</b>	<b>840</b>	<b>1,296</b>



# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 35

#### Financial Instruments - Fair Values and Risk Management (Continued)

(₹ in lakhs)

Exposure in ZAR	As at 31 March 2021	As at 31 March 2020
<b>Financial Assets (A)</b>		
Funds used for default	-	10,456
	-	10,456
<b>Financial Liabilities (B)</b>		
Line of Credit from a Bank	-	10,456
	-	10,456
<b>Net Exposure (A - B)</b>	-	-

#### Sensitivity Analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against USD/ZAR at 31 March 2021 and 31 March 2020 would have affected the measurement of financial instruments denominated in foreign currencies and affected Statement of profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(₹ in lakhs)

Effect in INR	As at 31 March 2021		As at 31 March 2020	
	Gain/(Loss)		Gain/(Loss)	
	Strengthening	Weakening	Strengthening	Weakening
<b>5% movement</b>				
USD	42.02	(42.02)	64.80	(64.80)
ZAR	-	-	-	-
<b>10% movement</b>				
USD	84.03	(84.03)	129.61	(129.61)
ZAR	-	-	-	-

(Note: The above impact is indicated on the profit/loss before tax basis)

# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



### Note 36

Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

#### A. Relationships -

Category I: Subsidiaries (Parties where control exists)

Clearcorp Dealing Systems (India) Limited (Clearcorp)

Legal Entity Identifier India Limited (LEIL)

Category II:

State Bank of India - The Company is an associate of SBI.

Category III: Key Management Personnel (KMP)

Related Party	Nature of Relationship
Mr. R. Sridharan	Managing Director (upto July 31, 2020)
Mr. Hare Krishna Jena	Managing Director (from August 01, 2020)
Mr. R. Gandhi	Non Executive Chairman and Independent Director (w.e.f. September 20, 2019)
Mr. Narayan K. Seshadri	Independent Director
Dr. G Sivakumar	Independent Director
Mr. B Prasanna	Nominee Director
Ms. Meena Hemchandra	Independent Director
Mr. Rajendra Chitale	Independent Director (upto August 24, 2019)
Mr. Sudhir Joshi	Independent Director (upto August 24, 2019)
Mr. M S Sundara Rajan	Independent Director (upto August 24, 2019)
Mr. Satish C. Singh	Nominee Director (upto September 3, 2019)
Mr. B. Sambamurthy	Independent Director (upto October 16, 2019)
Mr. Bhavesh Zaveri	Nominee Director (upto November 28, 2019)
Mr. Prashant Kumar	Nominee Director (upto March 16, 2020)
Mr. Sankarshan Basu	Independent Director (upto August 24, 2020)
Mr. Pradeep Madhav	Nominee Director (from August 13, 2019)
Mr. S. Vishvanathan	Independent Director (from August 13, 2019)
Mr. Sudhakar Shanbhag	Nominee Director (from October 21, 2019)
Mr. Ashish Parthasarthy	Nominee Director (from May 22, 2020)
Mr. S.V. Sastry	Nominee Director (from August 01, 2020)
Mr. P.R. Ramesh	Independent Director (from August 01, 2020)
Mr. A.K. Anand	Nominee Director (from January 29, 2021)

Other Key Management Personnel

Related Party	Nature of Relationship
Mr. O. N. Ravi	Executive Vice President
Mr. Deepak Chande	Chief Financial Officer
Mr. Pankaj Srivastava	Company Secretary

Category IV: Other Related Parties

CCIL Employees Group Gratuity Fund Trust

CCIL Employees Superannuation Trust

# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 36

#### Related Party Disclosures (Continued)

#### b) Transactions with Key Management Personnel :

Key Management Personnel Compensation		(₹ in lakhs)
Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Short-Term Employee Benefits	464	347
Post-Employment Defined Benefit	29	40
Other Long Term Benefits	51	28
<b>Total</b>	<b>544</b>	<b>415</b>

Compensation of the Company's key managerial personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit plan (See Note 29).

#### c) Details of transactions with the related parties are as follows:

(₹ in lakhs)

Particulars	Subsidiary - Clearcorp	Subsidiary- LEIL	Other Related Parties	State Bank of India	Key Management Personnel
1) Income from Operations	- -	- -	- -	1,273 (1,527)	- -
2) Business Support Charges and Other Receipts (Income)	732 (658)	240 (232)	- -	- -	- -
3) Rent Received for Residential Accommodation (Income)	16 (16)	- -	- -	- -	- -
4) Reimbursement/Sharing of Expenses - (Receipt)	99 (92)	0 (7)	- -	- -	- -
4) Reimbursement/Sharing of Expenses - (Payment)	3 -	1 -	- -	- -	- -
5) LEI Renewal Charges (Expense)	- -	0 (0)	- -	- -	- -
6) Collaterals Cash Received	- -	- -	- -	48,776 (41,306)	- -
7) Collaterals Cash Repaid	- -	- -	- -	30,373 (41,468)	- -
8) Collaterals Securities Received (at Face Value)	- -	- -	- -	2,56,95,410 (1,94,45,500)	- -
9) Collaterals Securities Returned (at Face Value)	- -	- -	- -	60,36,700 (2,11,44,700)	- -

**THE CLEARING CORPORATION OF INDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



**Note 36**

**Related Party Disclosures (Continued)**

Particulars	Subsidiary - Clearcorp	Subsidiary- LEIL	Other Related Parties	State Bank of India	Key Management Personnel
10) Interest on Deposits from Members	- -	- -	- -	226 (424)	- -
11) Operational Income Shared	- (1,128)	- -	- -	- -	- -
12) Contribution to Employee Benefit Trust	- -	- -	408 (268)	- -	- -
13) Purchase of Intangible Asset	- (25)	- -	- -	- -	- -
14) Datafeed Charges Received	36 (27)	- -	- -	- -	- -
15) Director Sitting Fees	- -	- -	- -	- -	76 (89)

d) The related party balances outstanding at year end are as follows:

Particulars	Subsidiary- Clearcorp	Subsidiary- LEIL	Other Related Parties	State Bank of India	Key Management Personnel
1) Receivable	52 (88)	21 (18)	- -	188 (96)	- -
2) Payable	- -	- -	- -	122 (153)	23 (14)
3) Collaterals Outstanding - Cash	- -	- -	- -	39,576 (21,172)	- -
4) Collaterals Outstanding - Securities (at Face Value)	- -	- -	- -	2,00,24,676 (3,65,966)	- -

**Notes:**

1. "0" denotes amount less than ₹ 1 lakh.
2. Figures in brackets represent corresponding amounts in the previous year.
3. Transactions with Subsidiaries are in accordance with the terms of agreements / arrangements / approvals in this regard.
4. Transactions with State Bank of India in the nature of banker-customer relationship have been excluded.
5. Collaterals received in the form of Government Securities are held under Constituent Subsidiary General Ledger (CSGL) Account with Reserve Bank of India.
6. The amounts are exclusive of Goods and Service Tax (GST) wherever applicable.
7. The above related party information has been disclosed to the extent such parties have been identified by the Company. This has been relied upon by the Auditors.



# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Particulars	(₹ in lakhs)	
	As at 31 March 2021	As at 31 March 2020
<b>Note 37</b>		
<b>Commitments</b>		
<b>Capital Commitments:</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	401	647
<b>Total</b>	<b>401</b>	<b>647</b>

### Note 38

#### Contingent Liabilities

Claims against the Company not acknowledged as debt -

- Income Tax Demands for various assessment years disputed by the Company	1,870	1,982
<b>Total</b>	<b>1,870</b>	<b>1,982</b>

### Note 39

#### Micro and Small Enterprises

There are no micro and small enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31 March 2021 and 31 March 2020. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	(₹ in lakhs)	
	As at 31 March 2021	As at 31 March 2020
<b><u>Outstanding for less than 45 days</u></b>		
a. Principal and interest amount remaining unpaid	68	33
b. Interest due thereon remaining unpaid	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006)	-	-
e. Interest accrued and remaining unpaid	-	-
f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



### Note 40

#### Employee Benefits

##### Amounts Recognised as Expense:

##### (i) Defined Contribution Plan

- (1) Employer's Contribution to Provident Fund amounting to ₹ 253 lakhs (31 March 2020 : ₹ 240 lakhs) has been included in Note 29 under Contribution to Provident Fund and Other Funds.
- (2) Employer's Contribution to Superannuation Fund amounting to ₹ 68 lakhs (31 March 2020 : ₹ 67 lakhs) has been included in Note 29 under Contribution to Provident Fund and Other Funds.
- (3) Employer's Contribution to NPS amounting to ₹ 45 lakhs (31 March 2020 : ₹ 74 lakhs) has been included in Note 29 under Contribution to Provident Fund and Other Funds.

##### (ii) Defined Benefit Plan

In terms of the Company's gratuity plan, on leaving of service every employee who has completed at least five years of service gets a gratuity computed at the rate of 30 days of last drawn salary for each completed year service. The Gratuity Scheme of the Company is funded with Life Insurance Corporation of India (LIC) in the form of qualifying insurance policy.

In accordance with the Indian Accounting Standard on employee benefits (Ind AS 19) the following disclosures have been made which is based on Actuarial Valuation provided by an Independent Actuary.

Gratuity cost amounting to ₹ 221 lakhs (31 March 2020 : ₹ 177 lakhs) has been included in Note 29 under Contribution to Provident and Other Funds.

Particulars	(₹ in lakhs)	
	As at 31 March 2021	As at 31 March 2020
<b>A. Amount Recognised in the Balance Sheet</b>		
Present Value of the Obligation as at the end of the year	2,533	2,290
Fair Value of Plan Assets as at the end of the year	2,560	2,243
Net Asset / (Liability) to be recognized in the Balance Sheet	27	(47)
Non-Current Portion	-	47
Current Portion	27	-
<b>B. Change in Projected Benefit Obligation</b>		
Projected Benefit of Obligation at the beginning of the year	2,290	1,817
Current Service Cost	218	189
Interest Cost	156	140
Benefits Paid	(159)	(41)
Actuarial (Gain) / Loss on Obligation	29	276
Acquisition Adjustment	-	(91)
<b>Projected Benefit Obligation at the end of the year</b>	<b>2,534</b>	<b>2,290</b>





**THE CLEARING CORPORATION OF INDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

Note 40

**Employee Benefits (Continued)**

	(₹ in lakhs)	
Particulars	As at 31 March 2021	As at 31 March 2020
<b>C. Change in Plan Assets</b>		
Fair Value of Plan Assets at the beginning of the year	2,243	1,972
Expected Return on Plan Assets	152	152
Contributions Made	268	251
Benefits Paid	(104)	(41)
Acquisition Adjustment	-	(91)
Fair Value of Plan Assets at the end of the year	2,559	2,243
<b>D. Amount Recognised in the Statement of Profit and Loss</b>		
Current Service Cost	218	189
Net Interest Cost / (Income) on the Net Defined Benefit Asset / Liability	3	(12)
<b>Expenses Recognised in the Statement of Profit and Loss</b>	221	177
<b>E. Amount Recognised in Other Comprehensive Income</b>		
Actuarial (Gains) / Loss		
- Change in Demographic Assumption	-	1
- Change in Financial Assumption	-	199
- Experience Variation	29	76
	29	276
<b>F. Major Categories of Plan Assets as a percentage of total plan :</b>		
1. 100 % Insurance Funds		
	(₹ in lakhs)	
<b>G. Assumptions Used</b>	As at 31 March 2021	As at 31 March 2020
Discount Rate	6.80%	6.80%
Employee Attrition Rate	3.00%	3.00%
Future Salary Increase	8.00%	8.00%
Mortality Rate	100% (% of IALM 12-14)	100% (% of IALM 12-14)

# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



### Note 40

#### Employee Benefits (Continued)

##### H. Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	(₹ in lakhs)			
	As at		As at	
	31 March 2021		31 March 2020	
	Increase to	Decrease to	Increase to	Decrease to
Discount Rate (1% Movement)	2,294	2,812	2,070	2,548
Salary Growth Rate (1% Movement)	2,806	2,294	2,543	2,070
Attrition Rate (1% Movement)	2,502	2,570	2,260	2,326
Mortality Rate (1% Movement)	2,533	2,534	2,290	2,291

##### I. Expected Future Cash Flows

Particulars	(₹ in lakhs)			
	1 year	2 to 5 years	6 to 10 years	More than 10 years
As at 31 March 2021				
Defined Benefit Obligations (Gratuity)	175	635	866	4,086
Total	175	635	866	4,086
As at 31 March 2020				
Defined Benefit Obligations (Gratuity)	371	371	650	3,933
Total	371	371	650	3,933

### Note 41

#### Segment Reporting

The Company has presented segment information in the consolidated financial statements which are presented in the same financial report. Accordingly, in terms of Ind AS 108 'Operating Segments', no disclosures related to segments are presented in this standalone financial statements.

### Note 42

#### Corporate Social Responsibility (CSR)

Particulars	(₹ in lakhs)	
	As at 31 March 2021	As at 31 March 2020
Gross amount required to be spent by the Company during the year	1,133	1,076
Amount spent and debited to Statement of Profit and Loss during the year	1,133	1,076

Amounts debited to Statement of Profit and Loss were paid in cash during the respective year and were incurred for the purpose other than construction / acquisition of any asset.

### Note 43

Disclosure under Schedule III of the Companies Act, 2013 has been given to the extent applicable.

### Note 44

Previous year's figures have been regrouped and rearranged to conform to current year's presentation, wherever necessary.



# THE CLEARING CORPORATION OF INDIA LIMITED

## Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of  
Companies (Accounts) Rules, 2014)

### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### Part "A": Subsidiaries

(₹ in lakhs)

Sr.No.	Particulars		
1.	Name of the subsidiary	Clearcorp Dealing Systems (India) Limited	Legal Entity Identifier India Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.
3.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	N.A.	N.A.
4.	Share Capital	1,000	450
5.	Reserves & Surplus	9,954	769
6.	Total Assets	12,235	1,612
7.	Total Liabilities	1,281	392
8.	Investments	966	-
9.	Turnover	4,059	1,033
10.	Profit before taxation	1,400	373
11.	Provision for taxation	370	96
12.	Profit after taxation	1,030	277
13.	Proposed Dividend	-	-
14.	% of shareholding	100	100

#### Notes:

1.	Names of subsidiaries which are yet to commence operations	None
2.	Names of subsidiaries which have been liquidated or sold during the year.	None

## Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

1.	Name of Associates/ Joint Ventures	None
2.	Latest audited Balance Sheet Date	N.A.
3.	Shares of Associate/ Joint Ventures held by the company on the year end	
	i. No.	N.A.
	ii. Amount of Investment in Associates/ Joint Venture	N.A.
	iii. Extend of Holding %	N.A.
4.	Description of how there is significant influence	N.A.
5.	Reason why the associate/joint venture is not consolidated	N.A.
6.	Networth attributable to Shareholding as per latest audited Balance Sheet	N.A.
7.	Profit / Loss for the year	
	i. Considered in Consolidation	N.A.
	ii. Not Considered in Consolidation	N.A.
Notes:		
1.	Names of associates or joint ventures which are yet to commence operations.	None
2.	Names of associates or joint ventures which have been liquidated or sold during the year.	None

For and on behalf of the Board of Directors

Sd/-  
Hare Krishna Jena  
Managing Director  
(DIN : 07624556)

Sd/-  
Narayan K. Seshadri  
Director  
(DIN : 00053563)

Place : Mumbai  
Date : May 07, 2021

Sd/-  
Deepak Chande  
Chief Financial Officer

Sd/-  
Pankaj Srivastava  
Company Secretary



## THE CONSOLIDATED FINANCIAL STATEMENTS

### INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF  
THE CLEARING CORPORATION OF INDIA LIMITED

#### Report on the Audit of the Consolidated Ind-AS financial statements

##### Opinion

We have audited the Consolidated Ind-AS financial statements of *THE CLEARING CORPORATION OF INDIA LIMITED* (hereinafter referred to as the “Holding Company”) and its subsidiaries (Holding Company and its subsidiaries together referred to as “the Group”), which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended and the Notes to the Consolidated Ind-AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated Ind-AS financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 (India Accounting Standard) Rules, 2015, as amended, (Ind-AS) and with other accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2021, the consolidated profits, consolidated changes in equity and its consolidated cash flows for the year then ended.

##### Basis for 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 Consolidated Ind-AS financial statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics* issued by the ICAI and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Information Other than the Consolidated Ind-AS Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report but does not include the Consolidated Ind-AS financial statements and our auditor's report thereon which we obtained prior to the date of this auditor's report.

Our opinion on the Consolidated 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 consolidated 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 consolidated Ind-AS financial statements or our knowledge obtained in the 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 Charged with Governance for the Consolidated Ind-AS financial statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind-AS financial statements in term of the requirements of the Companies Act, 2013, that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind-AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind-AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind-AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Ind-AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated Ind-AS financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 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 Group'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 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind-AS financial statements, including the disclosures, and whether the consolidated Ind-AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Ind-AS financial statements. We are responsible for the direction, supervision and performance of the audit of the Ind-AS financial statements of such entities included in the consolidated Ind-AS financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of the users of the 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 Consolidated Ind-AS financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind-AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

#### **Report on Other Legal and Regulatory Requirements**

As required by section 143(3) of the Act, to the extent applicable, 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 of the aforesaid consolidated Ind-AS financial statements.
- b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated Ind-AS financial statements have been kept so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind-AS financial statements.

- d) In our opinion, the aforesaid consolidated Ind-AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the Directors of the Holding Company as on March 31, 2021, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the Directors of the Group Companies are disqualified as on March 31, 2021, from being appointed as a Director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i) There were no pending litigations which would impact the consolidated financial position of the Group.
  - ii) The Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies.

*For KALYANIWALLA & MISTRY LLP*  
*CHARTERED ACCOUNTANTS*  
Firm Regn. No.: 104607W / W100166

Sd/-  
*Daraius Z. Fraser*  
**PARTNER**  
M. No.: 42454  
UDIN: 21042454AAAACA4445

Mumbai: May 7, 2021.





## Annexure A

### **Independent Auditor's report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of *THE CLEARING CORPORATION OF INDIA LIMITED* ("the Company") as of March 31, 2021, in conjunction with our audit of the Consolidated Ind-AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the of the Holding Company and its subsidiary companies are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the "Act" or the "Companies Act").

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India ("the ICAI") and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind-AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

#### **Meaning of Internal Financial Controls with reference to financial statements**

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Ind-AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Ind-AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Consolidated Ind-AS financial statements.

#### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

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

#### **Opinion**

In our opinion, the Holding Company and its subsidiary companies have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements 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 ICAI.

*For KALYANIWALLA & MISTRY LLP*  
**CHARTERED ACCOUNTANTS**  
Firm Reg. No.: 104607W / W100166

Sd/-

*Daraius Z. Fraser*

**PARTNER**

M. No.: 42454

UDIN: 21042454AAAACA4445

Mumbai: May 7, 2021.



# THE CLEARING CORPORATION OF INDIA LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2021

		(₹ in Lakhs)	
Particulars	Note	As at 31 March 2021	As at 31 March 2020
<b>I. ASSETS</b>			
Non Current Assets			
Property, Plant and Equipment	3	16,809	15,153
Capital Work-in-Progress		14	-
Intangibles Assets	4	6,106	6,065
Intangible Assets under Development		1,439	948
Non Current Loans	5	41	41
Other Non Current Financial Assets	6	80	17,471
Deferred Tax Assets (Net)	7	108	86
Other Non Current Assets	8	287	277
Non Current Tax Assets (Net)	9	1,779	1,355
<b>Total Non Current Assets</b>		<b>26,663</b>	<b>41,396</b>
Current Assets			
Financial Assets			
Investments	10	12,19,830	9,27,190
Trade Receivables	11	3,687	4,845
Cash and Cash Equivalents	12a	1,22,336	78,231
Other Bank Balances	12b	4,26,668	4,78,282
Other Current Financial Assets	13	7,887	14,099
Other Current Assets	14	1,010	11,041
<b>Total Current Assets</b>		<b>17,81,418</b>	<b>15,13,688</b>
<b>TOTAL ASSETS</b>		<b>18,08,081</b>	<b>15,55,084</b>
<b>II. EQUITY AND LIABILITIES</b>			
Equity			
Equity Share Capital	15	5,000	5,000
Other Equity	16	3,90,932	3,51,528
<b>Total Equity</b>		<b>3,95,932</b>	<b>3,56,528</b>
Non Current Liabilities			
Financial Liabilities			
Borrowings	17	5,000	5,000
Deferred Tax Liabilities (Net)	18	1,206	1,828
Provisions	19	1,977	1,927
<b>Total Non Current Liabilities</b>		<b>8,183</b>	<b>8,755</b>
Current Liabilities			
Financial Liabilities			
Borrowings	20	-	10,456
Trade Payables Due to :	21		
- Micro and Small Enterprises		20	19
- Other than Micro and Small Enterprises		682	604
Other Current Financial Liabilities	22	14,00,545	11,76,177
Other Current Liabilities	23	722	698
Provisions	24	1,911	1,784
Current Tax Liabilities (Net)	25	86	63
<b>Total Current Liabilities</b>		<b>14,03,966</b>	<b>11,89,801</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18,08,081</b>	<b>15,55,084</b>

Significant Accounting Policies and Notes to the Financial Statements

1-44

As per our report of even date attached  
For and on behalf of  
For KALYANIWALLA & MISTRY LLP  
Chartered Accountants  
Firm Registration No: 104607W / W100166

Sd/-  
Daraius Z. Fraser  
Partner  
M.No.:42454

Place : Mumbai  
Date : May 07, 2021

Signatures to the Financial Statements and Notes thereon  
For and on behalf of the Board of Directors

Sd/-  
Hare Krishna Jena  
Managing Director  
(DIN : 07624556)

Sd/-  
Deepak Chande  
Chief Financial Officer

Sd/-  
Narayan K. Seshadri  
Director  
(DIN : 00053563)

Sd/-  
Pankaj Srivastava  
Company Secretary

**THE CLEARING CORPORATION OF INDIA LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021**



		(₹ in Lakhs)	
Particulars	Note	Year Ended 31 March 2021	Year Ended 31 March 2020
<b>Revenue</b>			
- Income from Operations	26	37,383	44,428
- Other Operating Revenues	27	26,660	25,033
Other Income	28	16,377	19,823
<b>Total Revenue</b>		<b>80,420</b>	<b>89,284</b>
<b>Expenses</b>			
Employee Benefit Expenses	29	6,583	6,434
Finance Cost	30	2,985	2,323
Depreciation and Amortization Expenses	31	4,800	4,231
Other Expenses	32	8,285	8,003
<b>Total Expenses</b>		<b>22,653</b>	<b>20,991</b>
<b>Profit Before Tax</b>		<b>57,767</b>	<b>68,293</b>
<b>Tax Expense</b>			
Current Tax	33	14,767	17,320
Deferred Tax Expense / (Income)		47	(310)
Tax Adjustments for Earlier Years		-	(1)
<b>Total Tax Expenses</b>		<b>14,814</b>	<b>17,009</b>
<b>Profit After Tax</b>		<b>42,953</b>	<b>51,284</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to Profit and Loss</b>			
- Remeasurements of the Defined Benefit Plans		(34)	(342)
- Income Tax Relating on above		8	86
		<b>(26)</b>	<b>(256)</b>
<b>Items that will be reclassified to Profit and Loss</b>			
- Investments measured at FVOCI		(2,704)	1,943
- Income Tax Relating on above		681	(489)
		<b>(2,023)</b>	<b>1,454</b>
<b>Other Comprehensive Income for the year, Net of Income Tax</b>		<b>(2,049)</b>	<b>1,198</b>
<b>Total Comprehensive Income for the year</b>		<b>40,904</b>	<b>52,482</b>
<b>Earnings Per Equity Share (₹ Per Share)</b>			
Basic Earnings Per Share	34	85.91	102.57
Diluted Earnings Per Share		85.91	102.57
<b>Significant Accounting Policies and Notes to the Financial Statements</b>	1-44		

As per our report of even date attached  
For and on behalf of  
For KALYANIWALLA & MISTRY LLP  
Chartered Accountants  
Firm Registration No: 104607W / W100166

Sd/-  
Daraius Z. Fraser  
Partner  
M.No.:42454

Place : Mumbai  
Date : May 07, 2021

**Signatures to the Financial Statements and Notes thereon**  
For and on behalf of the Board of Directors

Sd/-  
Hare Krishna Jena  
Managing Director  
(DIN : 07624556)

Sd/-  
Deepak Chande  
Chief Financial Officer

Sd/-  
Narayan K. Seshadri  
Director  
(DIN : 00053563)

Sd/-  
Pankaj Srivastava  
Company Secretary



**THE CLEARING CORPORATION OF INDIA LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021**

	(₹ in Lakhs)	
Particulars	2020-2021	2019-2020
<b>A Cash Flow from Operating Activities</b>		
Net Profit Before Tax	57,767	68,293
Adjustments for :		
Depreciation and Amortisation Expense	4,800	4,230
Unrealised (Gain) / Loss on Foreign Exchange	38	(96)
Interest on taxes	6	10
Interest Income on Investments made out of Own Funds	(16,356)	(19,680)
Excess Provision Written Back	-	(30)
Profit/(Loss) on Sale of Property, Plant and Equipment	(2)	(2)
Remeasurement of Defined Benefit Obligation	(34)	(341)
Fair Valuation of Variable Pay	(42)	(46)
Provision for Dividend on Preference Share	425	425
Finance Cost	48	36
<b>Operating Profit Before Working Capital Changes</b>	<b>46,650</b>	<b>52,799</b>
Adjustments:		
(Increase) / Decrease Trade Receivables	1,158	(1,043)
(Increase) / Decrease Other Current Loans	-	(11)
(Increase) / Decrease Other Non Current Assets	(8)	257
(Increase) / Decrease Other Current Financial Assets	(146)	(45)
(Increase) / Decrease Other Current Assets	10,230	(10,260)
(Increase) / Decrease Interest Accrued	(2,472)	7,354
(Increase) / Decrease in Investments & Bank Deposits made out of Operational Funds	(1,87,874)	(1,25,911)
Increase / (Decrease) Borrowings	(10,456)	10,651
Increase / (Decrease) Other Current Financial Liabilities	2,24,365	(2,14,094)
Increase / (Decrease) Trade Payables	78	246
Increase / (Decrease) Other Current Liabilities	25	103
Increase / (Decrease) Current Provisions	124	266
Increase / (Decrease) Non Current Provisions	43	140
<b>Cash Generated from Operating Activities</b>	<b>81,717</b>	<b>(2,79,548)</b>
Taxes Paid (Net of Refund)	(15,174)	(17,561)
<b>Net Cash Generated from Operating Activities (A)</b>	<b>66,543</b>	<b>(2,97,109)</b>

**THE CLEARING CORPORATION OF INDIA LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021**



	(₹ in Lakhs)	
Particulars	2020-2021	2019-2020
<b>B Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(2,746)	(2,133)
Purchase of Intangible Assets	(4,255)	(3,040)
Sale of Property, Plant and Equipments	2	11
Purchase of Government of India Treasury Bills out of Own Funds	(2,76,495)	(1,50,397)
Redemption of T Bills with Government of India made out of Own Funds	2,01,391	1,67,345
Placement of Bank Deposits made out of Own Funds	(1,49,314)	(2,18,848)
Redemption of Bank Deposits made out of Own Funds	1,84,453	1,51,967
Interest Income	26,452	15,641
<b>Net Cash (Used in) / Generated from Investing Activities (B)</b>	<b>(20,512)</b>	<b>(39,454)</b>
<b>C Cash Flow from Financing Activities</b>		
Dividend/Dividend Distribution Tax Paid	(1,925)	(2,321)
<b>Net Cash Used by Financing Activities (C)</b>	<b>(1,925)</b>	<b>(2,321)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A)+(B)+ (C)</b>	<b>44,105</b>	<b>(3,38,884)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>78,231</b>	<b>4,17,115</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>1,22,336</b>	<b>78,231</b>
<b>CLOSING BALANCE</b>		
- Before Adjustment of Unrealised Foreign Exchange	1,22,529	78,132
- Unrealised Foreign Exchange Restatement in Cash and Cash Equivalents	(193)	99
<b>Total</b>	<b>1,22,336</b>	<b>78,231</b>

As per our report of even date attached  
For and on behalf of  
For KALYANIWALLA & MISTRY LLP  
Chartered Accountants  
Firm Registration No: 104607W / W100166

Sd/-  
Daraius Z. Fraser  
Partner  
M.No.:42454

Place : Mumbai  
Date : May 07, 2021

**Signatures to the Financial Statements and Notes thereon**  
For and on behalf of the Board of Directors

Sd/-  
Hare Krishna Jena  
Managing Director  
(DIN : 07624556)

Sd/-  
Deepak Chande  
Chief Financial Officer

Sd/-  
Narayan K. Seshadri  
Director  
(DIN : 00053563)

Sd/-  
Pankaj Srivastava  
Company Secretary



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCIE) FOR THE YEAR ENDED 31 MARCH 2021

(a) Equity Share Capital	Note	₹ (in lakhs)
Balance as at 1 April 2019	15	5,000
Changes in Equity Share Capital during the year		-
Balance as at 31 March 2020	15	5,000
Changes in Equity Share Capital during the year		-
Balance as at 31 March 2021	15	5,000

(b) Other Equity	Reserves and Surplus				Other Comprehensive Income		(₹ in Lakhs)
	Settlement Reserve Fund	General Reserve	Contingency Reserve Fund	Retained Earnings	Fair Valuation of Debt Instruments Measured at FVOCI	Remeasurement of Defined Benefit Plan	Total
Balance at 1 April 2020	1,50,000	1,13,256	70,275	16,358	1,961	(316)	3,51,528
Profit for the year	-	-	-	42,953	-	-	42,953
Fair Value Changes in Investments Measured at OCI	-	-	-	-	(2,023)	-	(2,023)
Gain/(Loss) on Remeasurement of Defined Benefit Plans	-	-	-	-	-	(26)	(26)
<b>Total Comprehensive Income</b>	-	-	-	<b>42,953</b>	<b>(2,023)</b>	<b>(26)</b>	<b>40,904</b>
Dividend Paid on Equity Shares	-	-	-	(1,500)	-	-	(1,500)
Transferred from Retained Earnings	25,000	10,000	7,625	(42,625)	-	-	-
<b>Balance at 31 March 2021</b>	<b>1,75,000</b>	<b>1,23,256</b>	<b>77,900</b>	<b>15,180</b>	<b>(62)</b>	<b>(342)</b>	<b>3,90,932</b>
Balance at 1 April, 2019	1,30,000	1,00,756	55,231	14,426	507	(60)	3,00,860
Profit for the year	-	-	-	51,284	-	-	51,284
Fair Value Changes in Investments Measured at OCI	-	-	-	-	1,454	-	1,454
Gain/(Loss) on Remeasurement of Defined Benefit Plans	-	-	-	-	-	(256)	(256)
<b>Total Comprehensive Income</b>	-	-	-	<b>51,284</b>	<b>1,454</b>	<b>(256)</b>	<b>52,482</b>
Dividend Paid on Equity Shares	-	-	-	(1,500)	-	-	(1,500)
Dividend Distribution Tax Paid - Equity Shares	-	-	-	(308)	-	-	(308)
Transferred from Retained Earnings	20,000	12,500	15,044	(47,544)	-	-	-
<b>Balance at 31 March 2020</b>	<b>1,50,000</b>	<b>1,13,256</b>	<b>70,275</b>	<b>16,358</b>	<b>1,961</b>	<b>(316)</b>	<b>3,51,528</b>

As per our report of even date attached  
For and on behalf of  
For KALYANIWALLA & MISTRY LLP  
Chartered Accountants  
Firm Registration No: 104607W / W100166

Signatures to the Financial Statements and Notes thereon  
For and on behalf of the Board of Directors

Sd/-  
Daraius Z. Fraser  
Partner  
M.No.:42454

Sd/-  
Hare Krishna Jena  
Managing Director  
(DIN : 07624556)

Sd/-  
Narayan K. Seshadri  
Director  
(DIN : 00053563)

Place : Mumbai  
Date : May 07, 2021

Sd/-  
Deepak Chande  
Chief Financial Officer

Sd/-  
Pankaj Srivastava  
Company Secretary

THE CLEARING CORPORATION OF INDIA LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## **1 Background of the Group and Nature of Operations**

The Consolidated Financial Statements relates to The Clearing Corporation of India Limited ('the Company' or 'the Parent Company') and its wholly owned subsidiaries namely Clearcorp Dealing Systems (India) Limited and Legal Entity Identifier India Limited ('the Subsidiary Companies'), collectively referred to as 'the Group'.

The Clearing Corporation of India Limited provides clearing and settlement services for the transactions in the Money Market, Government Securities Market, Foreign Exchange Market, etc. and carries out related activities. The Company acts as a central counterparty for the trades executed by its members and extends settlement guarantee in terms of the Bye-laws, Rules and Regulations for various types of operations. The Company is authorized as a Payment System provider under 'The Payment and Settlement Systems Act, 2007' by Reserve Bank of India.

Clearcorp Dealing Systems (India) Limited provides dealing systems/platforms, facilitates trading in the money market instruments, foreign exchange and other financial market instruments and carries out related activities.

Legal Entity Identifier India Limited ('the Company') is the Local Operating Unit (LOU) for the issuance, maintenance and provision of Legal Entity Identifier (LEI) services in India. The LEI is a global reference number that uniquely identifies every legal entity or structure that is party to a financial transaction, in any jurisdiction. The Company has been recognized by the Reserve Bank of India as an "Issuer" of Legal Entity Identifiers under the Payment and Settlement Systems Act, 2007, and accredited by the Global Legal Entity Identifier Foundation (GLEIF) as a LOU for issuance and management of LEI's.

## **2 Basis of Preparation, Measurement and Significant Accounting Policies**

### **2.1 Basis of Preparation and Measurement**

#### **(a) Basis of Preparation**

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016 and other relevant provisions of the Act.

The consolidated financial statement have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statement.

The consolidated Ind AS financial statements were authorized for issue by the Company's Board of Directors on May 07, 2021.

#### **Current vs Non-Current Classification**

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the schedule III to the Companies Act 2013. Based on the nature of products and the time taken between acquisition of assets for processing and their realization in cash and cash equivalent, the Group has ascertained its operating cycle as twelve months for the purpose of the classification of assets and liabilities into current and non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.



# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### (b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
- Defined benefit plans are measured at fair value of plan assets less present value of defined benefit obligations.

### (c) Basis of Consolidation

The consolidated financial statements of the Parent Company and the Subsidiaries have been prepared in accordance with the consolidation procedures prescribed under Ind AS 110 'Consolidated Financial Statements'.

The consolidated financial statements have been prepared on the following basis:

#### (i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter Group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed wherever necessary to ensure consistency with the policies adopted by the Group.

#### (ii) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### Particulars of the Subsidiaries

Name of the Company	Country of Incorporation	Subsidiary w.e.f	Percentage of holding	
			As at 31 March 2021	As at 31 March 2020
Clearcorp Dealing Systems (India) Limited	India	11.06.2003	100%	100%
Legal Entity Identifier India Limited	India	05.10.2015	100%	100%

## 2.2 Key Estimates and Assumptions

In preparing these consolidated financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The areas involving critical estimates or judgements are :

- i. Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalized; (Note 2.4(a))
- ii. Determination of the estimated useful lives of intangible assets and determining intangible assets having an indefinite useful life; (Note 2.4(b))
- iii. Recognition of deferred tax assets, availability of future taxable profit against which tax losses carried forward can be used; (Note 2.4(j))
- iv. Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources; (Note 2.4(g))
- v. Fair value of financial instruments (Note 35)
- vi. Recognition and measurement of defined benefit obligations, key actuarial assumptions; (Note 2.4(i))

## 2.3 Measurement of Fair Values

The Group's accounting policies and disclosures require financial instruments to be measured at fair values.

The Group has an established control framework with respect to the measurement of fair values. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### 2.4 Significant Accounting Policies

#### a) Property Plant and Equipments

##### Recognition and Measurement

Property, plant and equipment are stated at cost which comprises of purchase price, freight, duties, taxes except recoverable taxes, cost of installation and other incidental expenses incurred towards acquisition and installation of such assets.

Any gain or loss on derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

##### Subsequent Expenditure

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Group and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repair and maintenance are charged to profit and loss during the reporting period in which they are incurred.

##### Depreciation

Depreciation on property, plant and equipment, is provided on Straight Line Method (SLM) prescribed under Schedule II of the Act, except for the following:

- a) Furniture and fittings (Chairs), which are depreciated over 5 Years, and;
- b) Non Carpeted Road, which is depreciated over 5 Years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The Estimated useful life of property, plant and equipment considered for providing depreciation are as under:

Asset	Estimated Useful Life (in Years)	Estimated Scrap Value (% of Cost)
Buildings- Residential	60	5
Buildings- Office	60	-
Non-Carpeted Road	5	-
Computer Systems - Hardware	3 to 6	-
Electrical Installations and Equipments	10	-
Furniture and Fittings	5 to 10	-
Office Equipments	5	-

#### b) Intangible Assets

Expenses incurred towards acquisition or development of software by an external vendor is capitalized as Computer Software.

Following initial recognition, intangible assets are carried at cost less any accumulated impairment losses.

Intangible assets are amortised on a straight line basis over the estimated useful life.

**Amortization**

Amortization of Intangible Assets is based on Internal technical assessment/advice. Intangible asset whose cost is Rs. 5,000 or less are fully written off in the year of acquisition.

Residual value is estimated to be immaterial by Management.

The estimated useful life of intangible assets comprising of computer software considered for providing depreciation is 3 years.

**c) Impairment of Non-Financial Assets**

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an individual asset exceeds its recoverable amount.

The recoverable amount is the greater of the asset's net selling price and value in use. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

**d) Borrowing Costs:**

Interest and other borrowing costs attributable to qualifying assets are capitalized. Other interest and borrowing costs are charged to revenue.

**e) Financial Instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments also include derivative contracts such as forward contracts, futures and currency options.

**1. Financial Assets**

**(i) Recognition and Initial Measurement**

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset, except for an item measured at fair value through profit and loss (FVTPL), is initially measured at fair value plus transaction costs that are directly attributable to its acquisition. 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.

**(ii) Classification and Subsequent Measurement of 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 marketplace. All recognised financial assets are subsequently measured at either amortised cost or fair value depending on their respective classification.

# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI - debt investment;
- FVOCI - equity investment; or
- FVTPL

The classification of debt investment as amortised cost or FVOCI is based on the business model and cash flow characteristics of such instrument.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

### **Financial Assets Measured at Amortised Cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

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 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.

### **Debt Investments Measured at FVOCI**

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investment at FVOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets unless designated as effective hedge instruments.

The Group measures its investment in Treasury Bills at FVOCI since it satisfies both the business model test and the SPPI specified in Ind AS 109.

In case of investment in discounted securities/instruments, the discount is accrued over the period to maturity and included in Income from Investments.

**Equity Investments:**

For other equity investments, the Group makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of profit or loss on disposal of the investments. These investments in equity are not held for trading. Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in the Statement of Profit or Loss.

Dividend Income on equity investments is recognized when the right to receive is established.

**Debt Instruments at Amortized Cost**

A debt instrument' is measured at the amortized cost if both the following conditions are met: The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

**(iii) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's balance sheet) when:

- (i) The contractual rights to receive cash flows from the financial asset have expired, or
- (ii) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - (a) the Group has transferred substantially all the risks and rewards of the asset, or
  - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of . the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### (iv) Impairment of Financial Assets

The Group recognises loss allowances for expected credit losses on its financial assets measured at amortised cost. At each reporting date, the Group assesses whether financial assets carried at amortised costs are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

## 2. Financial Liabilities

### (i) Recognition and Initial Measurement

Financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition.

### (ii) Subsequent Measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit or loss. Any gain or loss on derecognition is also recognised in Statement of profit or loss.

### (iii) Loans and Borrowing :

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

### (iv) Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

## 3. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

### f) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet includes cash at bank and on hand, deposits held at call with financial institutions, with original maturities less than three months which are readily convertible into cash and which are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents cash and short term deposits as defined above, as they are considered an integral part of the Group's cash management.



**g) Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognized as finance cost.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent Assets are not recognized till the realization of the income is virtually certain.

**h) Revenue Recognition**

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Group recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115.

- (i) Revenue from services is recognized as and when the service is performed as per the relevant agreements.
- (ii) Other revenue income is recognised as and when services are rendered and there is a reasonable certainty of ultimate realisation.
- (iii) Interest income on financial assets is recognized on an accrual basis using effective interest method.

Revenue is reported excluding applicable taxes.

For income from investments refer point (e) on financial instruments.

**i) Employee Benefits**

Short term Employee Benefits are estimated and provided for. Post Employment Benefits and Other Long term Employee Benefits are treated as follows:

**(i) Defined Contribution Plans:**

- (a) **Provident Fund:** The provident fund plan is operated by Regional Provident Fund Commissioner (RPFC) and the contribution thereof is paid/provided for.
- (b) **Superannuation Fund:** Superannuation benefit for the eligible employees is covered by Superannuation Scheme with Life Insurance Corporation of India and the contribution thereof is paid/provided for.



# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

- (c) **National Pension Scheme:** The National Pension Scheme is operated by Pension Fund Regulatory and Development Authority (PFRDA) and the contribution thereof in respect of eligible employees is paid/provided for.

Contributions to the defined contribution plans are charged to Statement of Profit & Loss for the respective financial year.

**(ii) Defined Benefits Plans:**

**Gratuity:** Gratuity for employees is covered by Gratuity Scheme with Life Insurance Corporation of India and the contribution thereof is paid/provided for. Provision for Gratuity is made as per actuarial valuation as at the end of the year. Actuarial gains/losses at the end of the year accrued to the defined benefit plans are taken to the Other Comprehensive income (OCI) for the respective financial year and are not deferred.

**(iii) Other Long Term benefits:**

**Long term compensated absences:** Provision for Leave encashment is made on the basis of actuarial valuation as at the end of the year.

**j) Income Tax**

Income tax expense /income comprises current tax expense/income and deferred tax expense/income. It is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or in Other Comprehensive Income. In which case, the tax is recognized directly in equity or other comprehensive income, respectively.

**Current Tax**

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the year and any adjustment to the tax payable or recoverable in respect of previous years. It is measured using tax rates enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretations and establishes provisions where appropriate.

- Current tax assets and liabilities are offset only if, the Group has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**Deferred Tax**

Deferred Income tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purpose and the amount considered for tax purpose.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized such reductions are reversed when it becomes probable that sufficient taxable profits will be available.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be recovered.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the end of the reporting period.

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

Deferred tax assets and liabilities are offset only if:

- i) the group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable group.

**k) Foreign Currency Transactions**

**Functional and Presentation Currency**

The Group's financial statements are prepared in Indian Rupees (INR) which is also Group's functional currency.

**Transactions and Balances**

Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value is determined.

Exchange differences arising on the settlement or translation of monetary items are recognized in profit or loss in the year in which they arise.

