



## NATIONAL COMMODITY CLEARING LIMITED

CIN: U74992MH2006PLC163550

### Company Information

<b>Board of Directors</b>	Mr. R. Ramaseshan : Chairman & Public Interest Director (DIN: 00200373)
	Mrs. Shanthi Srikant : Public Interest Director (DIN: 08100689)
	Dr. Harshavardhan Raghunath : Public Interest Director (DIN: 01675460)
	Mrs. Praveena Kala : Public Interest Director (DIN: 08765830)
	Mr. Arun Raste : Shareholder Director (DIN: 08561128)
	Mr. Bhaskaran Nayar Venugopal : Shareholder Director (DIN: 02638597)
	Mr. Atul Roongta : Shareholder Director (DIN: 07878061)
	Mr. Rajiv Relhan : Managing Director & Chief Executive Officer (DIN: 07214524)
<b>Chief Financial Officer</b>	Ms. Komal Shahani
<b>Chief Compliance Officer and Head - Legal</b>	Mr. Suresh Nair <i>(appointed w.e.f. February 1, 2023)</i>
<b>Compliance Officer</b>	Ms. Sylvia Fernandez <i>(ceased w.e.f. close of business hours of December 30, 2022)</i>
<b>Chief Operating Officer</b>	Mr. Hemant Singhvi
<b>Chief Risk Officer</b>	Mr. Ruchit Chaturvedi <i>(ceased w.e.f. close of business hours of March 9, 2023)</i>
<b>Company Secretary</b>	Mr. Rahul Poojari

<b>Registered Office</b>	1 <sup>st</sup> Floor, Ackruti Corporate Park, L. B. S. Road Kanjurmarg West, Mumbai 400 078. Email Id: <a href="mailto:rahul.poojari@nccl.co.in">rahul.poojari@nccl.co.in</a> Website: <a href="http://www.nccl.co.in">www.nccl.co.in</a> Tel: +91 22 62804900 Fax: + 91 22 6280 4901 CIN: U74992MH2006PLC163550
<b>Statutory Auditors</b>	M/s. Khandelwal Jain & Co., Chartered Accountants (Firm Registration No. 105049W)
<b>Internal Auditors</b>	M/s. Mahajan & Aibara Chartered Accountants LLP (Firm Registration No. 105742W)
<b>Secretarial Auditors</b>	M/s. Ragini Chokshi & Co., Company Secretaries
<b>Bankers</b>	Axis Bank Limited Bank of India Canara Bank HDFC Bank Ltd. ICICI Bank Ltd. IndusInd Bank Ltd. Kotak Mahindra Bank Ltd. Punjab National Bank Tamilnad Mercantile Bank Ltd. Union Bank of India Yes Bank Ltd.
<b>Registrar and Share Transfer Agents</b>	Link Intime India Private Limited C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai – 400083.

## DIRECTORS' REPORT

The Directors are pleased to present the 17th Annual Report of National Commodity Clearing Limited ("Company" / "NCCL" / "Clearing Corporation"), together with the audited financial statements of the Company, for the financial year ended March 31, 2023.

### Financial Performance

The financial performance of the Company for the financial year ended March 31, 2023 along with the figures for the previous year is summarized as under:

Particulars	(Rs. in lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Total Income	2,071	3,068
Total Expenditure	2,538	2,430
Profit/(Loss) before tax	(467)	638
Profit/(Loss) after tax (A)	(353)	460
Other comprehensive income/(loss), net of tax (B)	(28)	(16)
Total comprehensive income/(loss) (A+B)	(381)	444

### Review of Operations / State of Company Affairs

National Commodity & Derivatives Exchange Limited ('NCDEX' / 'the Exchange'), the holding and promoter company of NCCL, is a commodity derivatives exchange.

Your Company was granted recognition by SEBI to act as a Clearing Corporation on September 10, 2018 for a period of one year subject to certain conditions prescribed therein. Subsequently, the recognition granted to act as a Clearing Corporation was renewed by SEBI for a further period of three years commencing on September 10, 2019 and ending on September 9, 2022 subject to certain conditions prescribed therein. Further, the recognition to act as a Clearing Corporation was again renewed by SEBI for a further period of three years commencing on September 10, 2022 and ending on September 9, 2025 subject to certain conditions prescribed therein.

Your Company has entered into a clearing and settlement agreement with NCDEX to provide, inter alia, clearing and settlement services along with all associated and related functions, including managing instruments offered as collaterals, risk management and clearing & settlement functions for all trades executed on the NCDEX platform.

The Company has not undergone any change in the nature of its business during the financial year 2022-23.

#### Settlement

NCCL successfully continued its record of accomplishment of completing all settlements in a timely manner.

A summary of trading, settlement and collaterals processed during the financial year 2022-23 is given below:

<b>Trades</b>		
<b>Particulars</b>	<b>2022-2023</b>	<b>2021-2022</b>
Number of trades	3,531,114	7,370,509
Traded quantity	30,536,080 (MTs)	68,062,279 (MTs)
	5,319,954 (Lots)	11,071,310 (Lots)
Traded value (Rs. in crores)	204,961	456,703

<b>Settlement</b>		
<b>Particulars</b>	<b>2022-2023</b>	<b>2021-2022</b>
MTM Settlement (Rs. in crores)	2530.81	5148.73
Physical Settlement (Rs. in crores)	1310.13	2020.17

#### **Management of collateral instruments**

<b>Instrument Processed</b>	<b>2022-2023</b>		<b>2021-2022</b>	
	<b>Count</b>	<b>Amount (Rs. in crores)</b>	<b>Count</b>	<b>Amount (Rs. in crores)</b>
Bank Guarantees	328	575.38	394	706.21
Fixed Deposit Receipts	1170	1315.48	2242	2555.58

#### **Initiatives and new developments:**

##### **1. Segregation and monitoring of collateral at client level**

SEBI vide its circular no. SEBI/HO/MRD2\_DCAP/CIR/2021/0598 dated July 20, 2021 has put in place a framework for “Segregation and Monitoring of Collateral at Client Level”.

NCCL has implemented the guidelines. Clearing members are provided with a file upload and API facility to allocate the cash and cash equivalent collaterals (BG & FD) into the proprietary account of CM, and/or proprietary account of any TM clearing through the CM, and/or account of any of the clients (including Custodial Participants

(CPs)) clearing through the CM, and/or of any of the clients trading through the TM who in turn is clearing through the CM.

## **2. Standardization of File formats**

As per recommendations of SEBI's Market Data Advisory Committee (MDAC) regarding "Standardization of MII-members Interface", it was proposed to standardize the formats of select reports made available to members by CCs. Clearing Corporations (CCs) have mutually decided to provide select reports in a standardized format (csv format with ISO tags) which shall be common across all CCs as part of streamlining the interface between CCs & members. Accordingly, NCCL started providing the reports in new formats along with the old (existing) formats. Members have been advised to make necessary system changes in their systems since old formats shall be discontinued in due course.

## **3. Acceptance of Government Securities, Treasury Bills and Sovereign Gold Bonds as Collateral**

NCCL started accepting Government Securities, Treasury Bills and Sovereign Gold Bonds as collateral towards Margin requirement.

## **4. Intraday release of securities and commodities**

NCCL started intraday release of securities and commodities placed by members towards margin requirements which were previously released on the next day of placing a request.

## **Risk Management**

NCCL has formulated its risk management framework based on the Comprehensive Risk Management Framework and other directives and guidelines issued by SEBI. The Risk Management Committee of the Governing Board oversees and monitors risk management of NCCL and implementation of risk related policies. The risk management policies of NCCL are reviewed by the Risk Management Committee and approved by the Governing Board. The Risk Management Committee has delegated certain functions and authority to the Internal Risk Committee of NCCL, which regularly reviews and monitors the risk management function in NCCL.

NCCL has a Risk Management System ('RMS') for real time computation of Value at Risk ('VaR') and portfolio-based margin. Intra-day volatility is refreshed every two hours, five times a day and the initial margin changes whenever volatility is refreshed. Also, the Mark to Market ('MTM') obligation is recomputed for every last traded price change.

Risk is managed through measures like eligibility criteria and capital requirements of members, margin requirements, positions limits for member and clients, real time monitoring and alerts for increase in risk exposures and limit breaches etc.

## **Warehousing / Logistics**

NCCL facilitates physical settlement of trades executed on the NCDEX platform. To facilitate physical settlement, NCCL has empanelled seven Warehouse Service Providers (WSPs). Each of these WSPs have their own assaying facilities. These WSPs provide warehousing services to clients, at various delivery locations, for physical settlement of their trades. Warehouses providing such services are registered with the Warehousing Development and Regulatory Authority (WDRA) and are approved by NCCL. For physical settlement of trades, selling clients can deposit their commodities in such NCCL approved warehouses and buying clients can receive these goods in physical from these warehouses. All approved warehouses are inspected by NCCL and by Independent Inspection Agencies on regular basis for its operations and infrastructure as per the standard guidelines set by SEBI. For verification of quantity stored in NCCL approved warehouses, NCCL has a panel of Independent Inspections Agencies. These agencies are mandated to inspect approved warehouses and submit their reports. For improving market confidence, these reports are published on the NCCL website. NCCL has also empanelled six Independent Assayers, who are not associated with any of the empanelled WSPs and independently provide assaying services to NCCL and to buyers who request for such verification.

