

KHANDELWAL JAIN & CO.

CHARTERED ACCOUNTANTS

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To The Board of Directors of National Commodity Clearing Limited Mumbai

Independent Auditor's Report on the Statement of standalone financial results

1. We have audited the accompanying statement of audited financial results of **National Commodity Clearing Limited** ('the Company') for the year ended March 31, 2019 together with the related notes thereon (herein after referred to as 'the Statement'), which we have signed under reference to this report.

Management's Responsibility for the standalone financial results

2. Management is responsible for the preparation of the accompanying Statement. The Management is also responsible for the preparation of the annual statutory financial statements in accordance with the Accounting Standards specified under section 133 of the Companies Act, 2013 (the "accounting principles generally accepted in India"), basis which the above Statement containing the annual audited standalone financial results has been prepared. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 ("the Act") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Statement.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

6. In our opinion and to the best of our information and according to the explanations given to us:
- (i) the Statement, together with the notes thereon are presented in the format prescribed under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
 - (ii) the annual audited standalone financial results for the year ended March 31, 2019 as set out in the Statement gives a true and fair view of the total comprehensive income (comprising of profit and other comprehensive income), and other financial information of the Company for the year ended March 31, 2019 in accordance with the accounting principles generally accepted in India.

Other Matters

7. i) The Statement includes the standalone financial results for the quarter ended March 31, 2019 being the balancing figure between audited figures in respect of the full financial year and the unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.
- ii) The Statement dealt with by this report has been prepared for the express purpose of complying with Regulation 35 of Securities Contracts (Regulation) (Stock Exchange and Clearing Corporations) Regulations, 2012 (the "SECC Regulations") read with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations, 2015"). This Statement is based on and should be read with the audited financial statements of the Company for the year ended March 31, 2019 on which we issued an unmodified audit opinion vide our report dated May 14, 2019.

Our opinion is not modified in respect of above matters.

Restriction on Use

8. This report is addressed to the Board of Directors of the Company and has been prepared for and only for the purposes set out in paragraph 7(ii) above. This report should not be otherwise used by any other party for any other purpose.



For **Khandelwal Jain & Co.**

Chartered Accountants

Firm Registration No. 105049W

Narendra Jain

Narendra Jain

Partner

Membership No. 048725

Place: Mumbai

Date: May 14, 2019

National Commodity Clearing Limited
 1st Floor, Ackruti Corporate Park, LBS Road, Kanjurmarg (West), Mumbai - 400 078, India
 CIN: U74992MH2006PLC163550; Website: www.nccl.co.in
 Statement of Audited Financial Results for the Year Ended March 31, 2019



(₹ In lakhs)

Sr. No.	Particulars	Quarter ended			Year ended	
		March 31, 2019 (Unaudited)	Dec 31, 2018 (Unaudited)	Mar 31, 2018 (Unaudited)	Mar 31, 2019 (Audited)	Mar 31, 2018 (Audited)
		1	2	3	4	5
1	Income					
	Revenue from operations	417.39	472.73	94.17	1,126.01	369.13
	Other Income	301.43	357.28	81.57	1,034.12	147.71
	Total Income	718.82	830.01	175.74	2,160.13	516.84
2	Expenditure					
(a)	Employee benefits expense	243.71	266.51	25.06	678.72	118.46
(b)	Technology expenses	154.93	180.49	43.78	459.04	146.58
(c)	Rent expenses	24.28	26.40	4.79	92.66	19.45
(d)	Depreciation and Amortization expenses	13.72	13.31	1.42	31.73	10.49
(e)	Other expenses	108.61	94.53	36.31	318.18	74.01
	Total expenses	545.25	581.24	111.36	1,580.33	368.99
3	Profit / (Loss) before tax (1-2)	173.57	248.77	64.38	579.80	147.85
4	Tax expense					
	Current tax	40.68	80.80	35.94	177.08	52.96
	Deferred tax	7.60	(15.18)	(20.74)	(13.01)	(12.30)
	Total tax expense	48.28	65.62	15.20	164.07	40.66
5	Net Profit after tax (3-4)	125.29	183.15	49.18	415.73	107.19
6	Other Comprehensive Income (net of tax)					
	<u>Items that will not be reclassified to profit or loss</u>					
	Remeasurements of post-employment benefit obligations	(12.27)	16.13	-	16.77	-
	Tax Remeasurements of post-employment benefit obligations	3.41	(4.49)	-	(4.67)	-
7	Total Comprehensive Income (5+6)	134.15	171.51	49.18	403.63	107.19
8	Paid-up equity share capital (Face value ₹ 10 per share)	10,575	9,575	9,575	10,575	9,575
9	Reserves (excluding Revaluation Reserve)				1,619.32 #	856.50
10	Earnings per share (Face value ₹ 10 per share)					
	Basic (₹)	0.13*	0.19*	0.13*	0.43	0.83
	Diluted (₹)	0.13*	0.19*	0.13*	0.43	0.83
	* Not Annualised					
	# Includes Company's own contribution towards Core SGF amounting to ₹ 10,381.50 lakhs and income earned thereon amounting to ₹ 360.19 lakhs aggregating to ₹ 10,741.69 lakhs (refer note 3 below)					



National Commodity Clearing Limited

Statement of Asset and Liabilities

(₹ In lakhs)