**l) Dividend:**

Final dividend on shares is recorded as a liability on the date of approval by the equity shareholders, and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

**m) Earnings Per Share:**

Basic Earnings per share is calculated by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted to take into account:

## THE CLEARING CORPORATION OF INDIA LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- Weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

#### n) Operating Segments

As per Ind AS-108 'Operating Segments', if a financial report contains both the consolidated financial statements of a parent that is within the scope of Ind AS -108 'Operating segments' as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Accordingly, information required to be presented under Ind AS-108 'Operating segments' has been given in the Consolidated Financial Statements. (Note 37)

**Note 3**

**Property, Plant and Equipment**

**Changes in the carrying value of property, plant and equipment for the year ended 31 March 2021:**

	(₹ in Lakhs)								
DESCRIPTION	Freehold Land	Buildings - Residential	Buildings - Office	Furniture and Fixtures	Electrical Installations and Equipment	Office Equipment	Computers	Non Carpeted Road	Total
Cost as at 1 April 2020	1,320	959	10,357	137	367	135	3,425	24	16,723
Additions	-	-	-	1	2	4	2,725	-	2,732
Disposals	-	-	-	-	-	(0)	(181)	-	(181)
Adjustment	-	(38)	38	-	-	-	-	-	-
<b>Cost as at 31 March 2021 (A)</b>	<b>1,320</b>	<b>921</b>	<b>10,395</b>	<b>138</b>	<b>369</b>	<b>139</b>	<b>5,969</b>	<b>24</b>	<b>19,274</b>
Accumulated Depreciation as at 1 April 2020	-	52	524	88	214	50	628	16	1,571
Depreciation charged for the year	-	18	181	25	90	24	731	6	1,075
Disposals	-	-	-	-	-	(0)	(181)	-	(181)
<b>Accumulated Depreciation up to 31 March 2021 (B)</b>	<b>-</b>	<b>70</b>	<b>705</b>	<b>113</b>	<b>304</b>	<b>74</b>	<b>1,178</b>	<b>22</b>	<b>2,465</b>
<b>Net Carrying Amount as at 31 March 2021 (A) - (B)</b>	<b>1,320</b>	<b>851</b>	<b>9,690</b>	<b>25</b>	<b>65</b>	<b>65</b>	<b>4,791</b>	<b>2</b>	<b>16,809</b>

**Changes in the carrying value of property, plant and equipment for the year ended 31 March 2020:**

	(₹ in Lakhs)								
DESCRIPTION	Freehold Land	Buildings - Residential	Buildings - Office	Furniture and Fixtures	Electrical Installations and Equipment	Office Equipment	Computers	Non Carpeted Road	Total
Cost as at 1 April 2019	1,320	959	10,357	133	453	71	1,864	24	15,180
Additions	-	-	-	4	3	65	2,062	-	2,134
Disposals	-	-	-	-	(89)	(1)	(501)	-	(591)
<b>Cost as at 31 March 2020 (A)</b>	<b>1,320</b>	<b>959</b>	<b>10,357</b>	<b>137</b>	<b>367</b>	<b>135</b>	<b>3,425</b>	<b>24</b>	<b>16,723</b>
Accumulated Depreciation as at 1 April 2019	-	34	343	60	198	29	597	11	1,271
Depreciation charged during the year	-	18	181	28	97	22	532	5	883
Disposals	-	-	-	-	(81)	(1)	(501)	-	(583)
<b>Accumulated Depreciation up to 31 March 2020 (B)</b>	<b>-</b>	<b>52</b>	<b>524</b>	<b>88</b>	<b>214</b>	<b>50</b>	<b>628</b>	<b>16</b>	<b>1,571</b>
<b>Net Carrying Amount as at 31 March 2020 (A) - (B)</b>	<b>1,320</b>	<b>907</b>	<b>9,833</b>	<b>49</b>	<b>153</b>	<b>85</b>	<b>2,797</b>	<b>8</b>	<b>15,153</b>

Note : "0" denotes amount less than ₹ 1 Lakh





**THE CLEARING CORPORATION OF INDIA LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

**Note 4**

**Intangibles Assets**

**Changes in the carrying value of Intangibles Assets for the year ended 31 March 2021 :**

	(₹ in Lakhs)
<b>DESCRIPTION</b>	<b>Computer Software</b>
Cost as at 1 April 2020	13,877
Additions	3,766
<b>Cost as at 31 March 2021 (A)</b>	<b>17,643</b>
Accumulated Amortisation as at 1 April 2020	7,812
Amortisation recognised for the year	3,725
<b>Accumulated Amortisation up to 31 March 2021 (B)</b>	<b>11,537</b>
<b>Net Carrying Amount as at 31 March 2021 (A) - (B)</b>	<b>6,106</b>

**Changes in the carrying value of Intangibles Assets for the year ended 31 March 2020:**

	(₹ in Lakhs)
<b>DESCRIPTION</b>	<b>Computer Software</b>
Cost as at 1 April 2019	10,622
Additions	3,255
<b>Cost as at 31 March 2020 (A)</b>	<b>13,877</b>
Accumulated Amortisation as at 1 April 2019	4,465
Amortisation recognised for the year	3,347
<b>Accumulated Amortisation up to 31 March 2020 (B)</b>	<b>7,812</b>
<b>Net Carrying Amount as at 31 March 2020 (A) - (B)</b>	<b>6,065</b>

	As at 31 March 2021	As at 31 March 2020
<b>Particulars</b>		
<b>Note 5</b>		
Non Current Loans (Unsecured, Considered Good)		
Security Deposits	41	41
<b>Total</b>	<b>41</b>	<b>41</b>
<b>Note 6</b>		
<b>Other Non Current Financial Assets</b> (Unsecured, Considered Good)		
Bank Deposits with Residual Maturity of More than 12 Months^	75	17,444
Interest Accrued on Bank Deposits	5	27
<b>Total</b>	<b>80</b>	<b>17,471</b>

^Bank Deposits includes deposits amounting to ₹ Nil (31 March 2020 : ₹ 2,100 lakhs) earmarked for Contingency Reserve Fund and ₹ Nil (31 March 2020 : ₹ 3,000 lakhs) earmarked for Settlement Reserve Fund

**THE CLEARING CORPORATION OF INDIA LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



Particulars	(₹ in Lakhs)	
	As at 31 March 2021	As at 31 March 2020
<b>Note 7</b>		
<b>Deferred Tax Assets (Net)</b>		
Deferred Tax Assets		
Tax Disallowances	130	117
Difference between Book Base and Tax Base of Property, Plant and Equipment and Intangible Assets	0*	-
	<u>130</u>	<u>117</u>
<b>Deferred Tax Liabilities</b>		
Difference between Book Base and Tax Base of Property, Plant and Equipment and Intangible Assets	19	27
Fair Valuation of Investments Carried at FVOCI	0*	1
Provision for Variable Pay Recorded at Present Value	3	3
	<u>22</u>	<u>31</u>
<b>Total</b>	<u><u>108</u></u>	<u><u>86</u></u>
<b>Note 8</b>		
<b>Other Non-Current Assets</b>		
<i>(Unsecured, Considered Good)</i>		
Service Tax Demand (Paid under Protest)	226	226
Prepaid Expenses	61	51
<b>Total</b>	<u><u>287</u></u>	<u><u>277</u></u>
<b>Note 9</b>		
<b>Non Current Tax Assets (Net)</b>		
Advance Taxes (Net of Provision for Taxes)	1,779	1,355
<b>Total</b>	<u><u>1,779</u></u>	<u><u>1,355</u></u>
<b>Note 10</b>		
<b>Current Investments</b>		
- Investment in US Government Treasury Bills	5,17,852	4,52,942
- Investment in Government of India Treasury Bills	7,01,978	4,74,248
<b>Total</b>	<u><u>12,19,830</u></u>	<u><u>9,27,190</u></u>
Aggregate Book Value of Quoted Investments	12,09,573	9,12,730
Aggregate Market Value of Quoted Investments	12,19,830	9,27,190
Aggregate Book Value of Unquoted Investments	-	-
Aggregate Amount of Impairment in Value of Investments	-	-

**Note :**

- Investment in Government of India Treasury Bills includes Treasury Bills amounting to ₹ 91,728 lakhs (31 March 2020 : ₹ 46,901 lakhs) earmarked for Settlement Reserve Fund.
- Investment in Government of India Treasury Bills includes Treasury Bills amounting to ₹ 42,613 lakhs (31 March 2020 : ₹ 31,078 lakhs) earmarked for Contingency Reserve Fund.
- Investment in US Government Treasury Bills shown above represents Treasury bills amounting to ₹ 5,17,852 lakhs (31 March 2020 ₹ 4,52,942 lakhs ) which are held in custody with Settlement Banks, who have extended committed lines of credit to enable the Group to meet settlement shortages, if any.

\* denotes amount less than ₹ 1 Lakh



**THE CLEARING CORPORATION OF INDIA LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

Particulars	(₹ in Lakhs)	
	As at 31 March 2021	As at 31 March 2020
<b>Note 11</b>		
<b>Trade Receivables</b>		
Unsecured, Considered Good	496	577
Secured, Considered Good	3,191	4,268
<b>Total</b>	<b>3,687</b>	<b>4,845</b>
<b>Note 12a</b>		
<b>Cash and Cash Equivalents</b>		
Cash on Hand	0 *	1
Cheque on Hand	9	-
Balances with Banks		
- in Current Accounts #	25,001	54,953
- in Deposit Accounts (Original Maturity of upto 3 Months)	97,326	23,277
<b>Total</b>	<b>1,22,336</b>	<b>78,231</b>
# Includes ₹ Nil (31 March 2020: ₹ 338 lakhs) earmarked for Settlement Reserve Fund and ₹ Nil (31 March 2020: ₹ 456 lakhs) earmarked for Contingency Reserve Fund.		
* denotes amount less than ₹ 1 Lakh		
<b>Note 12b</b>		
<b>Other Bank Balances</b>		
Bank Deposits with original maturity of more than 3 months but residual maturity upto 12 months * ^ @	4,26,668	4,78,282
<b>Total</b>	<b>4,26,668</b>	<b>4,78,282</b>
* Includes ₹ 59,394 lakhs (31 March 2020: ₹ 81,002 lakhs) earmarked for Settlement Reserve Fund.		
^ Includes ₹ 28,176 lakhs (31 March 2020: ₹ 22,305 lakhs) earmarked for Contingency Reserve Fund.		
@ Includes ₹ 65,832 lakhs (31 March 2020: ₹ 89,478 lakhs) are held in custody by various banks against overdraft limits sanctioned by them.		
The total overdraft limits sanctioned by these banks amounts of ₹ 57,804 lakhs (31 March 2020: ₹ 78,710 lakhs).		
<b>Note 13</b>		
<b>Other Current Financial Assets</b>		
(Unsecured, Considered Good)		
Interest Accrued on Bank Deposits	7,692	13,815
Others	195	284
	<b>7,887</b>	<b>14,099</b>
<b>Note 14</b>		
<b>Other Current Assets</b>		
(Unsecured, Considered Good)		
Prepaid Expenses	592	473
Funds Used for Default	-	10,456
Balances with Government Authorities	300	-
Advance to Suppliers & Others	55	38
Others	63	74
<b>Total</b>	<b>1,010</b>	<b>11,041</b>

**THE CLEARING CORPORATION OF INDIA LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



**Note 15**

**Equity Share Capital**

**a. Details of Authorised, Issued and Subscribed Share Capital** (₹ in Lakhs)

Particulars	31 March 2021		31 March 2020	
	Number	Amount	Number	Amount
<b>Authorised Share Capital</b>				
Equity Shares of ₹ 10/- each	5,00,00,000	5,000	5,00,00,000	5,000
Redeemable, Non Convertible, Cumulative Preference Shares of ₹ 10/- each*	5,00,00,000	5,000	5,00,00,000	5,000
<b>Issued, Subscribed and Fully Paid up</b>				
Equity Shares of ₹ 10/- each Fully Paid	5,00,00,000	5,000	5,00,00,000	5,000
	<b>5,00,00,000</b>	<b>5,000</b>	<b>5,00,00,000</b>	<b>5,000</b>

\* 500 lakhs 8.50% Redeemable Cumulative Non Convertible Preference Shares of ₹ 10 each (Total Face Value of ₹ 5,000 lakhs) are classified as Financial Liability (See Note 17)

**b. Reconciliation of Number of Shares at the beginning and at the end of the year** (₹ in Lakhs)

Particulars	31 March 2021		31 March 2020	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	5,00,00,000	5,000	5,00,00,000	5,000
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	<b>5,00,00,000</b>	<b>5,000</b>	<b>5,00,00,000</b>	<b>5,000</b>

**c. Particulars of shareholders holding more than 5% of shares held**

Particulars	31 March 2021		31 March 2020	
	No of equity shares held	Percentage	No of equity shares held	Percentage
State Bank of India	84,00,000	16.80%	84,00,000	16.80%
Life Insurance Corporation of India	50,00,000	10.00%	50,00,000	10.00%
STCI Finance Limited	50,00,000	10.00%	50,00,000	10.00%
ICICI Bank Limited	49,50,000	9.90%	49,50,000	9.90%
HDFC Bank Limited	45,00,000	9.00%	45,00,000	9.00%

**d. Terms/rights attached to equity shares**

**Voting rights:** The Group has only one class of Equity Shares having a par value of ₹ 10 per share.

Each Equity Shareholder is entitled to one vote per share.

**Dividend:** The dividend recommended by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting and would be paid in proportion to the amount of capital paid-up on shares. The Board of Directors have recommended dividend of ₹ 3 per fully paid up equity share of ₹ 10/- each, aggregating ₹ 1,500 Lakhs for the financial year 2020-21, which is based on relevant share capital as on 31st March, 2021.



# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 15

#### Equity Share Capital (Continued)

**Winding up:** If any assets are available for distribution upon liquidation in terms of the provisions of the Act, it will be distributed in proportion to the capital paid-up or which ought to have been paid up at the commencement of winding up.

- e. For the period of five years immediately preceding the date of the Balance Sheet, the Group has not
  - i) Allotted any shares as fully paid up pursuant to contracts without payment being received in cash; or
  - ii) Allotted any shares as fully paid up bonus shares; or
  - iii) Bought back any of its Equity Shares.
- f. There are no securities convertible into equity / preference shares.
- g. There are no calls unpaid.
- h. No shares have been forfeited.

Particulars	(₹ in Lakhs)	
	As at 31 March 2021	As at 31 March 2020
<b>Note 16</b>		
<b>Other Equity</b>		
<i>(Refer Statement of Changes in Equity)</i>		
Settlement Reserve Fund	1,75,000	1,50,000
Contingency Reserve Fund	77,900	70,275
General Reserve	1,23,256	1,13,256
Other Comprehensive Income	(404)	1,645
Retained Earnings	15,180	16,358
<b>Total</b>	<b>3,90,932</b>	<b>3,51,528</b>

### 16.1 Nature and Purpose of Reserves

#### Settlement Reserve Fund

Settlement reserve fund represents amounts set aside from the profits of the Group from time to time as may be considered appropriate by the Board of Directors, to ensure that there are sufficient assigned financial resources which may be utilised for meeting claims in relation to any participants' default. Bank Balances / Bank Deposits / Current Investments amounting to ₹ 1,50,000 lakhs (31 March 2020: ₹ 1,30,000 lakhs) are earmarked for this purpose.

#### Contingency Reserve Fund

Contingency Reserve Fund represents amounts set aside from the profits of the Group from time to time as may be considered appropriate by the Board of Directors to ensure that there are sufficient assigned financial resources which may be utilised for meeting Non-default losses. Bank Balances / Bank Deposits / Current Investments amounting to ₹ 70,275 lakhs (31 March 2020: ₹ 55,231 lakhs) are earmarked for this purpose.

#### General Reserve

General Reserve represents appropriation of retained earnings and are available for distribution to shareholders.

#### Other Comprehensive Income

Other Comprehensive income represents the actuarial loss on fair valuation of defined benefit obligation and fair valuation gain or loss on investments classified as FVOCI.

#### Retained Earnings

Retained Earnings represents surplus/ accumulated earnings of the Group and are available for distribution to shareholders.

**THE CLEARING CORPORATION OF INDIA LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



Particulars	(₹ in Lakhs)	
	As at 31 March 2021	As at 31 March 2020
<b>Note 17</b>		
<b>Borrowings</b>		
Redeemable Preference Shares (Unsecured)		
- 8.5% Redeemable, Non Convertible, Cumulative Preference Shares of ₹ 10 each (RNCPS II)	5,000	5,000
<b>Total</b>	<b>5,000</b>	<b>5,000</b>

**Terms of Preference Shares:**

- 1) The Company has only one class of Preference Shares being Redeemable, Cumulative, Non-convertible and Non-participating Preference Shares.
- 2) The shareholders have right to vote only on resolutions which directly affect their interest. The Preference Shareholders are entitled to dividend @ 8.50% p.a. and shares are redeemable on March 22, 2023.
- 3) In the event of liquidation, Preference Shares will have preferential right of return of amount paid-up on the shares together with the arrears of cumulative preferential dividend, if any, due on the date of winding up but shall not have further right or claim over the surplus assets of the Company.

**Note 18**

**Deferred Tax Liabilities (Net)**

Deferred Tax Liabilities		
Difference between Book Base and Tax Base of Property, Plant and Equipment and Intangible Assets	1,613	1,527
Fair Valuation of Investments carried at FVOCI	5	685
Fair Valuation of Variable Compensation	11	13
	<b>1,629</b>	<b>2,225</b>
Deferred Tax Assets		
Tax Disallowances	423	397
	<b>423</b>	<b>397</b>
<b>Total</b>	<b>1,206</b>	<b>1,828</b>

**Note 19**

**Provisions**

Provision for Employee Benefits:

- Gratuity {Refer Note 41}	22	15
- Leave Encashment	1,526	1,330
- Others	429	582
<b>Total</b>	<b>1,977</b>	<b>1,927</b>

**Note 20**

**Current Borrowings**

Line of Credit from a Bank	-	10,456
	<b>-</b>	<b>10,456</b>

**Note 21**

**Trade Payables Due to :**

Micro and Small Enterprises	20	19
Other than Micro and Small Enterprises	682	604
<b>Total</b>	<b>702</b>	<b>623</b>



**THE CLEARING CORPORATION OF INDIA LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

Particulars	(₹ in Lakhs)	
	As at 31 March 2021	As at 31 March 2020
<b>Note 22</b>		
<b>Other Current Financial Liabilities</b>		
Interest Accrued but not Due	2,812	6,765
Deposits from Members ##	13,95,337	11,66,735
Creditors for Capital Expenses *	1,380	1,712
Other Payables ^	591	540
Dividend Payable on Redeemable Preference Shares	425	425
<b>Total</b>	<b>14,00,545</b>	<b>11,76,177</b>

\* Creditors for Capital Expenses includes ₹ Nil (31 March 2020 - ₹ 48 lakh ) due to Micro and Small Enterprises.

^ Other Payable includes ₹ 57.08 lakhs (31 March 2020: ₹ 24 lakhs) due to Micro and Small Enterprises.

##. 'Deposits from members' represents collaterals received in the form of cash. Total collaterals received from members and outstanding at the end of the year are as under :

Particulars	Cash Collaterals	Govt. Securities #	Guarantees**
<b>As at 31 March 2021</b>			
Securities Settlement	5,98,424	81,54,986	-
Forex Settlement *	5,46,253	-	-
TREPS Settlement	1,04,970	6,59,03,486	2,15,000
Default Funds	1,45,690	8,01,760	-
<b>Total</b>	<b>13,95,337</b>	<b>7,48,60,232</b>	<b>2,15,000</b>
<b>As at 31 March 2020</b>			
Securities Settlement	4,65,113	64,10,275	-
Forex Settlement	4,90,490	-	-
CBLO Settlement	75,273	3,83,11,708	2,15,000
Default Funds	1,35,859	7,34,220	-
<b>Total</b>	<b>11,66,735</b>	<b>4,54,56,203</b>	<b>2,15,000</b>

The Collaterals received in the form of cash have been invested as under and are included in respective accounts:

Particulars	As at 31 March 2021	As at 31 March 2020
US Government Treasury Bills (under Current Investments)	5,17,682	4,49,939
Government of India Treasury Bills (under Current Investments)	4,94,910	3,40,935
Balance in Bank Accounts (under Cash and Cash Equivalents)		
- In Current Accounts	21,397	48,216
- In Deposit Accounts	3,61,348	3,27,645
	<b>13,95,337</b>	<b>11,66,735</b>

# Collaterals received in the form of Government Securities are held by the Group under it's Constituent Subsidiary General Ledger (CSGL) Account with Reserve Bank of India.

\* Equivalent to US Dollars 7,46,783 thousands (31 March 2020 - US Dollars 6,50,640 thousands).

\*\* The Group has accepted Bank Guarantees as additional collaterals.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



Particulars	(₹ in Lakhs)	
	As at 31 March 2021	As at 31 March 2020
<b>Note 23</b>		
Other Current Liabilities		
Revenue Received in Advance	17	68
Statutory Dues	682	611
Other Payables	23	19
<b>Total</b>	<b>722</b>	<b>698</b>

**Note 24**

**Provisions**

Provision for Employee Benefits:

- Leave Entitlement	187	252
- Others	1,724	1,532
<b>Total</b>	<b>1,911</b>	<b>1,784</b>

**Note 25**

**Current Tax Liabilities (Net)**

Provision for Taxation (Net of Advance Tax)	86	63
<b>Total</b>	<b>86</b>	<b>63</b>

Particulars	(₹ in Lakhs)	
	Year Ended 31 March 2021	Year Ended 31 March 2020
<b>Note 26</b>		
<b>Income from Operations</b>		
Transaction Charges - Securities Settlement - Outright Trades	14,016	21,363
Transaction Charges - Securities Settlement - Repo Trades	5,022	4,181
Transaction Charges - TREPS Settlement	3,386	2,707
Transaction Charges - Forex Settlement	3,453	4,608
Transaction Charges - CLS Settlement	1,445	2,275
Trade Processing Charges - Trade Repository	660	773
Transaction Charges - Repo Trading Systems	1,005	399
Transaction Charges - TREPS Trading Systems	1,693	1,354
Transaction Charges - Forex Trading Systems	70	75
Transaction Charges - NDS OM	759	483
Transaction Charges - NDS Call	85	54
Datafeed Charges	406	370
LEI Registration Charges	316	417
Annual LEI Renewal Fees	717	472
Portfolio Compression Charges	435	351
Forex Forward Charges	2,008	2,384
Derivatives Charges	1,440	1,763
Other Fees and Charges	467	399
<b>TOTAL</b>	<b>37,383</b>	<b>44,428</b>



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Particulars	(₹ in Lakhs)	
	Year Ended 31 March 2021	Year Ended 31 March 2020
<b>Note 27</b>		
<b>Other Operating Revenues</b>		
Interest / Income on Investments made out of Operational Funds		
- Income on Current Investments	21,363	27,362
- Interest on Bank Deposits	15,204	18,643
	<u>36,567</u>	<u>46,005</u>
Less : Interest Paid on Deposits from Members	9,907	20,972
<b>TOTAL</b>	<b><u>26,660</u></b>	<b><u>25,033</u></b>
<b>Note 28</b>		
<b>Other Income</b>		
Interest / Income on Investments Made out of Own Funds		
- on Current Investments	6,900	7,538
- on Bank Deposits	9,456	12,142
	<u>16,356</u>	<u>19,680</u>
Profit on Sale of Property, Plant and Equipments (Net)	2	2
Profit on Foreign Currency Transactions and Translation (Net)	-	95
Excess Provision Written Back	-	17
Others	19	29
<b>TOTAL</b>	<b><u>16,377</u></b>	<b><u>19,823</u></b>
<b>Note 29</b>		
<b>Employee Benefits Expenses</b>		
Salaries	5,646	5,515
Contribution to Provident and Other Funds {Refre Note 41}	759	702
Staff Welfare Expenses	178	217
<b>TOTAL</b>	<b><u>6,583</u></b>	<b><u>6,434</u></b>
<b>Note 30</b>		
<b>Finance Cost</b>		
Line of Credit Commitment and Other Charges	2,506	1,851
Dividend on Preference Shares	425	425
Interest on Taxes	6	11
Interest on Others	48	36
<b>TOTAL</b>	<b><u>2,985</u></b>	<b><u>2,323</u></b>
<b>Note 31</b>		
<b>Depreciation and Amortization Expenses</b>		
Depreciation of Property, Plant and Equipment {Refer Note No 3}	1,074	884
Amortisation of Intangible Assets {Refer Note No 4}	3,726	3,347
<b>TOTAL</b>	<b><u>4,800</u></b>	<b><u>4,231</u></b>

**THE CLEARING CORPORATION OF INDIA LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



Particulars	(₹ in Lakhs)	
	Year Ended 31 March 2021	Year Ended 31 March 2020
<b>Note 32</b>		
Other Expenses		
Power and Fuel	376	412
Repairs and Maintenance -Buildings	79	57
Repairs and Maintenance -Computer Systems and Equipment	2,945	2,564
Repairs and Maintenance -Others	133	120
Insurance	145	132
Rates and Taxes	135	129
Communication Expenses	431	372
CLS Settlement Charges	954	1,480
Loss on Foreign Currency Transactions and Translation (Net)	34	-
Expenditure towards Corporate Social Responsibility	1,171	1,113
Professional Fees	336	320
Directors' Sitting Fees	89	101
Payment to Auditors :		
- Audit Fees	30	38
- Reimbursement of Expenses	-	0*
Others	1,427	1,165
<b>TOTAL</b>	<b>8,285</b>	<b>8,003</b>

\* denotes amount less than ₹ 1 Lakh

**Note 33****Income Taxes****Tax Expense****(a) Amounts Recognised in Statement of Profit and Loss****(₹ in Lakhs)**

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
Current Tax Expense		
Current Year	14,767	17,320
MAT Credit Entitlement	-	-
Tax Adjustments Relating to Earlier Years	-	(1)
	14,767	17,319
Deferred Tax Expense		
Origination and Reversal of Temporary Differences	47	(310)
	47	(310)
Tax Expense for the Year	<b>14,814</b>	<b>17,009</b>

**(b) Amounts Recognised in Other Comprehensive Income****(₹ in Lakhs)**

Particulars	Year Ended 31 March 2021			Year Ended 31 March 2020		
	Before tax	Tax (Expense) /Benefit	Net of tax	Before tax	Tax (Expense) /Benefit	Net of tax
<b>Items that will not be reclassified to Profit or Loss</b>						
Remeasurements of the Defined Benefit Liability (Asset)	(34)	8	(26)	(342)	86	(256)
<b>Items that will be reclassified to Profit or Loss</b>						
Investments Measured at FVOCI	(2,704)	681	(2,023)	1,943	(489)	1,454
	<b>(2,738)</b>	<b>689</b>	<b>(2,049)</b>	<b>1,601</b>	<b>(403)</b>	<b>1,198</b>

**Note 33**

**Income Taxes (continued)**

**(c) Reconciliation of Effective Tax Rate**

	(₹ in Lakhs)	
Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
<b>Statutory Income Tax Rates</b>		
The Clearing Corporation of India Limited	25.17%	25.17%
Clearcorp Dealing Systems (India) Limited	25.17%	25.17%
Legal Entity Identifier India Limited	25.17%	25.17%
<b>Profit Before Tax</b>	<b>57,767</b>	<b>68,293</b>
Statutory Income Tax Rate	25.17%	25.17%
Expected income tax expense at respective statutory tax rates of Group Companies	14,539	17,188
<b>Tax Effect of:</b>		
<u>Expenses not allowed under Income Tax</u>		
- Municipal Tax Considered under Income from House Property	0	0
- Expenditure towards Corporate Social Responsibilities	295	271
- Interest U/s 234 of Income Tax Act	2	2
- Others	9	-
<u>Income credited to Statement of Profit &amp; Loss to be considered separately</u>		
- Rent on Residential Flat Let Out	(4)	(4)
- Profit on Sale of Property, Plant and Equipment	(1)	(6)
Deduction u/s 80G	-	(179)
Income from House Property	3	3
Others	(29)	(265)
Tax Adjustments Relating to Earlier Years	-	(1)
<b>Total Tax Expense</b>	<b>14,814</b>	<b>17,009</b>
 Current Tax	 14,767	 17,320
Deferred Tax	47	(310)
Tax Adjustments Relating to Earlier Years	-	(1)
<b>Tax Expense as per Profit or Loss</b>	<b>14,814</b>	<b>17,009</b>

"0" denotes amount less than ₹ 1 lakh





**Note 33**

**Income Taxes (continued)**

**(d) Movement in Deferred Tax Balances (F.Y. 2020-21)**

(₹ in Lakhs)

Particulars	Net Balance 1 April 2020	Recognised during the year		As at 31 March 2021		
		Recognised in Profit or Loss	Recognised in OCI	Net Deferred Tax Asset/ Liability	Deferred Tax Asset	Deferred Tax Liability
<b>Deferred Tax Liability</b>						
Difference between book base and tax base of tangible and intangible assets	(1,554)	(78)	-	(1,632)	-	1,632
Fair valuation of investments carried at FVOCI	(686)	-	681	(5)	-	5
Fair valuation of variable compensation	(16)	2	-	(14)	-	14
<b>Deferred Tax Asset</b>						
Tax disallowances	514	38	-	553	553	-
Remeasurment of defined benefit obligation	-	(8)	8	-	-	-
<b>Tax Assets (Liabilities)</b>	<b>(1,742)</b>	<b>(47)</b>	<b>689</b>	<b>(1,098)</b>	<b>553</b>	<b>1,651</b>
Set Off Tax	-	-	-	-	-	-
<b>Net Tax Assets</b>	<b>(1,742)</b>	<b>(47)</b>	<b>689</b>	<b>(1,098)</b>	<b>553</b>	<b>1,651</b>

**Note 33**

**Income Taxes (continued)**

**(e) Movement in Deferred Tax Balances (F.Y. 2019-20)**

(₹ in Lakhs)

Particulars	Net Balance 1 April 2019	Recognised during the year		As at 31 March 2020		
		Recognised in Profit or Loss	Recognised in OCI	Net Deferred Tax Asset/ Liability	Deferred Tax Asset	Deferred Tax Liability
<b>Deferred Tax Liability</b>						
Difference between book base and tax base of tangible and intangible assets	(1,944)	390	-	(1,554)	-	1,554
Fair valuation of investments carried at FVOCI	(273)	78	(489)	(686)	-	686
Fair valuation of variable compensation	(17)	1	-	(16)	-	16
<b>Deferred Tax Asset</b>						
Indexation benefit of freehold land	-	-	-	-	-	-
Tax disallowances	582	(68)	-	514	514	-
Remeasurment of defined benefit obligation	-	(86)	86	-	-	-
Investments measured using EIR	5	(5)	-	-	-	-
<b>Tax Assets (Liabilities)</b>	<b>(1,647)</b>	<b>310</b>	<b>(403)</b>	<b>(1,742)</b>	<b>514</b>	<b>2,256</b>
Set Off Tax	-	-	-	-	-	-
<b>Net Tax Assets</b>	<b>(1,647)</b>	<b>310</b>	<b>(403)</b>	<b>(1,742)</b>	<b>514</b>	<b>2,256</b>

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered. Any changes in future taxable income would impact the recoverability of deferred tax assets.





# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 34

#### Earnings Per Share (EPS)

Basic EPS calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting profit impact of dilutive potential equity shares, if any) by the aggregate of weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	(₹ in Lakhs)	
	Year Ended 31 March 2021	Year Ended 31 March 2020
<b>i. Profit Attributable to Equity Holders (₹ in lakhs)</b>		
Profit attributable to equity holders for basic and diluted EPS	42,953	51,284
	<b>42,953</b>	<b>51,284</b>
<b>ii. Weighted Average Number of Ordinary Shares</b>		
Number of Shares Outstanding at the beginning of the year	5,00,00,000	5,00,00,000
Add/(Less): Effect of Shares Issued/ (Bought Back)	-	-
<b>Weighted Average Number of Shares for Calculating Basic EPS</b>	<b>5,00,00,000</b>	<b>5,00,00,000</b>
<b>Effect of Dilution</b>		
Share Options	-	-
<b>Weighted Average Number of Shares for Calculating Diluted EPS</b>	<b>5,00,00,000</b>	<b>5,00,00,000</b>
<b>iii. Basic Earnings Per Share (₹)</b>	<b>85.91</b>	<b>102.57</b>
<b>iv. Diluted Earnings Per Share (₹)</b>	<b>85.91</b>	<b>102.57</b>

**Note 35**

**Financial Instruments - Fair Value**

**A. Accounting Classification and Fair Value**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(₹ in Lakhs)

Particulars	As at 31 March 2021							
	Carrying Amount				Fair Value			
	Fair Value through Profit and Loss	Fair Value through Other Comprehensive Income	Amortised Cost	Total	Level 1 - Quoted Price in Active Markets	Level 2 - Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
<b>Financial Assets</b>								
Non Current Loans	-	-	41	41	-	-	-	-
Other Non Current Financial Assets	-	-	80	80	-	-	-	-
<u>Current Investments</u>								
- Investment in US Government Treasury Bills	-	5,17,852	-	5,17,852	-	5,17,852	-	5,17,852
- Investment in Government of India Treasury Bills	-	7,01,978	-	7,01,978	2,20,669	4,81,309	-	7,01,978
Trade Receivables	-	-	3,687	3,687	-	-	-	-
Cash and Cash Equivalents	-	-	1,22,336	1,22,336	-	-	-	-
Bank Balances other than Cash and Cash Equivalents	-	-	4,26,668	4,26,668	-	-	-	-
Other Current Financial Assets	-	-	7,887	7,887	-	-	-	-
	-	12,19,830	5,60,699	17,80,529	2,20,669	9,99,161	-	12,19,830
<b>Financial Liabilities</b>								
<u>Borrowings</u>								
- Preference Shares	-	-	5,000	5,000	-	-	-	-
Trade Payables	-	-	702	702	-	-	-	-
Other Current Financial Liabilities	-	-	14,00,545	14,00,545	-	-	-	-
	-	-	14,06,247	14,06,247	-	-	-	-

**Note:** There are no other categories of financial instruments other than those mentioned above



**Note 35**

**Financial Instruments - Fair Value (Cont..)**

**A. Accounting Classification and Fair Value**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(₹ in Lakhs)

Particulars	As at 31 March 2020				Fair Value			
	Carrying Amount			Total	Level 1 - Quoted Price in Active Markets	Level 2 - Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
	Fair Value through Profit and Loss	Fair Value through Other Comprehensive Income	Amortised Cost					
<b>Financial Assets</b>								
Non Current Loans	-	-	41	41	-	-	-	-
Other Non Current Financial Assets	-	-	17,471	17,471	-	-	-	-
<b>Current Investments</b>								
- Investment in US Government Treasury Bills	-	4,52,942	-	4,52,942		4,52,942	-	4,52,942
- Investment in Government of India Treasury Bills	-	4,74,248	-	4,74,248	42,884	4,31,364	-	4,74,248
Trade Receivables	-	-	4,845	4,845	-	-	-	-
Cash and Cash Equivalents	-	-	78,231	78,231	-	-	-	-
Bank Balances other than Cash and Cash Equivalents	-	-	4,78,282	4,78,282	-	-	-	-
Other Current Financial Assets	-	-	14,099	14,099	-	-	-	-
	-	9,27,190	5,92,969	15,20,159	42,884	8,84,306	-	9,27,190
<b>Financial Liabilities</b>								
<b>Borrowings</b>								
- Preference Shares	-	-	5,000	5,000	-	-	-	-
- Line of Credit from a Bank			10,456	10,456	-	-	-	-
Trade Payables	-	-	623	623	-	-	-	-
Other Current Financial Liabilities	-	-	11,76,177	11,76,177	-	-	-	-
	-	-	11,92,256	11,92,256	-	-	-	-

**Note:** There are no other categories of financial instruments other than those mentioned above

## Note 35

### Financial Instruments - Fair Value (Cont..)

The Fair value of cash and cash equivalents, other bank balances, trade receivables, trade payables approximated their carrying value largely due to short term maturities of these instruments.

Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual creditworthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses, if any, of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

#### B. Fair Value Hierarchy

Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level. This is the case for unlisted equity securities included in level 3.

#### Financial Instruments Measured at Fair Value

The following table shows the valuation techniques used in measuring Level 2 fair values for financial instruments measured at fair value in the balance sheet as well as the significant unobservable inputs used.

Type	Valuation Technique	Significant Unobservable Inputs	Inter-Relationship between Significant Unobservable Inputs and Fair Value Measurement
Investment in Government Securities	The fair value of treasury bills is calculated on the basis of the market price of these instruments as at the balance sheet date. Market price is calculated on the basis of the price published by Financial Benchmarks India Private Limited (FBIL).	N.A.	N.A.
Investment in U.S.Government Securities	The fair value of treasury bills is calculated basis of the market price of these instruments as at the balance sheet date. Market price is calculated on the basis of the price published by Federal Reserve.	N.A.	N.A.

#### Transfers between Levels

There have been no transfers between levels during the reporting periods



**Note 35**

**Financial Instruments - Fair Value and Risk Management (Continued)**

**Risk Management**

*Introduction*

The Group's activities expose it to a number of financial risks, principally liquidity risk, credit risk and market risk (Interest rate risk and foreign exchange risk). In addition to the financial risks, the Group is also exposed to other risks such as operational, legal, compliance and reputational risk. The Group has put in place an Integrated Enterprise Risk Management Framework in order to identify, measure, monitor and effectively manage various risks it is exposed to. The framework prescribes the governance structures and responsibilities and includes written risk policies at all levels, which defines Group's risk appetite, highlights the key risks, and describe the manner in which those risks are properly managed.

Overall responsibility for risk management rests with the Board. The Board has constituted a Committee of Directors for Risk Management (CODRM) which is responsible for developing and monitoring Risk Policies and deciding all issues relating to risk management of the Group. The Group's Senior Management is responsible for day to day overseeing of the Compliance of the Risk policies. The Group also has a dedicated Risk Management Department which is responsible for day to day administration of Risk Management Activity specially managing risks faced by the Group as a Central Counter Party (CCP). The Group has an elaborate Operation Audit, Internal Audit, Systems Audit and other Control Mechanisms entrusted to independent external professionals.

**a. Credit Risk**

*Risk Description*

The Credit risk, for the Group, could arise on account of failure of a member to honor its settlement obligation or upon default by a settlement Bank. Credit risk could also arises on account of investment activity of the Group.

*Risk Management Approach*

The Group counters Credit Risk exposure to members by reducing the exposures through multi-lateral netting and settling transactions on Delivery Versus Payment (DVP) or Payment versus Payment (PVP) basis and therefore does not run any Principal Credit Risk. Moreover, the Group has set criteria for membership for each type of settlement.

Most of the settlements happen in the Books of Reserve Bank of India and therefore there is no Settlement Bank Risk in respect of the same. Wherever settlements are settled through Commercial Banks, Settlement Bank Risk is mitigated by the Group by prescribing stringent minimum eligibility criteria for selection of the Settlement Banks and setting of appropriate exposure control limits.

The Group regularly invests its internally generated funds and funds received from its members towards Margin and Default funds. The Group has a detailed Investment Policy, approved by the CODRM and the Board, which prescribes eligible instruments, exposure limits, Guidelines on Risk management and other aspects relating to the investment activity. The CODRM and the Board review the Investment Policy annually. In accordance with the Investment policy the Group invests only into highly secure and liquid avenues such as Deposit with high net-worth Commercial Banks and short term Government Securities such as Government treasury Bills. The total credit risk of the Group is represented by the total financial assets of the Group. There is no credit risk in case of investment into Government securities. Credit risk in case of Bank Deposits, is mitigated by prescribing stringent eligibility criteria for the investee banks and setting of exposure and concentration limits on the amounts to be invested.

**Bank Balances and Bank Deposits**

The Group held bank balances and bank deposits of ₹ 5,49,079 lakhs at 31 March 2021 (31 March 2020: ₹ 5,73,956 lakhs). The bank balances and bank deposits are held with bank and financial institution counterparties with good credit ratings.

# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



### Note 35

#### Financial Instruments - Fair Value and Risk Management (continued)

##### Offsetting of Financial Assets and Liabilities

The disclosures set out in the following tables include recognised financial assets and financial liabilities that:

- are offset in the Group's statement of financial position; or
- are subject to an enforceable netting arrangement and other provisions under Bye laws, Rules and regulation of the Group, irrespective of whether they are offset in the statement of financial position.

The Group receives collateral in the form of cash (including US Dollars towards forex settlement) and Government securities in respect of settlement transactions pertaining to the following segments:

- security settlement;
- forex settlement; and
- derivatives.

**Financial Assets and Financial Liabilities are subject to offsetting, enforceable netting arrangements and other provisions under Bye laws, Rules and Regulations of the Group :**

(₹ in Lakhs)

As at 31 March 2021	Gross Amounts of Financial Assets	Gross Amounts of Financial Liabilities	Net Amounts Presented in Statement of Financial Position after set off of Financial Assets & Financial Liabilities	Related Amount not offset in Statement of Financial Position		Net Amount
				Financial Instruments (including Non-Cash Collateral)	Cash Collateral Received	
<b>Types of Financial Assets</b>						
Forex Settlement (Including Forwards)	6,86,120	6,86,120	-	-	-	-
Derivative Settlement (IRS)	1,51,292	1,51,292	-	-	-	-
Securities Settlement (including TREPS)	7,39,304	7,39,304	-	-	-	-
<b>Total</b>	<b>15,76,716</b>	<b>15,76,716</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(₹ in Lakhs)

As at 31 March 2020	Gross Amounts of Financial Assets	Gross Amounts of Financial Liabilities	Net Amounts Presented in Statement of Financial Position after setoff of Financial Assets & Financial Liabilities	Related Amount not offset in Statement of Financial Position		Net Amount
				Financial Instruments (including Non-Cash Collateral)	Cash Collateral Received	
<b>Types of Financial Assets</b>						
Forex Settlement (Including Forwards)	7,10,580	7,10,580	-	-	-	-
Derivative Settlement (IRS)	2,71,105	2,71,105	-	-	-	-
Securities Settlement (including TREPS)	5,70,148	5,70,148	-	-	-	-
<b>Total</b>	<b>15,51,833</b>	<b>15,51,833</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 35

#### Financial Instruments - Fair Value and Risk Management (continued)

##### b. Liquidity Risk

###### *Risk Description*

Liquidity risk is the risk that the Group is unable to meet its payment obligations when they fall due. The Company, being a Central Counter party (CCP), is required to have adequate liquid resources in order to meet liquidity requirement in case if any member fails to honour its settlement obligations. Liquidity risk also exists as a result of day to day operational flows such as repayment of cash collaterals to members, Trade payables etc.

###### *Risk Management Approach*

Liquidity risk is managed by ensuring that the Group has sufficient Lines of credit from the participant banks, overdraft facility against the time deposits placed with Commercial banks and easily marketable securities collected as collaterals. etc. The Group also maintains adequate balances with Banks and keeps its investments in highly liquid avenues to enable it to meet Cash collateral withdrawals by members, Trade payables, etc.