As on March 31, 2023, NCCL had 142 approved warehouses at 31 delivery locations spread across 10 states in the country. Gujarat, Rajasthan and Maharashtra are the major states contributing about 97% of the approved capacity. These 142 warehouses have a capacity of 4.08 lakh MTs and as at the end of the year, had 0.93 Lakh MTs of stock worth about Rs. 878 cr.

During the period from April 2022 till March 2023, approved warehouses witnessed deposits of about 2.47 lakh MTs, 42% of which was Castor followed by Guar Seed, Guar Gum, COC, Coriander and Jeera at 15%, 11%, 10%, 9% and 6% respectively. Gujarat had 61% of the deposit during the financial year followed by Rajasthan and Maharashtra at 30% and 7% respectively.

## **Information Technology**

Technology is the key business enabler for NCCL. A number of functional changes were carried out in systems towards meeting various market requirements, regulatory requirements and operational requirements. The major system changes undertaken during the year are as under:

- In accordance to SEBI circular no SEBI/HO/MRD2\_DCAP/CIR/2021/0598 dated July 20, 2021, a mechanism for segregation and monitoring of collateral at client level was implemented within the prescribed timelines. NCCL successfully implemented the requirement by providing a file-based approach as well as API facility which can be used by members for allocation of collateral.
- Standardization of reports: NCCL provides several reports to trading and clearing members regarding their obligations. Different clearing corporations have their own report

formats, resulting in the requirements for members to develop systems to process information in multiple formats, causing inefficiency and increasing technical requirements. With the joint discussion amongst the CCs, the EOD clearing & settlement file formats were harmonized. NCCL also started providing the standardized file formats with ISO tags along with the existing file formats to the members from January 2, 2023.

NCCL along with NCDEX has conducted unannounced LIVE trading and “clearing and settlement activities” from its DR site. Members were not informed about the same and were not required to take any action from their end. All trading and clearing activities were seamless and no issues were reported.

## **Human Resources**

During the year, a Management Development Program for employees in leadership roles was organised in order to help them become effective leaders, strengthen managerial and leadership skills, and improve team management.

A detailed assessment of training needs for all employees was carried out. Employees were also encouraged to create individual development plans. The NCDEX group initiative of subscribing to The NCDEX Group Academy (Skillsoft), a complete immersive digital learning platform and mobile app that provides worldwide content, podcasts, short learning bytes, live practical demos, etc. accessible anytime, anywhere has been a great success. It has helped employees strengthen their skills and learn new skills that are not confined to their specialised domain.

The total number of employees as on March 31, 2023 was 68. The number of resources handling regulatory functions along with description of their roles is given below:

<b>Sr. No.</b>	<b>Regulatory Functions</b>	<b>No. of Resources</b>	<b>Function Description</b>
1	Risk Management	6	A sound risk management system is integral to an efficient clearing and settlement system. NCCL shall provide adequate and effective risk management mechanism for creating a proper risk management framework and for enforcing the requirements uniformly, as provided in the relevant regulations from time to time, to ensure market safety and security and to ensure smooth and orderly completion of settlement of transactions. NCCL shall implement risk containment measures that are recommended internationally and are considered vital in the derivatives market. The most critical component of the risk containment mechanism for NCCL is the online position monitoring and margining system. The actual position monitoring and margining is done on-line, on real time basis. NCCL collects initial margin for all open positions of a member based on the margins computed by the Risk Management System (RMS). Initial margin requirements are based on 99%

			Value at Risk (VaR) over the margin period of risk (MPOR) and are margined at the portfolio level. The methodology for computation of Value at Risk is as per the recommendations of SEBI from time to time.
2	Membership	2	The Membership Department handles admission, registration, supervision and compliance monitoring of members. The department also handles the work related to action against the members for regulatory violations.
3	Membership Inspection	1	The Member Inspection Department is responsible for carrying out inspection of activities relating to the clearing and settlement operations of members. The department also handles the work related to action against members for regulatory violations and conditions for continued membership.
4	Compliance	1	The Compliance Department monitors compliance with the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the Securities and Exchange Board of India Act, 1992 and the rules, regulations and directions issued thereunder.
5	Enforcement & Default	1	A member may be declared a defaulter by direction of the Relevant Authority, if it is unable to fulfill its obligations, commits violations of the Rules, Byelaws and Regulations or the conditions of membership or admits or discloses his inability to fulfill or discharge its duties, obligations and liabilities, as laid down under the Bye Laws, Rules and Regulations. The Enforcement & Default Division is responsible for all matters pertaining to enforcement and dealing with default by a member.
6	Investor Services & Protection	2	NCCL primarily has two categories of members – members exclusively carrying out clearing & settlement activities and members who additionally may be Trading Members on the exchange. For matters pertaining to disputes or claims between members inter se and between a member and its clients, NCCL through its Investor Services Department, facilitates resolution of disputes and settlement of claims through the arbitration mechanism of the concerned exchange.
7	Compliance Officer	1	Oversees all regulatory functions barring risk.

**Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013:**

The Company is committed to provide a work environment which ensures that every employee is treated with dignity and respect. The Company has in place a Policy on Prevention of Sexual Harassment of Women in line with requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Further, the Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The said Committee has been set up to redress complaints received regarding sexual harassment.

The disclosures required to be given under Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 are given in the following table:

1	Number of complaints of sexual harassment received in the year	NIL
2	Number of complaints disposed off during the year	NIL
3	Number of workshops or awareness programs against sexual harassment carried out	An awareness program was conducted for all the employees.

### **Dividend & Reserves**

As per the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, a recognised Clearing Corporation should have a minimum net worth of Rs. 100 crore. As on March 31, 2023, the liquid net worth of the Company was Rs. 157.87 crore.

In the view of the above and in order to conserve the resources for future business growth, your directors do not recommend any dividend for the financial year 2022-23.

The Company has carried forward a total of Rs. 13,278 lakhs as its Reserves (including the Core Settlement Guarantee Fund).

### **Compliance with externally imposed capital requirements:**

The capital requirement of the Company is regulated by the Securities and Exchange Board of India ('SEBI'). As per SEBI Regulations 2018, a risk-based approach is prescribed towards computation of capital and net worth requirement for clearing corporations to adequately cover counterparty credit risk, business risk, orderly wind-down and operational & legal risk. As per Regulation 14(3) (c) of SECC Regulations 2018, every clearing corporation shall have a minimum net worth of Rs.100 crore or net worth computed as per the risk-based approach as may specified by SEBI from time to time, whichever is higher. Accordingly, SEBI vide circular Ref No: SEBI/HO/MRD/DRMP/CIR/P/2019/55 dated April 10, 2019 issued granular norms related to computation of risk based capital and net worth requirements for clearing corporations effective from FY 2019-20. The net worth requirement for the Company calculated as prescribed by SEBI in the above circular works out to around Rs. 157.87 crore as on March 31, 2023.

### **Regulatory Landscape / Developments**

SEBI has renewed the recognition granted to NCCL to function as a "Clearing Corporation" for a further period of 3 years and the same was notified in the Gazette of India published on September 09, 2022.

NCCL is therefore subject to Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 ('SECC Regulations, 2018') as amended from time to time. During the period from April 2022 to March 2023, SEBI has issued various circulars/notifications, the implementation and compliance of which are required to be ensured by NCCL. Important circulars / notification issued during the period are as under:

- a) Revised framework on System and Network Audit of Market Infrastructure Institutions (MIIs).
- b) Changes to the Framework to enable verification of Upfront Collection of Margins from Clients in Cash and Derivatives segments whereby the methodology for computing intra-day and EOD margin requirements from the clients is revised.
- c) Guidelines for seeking NOC by Stock Brokers / Clearing Members for setting up Wholly Owned Subsidiaries, Step down Subsidiaries, Joint Ventures in GIFT IFSC.
- d) Modification in Cyber Security and Cyber Resilience framework of Stock Exchanges, Clearing Corporations and Depositories wherein SEBI has revised the certain paragraphs of circular no. SEBI/CIR/MRD/DP/13/2015 dated July 06, 2015 in order to identify critical assets based on their sensitivity and criticality for business operations, services and data management and the manner and period for conduction of vulnerability assessment test.
- e) Modification to Standard Operating Procedure in the cases of Trading Member / Clearing Member leading to default in order to provide equitable distribution of funds amongst investors.
- f) Levy of Goods & Services Tax (GST) on the fees payable to SEBI.
- g) Framework for Orderly Winding Down of Critical Operations and Services of a Clearing Corporation.
- h) Advisory for SEBI regulated entities regarding Cybersecurity best practices.
- i) Framework for adoption of cloud services by SEBI regulated entities.

### **Settlement Guarantee Fund**

The details of Settlement Guarantee Fund ('SGF') as on March 31, 2023 is as below:

(Rs. in crore)

<b>NCCL Contribution</b>	<b>NCDEX Contribution</b>	<b>Settlement Penalties</b>	<b>Funding from SGF</b>	<b>Total</b>
153.42	39.08	58.06	(12.01)	238.55

## **Capital & Shares**

As on March 31, 2023, the Authorised Share Capital of the Company is Rs. 140 crore divided into 140,000,000 equity shares of Rs. 10 each.