Particulars	As at March 31, 2019 (Audited)	As at March 31, 2018 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	27.21	0.31
Other intangible assets	83.61	25.03
Intangible assets under development	45.57	-
Financial assets		
- Other financial assets		
- Bank balances	428.16	450.00
- Others	1.59	4.96
Deferred tax assets (net)	17.42	-
Income tax assets (net)	65.99	58.47
Other non-current assets	1.29	-
Total non-current assets	670.84	538.77
Current Assets		
Financial assets		
- Investment	-	594.43
- Trade receivables	202.58	20.38
- Cash and cash equivalents	1,260.50	1.26
- Bank balances other than cash and cash equivalents	24,042.51	9,233.50
- Others	3,446.92	55.72
Other current assets	32.89	11.28
Total current assets	28,985.40	9,916.57
TOTAL ASSETS	29,656.24	10,455.34
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	10,575.00	9,575.00
Other equity	4,909.20	856.50
Total Equity	15,484.20	10,431.50
LIABILITIES		
Non-current liabilities		
Provisions	27.35	-
Deferred tax liabilities (net)	-	0.26
Total non-current liabilities	27.35	0.26
Current liabilities		
Financial liabilities		
- Deposits	10,089.15	-
- Trade payables	248.16	0.22
- Other Financial liabilities	3,645.85	-
Other current liabilities	71.28	23.36
Provisions	90.25	-
Current Tax Liabilities (Net)	-	-
Total current liabilities	14,144.69	23.58
TOTAL LIABILITIES	14,172.04	23.84
TOTAL EQUITY AND LIABILITIES	29,656.24	10,455.34



Notes:

1. The above audited financial results for the year ended March 31, 2019 have been reviewed by the Audit Committee and approved by the Board of Directors in their respective meeting held on May 14, 2019.
2. SEBI vide letter no. SEBI/HO/CDMRD/DEA/OW/P/2018/025765/1 dated September 12, 2018 granted recognition to the Company as a 'Clearing Corporation' under Regulation 4 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012.
3. SEBI, vide letter dated October 06, 2017, has directed that the quantum of Core Settlement Guarantee Fund (SGF) with the Clearing Corporation should not be less than the quantum of SGF with the Exchange at the time of transfer of Clearing & Settlement function. Accordingly, as on September 27, 2018, Company has set up Core Settlement Guarantee Fund with ₹ 2,311.54 lakhs received from National Commodity & Derivatives Exchange Limited (NCDEX) towards its contribution to Core SGF, ₹ 267.87 lakhs received from NCDEX towards settlement penalties and ₹ 9,381.50 lakhs contributed by Company by debiting Retained Earnings in Statement of Changes in Equity. Thus, total Core Settlement Guarantee Fund balance as at September 27, 2018 aggregates to ₹11,960.91 lakhs. Further, during the quarter, the Company has also contributed ₹1000 lakhs to Core Settlement Guarantee Fund by debiting Retained Earnings in Statement of Changes in Equity.

Subsequently, NCCL has started levying Margin Penalties w.e.f. February 2019 which forms part of Core SGF. In addition, NCDEX and NCCL have made further contributions to Core SGF. The details of Core SGF as on March 31, 2019 are as under.

(₹ In lakhs)

Particulars	Settlement penalties	NCCL Contribution	NCDEX Contribution	Member Contribution	Total
As on September 27, 2018	267.87	9,381.50	2,311.54	-	11,960.91
Additional Contribution (a)	66.28*	1,000.00	539.04	-	1,605.32
Income on investment of SGF (as on respective dates of contribution) adjusted towards contribution (b)	-	-	76.03	-	76.03
Income on investment of SGF (other than stated in (b) above) (c)	10.94	360.19	18.18	-	389.31
As on March 31, 2019	345.09	10,741.69	2,944.79	-	14,031.57

Interest accrual of ₹ 76.03 Lakhs on NCDEX cash contribution to core SGF (as stated in (b) above) is adjusted towards incremental requirement of Minimum Required Corpus (MRC) before taking additional contribution from NCDEX.

The above Core SGF amounting to ₹14,031.57 lakhs has been considered by the management as a part of equity and is included under "Other Equity".



Details of earmarking of funds towards Core SGF are as under:

(₹ In lakhs)

Particulars	Settlement penalties	NCCL Contribution	NCDEX Contribution	Member Contribution	Total
Fixed deposits included under 'Cash and cash equivalent'	-	-	-	-	-
Fixed deposits included under 'Bank balances other than cash and cash equivalents'	308.13	10,031.80	2,850.58	-	13,190.51
Fixed deposits included under 'Non-current bank balances'	-	428.16	-	-	428.16
Accrued Interest on Fixed Deposits	9.84	245.73	84.79	-	340.36
TDS on Interest/Income	1.10	36.00	9.42	-	46.52
Total	319.07	10,741.69	2,944.79	-	14,005.55

* Includes Margin penalty levied for the month of March 2019 of ₹ 26.02 lakhs due and collected in April 2019.

- Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of the Company. The Company operates only in one Business Segment i.e. facilitating clearing & settlement in commodities and the activities incidental thereto within India, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".
- Effective April 1, 2018, the Company has adopted IND AS 115, Revenue from contracts with customers using the modified retrospective transition approach, applicable to contracts that were not completed as of April 1, 2018. The adoption of this standard did not have a material impact on the financial results for the quarter and year ended March 31, 2019.
- The figures of last quarter are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the respective year.
- Figures for the previous period/year have been regrouped, rearranged and reclassified wherever necessary.

For National Commodity Clearing Limited




Rajiv Relhan
 Managing Director & CEO
 DIN - 07214524

Place: Mumbai
 Date: May 14, 2019