###### **Maturities of Financial Liabilities**

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ in Lakhs)					
As at 31 March 2021	Contractual Cash Flows				
	Carrying Amount	Total	Upto 1 Year	1 to 5 Years	More than 5 Years
<b>Non-Derivative Financial Liabilities</b>					
Borrowings					
- Preference Shares	5,000	5,000	-	5,000	-
Trade Payables	702	702	702	-	-
Other Current Financial Liabilities	14,00,545	14,00,545	14,00,545	-	-
<b>Total</b>	<b>14,06,247</b>	<b>14,06,247</b>	<b>14,01,247</b>	<b>5,000</b>	<b>-</b>

(₹ in Lakhs)					
As at 31 March 2020	Contractual Cash Flows				
	Carrying Amount	Total	Upto 1 Year	1 to 5 Years	More than 5 Years
<b>Non-Derivative Financial Liabilities</b>					
Borrowings					
- Preference Shares	5,000	5,000	-	5,000	-
- Line of Credit from a Bank	10,456	10,456	10,456	-	-
Trade Payables	623	623	623	-	-
Other Current Financial Liabilities	11,76,177	11,76,177	11,76,177	-	-
<b>Total</b>	<b>11,92,256</b>	<b>11,92,256</b>	<b>11,87,256</b>	<b>5,000</b>	<b>-</b>

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows.

**Note 35**

**Financial Instruments - Fair Value and Risk Management (continued)**

**c. Market Risk (Price Risk and Interest Rate Risk)**

*Risk Description*

The Company provides Central Counterparty (CCP) clearing services for both cash market and derivative products. The Company settles cash transactions cleared by it on a Delivery versus Payment (or Payment versus Payment in case of currencies). The failure of a member therefore exposes it to market risk arising out of adverse movement in prices of securities cleared or adverse movements in interest rates and exchange rates. In case of derivative products like rupee derivatives and forward USD INR transactions, the company is also exposed to pre-settlement risk which is manifested in the form of market risk.

The Group's investments are primarily in fixed rate interest bearing investments. Hence, the Group is not significantly exposed to interest rate risk. However, Group is exposed to the price risk in case of its investment in Government treasury Bills.

The Group is exposed to the interest rate risk due to interest paid to members, at variable rate, on the deposits received from them towards margins and default fund contributions.

*Risk Management Approach*

The Group seeks to cover its market risk exposure through collection of various margins. The potential future exposure is covered by collecting Initial Margin and Volatility Margin. The current exposure is covered by collecting mark to market margins. The efficiency of the margining models is monitored closely through a rigorous daily back-testing process.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

Particulars	(₹ in lakhs)	
	As at 31 March 2021	As at 31 March 2020
<b>Fixed Rate Instruments</b>		
Financial Assets - INR Investments	12,02,722	9,71,975
Financial Assets - US Dollar Investments	5,41,178	4,95,496
Financial Liabilities	(5,000)	(5,000)
	<u>17,38,900</u>	<u>14,62,471</u>
<b>Variable Rate Instruments</b>		
Financial Assets	-	-
Financial Liabilities - INR (Deposits from Members)	(8,49,083)	(6,76,244)
Financial Liabilities - US Dollar (Deposits from Members)	(5,46,253)	(4,90,491)
Financial Liabilities - Line of Credit from Bank	-	(10,456)
	<u>(13,95,337)</u>	<u>(11,77,191)</u>
<b>Total</b>	<u><b>3,43,563</b></u>	<u><b>2,85,280</b></u>

**Interest Rate Sensitivity Analysis**

The Group aims to minimise its exposure to interest rate fluctuations. Any exposure is predominantly due to the mismatch between the Group's interest bearing assets and interest bearing liabilities (including deposits from members). Since the return paid on member liabilities is generally reset to prevailing market interest rates and after retaining a spread the Group's exposure is limited. Further, the maximum fixed exposure on any asset in the investment portfolio (including Bank Deposits) is 12 months.

# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 35

#### Financial Instruments - Fair Value and Risk Management (continued)

The following table shows the estimated impact of the exposure described in the paragraph above on the profit after tax and on retained earnings within shareholders' equity:

#### Interest Rate Sensitivity - Variable Rate Instruments

A change of 100 basis points (bps) (31 March 2020 : 100 basis points) for INR investments / liabilities and 10 basis points (bps) (31 March 2020 : 50 basis points) for US Dollar investments / liabilities in interest rates at the reporting date would have increased / decreased profit or loss by amounts shown below. This analysis assumes that all other variables remains constant. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year end balances are not necessarily representative of the financial assets / financial liabilities outstanding during the year.

(₹ in lakhs)

As at 31 March 2021	INR INVESTMENTS / LIABILITIES		FOREIGN CURRENCY INVESTMENTS / LIABILITIES	
	Gain / (Loss)		Gain / (Loss)	
	100 bp Increase	100 bp Decrease	10 bp Increase	10 bp Decrease
Variable-rate Instruments	(8,491)	8,491	(546)	546
Cash Flow Sensitivity (Net)	(8,491)	8,491	(546)	546
As at 31 March 2020	INR INVESTMENTS / LIABILITIES		FOREIGN CURRENCY INVESTMENTS / LIABILITIES	
	Gain / (Loss)		Gain / (Loss)	
	100 bp Increase	100 bp Decrease	50 bp Increase	50 bp Decrease
Variable-rate Instruments	(6,762)	6,762	(2,505)	2,505
Cash Flow Sensitivity (Net)	(6,762)	6,762	(2,505)	2,505

(Note: The impact is indicated on the profit/loss before tax basis)

#### d. Foreign Exchange Risk

##### *Risk Description*

The functional currency of the Company is Indian Rupee. Though the Company is a Central counter party for Foreign Exchange Settlements it is not exposed to any foreign currency risk on account of its collateral and settlement operations all its settlement obligations are received and paid in respective foreign currencies. Also, collaterals are received and repaid in USD Dollars and Investment of collaterals are in US Dollars. Foreign Exchange Risk for the Company primarily arises on account of foreign currency revenues and expenses, which is not significant.

**THE CLEARING CORPORATION OF INDIA LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



**Note 35**

**Financial Instruments Fair Value and Risk Management (continued)**

**Exposure to Currency Risk (Exposure in different currencies converted to functional currency i.e. INR)**

The currency profile of financial assets and financial liabilities of material financial currency exposure denominates as at 31 March 2021 and 31 March 2020 are as below:

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Financial Assets (A)</b>		
US Govt. Treasury Bills	5,17,852	4,52,942
Bank Balance in Current Accounts	29,649	42,942
Datafeed Charges Receivable	2	10
	<b>5,47,503</b>	<b>4,95,894</b>
<b>Financial Liabilities (B)</b>		
Deposits from Members	5,46,253	4,90,491
Interest Payable to Members	241	3,906
Expense Payable	167	191
License Fees Payable	168	136
	<b>5,46,829</b>	<b>4,94,724</b>
<b>Net Exposure (A - B)</b>	<b>674</b>	<b>1,170</b>

Exposure in ZAR	As at 31 March 2021	As at 31 March 2020
<b>Financial Assets (A)</b>		
Funds Used for Default	-	10,456
	-	<b>10,456</b>
<b>Financial Liabilities (B)</b>		
Line of Credit from a Bank	-	10,456
	-	<b>10,456</b>
<b>Net Exposure (A - B)</b>	-	-

**Sensitivity Analysis**

A reasonably possible strengthening (weakening) of the Indian Rupee against USD at 31 March 2021 and 31 March 2020 would have affected the measurement of financial instruments denominated in foreign currencies and affected Statement of profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(₹ in Lakhs)

Effect in INR	As at 31 March 2021		As at 31 March 2020	
	Gain/(Loss)		Gain/(Loss)	
	Strengthening	Weakening	Strengthening	Weakening
<b>5% Movement</b>				
USD	33.70	(33.70)	58.48	(58.48)
ZAR	-	-	-	-
<b>10% Movement</b>				
USD	67.39	(67.39)	116.96	(116.96)
ZAR	-	-	-	-

(Note: The impact is indicated on the profit/loss before tax basis)

# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 36

Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

#### A. Relationships -

##### Category I:

State Bank of India - The Company is an associate of SBI.

##### Category II: Key Management Personnel (KMP)

Related Party	Nature of Relationship
Mr. R. Sridharan	Managing Director (upto July 31, 2020)
Mr. Hare Krishna Jena	Managing Director (from August 01, 2020)
Mr. R. Gandhi	Non Executive Chairman and Independent Director (w.e.f. September 20, 2019)
Mr. Narayan K. Seshadri	Independent Director
Dr. G Sivakumar	Independent Director
Mr. B Prasanna	Nominee Director
Ms. Meena Hemchandra	Independent Director
Mr. Rajendra Chitale	Independent Director (upto August 24, 2019)
Mr. Sudhir Joshi	Independent Director (upto August 24, 2019)
Mr. M S Sundara Rajan	Independent Director (upto August 24, 2019)
Mr. Satish C. Singh	Nominee Director (upto September 3, 2019)
Mr. B. Sambamurthy	Independent Director (upto October 16, 2019)
Mr. Bhavesh Zaveri	Nominee Director (upto November 28, 2019)
Mr. Prashant Kumar	Nominee Director (upto March 16, 2020)
Mr. Sankarshan Basu	Independent Director (upto August 24, 2020)
Mr. Pradeep Madhav	Nominee Director (from August 13, 2019)
Mr. S. Vishvanathan	Independent Director (from August 13, 2019)
Mr. Sudhakar Shanbhag	Nominee Director (from October 21, 2019)
Mr. Ashish Parthasarthy	Nominee Director (from May 22, 2020)
Mr. S.V. Sastry	Nominee Director (from August 01, 2020)
Mr. P.R. Ramesh	Independent Director (from August 01, 2020)
Mr. A.K. Anand	Nominee Director (from January 29, 2021)

##### Other Key Management Personnel

Related Party	Nature of Relationship
Mr. O. N. Ravi	Executive Vice President
Mr. Deepak Chande	Chief Financial Officer
Mr. Pankaj Srivastava	Company Secretary

##### Category III: Other Related Parties

CCIL Employees Group Gratuity Fund Trust

CCIL Employees Superannuation Trust

Clearcorp Employees Group Gratuity Fund Trust

Clearcorp Employees Superannuation Trust

LEIL Employees Group Gratuity Fund Trust

**THE CLEARING CORPORATION OF INDIA LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



**Note 36**

**Related Party Disclosures (Continued)**

**b) Transactions with Key Management Personnel :  
Key Management Personnel Compensation**

Particulars	(₹ in Lakhs)	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Short Term Employee Benefits	464	347
Post Employment Defined Benefit	29	40
Other Long Term Benefits	51	28
<b>Total</b>	<b>544</b>	<b>415</b>

Compensation of the Company's key managerial personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit plan (Note 29).

**c) Transactions other than those with Key Management Personnel : (₹ in lakhs)**

Particulars	State Bank of India	Other Related Parties	Key Management Personnel
1) Income from Operations	1,273 (1,527)	- -	- -
2) Collaterals Cash Received	48,776 (41,306)	- -	- -
3) Collaterals Cash Repaid	30,373 (41,468)	- -	- -
4) Collaterals Securities Received (at Face Value)	2,56,95,410 (1,94,45,500)	- -	- -
5) Collaterals Securities Returned (at Face Value)	60,36,700 (2,11,44,700)	- -	- -
6) Interest on Deposits from Members	226 (424)	- -	- -
7) Director Sitting Fees	- -	- -	76 (89)
8) Contribution to Employee Benefit Trust	- -	514 (311)	- -

**d) The related party balances outstanding at year end are as follows: (₹ in lakhs)**

Particulars	State Bank of India	Other Related Parties	Key Management Personnel
1) Receivable	188 (96)	- -	- -
2) Payable	122 (153)	- -	23 (5)
3) Collaterals outstanding - Cash	39,576 (21,247)	- -	- -
4) Collaterals outstanding - Securities (at face value)	2,00,24,676 (3,65,966)	- -	- -

# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 36

#### Related Party Disclosures (Continued)

##### Notes:

1. Transactions with State Bank of India in the nature of banker-customer relationship have been excluded.
2. Collaterals received in the form of Government Securities are held under Constituent Subsidiary General Ledger (CSGL) Account with Reserve Bank of India.
3. The amounts are exclusive of Goods and Service Tax wherever applicable.
4. The above related party information has been disclosed to the extent such parties have been identified by the Company. This has been relied upon by the Auditors.

### Note 37

#### Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available.

All operating segments' results are regularly reviewed by the Board of Directors, which have been identified as the Chief Operating Decision Maker ('CODM') of the Group inter-Company revenues and expenses, for which discrete financial information is available. The Board of Directors, which have been identified as the CODM, regularly review the performance reports and make decisions about allocation of resources.

The Group has two reportable segments, as described below, which are the Group's strategic business units. For each business units the Board of Directors regularly reviews the performance reports.

#### Reportable Segments

- i. Clearing and Settlement Services
- ii. Trading Services

#### Information about Reportable Segments

The Board of Directors reviews profit before tax as the measure of a segment performance. The segment results are thus profit before tax attributable to the respective segments.

( ₹ in lakhs)

Particulars	2020-21			2019-20		
	Clearing & Settlement Services	Trading Services	Total	Clearing & Settlement Services	Trading Services	Total
<b>REVENUE</b>						
Revenue from Operations (External)	59,984	4,059	64,043	65,515	3,946	69,461
<b>Total Revenue from Operations</b>	<b>59,984</b>	<b>4,059</b>	<b>64,043</b>	<b>65,515</b>	<b>3,946</b>	<b>69,461</b>
<b>RESULT</b>						
Segment Result	39,758	1,632	41,390	46,797	1,664	48,461
Add: Other Income			16,377			19,832
<b>Profit Before Tax</b>			<b>57,767</b>			<b>68,293</b>
Tax Expense						
- Current Tax			14,767			17,320

**THE CLEARING CORPORATION OF INDIA LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



**Note 37**  
**Segment Reporting (Continued)**

( ₹ in lakhs)

Particulars	2020-21			2019-20		
	Clearing & Settlement Services	Trading Services	Total	Clearing & Settlement Services	Trading Services	Total
- Deferred Tax			47			(310)
<b>Profit After Tax</b>			<b>42,953</b>			<b>51,284</b>
OTHER INFORMATION						
Assets						
Segment Assets	17,95,862	12,219	18,08,081	15,43,915	11,169	15,55,084
<b>Total Assets</b>	<b>17,95,862</b>	<b>12,219</b>	<b>18,08,081</b>	<b>15,43,915</b>	<b>11,169</b>	<b>15,55,084</b>
Liabilities						
Segment Liabilities	14,10,936	1,212	14,12,148	11,97,403	1,153	11,98,556
<b>Total Liabilities</b>	<b>14,10,936</b>	<b>1,212</b>	<b>14,12,148</b>	<b>11,97,403</b>	<b>1,153</b>	<b>11,98,556</b>
Capital Expenditure						
Segment Capital Expenditure	5,744	1,258	7,002	4,327	846	5,173
<b>Total Capital Expenditure</b>	<b>5,744</b>	<b>1,258</b>	<b>7,002</b>	<b>4,327</b>	<b>846</b>	<b>5,173</b>
Depreciation/Amortisation						
Segment Depreciation/Amortisation	4,128	672	4,800	3,638	593	4,231
<b>Total Depreciation/Amortisation</b>	<b>4,128</b>	<b>672</b>	<b>4,800</b>	<b>3,638</b>	<b>593</b>	<b>4,231</b>

( ₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note 38</b>		
<b>Commitments</b>		
<b>Capital Commitments:</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	785	956
<b>Note 39</b>		
<b>Contingent Liabilities</b>		
Claims against the Group not acknowledged as debt -		
- Income Tax Demands for various assessment years disputed by the Group	1,927	1,994
<u>Service Tax Demands including penalty and interest thereon</u>		
- Pending settlement of the dispute, an amount of ₹ 226 lakhs, being the principal amount claimed by the authorities has been paid under protest and disclosed under Other Non Current Assets.	775	775
<b>Total</b>	<b>2,702</b>	<b>2,769</b>





# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 40

#### Micro and Small Enterprises

There are no micro and small enterprises, to whom the Group owes dues, which are outstanding for more than 45 days as at 31 March 2021 and 31 March 2020. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Group.

		(₹ in Lakhs)	
		As at 31 March 2021	As at 31 March 2020
	<b>Outstanding for less than 45 days</b>		
a.	Principal and interest amount remaining unpaid	86	91
b.	Interest due thereon remaining unpaid	-	-
c.	Interest paid by the Group in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d.	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006)	-	-
e.	Interest accrued and remaining unpaid	-	-
f.	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

### Note 41

#### Employee Benefits

##### Amounts Recognised as Expense:

##### (i) Defined Contribution Plan

- (1) Employer's contribution to provident fund amounting to ₹ 314 lakhs (31 March 2020 : ₹ 292 lakhs) has been included in Note 26 under contribution to provident fund and other funds.
- (2) Employer's Contribution to Superannuation Fund amounting to ₹ 82 lakhs (31 March 2020 : ₹ 78 lakhs) has been included in Note 26 under contribution to provident fund and other funds.
- (3) Employer's Contribution to NPS amounting to ₹ 56 lakhs (31 March 2020 : ₹ 84 lakhs) has been included in Note 26 under contribution to provident fund and other funds.

##### (ii) Defined Benefit Plan

In terms of the Group's gratuity plan, on leaving of service every employee who has completed atleast five years of service gets a gratuity computed at the rate of 30 days of last drawn salary for each completed year service. The Gratuity Scheme of the Group is funded with Life Insurance Corporation of India (LIC) in the form of qualifying insurance policy.

In accordance with the Indian Accounting Standard on employee benefits (Ind AS 19) the following disclosures have been made which is based on Actuarial Valuation provided by Independent Actuary.

Gratuity cost amounting to ₹ 280 lakhs (31 March 2020 : ₹ 223 lakhs) has been included in Note 26 under contribution to provident and other funds.

**THE CLEARING CORPORATION OF INDIA LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



**Note 40**

**Employee Benefits (Continued)**

Particulars	(₹ in Lakhs)	
	As at 31 March 2021	As at 31 March 2020
<b>A. Amount Recognised in the Balance Sheet</b>		
Present value of the obligation as at the end of the year	3,201	2,861
Fair value of plan assets as at the end of the year	3,202	2,773
<b>Net Asset / (Liability) to be recognized in the Balance Sheet</b>	<b>1</b>	<b>(88)</b>
Non Current Portion	(26)	(88)
Current Portion	27	-
<b>B. Change in Projected Benefit Obligation</b>		
Projected Benefit of Obligation at the beginning of the year	2,861	2,159
Current Service Cost	274	235
Past Service Cost	-	-
Interest Cost	194	166
Benefits Paid	(161)	(35)
Actuarial (Gain) / Loss on Obligation	34	336
Acquisition Adjustment	-	(0)
<b>Projected Benefit Obligation at the end of the year</b>	<b>3,202</b>	<b>2,861</b>
<b>C. Change in Plan Assets</b>		
Fair value of plan assets at the beginning of the year	2,773	2,326
Expected return on plan assets	187	179
Contributions made	345	309
Benefits paid	(106)	(41)
Acquisition Adjustment	-	(0)*
<b>Fair Value of Plan Assets at the end of the year</b>	<b>3,201</b>	<b>2,773</b>
<b>D. Amount Recognised in the Statement of Profit and Loss</b>		
Current service cost	274	235
Net Interest cost / (income) on the net defined benefit asset / liability	6	(13)
<b>Expenses recognised in the statement of profit and loss</b>	<b>280</b>	<b>222</b>
<b>E. Amount Recognised in Other Comprehensive Income</b>		
Actuarial (gains) / loss		
- change in demographic assumption	-	1
- change in financial assumption	-	252
- experience variation	34	89
	<b>34</b>	<b>342</b>

\* denotes amount less than ₹ 1 Lakhs

# THE CLEARING CORPORATION OF INDIA LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 41

#### Employee Benefits (Continued)

#### F. Major categories of plan assets as a percentage of total plan :

1. 100 % Insurance funds

	(₹ in Lakhs)	
G. Assumptions Used	As at 31 March 2021	As at 31 March 2020
Discount Rate	6.80%	6.80%
Employee Attrition Rate	8.00%	3.00%
Future Salary Increase	3.00%	8.00%
Mortality Rate	100% (of IALM 12-14)	100% (of IALM 12-14)

#### H. Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	(₹ in Lakhs)			
Particulars	As at 31 March 2021		As at 31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	2,899	2,176	2,584	3,187
Salary growth rate (1% movement)	3,548	1,678	3,180	2,584
Attrition rate (1% movement)	3,163	1,987	2,824	2,906
Mortality rate (1% movement)	3,202	1,957	2,861	2,863

#### I. Expected Future Cash Flows

	(₹ in Lakhs)			
Particulars	1 year	2 to 5 years	6 to 10 years	More than 10 years
<b>As at 31 March 2021</b>				
Defined benefit obligations (Gratuity)	245	723	1,241	5,108
<b>Total</b>	<b>245</b>	<b>723</b>	<b>1,241</b>	<b>5,108</b>

	(₹ in Lakhs)			
Particulars	1 year	2 to 5 years	6 to 10 years	More than 10 years
<b>As at 31 March 2020</b>				
Defined Benefit Obligations (Gratuity)	389	494	884	4,924
<b>Total</b>	<b>389</b>	<b>494</b>	<b>884</b>	<b>4,924</b>

**THE CLEARING CORPORATION OF INDIA LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



**Note 42**

**Corporate Social Responsibility (CSR)**

Particulars	(₹ in lakhs)	
	As at 31 March 2021	As at 31 March 2020
Gross amount required to be spent by the Company during the year	1,171	1,113
Amount spent and debited to Statement of Profit and Loss	1,171	1,113

Amounts debited to Statement of Profit and Loss were paid in cash during the respective year and were incurred for the purpose other than construction / acquisition of any asset.

**Note 43**

Disclosure under Schedule III of the Companies Act, 2013 has been given to the extent applicable.

**Note 44**

Previous year's figures have been regrouped and rearranged to conform to current year's presentation, wherever necessary.

Additional Information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Act

Name of the entity in the Group	Net Assets, i.e. Total Assets minus Total Liabilities		Share of Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount ₹ In lakhs	As % of Consolidated Profit or Loss	Amount ₹ In lakhs	As % of Consolidated Other Comprehensive Income	Amount ₹ In lakhs	As % of Consolidated Total Comprehensive Income	Amount ₹ In lakhs
<u>Parent</u>								
The Clearing Corporation Of India Limited	96.92	3,83,722	94.64	40,650	99.74	(2,044)	94.38	38,606
<u>Subsidiaries - Indian</u>								
Clearcorp Dealing Systems (India) Limited	2.78	11,007	4.14	1,779	0.24	(5)	4.34	1,774
Legal Entity Identifier India Limited	0.30	1,203	1.22	524	0.01	(0)	1.28	524
<b>Total</b>	<b>100.00</b>	<b>3,95,932</b>	<b>100.00</b>	<b>42,953</b>	<b>100.00</b>	<b>(2,049)</b>	<b>100.00</b>	<b>40,903</b>

***Clearcorp Dealing Systems (India) Limited***



***Eighteenth Annual Report***

***2020-2021***

**Board of Directors:**

**Mr. R. Gandhi (Chairman)**

**Mr. Hare Krishna Jena (Managing Director)**

**Mr. N. S. Venkatesh**

**Mr. Narayan Seshadri**

**Mr. Ananth Narayan**

**Chief Financial Officer:**

**Mr. Deepak Chande**

**Company Secretary:**

**Pankaj Srivastava**

**Auditors:**

**M/s. Kalyaniwalla & Mistry LLP**

**Chartered Accountants**

**Registered and Corporate Office:**

**CCIL Bhavan,**

**S. K. Bole Road,**

**Dadar (West),**

**Mumbai-400 028**

**Tel: +91 022 61546200/24396200 ♦ Fax: 24326042 ♦ Website: [www.ccilindia.com](http://www.ccilindia.com)**

**CIN- U74999MH2003PLC140849**

## BOARD'S REPORT

### TO THE MEMBERS,

The Board of Directors of the Company has pleasure in presenting the Eighteenth Annual Report and the Audited Financial Statements of the Company for the financial year ended March 31, 2021.

#### **1) FINANCIAL PERFORMANCE:**

A summary of the Company's financial performance for the financial year ended March 31, 2021 is given below:

Particulars	For the financial year ended March 31, 2021 (₹ in Lakhs)	For the financial year ended March 31, 2020 (₹ in Lakhs)
Income	4,576	4,545
Expenditure	2,489	2,363
Profit before depreciation	2,087	2,182
Depreciation	687	593
Profit before tax	1,400	1,589
Provision for tax including deferred tax and tax adjustments for earlier years	370	422
Net Profit after tax	1,030	1,167
Balance brought forward from previous financial year	8,975	7,808
Balance available for appropriation	10,005	8,975
Appropriation	-	-
Retained Earnings carried to Balance Sheet	10,005	8,975

#### **2) TRANSFER TO RESERVES:**

The Company has not transferred any amount to the reserves for the financial year 2020-21.



### **3) DIVIDEND:**

The Board of the Company does not recommend any dividend for the financial year 2020-2021, with a view to conserving resources and hence, the entire profits are carried over to the Balance Sheet.

### **4) BUSINESS, OPERATIONAL PERFORMANCE AND DEVELOPMENT:**

The financial year 2020-21 was the Seventeenth completed business year of the Company.

The Company was formed in 2003, as a wholly owned subsidiary of The Clearing Corporation of India Ltd. (CCIL/Holding Company) with the objective of developing/managing dealing systems for markets which CCIL served.

At present, the Company owns and operates the following electronic trading platforms:

1. Triparty Repo Dealing System (TREPS), an anonymous electronic order matching platform which facilitates borrowing and lending of funds against Government securities, in a Triparty Repo arrangement.
2. Clearcorp Repo Order Matching System (CROMS), an anonymous Order Matching Platform which facilitates dealing in Market Repos in Government Securities.
3. FX-CLEAR, a Forex Dealing System which offers both anonymous Order Matching and Negotiation Modes for dealing and covers inter-bank spot, swap and other transactions in USD/INR currency pair. The FX-RETAIL trading platform for trading in USD/INR currency pairs by the customers of banks is also available as a part of the FX-CLEAR platform.
4. FX-SWAP, an Order Matching system for Forex Swaps.
5. Anonymous (Order Matching) System for Trading in Rupee OTC Interest-Rate Derivatives (ASTROID).

Further, the Company has also been authorised to maintain and operate the following platforms which are owned by the Reserve Bank of India (RBI):

- a) Negotiated Dealing System-Order Matching (NDS-OM) which is a trading platform for trading in Government Securities in the secondary market,
- b) NDS-CALL which facilitates dealing in Call, Notice and Term Money.

The Company was authorised as an Electronic Trading Platform Operator (ETP Operator) in October 2019 by RBI under The Electronic Trading Platforms (Reserve Bank) Directions, 2018 covering all the trading platforms owned/managed by it, namely NDS-OM, NDS-CALL, TREPS, FX-CLEAR (including FX RETAIL), FX-SWAP, CROMS, and ASTROID. Following the aforesaid development, trading on these electronic platforms is regulated by the Electronic Trading Platform (Reserve Bank) Directions, 2018 and since October 2019, a nominal charge is being levied on the market participants for trading on the said platforms.

Amongst the various significant developments during an exceptional year gripped by the COVID-19 pandemic, the Company operationalized the facility to book forward contracts on FX-Retail platform with effect from September 21, 2020. The 'Request for Quote' (RFQ) dealing module for secondary market trading on the NDS-OM platform was introduced on October 5, 2020. Further, constituent dealing was operationalized on the TREPS platform during the year under review.

The Company's operations in the various segments faced significant challenges due to the sudden and extreme impact of the pandemic and have shown varied trends during the financial year 2020-21. The accelerated supply of bonds by the Centre and State Governments, the fiscal pressures and growth concerns due to the spread of the pandemic along with the consistently higher inflation led to a substantial decline in the activities in the government securities market despite availability of ample liquidity in the system and liquidity support measures by RBI. Trading activity on the NDS-OM platform registered a sharp decline of approximately 25% during the financial year 2020-21 as compared to the financial year 2019-20. Trading on the TREPS platform witnessed a significant momentum and average daily activity on the said platform was ₹2,10,559 crore during the financial year 2020-21. There was a decline in activity on the FX-CLEAR and NDS-CALL platforms, while there was an increase in activity on the CROMS, FX-SWAP and ASTROID trading platforms during the financial year 2020-21.

The summary of statistics of trading platforms during the financial year 2020-21 is given in Table-1 as under:

**Table -1 Summary of Statistics of volumes on the Trading Platforms during the financial year 2020-21**

Platforms	Unit	Financial Year 2020-21	Financial Year 2019-20	% Change
NDS-OM	₹ Crore	7,321,639	10,359,169	(29.32)
NDS-Call	₹ Crore	14,23,194	27,63,358	(48.50)
CROMS	₹ Crore	2,13,74,796	1,31,72,278	62.27
Triparty Repo	₹ Crore	5,68,50,956	4,01,42,194	41.62
FX-CLEAR	USD Million	1,25,407	2,67,091	(53.05)
FX-SWAP	USD Million	40,529	33,029	22.71
ASTROID	₹ Crore	14,09,500	13,32,570	5.77

### Operational Milestones

- Constituent dealing on the TREPS platform was operationalized during the financial year.
- The facility to book forward contracts on FX-Retail platform was operationalized with effect from September 21, 2020.
- The 'Request for Quote' (RFQ) dealing module for secondary market trading on the NDS-OM platform was introduced on October 5, 2020.
- Retail and non-retail users can avail the services of ASTROID as Constituents through their Clearing Members w.e.f. November 2, 2020
- The TREPS platform recorded an all-time high volume of ₹3,65,159 crore on February 4, 2021 and the number of trades touched an all-time high of 1,449 on February 16, 2021.

Table-2 provides the distribution of deals executed on Screen based dealing systems and in the Bilateral Market during the financial year 2020-21.

**Table 2: Distribution of Deals in Screen based and Bilateral Market-% Market share**

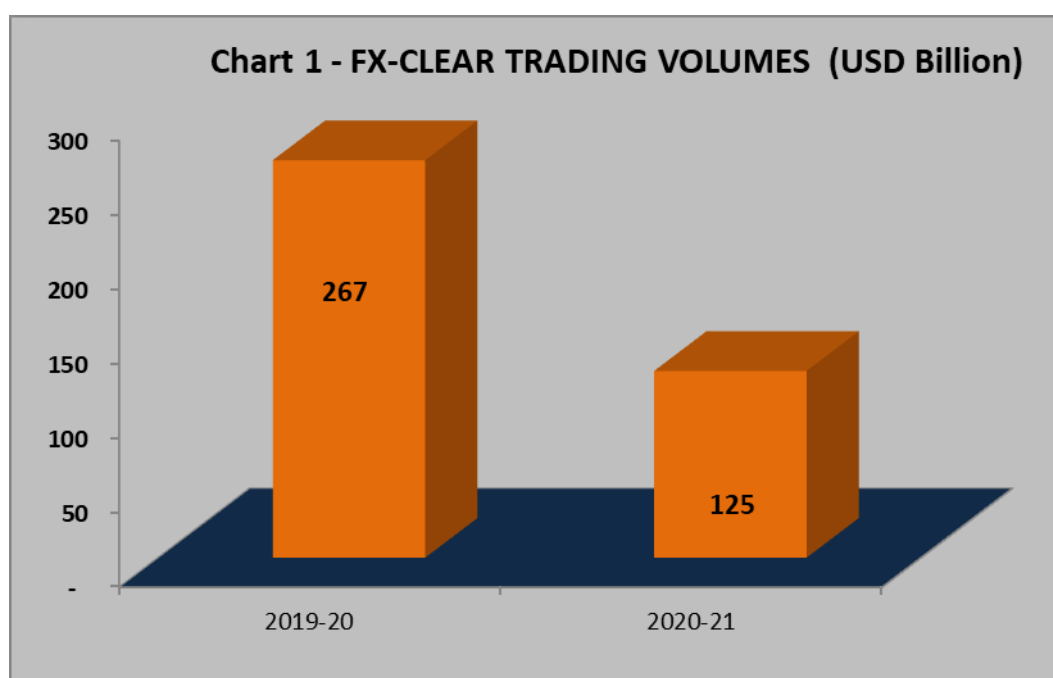
Sl. No.	Market Segment	Screen based Dealing		Bilateral Market	
		Financial Year 2020-21	Financial Year 2019-20	Financial Year 2020-21	Financial Year 2019-20
1	Call	51%	66%	49%	34%

2	Gilts	72%	76%	28%	24%
3	Repo	94%	89%	6%	11%
4	IRS	64%	35%	36%	65%

The highlights of the performance of various operations of the Company during the financial year 2020-21 are outlined below:

➤ **FOREX DEALING SYSTEM (FX-CLEAR)**

The FX-CLEAR Dealing System which facilitates dealing in the USD-INR currency pair has recorded 2,20,386 trades with a total volume of USD 125.41 billion during the financial year 2020-21 (Chart 1). The daily average volumes showed a decrease of approximately 53.44% from USD 1,104 million during the financial year 2019-20 to USD 514 million during the financial year 2020-21. During the financial year under review, access to the platform through Internet mode was made available to the members from August 2020 onwards. There were 68 members using the FX-CLEAR Dealing System as on March 31, 2021.



➤ **FX-RETAIL PLATFORM**

FX-Retail platform which provides an order driven dealing platform for booking contracts in USD/INR currency pair for the customers of Banks was launched in August 2019. The platform presently offers a facility to book contracts in CASH, TOM, SPOT and Forward instruments upto a period of 13 months. The platform has recorded 19,990 trades with a total volume of USD 1.75 billion during the financial

year 2020-21. There were 3,564 registered customers on the platform as on March 31, 2021.

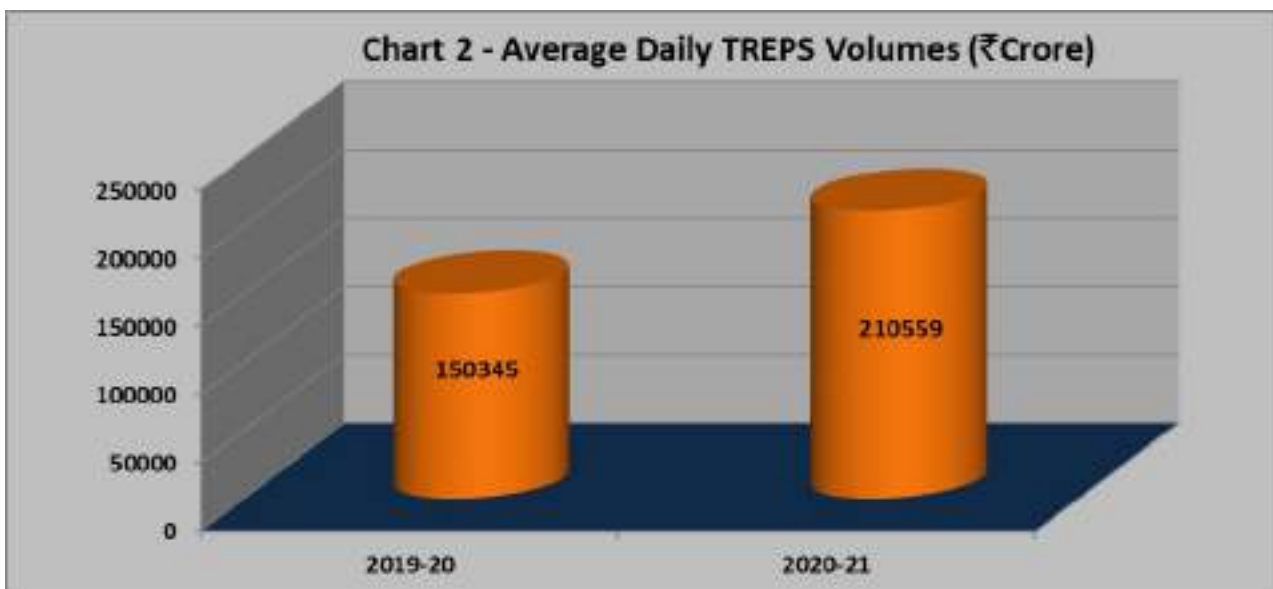
➤ ***FX-SWAP DEALING SYSTEM***

The FX-SWAP Dealing System facilitates trading in 18 Instruments i.e. 3 upto Spot instruments (namely, Cash-Tom, Tom-Spot & Cash-Spot), 12 month-end (Forward) instruments i.e. Spot over Month 1 end to Month 12 end, 1 LD/LD (last day/last day) instrument (Month 1 end over Month 2 end) and 2 Outright Forward instruments (Month 1 end and Month 2 end). During the financial year 2020-21, 7,109 trades with a volume of USD 40.53 billion was recorded on the platform, an increase of 22.7 % from USD 33.03 billion during the financial year 2019-20. There were 58 members using the FX-SWAP Dealing System as on March 31, 2021.

➤ ***TRIPARTY REPO DEALING SYSTEM (TREPS)***

“TREPS” (Triparty Repo Dealing System) facilitates borrowing and lending of funds against Government Securities under the Triparty Repo arrangement. TREPS has emerged as the most preferred avenue for participants in the money market. The average market share of TREPS, compared to total funding comprising of Triparty Repo, Market Repo and Call money market rose to 69% during the financial year 2020-21 as against 68% during the financial year 2019-20. Average daily trading volumes on the TREPS platform during the financial year 2020-21 were ₹2,10,559 crore (Chart 2) (₹1,50,345 crore during the financial year 2019-20) and the average daily trades were at 899 (818 during the financial year 2019-20). Total volumes traded on the platform during the financial year 2020-21 were ₹5,68,50,956 crore and the total number of trades were 2,42,715 (₹4,01,42,194 crore and 2,18,370 trades during the financial year 2019-20). The TREPS platform recorded an all-time high volume of ₹3,65,159 crore on February 4, 2021 and the number of trades touched an all-time high of 1,449 on February 16, 2021.

As of March 31, 2021, the TREPS platform had 237 members out of which 61 were active trading members accessing the Platform through the internet.



Volumes traded on the iTREPS platform, the internet based platform on the TREPS trading system was ₹51,39,208 crore, with total trades at 79,326.

Pursuant to the introduction of the clearing member structure by CCIL, the holding company in March 2020 in its securities segment, the constituent dealing mechanism was operationalized for the TREPS platform during the financial year 2020-21.

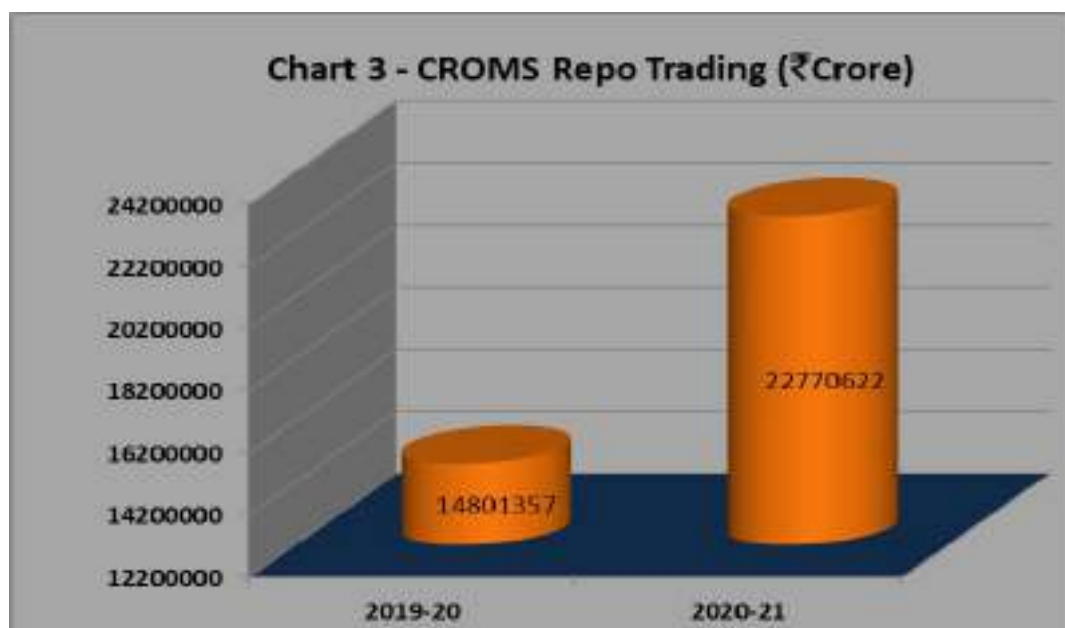
➤ ***CLEARCORP REPO ORDER MATCHING SYSTEM (CROMS)***

The CROMS Order Matching Segment, which facilitates anonymous dealing in market repos in government securities, continued to be the preferred venue for Repo transactions. Its share in the total market repo trading activity during the financial year 2020-21 was at 94% compared to 89% during the financial year 2019-20. The trading volumes on the Order Matching Segment of CROMS during the financial year 2020-21 was ₹2,13,74,796 crore, an increase of 62% compared to ₹1,31,72,278 crore during the financial year 2019-20. The reported volumes on the CROMS platform reduced by 14% during the financial year 2020-21 to ₹13,95,826 crore as against ₹16,29,079 crore during the financial year 2019-20. (Chart 3)

During the financial year 2020-21, the share of Special Repo in the total Repo trading volumes was at 34%, as compared to 43% during the financial year 2019-20, a 9% decrease in the share. On the other hand, the share of Basket Repo in the total Repo trading volumes was at 60% during the financial year 2020-21 as against 46% during the financial year 2019-20, an increase of 14% in the share. The share of reported

transactions in the total Repo market trading was at 6% during the financial year 2020-21 as compared to 11% of the total Repo trading volumes during the financial year 2019-20.

CROMS web platform which was launched in February 2020 to facilitate direct access to the CROMS platform by Gilt Account Holders through their Primary Members, recorded a daily average volume of ₹8,263 crore during the financial year 2020-21.



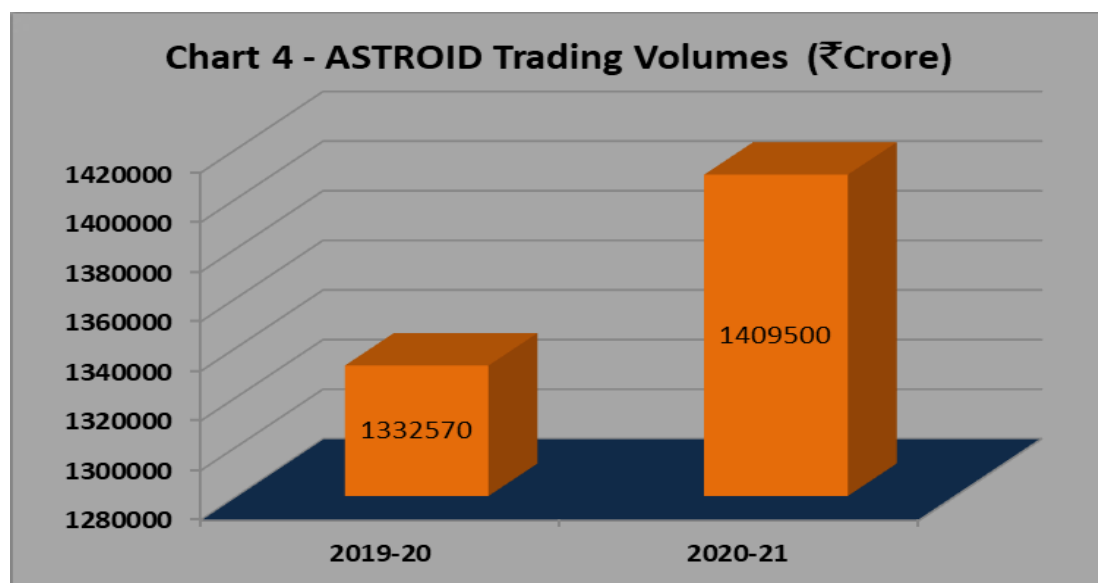
➤ ***ANONYMOUS SYSTEM FOR TRADING IN RUPEE OTC INTEREST-RATE DERIVATIVES (ASTROID)***

As on March 31, 2021, 39 members have been active in IRS Anonymous Dealing System (ASTROID) that was launched in August, 2015. The data in ASTROID in respect of pre trade (size, price, quantity and bid-ask quotes) and post trade (anonymized composite trade prices and volumes) is disseminated on the website on a real time basis which enhances the market transparency. A total of 25,134 trades for a notional volume of ₹14,09,500 crore (Chart 4) have been dealt on the ASTROID Platform during the financial year 2020-21, which constitute approximately 64% of the market share.