In order to meet the stipulated amount of Core Settlement Guarantee Fund (Core SGF) and to facilitate business operations including funding for Clearing Corporation's initial obligation in case of a default, the Board at its meeting held on November 7, 2022 approved the proposal to issue 89,99,023 equity shares on rights basis. In response to the application by the Company for grant of extension of the Core SGF funding deadlines, SEBI vide its letter dated December 15, 2022 acceded to the request of NCCL for an extension of timelines till June 30, 2023 for augmenting the Core SGF.

In view of the above extension granted by SEBI, National Commodity & Derivatives Exchange Limited ('NCDEX') was not required to infuse the required capital in NCCL to the extent required for achieving the SGF corpus. However, to facilitate business operations including funding for Clearing Corporation's initial obligation in case of a default, NCDEX subscribed to the extent of 15,00,000 equity shares out of the total equity shares offered by NCCL under the rights issue. Accordingly, on December 30, 2022, the paid-up equity share capital was increased from Rs. 121.25 crore to Rs. 122.75 crore by allotting 15,00,000 equity shares, of Rs. 10 each at a price of Rs. 10 per equity share, to NCDEX, by way of rights issue, ranking pari passu in all respects with the existing equity shares of the Company. Further, the Board also approved the cancellation of 74,99,023 unsubscribed equity shares under rights issue on December 30, 2022.

As on March 31, 2023, the paid-up equity share capital of the Company is Rs 122.75 crore divided into 122,750,000 equity shares of Rs. 10 each.

Your Company has, in FY 2022–23, neither issued any equity shares with differential voting rights nor any shares (including sweat equity shares) to its employees under any Employee Stock Option Scheme.

Your Company is a wholly owned subsidiary of NCDEX. NCDEX holds 122,750,000 equity shares of Rs 10 each i.e., 100% of the paid-up equity share capital of your Company which includes 6 individuals holding 1 equity share each (jointly with NCDEX, NCDEX being the first holder) of Rs 10 each.

## **Alteration of Memorandum of Association & Articles of Association of the Company**

During the year under review, your Company has not altered its Memorandum of Association and Articles of Association.

## **Management Discussion and Analysis Report**

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report is annexed hereto as **Annexure 1**, and forms a part of this report.

## Corporate Governance Report

The Company is a public limited company, whose securities are not listed on any of the stock exchanges. As per Regulation 33 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the disclosure requirements and corporate governance norms as specified for listed companies are mutatis mutandis applicable to a recognised Clearing Corporation.

A report on the Corporate Governance framework within the Company, with certification as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed hereto as **Annexure 2**, and forms part of this report.

## Corporate Social Responsibility

As on March 31, 2023, the Corporate Social Responsibility Committee of the Board comprised the following members viz:

1. Mrs. Praveena Kala, Public Interest Director – Chairperson
2. Mr. Rajiv Relhan, Managing Director
3. Mr. Atul Roongta, Shareholder Director

The terms of reference of the Corporate Social Responsibility Committee is provided in the Corporate Governance Report which forms part of this report. Further, the Corporate Social Responsibility ('CSR') Policy of the Company is available on the website of the Company at the web link <https://nccl.co.in/disclosures/csr>. No changes were made to the CSR Policy of the Company during FY 2022-23.

The Company's CSR activities largely cover social and development sectors and with focus on Education, Healthcare, Gender Equality & Empowerment of Women, Environment Sustainability and contributions to 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 schedule caste, tribes, other backward classes, minorities and women. During FY 2022-23, the Company contributed an amount of Rs. 5.15 lakhs, being the amount mandated to be spent for CSR activities, to the 'Aashayein Project'. The Aashayein Project aims to promote importance of education amongst children and distribution of Stationery Kit. The Stationery Kit supplies comprised items such as School Bag, Notebooks, Longbooks, Colouring book, Drawing book, Slate, Pouch, Geometry Compass, Geometry stencil, Wax colour, Water colour, Magic kit (Pen, Pencil & other items) and Writing Pad.

The annual report on the CSR activities is annexed as **Annexure 3** and forms part of this report.

## Annual Return

Pursuant to section 134(3)(a) and Section 92(3) of the Companies Act, 2013, the Annual Return for the financial year ended March 31, 2023, is hosted on the website of the Company at the web link <https://nccl.co.in/disclosures/annual-reports>.

## Secretarial Audit Report

The Secretarial Audit as required under the Companies Act, 2013 was undertaken by M/s Ragini Chokshi & Co., Practicing Company Secretary. The Secretarial Auditors has not made any qualification, reservation or adverse remark or disclaimer in their report for the financial year ended March 31, 2023. The Secretarial Audit Report for the financial year ended March 31, 2023 is annexed as **Annexure 4**, and forms part of this Report.

Further, the Annual Secretarial Compliance Report as mandated under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed hereto as **Annexure 5**, and forms part of this report.

## Business Responsibility and Sustainability Report

The provisions of Regulation 34 (2) (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides that with effect from the financial year 2022-23, the top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year), shall attach to its Director Report a Business Responsibility and Sustainability Report describing the initiatives taken by them from an environmental, social and governance perspective in the prescribed format. Your Company does not fall under the purview of Regulation 34 (2) (f) and hence the Business Responsibility and Sustainability Report is not applicable to the Company.

## Deposits

During the year under review, the Company has not accepted and/or renewed any public deposits in terms of the provisions of section 73 and 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

## Board Meetings held during the Financial Year 2022-23

During the financial year 2022-23, four meetings of the Board were held on May 6, 2022, August 2, 2022, November 7, 2022 and February 1, 2023.

## Directors

As on March 31, 2023, the Company's Board consists of 8 Directors comprising four Public Interest Directors / Independent Directors, three Shareholder Director (Non-Executive) and one Managing Director & CEO, the details of which are given in the below table. The Company's Board has two women Public Interest Directors / Independent Directors.

Sr. No.	Name of the Director	Designation
1	Mr. R. Ramaseshan	Chairman & Public Interest Director
2	Mrs. Shanthi Srikant	Public Interest Director
3	Dr. Harshavardhan Raghunath	Public Interest Director
4	Mrs. Praveena Kala	Public Interest Director
5	Mr. Arun Raste	Shareholder Director
6	Mr. Bhaskaran Nayar Venugopal	Shareholder Director

7	Mr. Atul Roongta	Shareholder Director
8	Mr. Rajiv Relhan	Managing Director & Chief Executive Officer

During FY 2022-23, no new director was appointed on the Board of the Company and no existing director resigned from the directorship of the Company.

SEBI vide its letter no. SEBI/HO/MRD/RAC-1/P/OW/2022/45659/1 dated August 29, 2022 accorded its approval for the re-appointment of Mr. Atul Roongta as the Shareholder Director of NCCL with effect from August 29, 2022. Pursuant to said SEBI letter, the Board of NCCL on August 30, 2022 through Resolution by circulation noted the re-appointment of Mr. Atul Roongta as the Shareholder Director of NCCL with effect from August 29, 2022.

### **Independent Directors / Public Interest Directors**

As on March 31, 2023, the Company had four Independent Directors / Public Interest Directors on the Board namely Mr. R. Ramaseshan, Mrs. Shanthi Srikant, Dr. Harshavardhan Raghunath and Mrs. Praveena Kala. In accordance with the provisions of the Companies Act, 2013 and Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the Independent Directors / Public Interest Directors are not liable to retire by rotation.

### **Declaration by Independent Directors / Public Interest Directors**

All Independent Directors / Public Interest Directors have given declarations that they meet the criteria of independence as laid down under section 149 of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board is of opinion that all Independent Directors fulfil the conditions relating to their status as an Independent Director as specified under section 149 of the Companies Act, 2013 and the Rules made thereunder and applicable provisions of the SEBI Listing Regulations and are independent of the management. Further, the Board is of opinion that Independent Directors of the Company possess requisite qualifications, experience and expertise in the fields of finance, risk management, public administration, corporate management, information technology, business strategy; and they hold highest standards of integrity. Regarding proficiency, the Company has adopted requisite steps towards the inclusion of the names of all Independent Directors in the data bank maintained with the Indian Institute of Corporate Affairs ('IICA'). Accordingly, all the Independent Directors of the Company have registered themselves with the IICA for the said purpose.

In terms of section 150 of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors are required to undertake an online proficiency self-assessment test conducted by the IICA within a period of two years from the date of inclusion of their names in the data bank. The status of the said online proficiency self-assessment test undertaken by the Independent Directors of the Company are as below:

<b>Sr. No.</b>	<b>Name of the Independent Director / Public Interest Director</b>	<b>Status of Online Proficiency Self-Assessment Test</b>
1.	Mr. R Ramaseshan	Exempted
2.	Mrs. Shanthi Srikant	Completed
3.	Dr. Harshavardhan Raghunath	Completed
4.	Mrs. Praveena Kala	Completed

### **Directors retiring by rotation (being Directors other than Independent Directors)**

In accordance with the provisions of the Companies Act, 2013, Mr. Bhaskaran Nayar Venugopal, being a non-independent Director, is liable to retire by rotation at the ensuing 17th Annual General Meeting of the Company. He is eligible for re-appointment. Resolutions for the purpose of his re-appointment is being proposed at the 17th Annual General Meeting. Profile of Mr. Bhaskaran Nayar Venugopal, is included in the Notice of the 17th Annual General Meeting.

### **'Fit and Proper Person' criteria**

In accordance with the provisions of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, Directors of the recognised Clearing Corporation have to meet the 'Fit and Proper Person' criteria. Accordingly, all Directors of the Company have confirmed compliance with the 'Fit and Proper Person' criteria prescribed under the aforesaid Regulation.

The Directors of the Company have also confirmed that they are not associated with any trading member or clearing member of any recognized stock exchange or recognized clearing corporation or any associates and agents of any trading member or clearing member.

The Company has also received declarations from all its Directors as per section 164 of the Companies Act, 2013, confirming they are not disqualified from being appointed as Directors of the Company.

### **Evaluation of performance of the Board**

SEBI had issued a guidance note on the evaluation of the board to be carried out by listed companies, which inter alia contains the process of evaluation, including the criteria to be adopted for evaluation. The Company has adopted the criteria laid in the said guidance note to assess the methodology and criteria to evaluate the performance of the Board as a whole and its committees as well as the performance of each Director individually, including the Chairman. The said criteria inter alia includes various parameters like involvement, quest for improvement, teamwork, governance, knowledge & competency, understanding & fulfilment of functions, initiatives, availability & attendance, commitment, contribution in board meetings and integrity.

Further, pursuant to the SEBI circular dated February 5, 2019 on 'Performance review of Public Interest Directors', the Company has put in place a Policy for 'Performance review of Public Interest Directors' and has aligned the criteria for evaluation of Public Interest Directors / Independent Directors in line with the said Policy.

The performance evaluation criteria for Public Interest Directors as required to be disclosed under the provisions of aforesaid SEBI circular dated February 5, 2019 is given below:

1. Qualifications:  
Possesses professional qualification in the area of law, finance, accounting, economics, management, risk management, administration or any other area relevant to the financial markets.
2. Experience:  
Possesses prior experience in the area of law, finance, accounting, economics, management, administration, risk management or any other area relevant to the financial markets.
3. Knowledge and Competence:  
Sufficient understanding and knowledge of the Company and the sector in which it operates and sufficient understanding of the role, responsibilities and obligations as Public Interest Director under the applicable regulatory norms and the risk associated with the business structure.
4. Integrity:  
Demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.). Strictly adheres to the provisions of SEBI SECC Regulations, 2018 and any other regulatory provision, as applicable, along with the code of conduct and code of ethics prescribed. Discloses dealing in securities and other regulatory disclosures on timely basis. Confirms Fit & Proper Person confirmation and non-disclosure of confidential information, unless such disclosure is expressly approved by the Board or required under the law.
5. Leadership:  
Displays efficient leadership, is open-minded, courteous, displays professionalism, decisive etc.
6. Governance:  
Exercises and encourages independent judgement, ensures implementation of good governance practices and compliance, assures appropriate board size, composition, independence, structure.
7. Contribution:  
Contributes effectively to the Company and its Board meetings. Participates in meetings keeping in mind the interests of various stakeholders and actively deliberates on proposed businesses propositions taking into consideration pros and cons of such proportions, long term outlook, cost-benefit analysis etc.
8. Independence:  
Fulfils the independence criteria as specified under Companies Act, 2013 and SEBI Listing Regulations and is independent from the Company & Management and the

other directors and there is no conflict of interest. Confirms his / her non-association with the Company and its member. Also keeps regulators informed of material developments in the Company's functioning.

9. Analysis:

Deliberates in detail and seeks clarifications on or amplification of information as required. Monitors corporate results, significant corporate risks; reviews strategic plans, objectives and budgets. Monitors activities of Board Committees.

10. Quality of decision-making:

Probes effectively and constructively to test the assumptions and validate the information for quality decision-making, actively supports worthwhile ideas and proposals.

11. Independent views and judgement:

Exercises his/ her own judgement and voices opinion freely. Participates in the decisions taken during the meetings in an unbiased manner, based on ethical judgement and in strict conformity to the applicable regulatory norms. Raises concerns if anything observed contrary to regulatory norms and ethical conduct. Ensures fairness and integrity in Company's system, in letter as well as in spirit.

12. Availability / Engagement:

Available for meetings of the Board and attends the meeting of Board and Committees regularly and timely. Ensures that he / she hasn't remained absent for three consecutive meetings of the Board and has attended seventy five percent of the total meetings of the Board in each calendar year. Diligently prepares and remains well-informed.

13. Commitment:

Sufficiently committed to the Board and the Company.

14. Functions as a Team:

Functions as an effective team member, listens attentively to the contributions of others and gives adequate weightage to the views and perception of other Board members. Shares good interpersonal relationship with other directors.

15. Interaction:

Communicates meaningfully in an open, constructive manner, gives a fair chance to others for expressing their views.

16. Corporate Objectives and Goals:

Contributes to define corporate objectives and goals.

17. Fulfilment of Functions:

Understands and fulfils the functions as assigned by the Board and the regulatory norms. Provides views and opinion on various regulatory matters when comments are invited by SEBI.

18. Initiative:

Actively takes initiative with respect to various areas. Insists on information necessary for effective decision making, keeps himself / herself well informed about the functioning of the Company and its external environment and developments taking place in regulatory areas. Identifies any important issues which may involve conflict of interest for the Company or may have significant impact on its functioning or may not be in the interest of securities market and reports the same to SEBI. Deals with critical matters in an appropriate manner.

19. Succession Plan:

Reviews KMPs succession plan.

20. Stakeholders:

Takes informed and balanced decisions particularly in case of conflicting interests and is able to keep minority shareholders' interest and other non-shareholding stakeholders' interest in mind during discussions and decisions.

Pursuant to and in line with the requirements prescribed under the Companies Act, 2013 and the Policy for 'Performance review of Public Interest Directors', the annual evaluation of Board's performance, and that of its Committees and Individual Directors were carried for FY 2022-23. Further, the Independent Directors / Public Interest Directors met separately, without the attendance of Non-Independent Directors and members of the Management, and inter alia reviewed the performance of Non-Independent Directors, Board as a whole, performance of the Chairman and further assessed the quality, quantity and timelines of flow of information between the Company Management and the Board for FY 2022-23. Overall, the Independent Directors /Public Interest Directors expressed their satisfaction on the performance and effectiveness of the Board, Individual Non-Independent Board Members, and the Chairman, and on the quality, quantity and timeliness of flow of information between the Company Management and the Board.

The Nomination & Remuneration Committee and the Board also undertook an evaluation of the Board's performance, and that of its Committees and Individual Directors for FY 2022-23 and expressed its overall satisfaction on the performance and effectiveness of the Board, the committees and individual Board Members.

## **Key Managerial Personnel**

The following officials of the Company have been identified as Key Managerial Personnel under the provisions of the Companies Act, 2013, namely:

1. Mr. Rajiv Relhan, Managing Director & Chief Executive Officer;
2. Ms. Komal Shahani, Chief Financial Officer; and

### 3. Mr. Rahul Poojari, Company Secretary

During the year under review, no new Key Managerial Personnel was appointed and no existing Key Managerial Personnel resigned from the Company.

## **Board Committees**

The Board has constituted the following committees pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

### **Audit Committee**

The Board has constituted an Audit Committee as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition and terms of reference of the Audit Committee is provided in the Corporate Governance Report which forms part of this Report. During the FY 2022-23 there were no instances, where the Board did not accept any recommendations of the Audit Committee.

### **Nomination & Remuneration Committee**

The Board has constituted a Nomination & Remuneration Committee as per the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 ['SECC Regulations, 2018']. The composition and terms of reference of the Nomination & Remuneration Committee is provided in the Corporate Governance Report which forms part of this report. The Company has in place a Nomination & Remuneration Policy. The Policy deals with matters which includes Directors' appointment and their remuneration, criteria for determining qualifications, positive attributes and independence of director, remuneration of Key Managerial Personnel, Senior Managerial personnel and other employees.

No changes were made to the Nomination & Remuneration policy during the FY 2022-23.

The Nomination & Remuneration Policy is available on Company's website at the web link <https://nccl.co.in/disclosures/other-disclosures>.

The relevant extracts of the Nomination & Remuneration Policy is given below:

### **Criteria for determining qualifications, positive attributes and independence of a director:**

#### Public Interest Director:

The Company shall ensure that Public Interest Directors are selected from diverse field of work. While deciding to propose a particular person as a Public Interest Director, the Company shall also take into account the following factors:

- a) Qualification in the area of law, finance, accounting, economics, management, administration or any other area relevant to the financial markets.

- b) Atleast one person may be inducted having experience and background in finance / accounts who may preferably be inducted in the audit committee.
- c) Persons currently holding positions of trust and responsibility in reputed organisations or person who have retired from such positions.
- d) Persons who are likely to have interested positions in commercial contracts and financial affairs of Company, may be excluded. Also, persons who are regular traders/ speculators in the market or are director in the board of the promoter entity of the Company, shall be excluded.

For every appointment of an independent director / public interest director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director / public interest director. The person recommended to the Board for appointment as an independent director / public interest director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Nomination and Remuneration Committee may: (a) use the services of an external agencies, if required; (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and (c) consider the time commitments of the candidates.

#### Shareholder Director:

- Degree holder in relevant disciplines;
- Experience of management in a diverse organization;
- Excellent interpersonal, communication and representational skills;
- Demonstrable leadership skills;
- Commitment to high standards of ethics and personal integrity;
- Demonstrable ability to work effectively with a Board of Directors
- Extensive team building and management skills
- Strong influencing and negotiating skills

#### Managing Director / CEO:

The Managing Director / Chief Executive of the Company should be a person of high calibre, integrity and expertise and should have sufficient authority to manage the affairs of the Company.