The ASTROID Platform is being extended to the Institutional Entities like Mutual Funds, Insurance Companies, Pension Funds and Housing Finance Companies which can now avail the services of the ASTROID platform through Designated Settlement Banks, which would facilitate settlement of the cash flows for such

entities. The Platform is also being enhanced to accommodate offset trades undertaken on the Platform. Approval from RBI is awaited for the offset proposal.

Through the Clearing Member structure introduced by CCIL, the holding company, the retail and non-retail users can now avail the services of the ASTROID Platform as “Constituents” through their “Clearing Members” w.e.f. November 2, 2020.

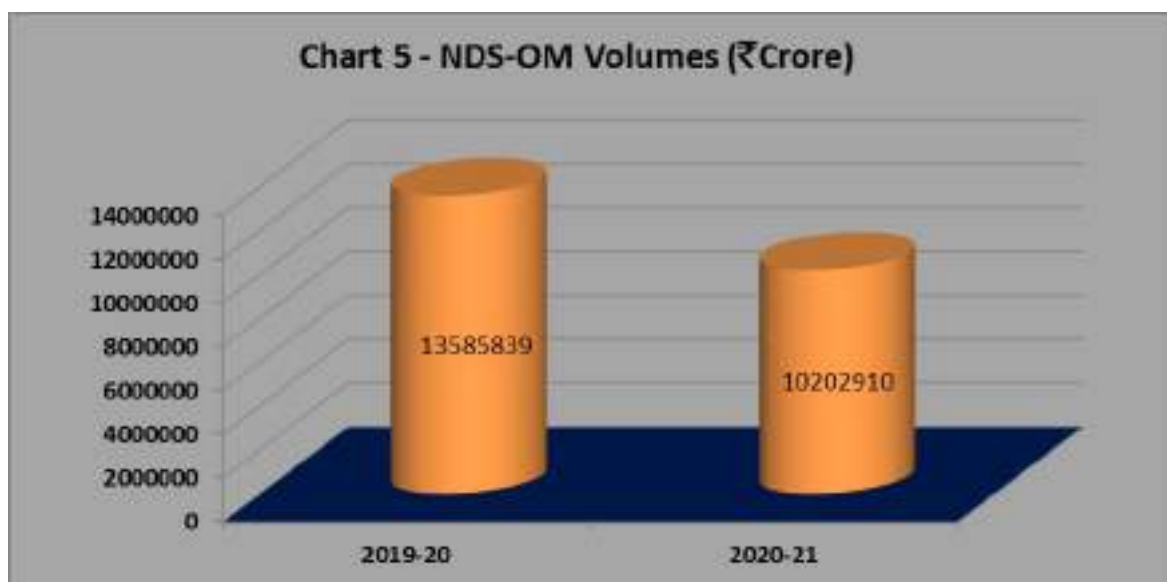


➤ **DEALING SYSTEMS MANAGED BY CLEARCORP**

- **NDS-OM – For Secondary Market Dealing in all kinds of G-Secs**

The trading in Government Securities declined during the financial year 2020-21 in comparison to the market performance during the financial year 2019-20. Total number of trades, concluded/reported on the NDS-OM platform during the financial year 2020-21 was 6,37,193 as compared to 9,71,962 trades during the financial year 2019-20, a decline of 34%. In terms of value, volumes concluded/reported during the financial year 2020-21 registered a decrease of approximately 25% and were around ₹1,02,02,910 crore compared to ₹1,35,85,839 crore during the financial year 2019-20 (Chart 5).





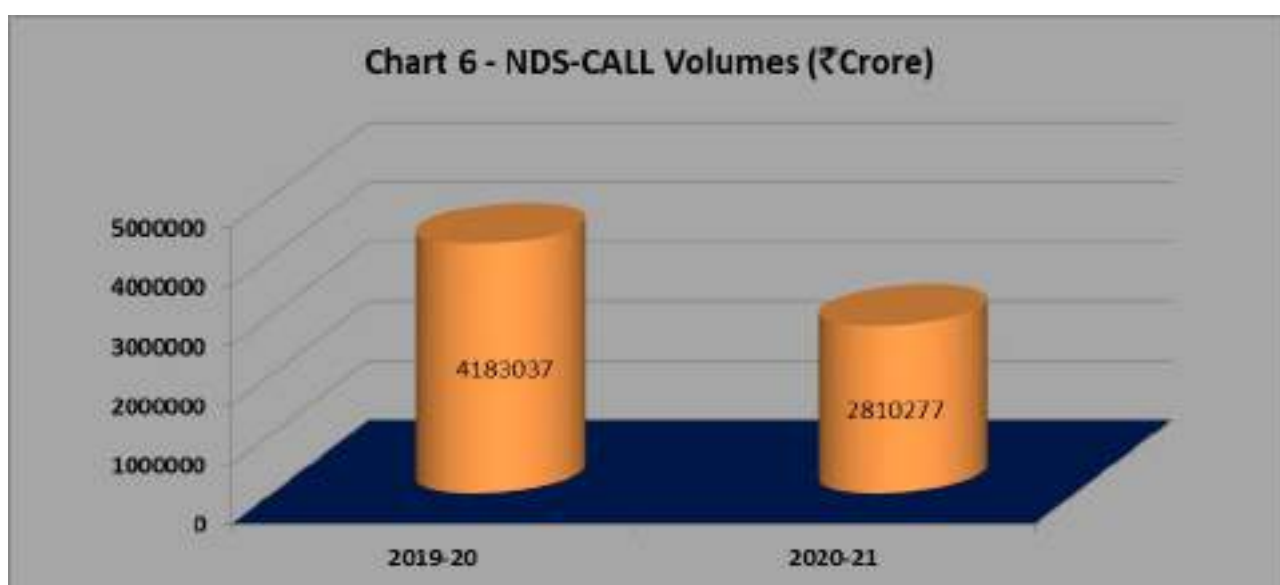
Transactions on the Reported Segments decreased to ₹28,81,271 crore (Amount is inclusive of the Reported and Request for Quote (RFQ) transactions) during the financial year 2020-21 as against ₹32,26,670 crore (Amount pertains to only reported segment) during the financial year 2019-20. The trading in the government securities market during the financial year 2020-21 also decreased in the order matching segment, as its share in the total trading reduced to 72% as compared to 76% during the financial year 2019-20 with a volume of ₹73,21,639 crore during the financial year 2020-21 as against ₹ 1,03,59,169 crore during the financial year 2019-20. Conversely, the share of the reported segment in the total trading during the financial year 2020-21 has slightly increased to 28% from 24% during the financial year 2019-20.

Under the Oversight Framework for FMIs and Retail Payment Systems published by RBI on June 13, 2020, the NDS-OM platform has been classified as a critical Financial Market Infrastructure and is required to be assessed as per the methodology prescribed by CPSS-IOSCO for critical service providers. A Self-Assessment of the NDS OM platform, on the prescribed methodology was undertaken and the same was approved by the Board in its meeting held on October 29, 2020.

During the financial year 2020-21, the Request for Quote (RFQ) module was operationalized on the NDS-OM Platform and the same went live in the month of October 2020. A total of 410 trades were concluded during the financial year 2020-21 on the RFQ module with a volume of ₹15,561 crore.

- ***NDS-CALL – For dealings in Inter-Bank Call, Notice & Term Money Market***

There was a significant reduction in the volumes concluded on the NDS-CALL Dealing System during the financial year 2020-21. Aggregate volumes of ₹14,23,194 crore (comprising of overnight, notice and term tenors) were concluded on the NDS-CALL Dealing Segment during the financial year 2020-21, which is a 48% decrease over ₹27,63,358 crore recorded during the financial year 2019-20. Similarly, the total volumes reported/concluded on the platform during the financial year 2020-21 registered a decrease of approximately 33%, as the volumes (Dealt, Reported and Reciprocal) decreased to ₹28,10,277 crore as against ₹41,83,037 crore during the financial year 2019-20 (Chart 6).



There has been a substantial decrease in the market trading preference, with the share of transactions concluded on the Dealing Segment of the NDS-CALL platform falling to 51% during the financial year 2020-21 from 66% during the financial year 2019-20. Tenorwise trading preference during the financial year 2020-21 remained largely unchanged, with the Overnight tenor accounting for 84% of the total transactions, followed by Notice at 12% and Term money at 4%.

Average daily volumes on the platform during the financial year 2020-21 were at ₹10,370 crore as compared to ₹15,436 crore during the financial year 2019- 20.

➤ ***DATA FEED TO INFO VENDORS***

The Company disseminates data feed of the various trading/reporting platforms to info vendors and Stock Exchanges. The delayed data feed of the NDS-OM, NDS-CALL, CROMS, ASTROID, TREPS, FX-CLEAR and FPI Debt Utilization platforms are disseminated to info vendors like Bloomberg, Refinitiv, Tickerplant, CRISIL, ICRA and Cogencis. In order to facilitate the pricing of transactions on the Bond Futures platform, real-time data feed of transactions of specific securities traded on the NDS-OM is disseminated to stock exchanges like NSE and BSE. The feeds are through dedicated leased lines for each info vendor.

➤ **BUSINESS / OTHER DEVELOPMENTS:**

**a. Forward Contracts on FX-RETAIL**

The facility to book Forward Contracts on the FX-Retail Platform was operationalized with effect from September 21, 2020.

**b. Request for Quote (RFQ) dealing on NDS-OM**

The 'Request for Quote' (RFQ) dealing module for secondary market trading on the NDS-OM Platform was introduced on October 5, 2020.

➤ **FUTURE DEVELOPMENTS:**

**a. PV01 Neutral Swap Trades on the ASTROID platform:**

With the intent to expand the options available to the market participants in Rupee OIS market, it is proposed to offer PV01 Neutral Swap Spreads on the ASTROID platform.

A swap spread is the swap rate differential between the two maturities of a Swap curve. Spread trades are executed in the market when the market participants want to express their views on the change in the slope of the yield curve rather than the change in the yield curve itself. The trades are done in two tenors simultaneously in opposite direction in a manner which minimizes the directional effects where the gains(losses) of the shorter tenor offsets the losses(gains) of the longer tenor in case of parallel shift in the swap curve. However, non- parallel shift can result in gains /losses depending upon the change in the swap rate differentials.

Through the aforesaid facility, the members would be able to place two orders simultaneously in the opposite direction in the notional determined by the Hedge Ratio (PV01 of 1<sup>st</sup> tenor/PV01 of 2<sup>nd</sup> tenor), rounded off to nearest ₹5 Crore, such that PV01 of the pair of trades is close to zero at the initiation.

**b. Surveillance System for Electronic Trading Platforms (ETPs) of the Company**

The Company was authorised as an ETP Operator in October 2019 by RBI under The Electronic Trading Platforms (Reserve Bank) Directions, 2018 (Directions) and all the trading platforms owned/managed by the Company as mentioned hereinabove were authorised as ETPs. The aforesaid Directions inter-alia prescribe that an ETP operator shall implement a surveillance system to ensure fair and orderly trading to maintain market integrity and monitor trading activity on a real time and post facto basis. In order to comply with the aforesaid requirement, the Company is in the process of implementing a robust market surveillance system covering its seven ETPs as mentioned hereinabove. For this purpose, the Company has selected NASDAQ Market Surveillance (NMS) to implement the surveillance system for the ETPs. The system enables the real-time tracking of market activity in terms of market prices, volumes, participant activity etc. The system is expected to go live by the first half of the financial year 2021-22.

**5) DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

During the year under review, Mr. R. Sridharan (DIN:00868787), ex-Managing Director of the Company demitted office w.e.f. the close of business hours on July 31, 2020 pursuant to the completion of his tenure which was co-terminus with his appointment as the Managing Director of The Clearing Corporation of India Limited, the holding company. The Board places on record its appreciation for the valuable contribution made by Mr. R. Sridharan to the Company's growth during his tenure as the Managing Director of the Company.

The Board in its meeting held on July 28, 2020 as per extant practice, appointed Mr. Hare Krishna Jena (DIN:07624556), Managing Director of The Clearing Corporation of India Limited (CCIL), the holding company as an Additional Director and the Managing Director of the Company w.e.f August 1, 2020. In terms of the provisions of the Companies Act, 2013, as an Additional Director he holds office till the date of the ensuing Annual General Meeting and his appointment by the Board as the

Managing Director is subject to the approval of the shareholders. Mr. Jena's appointment as a Director not liable to retire by rotation and also as the Managing Director with effect from August 1, 2020 till July 31, 2023, without any remuneration has been proposed for the approval of the Shareholders at the ensuing 18<sup>th</sup> Annual General Meeting (AGM) of the Company.

Mr. Hare Krishna Jena holds a degree of M.A (Economics) from Jawaharlal Nehru University, Delhi, a Diploma in Treasury, Investment and Risk Management and is a Certified Associate from the Indian Institute of Bankers (CAIIB). Mr. Jena has also completed a Leadership Development Program (3 phases) from the Indian School of Business, Hyderabad. He is a banking professional with 34 years of experience in wholesale and retail banking with an experience spanning over varied fields namely risk, information technology, treasury, finance, forex etc. He was the Deputy Managing Director (Global Markets) of State Bank of India and has also served as a Director on the Boards of SBI DFHI Limited, Foreign Exchange Dealers Association of India, SBI-SG Global Securities Services Private Limited, Macquarie SBI Infrastructure Management PTE Limited, Oman India Joint Investment Fund Management Company Private Limited etc. The Board has delegated general and financial powers to Mr. Jena to conduct the routine day to day operations of the Company.

The Board in its meeting held on November 20, 2019, had appointed Mr. Rama Subramaniam Gandhi (DIN:03341633), former Deputy Governor (2014-2017), Reserve Bank of India as an Additional Director and also elected him as Non-Executive Chairman of the Company with effect from even date. The Shareholders of the Company at the 17<sup>th</sup> AGM held on July 22, 2020 approved the appointment of Mr. R. Gandhi as Director, liable to retire by rotation. His appointment as the Non-Executive Chairman of the Company was also approved by the Shareholders w.e.f. the date of appointment approved by the Board i.e. November 20, 2019 in the aforesaid AGM.

In terms of the amendment to the Companies (Appointment and Qualification of Directors) Rules, 2014 vide Companies (Appointment and Qualification of Directors) Amendment Rules, 2017 with effect from July 5, 2017, an unlisted public limited company which is a wholly owned subsidiary company has been exempted from the mandatory requirement of minimum number of Independent Directors. Though the

Company as a wholly owned subsidiary of The Clearing Corporation of India Limited (CCIL) can avail the aforesaid exemption, as a good corporate governance practice, Mr. Ananth Narayan Gopalakrishnan (DIN:05250681) was appointed as an Independent Director on the Board of the Company at the 15<sup>th</sup> AGM of the Company held on July 24, 2018 in terms of Section 149 read with Schedule IV and other applicable provisions of the Companies Act, 2013 for a term of three consecutive years from the date of his appointment approved by the Board i.e. with effect from May 9, 2018 to May 8, 2021. As Mr. Ananth Narayan would complete his first term as an Independent Director on May 8, 2021, his re-appointment for a second term of three years w.e.f. May 9, 2021 to May 8, 2024 has been recommended by the Board of Directors to the Shareholders of the Company at the ensuing 18<sup>th</sup> AGM of the Company for approval by passing a special resolution as required under the Companies Act, 2013. Prior to completion of his term, the Board of Directors, during the annual performance evaluation of Directors, carried out his performance evaluation and his performance has been rated as 'good' on various parameters laid down by the Board in respect of the criteria laid down for the performance evaluation of independent directors.

Mr. Ananth Narayan holds a B.Tech degree in Electrical Engineering from IIT Bombay and is also a PGDM holder from IIM Lucknow. He has over 24 years of experience in Banking, has served in reputed banking institutions and also holds the office of a Director on the Boards of various well-known Companies including RBI Nominee on the Board of Yes Bank Limited. He is also currently serving as an Associate Professor in SPJIMR, a well-known and reputed management education institution.

Further, Mr. Narayan Seshadri (DIN:00053563), an Independent Director on the Board of The Clearing Corporation of India Limited, the holding company was appointed as an Independent Director on the Board of the Company at the 16<sup>th</sup> AGM of the Company held on July 5, 2019 in terms of section 149 read with Schedule IV and other applicable provisions of the Companies Act, 2013, for a term of three consecutive years from the date of his appointment approved by the Board i.e. with effect from August 13, 2018 to August 12, 2021. As Mr. Narayan Seshadri would be completing his first term as an Independent Director on August 12, 2021, his re-appointment for a second term of three years w.e.f. August 13, 2021 to August 12,

2024 has been recommended by the Board of Directors to the Shareholders of the Company at the ensuing 18<sup>th</sup> AGM of the Company for approval by passing a special resolution as required under the Companies Act, 2013. Prior to completion of his term, the Board of Directors, during the annual performance evaluation of Directors, carried out his performance evaluation and his performance has been rated as 'good' on various parameters laid down by the Board in respect of the criteria laid down for the performance evaluation of independent directors.

Mr. Narayan Seshadri holds a Bachelor of Science degree from Bangalore University and is a Chartered Accountant. He has over 40 years of experience in accounting, auditing, litigation support, restructuring, management consulting, investing and business management. He is the founder of Tranzmute, a Management and Business Transformation Services enterprise. He is also a non-executive Chairman of several listed Indian companies like PI Industries Limited, AstraZeneca Pharma India Limited and an independent director of several other leading companies.

In accordance with the requirements of the Companies Act, 2013, Mr. N.S. Venkatesh, is liable to retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

As on the date of this report, Mr. Hare Krishna Jena, Managing Director, Mr. Deepak Chande, Chief Financial Officer and Mr. Pankaj Srivastava, Company Secretary are the Key Managerial Personnel of the Company in terms of Section 203 of the Companies Act, 2013 and rules made thereunder.

During the financial year under review, four (4) Board Meetings were held on May 21, 2020, July 28, 2020, October 29, 2020 and January 28, 2021. The composition of the Board and Directors' attendance at the Board Meetings held during the financial year under review are given below:-

<b>Name of the Directors</b>	<b>Category</b>	<b>Attendance at Board Meetings held during the tenure of Directors</b>	<b>No. of Board Meetings held during the tenure of Directors</b>
Mr. R. Gandhi	Non-Executive Chairman	4	4
Mr. R. Sridharan*	Managing Director	2	2

Mr. Hare Krishna Jena#	Managing Director	2	2
Mr. N. S. Venkatesh	Non- Executive Director, Professional	3	4
Mr. Ananth Narayan	Non-Executive Director, Independent	4	4
Mr. Narayan Seshadri	Non-Executive Director, Independent	4	4

*\*Demitted office as the Managing Director with effect from close of business hours on July 31, 2020.*

*#Appointed as an Additional Director and the Managing Director with effect from August 1, 2020.*

*Mr. Hare Krishna Jena attended the meeting held on July 28, 2020 as an Invitee in the capacity of MD-Designate-CCIL.*

#### **6) DECLARATION BY INDEPENDENT DIRECTORS:**

All the Independent Directors have given the necessary declarations to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013. In the aforesaid declaration, the Independent Directors have confirmed that they have complied with sub-rule (1) of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended / substituted by the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019 (Rules) with respect to registration in Independent Directors' Databank within the timelines specified thereunder. The Independent Directors have also confirmed that compliance with sub-rule (2) of Rule 6 of the Rules with respect to renewal of registration (if applicable) has been ensured within the timelines specified thereunder.

#### **7) AUDITORS:**

M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants (Reg. no. 104607W/W100166) were appointed as the Statutory Auditors (Auditors) of the Company for a period of five years from the financial year 2016-17 to the financial year 2020-21 i.e. from the conclusion of the Thirteenth Annual General Meeting till the conclusion of the Eighteenth Annual General Meeting in accordance with the provisions of the Companies Act, 2013 and rules made thereunder at a remuneration that would be decided by the Board.



Pursuant to the provisions of the Companies Act, 2013 and applicable rules made thereunder, the Board has recommended the appointment of M/s. G.M. Kapadia & Co., Chartered Accountants (Registration No. 104767W) to the shareholders as statutory auditors of the Company from the conclusion of the ensuing AGM i.e. Eighteenth AGM till the conclusion of the Twenty-Third AGM ( from FY 2021-22 to 2025-26) in place of the current auditors M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants as the term of their appointment shall conclude with effect from the conclusion of the ensuing AGM. The Company has obtained consent, certificate of eligibility for appointment as required under Section 139(1) of the Companies Act, 2013 and a certificate of independence from M/s. G.M. Kapadia & Co., Chartered Accountants for appointment as statutory auditors of the Company.

During the course of examination of the books and records of the Company, the Auditors have not come across any instance of fraud by officers or employees of the Company.

There are no qualifications, reservations or adverse remarks made by the Auditors in their Report.

The Auditors have also submitted their report on Internal Controls on Financial Reporting.

The Company has appointed a reputed Chartered Accountant Limited Liability Partnership to carry out the internal and operations audit of the Company for the financial year 2020-2021.

The Electronic Trading Platforms (Reserve Bank) Directions, 2018 issued by RBI vide notification dated October 5, 2018 provide that an Electronic Trading Platform operator is required to conduct an Information Technology/Information Security audit. The Company has been carrying out systems audit of its IT infrastructure and applications prior to the issuance of the said RBI Directions voluntarily as a best practice measure. During the financial year 2020-21, the Company has appointed M/s Nangia & Co. LLP for carrying out Systems Audit of IT infrastructure and applications for the financial year ended March 31, 2021 to ensure that the IT systems are operated in a safe, secure and efficient manner.

The Company has also appointed ISO 27001:2013 certification auditors for carrying out re-certification audit, accreditation and two periodic audits.

#### **8) COMMITTEES:**

Statutory Committees required to be constituted as per the Companies Act, 2013:

➤ ***Corporate Social Responsibility Committee (CSR Committee)***

In terms of the requirements of section 135 of the Companies Act, 2013, the Company has constituted a CSR Committee which comprises of Mr. N. S. Venkatesh, Non-Executive Director and Chairman of the Committee, Mr. Hare Krishna Jena, Managing Director (inducted as a Member w.e.f. August 1, 2020) and Mr. Ananth Narayan Gopalakrishnan, Independent Director as members of the Committee. Mr. R. Sridharan, the Managing Director of the Company demitted office w.e.f. close of business hours on July 31, 2020 pursuant to the completion of his tenure and with effect from the said date ceased to be a member of the CSR Committee. The scope of the CSR Committee is in line with the provisions of the Companies Act, 2013, as amended from time to time. The aforesaid scope includes formulating and recommending to the Board, a Corporate Social Responsibility (CSR) Policy indicating the activities to be undertaken by the Company in areas or subjects specified in Schedule VII of the Companies Act, 2013, specifying the modalities of execution of projects or programs under CSR activities of the Company and their implementation schedule, monitoring the progress of such projects or programs and recommending the amount of expenditure to be incurred on CSR activities etc:-

The Annual Report on CSR activities providing details of the Policy and amount spent in terms of the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time is enclosed as Annexure I. The web-address where the Composition of the CSR committee, CSR Policy and CSR projects approved by the Board are located is indicated in the aforesaid Annexure I.

During the financial year under review, two CSR Committee meetings were held on January 28, 2021 and March 16, 2021. The details of the CSR Committee meetings held during the financial year 2020-21 and Members' attendance at the meeting is given hereunder:

Name of the Directors	Category	Designation	Attendance at the CSR Committee Meetings held during the tenure of Directors	No. of CSR Committee meetings held during the tenure of Directors
Mr. N.S. Venkatesh	Non-Executive Director, Professional	Chairman	2	2
Mr. Hare Krishna Jena*	Managing Director	Member	2	2
Mr. Ananth Narayan	Non-Executive Director, Independent	Member	2	2

*\*Appointed as a Member of the CSR Committee with effect from August 1, 2020.*

### **Other Governance arrangements**

- As a good corporate governance practice, the Company has established a vigil mechanism to provide an avenue for employees / Directors to report genuine concerns and has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The mechanism also provides direct access to the Chairman of the Company in exceptional cases.
- To ensure that the operations of the Company which are interlinked to the activities of The Clearing Corporation of India Limited (CCIL), the Holding Company is functioning in a robust manner, various Board Committees of CCIL look into significant areas such as Human Resources, Bye-Laws, Rules and Regulations, IT, Risk and Membership of the Company with the authority of the Board of the Company.
- A Committee comprising of the senior officials of the Company has been constituted to recommend admission, continuation or cessation of Membership to the various segments of the Company, to the Managing Director, subject to criteria /policies laid down by CCIL's Committee of Directors on Risk Management.
- In addition to the authority provided by the Board to the Investment Committee of Directors in its meeting held on May 9, 2018, the Board at its meeting held on August 13, 2018 has also authorized Mr. Deepak Chande, Chief Financial Officer of the Company to invest the surplus funds of the Company in the absence of the Managing Director in terms of section 179(3)(e) of the Companies Act, 2013 and in accordance with the Investment Policy approved by the Board as amended from time to time.

- The Board of the Company has delegated the powers of the Managing Director (including financial powers except investment powers) to Mr. O. N. Ravi-Executive Vice President, CCIL in order to carry out the day to day affairs of the Company, in the absence of the Managing Director.

#### 9) **GENERAL MEETINGS:**

Location and time of the General Meetings held during the last five financial years are as follows:

<b>Financial Year</b>	<b>Type of General Meeting</b>	<b>Date</b>	<b>Venue</b>	<b>Time</b>
2015-16	AGM	August 5, 2016	CCIL Bhavan, S. K. Bole Road, Dadar (West), Mumbai - 400 028.	5.00 p.m.
2016-17	EGM	May 9, 2016		2.30 p.m.
	AGM	June 29, 2017		4.00 p.m.
2017-18	AGM	July 24, 2018		2.30 p.m.
2018-19	AGM	July 5, 2019		4.00 p.m.
2019-20	AGM	July 22, 2020	Held through Video Conferencing due to outbreak of COVID-19 pandemic in terms of circulars issued by the Ministry of Corporate Affairs for conducting the Annual General meetings through VC/OAVM facility. However, CCIL Bhavan, S. K. Bole Road, Dadar (West), Mumbai - 400 028, registered office of the Company was deemed venue for the AGM.	4.00 p.m.

#### **10) OTHER INFORMATION:**

- During the financial year under review, following amendments/modifications were introduced in the Regulations of various segments of the Company :-
  - Introduction of the provisions pertaining to trading in forward instruments on the FX-Retail platform in the FX-Clear (Dealing Segment) Regulations.
  - Introduction of the provisions pertaining to clearing member structure in the Rupee Derivatives Dealing Segment Regulations.
- The group mediclaim insurance coverage limits for employees were revised in light of the COVID-19 pandemic.
- Mr. Hare Krishna Jena, Managing Director and Ms. Vardhana Pawaskar, Vice President (CCIL) were appointed as Trustees in the Group Superannuation Fund Trust and Group Gratuity Fund Trust w.e.f August 1, 2020 and December 1, 2020 respectively.
- As per the exemption provided by the Companies (Appointment and Qualification of Directors) Amendment Rules, 2017, the Company is not mandatorily required to appoint Independent Directors on its Board. However, the Company has voluntarily appointed two Independent Directors on the Board. The exemption as mentioned above read with rule 6 of the Companies (Meetings of Board and its Powers) Rules 2014 also exempts the Company from constituting an Audit Committee and a Nomination and Remuneration Committee.
- The Company has not accepted any deposits under Chapter V of the Companies Act, 2013 and has not issued equity shares with differential rights or sweat equity shares or under any employee stock option scheme during the financial year 2020-21.
- The Company does not have any subsidiaries, associates or joint venture companies.

#### **➤ Business Continuity measures for COVID-19 pandemic :**

COVID-19 (Coronavirus Disease caused by Severe Acute Respiratory Syndrome Coronavirus) which spread in various countries across the world during the last quarter of the financial year 2019-20, has been declared as a pandemic by the World Health Organisation (WHO). Various measures are being adopted by the Governments across the globe for containment of the spread of the Coronavirus. With the pace of its spread, Coronavirus poses a huge threat for safety of people.

The Company has implemented a comprehensive Business Continuity Plan (BCP) to handle various disasters including epidemics. In this regard, the Company has taken various steps to ensure business continuity and at the same time to ensure safety of the employees and other persons working at the Company premises. As part of contingency measures, work from home facility for the employees and other support teams from IT vendor / consultants has been enabled to connect to IT infrastructure at the Company's office which are all secured Virtual Private Network (VPN) connections, compliant with the prescribed security standards for carrying out the business operations. Additionally, access to the trading platforms has been enabled for the members over Internet. Further, various other measures have also been implemented to maintain enhanced and very robust hygiene and necessary advisory / instructions have also been issued to the employees from time to time for ensuring their safety.

Following contingency plan has been made by CCIL (holding company) and the Company to ensure continuous functioning/ servicing to their Members:

- Critical business operations are already being carried out by staff deployed at the three CCIL office/ data center locations (Dadar, Kurla and Pune).
- In order to handle any situation impacting staff/ manpower movement restrictions, 'Work from Home' using VPN facility using Internet has been configured/enabled for identified critical staff of CCIL/the Company and other support teams from IT, TCS, CSPL etc. to connect to infrastructure at the Company's office for carrying out the business operations.
- In response to queries, Members were also advised to make use of such VPN facilities within their institution, wherever available, to connect to CCIL/Company applications normally through remote access (via their office infrastructure) and connecting to CCIL Host servers over INFINET. Additionally, as contingency option (where remote VPN facility is not available), the Members have been provided access on Internet for host servers for NDS-OM, NDS-CALL, CROMS, TREPS, FX-CLEAR, FX-SWAP and ASTROID trading platforms.
- Access to applications, such as IRIS, FRS Utility, CORE, NDS OM Web, CROMS Web, iTREPS, FX Clear Retail is already available over internet.

- Internet bandwidth at CCIL locations has been upgraded to handle increased network traffic.
- Details of CCIL/the Company's preparedness, system availability and required configurations changes have been shared with members.

In addition, following actions have been taken by CCIL and the Company as precautionary measures:

- Apart from monitoring the global status of the spread of COVID-19 diseases, CCIL/the Company is following the circulars/ mandates issued by governmental/ local authorities etc.;
- Monitoring the health of all employees/ officials of on-site vendors etc. Employees/ vendors have been advised to take leave in case of any symptom of flu and report incidents of flu within family/ household to the office;
- Health advisory posters have been displayed in office areas for officials/contractors awareness;
- Employees have been advised to follow enhanced personal hygiene measures. Frequent disinfection of reception area, floor areas, door handles, wash rooms etc. is being carried out;
- All member meets/ conferences / trainings etc. have been discontinued till further notice;
- All officials have been requested to avoid meeting with outsiders in the office premises. If it is essential to have a meeting with outsiders, employees have been requested to use the conference call facility and in essential cases use the video conferencing facility;
- Business travel has been restricted;
- Entry of visitors to office premises has also been restricted.

#### **11) HUMAN RESOURCE MANAGEMENT:**

The Company aims to recruit, train, develop and retain suitable talent by providing a market competitive compensation as well as a healthy and competitive work environment. The staff strength of the Company as on March 31, 2021 is 48. The headcount at the beginning of the financial year 2020-2021, i.e. as on April 1, 2020 was 48.

Employees join the organization after being assessed through a rigorous selection process that includes telephonic screening and personal interviews. Required background check-up of each of the employees selected for the employment is also being done. During the financial year 2020-2021, 1 employee joined the organization. The Company witnessed 1 resignation during the financial year 2020-2021. The attrition rate of the Company is about 2.04% for the financial year 2020-2021.

Employees are evaluated and promoted to higher positions through a detailed, objective online annual appraisal process and promotion interviews. During the financial year 2020-2021, 47 employees were part of the Annual Appraisal process and 7 employees (15% percent of appraised population) were promoted to next level. Employees are also nominated for various external trainings, seminars, workshops and conferences depending on the need of the profile and individual skill gaps. During the financial year 2020-21, the Company also organized customized on-line refresher training programmes on Cyber Security, BCP as well as technical or business knowledge related topics. Also, owing to the current pandemic, multiple online wellness programmes were organised for employee health, safety & wellbeing. During the financial year 2020-2021, 178 participants attended various in-house and external programmes/conferences. (The participant count is higher than the employee count since one employee might have attended multiple programmes and webinars on different topics during the course of the year).

As a part of the Employee Wellness initiatives, the Company provides Group Medclaim Insurance, Group Personal Accident Policy, Group Term Life policy and Annual Health Check-up benefits to all its employees. The Staff Health, Safety and Welfare Committee organized a few virtual employee engagement programmes during the financial year 2020-21 considering the fact that many employees were working from home.

## **12) PARTICULARS OF EMPLOYEES:**

The particulars of the employees of the Company, as required to be furnished under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are enclosed as Annexure II.



**13) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO:**

➤ ***Conservation of Energy, Technology absorption***

In respect of the conservation of energy, the Company avails energy management services from The Clearing Corporation of India Limited (CCIL), the Holding Company, under the Business Support Services arrangement for Office Space, Administrative Services /Amenities and other Support Services.

The required infrastructure and systems are installed/provided and are maintained to keep the power factor within required limits, as per the rules and regulations of the Company/entity that provides the Main Power Supply to CCIL at all its premises.

The Company has not made any capital investment in energy conservation equipments during the financial year under review.

Particulars required to be disclosed with respect to the technology absorption in terms of Section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules 2014, are not applicable.

➤ ***Foreign Exchange earnings / outgo during the financial year under review***

Earnings: ₹ 84 Lakh

Outgo: NIL

**14) FORMAL ANNUAL EVALUATION:**

The Board has framed a mechanism for evaluation of Directors, the Board and its Committees. The mechanism has also necessary guidelines/criteria for the purpose of such evaluation. In accordance with the mechanism and the stipulated guidelines for evaluation, the Independent Directors at their separate meeting reviewed and evaluated the performance of Non-Independent Directors viz. Mr. R. Gandhi, Non-Executive Director and Chairman, Mr. Hare Krishna Jena, Managing Director and Mr. N.S. Venkatesh, Non-Executive Director, Board Committees and the Board as a whole for the financial year 2020-21 by providing their ratings for the respective evaluation.

The Independent Directors, based on the criteria/guidelines provided under the Company's Corporate Governance policy and the background paper covering the

actions taken by the management in accordance with the said criteria/guidelines for ensuring that the requisite information was presented to the Board in a timely manner, also assessed the quality, quantity and timeliness of flow of information between the company management and the Board that was necessary for the Board to effectively and reasonably perform their duties. The Independent Directors observed that the management of the Company had ensured that all the Board members received comprehensive and quality information within the time schedule for the various meetings of the Board and CSR Committee to actively participate/contribute at the Board and the CSR Committee Meetings.

Further, in accordance with the aforesaid evaluation guidelines/criteria, the performance evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the director being evaluated.

The Board took on record the evaluation of performance of the Non-Independent Directors, the Board as a whole and the CSR Committee conducted by the Independent Directors. The Board agreed with the Independent Directors' assessment of continuing the appointment of the Non-Independent Directors on account of their satisfactory performance. Further, the Board also agreed with the assessment of the performance of the CSR Committee of the Board and the Board that was found to be satisfactory by the Independent Directors. The Board upon taking on record the above inputs and its own deliberations, noted the performance of all the Directors to be satisfactory. The Board also found its own performance and the performance of the CSR Committee to be satisfactory.

#### **15) COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION FOR DIRECTORS / EMPLOYEES/KMP:**

The Board has approved the following policy on Directors' appointment and remuneration including the criteria for determining qualifications, positive attributes and independence of a Director, etc of the Company:

##### **i. Appointment and qualifications/positive attribute and Independence of the Directors**

- a) The Directors shall possess appropriate balance of skills, experience and knowledge in one or more fields of finance, law, management, sales,

marketing, administration, research, corporate governance, information technology or other disciplines related to the Company's business;

- b) The Directors are expected to have proven record of professional success, leadership and highest level of personal and professional ethics, integrity and values;
- c) The Directors shall not incur any disqualification in terms of the provisions of the Companies Act, 2013 and rules made thereunder and shall fulfill such other criteria, if any as may be made applicable to the Company by RBI as amended from time to time;
- d) The Independent Directors shall fulfill the criteria of Independence laid down under section 149(6) of the Companies Act, 2013 and rules made thereunder as amended from time to time and also comply with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended from time to time;
- e) The Managing Director shall be required to fulfill the criteria as prescribed under the Companies Act, 2013 and as per directions if any, issued in this regard by RBI as amended from time to time;
- f) Such other qualifications as may be prescribed under the Companies Act, 2013 or directed by RBI from time to time.
- g) The procedure and manner of appointment and re-appointment of the Directors, Managing Director and Chairperson shall be as per the terms of the provisions of the Companies Act, 2013, Rules made thereunder, Articles of Association of the Company and directions if any, issued by RBI in this regard as amended from time to time.

## **ii. Directors' Compensation**

- a) Sitting fees shall be paid to the Directors other than the Managing Director / Manager/ Whole-time Director, for attending Meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board and the amount of such fees shall not exceed the sum as may be

prescribed under the Companies Act, 2013 and Rules made thereunder as amended from time to time.

- b) Subject to the provisions of the Articles of Association, the Directors may be paid all travelling, hotel and other expenses incurred by them in attending and returning from meetings or for such purposes in the business connection as may be decided by the Board from time to time.
- c) The Directors may be paid professional fees apart from the remuneration / sitting fees for the services rendered which are of professional nature and where, in the opinion of the Nomination and Remuneration Committee, if constituted/Board, the Director possesses the requisite qualification for the practice of the profession.

**iii. Remuneration Policy for all the Employees of the Company (except the Key Managerial Personnel mentioned hereinafter)**

The remuneration policy as approved by the Board includes the following components as a part of the compensation structure for the employees of the Company:

- a) Fixed Salary which includes Basic Pay, Special Allowance, Conveyance Allowance, Children's Education Allowance, House Rent Allowance, Lunch Allowance, Communication Allowance, Medical, LTA, PF and Superannuation (for eligible employees).
- b) Additional Allowance – For new employees on case to case basis on approval of the Managing Director.
- c) Others – Employees are provided a one-time Diwali Gift every year. Employees also receive an annual token amount as birthday gift.
- d) Variable Pay is paid as per the Variable Pay Plan, based on the employee's and Company's performance.
- e) Gratuity - one month's Basic Pay for each completed year of service as per the policy of the Company.
- f) Group Mediclaim / Personal Accident Insurance/ Term Life Insurance Covers – All the employees are covered under the Group Mediclaim / Personal

Accident Insurance/Term Life Insurance schemes as per the policy of the Company.

- g) Leave Encashment – All the employees are entitled to get leave as per the Leave Policy of the Company. Employees are also entitled to accumulate and encash leave in accordance with the terms and conditions prescribed in the Leave Policy.

**iv. Remuneration of the Key Managerial Personnel (Managing Director / Chief Financial Officer/Company Secretary):**

The remuneration to the Managing Director / Whole time Director shall be in accordance with the provisions of the Companies Act, 2013, rules and schedules made thereunder as amended from time to time and directions, if any, issued by RBI in this regard from time to time. Currently, the Managing Director, Chief Financial Officer and the Company Secretary are being remunerated only by the Holding Company –CCIL in terms of the remuneration policy of the Holding Company as they concurrently hold the said respective positions in the Holding Company.

The aforesaid policy is placed on the following path on the website of the Company:

<https://www.ccilindia.com/Pages/ClearCorp/Stakholders.aspx>

**16) RELATED PARTY TRANSACTIONS:**

The Company has been entering into contracts / arrangements with the Holding Company-The Clearing Corporation of India Ltd. (CCIL), on an ongoing basis.

During the financial year under review, the Company, in its ordinary course of business and at arm's length basis, has renewed the LEI number of the Company from Legal Entity Identifier India Ltd., the wholly owned subsidiary of CCIL.

An arrangement has been entered into between the Company and CCIL for usage of office space and other administrative services / amenities, information technology related infrastructure and maintenance cost / services, rent for residential accommodation and sharing of other expenses. The said arrangement was valid until

March 31, 2020 and during the year the same was reviewed and extended for the period from April 1, 2020 to March 31, 2022.

The Company has adopted a Policy on related party transactions as approved by the Board of Directors of the Company.

The particulars of the contracts or arrangements with related parties in the prescribed Form- AOC-2 is enclosed as Annexure III to the Board's Report.

**17) PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:**

The Company has not given any loans or guarantees or provided any security in connection with a loan given or made any investments under section 186 of the Companies Act, 2013 during the financial year 2020-21.

**18) ANNUAL RETURN:**

In accordance with sub-section (3) Section 92 of the Companies Act, 2013, the Annual Return in Form MGT 7 for the financial year 2020-21 shall be placed on the following path on the website of the Company:

<https://www.ccilindia.com/Pages/ClearCorp/Stakholders.aspx>

**19) RISK MANAGEMENT POLICY:**

The Company has authorized the Committee of Directors on Risk Management (CODRM) of The Clearing Corporation of India Ltd. (CCIL), the Holding Company to look into all the issues relating to risk management of the Company including membership screening and approval process. Further, the Technical Approval Committee of CCIL advises/recommends IT Policies to be adopted in the key IT decisions that are critical for the Company's business and oversees IT related resources, systems and infrastructure of the Company. All the business proposals as well as critical areas are examined by the CODRM, Technical Approval Committee, Bye-Laws, Rules and Regulations Committee of CCIL wherever required and subsequently placed before the Board.

The Company has put in place policies and processes such as investment policy, business continuity plans and information security policy and procedures to manage risks. The Board assesses the operational and internal control functions of the Company based on the Internal cum Operations Audit reports of independent external professionals. The Board / Committee(s) of CCIL as mentioned above discharge the overall risk-related responsibilities of the Company.

**20) SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:**

No significant and material orders were passed by the regulators or courts or tribunals which would impact the going concern status and the Company's operations in future. However, the attention of the Shareholders is drawn to the statement on contingent liabilities and commitments in the notes forming part of the Financial Statements.

**21) DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:**

An Internal Committee (IC) has been constituted by the Company in compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. There were no complaints/cases of sexual harassment received and disposed off by the Internal Committee constituted by the Company for the calendar year ended December 31, 2020 in terms of the said Act.

**22) DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:**

The Company has devised appropriate processes, policies and procedures to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements in accordance with generally accepted accounting principles. The records of the Company are maintained in reasonable detail, accurately and to reflect fairly the financial transactions of the Company. The financial transactions are being executed in accordance with the delegation of authority of the Board and the management of the Company. The Company has put in place adequate checks and balances to prevent or detect on timely basis, any unauthorised acquisition, use, or

disposition of the Company's assets that could have material effect on the financial statements. All the systems, processes, policies and procedures which are used as a basis of recording of financial transactions are subjected to regular Systems Audit, Operations Audit and Internal Audit by external independent professionals and no omission that could have material effect on the financial statements have been reported during the financial year.

**23) DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors' hereby confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**24) COMPLIANCE WITH SECRETARIAL STANDARDS:**

The Company has complied with applicable Secretarial Standards i.e. Secretarial Standards on Board Meetings (SS-1) and Secretarial Standards on General Meetings (SS-2) during the financial year 2020-21.

**25) MAINTENANCE OF COST RECORDS:**

The Company is not required to maintain cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.



**26) THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONGWITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR:**

No application was made during the financial year 2020-21 or any proceeding was pending against the Company as at the end of the financial year 2020-21 under the Insolvency and Bankruptcy Code, 2016 (31 of 2016).

**27) THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF:**

No loans were availed by the Company during the financial year 2020-21. Hence the aforesaid details are not applicable to the Company.

**28) APPRECIATION:**

The Board places on record their acknowledgements for the support and co-operation extended by the Government of India, Reserve Bank of India, Institutions, Members of Clearcorp, FIMMDA, FEDAI, PDAI, AMFI, Consultants, Company's Bankers and employees. The Board would also like to place on record its sincere appreciation of the support extended by CCIL and the hard work put in by the employees.

**For and on behalf of the Board of Directors**

**Sd/-**

**R. Gandhi  
Chairman  
(DIN:03341633)**

**Place: Mumbai  
Date: May 6, 2021**

**Format for The Annual Report on CSR Activities to be Included in the Board's Report for Financial Year Commencing on or After 1st Day of April, 2020**

1. Brief outline on CSR Policy of the Company:

- The Company under its CSR policy, affirms its commitment of seamless integration of marketplace, workplace, environment and community concerns with business operations by undertaking following activities / initiatives that are not taken in its normal course of business and/or confined to only the employees and their relatives and which are in line with the broad-based list of activities, areas or subjects that are set out under schedule VII of the Companies Act 2013 and Rules thereunder as amended from time to time.

1. To eradicate hunger, poverty and malnutrition, promote health care including preventive health care and sanitation and to make available safe drinking water;
2. To promote education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
3. To promote gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. To ensure environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water.
5. To contribute to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
6. To undertake such initiatives/ projects or participate in any events as the CSR Committee / Board may consider appropriate in areas or subjects that are set out

under Schedule VII of the Companies Act, 2013 and Rules thereunder as amended from time to time.

- The Board of Directors have constituted the CSR Committee and the scope of the CSR Committee includes formulation and recommendation to the Board, of a Corporate Social Responsibility Policy, to determine and recommend to the Board, the amount of expenditure to be incurred on the CSR activities in the areas or subjects specified in schedule VII of the Companies Act, 2013, as amended from time to time, to determine the implementation process and modalities of utilization of funds for undertaking CSR initiatives whether on annual basis or long term basis either with the assistance of the Social Development Cell of the Holding Company (CCIL) or otherwise as prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time and undertake such other activities as advised by the Board or as may be required under the Companies Act, 2013 or Rules thereunder as amended from time to time.

## 2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. N.S. Venkatesh	Non-Executive Director and Chairman of the Committee	2	2
2.	Mr. Hare Krishna Jena	Managing Director and Member of the Committee	2	2
3.	Mr. Ananth Narayan	Independent Director and Member of the Committee	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

<https://www.ccilindia.com/Pages/ClearCorp/Stakeholders.aspx>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report)-**Not Applicable**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any-**Not Applicable**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
NA			

6. Average net profit of the company as per section 135(5).

Financial Year	Net Profit Before Tax (Amount in Rs.)
2019-2020	15,89,18,649
2018-2019	21,11,54, 922
2017-2018	19,81,19, 372
Average Net Profit of previous three financial years	18,93,97,648

7. (a) Two percent of average net profit of the company as per section 135(5)-**Rs. 37,87,953/-**

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years-**Nil**

(c) Amount required to be set off for the financial year, if any-**Nil**

(d) Total CSR obligation for the financial year (7a+7b-7c).- Rs. 37,87,953/-

8. (a) CSR amount spent or ~~unspent~~ for the financial year: **Rs. 37,88,000/-**

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
37,88,000	-	-	-	-	-

(b) Details of CSR amount spent against ongoing projects for the financial year: **Not Applicable**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.	Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency
				State. District.						Name CSR Registration number.
NA										

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.	Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.
	(Holy Mother Welfare Programme)			State. District.			Name. CSR registration number.
1.	-Setting up solar system for supply of drinking water at village Kalmvihira, Jawhar	Making available safe drinking water (activity (i) of schedule VII of the Companies Act, 2013)	Yes	Maharashtra Palghar	7,95,000	No	Ramakrishna Mission* CSR0000 6101

2.	Construction of new well for supply of drinking water at village Shiroshi, Jawhar	Making available safe drinking water (activity (i) of schedule VII of the Companies Act, 2013)				5,93,000			
3.	Nutrition Support (Distribution of Nutritious Food and hygiene products) at Shiroshi Group Gram Panchayat (all hamlets), Jawhar	eradicating hunger, poverty and malnutrition (activity (i) of schedule VII of the Companies Act, 2013)				8,00,000			
4.	Medical Intervention (Providing Healthcare) at Shiroshi Group Gram Panchayat (all hamlets), Jawhar	promoting healthcare including preventive healthcare (activity (i) of schedule VII of the Companies Act, 2013)				7,00,000			
5.	Maa Sarada Shivankam Prashikshan Kendra (Tailoring project) at Shiroshi Pada, Jawhar	promoting education, including special education and employment enhancing vocation skills especially among children,				5,08,000			

		women, elderly and the differently abled and livelihood enhancement projects. (activity (ii) of schedule VII of the Companies Act, 2013)							
6.	Value Education Programme at Shiroshi Group Gram Panchayat (all hamlets), Jawhar	promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects. (activity (ii) of schedule VII of the Companies Act, 2013)				3,00,000			
7.	Contribution to Prime Minister's National Relief Fund (PMNRF)	PMNRF (activity (viii) of Schedule VII of Companies	PAN India	PAN India	92,000	Yes	-	-	

		Act 2013						
	<b>Total</b>				<b>37,88,000</b>			

**\*Details of implementing agency:** -- Ramakrishna Mission is a Society registered under section 12A and 80G of the Income Tax Act, 1961

(d) Amount spent in Administrative Overheads-**Nil**

(e) Amount spent on Impact Assessment, if applicable-**Not Applicable**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) **Rs. 37,88,000/-**

(g) Excess amount for set off, if any-**Not Applicable**

<b>Sl. No.</b>	<b>Particular</b>	<b>Amount (in Rs.)</b>
(i)	Two percent of average net profit of the company as per section 135(5)	
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

9. (a) Details of Unspent CSR amount for the preceding three financial years:-**Nil**

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):-**Nil**

<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>	<b>(8)</b>	<b>(9)</b>
<b>Sl. No.</b>	<b>Project ID.</b>	<b>Name of the Project.</b>	<b>Financial Year in which the project was commenced.</b>	<b>Project duration.</b>	<b>Total amount allocated for the project (in Rs.).</b>	<b>Amount spent on the project in the reporting Financial Year (in Rs.).</b>	<b>Cumulative amount spent at the end of reporting Financial Year. (in Rs.)</b>	<b>Status of the project - Completed /Ongoing.</b>
<b>Nil</b>								



10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (**asset-wise details**).

1. (a) Date of creation or acquisition of the capital asset(s). April 8, 2021

(b) Amount of CSR spent for creation or acquisition of capital asset. Rs. 2,00,000/-

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.- Ramakrishna Mission, Ramakrishna Mission Marg, Swami Vivekananda Chowk, 12<sup>th</sup> Road, Khar (West), Mumbai-400052

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). 20 Sewing Machines, Maa Sarada Shivankam Prashikshan Kendra, Shiroshi Group Gram Panchayat, Taluka Jawhar, Palghar-401603

2. (a) Date of creation or acquisition of the capital asset(s). April 20, 2021

(b) Amount of CSR spent for creation or acquisition of capital asset. Rs. 5,93,000/-

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.- Ramakrishna Mission, Ramakrishna Mission Marg, Swami Vivekananda Chowk, 12<sup>th</sup> Road, Khar (West), Mumbai-400052

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). Construction of well for supply of drinking water, Shiroshi Group Gram Panchayat, Taluka Jawhar, Palghar-401603

3. (a) Date of creation or acquisition of the capital asset(s). April 27, 2021

(b) Amount of CSR spent for creation or acquisition of capital asset. Rs. 7,95,000/-

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.- Ramakrishna Mission, Ramakrishna Mission Marg, Swami Vivekananda Chowk, 12<sup>th</sup> Road, Khar (West), Mumbai-400052

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). Solar System for supply of drinking water, Shiroshi Group Gram Panchayat, Taluka Jawhar, Palghar-401603

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).-**Not Applicable**

**For and on behalf of the Board of Directors**

**Sd/-**

**Hare Krishna Jena**  
**Managing Director**  
**(DIN: 07624556)**

**Sd/-**

**N.S. Venkatesh**  
**Chairman of CSR Committee**  
**(DIN: 01893686)**

**Date: May 6, 2021**

**Annexure II to the Board's Report**

Information as per Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Board's Report for the financial year ended March 31, 2021.

Sr. No	Name	E-Code	Age (Yrs)	Designation /nature of Duties	Gross Remuneration	Qualification	Experience	Date of Commencement	Previous Employment
					(Rs. in Lacs)		(Yrs)		
1	K. Biju	K004	48.7	Vice President	95.68	B.Com, MBA, CMA	26.7	12-Nov-01	Dealer(Money Markets)-SIDBI
2	Kamal Singhania	K002	52.5	Senior Vice President	89.28	B.Sc., CMA, CA, FRM	29.5	1-Nov-01	AGM-IDBI Bank
3	N. Venkatraman	N018	57.9	Vice President	85.40	B.Com , LLB , CS, CAIIB I&II	37.10	1-Jun-06	Sr. Manager-IDBI Bank
4	Anupam Kumar Mitra	A068	44.6	Asst. Vice President	76.23	BE (Mech), PGDM (Finance), CQF	17.9	04-Jul-13	AVP - Axis Bank
5	Mandar Mainkar	M027	50.7	Junior Vice President	70.81	Diploma in Medium & Small Enterprise, Diploma in Electronic & Power, Diploma in Material Mgmt, PGCM (Modern Office Management)	27.4	19-Feb-07	Assistant Manager-NSE
6	Lokenath Rudra	L003	45.4	Senior Manager	35.18	B.Sc. Hons.(Economics), M.A (Economics), PGDFMP	15.8	4-Jul-05	NA

7	Kailas Zagade	K011	40.8	Senior Manager	31.56	B.Com, MFM, CMA Inter, GRPI, CFA Level 1, FRM	20.1	7-Aug-06	Officer-HSBC
8	Pankaj Chhapamohan	P025	36.6	Senior Manager	29.11	BBA, MBA	13.9	14-Jan-08	Back Office Executive - Noble Finance Co
9	Nirav Shah	N023	36.10	Senior Manager	28.61	B.Com, PGDBA, FRM , NCFM, PGDFERM	13.8	28-Apr-08	Dealer-HDFC Securities
10	Sunil Bohra	S085	39.3	Manager	25.55	BBM, DFM, MFM, NCFM, FRM	17.4	15-Dec-08	Sr. Analyst - eClerx KPO

Notes:

- (1) The Gross Remuneration comprises of salary, allowances, incentives, leave encashment (if availed), monetary value of perquisites as per Income Tax provisions and Company's contribution to Provident Fund, National Pension Scheme (NPS) and Superannuation Fund.
- (2) In addition to the above remuneration, employees are entitled to Gratuity in accordance with the Company rules.
- (3) None of the above employees are related to the Director/Manager of the Company.

(4) None of the above employees hold any shares in the Company.

(5) The nature of employment is contractual in all above cases.

**For and on behalf of the Board of Directors**

**Sd/-**

**R. Gandhi  
Chairman  
(DIN-03341633)**

**Mumbai  
Date: May 6, 2021**

**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 arm's length transactions under third proviso thereto

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

I (a) Name(s) of the related party and nature of relationship: The Clearing Corporation of India Ltd. (CCIL/Holding Company-holding 100% shares in the Company)

(b) Nature of contracts/arrangements/transactions: Use of CROMS Platform of the Company by CCIL to calculate FBIL market repos overnight rate (MROR) for FBIL. The arrangement, though in the ordinary course of business, is without any consideration.

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

(d) Salient terms of the contracts or arrangements or transactions including the value, if any: To access or use the CROMS Platform of the Company solely for the purpose of calculating the market repos overnight rate (MROR) for FBIL. The arrangement, though in the ordinary course of business, is without any consideration.

(e) Justification for entering into such contracts or arrangements or transactions: The Company owns trading platforms and related infrastructure which would enable CCIL to calculate the aforesaid benchmark as an initiative to promote market development.

(f) Date(s) of approval by the Board: November 15, 2017

(g) Amount paid as advances, if any: Nil

(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: NA

II (a) Name(s) of the related party and nature of relationship: The Clearing Corporation of India Ltd. (CCIL/Holding Company-holding 100% shares in the Company)

(b) Nature of contracts/arrangements/transactions: Sharing/Reimbursement of expenses relating to various business support services

(c) Duration of the contracts / arrangements/transactions: April 1, 2020 to March 31, 2022

(d) Salient terms of the contracts or arrangements or transactions including the value, if any: As mentioned at point (i) below

(e) Justification for entering into such contracts or arrangements or transactions: The Company is the wholly owned subsidiary of The Clearing Corporation of India Limited and both the companies are located at the same registered office. Due to the aforesaid reason the administration and infrastructure resources are shared by the companies. Further, the Company also requires the IT and technical expertise of the Holding Company for smooth functioning of its activities.

(f) Date(s) of approval by the Board: January 28, 2021

(g) Amount paid as advances, if any: Nil

(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: NA

(i) The salient features of the contract entered with The Clearing Corporation of India Ltd. (CCIL/Holding Company) are as under:

Sr. No.	Particulars of contract or arrangement	Material terms	Monetary terms (Amount in Rs.)
1	Expenses		
	Office space and other administrative services / amenities	Sharing of expenses for use of office space and other administrative services/amenities, etc. (vide agreement dated March 12, 2021).  Validity: Agreement is valid for a period of 2 years i.e. from April 1, 2020 to	19,20,000/- per month plus applicable taxes

		March 31, 2022 and would be renewed for further period as mutually agreeable between CCIL and the Company.	
	Information Technology (IT) related infrastructure and maintenance cost / services	Sharing of expenses for IT related Infrastructure and Maintenance cost / services at its office premises at Dadar, Kurla and Pune (vide agreement dated March 12, 2021).  Validity: Agreement is valid for a period of 2 years i.e. from April 1, 2020 to March 31, 2022.	41,80,000/- per month plus applicable taxes
	Other expenses	Sharing of expenses like leased line charges, staff welfare expenses etc. On the basis of approval of the Board of Directors dated January 28, 2021.	Sharing of expenses on proportionate basis i.e. share relating to the Company to be reimbursed on actual basis.
	Rent for Residential Accommodation	Rent for Residential Flat owned by CCIL provided to a senior official of the Company. On the basis of approval of the Board of Directors dated January 28, 2021.	1,35,000/- per month plus applicable taxes

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

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts / arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any



	(a)	(b)	(c)	(d)	(e)	(f)
1	Legal Entity Identifier India Limited (Wholly Owned Subsidiary of CCIL )	Expenses relating to renewal of LEI Number, in the ordinary course of business and at arm's length basis.	One year	Renewal of LEI Number of the Company by payment of renewal fees of Rs.3540/- (including taxes).	N.A	Nil

**For and on behalf of the Board of Directors**

**R. Gandhi**

**Sd/-**

**Chairman  
(DIN:03341633)**

**Place: Mumbai**

**Date: May 6, 2021**

## INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF  
CLEARCORP DEALING SYSTEMS (INDIA) LIMITED**

**Report on the Audit of the Ind-AS Financial Statements**

### **Opinion**

We have audited the Ind-AS financial statements of **CLEARCORP DEALING SYSTEMS (INDIA) LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended and the Notes to the Ind-AS financial statements, including a summary of significant accounting policies and other explanatory information.

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 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 Standard) Rules, 2015, as amended, (Ind-AS) and with other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### **Basis for Opinion**

We conducted our audit of the Ind-AS financial statements 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 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.

### **Information Other than the Ind-AS financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report but does not include the Ind-AS financial statements and our auditor's report thereon which we obtained prior to the date of this auditor's report.

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 Ind-AS financial statements or our knowledge obtained in the 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.

### **Responsibility of Management for Ind-AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind-AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and

application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

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

#### **Auditor's Responsibilities for the Audit of the Ind-AS 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 SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of the users of the 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 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended from time to time.
- e) On the basis of the written representations received from the Directors of the Company as on March 31, 2021 taken on record by the Board of Directors, none of the Directors of the Company are disqualified as on March 31, 2021 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g) The Company has not paid / provided any managerial remuneration.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Company does not have any pending litigations which would impact its financial position.
  - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For KALYANIWALLA & MISTRY LLP**

**CHARTERED ACCOUNTANTS**

Firm Regn. No.: 104607W / W100166

Sd/-

*Darius Z. Fraser*

**PARTNER**

M. No.: 42454

UDIN: 21042454AAAABY5154

Mumbai: May 6, 2021.

## Annexure to the Independent Auditor's Report

The Annexure referred to in paragraph 1 'Report on Other Legal and Regulatory Requirements' in our Independent Auditors' Report to the members of the Company on the Ind-AS Financial Statements for the year ended March 31, 2021:

### Statement on Matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2016:

#### 1. Fixed Assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification. In case of intangibles comprising of software, Management certifies the software in use and the same is properly dealt with in the books of account.
- c) The Company does not have immovable property and hence the provisions of sub clause (c) of paragraph 3(i) of the Order are not applicable.

#### 2. Inventory:

The Company does not have any inventory and hence the provisions of paragraph 3(ii) of the Order are not applicable.

3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of sub-clause (a), (b) and (c) of paragraph 3 (iii) of the Order are not applicable.
4. According to the information and explanations given to us, the Company has not advanced any loans or given guarantee or provided any security to parties covered under section 185 of the Companies Act, 2013. The Company has not given any loans or guarantees nor has it made any investments.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of sections 73 to 76, or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. No order has been passed by the Company Law Board, or National Company Law Tribunal, or Reserve Bank of India, or any Court, or any other Tribunal.
6. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013, in respect of any of the activities of the Company.

#### 7. Statutory Dues:

- a) According to the information and explanations given to us and on the basis of the records examined by us, the Company is regular in depositing undisputed statutory dues, including dues pertaining to Investor Education and Protection Fund, Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Duty of Customs, Cess and any other statutory dues with the appropriate authorities wherever applicable. We have been informed that there are no undisputed dues which have remained outstanding as at the last day of the financial year, for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of Income-tax, Goods and Service Tax, Duty of Customs or Cess outstanding on account of any dispute, other than the following:

Name of the Statute	Nature of Dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
The Finance Act, 1994	Service Tax and penalty and interest thereon	549	October 2009 to June 2012	Commissioner of Service Tax Audit -I Mumbai

8. According to the information and explanations given to us and based on the documents and records produced before us, there are no dues to banks, financial institutions or the Government. The Company has not issued any debentures.
9. According to the information and explanations given to us, the Company has neither raised money through initial public offer or further public offer nor taken any term loans, hence the provisions of paragraph 3 (ix) of the Order are not applicable.
10. During the course of our examination of the books of account and records of the Company, to the best of our knowledge and belief and according to the information and explanations given to us by the Management, no fraud by, or on the Company by its officers or Employees has been noticed or reported during the year.
11. According to the information and explanations given to us and on the basis of the records examined by us, the provisions of section 197 of the Act are not applicable to the Company since the Company has not paid or provided any managerial remuneration.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company.
13. The provisions of sections 177 of the Act are not applicable to the Company. The Company has complied with the provisions of section 188 and the details of transactions with the related parties have been disclosed in the Ind-AS Financial Statements as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with Directors or persons connected with him.
16. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For KALYANIWALLA & MISTRY LLP**  
**CHARTERED ACCOUNTANTS**

Firm Reg. No.: 104607W / W100166

Sd/-

*Daraius Z. Fraser*

**PARTNER**

M. No.: 42454

UDIN: 21042454AAAABY5154

Mumbai: May 6, 2021.

## Annexure A

### **Independent Auditor's report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of **CLEARCORP DEALING SYSTEMS (INDIA) LIMITED** ("the Company") as of March 31, 2021, in conjunction with our audit of the Ind-AS Financial Statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the "Act" or the "Companies Act").

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India ("the ICAI") and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind-AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

#### **Meaning of Internal Financial Controls with reference to financial statements**

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind-AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that:



- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind-AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind-AS Financial Statements.

#### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

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

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements 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 ICAI.

**For KALYANIWALLA & MISTRY LLP**

**CHARTERED ACCOUNTANTS**

Firm Reg. No.: 104607W / W100166

Sd/-

*Daraius Z. Fraser*

**PARTNER**

M. No.: 42454

UDIN: 21042454AAAABY5154

Mumbai: May 6, 2021.



# CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

## BALANCE SHEET AS AT 31 MARCH 2021

		(₹ in lakhs)	
Particulars	Note	As At 31 March 2021	As At 31 March 2020
<b>I. ASSETS</b>			
<b>Non Current Assets</b>			
Property, Plant and Equipment	3 a	76	91
Right of Use Asset	3 b	15	-
Intangible Assets	4	1,255	1,197
Intangible Assets under Development		797	253
<b>Non Current Financial Assets</b>			
Non Current Loans	5	0 *	0 *
Other Non Current Financial Assets	6	80	187
Deferred Tax Assets (Net)	7	90	74
Other Non Current Assets	8	226	226
Non Current Tax Assets (Net)	9	69	68
<b>Total Non Current Assets</b>		<b>2,608</b>	<b>2,096</b>
<b>Current Assets</b>			
<b>Current Financial Assets</b>			
Investments	10	966	1,103
Trade Receivables	11	443	441
Cash and Cash Equivalents	12a	38	33
Other Bank Balances	12b	7,895	7,174
Other Current Financial Assets	13	243	303
Other Current Assets	14	42	19
<b>Total Current Assets</b>		<b>9,627</b>	<b>9,073</b>
<b>TOTAL ASSETS</b>		<b>12,235</b>	<b>11,169</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	15	1,000	1,000
Other Equity	16	9,954	8,929
<b>Total Equity</b>		<b>10,954</b>	<b>9,929</b>
<b>Non Current Liabilities</b>			
Non Current Provisions	17	370	395
<b>Total Non Current Liabilities</b>		<b>370</b>	<b>395</b>
<b>Current Liabilities</b>			
<b>Current Financial Liabilities</b>			
Trade Payables Due to :	18		
Micro and Small Enterprises		7	9
Other than Micro and Small Enterprises		84	99
Other Current Financial Liabilities	19	359	350
Other Current Liabilities	20	57	81
Current Provisions	21	377	298
Current Tax Liabilities (Net)	22	27	8
<b>Total Current Liabilities</b>		<b>911</b>	<b>845</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,235</b>	<b>11,169</b>
*denotes amount less than ₹ 1 lakh			
<b>Significant Accounting Policies and Notes to the Financial Statements</b>		1-41	

As per our attached report of even date  
For and on behalf of  
For KALYANIWALLA & MISTRY LLP  
Chartered Accountants  
Firm Regn. No.: 104607W / W100166

Sd/-  
Daraius Z. Fraser  
Partner  
Membership No.: 42454

Place : Mumbai  
Date : May 06, 2021

Signatures to the Financial Statements and Notes thereon  
For and on behalf of the Board of Directors

Sd/-  
Hare Krishna Jena  
Managing Director  
DIN : 07624556

Sd/-  
Deepak Chande  
Chief Financial Officer

Sd/-  
Narayan K Seshadri  
Director  
DIN : 00053563

Sd/-  
Pankaj Srivastava  
Company Secretary

# CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021



		( ₹ in lakhs)	
Particulars	Note	YEAR ENDED 31 March 2021	YEAR ENDED 31 March 2020
<b>Revenue</b>			
Revenue from Operations	23	4,059	3,946
Other Income	24	517	599
<b>Total Revenue</b>		<b>4,576</b>	<b>4,545</b>
<b>Expenses</b>			
Employee Benefits Expense	25	1,116	1,023
Finance Cost	26	14	6
Depreciation and Amortization Expenses	27	687	593
Other Expenses	28	1,359	1,334
<b>Total Expenses</b>		<b>3,176</b>	<b>2,956</b>
<b>Profit Before Tax</b>		<b>1,400</b>	<b>1,589</b>
<b>Tax Expense</b>			
1. Current Tax	29	384	407
2. Deferred Tax Expense /(Income)		(14)	15
<b>Total Tax Expenses</b>		<b>370</b>	<b>422</b>
<b>Profit After Tax</b>		<b>1,030</b>	<b>1,167</b>
<b>Other Comprehensive Income</b>			
<u>Items that will not be reclassified to Profit and Loss</u>			
- Remeasurements of Defined Benefit Plans		(5)	(60)
- Income Tax on above		1	15
		(4)	(45)
<u>Items that will be reclassified to Profit and Loss</u>			
- Investments measured at FVOCI		(2)	(1)
- Income Tax on above		1	0 *
		(1)	(1)
<b>Other Comprehensive Income for the year, Net of Income Tax</b>		<b>(5)</b>	<b>(46)</b>
<b>Total Comprehensive Income for the year</b>		<b>1,025</b>	<b>1,121</b>
<b>Earnings per Equity Share (₹ Per Equity Shares)</b>			
Basic Earnings per Share	30	10.30	11.67
Diluted Earnings per Share		10.30	11.67
(Equity Share of face value of ₹ 10 each)			
*denotes amount less than ₹ 1 lakh			
<b>Significant Accounting Policies and Notes to the Financial Statements</b>	1-41		

As per our attached report of even date  
For and on behalf of  
**For KALYANIWALLA & MISTRY LLP**  
Chartered Accountants  
Firm Regn. No.: 104607W / W100166

Sd/-  
**Darius Z. Fraser**  
Partner  
Membership No.: 42454

Place : Mumbai  
Date : May 06, 2021

**Signatures to the Financial Statements and Notes thereon**  
For and on behalf of the Board of Directors

Sd/-  
**Hare Krishna Jena**  
Managing Director  
DIN : 07624556

Sd/-  
**Deepak Chande**  
Chief Financial Officer

Sd/-  
**Narayan K Seshadri**  
Director  
DIN : 00053563

Sd/-  
**Pankaj Srivastava**  
Company Secretary

# CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

(₹ in lakhs)

Particulars	2020-21	2019-20
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	1,400	1,589
<b>Adjustments for :</b>		
Depreciation and Amortisation Expense	687	593
Interest on Taxes	4	-
Interest Income	(517)	(572)
Profit/(Loss) on Sale of Property, Plant and Equipment	-	(26)
Remeasurement of Defined Benefit Obligation	(5)	(60)
Fair Valuation of Variable Pay	(9)	(8)
Finance Cost	10	6
<b>Operating profit before working capital changes</b>	<b>1,570</b>	<b>1,522</b>
<b>Adjustments:</b>		
Decrease/(Increase) in Trade Receivables	(2)	(221)
Decrease/(Increase) in Other Non Current Assets	0 *	(0) *
Decrease/(Increase) in Non Current Financial Assets	-	36
Decrease/(Increase) in Other Current Assets	(22)	41
Increase/(Decrease) in Trade Payables	(18)	51
Increase / (Decrease) Other Current Liabilities	(24)	27
Increase / (Decrease) Other Current Financial Liabilities	(6)	195
Increase / (Decrease) Other Current Provisions	78	85
Increase / (Decrease) Other Non Current Provisions	(28)	119
<b>Cash generated from Operating Activities</b>	<b>1,548</b>	<b>1,855</b>
Taxes Paid (Net of Refund)	(369)	(414)
<b>Net Cash generated from Operating Activities (A)</b>	<b>1,179</b>	<b>1,441</b>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	(13)	-
Addition to Intangible Assets	(1,244)	(846)
Sale of Intangible Asset	-	26
Investment in Government of India Treasury Bills	(947)	(1,075)
Maturity of Government of India Treasury Bills	1,075	1,117
Placement of Bank Deposits	(8,110)	(7,359)
Redemption of Bank Deposits	7,499	6,156
Interest Income	582	552
<b>Net Cash (used in) / generated from Investing Activities (B)</b>	<b>(1,158)</b>	<b>(1,429)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Lease Rental Payments	(16)	-
<b>Net Cash used by Financing Activities (C)</b>	<b>(16)</b>	<b>-</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A) + (B) + (C)</b>	<b>5</b>	<b>12</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>33</b>	<b>21</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>38</b>	<b>33</b>

\* denotes amount less than Rs. 1 Lakh

As per our attached report of even date  
For and on behalf of  
For KALYANIWALLA & MISTRY LLP  
Chartered Accountants  
Firm Regn. No.: 104607W / W100166

Sd/-  
Daraius Z. Fraser  
Partner  
Membership No.: 42454

Place : Mumbai  
Date : May 06, 2021

Signatures to the Financial Statements and Notes thereon  
For and on behalf of the Board of Directors

Sd/-  
Hare Krishna Jena  
Managing Director  
DIN : 07624556

Sd/-  
Deepak Chande  
Chief Financial Officer

Sd/-  
Narayan K Seshadri  
Director  
DIN : 00053563

Sd/-  
Pankaj Srivastava  
Company Secretary

## STATEMENT OF CHANGES IN EQUITY (SOCIE) FOR THE YEAR ENDED 31 MARCH 2021

(a) Equity Share Capital	Note	(₹ in lakhs)
Balance as at 1 April 2019	15	1,000
Changes in Equity Share Capital during the year		-
Balance as at 31 March 2020	15	1,000
Changes in Equity Share Capital during the year		-
Balance as at 31 March 2021	15	1,000

(b) Other Equity	(₹ in lakhs)				
Particulars	General Reserve	Retained Earnings	Other Comprehensive Income		Total
			Fair valuation of Debt Instruments Measured at FVOCI	Remeasurement of Defined Benefit Plan	
Balance as at 31 March 2020	24	8,975	2	(72)	8,929
Profit for the year	-	1,030	-	-	1,030
Gain/(loss) on re-measurement of defined benefit plans	-	-	-	(4)	(4)
Fair Valuation of Debt Instruments Measured at FVOCI	-	-	(1)	-	(1)
Total Comprehensive Income	-	1,030	(1)	(4)	1,025
Balance as at 31 March 2021	24	10,005	1	(76)	9,954
Balance as at 31 March 2019	24	7,808	3	(27)	7,808
Profit for the year	-	1,167	-	-	1,167
Gain/(loss) on re-measurement of defined benefit plans	-	-	-	(45)	(45)
Fair Valuation of Debt Instruments Measured at FVOCI	-	-	(1)	-	(1)
Total Comprehensive Income	-	1,167	(1)	(45)	1,121
Balance as at 31 March 2020	24	8,975	2	(72)	8,929

As per our attached report of even date  
For and on behalf of  
For KALYANIWALLA & MISTRY LLP  
Chartered Accountants  
Firm Regn. No.: 104607W / W100166

Sd/-  
Daraius Z. Fraser  
Partner  
Membership No.: 42454

Place : Mumbai  
Date : May 06, 2021

Signatures to the Financial Statements and Notes thereon  
For and on behalf of the Board of Directors

Sd/-  
Hare Krishna Jena  
Managing Director  
DIN : 07624556

Sd/-  
Deepak Chande  
Chief Financial Officer

Sd/-  
Narayan K Seshadri  
Director  
DIN : 00053563

Sd/-  
Pankaj Srivastava  
Company Secretary

# CLEARCOP DEALING SYSTEMS (INDIA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

The accompanying notes form an integral part of these Financial Statements

### 1. Background of the Company and Nature of Operations

Clearcorp Dealing Systems (India) Limited ('the Company') was incorporated on June 11, 2003 having CIN U74999MH2003PLC140849, provides dealing systems / platforms, facilitates trading in the money market instruments, foreign exchange and other financial market instruments and carries out related activities.

Clearcorp Dealing Systems (India) Limited is a wholly owned subsidiary company of The Clearing Corporation of India Limited and incorporated and domiciled in India. The registered office of the Company is CCIL Bhavan, S .K.Bole Road,Dadar (West), Mumbai 400028, Maharashtra.

### 2. Basis of Preparation, Measurement and Significant Accounting Policies

#### 2.1 Basis of Preparation and Measurement

##### (a) Basis of Preparation

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016 and other relevant provisions of the Act.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act 2013. Based on the nature of services and the time taken between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of the classification of assets and liabilities into current and non-current. Deferred tax assets and liabilities are classified as non current assets and liabilities.

The Financial Statements have been prepared in accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

The standalone Ind AS financial statements were authorized for issue by the Company's Board of Directors on 06 May 2021.

##### (b) Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
- Defined benefit plans are measured at fair value of plan assets less present value of defined benefit obligations.

#### 2.2 Key Estimates and Assumptions

In preparing these financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

# CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

The areas involving critical estimates or judgements are :

- i. Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalized; (Note 2.4(a))
- ii. Determination of the estimated useful lives of intangible assets and determining intangible assets having an indefinite useful life; (Note 2.4(b))
- iii. Recognition of deferred tax assets, availability of future taxable profit against which tax losses carried forward can be used; (Note 2.4(k))
- iv. Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources; (Note 2.4(g))
- v. Fair value of financial instruments (Note 31)
- vi. Recognition and measurement of defined benefit obligations, key actuarial assumptions; (Note 2.4(i))
- vii. Recognition and measurement of Right of use asset and lease liability (Note 2.4(j))

### 2.3 Measurement of Fair Values

The Company's accounting policies and disclosures require financial instruments to be measured at fair values. The Company has an established control framework with respect to the measurement of fair values. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows :

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### 2.4 Significant Accounting Policies

#### a) Property Plant and Equipments:

##### Recognition and Measurement

Property, plant and equipment are stated at cost which comprises of purchase price, freight, duties, taxes except for recoverable taxes, cost of installation and other incidental expenses incurred towards acquisition and installation of such assets. Any gain or loss on derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

# CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Subsequent Expenditure

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Company and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repair and maintenance are charged to profit and loss during the reporting period in which they are incurred.

### Depreciation

Depreciation on property, plant and equipment, is provided on Straight Line Method (SLM) prescribed under Schedule II of the Act.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The Estimated useful life of property, plant and equipment considered for providing depreciation are as under:

Asset	Estimated useful life (in years)	Estimated scrap value (% of cost)
Computer Systems - Hardware	3-6	-
Furniture and Fittings	10	-
Office Equipments	5	-

### b) Intangible Assets

Expenses incurred towards acquisition or development of software by an external vendor is capitalized as Computer Software. Following initial recognition, intangible assets are carried at cost less any accumulated impairment losses. Intangible Assets are amortised on a straight line basis over the estimated useful life.

#### Amortization

Amortization of Intangible Assets is based on Internal technical assessment/advice. Residual value, is estimated to be immaterial by Management. The estimated useful life of intangible assets comprising of Computer Software considered for providing depreciation is 3 years.

### c) Impairment of Non Financial Assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an individual asset exceeds its recoverable amount.

The recoverable amount is the greater of the assets, net selling price and value in use. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

### d) Borrowing Costs:

Interest and other borrowing costs attributable to qualifying assets are capitalized. Other interest and borrowing costs are charged to revenue.



# CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### e) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as forward contracts, futures and currency options.

### 1. Financial Assets

#### (i) Recognition and Initial Measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset, except for an item measured at fair value through profit and loss (FVTPL), is initially measured at fair value plus transaction costs that are directly attributable to its acquisition. 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."

#### (ii) Classification and subsequent measurement of 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 marketplace. All recognised financial assets are subsequently measured at either amortised cost or fair value depending on their respective classification.

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI - debt investment;
- FVOCI - equity investment; or
- FVTPL

The classification of debt investment as amortised cost or FVOCI is based on the business model and cash flow characteristics of such instrument.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

#### Financial assets Measured at Amortised Cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss. 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 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.

### Debt Investments measured at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investment at FVOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets unless designated as effective hedge instruments.

The Company measures its investment in Treasury Bills at FVOCI since it satisfies both the business model test and the SPPI specified in Ind AS 109.

In case of investment in discounted securities/instruments the discount is accrued over the period to maturity and included in Income from Investments.

### Equity Investments:

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

For other equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of Profit or Loss on disposal of the investments. These investments in equity are not held for trading. Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in the Statement of Profit or Loss.

### (iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- (i) The contractual rights to receive cash flows from the financial asset have expired, or
- (ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - (a) the Company has transferred substantially all the risks and rewards of the asset, or
  - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

# CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### (iv) **Impairment of Financial Assets**

The Company recognises loss allowances for expected credit losses on its financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised costs are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

## **2. Financial Liabilities**

### (i) **Recognition and Initial Measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate. Such liabilities shall be subsequently measured at fair value.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable and incremental transaction cost.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

The Company's financial liabilities include trade and other payables.

### (ii) **Subsequent Measurement**

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

### (iii) **Derecognition:**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit or Loss.

### 3. Offsetting of Financial Instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

#### f) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet includes cash at bank and on hand, deposits held at call with financial institutions, with original maturities less than three months which are readily convertible into cash and which are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents cash and short term deposits as defined above, as they are considered an integral part of the Company's cash Management.

#### g) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current Management estimates.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognized as finance cost.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent Assets are not recognized till the realization of the income is virtually certain. However the same are disclosed in the financial statements where an inflow of economic benefit is probable.

#### h) Revenue Recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers. The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115.

- (i) Revenue from operations is recognized as and when the service is rendered as per the relevant agreements.
- (ii) Other revenue income is recognised as and when services are rendered and when there is a reasonable certainty of ultimate realisation.
- (iii) Interest income on financial assets is recognized on an accrual basis using effective interest method.

Revenue is reported excluding applicable taxes.

# CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

For income from investments refer point (e) on financial instruments.

### i) Employee Benefits

Short term Employee Benefits are estimated and provided for. Post Employment Benefits and Other Long term Employee Benefits are treated as follows:

#### (i) Defined Contribution plans:

- (a) **Provident Fund:** The provident fund plan is operated by Regional Provident Fund Commissioner (RPFC) and the contribution thereof is paid/provided for.
- (b) **Superannuation Fund:** Superannuation benefit for the eligible employees is covered by Superannuation Scheme with Life Insurance Corporation of India and the contribution thereof is paid/provided for.
- (c) **National Pension Scheme:** The National Pension Scheme is operated by Pension Fund Regulatory and Development Authority (PFRDA) and the contribution thereof in respect of eligible employees is paid/provided for.

Contributions to the defined contribution plans are charged to Statement of Profit & Loss for the respective financial year.

#### (ii) Defined Benefits plans:

**Gratuity:** Gratuity for employees is covered by Gratuity Scheme with Life Insurance Corporation of India and the contribution thereof is paid/provided for. Provision for Gratuity is made as per actuarial valuation as at the end of the year. Actuarial gains/losses at the end of the year accrued to the defined benefit plans are taken to the Other Comprehensive income (OCI) for the respective financial year and are not deferred.

#### (iii) Other long term benefits:

Long term compensated absences: Provision for Leave encashment is made on the basis of actuarial valuation as at the end of the year.

### j) Leases:

#### Lease payments

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

#### Accounting for Lease as a Lessee:

The Company has applied Ind AS 116 - Leases, to its leases and has measured lease liability at the present value of the remaining lease payments, discounted using incremental borrowing rate at the date of initial application.

The Company's lease asset classes primarily consist of leases for Residential Premises. The Company assesses whether a contract is or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the identified asset through the period of the lease and
- (iii) the Company has the right to direct the use of the identified asset.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation using the straight-line method from the commencement date to the end of the useful life of the right-of-use asset or the end of the lease term, whichever is earlier. The estimated useful lives of right-of-use assets are determined on the same basis as those of property. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lease liability is accounted at amortised cost. The lease liabilities are adjusted for the lease payments made by the Company. Lease payments are allocated between principal and finance cost. Finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. In case of changes in the future lease payments due to renegotiation, changes of an index or rate, the lease liability is re-measured (with a corresponding adjustment to the related right-of-use asset). The Short term leases and Low Value assets rental payments are considered as expense in the Profit and Loss account.

### k) Income Taxes

Income tax expense /income comprises current tax expense income and deferred tax expense income. It is recognized in the Statement of Profit or Loss except to the extent that it relates to items recognized directly in Equity or in Other Comprehensive Income. In which case, the tax is also recognized directly in Equity or Other Comprehensive Income, respectively.

#### Current Tax:

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the year and any adjustment to the tax payable or recoverable in respect of previous years. It is measured using tax rates enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretations and establishes provisions where appropriate.

- Current tax assets and liabilities are offset only if, the Company has a legally enforceable right to set off the recognized amounts; and
- Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.”

#### Deferred Tax:

Deferred Income tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purpose and the amount considered for tax purpose.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized

# CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

such reductions are reversed when it becomes probable that sufficient taxable profits will be available.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be recovered.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the end of the reporting period.

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

Deferred Tax Assets and Liabilities are offset only if:

- i) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.
- iii) Deferred tax asset / liabilities in respect of temporary differences which originate and reverse during the tax holiday period are not recognized. Deferred tax assets / liabilities in respect of temporary differences that originate during the tax holiday period but reverse after the tax holiday period are recognized.

### **Minimum Alternate Tax :**

MAT Credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period.

## **I) Foreign Currency Transactions**

### **Functional and Presentation Currency**

The Company's financial statements are prepared and presented in Indian Rupees (INR) which is also the Company's functional currency.

### **Transactions and Balances**

Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value is determined.

Exchange differences arising on the settlement or translation of monetary items are recognized in the Statement of Profit or Loss in the year in which they arise.

## CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

**m) Dividend**

Final dividend on shares is recorded as a liability on the date of approval by the equity shareholders, and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

**n) Earnings Per Share:**

Basic Earnings per share is calculated by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- Weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.



# CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



### Note 3a

#### Property, Plant and Equipment

Changes in the Carrying Value of Property, Plant and Equipment for the year ended 31 March 2021:  
(₹ in lakhs)

DESCRIPTION	Computer Systems	Furniture & Fixtures	Office Equipment	Total
Cost as at 1 April 2020	103	1	6	110
Additions	13	-	-	13
Disposals	-	-	-	-
<b>Cost as at 31 March 2021 (A)</b>	<b>116</b>	<b>1</b>	<b>6</b>	<b>123</b>
Accumulated Depreciation as at 1 April 2020	16	0	3	19
Depreciation charged during the year	27	0	1	28
Disposals	-	-	-	-
<b>Accumulated depreciation as at 31 March 2021 (B)</b>	<b>43</b>	<b>0</b>	<b>4</b>	<b>47</b>
<b>Net Carrying amount as at 31 March 2021 (A) - (B)</b>	<b>73</b>	<b>1</b>	<b>2</b>	<b>76</b>

Changes in the Carrying Value of Property, Plant and Equipment for the year ended 31 March 2020:  
(₹ in lakhs)

DESCRIPTION	Computer Systems	Furniture & fixtures	Office equipment	Total
Cost as at 1 April 2019	127	1	6	134
Additions	-	-	-	-
Disposals	(24)	-	-	(24)
<b>Cost as at 31 March 2020 (A)</b>	<b>103</b>	<b>1</b>	<b>6</b>	<b>110</b>
Accumulated Depreciation as at 1 April 2019	13	0	2	15
Depreciation charged during the year	27	0	1	28
Disposals	(24)	-	-	(24)
<b>Accumulated depreciation as at 31 March 2020 (B)</b>	<b>16</b>	<b>0</b>	<b>3</b>	<b>19</b>
<b>Net Carrying amount as at 31 March 2020 (A) - (B)</b>	<b>87</b>	<b>1</b>	<b>3</b>	<b>91</b>

Note :

“0” denotes amount less than ₹ 1 lakh.

### Note 3b

#### Right of Use Asset

Changes in the Carrying Value of Right of Use Assets for the year ended 31 March 2021:  
(₹ in lakhs)

DESCRIPTION	Buildings - Residential
Balance as at 1 April 2020	-
Additions	30
Deletions	-
<b>Balance as at 31 March 2021 (A)</b>	<b>30</b>
Balance as at 1 April 2020	-
Amortisation	15
Deletions	-
<b>Accumulated Amortisation as at 31 March 2021 (B)</b>	<b>15</b>
<b>Net Carrying Amount as at 31 March 2021 (A) - (B)</b>	<b>15</b>



# CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 4

#### Intangible Assets

Changes in the Carrying Value of Intangibles for the year ended 31 March 2021:

(₹ in lakhs)

DESCRIPTION	Computer Software
Cost as at 01 April 2020	2,832
Additions	702
Disposals	-
<b>Cost as at 31 March 2021 (A)</b>	<b>3,534</b>
Accumulated amortisation as at 01 April 2020	1,635
Amortisation recognised for the year	644
Disposals	-
<b>Accumulated Amortisation as at 31 March 2021 (B)</b>	<b>2,279</b>
<b>Net Carrying amount as at 31 March 2021 (A) - (B)</b>	<b>1,255</b>

Changes in the Carrying Value of Intangibles for the year ended 31 March 2020:

(₹ in lakhs)

DESCRIPTION	Computer Software
Cost as at 01 April 2019	1,792
Additions	1,065
Disposals	(25)
<b>Cost as at 31 March 2020 (A)</b>	<b>2,832</b>
Accumulated amortisation as at 01 April 2019	1,095
Amortisation recognised for the year	565
Disposals	(25)
<b>Accumulated Amortisation as at 31 March 2020 (B)</b>	<b>1,635</b>
<b>Net Carrying amount as at 31 March 2020 (A) - (B)</b>	<b>1,197</b>

**CLEARCORP DEALING SYSTEMS (INDIA) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



Particulars	(₹ in lakhs)	
	As At 31 March 2021	As At 31 March 2020
<b>Note 5</b>		
<b>Non Current Loans</b>		
<i>(Unsecured, Considered Good)</i>		
Security Deposits	0 *	0 *
	<u>0 *</u>	<u>0 *</u>
<b>Note 6</b>		
<b>Other Non-Current Financial Assets</b>		
<i>(Unsecured, Considered Good)</i>		
Bank Deposits	75	185
Interest Accrued on Bank Deposits	5	2
	<u>80</u>	<u>187</u>
<b>Note 7</b>		
<b>Deferred Tax Assets (Net)</b>		
<b>Deferred Tax Liabilities</b>		
Difference between Book Base and Tax Base of Property, Plant and Equipment and Intangible Assets	19	27
Leases	0 *	-
Fair Valuation of Investments carried at FVOCI	0 *	1
Fair Valuation of Variable Pay	3	3
	<u>22</u>	<u>31</u>
<b>Deferred Tax Assets</b>		
Tax Disallowances	112	105
	<u>112</u>	<u>105</u>
Deferred Tax Assets (Net)/ (Deferred Tax Liabilities (Net))	<u>90</u>	<u>74</u>
<b>Note 8</b>		
<b>Other Non Current Assets</b>		
<i>(Unsecured, Considered Good)</i>		
Service Tax Demand (Paid under Protest)	226	226
Prepaid Expenses	-	0 *
	<u>226</u>	<u>226</u>
<b>Note 9</b>		
<b>Non Current Tax Assets (Net)</b>		
Advance Taxes (Net of Provision for Taxes)	69	68
	<u>69</u>	<u>68</u>

\* denotes amount less than ₹ 1 lakh

# CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Particulars	(₹ in lakhs)	
	As At 31 March 2021	As At 31 March 2020
<b>Note 10</b>		
<b>Investments</b>		
<b>Quoted Debt Securities</b>		
Investments in Government Securities at Fair Value through Other Comprehensive Income (FVOCI)		
- Investment in Government of India Treasury Bills	966	1,103
	<u>966</u>	<u>1,103</u>
Aggregate Book Value of Quoted Investments	947	1,075
Aggregate Market Value of Quoted Investments	966	1,103
 <b>Note 11</b>		
<b>Trade Receivables</b>		
<i>(Unsecured, Considered Good)</i>		
Trade Receivables	443	441
	<u>443</u>	<u>441</u>
 <b>Note 12a</b>		
<b>Cash and Cash Equivalents</b>		
Cash on Hand	0 *	0 *
Cheques, Drafts on Hand	9	-
Balances with Banks		
- in Current Accounts	29	33
	<u>38</u>	<u>33</u>
 <b>Note 12b</b>		
<b>Other Bank Balances</b>		
Bank Deposits with Original Maturity of more than 3 Months but less than 12 Months of Reporting Date	7,895	7,174
	<u>7,895</u>	<u>7,174</u>
 <b>Note 13</b>		
<b>Other Current Financial Assets</b>		
<i>(Unsecured, Considered Good)</i>		
Interest Accrued on Bank Deposits	197	257
Others	46	46
	<u>243</u>	<u>303</u>
 <b>Note 14</b>		
<b>Other Current Assets</b>		
<i>(Unsecured, Considered Good)</i>		
Prepaid Expenses	35	16
Advance to Suppliers	7	3
Others	0 *	0 *
	<u>42</u>	<u>19</u>

\* denotes amount less than ₹ 1 lakh

# CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



### Note 15

#### Equity Share Capital

##### a. Details of Authorised, Issued and Subscribed Share Capital

Particulars	31 March 2021		31 March 2020	
	Number	₹ in lakhs	Number	₹ in lakhs
<b>Authorised Capital</b>				
Equity Shares of ₹ 10/- each	1,00,00,000	1,000	1,00,00,000	1,000
<b>Issued, Subscribed and Fully Paid Up</b>				
Equity Shares of ₹ 10/- each Fully Paid	1,00,00,000	1,000	1,00,00,000	1,000
	<b>1,00,00,000</b>	<b>1,000</b>	<b>1,00,00,000</b>	<b>1,000</b>

##### b. Reconciliation of Number of Shares at the beginning and at the end of the year

Particulars	31 March 2021		31 March 2020	
	Number	₹ in lakhs	Number	₹ in lakhs
Shares outstanding at the beginning of the year	1,00,00,000	1,000	1,00,00,000	1,000
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	<b>1,00,00,000</b>	<b>1,000</b>	<b>1,00,00,000</b>	<b>1,000</b>

##### c. Particulars of Shareholders Holding More than 5% of Shares Held

Name of shareholder	31 March 2021		31 March 2020	
	No of equity shares held	Percentage	No of equity shares held	Percentage
The Clearing Corporation of India Limited	1,00,00,000	100%	1,00,00,000	100%

##### d. Terms/Rights attached to Equity Shares

###### Voting Rights:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each equity shareholder is entitled to one vote per share.

###### Dividend:

The dividend recommended by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting and would be paid in proportion to the number of shares held by the Shareholders.

###### Winding Up:

If any assets are available for distribution upon liquidation in terms of the provisions of the Act, it will be distributed in proportion to the capital paid-up or which ought to have been paid up at the commencement of winding up.

There are no shares reserved for issue under options and contracts or commitments for sale of shares.

# CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 15

#### Equity Share Capital (Contd...)

- e. For the period of five years immediately preceding the date of the Balance Sheet, the Company has not
- Allotted any shares as fully paid up pursuant to contracts without payment being received in cash; or
  - Allotted any shares as fully paid up bonus shares; or
  - Bought back any of its equity shares.
- f. There are no securities convertible into equity / preference shares.
- g. There are no calls unpaid.
- h. No shares have been forfeited.

Particular	( ₹ in lakhs)	
	As At 31 March 2021	As At 31 March 2020
<b>Note 16</b>		
<b>Other Equity</b>		
<i>(Refer Statement of Changes in Equity)</i>		
General Reserve	24	24
Retained Earnings	10,005	8,975
Other Comprehensive Income	(75)	(70)
	<u>9,954</u>	<u>8,929</u>

### 16.1 Nature and Purpose of Reserves

#### General Reserve

General Reserve represents appropriation of retained earnings and are available for distribution to shareholders.

#### Retained Earnings

Retained Earnings represents surplus / accumulated earnings of the Company and are available for distribution to shareholders.

#### Other Comprehensive Income

Other Comprehensive Income represents the actuarial loss on fair valuation of defined benefit obligation.

### Note 17

#### Non Current Provisions

##### Provision for Employee Benefits:

- Leave Encashment	285	284
- Others	85	111
	<u>370</u>	<u>395</u>

### Note 18

#### Trade Payables Due to :

Micro and Small Enterprises	7	9
Other than Micro and Small Enterprises	84	99
	<u>91</u>	<u>108</u>

**CLEARCORP DEALING SYSTEMS (INDIA) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



Particular	( ₹ in lakhs)	
	As At 31 March 2021	As At 31 March 2020
<b>Note 19</b>		
<b>Other Current Financial Liabilities</b>		
Creditors for Capital Expenses ^	252	223
Due to The Clearing Corporation of India Limited (Holding Co.)	52	88
Lease Liability	16	-
Other Payables ^	39	39
	<b>359</b>	<b>350</b>

^Creditors for capital expenses includes ₹ Nil ( 31 March 2020 : ₹ 46 lakhs) due to Micro and Small Enterprises and Other payables includes ₹ 9 lakhs ( 31 March 2020 : ₹ 3 lakhs ) due to Micro and Small Enterprises

**Note 20**

**Other Current Liabilities**

Statutory Dues	57	81
Revenue Received in Advance	-	0 *
	<b>57</b>	<b>81</b>

**Note 21**

**Current Provisions**

Provision for Employee Benefits:

- Leave Encashment	48	24
- Others	329	274
	<b>377</b>	<b>298</b>

**Note 22**

**Current Tax Liabilities (Net)**

Provision for Taxation (Net of Advance Tax)	27	8
	<b>27</b>	<b>8</b>

Particular	( ₹ in lakhs)	
	Year Ended 31 March 2021	Year Ended 31 March 2020
<b>Note 23</b>		
<b>Revenue from Operations</b>		
Transaction Charges - Repo Trading System	1,005	1,424
Transaction Charges - TREPS Trading System	1,693	1,354
Transaction charges - Forex Trading System	70	223
Transaction Charges - NDS OM	759	483
Transaction Charges - NDS Call	85	54
Datafeed Charges	406	370
Other Fees and Charges	41	38
	<b>4,059</b>	<b>3,946</b>

\* denotes amount less than ₹ 1 lakh

# CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Particular	( ₹ in lakhs)	
	Year Ended 31 March 2021	Year Ended 31 March 2020
<b>Note 24</b>		
<b>Other Income</b>		
<u>Interest/Income on Investments</u>		
Interest on Bank Deposits	470	501
Income on Current Investments	47	71
Profit on Sale of Intangible Assets	-	26
Net Profit on Foreign Currency Transactions and Translation	0 *	1
Miscellaneous Income	-	0 *
	<u>517</u>	<u>599</u>
<b>Note 25</b>		
<b>Employee Benefits Expense</b>		
Salaries, Wages and Bonus	955	893
Contribution to Provident and Other Funds {Refer Note 36}	132	105
Staff Welfare Expenses	29	25
	<u>1,116</u>	<u>1,023</u>
<b>Note 26</b>		
<b>Finance Cost</b>		
Interest on Taxes	4	-
Interest on Lease Liability	2	-
Interest on Others	8	6
	<u>14</u>	<u>6</u>
<b>Note 27</b>		
<b>Depreciation &amp; Amortisation Expense</b>		
Depreciation of Property, Plant and Equipment {Refer Note 3 a}	28	28
Amortisation of Right of Use Assets {Refer Note 3 b}	15	-
Amortisation of Intangible Assets {Refer Note 4}	644	565
	<u>687</u>	<u>593</u>
<b>Note 28</b>		
<b>Other Expenses</b>		
Rent	-	16
Repairs and Maintenance -Computer Systems and Equipment	385	399
Rates and Taxes	0 *	0 *
Communication Expenses	129	101
Business Support Services Expenses	732	658
Expenditure towards Corporate Social Responsibility	38	38
Professional Fees	28	29
Directors' Sitting Fees	11	11
Payment to Auditors :		
- Audit fees	4	6
- Certification	1	2
- Reimbursement of Expenses	-	0 *
Others	31	75
	<u>1,359</u>	<u>1,334</u>

\* denotes amount less than ₹ 1 lakh

**Note 29**

**Income Taxes**

**Tax Expense**

**(a) Amounts Recognised in the Statement of Profit and Loss**

(₹ in lakhs)

	Year Ended 31 March 2021	Year Ended 31 March 2020
<b>Current Tax Expense</b>		
Current Year	384	407
Changes in Estimates Related to Prior Period	-	-
	<u>384</u>	<u>407</u>
<b>Deferred Tax Expense</b>		
Origination and Reversal of Temporary Differences	(14)	15
	<u>(14)</u>	<u>15</u>
<b>Tax Expense for the year</b>	<u>370</u>	<u>422</u>

**(b) Amounts Recognised in Other Comprehensive Income**

(₹ in lakhs)

	Year Ended 31 March 2021			Year Ended 31 March 2020		
	Before Tax	Tax (Expense) /Benefit	Net of Tax	Before Tax	Tax (Expense) / Benefit	Net of Tax
<b>Items that will not be reclassified to Profit or Loss</b>						
Remeasurements of the Defined Benefit Plans	(5)	1	(4)	(60)	15	(45)
<b>Items that will be reclassified to Profit or Loss</b>						
Investments Measured at FVOCI	(2)	1	(2)	(1)	0	(1)
	<u>(7)</u>	<u>2</u>	<u>(5)</u>	<u>(61)</u>	<u>15</u>	<u>(46)</u>

“0” denotes amount less than ₹ 1 lakh



**Note 29**

**Income Tax (Contd...)**

**(c) Reconciliation of Effective Tax Rate**

	(₹ in lakhs)	
	Year Ended 31 March 2021	Year Ended 31 March 2020
<b>Profit Before Tax</b>	<b>1,400</b>	<b>1,589</b>
Statutory Income Tax Rate	25.17%	25.17%
Expected Income Tax Expense	352	400
<b>Tax Effect of:</b>		
<u>Expenses not allowed under Income Tax:</u>		
Interest U/s 234 of Income Tax Act	1	-
Profit on Sale of Intangible Asset	-	(6)
Expenditure towards Corporate Social Responsibilities	10	5
Others	7	23
<b>Total Tax Expense</b>	<b>370</b>	<b>422</b>
Current Tax	384	407
Deferred Tax	(14)	15
<b>Tax Expense as per Profit or Loss</b>	<b>370</b>	<b>422</b>

**Note 29**

**Income Tax (Contd...)**

**(d) Movement in Deferred Tax Balances (F.Y.2020-21)**

(₹ in lakhs)

	Net Balance 1 April 2020	Recognised during the year		31 March 2021		
		Recognised in Profit or Loss	Recognised in OCI	Net Deferred Tax Asset/(Liability)	Deferred Tax Asset	Deferred Tax Liability
<b>Deferred Tax Liability</b>						
Difference between Book Base and Tax Base of Tangible and Intangible Assets	(27)	8	-	(19)	-	(19)
Fair Valuation of Variable Pay	(3)	0	-	(3)	-	(3)
Fair Valuation of Investments Carried at FVOCI	(1)	-	1	(0)	-	(0)
<b>Deferred Tax Asset</b>						
Tax Disallowances	105	7	-	112	112	-
Remeasurment of Defined Benefit Obligation	-	(1)	1	-	-	-
<b>Tax Assets (Liabilities)</b>	<b>74</b>	<b>14</b>	<b>2</b>	<b>90</b>	<b>112</b>	<b>(22)</b>
Set off Tax	-	-	-	-	-	-
<b>Net Tax Assets</b>	<b>74</b>	<b>14</b>	<b>2</b>	<b>90</b>	<b>112</b>	<b>(22)</b>

“0” denotes amount less than ₹ 1 lakh

## Note 29

### Income Tax ( contd...)

#### (e) Movement in Deferred Tax Balances (F.Y.2019-20)

(₹ in lakhs)

	Net Balance 1 April 2019	Recognised during the year		31 March 2020		
		Recognised in Profit or Loss	Recognised in OCI	Net Deferred Tax Asset/(Liability)	Deferred Tax Asset	Deferred Tax Liability
<b>Deferred Tax Liability</b>						
Difference between Book Base and Tax Base of Tangible and Intangible Assets	(7)	(20)	-	(27)	-	(27)
Fair Valuation of Variable Pay	(2)	(1)	-	(3)		(3)
Fair Valuation of Investments Carried at FVOCI	(1)	-	0	(1)	-	(1)
<b>Deferred Tax Asset</b>						
Tax Disallowances	84	21	-	105	105	-
Remeasurment of Defined Benefit Obligation	-	(15)	15	-	-	-
<b>Tax Assets (Liabilities)</b>	<b>74</b>	<b>(15)</b>	<b>15</b>	<b>74</b>	<b>105</b>	<b>(31)</b>
Set off Tax	-	-	-	-	-	-
<b>Net Tax Assets</b>	<b>74</b>	<b>(15)</b>	<b>15</b>	<b>74</b>	<b>105</b>	<b>(31)</b>

#### Note :

- 1) The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.
- 2) Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered. Any changes in future taxable income would impact the recoverability of deferred tax assets.

“0” denotes amount less than ₹ 1 lakh.

**Note 30**  
**Earnings Per Share (EPS)**

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
<b>i. Profit Attributable to Equity Holders (₹ in lakhs)</b>		
Profit attributable to equity holders for basic and diluted EPS	1,030	1,167
	<b>1,030</b>	<b>1,167</b>
<b>ii. Weighted Average Number of Ordinary Shares</b>		
Issued Ordinary Shares at April 1	1,00,00,000	1,00,00,000
Add/(Less): Effect of Shares Issued/ (Bought Back)	-	-
<b>Weighted Average Number of Shares for calculating Basic and Diluted EPS</b>	<b>1,00,00,000</b>	<b>1,00,00,000</b>
<b>iii. Basic and Diluted Earnings per Share (₹)</b>	<b>10.30</b>	<b>11.67</b>

# Note 31

## Financial Instruments - Fair Values

### A. Accounting Classification and Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(₹ in lakhs)

	As at 31 March 2021							
	Carrying Amount				Fair Value			
	Fair Value through Profit and Loss	Fair Value through Other Comprehensive Income	Amortised Cost	Total	Level 1 - Quoted Price in Active Markets	Level 2 - Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
<b>Financial Assets</b>								
Non Current Loans	-	-	0	0	-	-	-	-
Other Non Current Financial Assets	-	-	80	80	-	-	-	-
<b>Investments</b>								
- Investment in Government of India Treasury Bills	-	966	-	966	-	966	-	966
Trade Receivables	-	-	443	443	-	-	-	-
Cash and Cash Equivalents	-	-	38	38	-	-	-	-
Bank Balances other than Cash and Cash Equivalents	-	-	7,895	7,895	-	-	-	-
Other Current Financial Assets	-	-	243	243	-	-	-	-
	-	966	8,699	9,665	-	966	-	966
<b>Financial Liabilities</b>								
Trade Payables	-	-	91	91	-	-	-	-
Other Current Financial Liabilities	-	-	359	359	-	-	-	-
	-	-	450	450	-	-	-	-

“0” denotes amount less than ₹ 1 lakh.

CLEARCORP DEALING SYSTEMS (INDIA) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

**Note 31**

**Financial Instruments - Fair Values ( Contd..)**

**A. Accounting Classification and Fair Values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(₹ in lakhs)

	As at 31 March 2020							
	Carrying Amount				Fair Value			
	Fair Value through Profit and Loss	Fair Value through Other Comprehensive Income	Amortised Cost	Total	Level 1 - Quoted Price in Active Markets	Level 2 - Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
<b>Financial Assets</b>								
Non Current Loans	-	-	0	0	-	-	-	-
Other Non Current Financial Assets	-	-	187	187	-	-	-	-
<b>Investments</b>								
- Investment in Government of India Treasury Bills	-	1,103	-	1,103	-	1,103	-	1,103
Trade Receivables	-	-	441	441	-	-	-	-
Cash and Cash Equivalents	-	-	33	33	-	-	-	-
Bank Balances other than Cash and Cash Equivalents	-	-	7,174	7,174	-	-	-	-
Other Current Financial Assets	-	-	303	303	-	-	-	-
	-	1,103	8,138	9,241	-	1,103	-	1,103
<b>Financial Liabilities</b>								
Trade Payables	-	-	108	108	-	-	-	-
Other Current Financial Liabilities	-	-	350	350	-	-	-	-
	-	-	458	458	-	-	-	-

"0" denotes amount less than ₹ 1 lakh.

The fair value of cash and cash equivalents, other bank balances, trade receivables, trade payables approximated their carrying value largely due to short term maturities of these instruments.

Financial instruments with fixed interest rates are evaluated by the Company based on parameters such as interest rates and individual creditworthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses, if any, of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

## Note 31

### Financial Instruments - Fair Values ( Contd..)

#### B. Fair Value Hierarchy

Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

#### Financial Instruments Measured at Fair Value

The following table shows the valuation techniques used in measuring Level 2 fair values for financial instruments measured at fair value in the balance sheet as well as the significant unobservable inputs used.

Type	Valuation Technique	Significant Unobservable Inputs	Inter-relationship between Significant Unobservable Inputs and Fair Value Measurement
Investment in Government Securities	The fair value of treasury bills is calculated on the basis of the market price of these instruments as at the balance sheet date. Market price is calculated on the basis of the price published by Financial Benchmarks India Private Limited (FBIL).	N.A.	N.A.

**Note 31**

**Financial Instruments - Fair Values and Risk Management (Contd...)**

**Risk Management**

***Introduction***

The Company's activities expose it to a number of financial risks, principally market risk (price risk and interest rate risk), foreign exchange risk, credit risk and liquidity risk. These risks arise mainly on account of investment activity of the Company. In addition to the financial risks, the Company is also exposed to other risks such as operational, legal, compliance and reputational risk. The Company manages these risks through various control mechanisms.

Overall responsibility for risk management rests with the Board. Day to day responsibility is delegated to the Senior Management of the Company. The Company has an elaborate Operations Audit, Internal Audit, Systems Audit and other Control Mechanisms entrusted to independent external professionals.

For each of the principal risk types, a description and outline of the risk management approach is provided below:

**a. Credit Risk**

***Risk Description***

The Credit risk, for the Company, could arise on account of investment activity of the Company.

***Risk Management Approach***

The Company regularly invests its internally generated funds, in accordance with its Investment Policy approved by the Board. The Board reviews the Investment Policy annually. The Company invests only into highly secure and liquid avenues such as Government Securities and Deposits with high net-worth Commercial Banks. There is no credit risk in case of investment into Government Securities. Credit risk in case of Bank Deposits, is mitigated by prescribing stringent eligibility criteria for the investee banks and setting of exposure limits on the amounts to be invested.

***Bank Balances and Bank Deposits***

The Company held bank balances and bank deposits of ₹ 8,008 lakhs at 31 March 2021 (31 March 2020 : ₹ 7,392 lakhs). The bank balances and bank deposits are held with bank and financial institution counterparties with good credit ratings.

**b. Liquidity Risk**

***Risk Description***

Liquidity risk is the risk that the Company is unable to meet its payment obligations when they fall due.

***Risk Management Approach***

Liquidity risk is managed by ensuring that the Company maintains adequate balances with banks and keeps its investments in highly liquid avenues to enable it to meet payment obligations, which is generally trade payables.

***Maturities of Financial Liabilities***

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.



# CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 31

#### Financial Instruments - Fair Value and Risk Management (Contd...)

(₹ in lakhs)

As at 31 March 2021	Contractual Cash Flows				
	Carrying Amount	Total	Upto 1 year	1 to 5 year	More than 5 year
<b>Non Derivative Financial Liabilities</b>					
Trade Payables	91	91	91	-	-
Other Current Financial Liabilities	359	359	359	-	-
<b>Total</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>-</b>	<b>-</b>

As at 31 March 2020	Contractual Cash Flows				
	Carrying Amount	Total	Upto 1 year	1 to 5 year	More than 5 year
<b>Non Derivative Financial Liabilities</b>					
Trade Payables	108	108	108	-	-
Other Current Financial Liabilities	350	350	350	-	-
<b>Total</b>	<b>458</b>	<b>458</b>	<b>458</b>	<b>-</b>	<b>-</b>

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows.

#### c. Market Risk (Price Risk and Interest Rate Risk)

##### *Risk Description*

The Company's investments are primarily in fixed rate interest bearing investments. Hence, the Company is not significantly exposed to interest rate risk. However, Company is exposed to the price risk in case of its investment in Government Treasury Bills.

The interest rate profile of the Company's Interest-bearing Financial Instruments as reported to the Management of the Company is as follows :

	(₹ in lakhs)	
	31 March 2021	31 March 2020
<b>Fixed Rate Instruments</b>		
Financial Assets	8,936	8,462
Financial Liabilities	-	-
<b>Total</b>	<b>8,936</b>	<b>8,462</b>

#### d. Foreign Exchange Risk

##### *Risk Description*

The functional currency of the Company is Indian Rupee. Foreign Exchange Risk for the Company primarily arises on account of foreign currency revenues and expenses, which is not significant.

# CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



### Note 31

#### Financial Instruments - Fair Value and Risk Management (Contd...)

**Exposure to Currency Risk (Exposure in different currencies converted to functional currency i.e. INR)**

The currency profile of financial assets and financial liabilities as at 31 March 2021 and 31 March 2020 are as below:

	(₹ in lakhs)			
	31 March 2021		31 March 2020	
Foreign Currency	USD	GBP	USD	GBP
<b>Financial Assets (A)</b>				
Trade and Other Receivables	2	-	10	0 *
<b>Financial Liabilities (B)</b>				
Trade and Other Payables	-	-	-	-
<b>Net Exposure (A - B)</b>	<b>2</b>	<b>-</b>	<b>10</b>	<b>0 *</b>

#### Sensitivity Analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against foreign currencies at 31 March 2021 and 31 March 2020 would have affected the measurement of financial instruments denominated in foreign currencies and affected Statement of Profit or Loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	(₹ in lakhs)			
	31 March 2021		31 March 2020	
Effect in INR	Gain/(Loss)		Gain/(Loss)	
	Strengthening	Weakening	Strengthening	Weakening
<b>5% Movement</b>				
USD	(0.12)	0.12	(0.49)	0.49
GBP	-	-	(0.01)	0.01
<b>10% Movement</b>				
USD	(0.24)	0.24	(0.98)	0.98
GBP	-	-	(0.03)	0.03

\*denotes amount less than ₹ 1 lakh

# CLEARCOP DEALING SYSTEMS (INDIA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 32

Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

#### A. Relationships -

##### Category I: Holding Company (Parties where control exists) :

The Clearing Corporation of India Limited

##### Category II: Fellow Subsidiary :

Legal Entity Identifier India Limited

##### Category III: Key Management Personnel (KMP) :

Mr. R. Sridharan - Managing Director (Upto July 31, 2020)

Mr. Hare Krishna Jena - Managing Director (From August 01, 2020)

Mr. R. Gandhi - Director and Non Executive Chairman (w.e.f. November 20, 2019)

Mr. N.S.Venkatesh - Director

Mr. Ananth Narayan - Independent Director

Mr. Narayan Seshadri - Independent Director

##### Other Key Management Personnel:

Mr. Deepak Chande - Chief Financial Officer

Mr. Pankaj Srivastava - Company Secretary

##### Category IV: Other Related Parties

Clearcorp Employees Group Gratuity Fund Trust

Clearcorp Employees Superannuation Fund Trust

#### b) Key Management Personnel Compensation : Nil

#### c) Details of Related Parties Transactions during the year ended are as follow :

(₹ in lakhs)

Particulars	Holding Company	Other Related Parties	Fellow Subsidiary Company	KMP
1) Share of Operational Income Received (Net)	-	-	-	-
	(1,128)	-	-	-
2) LEI Renewal Charges	-	-	0	-
	-	-	(0)	-
3) Rent Paid for Residential Accommodation	16	-	-	-
	(16)	-	-	-
4) Business Support Charge (Expense)	732	-	-	-
	(658)	-	-	-
5) Reimbursement/Sharing of Expenses (Payment)	99	-	-	-
	(92)	-	(-2)	-
6) Reimbursement/Sharing of Expenses (Receipt)	3	-	-	-
	-	-	-	-
7) Contribution to Employee Benefit Trust	-	104	-	-
	-	(42)	-	-
8) Director Sitting Fees	-	-	-	11
	-	-	-	(11)
9) Sale of Intangible Asset	-	-	-	-
	(25)	-	-	-
10) Datafeed Charges Paid	36	-	-	-
	(27)	-	-	-

# CLEARCOP DEALING SYSTEMS (INDIA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



d) The related party balances outstanding at year end are as follows:

	(₹ in lakhs)			
Particulars	Holding Company	Other Related Parties	Fellow Subsidiary Company	Key Management Personnel
1) Payable	52	-	-	-
	(88)	-	-	-

### Notes:

- Figures in brackets represent corresponding amounts in the previous year.
- "0" denotes amount less than ₹ 1 lakh.
- Transactions with the Holding Company are in accordance with the terms of agreements / arrangements / approvals in this regard.
- No amount in respect of the related party has been provided for as doubtful debts or written off / back during the year.
- The amounts are exclusive of Goods and Service Tax (GST) wherever applicable.
- The above related party information has been disclosed to the extent such parties have been identified by the Management. This has been relied upon by the Auditors.

	(₹ in lakhs)	
Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note 33</b>		
<b>Commitments</b>		
<b>Capital Commitments:</b>		
Estimated amount of contracts remaining to be executed on capital account not provided for	384	309

	(₹ in lakhs)	
Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note 34</b>		
<b>Contingent Liabilities</b>		
<b>Claims against the Company not acknowledged as debt :</b>		
(a) Service Tax Demands including penalty and interest -		
Pending settlement of the dispute, an amount of ₹ 226 lakhs, being the principal amount claimed by the authorities has been paid under protest and disclosed under other non-current assets.	775	775
(b) Income Tax Demands for various assessment years disputed by the Company	57	12
<b>Total</b>	<b>832</b>	<b>787</b>

# CLEARCOP DEALING SYSTEMS (INDIA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 35

#### Micro and Small Enterprises

There are no micro and small enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31 March 2021 and 31 March 2020. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	(₹ in lakhs)	
	As at 31 March 2021	As at 31 March 2020
<b><u>Outstanding for less than 45 days</u></b>		
a. Principal and interest amount remaining unpaid	16	58
b. Interest due thereon remaining unpaid	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006)	-	-
e. Interest accrued and remaining unpaid	-	-
f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

### Note 36

#### Employee Benefits

##### Amounts Recognised as Expense:

##### (i) Defined Contribution Plan

- (1) Employer's Contribution to Provident Fund amounting to ₹ 53 lakhs (31 March 2020 - ₹ 44 lakhs) has been included in Note 25 under Contribution to Provident Fund and Other Funds.
- (2) Employer's Contribution to Superannuation Fund amounting to ₹ 14 lakhs (31 March 2020 - ₹ 11 lakhs) has been included in Note 25 under Contribution to Provident Fund and Other Funds.
- (3) Employer's Contribution to NPS amounting to ₹ 11 lakhs (31 March 2020 - ₹ 10 lakhs) has been included in Note 25 under Contribution to Provident Fund and Other Funds.

##### (ii) Defined Benefit Plan

In terms of the Company's gratuity plan, on leaving of service every employee who has completed atleast five years of service gets a gratuity computed at the rate of 30 days of last drawn salary for each completed year service. The Gratuity Scheme of the Company is funded with Life Insurance Corporation of India (LIC) in the form of qualifying insurance policy.

In accordance with the Indian Accounting Standard on employee benefits (Ind AS 19) the following disclosures have been made which is based on Actuarial Valuation provided by Independent Actuary.

Gratuity cost amounting to ₹ 50 lakhs (31 March 2020: ₹ 38 lakhs) has been included in Note 25 under contribution to provident and other funds.

**CLEARCOP DEALING SYSTEMS (INDIA) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



**Note 36**

**Employee Benefits (Contd...)**

Particulars	(₹ in lakhs)	
	As at 31 March 2021	As at 31 March 2020
<b>A. Amount Recognised in the Balance Sheet</b>		
Present Value of the Obligation as at the end of the year	622	536
Fair Value of Plan Assets as at the end of the year	617	509
<b>Net Liability Recognised in the Balance Sheet</b>	<b>5</b>	<b>27</b>
Non Current Portion	5	27
Current Portion	-	-
<b>B. Change in Projected Benefit Obligation</b>		
Projected Benefit Obligation at the beginning of the year	536	323
Current Service Cost	47	40
Interest Cost	36	25
Remeasurement (or Actuarial) (Gain) / Loss arising from:	5	60
Acquisition Adjustment	-	88
Benefits Paid	(2)	-
<b>Projected Benefit Obligation at the end of the year</b>	<b>622</b>	<b>536</b>
<b>C. Change in Plan Assets</b>		
Fair Value of Plan Assets at the beginning of the year	509	354
Investment Income	35	27
Employer's Contributions	75	40
Benefits Paid	(2)	-
Acquisition Adjustment	-	88
<b>Fair Value of Plan Assets at the end of the year</b>	<b>617</b>	<b>509</b>
<b>D. Amount recognised in the Statement of Profit and Loss</b>		
Current Service Cost	48	40
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	2	(2)
<b>Expenses recognised in the Statement of Profit and Loss</b>	<b>50</b>	<b>38</b>
<b>E. Amount recognised in Other Comprehensive Income</b>		
Actuarial (Gains) / Losses		
- Change in Demographic Assumptions	-	0*
- Change in Financial Assumptions	-	47
- Experience Variance (i.e. Actual Experience vs Assumptions)	5	12
	<b>5</b>	<b>60</b>

\*denotes amount less than ₹ 1 lakh

# CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 36

#### Employee Benefits ( Continued):

#### F. Plan Assets include the following:

1. 100% Insurance funds

#### G. Assumptions Used

Particulars	(₹ in lakhs)	
	As at 31 March 2021	As at 31 March 2020
Discount Rate	6.80%	6.80%
Salary Growth Rate	8.00%	8.00%
Attrition Rate	3.00%	3.00%
Mortality Rate	100% (% of IALM 12-14)	100% (% of IALM 12-14)

#### H. Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	(₹ in lakhs)			
	As at 31 March 2021		As at 31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount Rate (1% Movement)	565	(690)	483	(597)
Salary Growth Rate (1% Movement)	688	(565)	595	(483)
Attrition Rate (1% Movement)	616	(631)	529	(543)
Mortality Rate (1% Movement)	623	(623)	535	(536)

#### I. Expected Future Cash Flows

Particulars	(₹ in lakhs)			
	1 year	2 to 5 years	6 to 10 years	More than 10 years
As at 31 March 2021				
Defined Benefit Obligations (Gratuity)	69	82	365	880
<b>Total</b>	<b>69</b>	<b>82</b>	<b>365</b>	<b>880</b>
As at 31 March 2020				
Defined Benefit Obligations (Gratuity)	17	119	227	880
<b>Total</b>	<b>17</b>	<b>119</b>	<b>227</b>	<b>880</b>

# CLEARCORP DEALING SYSTEMS (INDIA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



### Note 37

#### Segment Reporting

The Company has only one business segment in which it operates viz - providing dealing systems / platforms and facilitating trading in financial market instruments.

### Note 38

#### Corporate Social Responsibility (CSR)

	(₹ in lakhs)	
Particulars	31 March 2021	31 March 2020
Gross amount required to be spent by the Company during the year	38	38
Amount spent and debited to Statement of Profit and Loss during the year	38	38

Amount debited to Statement of Profit and Loss was paid in cash during the respective year and was incurred for the purpose other than construction / acquisition of any asset.

### Note 39

#### Leases

The Company's significant leasing arrangement is in respect of lease for Residential Premises.

Information about lease for which the Company is lessee is presented below.

#### 1. Lease liabilities

	(₹ in lakhs)
<b>Maturity Analysis - Contractual Undiscounted Cash Flows</b>	<b>31 March 2021</b>
Less than one year	16
One to two years	-
Two to five years	-
More than five years	-
<b>Total Undiscounted Lease Liabilities at March 31, 2021</b>	<b>16</b>

#### 2. Amounts Recognised in Statement of Profit and Loss

	(₹ in lakhs)
<b>Particulars</b>	<b>31 March 2021</b>
Amortisation on Right-of-Use Assets	15
Interest Expense on Lease Liabilities	2

### Note 40

Disclosure under Schedule III of the Companies Act, 2013 has been given to the extent applicable.

### Note 41

Previous year's figures have been regrouped and rearranged to conform to current year's presentation, wherever necessary.



***Legal Entity Identifier India Limited***



***Sixth Annual Report***

***2020-2021***

**Board of Directors:**

**Mr. Hare Krishna Jena**

**Mr. V. Chandrasekaran**

**Ms. Varsha Purandare**

**Mr. O.N. Ravi**

**Auditors:**

**M/s. Kalyaniwalla & Mistry LLP**

**Chartered Accountants**

**Registered and Corporate Office:**

**CCIL Bhavan,**

**S. K. Bole Road,**

**Dadar (West),**

**Mumbai-400 028**

**Tel: 022-61546469; 61546476 ♦ Website: [www.ccilindia-lei.co.in](http://www.ccilindia-lei.co.in)**

**CIN- U74900MH2015PLC268921**

## BOARD'S REPORT

### TO THE MEMBERS,

The Board of Directors of the Company has pleasure in presenting the Sixth Annual Report of the Company and the Audited Financial Statements of the Company for the financial year ended March 31, 2021.

#### 1) **FINANCIAL PERFORMANCE:**

A summary of the Company's financial performance for the financial year ended March 31, 2021 is provided below:

Particulars	For the financial year ended March 31, 2021 (Rs. in Lakhs)	For the financial year ended March 31, 2020 (Rs. in Lakhs)
Income	1,114	979
Expenditure	706	638
Profit before depreciation	408	341
Depreciation	35	33
Profit before tax	373	308
Provision for tax including Deferred Tax	96	79
Net Profit after tax	277	229
Balance brought forward from previous financial year	505	276
Retained Earnings carried to Balance Sheet	782	505

#### 2) **TRANSFER TO RESERVES:**

The Company has not transferred any amount to the reserves for the financial year 2020-21.

#### 3) **DIVIDEND:**

The Board of Directors of the Company does not recommend any dividend for the financial year 2020-2021, with a view to conserving resources and hence, the entire profits are carried over to the Balance Sheet.

#### **4) THE STATE OF THE COMPANY'S AFFAIRS:**

Legal Entity Identifier India Limited (“LEIL/Company”) was incorporated on October 5, 2015.

The Company has in October 2016, been recognized by the Reserve Bank of India as an “Issuer” of Legal Entity Identifiers under the Payment and Settlement Systems Act, 2007 (as amended in 2015).

LEIL, a wholly Owned Subsidiary of The Clearing Corporation of India Ltd has been accredited by the Global Legal Entity Identifier Foundation (GLEIF) as a Local Operating Unit (LOU) for issuance of Legal Entity Identifiers (LEIs) in December 2016. Further, every year, the accreditation certificate is renewed post review by GLEIF.

LEIL is one of the first LOUs to be accredited by GLEIF. Accreditation by GLEIF signifies that LEIL has met the rigorous global standards of operations and is a proof of the Company’s commitment towards bringing continuous improvement to the entire Global LEI System by adopting best practices and methodologies in services and operations.

LEIL operates under the guidelines of GLEIF, an operational arm of the Regulatory Oversight Committee (ROC) and the Reserve Bank of India as its national regulator.

##### **(a) Overview of industry and important changes in the industry:**

GLEIF, in partnership with the Local Operating Units (LOUs-the LEI issuing organizations), is working towards increasing the rate of LEI adoption globally in order to ensure that in future, the Global LEI Index captures an increasing number of entities engaging in financial transactions undertaken globally, thereby providing a 360-degree view of such transactions.

The Global LEI System contains historical and up-to-date LEI records including related reference data of the Direct Parent and Ultimate Parent of the entities that have been allotted LEIs in one authoritative source. The reference data provides information on a legal entity identifiable with LEI. The Global LEI System is the only global online source that offers open, standardized and high-quality legal entity reference data.

**(b) External environment and economic outlook:**

LEI issuing organizations also referred to as Local Operating Units (LOUs), provide registration, renewal and other services, and act as the primary interface for legal entities intending to obtain/renew a LEI number. A legal entity is not restricted to using services only of an LOU headquartered in its own country. Instead, it can use the registration services of any LOU that is accredited by GLEIF for that jurisdiction. The Global LEI System is designed to encourage competition between LEI issuers to the benefit of legal entities seeking to obtain a LEI number. The fee charged for the issuance and maintenance of a LEI number is decided by the LEI issuing organizations which must be on a cost-recovery method.

**(c) Key Business Developments:****Following new mandates for LEI were issued during the financial year 2020-2021:****➤ RBI Mandate for NEFT/RTGS transactions:**

The Reserve Bank of India has mandated the LEI Number for all payment transactions of value of ₹50 crore and above undertaken by entities (non-individuals) through Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT). The RBI Mandate is effective from April 1, 2021.

**➤ IRDA Mandate:**

On June 08, 2020, The Insurance Regulatory and Development Authority of India (IRDAI) has mandated implementation of the LEI system for all insurers and their corporate borrowers. Entities without an LEI code will not be able to avail renewal / enhancement of credit facilities, after the date specified in the schedule.

**Existing Mandates from previous years that continued to be applicable in the financial year 2020-21****➤ RBI Mandate for non-derivative transactions:**

During the financial year 2018-19, the Reserve Bank of India had mandated phase-wise implementation of LEI number for participation in non-derivative markets vide their circular dated November 29, 2018.