#### Independence of Directors:

The independence of a director shall be determined based on the criteria defined from time to time in the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SECC Regulations, 2018.

#### **Directors' Remuneration:**

#### Public Interest Director / Non Independent Director:

Public Interest Directors of the Company shall be paid remuneration by way of sitting fees only for attending meetings of the Board of Directors and its committees within the permissible limit

prescribed under the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the SECC Regulations, 2018, as amended from time to time. The sitting fees paid to them for attending meetings of Board of Directors or any other Committee(s) of Board of Directors shall be determined by the Board from time to time. Besides the sitting fees, they are also entitled to reimbursement of expenses for attending such meeting(s). The Public Interest Directors of the Company shall not be paid any other remuneration or commission. They shall not be entitled to any stock option or any profit related commission.

Non-executive Directors (other than nominee Directors) of the Company shall be paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committees within the permissible limit prescribed under the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the SECC Regulations, 2018, as amended from time to time. The sitting fees paid to the Non-executive Directors for attending meetings of Board of Directors and its Committee of Board of Directors shall be determined by the Board from time to time. Beside the sitting fees they are also entitled to reimbursement of expenses. The non-executive Directors of the Company shall not be paid any other remuneration or commission.

#### Managing Director & CEO:

The Company shall follow the following norms in regard to compensation of the Managing Director:

- a. The variable pay component will not exceed one-third of total pay.
- b. 50% of the variable pay will be paid on a deferred basis after three years.
- c. ESOPs and other equity-linked instruments in the Company will not form part of the compensation for the Managing Director.
- d. The compensation policy will have malus and clawback arrangements.
- e. Apart from the above, the following shall also be taken into consideration:
  - financial condition / health of the Company,
  - average levels of compensation payable to employees in similar ranks,
  - should not contain any provisions regarding incentives to take excessive risks over the short term,
  - revenues, net profit of the Company,
  - comparable to the industry standards,
  - role and responsibilities of the Managing Director,
  - periodic review

#### **Stakeholders' Relationship Committee**

The Board has constituted a Stakeholders' Relationship Committee as per the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition and terms of reference of the Stakeholders' Relationship Committee is provided in the Corporate Governance Report which forms part of this Report.

## **Subsidiaries, Associates and Joint Ventures**

As on March 31, 2023, your Company does not have any subsidiaries, joint ventures, or associates. In FY 2022–23, no company has become or has ceased to be a subsidiary, a joint venture or an associate company of your Company.

## **Whistle Blower Policy / Vigil Mechanism**

Your Company believes in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, integrity and ethical behaviour. Pursuant to section 177(9) of the Companies Act, 2013, and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors have implemented a vigil mechanism through adoption of Whistle Blower Policy. For further details, please refer to the report on Corporate Governance which forms part of this report.

## **Particulars of Contracts or Arrangements with Related Parties**

All transactions with related parties are in the ordinary course of business and on an arms' length basis. There are material contracts or arrangements or transactions on arms' length basis. The particulars of contracts or arrangements with related parties are given in Form AOC-2 and is attached as **Annexure 6** to this report.

The Company has adopted a Policy on Related Party Transactions, as approved by the Board of Directors, which is uploaded on the Company's website at the web link <https://nccl.co.in/disclosures/other-disclosures>.

## **Particulars of Loans, Guarantees or Investments**

During the year under review, the Company has not given any loans and guarantees which attract the provisions of section 186 of the Companies Act, 2013. The particulars of Investments made during the year under review are stated in the Notes to Accounts which forms part of this Annual Report.

## **Particulars of Remuneration**

The statement containing particulars of employees as required under section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as **Annexure 7** to this report. The information pursuant to Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 is set out in **Annexure 8** to this report.

During the year under review, Ms. Sylvia Fernandez ceased to be the Compliance Officer with effect from the close of business hours of December 30, 2022. Further, Mr. Suresh Nair, was appointed as the Chief Compliance Officer and Head - Legal of the Company and a Key Management Personnel under the Securities Contracts (Regulation) (Stock Exchanges and

Clearing Corporations) Regulations, 2018 with effect from February 1, 2023 for a period of five years.

During the year under review, Mr. Ruchit Chaturvedi ceased to be Chief Risk Officer with effect from the close of business hours of March 9, 2023.

Under the provisions of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, in addition to Mr. Rajiv Relhan, Managing Director & CEO, the following officials of the Company have been identified as Key Management Personnel namely:

Mr. Hemant Singhvi – Chief Operating Officer  
Ms. Komal Shahani – Chief Financial Officer  
Mr. Suresh Nair – Chief Compliance Officer and Head - Legal  
Mr. Rahul Poojari – Company Secretary

The details of compensation paid to the Key Management Personnel pursuant to the provisions of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 along with the ratio of compensation paid to each Key Management Personnel vis-à-vis median of compensation paid to all employees of the Company is set out in **Annexure 9** to this report.

#### **Information required to be furnished pursuant to Rule 17 & Rule 17A of the Securities Contracts (Regulation) Rules, 1957**

Detailed information pursuant to Rule 17 and Rule 17A of the Securities Contracts (Regulation) Rules, 1957 is set out in **Annexure 10** to this report.

#### **Legal Update**

During the FY 2022-23, no significant and material orders were passed by regulators, courts or tribunals, that impacted the going concern status of the Company, or which can potentially impact the Company's future operations.

#### **Secretarial Standards**

During the FY 2022-23, the Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India with respect to board and general meetings.

#### **Implementation of Corporate Action**

During the year under review, the Company has not failed to implement any Corporate Actions within the specified time limit.

## **Internal Audit and Internal Financial Controls**

### **Internal Audit**

In terms of section 138 of Companies Act, 2013, the Company appointed M/s. Mahajan & Aibara, Chartered Accountants LLP as the Internal Auditors of the Company. The scope of the Internal Audit is defined and approved by the Audit Committee. The audit process also factors in verifying compliance with process, systems, regulatory guidelines and controls.

### **Internal Financial Controls**

The Clearing Corporation has maintained adequate internal financial controls over financial reporting. These controls include i) recording of transactions in a manner that facilitates preparation of financial statements as per the Generally Accepted Accounting Practices, ii) maintaining records that in reasonable detail, fairly and accurately reflect the transactions of the Clearing Corporation, iii) ensuring that all expenditure and income are as per approval of the management, iv) providing reasonable assurance regarding prevention and timely detection of unauthorized acquisition, use or disposition of company's assets that can have material impact on the financials statement of the Company. These financial controls were operating effectively as of March 31, 2023.

## **Cost Records and Cost Audit**

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

## **Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

As per the Companies (Accounts) Rules, 2014, the details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

### **Conservation of energy:**

NCCL has taken various steps to reduce energy consumption such as:

- Use of energy-efficient computer systems and equipment.
- Use of LED lights to reduce power consumption and save energy.
- Strict implementation and monitoring of equipment on/off schedule.
- Preventive maintenance of air conditioning system, UPS, DG set etc. on scheduled basis.

There is no alternative source of energy utilized by NCCL.

During the financial year 2022-23, there has been no capital investment on energy conservation equipment.

**Technology absorption:**

1. efforts made towards technology absorption – Not Applicable
2. the benefits derived like product improvement, cost reduction, product development or import substitution – Not Applicable
3. in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not Applicable
  - the details of technology imported – Not Applicable
  - the year of import – Not Applicable
  - whether the technology been fully absorbed – Not Applicable
  - if not fully absorbed, areas where absorption has not taken place, and the reasons thereof – Not Applicable
4. the expenditure incurred on Research and Development – Not Applicable

**Foreign exchange earnings and outgo:**

The details of foreign exchange earnings and outgo during the FY 2022-23 are as follows:

Earnings: Rs. Nil

Outgo: Rs. Nil

**Statutory Auditors**

M/s. Khandelwal Jain & Co., Chartered Accountants (Firm Reg. No. 105049W) has been appointed as the Statutory Auditors of the Company for a period of five years from the conclusion of 12<sup>th</sup> Annual General Meeting held on September 24, 2018 till the conclusion of 17<sup>th</sup> Annual General Meeting pursuant to the provisions of section 139(1) of the Companies Act, 2013, read with relevant Rules made thereunder.

There is no qualification, reservation or adverse remark or disclaimer in the report given by M/s. Khandelwal Jain & Co., Statutory Auditors on the financial statements of the Company for the year ended March 31, 2023. Further, during the FY 2022-23, the Statutory Auditors have not come across any reportable incident of fraud to the Audit Committee or the Board of Directors.

**Details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year alongwith their status as at the end of the financial year**

During FY 2022-23, the Company has not made any application under the Insolvency and Bankruptcy Code, 2016 nor are any proceedings pending under the said code.

## **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**

Not applicable

## **Material changes and commitments affecting the financial position**

No material changes have occurred or commitments given between the end of the financial year of the Company to which the Balance Sheet relates and the date of this report, affecting the financial position of the Company.

## **Directors' Responsibility Statement**

In accordance with the requirements of section 134 of the Companies Act, 2013, the Board of Directors state that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures (if any);
2. Such accounting policies have been selected and applied consistently, and judgments and estimates made that are reasonable and prudent, so as to give a true and fair view of the Company's state of affairs, as on March 31, 2023, and of the Company's loss for the year ended on that date;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis;
5. Internal financial controls have been laid down to be followed by the Company and such internal financial controls are adequate and operating effectively; and
6. Proper systems have been devised to ensure compliance with the provisions of all applicable laws, and such systems were adequate and operating effectively.

## **Acknowledgements**

Your Directors express their sincere thanks to National Commodity & Derivatives Exchange Limited for its invaluable and continued support and guidance. The Directors also acknowledge the immense contribution made by the employees of the Company for its continued growth and progress.

The Directors also acknowledge the support extended by the bankers to the Company, Auditors, warehouse service providers, Members and Clients, grading and assaying agencies, the Company has been working with.

The Directors also thank the Securities and Exchange Board of India, Ministry of Corporate Affairs, and other governmental bodies and other authorities for their support, advice and direction provided from time to time.

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

**sd/-**

**R Ramaseshan**

**Chairman**

**DIN: 00200373**

Place: Mumbai

Date: May 17, 2023

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure and Developments

2022 unfolded as a difficult year for the world economy, with global GDP growth seen at 3.4%, after registering 6.1% in 2021. There was no dearth of headwinds throughout the year, which impacted India's path to economic recovery. The year began with the threat of the Omicron variant of the coronavirus. Fortunately, the threat subsided fairly quickly, without impacting the economy in any significant way. The only problem was that this headwind was replaced by Russia's invasion of Ukraine in mid-February, leading to further disruptions in the global supply chain. The Indian economy has proven to be remarkably resilient in the face of the deteriorating global situation due to the strong macroeconomic fundamentals that place it well ahead of other emerging market economies. Global inflation has resulted in a loss of purchasing power globally, and subsequent hikes in interest rates could result in some major economies going into recession. A global recession would limit demand on a number of fronts, from feed and energy-related commodities to non-essential commodities like cotton, coffee and cocoa.

Agricultural commodities reached record nominal prices in May 2022, on the back of adverse weather, falling stockpiles, the war in Ukraine, the container shortage and various protectionist measures restricting food commodity exports. However, food commodity prices which surged after Russia's invasion of Ukraine corrected to prewar levels in June and July, halting a two-year rally. Improved supply conditions and a gradual end to Russia's blockade of Ukrainian grain exports drove the decline, along with macroeconomic factors including rising interest rates and global recession concerns.

As per International Monetary Fund World Economic Outlook update, it is projected that global growth will fall to 2.9 percent in 2023 but rise to 3.1 percent in 2024. The 2023 forecast is 0.2 percentage point higher than predicted in the October 2022 World Economic Outlook but below the historical average of 3.8 percent. Rising interest rates and the war in Ukraine continue to weigh on economic activity. China's recent reopening has paved the way for a faster-than-expected recovery. Global inflation is expected to fall to 6.6 percent in 2023 and 4.3 percent in 2024, still above pre-pandemic levels.

Global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic. Monetary policy should stay the course to restore price stability, and fiscal policy should aim to alleviate the cost-of-living pressures while maintaining a sufficiently tight stance aligned with monetary policy. Structural reforms can further support the fight against inflation by improving productivity and easing supply

constraints, while multilateral cooperation is necessary for fast-tracking the green energy transition and preventing fragmentation.

In terms of development, recent years saw steady slew of developmental initiatives that shall help deepen the participation and broaden the basket of instruments available in the commodities ecosystem. A few of the measures are given below:

- Implementation of Segregation and Monitoring of Collateral at Client Level
- Acceptance of Government Securities, Treasury Bills and Sovereign Gold Bonds as collateral towards Margin requirement in dematerialised form
- Reporting of Client Funds by Members
- Options in Goods - To encourage farmer producer organizations to take benefit of trading on the Exchange platform. This gives the opportunity to FPOs and farmers to lock in the selling price by buying 'Put Options' for their crop at the time of sowing and simultaneously protecting their right to participate in case prices rally;
- Launch of the Coffee contract
- Standardization of file formats across various MII's for ease of doing business for members

## **Opportunities and Threats**

Commodities markets have witnessed volatility in the last two years because of various factors like the pandemic, Russian Ukraine war, rising inflation, failure of some big banks and crypto exchange in Europe and USA. This has impacted the value chain participants significantly. Further, the trading restrictions in select agriculture commodity derivative contracts which were for a year until Dec 2022 were not lifted and continues to take a heavy toll on volumes.

The revenues of National Commodity Clearing Limited ('NCCL') are dependent on the volumes of trades in National Commodity & Derivatives Exchange Limited ('NCDEX' / 'Exchange'). NCCL a wholly-owned subsidiary of NCDEX, clears & settles trades executed on NCDEX trading platform. In the outgoing financial year, NCCL and NCDEX have made remarkable developments which undoubtedly have created new opportunities for all the market participants.

The introduction of Liquidity Enhancement scheme in Steel Future Contracts by NCDEX is a step towards increasing the participation of investor in steel future contracts.

NCCL is dedicated to provide a robust clearing and settlement services to its members and create an environment of trust and reliance. NCCL has been actively involved in member interactions and has conducted many training sessions for the benefit of its members. NCCL is focused on automation of processes to save time, increase precision and provide a world class services to its members.

## Segment-wise or product-wise performance

NCCL has started its operations as Clearing Corporation from September 27, 2018. The major revenue streams of NCCL are Risk Management fee, Physical Delivery charges, and Warehouse Service Provider charges. NCCL operates in a single segment viz. Clearing & Settlement service for Commodity to the Exchange. Financial performance during the year 2022-23 is as below:

Particulars	(Rs. in lakhs)
	For the year ended March 31, 2023
Total Income	2,071
Total Expenditure	2,538
Profit before tax	(467)
Profit after tax (A)	(353)
Other comprehensive income/(loss), net of tax (B)	(28)
Total comprehensive income/(loss) (A+B)	(381)

## Outlook

The performance of the agriculture sector remains critical to growth and employment in the country. The recently announced Union Budget for agriculture reinforces the Government's commitments towards nudging short-term growth and propelling long-term ecosystem level changes. As per Economic Survey 2022-23, the agriculture sector in India has grown at an average annual growth rate of 4.6 per cent during the last six years. The promotion of Farmer Producer Organisations (FPOs) and the National Agriculture Market (e-NAM) extension Platform have empowered farmers, enhanced their resources, and enabled them to get good returns. Credit to agriculture and allied activities from FY 2018 has gained momentum supported by the Government's concessional institutional credit and higher agricultural credit target. India's agricultural exports achieved the highest ever export in FY22 reaching US\$ 37.8 billion and it continued to perform well in FY23 with exports of US\$ 26.8 billion during April- November 2022 backed by an effective agriculture export policy. A well-developed food processing sector with improved infrastructure like cold storage and better logistics helps reduce wastage, improve value addition, ensure better farmers' returns, promote employment, and increase export earnings. Various initiative and attempts have been made to boost the food processing industries to harness its linkages with the agriculture sector. Agri Infrastructure Fund (AIF) has supported the creation of various agriculture infrastructures. Cluster Development Programme (CDP) has promoted integrated and market-led development for horticulture clusters. Support for creating a Start-up ecosystem in agriculture and allied sectors is also being provided to the farmers.

All the above measures will support the growth in agricultural productivity and sustaining its contribution to overall economic growth in the medium term. NCCL along with NCDEX, and NERL has already developed infrastructure to reap the benefit of the growth in agriculture sector.

## **Risks and concerns**

NCCL clears the trades done on NCDEX platform that in turn is largely dependent on strong fundamentals in the economy particularly in the agro sector. Adverse economic conditions including market trends and other factors beyond the control of the Company could have an adverse impact on the business, financial condition and results of operations. The extension of trading restrictions in some of the major contracts viz. Wheat, Chana, Mustard Seed, Soybean, Refined Soy Oil, Soybean Meal, CPO and Moong is a major challenge for the volumes traded on NCDEX trading platform. The ban in the previous year had a major impact on the revenue of NCCL. The extension of the ban will possibly affect the revenues of NCCL. The operations are pre-dominantly technology driven and the systems require continuous upgradation and technology costs, which form a significant portion of the total costs. NCCL operates in a highly regulated environment and increase in compliance and regulatory costs are outside its control. Further, as it operates predominantly in the agri space which is a politically sensitive area, it is vulnerable to changes in Government policies that could significantly affect trading volumes. The lack of understanding of the commodity business of farmers is the major concern which is hampering the market penetration. There is still a huge scope for the increase in the involvement of farmers, traders and various key players involved in the business of commodities. The Company is actively working with Government agencies to bring about policy reforms for development of commodity markets in general and with all other stakeholders to create awareness and benefits of hedging using futures contracts which in turn would have a favorable impact on its business.

## **Internal Controls and their adequacy**

The Board has ensured that the internal control mechanisms followed by the Company are adequate and effective. The design, implementation and maintenance of adequate internal financial controls are such that it operates effectively and ensures the accuracy and completeness of the accounting records and their presentation gives a true and fair view of the state of affairs of the Company and are free from material misstatements, whether due to error or fraud.