The mandate prescribed that all participants, other than individuals, undertaking transactions in the markets regulated by RBI viz., government securities markets, money markets (markets for any instrument with a maturity of one year or less) and non-derivative forex markets (transactions that settle on or before the spot date) shall obtain LEI number by the due date indicated in the schedule below:

Phase	Net Worth of Entities	Deadlines
Phase I	above Rs.10000 million	April 30, 2019
Phase II	between Rs.2000 million and Rs 10000 million	August 31, 2019
Phase III	up to Rs.2000 million	March 31, 2020# ( revised to September 30, 2020)

#### **# Revised timeline for implementation of LEI for Phase III:**

Based on the feedback and requests received from market participants, in the context of the difficulties arising from the outbreak of novel coronavirus disease (COVID-19) and with a view to enable smoother implementation of the LEI system in non-derivative markets, the timeline for implementation of Phase III of the aforesaid mandate had been extended until September 30, 2020 by the Reserve Bank of India.

**4) Annual Accreditation:** The Company has submitted requisite documents to GLEIF for the Annual Accreditation. The accreditation would be provided post review of the said documents by GLEIF.

#### **(d) LEIL Operational Resiliency - Contingency Measures For COVID-19**

The world is still fighting the COVID-19 outbreak which has been declared as a pandemic by the World Health Organisation. Concerted efforts are being made by the Governments of various countries to contain its spread, including measures like encouraging people to work from home and restricting the number of employees who can attend workplace.

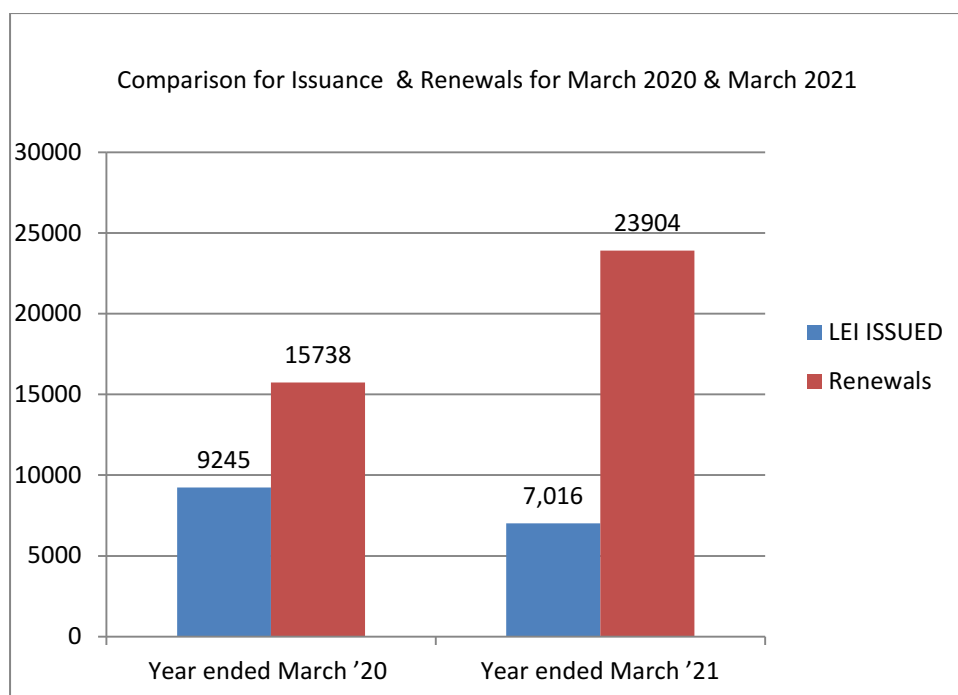
In accordance with the directives/guidelines issued by the Government from time to time on the protocol to be followed by employers for the safety of their employees, the Company has provided “Work From Home Facility” (WFH) to its officials. The efficacy of WFH has been adequately tested during the financial year 2020-21. LEIL officials have been performing their official duties from their homes under the WFH facility provided to them. Though working with bare minimum staff at workplace and majority of the employees working from home under the aforesaid facility, the Company has provided all the LEI services to the applicants intending to obtain/renew LEIs as usual.

**(e) Status of LEIs issued, renewed, modified and ported during the year ended March 31, 2021**

During the financial year 2020-21, 7,016 new LEIs were issued by the company as compared to 9,245 LEIs issued in the previous financial year. Further, during the financial year 2020-21, 23,904 LEIs were renewed as against 15,738 LEIs renewed during the previous financial year. During the financial year 2020-21, the company also processed the request for Port-in of 28 LEIs and Port-out of 220 LEIs.

[Port-In for this purpose means transfer of LEI received by a legal entity incorporated in India from an LOU other than LEIL to LEIL. Port-Out for this purpose means transfer of LEI received by a legal entity from LEIL to another LOU.]

The graphical representation of LEI volumes for the financial year 2019-20 and financial year 2020-21 is provided below:



## 5) NEW DEVELOPMENTS DURING THE FINANCIAL YEAR ENDED 2020-2021

a) **Data Governance API:** GLEIF has provided new error codes for Data Quality. The project is currently under UAT and is being released in the month of April 2021. Data Governance API is a pre-LEI issuance check to rectify any errors in the LEI data before issuance of LEI number. It is a mandatory check as advised by GLEIF for all LOUs.

### b) **API for LEI Validation:**

LEIL issues globally compatible unique LEI numbers to legal entities in India. RBI has vide various circulars mandated the entities participating in OTC derivative transactions, large corporate borrowers and participants other than individuals undertaking transactions in non-derivatives markets to obtain LEI numbers. In view of the aforesaid mandates, banks are required to validate the LEI number provided to them by their clients.

The application programming interface (API) for validating LEI number provides Banks with the opportunity to validate the LEI number along with next renewal date and its registration status (i.e. LAPSED, ISSUED etc.) in real time and performs on-demand checks to specific LEI records in an automated manner.



Such facility will help LEIL in deepening its relationship with Banks which will help in new client registrations and better renewal rates.

The aforesaid API was released to production on July 24, 2020.

- c) **SLA 1.6 version:** GLEIF had released a new version of SLA i.e SLA 1.6. The SLA included aging rate check for records uploaded to GLEIF. The UAT of the said feature was carried out and the same was released to production on April 22, 2020.

#### 6) **HIGHEST VOLUMES:**

LEIL has achieved the highest single day volumes of 316 LEI issuances and renewals consisting of 256 LEI issuances and 60 renewals on March 22, 2021.

#### 7) **NEW BUSINESS OPPORTUNITIES:**

- a) **Validation Agent:** The Validation Agent Framework is a new operational model proposed in the Global LEI System which will allow financial institutions (FI) to obtain and maintain LEIs for their clients in co-operation with accredited LEI Issuer Organizations (LOUs) by leveraging their business as usual client identification procedures in Know Your Customer (KYC) and client onboarding processes.

The creation of the Validation Agent Framework empowers FIs to leverage their usual onboarding processes, to obtain an LEI for their customers when they verify a client's identity during initial onboarding or during a standard client refresh update. FIs acting as Validation Agents can liaise with the LOU on its client's behalf to 'validate' that these key data checks and processes have been undertaken.

LEIL has reached out to industry bodies and is in discussion with few interested banks so that a new partnership can be explored. This will help in deepening the relationship with such institutions.

- b) **vLEI initiatives:** As a part of GLEIF's ongoing digital strategy initiative to make LEI digitally automated, GLEIF is developing a vLEI ecosystem and infrastructure to support issuance, verification and management of vLEI. Verifiable LEI (vLEI), a digitally verifiable credential containing the LEI will give government organisations, companies and other legal

entities worldwide the capacity to use non-repudiable identification data pertaining to their legal status, ownership structure, authorized representatives and employees in a growing number of digital business activities. By combining three concepts – the organisation’s identity, represented by LEI, a person’s identity represented by their legal name and the role that person plays for the legal entity, vLEI credentials can be issued and become part of organizational wallets.

LEIL has expressed its consent to GLEIF to become part of this novel digital initiative. It will participate in the ensuing financial year for testing and developments.

- c) Extension of API facility to Banks and Financial institutions to build partnership and retain clients:** API for validating LEI number provides user institutions an opportunity to validate the LEI number along with the next renewal date and its registration status (i.e. LAPSED, ISSUED etc.) in real time and performs on-demand checks to specific LEI records in an automated manner. Currently this facility is used by banks and may be used by financial institutions in future.

#### **8) SHARE CAPITAL:**

The Authorized, Issued and Paid Up Capital of the Company is Rs. 4.5 Crores and there has been no change in the same during the financial year 2020-21.

#### **9) DIRECTORS:**

During the year under review, Mr. R. Sridharan, Director of the Company resigned w.e.f. the close of business hours on July 31, 2020. The Board placed on record its appreciation for the valuable contribution made by Mr. R. Sridharan to the Company’s growth during his tenure as a Director of the Company.

The Board in its meeting held on July 28, 2020 appointed Mr. Hare Krishna Jena (DIN:07624556), Managing Director of The Clearing Corporation of India Limited (CCIL), the holding company as an Additional Director of the Company w.e.f August 1, 2020. Mr. Hare Krishna Jena holds a degree of M.A (Economics) from Jawaharlal Nehru University, Delhi, a diploma in Treasury Investment and Risk Management and is a Certified Associate from the Indian Institute of Bankers (CAIIB). Mr. Jena has also completed a Leadership

Development Program (3 phases) from the Indian School of Business, Hyderabad. He is a banking professional with 34 years of experience in wholesale and retail banking with an experience spanning over varied fields namely risk, information technology, treasury, finance, forex etc. He was the Deputy Managing Director of State Bank of India and has also served as a Director on the Boards of SBI DFHI Limited, Foreign Exchange Dealers Association of India, SBI-SG Global Securities Services Private Limited, Macquarie SBI Infrastructure Management PTE Limited, Oman India Joint Investment Fund Management Company Private Limited etc. The Board has delegated some general and financial powers to Mr. Jena to conduct routine day to day operations of the Company.

The Board in its aforesaid meeting has also appointed Mr. O. N. Ravi (DIN:08646176), Executive Vice President-CCIL as an Additional Director of the Company w.e.f August 1, 2020. Mr. O.N. Ravi is an Associate Company Secretary and also an associate member of ACIS (LONDON). He holds a doctorate from NLSIU, Bangalore. Mr. Ravi has been associated with CCIL as a Senior Official for the past 19 years and has over 28 years of experience and expertise in the financial markets. At CCIL, he has played a key role and been actively involved in development of various product lines and discharging responsibilities as senior official in the capacity of EVP. As the Member of the Committee of Senior Officials (CCIL), he has steered various decisions in the absence of the Managing Director of CCIL and Clearcorp. Mr. Ravi has also been further delegated with the general and financial powers delegated to Mr. Jena, Director of the Company to be exercised in the absence of Mr. Jena from office.

In terms of the provisions of the Companies Act, 2013, as Additional Directors Mr. Jena and Mr. Ravi hold office till the date of the ensuing Annual General Meeting. Their appointment as Directors of the Company, liable to retire by rotation has been proposed for the approval of the Shareholders at the ensuing 6<sup>th</sup> Annual General Meeting of the Company.

In accordance with the requirements of the Companies Act, 2013, Mr. V. Chandrasekaran (DIN:03126243), Director, is liable to retire by rotation at the ensuing Annual General Meeting. At the Board meeting held on May 6, 2021, Mr V. Chandrasekaran expressed his desire to step down from the office of the director of the Company with effect from the

ensuing Annual General Meeting and did not seek to offer himself for re-appointment at the ensuing Annual General Meeting in view of his other commitments.

Therefore, the Board recommended to the Shareholders to pass a resolution at the ensuing 6<sup>th</sup> Annual General Meeting to not fill up the vacancy forthwith, arising on account of retirement by rotation of Mr. Chandrasekaran and not offering himself for re-appointment as a Director on the Board of the Company.

#### **10) MEETINGS:**

During the period under review, four (4) Board Meetings were held on May 21, 2020, July 28, 2020, October 28, 2020 and January 27, 2021. The composition of the Board and Directors' attendance at the Board Meetings held during the financial year under review are given below:-

<b>Name of the Director</b>	<b>Category</b>	<b>No. of meetings held during the tenure of Directors</b>	<b>Attendance at Board Meetings held during the tenure of Directors</b>
Ms. Varsha Purandare	Non-Executive Director	4	4
Mr. R. Sridharan*	Non-Executive Director	2	2
Mr. V. Chandrasekaran	Non-Executive Director	4	4
Mr. Hare Krishna Jena**	Non-Executive Director	2	2
Mr. O. N. Ravi**	Non-Executive Director	2	2

*\* Resigned w.e.f close of business hours on July 31, 2020*

*\*\* Appointed as an Additional Director by the Board of Directors w.e.f. August 1, 2020*

*Mr. Hare Krishna Jena attended the meeting held on July 28, 2020 as an Invitee in the capacity of MD-Designate-CCIL.*

*Mr. O.N Ravi attended the meetings held on May 21, 2020 and July 28, 2020 as an Invitee in the capacity of EVP-CCIL.*

## **11) PARTICULARS OF EMPLOYEES:**

The particulars of the employees of the Company, as required to be furnished under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are enclosed as **Annexure I**.

## **12) HUMAN RESOURCE MANAGEMENT:**

The Company aims to recruit, train, develop and retain suitable talent by providing market related compensation as well as healthy and competitive work environment. Employees join the organization after being assessed through a rigorous selection process that includes telephonic screening and personal interviews. Required background check-up of each of the selected candidates for employment is also being done. The current staff strength of the Company is 20. The headcount at the beginning of the financial year, i.e. as on April 1, 2020 was 21. The Company witnessed 1 resignation during the financial year 2020-2021, the attrition rate of the Company is about 4.76% for the financial year 2020-2021.

Employees are evaluated and promoted to higher positions through a detailed, objective online annual appraisal process and promotion interviews. During the financial year 2020-2021, 20 employees were a part of the annual appraisal process and 2 (10% percent of appraised population) were promoted to the next level. Employees are also nominated for various external trainings, seminars, workshops and conferences depending on the need of the profile and individual skill gaps. During the financial year 2020-21, the Company also organized customized on-line refresher training programmes on Cyber Security, BCP as well as technical or business knowledge related topics. Also owing to the current pandemic, multiple online wellness programmes were organised for employee health, safety & wellbeing. During the financial year 2020-2021, 89 participants attended various in-house and external programmes/conferences. (The participant count is higher than the employee count since one employee might have attended multiple programmes and webinars on different topics during the course of the year).

As a part of the Employee Wellness initiatives, the Company provides Group Mediclaim Insurance, Group Personal Accident Policy, Group Term Life policy and Annual Health Check-up benefits to all its employees. The Staff Health, Safety and Welfare Committee

organized a few virtual employee engagement programmes in the financial year 2020-21, considering the fact that many employees were working from home.

### **13) AUDITORS:**

M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants (Reg. no. 104607W/W100166) were appointed as the Statutory Auditors (Auditors) of the Company for a period of five years from the financial year 2016-17 to the financial year 2020-21 i.e. from the conclusion of the First Annual General Meeting till the conclusion of the Sixth Annual General Meeting in accordance with the provisions of the Companies Act, 2013 and rules made thereunder at a remuneration that would be decided by the Board.

Pursuant to the provisions of the Companies Act, 2013 and applicable Rules made thereunder, the Board has recommended the appointment of M/s. G. M. Kapadia & Co., Chartered Accountants (Firm Reg. no. 104767W) to the shareholders as statutory auditors of the Company from the conclusion of the ensuing Annual General Meeting (AGM) i.e. Sixth AGM till the conclusion of the Eleventh AGM ( from FY 2021-22 to 2025-26) in place of the current auditors M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants as the term of their appointment shall conclude with effect from the date of the ensuing AGM. The Company has obtained consent, certificate of eligibility for appointment as required under Section 139(1) of the Companies Act, 2013 and a certificate of independence from M/s. G. M. Kapadia & Co. , Chartered Accountants for appointment as statutory auditors of the Company.

During the course of examination of the books and records of the Company, the Auditors have not come across any instance of fraud by officers or employees of the Company.

There are no qualifications, reservations or adverse remarks made by the Auditors in their Report.

The Auditors have also submitted their report on Internal Controls on Financial Reporting.

The Company has appointed a reputed Chartered Accountant Limited Liability Partnership to carry out the internal and operations audit of the Company for the financial year 2020-2021.

During the financial year 2020-21, the Company has changed its systems auditor and appointed M/s Nangia & Co. LLP for carrying out Systems Audit of IT infrastructure and

applications for the year ended March 31, 2021 to ensure that the IT systems are operated in a safe, secure and efficient manner.

The Company has also appointed ISO 27001:2013 certification auditors for carrying out re-certification audit, accreditation and periodic audits.

#### **14) GENERAL MEETINGS:**

Location and time of the General Meetings held during the last five financial years are as follows:

<b>Year</b>	<b>Type of General Meeting</b>	<b>Date</b>	<b>Venue</b>	<b>Time</b>
2015-2016	AGM	August 4, 2016	CCIL Bhavan, S. K. Bole Road, Dadar (West), Mumbai - 400 028.	5.30 p.m.
2016-2017	AGM	August 4, 2017		5.30 p.m.
2017-2018	AGM	July 24, 2018		2.00 p.m.
2018-2019	AGM	July 5, 2019		3.00 p.m.
2019-2020	AGM	July 22, 2020		3.00 p.m.

The 6<sup>th</sup> Annual General Meeting (AGM) is scheduled on Tuesday, May 25<sup>th</sup>, 2021 at 3.00 p.m. at the Registered Office of the Company subject to obtaining requisite consent of the shareholders for convening the AGM at a shorter notice.

#### **15) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO:**

##### **➤ *Conservation of Energy:***

The Company avails services of energy management from its Holding Company, under the Business Support Services arrangement for Office Space, Administrative Services /Amenities and other Support Services. The required infrastructure and systems are installed/ provided and are maintained to keep the power factor within required limits, as per the rules and regulations of the Company/entity that provides the Main Power Supply to the Holding Company at all its premises.

➤ ***Technology absorption:***

Particulars required to be disclosed with respect to the technology absorption in terms of Section 134 (3) (m) of the Companies Act, 2013, read with the Companies (Accounts) Rules 2014, are not applicable.

➤ ***Foreign Exchange Earnings/Outgo during the financial year under review:***

Earnings: ₹ Nil Lakhs

Outgo: ₹ 252.04 Lakhs

**16) RISK MANAGEMENT POLICY:**

The prime risks that the Company is exposed to, as a result of the business which it conducts are operational risk and a risk of loss of reputation arising therefrom. The Company ensures data quality and minimizes operational errors through adequate checks in its systems and processes. As a result of focus on data validation, LEIL has been able to maintain the highest standards of data quality results and has been acknowledged and appreciated by the regulators.

Various aspects of operational risk are audited by various auditors appointed by the Company such as Internal cum Operations Auditors for conducting operations audit as well as by the System Auditors conducting systems audit and IS Security audit. In order to ensure the business continuity during any contingency, LEIL has executed an agreement with The Clearing Corporation of India Limited (CCIL), the Holding Company for various business support services which inter-alia include IT related infrastructure and related maintenance services and Business Continuity Plan (BCP) related services. CCIL, the Holding Company has an approved BCP framework in place which is also applicable to LEIL.

Due to the application of various laws both nationally and internationally to LEIL, the Company is also exposed to legal risks. LEIL has also been given a statutory backing under the Payment and Settlement Systems Act, 2007 and the Company is regulated by the Reserve Bank of India. The Global Legal Entity Identifier Foundation (GLEIF) is the operational arm of the Regulatory Oversight Committee that regulates all local operating units on the basis of uniform international standards. Each local operating unit is required to sign a Master Agreement with GLEIF which sets out mutual covenants, rights and obligations of the



parties. Further, appropriate provisions have also been made to cover the legal costs in the budget and factored in the fee structure.

The capital of LEIL is mainly invested in software development activities and IT infrastructure required for setting up and enhancement of LOU business as per GLEIF's guidelines. The revenue model of LEIL works on a cost recovery principle. As per the cost recovery model, LEIL projects LEI issuances and renewals in three scenarios viz. base case, worst case and best case for three (3) years and the average of the three cases are taken as the basis for revenue estimation. Expenses are also projected for three (3) years. On the basis of projected revenue and expenses, an average cost of LEI issuance is arrived at. The actual fee charged by LEIL for issuance cannot be more than the average arrived as above. The cost recovery model also needs to be certified by an external auditor every year as a part of the Annual Accreditation Verification (AAV). The fee structure is subject to review and if there is any deviation from the aforesaid assumptions, the Company can initiate a change in the fee structure.

#### **17) OTHER INFORMATION:**

- In view of the size of the Company, the provisions of sections 149, 203, 135, 177 and 178 of the Companies Act, 2013 relating to appointment of Independent Directors/ Key Managerial Personnel, constitution of Statutory Committees as well as provisions relating to evaluation mechanism etc are not applicable to the Company.
- The Company has not accepted any deposits under Chapter V of the Companies Act, 2013 and has not issued equity shares with differential rights or sweat equity shares or under any employee stock option scheme during the financial year 2020-2021.
- The Company does not have any subsidiaries, associates or joint venture companies.
- The group mediclaim insurance coverage limit was revised in light of the COVID-19 pandemic.
- Mr. Hare Krishna Jena, Director & Mrs. Vardhana Pawaskar, Vice President (CCIL) were appointed as Trustees in the Group Gratuity Fund Trust w.e.f August 1, 2020 and December 1, 2020 respectively.
- Pursuant to resignation of Mr. R. Sridharan-Director w.e.f. close of business hours on July 31, 2020, 1 equity share of the Company held by CCIL (holding company) jointly with him was transferred to CCIL jointly with Mr. Hare Krishna Jena w.e.f. August 1, 2020.

#### **18) RELATED PARTY TRANSACTIONS:**

The Company has been entering into contracts / arrangements with the Holding Company-The Clearing Corporation of India Ltd. (CCIL), on an ongoing basis.

During the financial year under review, the Company, in its ordinary course of business and at arm's length basis, has renewed the LEI numbers of CCIL and Clearcorp Dealing Systems (India) Ltd (Clearcorp), the wholly owned subsidiary of CCIL.

An arrangement for revision in charges was entered into between the Company and CCIL for Application Development, Maintenance and Operations Support and Business Support for IT infrastructure and administration services. The said arrangement was valid until March 31, 2020 and was thereafter extended from April 1, 2020 to March 31, 2021.

The Company has adopted a Policy on related party transactions as approved by the Board of Directors of the Company.

The particulars of the contracts or arrangements with related parties in the prescribed Form-AOC-2 is enclosed as **Annexure II** to the Board's Report.

#### **19) PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:**

The Company has not given any loans or guarantees or provided any security in connection with a loan given or made any investments under section 186 of the Companies Act, 2013 during the financial year 2020-2021.

#### **20) ANNUAL RETURN:**

In accordance with sub section (3) of Section 92 of the Companies Act, 2013, the Annual Return in Form MGT 7 for the financial year 2020-21 will be placed on the following path on the website of the Company:

[https://www.ccilindia-lei.co.in/USR\\_STAKEHOLDERS\\_OTHERINFO.aspx](https://www.ccilindia-lei.co.in/USR_STAKEHOLDERS_OTHERINFO.aspx)

**21) SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:**

No significant and material orders were passed by the regulators or courts or tribunals which would impact the going concern status and the Company's operations in future.

**22) DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:**

The Company has devised appropriate processes, policies and procedures to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements in accordance with generally accepted accounting principles. The records of the Company are maintained in reasonable detail, accurately and to reflect fairly the financial transactions of the Company. The financial transactions are being made in accordance with the delegation of authority of the Board and the management of the Company. The Company has put in place adequate checks and balances to prevent or detect on timely basis, any unauthorised acquisition, use, or disposition of the Company's assets that could have material effect on the financial statements. All the systems, processes, policies and procedures which are used as a basis of recording of financial transactions are subjected to regular Systems Audit, Operations Audit and Internal Audit by external independent professionals and no omission that could have material effect on the financial statements have been reported during the financial year.

**23) DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors hereby confirm that:

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

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

**24) DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:**

An Internal Committee (IC) has been constituted by the Company in compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. There were no complaints/cases of sexual harassment received and disposed off by the Internal Committee constituted by the Company for the calendar year ended December 31, 2020 in terms of the said Act.

**25) COMPLIANCE WITH SECRETARIAL STANDARDS:**

The Company has complied with applicable Secretarial Standards i.e. Secretarial Standards on Board Meetings (SS-1) and Secretarial Standards on General Meetings (SS-2) during the financial year 2020-21.

**26) MAINTENANCE OF COST RECORDS :**

The Company is not required to maintain cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

**27) THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONGWITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR:**

No application was made or any proceeding was pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the financial year 2020-21.

**28) THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF:**

No loans were availed by the Company during the financial year 2020-21 hence the aforesaid details are not applicable for the Company.

**29) APPRECIATION:**

The Board places on record its acknowledgments for the support and co-operation extended by the Government of India, Reserve Bank of India, Regulatory Oversight Committee (ROC), Global Legal Entity Identifier Foundation (GLEIF), Financial Stability Board (FSB), Company's Bankers and employees. The Board would also like to place on record its sincere appreciation for the support extended by CCIL and the hard work put in by the employees.

**For and on Behalf of the Board of Directors**

**Sd/-**

**Hare Krishna Jena  
Director  
(DIN:-07624556)**

**Sd/-**

**O. N. Ravi  
Director  
(DIN: 08646176)**

**Mumbai  
Date: May 6, 2021**

**Annexure I to the Board's Report**

Information as per Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Board's Report for the financial year ended March 31, 2021.

Sr. No.	Name	E-Code	Age (Yrs)	Designation /nature of Duties	Gross Remunerati on	Qualification	Experi ence	Date of Commence ment	Previous Employment
					(Rs. in Lacs)		(Yrs)		
1	Moksha R Shah	M036	34.6	Manager	20.11	BE (Engg), FRM, MMS, CFA	10.3	01-Feb-12	Executive Analyst - CRISIL
2	Swapnali Pitale	S059	44.7	Deputy Manager	19.78	B.Com, C.S (Inter) , L.L.B	18.0	24-Aug-06	Management Trainee-Agfa India Pvt Ltd.
3	Sandeep Prajapati	S138	38.5	Deputy Manager	17.01	B.Sc. (Maths ), MBA	15.1	15-Nov-16	Manager - MCX-SX Clearing Corporation Ltd
4	Jaiprakash Gupta	J019	34.11	Sr. Exec. Officer	9.76	B.Com	16.6	02-Jul-14	Officer- NSDL e-Governance Infrastructure Ltd
5	Deepali Nikale	D015	39.5	Exec. Officer	9.92	BA	19.4	18-May-11	Front Office cum Admin Assistant - Syntel Ltd
6	Nitinkumar Brijal Jain	N043	34.1	Sr. Exec. Officer	9.46	B Com, MBA (Finance)	10.5	06-Mar-18	Sr Analyst - Nomura Services Pvt. Ltd
7	Abhishek Kumar Maurya	A094	28.8	Exec. Officer	6.35	B Com, MMS	5.9	26-Feb-18	Executive - CRISIL Ltd

8	Raghvendra Rudranarayan Jha	R068	28.11	Exec. Officer	6.01	MMS (Finance), B.Com	5.4	10-Jul-18	Data Analyst - Morning Star
9	Smith Shantaram Gulve	S144	26.9	Exec. Officer	5.70	MMS (Finance), BMS	3.10	10-Sep-18	Data Analyst - Morning Star
10	Nikhil Fatnani	N042	28.8	Exec. Officer	5.13	BBi, MMS	4.4	26-Dec-17	Executive - CRISIL Ltd

Notes:

- (1) The Gross Remuneration comprises salary, allowances, incentives, leave encashment (if availed), monetary value of perquisites as per Income Tax provisions and Company's contribution to Provident Fund and Superannuation Fund.
- (2) In addition to the above remuneration, employees are entitled to Gratuity in accordance with the Company rules.
- (3) None of the above employees are related to the Director/Manager of the Company.
- (4) None of the above employees hold any shares in the Company.
- (5) The nature of employment is contractual in all above cases.

**For and on Behalf of the Board of Directors**

**Sd/-**

**Hare Krishna Jena  
Director  
(DIN:-07624556)**

**Sd/-**

**O. N. Ravi  
Director  
(DIN:- 08646176)**

**Mumbai  
Date: May 6, 2021**

**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 arm's length transactions under third proviso thereto.

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

- (a) Name(s) of the related party and nature of relationship: The Clearing Corporation of India Ltd. (Holding Company- holding 100% shares of the Company)
- (b) Nature of contracts/arrangements/transactions: LEI Application Development & Maintenance and Operations Support, Reimbursement of Expenses relating to Business Support for IT Infrastructure, Administration and Support Services and payment of Business Management Fees.
- (c) Duration of the contracts / arrangements/transactions: April 1, 2020 to March 31, 2021
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: As mentioned below at point no. 1(a).
- (e) Justification for entering into such contracts or arrangements or transactions: The Company is the wholly owned subsidiary of The Clearing Corporation of India Limited and both the companies are located at the same registered office. Due to the aforesaid reason the administration and infrastructure resources are shared by the companies. Further,



the Company also requires the IT and technical expertise of the Holding Company for smooth functioning of its activities.

(f) Date(s) of approval by the Board: May 21, 2020 and July 28, 2020

(g) Amount paid as advances, if any: NIL

(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: NA

1(a). The salient features of the contract entered with The Clearing Corporation of India Ltd. (Holding Company) are as under:

Sr. No	Particulars of contract or arrangement	Material terms	Monetary value
1	LEI Application Development & Maintenance and Operations Support.	The arrangement for software application development, maintenance and operations support services was valid until March 31, 2020 and was thereafter extended for a period of 1 year from April 1, 2020 to March 31, 2021 with the revised charges.	(i) Job based model at a person month rate taken as Rs. 1,81,500/- plus applicable taxes for Application Development /Enhancement /Changes. (ii) 22% of cumulative total cost of software as on 31st March of previous financial year plus applicable taxes. Charges for the financial year 2020-21 are Rs. 2,62,000/- per month (rounded off), plus applicable taxes.
2	Business Support Services Agreement for office space, administrative	The arrangement for use of office space, amenities and support services e.g administration, HR, Legal, Secretarial, Accounting services was valid	Rs. 5,25,000 per month plus applicable taxes.

	services/amenities and other support services	until March 31, 2020 and was thereafter extended for a period of one year from April 1, 2020 to March 31, 2021 for giving effect to the revised charges.	
<b>3</b>	Business Support for IT related infrastructure and related maintenance costs/services.	The arrangement for use of IT Infrastructure and related maintenance services was valid until March 31, 2020 and was thereafter extended for a period of one year from April 1, 2020 to March 31, 2021 with the revised charges.	Rs. 7,60,000/- per month plus applicable taxes.
<b>4.</b>	Business Management Fees for services rendered by senior officials of CCIL to the Company	The arrangement for payment of business management fees was valid until March 31, 2020 and was thereafter extended for a period of one year from April 1, 2020 to March 31, 2021 with the revised charges.	Rs. 2,70,000/- per month exclusive of applicable taxes
<b>5.</b>	Other expenses	Sharing of expenses like staff welfare expenses etc will be reimbursed to CCIL on the basis of approval of the Board of Directors dated July 28, 2020	Sharing of expenses is done on proportionate basis i.e. share relating to the Company to be reimbursed on actual basis.

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

Sr. No	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts / arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
	(a)	(b)	(c)	(d)	(e)	(f)

1	The Clearing Corporation of India Ltd. (Holding Company-holding 100% shares of the Company)	Income relating to renewal of LEI Number.	One year	Renewal of LEI Number of CCIL on receipt of renewal fees of Rs.3540/- (including taxes).	NA	Nil
2	Clearcorp Dealing Systems (India) Ltd (Wholly owned subsidiary of CCIL)	Income relating to renewal of LEI Number.	One year	Renewal of LEI Number of Clearcorp on receipt of renewal fees of Rs. 3540/- (including taxes).	NA	Nil

**For and on behalf of the Board of Directors**

**Sd/-**

**Hare Krishna Jena  
Director  
(DIN:-07624556)**

**Sd/-**

**O. N. Ravi  
Director  
(DIN:- 08646176)**

**Mumbai**

**Date: May 6, 2021**



## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

LEGAL ENTITY IDENTIFIER INDIA LIMITED

Report on the Audit of the Ind-AS Financial Statements

### Opinion

We have audited the Ind-AS financial statements of **LEGAL ENTITY IDENTIFIER INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended and the Notes to the Ind-AS financial statements, including a summary of significant accounting policies and other explanatory information.

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 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 Standard) Rules, 2015, as amended, (Ind-AS) and with other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Ind-AS financial statements 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 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.

### Information Other than the Ind-AS financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report but does not include the Ind-AS financial statements and our auditor's report thereon which we obtained prior to the date of this auditor's report.

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 Ind-AS financial statements or our knowledge obtained in the 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.



### **Responsibility of Management for Ind-AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind-AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

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

### **Auditor's Responsibilities for the Audit of the Ind-AS 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 SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of the users of the 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 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 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 Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended from time to time.
  - e) On the basis of the written representations received from the Directors of the Company as on March 31, 2021, taken on record by the Board of Directors, none of the Directors of the Company are disqualified as on March 31, 2021, 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.
- g) The Company has not paid / provided any managerial remuneration.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Company does not have any pending litigations which would impact its financial position.
  - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

***For KALYANIWALLA & MISTRY LLP***

***CHARTERED ACCOUNTANTS***

Firm Regn. No.: 104607W / W100166

Sd/-

*Daraius Z. Fraser*

***PARTNER***

M. No.: 42454

UDIN: 21042454AAAAABX1121

Mumbai: May 6, 2021.



## Annexure to the Independent Auditor's Report

The Annexure referred to in paragraph 1 'Report on Other Legal and Regulatory Requirements' in our Independent Auditors' Report to the members of the Company on the Ind-AS Financial Statements for the year ended March 31, 2021:

### Statement on Matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2016:

1. Fixed Assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification. In case of intangibles comprising of software, Management certifies the software in use and the same is properly dealt with in the books of account.
- c) The Company does not have immovable property and hence the provisions of sub clause (c) of paragraph 3(i) of the Order are not applicable.

2. Inventory:

The Company does not have any inventory and hence the provisions of paragraph 3(ii) of the Order are not applicable.

3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of sub-clause (a), (b) and (c) of paragraph 3 (iii) of the Order are not applicable.

4. According to the information and explanations given to us, the Company has not advanced any loans or given guarantee or provided any security to parties covered under section 185 of the Companies Act, 2013. The Company has not given any loans or guarantees nor has it made any investments.

5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of sections 73 to 76, or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. No order has been passed by the Company Law Board, or National Company Law Tribunal, or Reserve Bank of India, or any Court, or any other Tribunal.

6. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013, in respect of any of the activities of the Company.

7. Statutory Dues:

- a) According to the information and explanations given to us and on the basis of the records examined by us, the Company is regular in depositing undisputed statutory dues, including dues pertaining to Investor Education and Protection Fund, Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Duty of Customs, Cess and any other statutory dues with the appropriate authorities wherever applicable. We have been informed that there are no undisputed dues which have remained outstanding as at the last day of the financial year, for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of Income-tax, Goods and Service Tax, Duty of Customs or Cess outstanding on account of any dispute.





8. According to the information and explanations given to us and based on the documents and records produced before us, there are no dues to banks, financial institutions or the Government. The Company has not issued any debentures.
9. According to the information and explanations given to us, the Company has neither raised money through initial public offer or further public offer nor taken any term loans, hence the provisions of paragraph 3 (ix) of the Order are not applicable.
10. During the course of our examination of the books of account and records of the Company, to the best of our knowledge and belief and according to the information and explanations given to us by the Management, no fraud by, or on the Company by its officers or Employees has been noticed or reported during the year.
11. According to the information and explanations given to us and on the basis of the records examined by us, the provisions of section 197 of the Act are not applicable to the Company since the Company has not paid or provided any managerial remuneration.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company.
13. The provisions of sections 177 of the Act are not applicable to the Company. The Company has complied with the provisions of section 188 and the details of transactions with the related parties have been disclosed in the Ind-AS financial statements as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with Directors or persons connected with him.
16. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For KALYANIWALLA & MISTRY LLP**  
**CHARTERED ACCOUNTANTS**  
Firm Reg. No.: 104607W / W100166

Sd/-  
*Daraius Z. Fraser*  
**PARTNER**  
M. No.: 42454  
UDIN: 21042454AAAABX1121

Mumbai: May 6, 2021.



## **Annexure A**

### **Independent Auditor's report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of LEGAL ENTITY IDENTIFIER INDIA LIMITED ("the Company") as of March 31, 2021, in conjunction with our audit of the Ind-AS Financial Statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the "Act" or the "Companies Act").

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India ("the ICAI") and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind-AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

#### **Meaning of Internal Financial Controls with reference to financial statements**

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind-AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that:



- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind-AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind-AS Financial Statements.

#### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

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

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements 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 ICAI.

**For KALYANIWALLA & MISTRY LLP**  
**CHARTERED ACCOUNTANTS**  
Firm Reg. No.: 104607W / W100166

Sd/-  
*Daraius Z. Fraser*  
**PARTNER**  
M. No.: 42454  
UDIN: 21042454AAAABX1121

Mumbai: May 6, 2021.



# LEGAL ENTITY IDENTIFIER INDIA LIMITED

## BALANCE SHEET AS AT 31 MARCH 2021

(₹ in Thousands)

Particulars	Note	As at 31 March 2021	As at 31 March 2020
<b>I. ASSETS</b>			
<b>Non Current Assets</b>			
Tangible Assets	3	289	535
Intangible Assets	4	4,137	5,155
Non Current Financial Assets			
Other Non Current Financial Assets	5	-	16,035
Deferred Tax Assets (Net)	6	1,733	1,238
<b>Total Non Current Assets</b>		<b>6,159</b>	<b>22,963</b>
<b>Current Assets</b>			
Current Financial Assets			
Trade Receivables	7	23	18
Cash and Cash Equivalents	8 a	2,699	1,600
Other Bank Balances	8 b	1,46,500	1,00,500
Other Current Financial Assets	9	4,912	4,425
Other Current Assets	10	879	561
<b>Total Current Assets</b>		<b>1,55,013</b>	<b>1,07,104</b>
<b>TOTAL ASSETS</b>		<b>1,61,172</b>	<b>1,30,067</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	11	45,000	45,000
Other Equity	12	76,943	49,271
<b>Total Equity</b>		<b>1,21,943</b>	<b>94,271</b>
<b>Non Current Liabilities</b>			
Non Current Provisions	13	6,331	4,948
<b>Total Non Current Liabilities</b>		<b>6,331</b>	<b>4,948</b>
<b>Current Liabilities</b>			
Current Financial Liabilities			
Trade Payables Due to :			
Micro and Small Enterprises	14	-	-
Other than Micro and Small Enterprises		16,807	13,644
Other Current Financial Liabilities	15	2,859	2,983
Other Current Liabilities	16	7,836	10,108
Current Provisions	17	3,808	2,837
Current Tax Liabilities (Net)	18	1,588	1,276
<b>Total Current Liabilities</b>		<b>32,898</b>	<b>30,848</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,61,172</b>	<b>1,30,067</b>

Significant Accounting Policies and Notes to the Financial Statements 1-35

As per our attached report of even date  
For and on behalf of  
For KALYANIWALLA & MISTRY LLP  
Chartered Accountants  
Firm Registration No: 104607W / W100166

Signatures to the Financial Statements and Notes thereon  
For and on behalf of the Board of Directors

Sd/-  
Daraius Z. Fraser  
Partner  
Membership No: 42454

Sd/-  
Hare Krishna Jena  
Director  
DIN : 07624556

Sd/-  
O. N. Ravi  
Director  
DIN: 08646176

Place: Mumbai  
Date : May 06, 2021

**LEGAL ENTITY IDENTIFIER INDIA LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021**



(₹ in Thousands)

Particulars	Note	Year Ended 31 March 2021	Year Ended 31 March 2020
<b>Revenue</b>			
Revenue from Operations	19	1,03,271	88,910
Other Income	20	8,148	8,992
<b>Total Revenue</b>		<b>1,11,419</b>	<b>97,902</b>
<b>Expenses</b>			
License Fee to GLEIF		28,005	21,684
Employee Benefits Expense	21	17,974	17,723
Finance Cost	22	225	322
Depreciation and Amortization Expenses	23	3,490	3,265
Other Expenses	24	24,413	24,095
<b>Total Expenses</b>		<b>74,107</b>	<b>67,089</b>
<b>Profit Before Tax</b>		<b>37,312</b>	<b>30,813</b>
<b>Tax Expense:</b>			
Current Tax	25	10,104	8,047
Deferred Tax Expense / (Income)		(487)	(64)
Tax Adjustments Relating to Earlier Years		-	(88)
<b>Total Tax Expenses</b>		<b>9,617</b>	<b>7,895</b>
<b>Profit After Tax</b>		<b>27,695</b>	<b>22,918</b>
<b>Other Comprehensive Income</b>			
<u>Items that will not be reclassified to Profit and Loss</u>			
Remeasurements of Defined Benefit Plans		(31)	(566)
Income Tax on the above		8	143
<b>Other Comprehensive Income for the year (Net of Income Tax)</b>		<b>(23)</b>	<b>(423)</b>
<b>Total Comprehensive Income for the year</b>		<b>27,672</b>	<b>22,495</b>
<b>Earnings Per Equity Share</b>	26		
Basic Earnings Per Share (₹)		6.15	5.09
Diluted Earnings Per Share (₹)		6.15	5.09
(Equity Share of Face Value of ₹ 10 each)			

Significant Accounting Policies and Notes to the Financial Statements 1-35

As per our attached report of even date  
For and on behalf of  
**For KALYANIWALLA & MISTRY LLP**  
Chartered Accountants  
Firm Registration No: 104607W / W100166

Signatures to the Financial Statements and Notes thereon  
For and on behalf of the Board of Directors

Sd/-  
**Daraius Z. Fraser**  
Partner  
Membership No: 42454

Sd/-  
**Hare Krishna Jena**  
Director  
DIN : 07624556

Sd/-  
**O. N. Ravi**  
Director  
DIN: 08646176

**Place: Mumbai**  
**Date : May 06, 2021**



# LEGAL ENTITY IDENTIFIER INDIA LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

		(₹ in Thousands)	
Particulars	2020-2021	2019-2020	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
NET PROFIT BEFORE TAX	37,312	30,813	
Adjustments for :			
Depreciation and Amortisation Expense	3,490	3,265	
Unrealised Loss on Foreign Exchange	(30)	633	
Remeasurement of Defined Benefit Obligation	(31)	(566)	
Excess Provision Written Back	-	(1,705)	
Interest on Taxes	210	150	
Interest Income on Investments	(7,741)	(7,244)	
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>33,210</b>	<b>25,346</b>	
<b>Adjustments:</b>			
Decrease/(Increase) in Trade Receivables	(5)	(14)	
(Increase) / Decrease Other Current Assets	(318)	(891)	
Increase / (Decrease) Other Current Financial Assets	(178)	68	
Increase / (Decrease) Other Current Financial Liabilities	(124)	(5,420)	
Increase / (Decrease) Other Current Liabilities	(2,274)	817	
Increase / (Decrease) Current Provisions	973	219	
Increase / (Decrease) Non Current Provisions	1,383	2,601	
Increase / (Decrease) Trade Payables	3,193	1,643	
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>35,860</b>	<b>24,369</b>	
Taxes Paid (Net of Refund)	(10,002)	(5,926)	
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES (A)</b>	<b>25,858</b>	<b>18,443</b>	
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Intangible Assets	(2,226)	(2,663)	
Purchase of Tangible Assets	-	(738)	
Interest Received on Investments	7,467	5,609	
Placement of Bank Deposits	(1,39,500)	(1,26,000)	
Redemption of Bank Deposits	1,09,500	1,05,000	
<b>NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES (B)</b>	<b>(24,759)</b>	<b>(18,792)</b>	
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net Cash Used by Financing Activities ( C )	-	-	
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)</b>	<b>1,099</b>	<b>(349)</b>	
Cash and Cash Equivalents at the beginning of the year	1,600	1,949	
Cash and Cash Equivalents at the end of the year	<b>2,699</b>	<b>1,600</b>	

As per our attached report of even date  
For and on behalf of  
For KALYANIWALLA & MISTRY LLP  
Chartered Accountants  
Firm Registration No: 104607W / W100166

Signatures to the Financial Statements and Notes thereon  
For and on behalf of the Board of Directors

Sd/-  
Daraius Z. Fraser  
Partner  
Membership No: 42454

Sd/-  
Hare Krishna Jena  
Director  
DIN : 07624556

Sd/-  
O. N. Ravi  
Director  
DIN: 08646176

Place: Mumbai  
Date : May 06, 2021

## STATEMENT OF CHANGES IN EQUITY (SOCIE) FOR THE YEAR ENDED 31 MARCH 2021

(a) Equity Share Capital	Note	(₹ in Thousands)
Balance as at 1 April 2019	11	45,000
Changes in Equity Share Capital during the year		-
Balance as at 31 March 2020	11	45,000
Changes in Equity Share Capital during the year		-
Balance as at 31 March 2021	11	45,000

(b) Other Equity	(₹ in Thousands)		
Particulars	Retained Earnings	Other Comprehensive Income	Total Equity
Balance as at 1 April, 2020	50,521	(1,250)	49,271
Profit for the year	27,695	-	27,695
Gain / (Loss) on Re-Measurement of Defined Benefit Plans	-	(23)	(23)
<b>Total Comprehensive Income</b>	<b>27,695</b>	<b>(23)</b>	<b>27,672</b>
<b>Balance as at 31 March 2021</b>	<b>78,216</b>	<b>(1,273)</b>	<b>76,943</b>
Balance as at 1 April, 2019	27,603	(827)	26,776
Profit for the year	22,918	-	22,918
Gain / (Loss) on Re-Measurement of Defined Benefit Plans	-	(423)	(423)
<b>Total Comprehensive Income</b>	<b>22,918</b>	<b>(423)</b>	<b>22,495</b>
<b>Balance as at 31 March 2020</b>	<b>50,521</b>	<b>(1,250)</b>	<b>49,271</b>

As per our attached report of even date  
For KALYANIWALLA & MISTRY LLP  
Chartered Accountants  
Firm Registration No: 104607W / W100166

Signatures to the Financial Statements and Notes thereon  
For and on behalf of the Board of Directors

Sd/-  
Daraius Z. Fraser  
Partner  
Membership No: 42454

Sd/-  
Hare Krishna Jena  
Director  
DIN: 07624556

Sd/-  
O. N. Ravi  
Director  
DIN: 08646176

Place: Mumbai  
Date : May 06, 2021





# LEGAL ENTITY IDENTIFIER INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### 1 Background of the Company and Nature of Operations

Legal Entity Identifier India Limited ('the Company') was incorporated on October 05, 2015 having CIN U74900MH2015PLC268921. It is the Local Operating Unit (LOU) for the issuance, maintenance and provision of Legal Entity Identifier (LEI) services in India. The LEI is a global reference number that uniquely identifies every legal entity or structure that is party to a financial transaction, in any jurisdiction. The Company has been recognized by the Reserve Bank of India as an "Issuer" of Legal Entity Identifiers under the Payment and Settlement Systems Act, 2007, and accredited by the Global Legal Entity Identifier Foundation (GLEIF) as a LOU for issuance and management of LEI's.