These controls include:

- i) recording of transactions in a manner that facilitates preparation of financial statements as per the Generally Accepted Accounting Practices;
- ii) maintaining records that in reasonable detail, fairly and accurately reflect the transactions of the Company;
- iii) ensuring that all expenditure and income are as per approval of the management;
- iv) providing reasonable assurance regarding prevention and timely detection of unauthorized acquisition, use or disposition of company's assets that could have material impact on the financials statement of the Company.

The Audit Committee, through the internal audit function outsourced to a reputed audit firm, reviews the adequacy and adherence of the controls to ensure any material mis-statement or error is avoided.

## **Discussion on Financial Performance with respect to Operational Performance**

The Average Daily Open Interest ('ADOI') during the financial year 2022-23 was Rs. 2,057 crore. The value of total physical deliveries handled by the Clearing Corporation during the year was Rs. 1,731 crore. The total income for the year ended March 31, 2023 was Rs. 20.71 crore and total expenditure was Rs. 25.38 crore. The Profit / (Loss) after Tax is Rs. 3.53 crore and the Total Comprehensive Income (after adjusting for Other Comprehensive Income) is Rs. 3.81 crore.

## **Material Developments in Human Resources including number of people employed**

The total number of employees as on March 31, 2023 was 68.

During the year, a Management Development Program for employees in leadership roles was organised in order to help them become effective leaders, strengthen managerial and leadership skills, and improve team management.

A detailed assessment of training needs for all employees was carried out. The employees were also encouraged to create individual development plans. The NCDEX group initiative of subscribing to The NCDEX Group Academy (Skillsoft), a complete immersive digital learning platform and mobile app that provides worldwide content, podcasts, short learning bytes, live practical demos, etc., accessible anytime, anywhere has been a great success. It has helped employees to strengthen their skills and learn new skills that are not confined to their specialised domain.

## **Disclosure on Accounting Treatment**

NCCL has followed Indian Accounting Standards ('IND AS') issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 to the extent applicable have been considered in the preparation of Financial statements for the FY 2022-23. There is no deviation from Indian Accounting Standards.

## **Significant Changes in Ratios, Return on Net worth**

Details of Significant changes in key financial ratios (i.e. change of 25% or more as compared to the immediately previous Financial Year) along with detailed explanations therefor:

The financial ratios are given below:

Ratio	Financial Year		% Change
	2022-23	2021-22	
Debtor Turnover	9.09	11.45	(20.64)
Inventory Turnover	NA	NA	NA
Interest Coverage Ratio	NA	NA	NA
Current Ratio	2.08	2.11	(1.23)
Debt Equity Ratio	NA	NA	NA
Operating Profit Margin (%)	*	25	*
Net Profit Margin (%)	*	25.09	*

\* Loss for the year hence not calculated.

## Change in Return on Net worth

Ratio	Financial Year	
	2022-23	2021-22
Return on Net worth #	*	3.93%

\* Loss for the year hence not calculated.

# Net worth includes the Company's own contribution towards Core SGF but profit does not include interest income on Core SGF while calculation of return on Net worth.

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## CORPORATE GOVERNANCE REPORT

### Report on Corporate Governance for the financial year ended March 31, 2023

#### Corporate Governance at National Commodity Clearing Limited

Your Company believes that highest standards of Corporate Governance are essential to enhance long term value of the Company for its stakeholders and practises the same at all levels of the organization. Ethical business conduct, integrity and commitment to values, which enhance and retain stakeholders' trust are the traits of good Corporate Governance. Good Governance practices stem from the culture and mind-set of the organization. An active, well-informed and independent board is necessary to ensure the highest standards of corporate governance. The Corporate Governance structure of the Company is based on an effective independent board, separation of the Board's supervisory role from that of the executive management and constitution of Board committees. The Company is also committed to adopting best and transparent practices in letter and in spirit, in the interest of all its stakeholders.

Your Company was granted recognition by SEBI to act as a Clearing Corporation on September 10, 2018 for a period of one year subject to certain conditions prescribed therein. Subsequently, the renewal of recognition was granted by SEBI to act as a Clearing Corporation for a further period of three years commencing on September 10, 2019 and ending on September 9, 2022 subject to certain conditions prescribed therein. Further, SEBI has granted renewal of recognition to act as a Clearing Corporation to your Company for a further period of three years commencing on September 10, 2022 and ending on September 9, 2025 subject to certain conditions prescribed therein. As per Regulation 33 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the disclosure requirements and corporate governance norms as specified for listed company is mutatis mutandis applicable to the Company.

The various elements of the Corporate Governance framework, along with relevant details are described below:

#### Board of Directors

##### (A) Size of Board

The Company's Board has an appropriate mix of Independent and Non-Independent Directors, as well as Non-Executive and Executive Directors. The structure of the Board of Directors as on March 31, 2023 is as follows:

- Four Public Interest Director (Independent Directors);
- Three Shareholder Directors (Non-Executive Directors); and
- One Managing Director & Chief Executive Officer.

The composition of the Board is in conformity with the provisions of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the Companies Act, 2013.

Pursuant to the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the Governing Board of NCCL includes Public Interest Directors, Shareholder Directors and Managing Director such that the number of Public Interest Directors is not lesser than the number of Shareholder Directors with the Managing Director being included in the category of Shareholder Director. Public Interest Director is an Independent Director representing the interests of investors in the securities market and who does not have any association directly or indirectly, which in the opinion of SEBI, is in conflict with his role.

Changes in the Board composition:

During the FY 2022-23, SEBI vide its letter no. SEBI/HO/MRD/RAC-1/P/OW/2022/45659/1 dated August 29, 2022 approved the re-appointment of Mr. Atul Roongta as Shareholder Director on the Board of NCCL in terms of Regulation 24 (1) of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018. Pursuant to said SEBI letter, the Board of NCCL on August 30, 2022 noted the re-appointment of Mr. Atul Roongta as Shareholder Director with effect from August 29, 2022.

**(B) Number of Board Meetings**

During the financial year 2022-23, four meetings of the Board were held on May 6, 2022, August 2, 2022, November 7, 2022, and February 1, 2023. The maximum gap between any two meetings was less than one hundred and twenty days.

**(C) Composition of the Board as at March 31, 2023 along with attendance details**

Sr. No.	Name of the Director	Category	Attendance Particulars		
			Number of Board Meetings during the year		Last AGM (02.08.2022)
			Held	*Attended	
1	Mr. R Ramaseshan	Chairman & Public Interest Director (Independent Director)	4	4	Yes
2	Mrs. Shanthi Srikant	Public Interest Director (Independent Director)	4	4	Yes
3	Dr. Harshavardhan Raghunath	Public Interest Director (Independent Director)	4	4	Yes
4	Mrs. Praveena Kala	Public Interest Director (Independent Director)	4	4	Yes
5	Mr. Arun Raste	Shareholder Director (Non-Executive Director)	4	4	No
6	Mr. Bhaskaran Nayar Venugopal	Shareholder Director (Non-Executive Director)	4	2	No
7	Mr. Atul Roongta	Shareholder Director (Non-Executive Director)	4	^4	Yes
8	Mr. Rajiv Relhan	Managing Director & Chief Executive Officer	4	^^4	Yes

\* attended through Video-conferencing

^Mr. Atul Roongta attended the Board meeting held on August 2, 2022, in person from NCCL Board room.

^^ Mr. Rajiv Relhan attended the Board meetings held on May 6, 2022, November 7, 2022, and February 1, 2023 in person from NCCL Board room.

**(D) Details of other Directorship / Committee positions held as at March 31, 2023**

Sr. No.	Name of the Director	#No of Other Directorship held	Chairmanship held in other Companies	Directorship held in Listed Entities		^No of Committees positions held in other Companies	
				Name of the Listed Entity	Category	As Member	As Chairman
1	Mr. R Ramaseshan	2	*1	-	-	1	-
2	Mrs. Shanthi Srikant	-	-	-	-	-	-
3	Dr. Harshavardhan Raghunath	1	-	Karur Vysya Bank Limited	Independent Director	1	-
4	Mrs. Praveena Kala	4	-	Paramount Communications Limited	Independent Director	2	1
5	Mr. Arun Raste	4	-	-	-	2	-
6	Mr. Bhaskaran Nayar Venugopal	3	1	State Bank of India	Shareholder Director	2	1
7	Mr. Atul Roongta	2	-	-	-	1	-
8	Mr. Rajiv Relhan	-	-	-	-	-	-

\*as Vice Chairman

# Number of other Directorship includes Directorships held in Public Limited Companies, Private Limited Companies, Section 8 Companies, but excluding foreign companies.

^ For the purpose of considering the Committee Memberships and Chairmanships for a Director, the Audit Committee, and the Stakeholders' Relationship Committee of Public Limited Companies alone have been considered.

**(E) Familiarisation Programme**

The details of familiarisation program imparted to Directors for the FY 2022-23 have been hosted in the website of the Company under the web link: <https://nccl.co.in/disclosures/announcements>

**(F) Details of Shareholding of Directors in the Company as on March 31, 2023**

Sr. No.	Name of the Director	No. of Equity shares held in the Company
1	Mr. R Ramaseshan	-
2	Mrs. Shanthi Srikant	-
3	Dr. Harshavardhan Raghunath	-
4	Mrs. Praveena Kala	-
5	Mr. Arun Raste	-
6	Mr. Bhaskaran Nayar Venugopal	-
7	Mr. Atul Roongta	*1
8	Mr. Rajiv Relhan	-

\*holding jointly with National Commodity & Derivatives Exchange Limited ('NCDEX'), NCDEX being the first holder.