Legal Entity Identifier India Limited is a wholly owned subsidiary company of The Clearing Corporation of India Limited and incorporated and domiciled in India. The registered office of the Company is CCIL Bhavan, S .K.Bole Road,Dadar (West), Mumbai 400028, Maharashtra.

### 2 Basis of Preparation, Measurement and Significant Accounting Policies

#### 2.1 Basis of Preparation and Measurement

##### (a) Basis of Preparation

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016 and other relevant provisions of the Act.

The financial statement have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statement.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act 2013. Based on the nature of services and the time taken between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of the classification of assets and liabilities into current and non-current. Deferred tax assets and liabilities are classified as non current assets and liabilities.

These standalone Ind AS financial statements were authorized for issue by the Company's Board of Directors on May 06, 2021.

##### (b) Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
- Defined benefit plans measured at present value of defined benefit obligations

#### 2.2 Key Estimates and Assumptions

In preparing these financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.



# LEGAL ENTITY IDENTIFIER INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

The areas involving critical estimates or judgements are :

- i. Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalized; (Note 2.4(a))
- ii. Determination of the estimated useful lives of intangible assets and determining intangible assets having an indefinite useful life; (Note 2.4(b))
- iii. Recognition of deferred tax assets, availability of future taxable profit against which tax losses carried forward can be used; (Note 2.4(j))
- iv. Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources; (Note 2.4(g))
- v. Fair value of financial instruments (Note 27)
- vi. Recognition and measurement of defined benefit obligations, key actuarial assumptions; (Note 2.4(i))

### 2.3 Measurement of Fair Values

The Company's accounting policies and disclosures require financial instruments to be measured at fair values.

The Company has an established control framework with respect to the measurement of fair values. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows :

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### 2.4 Significant Accounting Policies

#### a) Property Plant and Equipments

##### Recognition and Measurement

Property, plant and equipment are stated at cost which comprises of purchase price, freight, duties, taxes except for recoverable taxes, cost of installation and other incidental expenses incurred towards acquisition and installation of such assets.



## LEGAL ENTITY IDENTIFIER INDIA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Any gain or loss on derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

#### **Subsequent Expenditure**

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Company and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repair and maintenance are charged to profit and loss during the reporting period in which they are incurred.

#### **Depreciation**

Depreciation on property, plant and equipment, is provided on Straight Line Method (SLM) prescribed under Schedule II of the Act.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The Estimated useful life of property, plant and equipment considered for providing depreciation is as under:

Asset	: Computer Systems - Hardware
Estimated Useful Life(in Years)	: 3 to 6
Estimated Scrap Value (% of Cost)	: Nil

#### **b) Intangible Assets**

Expenses incurred towards acquisition or development of software by an external vendor is capitalized as Computer Software.

Following initial recognition, intangible assets are carried at cost less any accumulated impairment losses.

The useful lives of intangible assets are assessed as finite and are amortised on a straight line basis over the estimated useful life.

#### **Amortization**

Amortization of Intangible Assets is based on Internal technical assessment/advice.

Residual value, is estimated to be immaterial by Management.

The Estimated useful life of intangible assets comprising of computer software considered for providing depreciation is 3 years.

#### **c) Impairment of Non financial Assets**

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an individual asset exceeds its recoverable amount.

The recoverable amount is the greater of the asset's net selling price and value in use. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-



# LEGAL ENTITY IDENTIFIER INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

### d) **Borrowing Costs:**

Interest and other borrowing costs attributable to qualifying assets are capitalized. Other interest and borrowing costs are charged to revenue.

### e) **Financial Instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as forward contracts, futures and currency options.

## 1. **Financial Assets**

### (i) **Recognition and Initial Measurement**

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset, except for an item measured at fair value through profit and loss (FVTPL), is initially measured at fair value plus transaction costs that are directly attributable to its acquisition. 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.

### (ii) **Classification and Subsequent Measurement of 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 marketplace. All recognised financial assets are subsequently measured at either amortised cost or fair value depending on their respective classification.

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI - debt investment;
- FVOCI equity investment; or
- FVTPL

The classification of debt investment as amortised cost or FVOCI is based on the business model and cash flow characteristics of such instrument.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.



## LEGAL ENTITY IDENTIFIER INDIA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

#### **Financial Assets Measured at Amortised Cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

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 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.

#### **Debt Investments Measured at FVOCI**

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investment at FVOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets unless designated as effective hedge instruments.

#### **Equity Investments:**

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

For other equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments. These investments in equity are not held for trading. Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in the Statement of Profit and Loss.



# LEGAL ENTITY IDENTIFIER INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### (iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- (i) The contractual rights to receive cash flows from the financial asset have expired; or
- (ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - (a) the Company has transferred substantially all the risks and rewards of the asset, or
  - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### (iv) Impairment of Financial Assets

The Company recognises loss allowances for expected credit losses on its financial assets measured at amortised cost. At each reporting date, the Company assesses whether financials assets carried at amortised costs are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

## 2. Financial Liabilities

### (i) Initial Recognition and Measurement

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition.

### (ii) Subsequent Measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.



# LEGAL ENTITY IDENTIFIER INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### (iii) Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

### 3. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

### f) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet includes cash at bank and on hand, deposits held at call with financial institutions, with original maturities less than three months which are readily convertible into cash and which are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits as defined above, as they are considered an integral part of the Company's cash management.

### g) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognized as finance cost.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent Assets are not recognized till the realization of the income is virtually certain.

### h) Revenue Recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115.

- (i) LEI Registration charges are recognised as income as and when the LEI Number is issued to an entity.



# LEGAL ENTITY IDENTIFIER INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

- (ii) Annual LEI renewal fees is recognised as income as and when the LEI Number is renewed.
- (iii) Other revenue income is recognised as and when services are rendered and there is a reasonable certainty of ultimate realisation.
- (iv) Interest income on financial assets is recognized on an accrual basis using effective interest method.

Revenue is reported excluding applicable taxes.

### i) Employee Benefits

Short term employee benefits are estimated and provided for. Post Employment Benefits and Other Long term Employee Benefits are treated as follows:

#### (i) Defined Contribution Plans:

- (a) Provident Fund: The provident fund plan is operated by Regional Provident Fund Commissioner (RPFC) and the contribution thereof is paid/provided for.
- (b) Superannuation Fund: Superannuation benefit for the eligible employees is covered by Superannuation Scheme with Life Insurance Corporation of India and the contribution thereof is paid/provided for.
- (c) National Pension Scheme: The National Pension Scheme is operated by Pension Fund Regulatory and Development Authority (PFRDA) and the contribution thereof in respect of eligible employees is paid/provided for.

Contributions to the defined contribution plans are charged to Statement of Profit & Loss for the respective financial year.

#### (ii) Defined Benefits Plans:

Gratuity: Gratuity for employees is covered by Gratuity Scheme with Life Insurance Corporation of India and the contribution thereof is paid/provided for. Provision for Gratuity is made as per actuarial valuation as at the end of the year. Actuarial gains/losses at the end of the year accrued to the defined benefit plans are taken to the Other Comprehensive Income (OCI) for the respective financial year and are not deferred.

#### (iii) Other Long Term Benefits:

Long term compensated absences: Provision for Leave encashment is made on the basis of actuarial valuation as at the end of the year.

### j) Income Tax

Income tax expense /income comprises current tax expense/income and deferred tax expense/income. It is recognized in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity or in Other Comprehensive Income. In which case, the tax is recognized directly in equity or other comprehensive income, respectively.

#### Current Tax

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the year and any adjustment to the tax payable or recoverable in respect of previous years. It is measured using tax rates enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretations and establishes provisions where appropriate.





## LEGAL ENTITY IDENTIFIER INDIA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

- Current tax assets and liabilities are offset only if, the Company has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### Deferred Tax

Deferred Income tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purpose and the amount considered for tax purpose.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized such reductions are reversed when it becomes probable that sufficient taxable profits will be available.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be recovered.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the end of the reporting period.

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

Deferred Tax Assets and Liabilities are offset only if:

- i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority of the Company.

#### Minimum Alternate Tax

MAT Credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

#### k) Foreign Currency Transactions

##### Functional and Presentation Currency

The Company's financial statements are prepared and presented in Indian Rupees (INR) which is also Company's functional currency.

##### Transactions and Balances

Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are





# LEGAL ENTITY IDENTIFIER INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value is determined.

Exchange differences arising on the settlement or translation of monetary items are recognized in the Statement of Profit and Loss in the year in which they arise.

### l) Dividend:

Final dividend on shares is recorded as a liability on the date of approval by the equity shareholders, and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

### m) Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- Weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## Note 3

### Tangible Assets

Changes in the Carrying Value of Tangible Assets for the year ended 31 March 2021:

	(₹ in Thousands)
DESCRIPTION	Computer Systems Hardware
Cost as at 1 April 2020	738
Additions	-
Disposals	-
<b>Cost as at 31 March 2021 (A)</b>	<b>738</b>
Accumulated Amortisation as at 1 April 2020	203
Amortisation recognised for the year	246
Disposals	-
<b>Accumulated Amortisation as at 31 March 2021 (B)</b>	<b>449</b>
<b>Net Carrying Amount as at 31 March 2021 (A) - (B)</b>	<b>289</b>



# LEGAL ENTITY IDENTIFIER INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 3

#### Tangible Assets (Cont.)

Changes in the Carrying Value of Tangible Assets for the year ended 31 March 2020:

	(₹ in Thousands)
DESCRIPTION	Computer Systems Hardware
Cost as at 1 April 2019	-
Additions	738
Disposals	-
<b>Cost as at 31 March 2020 (A)</b>	<b>738</b>
Accumulated Amortisation as at 1 April 2019	-
Amortisation recognised for the year	203
Disposals	-
<b>Accumulated Amortisation as at 31 March 2020 (B)</b>	<b>203</b>
<b>Net Carrying Amount as at 31 March 2020 (A) - (B)</b>	<b>535</b>

### Note 4

#### Intangible Assets

Changes in the Carrying Value of Intangibles for the year ended 31 March 2021 :

	(₹ in Thousands)
DESCRIPTION	Computer Software
Cost as at 1 April 2020	13,220
Additions	2,226
Disposals	-
<b>Cost as at 31 March 2021 (A)</b>	<b>15,446</b>
Accumulated Amortisation as at 1 April 2020	8,065
Amortisation Recognised for the year	3,244
Disposals	-
<b>Accumulated Amortisation as at 31 March 2021 (B)</b>	<b>11,309</b>
<b>Net Carrying amount as at 31 March 2021 (A) - (B)</b>	<b>4,137</b>

Changes in the Carrying Value of Intangibles for the year ended 31 March 2020 :

Cost as at 1 April 2019	9,531
Additions	3,689
Disposals	-
<b>Cost as at 31 March 2020 (A)</b>	<b>13,220</b>
Accumulated Amortisation as at 1 April 2019	5,003
Amortisation Recognised for the year	3,062
Disposals	-
<b>Accumulated amortisation as at 31 March 2020 (B)</b>	<b>8,065</b>
<b>Net carrying amount as at 31 March 2020 (A) - (B)</b>	<b>5,155</b>

**LEGAL ENTITY IDENTIFIER INDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



(₹ in Thousands)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note 5</b>		
<b>Other Non Current Financial Assets</b>		
<i>(Unsecured, Considered Good)</i>		
Bank Deposits with Residual Maturity of more than 12 Months	-	16,000
Interest Accrued on Bank Deposits	-	35
	<u>-</u>	<u>16,035</u>
<b>Note 6</b>		
<b>Deferred Tax Asset (Net)</b>		
<b>Deferred Tax Liabilities</b>		
Difference between Book Base and Tax Base of Property, Plant and Equipment and Intangible Assets	-	27
Fair Valuation of Variable Pay	23	22
	<u>23</u>	<u>49</u>
<b>Deferred Tax Assets</b>		
Difference between Book Base and Tax Base of Property, Plant and Equipment and Intangible Assets	44	-
Tax Disallowances	1,712	1,287
	<u>1,756</u>	<u>1,287</u>
<b>Deferred Tax Assets (Net)</b>	<u>1,733</u>	<u>1,238</u>
<b>Note 7</b>		
<b>Trade Receivables</b>		
<i>(Unsecured, Considered Good)</i>		
Trade Receivables	23	18
	<u>23</u>	<u>18</u>
<b>Note 8a</b>		
<b>Cash and Cash Equivalents</b>		
Cash on Hand	12	13
<b>Balances with Banks</b>		
- in Current Accounts	2,687	1,587
	<u>2,699</u>	<u>1,600</u>
<b>Note 8b</b>		
<b>Other Bank Balances</b>		
Bank Deposits with Original Maturity of more than 3 Months but Residual Maturity upto 12 Months	1,46,500	1,00,500
	<u>1,46,500</u>	<u>1,00,500</u>



# LEGAL ENTITY IDENTIFIER INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(₹ in Thousands)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note 9</b>		
<b>Other Current Financial Assets</b>		
<i>(Unsecured, Considered Good)</i>		
Interest Accrued on Bank Deposits	4,373	4,064
Others	539	361
	<b>4,912</b>	<b>4,425</b>

<b>Note 10</b>		
<b>Other Current Assets</b>		
<i>(Unsecured, Considered Good)</i>		
Prepaid Expenses	598	318
Advance to Suppliers	281	243
	<b>879</b>	<b>561</b>

### Note 11

#### Equity Share Capital

##### a. Details of Authorised, Issued and Subscribed Share Capital

(₹ in Thousands)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
<b>Authorised Share Capital</b>				
Equity shares of ₹ 10/- each	45,00,000	45,000	45,00,000	45,000
<b>Issued, Subscribed and Fully Paid Up</b>				
Equity Shares of ₹ 10/- each Fully Paid	45,00,000	45,000	45,00,000	45,000
	<b>45,00,000</b>	<b>45,000</b>	<b>45,00,000</b>	<b>45,000</b>

##### b. Reconciliation of number of Shares at the beginning and at the end of the year

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	45,00,000	45,000	45,00,000	45,000
Add: Shares issued during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>45,00,000</b>	<b>45,000</b>	<b>45,00,000</b>	<b>45,000</b>

# LEGAL ENTITY IDENTIFIER INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



### Note 11

#### Equity Share Capital (Contd.)

##### c. Particulars of Shareholders Holding more than 5% of Shares held

Name of Shareholder	As at 31 March 2021		As at 31 March 2020	
	No of Equity Shares Held	Percentage	No of Equity Shares Held	Percentage
The Clearing Corporation of India Limited	45,00,000	100%	45,00,000	100%

##### d. Rights attached to equity shares

###### Voting rights :

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each equity shareholder is entitled to one vote per share.

###### Dividend :

The dividend recommended by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting and would be paid in proportion to the number of shares held by the shareholders.

###### Winding up:

If any assets are available for distribution upon liquidation in terms of the provisions of the Act, it will be distributed in proportion to the capital paid-up or which ought to have been paid up at the commencement of winding up.

There are no shares reserved for issue under options and contracts or commitments for sale of shares.

##### e. For the period of five years immediately preceding the date of the Balance Sheet, the Company has not

- Allotted any shares as fully paid up pursuant to contracts without payment being received in cash; or
- Allotted any shares as fully paid up bonus shares; or
- Bought back any of its Equity Shares.

##### f. There are no securities convertible into Equity / Preference Shares.

##### g. There are no calls unpaid.

##### h. No shares have been forfeited.

### Note 12

#### Other Equity

(Refer Statement of Changes in Equity)

Particulars	(₹ in Thousands)	
	As at 31 March 2021	As at 31 March 2020
Other Comprehensive Income	(1,273)	(1,250)
Retained Earnings	78,216	50,521
	<b>76,943</b>	<b>49,271</b>



# LEGAL ENTITY IDENTIFIER INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 12

#### Other Equity (Contd.)

#### Nature and Purpose of Reserves

#### Other Comprehensive Income

Other Comprehensive Income represents the actuarial loss on fair valuation of defined benefit obligation.

#### Retained Earnings

Retained earnings represents surplus/accumulated earnings of the Company and are available for the distribution to shareholders.

Particulars	(₹ in Thousands)	
	As at 31 March 2021	As at 31 March 2020
<b>Note 13</b>		
<b>Non Current Provisions</b>		
Provision for Employee Benefits:	2,185	1,470
- Leave Encashment	3,433	2,772
- Others	713	706
	<b>6,331</b>	<b>4,948</b>

### Note 14

#### Trade Payables Due to :

Micro and Small Enterprises

Other than Micro and Small Enterprises

-	-
16,807	13,644
<b>16,807</b>	<b>13,644</b>

### Note 15

#### Other Current Financial Liabilities

Due to The Clearing Corporation of India Limited - Holding Company

Other Payables ^

2,100	1,847
759	1,136
<b>2,859</b>	<b>2,983</b>

^ Other Payables includes ₹ 213 thousands (31 March 2020: ₹ Nil) due to Micro and Small Enterprises.

### Note 16

#### Other Current Liabilities

Revenue Received in Advance

- Registration Charges / Renewal Fees

Statutory Dues

Other Payables

1,623	5,781
3,851	2,395
2,362	1,932
<b>7,836</b>	<b>10,108</b>

### Note 17

#### Current Provisions

Provision for Employee Benefits:

- Leave Encashment

- Others

266	216
3,542	2,621
<b>3,808</b>	<b>2,837</b>

**LEGAL ENTITY IDENTIFIER INDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



(₹ in Thousands)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Note 18</b>		
<b>Current Tax Liabilities (Net)</b>		
Provision for Taxation (Net of Advance Tax)	1,588	1,276
	<b>1,588</b>	<b>1,276</b>

( ₹ in Thousands)

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
<b>Note 19</b>		
<b>Revenue from Operations</b>		
LEI Registration Charges	31,568	41,698
Annual LEI Renewal Fees	71,703	47,212
	<b>103,271</b>	<b>88,910</b>

**Note 20**

**Other Income**

Interest on Bank Deposits	7,741	7,244
Excess Provision Written Back	-	1,705
Net Gain on Foreign Currency Transactions and Translation	407	-
Miscellaneous Income	0*	43
	<b>8,148</b>	<b>8,992</b>

**Note 21**

**Employee Benefits Expense**

Salaries	15,128	15,117
Contributions to Provident and Other Funds {Refer Note 30}	1,824	1,661
Staff Welfare Expenses	1,022	945
	<b>17,974</b>	<b>17,723</b>

**Note 22**

**Finance Cost**

Interest on Taxes	210	272
Interest on Others	15	50
	<b>225</b>	<b>322</b>

\* denotes amount less than ₹ 1 thousand



**LEGAL ENTITY IDENTIFIER INDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

	( ₹ in Thousands)	
Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
<b>Note 23</b>		
<b>Depreciation &amp; Amortisation Expense</b>		
Depreciation on Tangible Assets {Refer Note 3}	246	203
Amortisation of Intangible Assets {Refer Note 4}	3,244	3,062
	<b>3,490</b>	<b>3,265</b>
<b>Note 24</b>		
<b>Other Expenses</b>		
Repairs and Maintenance -Computer Systems and Equipments	3,329	2,886
Rates and Taxes	10	34
Business Support Services Expenses	15,420	12,354
Business Management Fees	3,240	5,580
Net Loss on Foreign Currency Transactions and Translation	-	904
Professional Fees	660	653
Travel Expenses	-	361
Directors' Sitting Fees	160	160
Payment to Auditors :		
- Audit Fees	200	275
- Certification	33	50
Other Expenses	1,361	838
	<b>24,413</b>	<b>24,095</b>
<b>Note 25</b>		
<b>Income Taxes</b>		
<b>Tax Expense</b>		
<b>(a) Amounts Recognised in the Statement of Profit and Loss</b>		
<b>Current Tax Expense</b>		
Current year	10,104	8,047
Tax Adjustments relating to earlier years	-	(88)
	<b>10,104</b>	<b>7,959</b>
<b>Deferred Tax Expense</b>		
Origination and reversal of temporary differences	(487)	(64)
	<b>(487)</b>	<b>(64)</b>
<b>Tax Expense for the year</b>	<b>9,617</b>	<b>7,895</b>



# LEGAL ENTITY IDENTIFIER INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



### Note 25

#### Income Taxes (Contd.)

#### (b) Amounts Recognised in Other Comprehensive Income

Particulars	( ₹ in Thousands)					
	Year Ended 31 March 2021			Year Ended 31 March 2020		
	Before Tax	Tax (Expense) Benefit	Net of Tax	Before Tax	Tax (Expense) Benefit	Net of Tax
<b>Items that will not be Reclassified to Profit or Loss</b>						
Remeasurements of the Defined Benefit Plans	(31)	8	(23)	(566)	143	(423)
	<b>(31)</b>	<b>8</b>	<b>(23)</b>	<b>(566)</b>	<b>143</b>	<b>(423)</b>

#### (c) Reconciliation of Effective Tax Rate

Particulars	( ₹ in Thousands)	
	Year Ended 31 March 2021	Year Ended 31 March 2020
Profit Before Tax	37,312	30,813
Statutory Income Tax Rate	25.17%	25.17%
Expected Income Tax Expense	9,391	7,755
<b>Add : Tax Effect of:</b>		
<u>Expenses not allowed for tax purpose</u>		
Interest u/s 234B and 234C	53	38
Others	173	190
Tax Adjustments relating to earlier years	-	(88)
<b>Total Tax Expense</b>	<b>9,617</b>	<b>7,895</b>
Current tax	10,104	8,047
Deferred Tax Expense /(Income)	(487)	(64)
Tax Adjustments relating to earlier years	-	(88)
	<b>9,617</b>	<b>7,895</b>

(d) Movement in Deferred Tax Balances (F.Y.2020-21)

Particulars	Net Balance 1 April 2020	Recognised during the year		( ₹ in Thousands) As at 31 March 2021		
		Recognised in Profit or Loss	Recognised in OCI	Net Deferred Tax Asset/ (Liability)	Deferred Tax Asset	Deferred Tax Liability
<b>Deferred Tax Liability</b>						
Difference between Book Base and Tax Base of Tangible and Intangible Assets	(27)	71	-	44	44	-
Fair Valuation of Variable Pay	(22)	(1)	-	(23)	-	(23)
<b>Deferred Tax Asset</b>						
Tax Disallowances	1,287	425	-	1,712	1,712	-
Remeasurements of Defined Benefit Plans	-	(8)	8	-	-	-
<b>Tax Assets (Liabilities)</b>	<b>1,238</b>	<b>487</b>	<b>8</b>	<b>1,733</b>	<b>1,756</b>	<b>(23)</b>
Set off tax	-	-	-	-	-	-
<b>Net Tax Assets</b>	<b>1,238</b>	<b>487</b>	<b>8</b>	<b>1,733</b>	<b>1,756</b>	<b>(23)</b>

(e) Movement in Deferred Tax Balances (F.Y.2019-20)

Particulars	Net Balance 1 April 2019	Recognised during the year		( ₹ in Thousands) As at 31 March 2020		
		Recognised in Profit or Loss	Recognised in OCI	Net Deferred Tax Asset/ (Liability)	Deferred Tax Asset	Deferred Tax Liability
<b>Deferred Tax Liability</b>						
Difference between Book Base and Tax Base of Tangible and Intangible Assets	(62)	35	-	(27)	-	(27)
Fair Valuation of Variable Pay	(26)	4	-	(22)	-	(22)
<b>Deferred Tax Asset</b>						
Tax Disallowances	1,119	168	-	1,287	1,287	-
Remeasurements of Defined Benefit Plans	-	(143)	143	-	-	-
<b>Tax Assets (Liabilities)</b>	<b>1,031</b>	<b>64</b>	<b>143</b>	<b>1,238</b>	<b>1,287</b>	<b>(49)</b>
Set off Tax	-	-	-	-	-	-
<b>Net Tax Assets</b>	<b>1,031</b>	<b>64</b>	<b>143</b>	<b>1,238</b>	<b>1,287</b>	<b>(49)</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered. Any changes in future taxable income would impact the recoverability of deferred tax assets.



**Note 26**

**Earnings Per Share (EPS)**

Particulars	2020-2021	2019-2020
<b>i. Profit attributable to Equity Holders (₹ in thousands)</b>		
Profit attributable to Equity Holders for Basic and Diluted EPS	27,695	22,918
	<b>27,695</b>	<b>22,918</b>
<b>ii. Weighted average number of ordinary shares</b>		
Issued ordinary shares at April 1	45,00,000	45,00,000
Add/(Less): Effect of Shares issued/ (bought back)	-	-
<b>Weighted average number of shares for calculating basic EPS and diluted EPS</b>	<b>45,00,000</b>	<b>45,00,000</b>
<b>iii. Basic and Diluted Earnings Per Share (₹ per Share)</b>	<b>6.15</b>	<b>5.09</b>

**Note 27**

**Financial Instruments - Fair Values**

**Accounting Classification and Fair Values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(₹ in Thousands)				
Particulars	As at 31 March 2021			
	Carrying Amount			
	Fair Value Through Profit and Loss	Fair Value Through Other Comprehensive Income	Amortised Cost	Total
<b>Financial Assets</b>				
Trade Receivables	-	-	23	23
Cash and Cash Equivalents	-	-	2,699	2,699
Bank Balances other than Cash and Cash Equivalents	-	-	1,46,500	1,46,500
Other Current Financial Assets			4,912	4,912
	-	-	<b>1,54,134</b>	<b>1,54,134</b>
<b>Financial Liabilities</b>				
Trade Payables	-	-	16,807	16,807
Other Current Financial Liabilities	-	-	2,859	2,859
	-	-	<b>19,666</b>	<b>19,666</b>

**Note:** There are no other categories of financial instruments other than those mentioned above



# LEGAL ENTITY IDENTIFIER INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 27

#### Financial Instruments - Fair Values & Risk Management (Contd.)

(₹ in Thousands)

Particulars	As at 31 March 2020			
	Carrying Amount			Total
	Fair Value Through Profit and Loss	Fair Value Through Other Comprehensive Income	Amortised Cost	
<b>Financial Assets</b>				
Other Non Current Financial Assets	-	-	16,035	16,035
Trade Receivables	-	-	18	18
Cash and Cash Equivalents	-	-	1,600	1,600
Bank Balances other than Cash and Cash Equivalents	-	-	1,00,500	1,00,500
Other Current Financial Assets	-	-	4,425	4,425
	-	-	<b>1,22,578</b>	<b>1,22,578</b>
<b>Financial Liabilities</b>				
Trade Payables	-	-	13,644	13,644
Other Current Financial Liabilities	-	-	2,983	2,983
	-	-	<b>16,627</b>	<b>16,627</b>

**Note:** There are no other categories of financial instruments other than those mentioned above

The Fair value of cash and cash equivalents, other bank balances, trade receivables approximated their carrying value largely due to short term maturities of these instruments.

Financial instruments with fixed interest rates are evaluated by the Company based on parameters such as interest rates and individual creditworthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses, if any, of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

### Risk Management

#### Introduction

The Company's activities expose it to a number of financial risks, principally market risk (interest rate risk), credit risk, liquidity risk and foreign exchange risk. These risks arise mainly on account of Investment Activity of the Company. In addition to the financial risks, the Company is also exposed to other risks such as operational, legal, compliance and reputational risk. The Company manages these risks through various control mechanisms.

Overall responsibility for risk management rests with the Board. Day to day responsibility is delegated to the Senior Management of the Company. The Company has an elaborate Operations Audit, Internal Audit, Systems Audit and other Control Mechanisms entrusted to independent external professionals.

**Note 27****Financial Instruments - Fair Values & Risk Management (Contd.)**

For each of the principal risk types, a description and outline of the risk management approach is provided below :

**a. Credit Risk****Risk Description**

The Credit risk for the Company could arise on account of investment activity of the Company.

**Risk Management Approach**

The Company regularly invests its internally generated funds, in accordance with its Investment Policy approved by the Board. The Board reviews the Investment Policy annually. The Company invests only into highly secure and liquid avenues such as Deposit with high net-worth Commercial Banks. Credit risk in case of Bank Deposits, is mitigated by prescribing stringent eligibility criteria for the investee banks and setting of exposure limits on the amounts to be invested.

**Bank Balances and Bank Deposits**

The Company held bank balances and bank deposits of ₹ 1,49,187 thousands at 31 March 2021 (31 March 2020 : ₹ 1,18,087 thousands). The bank balances and bank deposits are held with bank and financial institution counterparties with good credit ratings.

**b. Liquidity Risk****Risk Description**

Liquidity risk is the risk that the Company is unable to meet its payment obligations when they fall due.

**Risk Management Approach**

Liquidity risk is managed by ensuring that the Company maintains adequate balances with banks and keeps its investments in highly liquid avenues to enable it to meet payment obligations, which is generally trade payables.

**Maturities of Financial Liabilities**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities:

As at 31 March 2021	(₹ in Thousands)				
	Carrying Amount	Contractual Cash Flows			
		Total	Upto 1 year	1 to 5 year	More than 5 year
<b>Non Derivative Financial Liabilities</b>					
Trade Payables	16,807	16,807	16,807	-	-
Other Current Financial Liabilities	2,859	2,859	2,859	-	-
<b>Total</b>	<b>19,666</b>	<b>19,666</b>	<b>19,666</b>	<b>-</b>	<b>-</b>

As at 31 March 2020	(₹ in Thousands)				
	Carrying Amount	Contractual Cash Flows			
		Total	Upto 1 year	1 to 5 year	More than 5 year
<b>Non Derivative Financial Liabilities</b>					
Trade Payables	13,644	13,644	13,644	-	-
Other Current Financial Liabilities	2,983	2,983	2,983	-	-
<b>Total</b>	<b>16,627</b>	<b>16,627</b>	<b>16,627</b>	<b>-</b>	<b>-</b>

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows.



# LEGAL ENTITY IDENTIFIER INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 27

#### Financial Instruments - Fair Values & Risk Management (Contd.)

##### c. Market Risk (Interest Rate Risk)

###### Risk Description

The Company's investments are primarily in fixed rate interest bearing investments. Hence, the Company is not significantly exposed to market risk or interest rate risk.

The interest rate profile of the Company's interest-bearing financial instruments as reported to the Management of the Company is as follows:

Particulars	₹ in Thousands	
	As at 31 March 2021	As at 1 April 2020
<b>Fixed Rate Instruments</b>		
Financial Assets	1,46,500	1,16,500
Financial Liabilities	-	-
<b>Total</b>	<b>1,46,500</b>	<b>1,16,500</b>

##### d. Foreign Exchange Risk

###### Risk Description

The functional currency of the Company is Indian Rupee. Foreign Exchange Risk for the Company primarily arises on account of foreign currency revenues and expenses.

**Exposure to Currency Risk (Exposure in different currencies converted to functional currency i.e. INR)**

The currency profile of financial assets and financial liabilities as at 31 March 2021 and 31 March 2020 are as below:

	₹ in Thousands	
	As at 31 March 2021	As at 31 March 2020
<b>Foreign Currency</b>	<b>USD</b>	<b>USD</b>
<b>Financial Assets (A)</b>		
Trade and Other Receivables	-	-
<b>Financial Liabilities (B)</b>		
Trade and Other Payables	16,807	13,644
<b>Net Exposure (A - B)</b>	<b>(16,807)</b>	<b>(13,644)</b>

###### Sensitivity Analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against foreign currencies at 31 March 2021 and 31 March 2020 would have affected the measurement of financial instruments denominated in foreign currencies and affected in the Statement of Profit and Loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in INR	As at 31 March 2021		As at 31 March 2020	
	Gain/(Loss)		Gain/(Loss)	
	Strengthening	Weakening	Strengthening	Weakening
<b>5% movement</b>				
USD	840	(840)	682	(682)
<b>10% movement</b>				
USD	1,681	(1,681)	1,364	(1,364)

# LEGAL ENTITY IDENTIFIER INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



### Note 28

Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

#### A. Relationships -

##### Category I: Holding Company (Party where control exists):

The Clearing Corporation of India Limited

##### Category II: Fellow Subsidiary:

Clearcorp Dealing Systems (India) Limited

##### Category III: Key Management Personnel (KMP)

Mr. R. Sridharan - Director (Upto July 31, 2020)

Mr. Hare Krishna Jena - Additional Director (From August 01, 2020)

Mr. O. N. Ravi - Additional Director (From August 01, 2020)

Mr. V Chandrasekaran - Director

Ms. Varsha Purandare - Director

##### Category IV: Other Related Party

LEIL Employees Group Gratuity Fund Trust

#### B. Transactions with Key Managerial Personal:

Key Managerial Personal Compensation - Nil

#### C. Details of transactions with the related parties are as follows:

Particulars	(₹ in Thousands)			
	Holding Company	Fellow Subsidiary	KMP	Other Related Party
1) LEI Renewal Charges (Income)	3	3	-	-
	(3)	(3)	-	-
2) Business Support Charges, Management Fees and Other Expenses	21,804	-	-	-
	(20,490)	-	-	-
3) Reimbursement/Sharing of Expenses (Payment)	44	-	-	-
	(662)	(175)	-	-
4) Reimbursement/Sharing of Expenses (Receipt)	82	-	-	-
	(-)	-	-	-
5) Intangible Assets - LEIL Web Portal Development	2,226	-	-	-
	(2,663)	-	-	-
6) Director Sitting Fees Paid	-	-	160	-
	-	-	(160)	-
7) Contribution to Employee Benefit Trust	-	-	-	239
	-	-	-	(128)



# LEGAL ENTITY IDENTIFIER INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 28

#### Related Party Disclosures (Contd.)

D. The related party balances outstanding at year end are as follows:

Particulars	(₹ in Thousands)			
	Holding Company	Fellow Subsidiary	KMP	Other Related Party
Payable	2,100	-	-	-
	(1,847)	-	-	-

#### Notes:

- Figures in brackets represent corresponding amounts in the previous year.
- The amounts are exclusive of Goods and Service Tax (GST) wherever applicable.
- No amount in respect of the related party has been provided for as doubtful debts or written off/back during the year.
- Transactions with the Holding Company are in accordance with the terms of agreements/arrangements/approvals this regard.
- The above related party information has been disclosed to the extent such parties have been identified by the Management. This has been relied upon by the Auditors.

### Note 29

#### Commitments

Particulars	(₹ in Thousands)	
	As at 31 March 2021	As at 31 March 2020
<b>Capital Commitments:</b>		
Estimated amount of contracts remaining to be executed on capital account not provided for	-	1,665

### Note 30

#### Employee Benefits

##### Amounts Recognised as Expense:

##### (i) Defined Contribution Plan

Employer's Contribution to Provident Fund amounting to ₹ 847 thousands (31 March 2020 - ₹ 800 thousands) has been included in Note 21.

##### (ii) Defined Benefit Plan

In terms of the Company's gratuity plan, on leaving of service every employee who has completed atleast five years of service gets a gratuity computed at the rate of 30 days of last drawn salary for each completed year service. The Gratuity Scheme of the Company is funded with Life Insurance Corporation of India (LIC) in the form of qualifying insurance policy.

In accordance with the Indian Accounting Standard on employee benefits (Ind AS 19) the following disclosures have been made which is based on Actuarial Valuation provided by Independent Actuary.

Gratuity cost amounting to ₹ 907 thousands (31 March 2020 - ₹ 793 thousands) has been included in Note 21.



**LEGAL ENTITY IDENTIFIER INDIA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**



**Note 30**

**Employee Benefits (Contd.)**

**A. Amount Recognised in the Balance Sheet**

	(₹ in Thousands)	
Particulars	As at 31 March 2021	As at 31 March 2020
Present value of the obligation as at the end of the year	4,644	3,564
Fair value of plan assets as at the end of the year	2,459	2,094
<b>Net Liability Recognised in the Balance Sheet</b>	<b>2,185</b>	<b>1,470</b>
Non Current portion	2,185	1,470
Current portion	-	-

**B. Change in Projected Benefit Obligation**

Projected benefit obligation at the beginning of the year	3,564	1,928
Current service cost	807	644
Interest cost	241	149
Actuarial loss	31	566
Acquisition Adjustment	-	277
<b>Projected Benefit Obligation at the end of the year</b>	<b>4,644</b>	<b>3,564</b>

**C. Change in Plan Assets**

Fair value of plan assets at the beginning of the year	2,094	-
Interest income	142	-
Employer contributions	223	1,817
Acquisition Adjustment	-	277
<b>Fair Value of Plan Assets at the end of the year</b>	<b>2,459</b>	<b>2,094</b>

**D. Amount Recognised in the Statement of Profit and Loss**

Current service cost	807	644
Interest cost	100	149
<b>Expenses Recognised in the Statement of Profit and Loss</b>	<b>907</b>	<b>793</b>



# LEGAL ENTITY IDENTIFIER INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### Note 30

#### Employee Benefits (Contd.)

#### E. Amount Recognised in Other Comprehensive Income

Particulars	(₹ in Thousands)	
	As at 31 March 2021	As at 31 March 2020
Actuarial (Gains) / Loss		
- change in demographic assumption	-	1
- change in financial assumption	-	456
- experience variation	31	109
	<b>31</b>	<b>566</b>

#### F. Plan Assets include the following:

- 100% Insurance Funds

#### G. Assumptions used

Discount rate	6.80%	6.80%
Salary growth rate	8.00%	8.00%
Attrition rate	3.00%	3.00%
Mortality Rate	100% (% of IALM 12-14)	100% (% of IALM 12-14)

#### H. Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	(₹ in Thousands)			
	As at 31 March 2021		As at 31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	3,996	5,436	3,060	4,181
Salary growth rate (1% movement)	5,419	3,998	4,167	3,061
Attrition rate (1% movement)	4,511	4,805	3,452	3,697
Mortality rate (1% movement)	4,642	4,646	3,562	3,565

#### I. Expected Future Cash Flows

Particulars	(₹ in Thousands)			
	1 year	2 to 5 years	6 to 10 years	More than 10 years
As at 31 March 2021				
Defined benefit obligations (Gratuity)	100	585	957	14,211
<b>Total</b>	<b>100</b>	<b>585</b>	<b>957</b>	<b>14,211</b>



**Note 30**

**Employee Benefits (Contd.)**

Particulars	1 year	2 to 5 years	6 to 10 years	More than 10 years
<b>As at 31 March 2020</b>				
Defined benefit obligations (Gratuity)	77	429	734	11,084
<b>Total</b>	<b>77</b>	<b>429</b>	<b>734</b>	<b>11,084</b>

**Note 31**

**Segment Reporting**

The Company has only one business segment in which it operates viz - issuance, maintenance and provision of Legal Entity Identifier services in India.

**Note 32**

**Details of Amounts Due to Micro and Small Enterprises**

There are no micro and small enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31 March 2021 and 31 March 2020. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	(₹ in Thousands)	
	As at 31 March 2021	As at 31 March 2020
Outstanding for less than 45 days		
a. Principal and interest amount remaining unpaid	213	-
b. Interest due thereon remaining unpaid	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006)	-	-
e. Interest accrued and remaining unpaid	-	-
f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

**Note 33**

**Leases**

There are no Leases as defined in IND AS 116 and therefore there is no impact on the financial statements.

**Note 34**

Disclosure under Schedule III of the Companies Act, 2013, has been given to the extent applicable.

**Note 35**

Previous year's figures have been regrouped and rearranged to conform to current year's presentation, wherever necessary.