**(G) Disclosure of relationship between Directors inter-se**

None of the Directors of the Company are related to each other.

**(H) Independence of Directors:**

In the opinion of the Board, the Independent Directors / Public Interest Directors fulfil the criteria prescribed for an Independent Director as stipulated in Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Companies Act, 2013, based on the declaration of Independence received from Independent Directors / Public Interest Directors and are independent of the management.

**(I) Resignation of Independent Director:**

No Independent Director / Public Interest Director resigned during the financial year 2022-23.

**(J) Brief Profile of Directors**

As per the provisions of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, Public Interest Directors shall be selected from diverse field of work and shall possess qualification in the area of law, finance, accounting, economics, management, administration or any other area relevant to financial markets. Further, the Managing Director & CEO of the Clearing Corporation shall be qualified in the fields of capital market/ finance/ management and possessing sufficient experience.

Accordingly, the members of the Board of the Company were selected from diverse field of work and possessing requisite qualification pertaining to the nature of the industry.

Skill/Expertise in specific functional areas of Board of Directors as on March 31, 2023 are as under:

<b>Name of the Director</b>	<b>Qualification</b>	<b>Skills/ expertise/ competence</b>
Mr. R Ramaseshan	B.E. in Electronics Engineering Master's degree in Business Administration with specialisation in Finance. Fellow member of the Institute of Cost and Management Accountants of India	Wide experience, both in public administration and corporate management. Other skills / expertise include Public finance and tax reforms, corporate finance, financial markets and Information technology.
Mrs. Shanthy Srikant	B.Com, University of Madras. University first, Gold medalist ICWA (Inter) Institute of Cost & Works Accountants of India (ICWAI) M.B.A. in Finance & Marketing Faculty of Management Studies, Delhi. University first, Gold medalist.	Experience in Project Appraisal, Monitoring, Rehabilitation, Sick Units Monitoring, Accounts, Merchant Banking & Treasury. Currently working as a visiting faculty covering the domain of Finance for their various Post Graduate Executive Business Management Programs.
Dr. Harshavardhan Raghunath	B.E., (Mechanical Engineering), M.B.A., - IIM Kolkata, M.S. (Quantitative Finance), Ph.D., (Business Economics & Strategy)	Strategic, operational, and risk review & restructuring of business portfolio. Business strategy for growth and value creation, new business launch. Banking / financial services operations.

		Risk Management for financial and non-financial firms. Capital structure, corporate finance, valuations, investor relations.
Mrs. Praveena Kala	Master's in physics from Lucknow University.	Over three decades of experience in National and International Banking operations. Other skills / expertise include Risk & Governance, Finance, Internal Control and Audit.
Mr. Arun Raste	M.A. in Economics. Post-Graduate Diplomas in Marketing, Communications & Journalism.	Over 30 years of experience across diverse sectors such as BFSI, corporate and social development. Other skills / expertise include Agriculture, Economics, Management, CSR, Corporate Communication and Marketing.
Mr. Bhaskaran Nayar Venugopal	Graduate of the University of Kerala in Commerce and Cost Accounting.	Over three decades of experience in the insurance business. Other skills / expertise include Business strategies, Project Management, Marketing, Finance, Administration and Information Technology.
Mr. Atul Roongta	Chartered Accountant	Versatile management professional with extensive start-up, business expansion and P&L management experience. Finance professional with qualifications as a key advisor and decision maker, driven by analytical skills and has demonstrated ability to set up new businesses, drive growth strategies and streamline business operations to increase efficiency, reduce costs and improve P&L scenario.
Mr. Rajiv Relhan	B Com (Honors), MMS Finance	Leadership experience in Banking & Financial Services industry spanning across Corporate Banking, Equities, Wealth and Financial Markets Operations with strong credentials in the Capital Markets Domain.

## **Board Committees**

The Board of Directors have constituted various committees in line with governance needs, and considering the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

The details of the various Board Committees are given below:

### **(A) Audit Committee:**

The Audit Committee has been constituted in line with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Composition:**

The Audit Committee comprises the following members as on March 31, 2023:

1. Mr. R. Ramaseshan – Chairman, Public Interest Director
2. Mrs. Shanthi Srikant - Public Interest Director
3. Dr. Harshavardhan Raghunath - Public Interest Director
4. Mrs. Praveena Kala - Public Interest Director
5. Mr. Atul Roongta – Shareholder Director

#### **Terms of Reference:**

The terms of reference of the Audit Committee include:

- Recommendation for appointment, remuneration and terms of appointment of auditors (both Internal & Statutory Auditors) of the company.
- Review and monitor the auditors' independence and performance, and effectiveness of audit process.
- Examination of the annual financial statements and Auditors' Report thereon.
- Approval or any subsequent modification of transactions of the Company with related parties (provided that the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed).
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Monitoring the end use of funds raised through public offers (if any) and related matters.
- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
- Oversight of the entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a) changes, if any, in accounting policies and practices and reasons for the same;
  - b) major accounting entries involving estimates based on the exercise of judgment by management;
  - c) significant adjustments made in the financial statements arising out of audit findings;
  - d) compliance with listing and other legal requirements relating to financial statements;
  - e) disclosure of any related party transactions;
  - f) modified opinion(s) in the draft audit report;
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus /

notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter.

- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the whistle blower mechanism.
- Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
- To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the company and its shareholders
- The audit committee shall mandatorily review the following information:
  - management discussion and analysis of financial condition and results of operations;
  - management letters / letters of internal control weaknesses issued by the statutory auditors;
  - internal audit reports relating to internal control weaknesses;
  - the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee
  - statement of deviations:
  - quarterly statement of deviation(s) including report of monitoring agency, if applicable,
  - annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice.
- Such other functions as may be specified under the Companies Act, by SEBI or any other Statutory or Regulatory Authority.

#### **Number of Meetings held:**

During FY 2022-23, the Audit Committee met four times, as follows:

- May 5, 2022
- August 2, 2022
- November 7, 2022
- February 1, 2023

### Attendance of Members:

Name of the Committee members	Number of meetings
	Held: 4
	#Attended
Mr. R. Ramaseshan	4
Mrs. Shanthi Srikant	4
Dr. Harshavardhan Raghunath	4
Mrs. Praveena Kala	4
Mr. Atul Roongta	^4

# attended through Video Conferencing.

^Mr. Atul Roongta attended the Audit Committee meeting held on August 2, 2022, in person from NCCL Board room.

### **(B) Nomination & Remuneration Committee:**

The Nomination & Remuneration Committee has been constituted in line with the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Composition:**

The Nomination & Remuneration Committee comprises the following members as on March 31, 2023:

1. Mrs. Shanthi Srikant– Chairperson, Public Interest Director
2. Mr. R. Ramaseshan - Public Interest Director
3. Dr. Harshavardhan Raghunath - Public Interest Director

### **Terms of Reference:**

The terms of reference of the Nomination & Remuneration Committee include:

- Identifying a Key management personnel, other than personnel as specifically provided in its definition under SECC Regulations, 2018.
- Lay down the policy for compensation of key management personnel in terms of the compensation norms prescribed by SEBI.
- Determining the compensation of KMPs in terms of the compensation policy.
- Determining the tenure of a key management personnel, other than a director, to be posted in a regulatory department.
- Selecting the Managing Director.
- Framing & reviewing the performance review policy to carry out evaluation of every director's performance, including that of Public Interest Director (PID).
- Recommending whether to extend the term of appointment of the Public Interest Director.
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees.
- Formulation of criteria for evaluation of performance of independent directors and the board of directors.

- Devising a policy on diversity of board of directors.
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors
- Recommend to the board, all remuneration, in whatever form, payable to senior management.
- Specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
- Framing the guidelines and management of the employee stock option scheme to the staff and whole-time Directors of the Company.
- Develop and approve key policies in respect of human resources, organizational matters etc.
- For every appointment of an independent director / public interest director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director / public interest director. The person recommended to the Board for appointment as an independent director / public interest director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Nomination and Remuneration Committee may: (a) use the services of an external agencies, if required; (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and (c) consider the time commitments of the candidates.
- Such other functions as may be specified under the Companies Act, by SEBI or any other Statutory or Regulatory Authority.

#### **Number of Meetings held:**

During FY 2022-23, the Nomination & Remuneration Committee met three times, as follows:

- May 6, 2022
- November 7, 2022
- January 31, 2023

#### **Attendance of Members:**

Name of the Committee members	Number of meetings
	Held: 3
	#Attended
Mrs. Shanthi Srikant	3
Mr. R. Ramaseshan	3
Dr. Harshavardhan Raghunath	^3

*# attended through Video Conferencing.*

*^Dr. Harshavardhan Raghunath attended the Nomination & Remuneration Committee meeting held on January 31, 2023 in person from NCCL Board room.*

#### **Performance evaluation criteria for Independent Directors for FY 2022-23**

The evaluation criteria for Independent Directors / Public Interest Directors for FY 2022-23 was based on identified parameters, viz., involvement, contribution, qualification, experience,

knowledge, leadership, competency, governance, initiative taken, commitment, integrity, independence, quality of decision-making, engagement, commitment etc.

The performance evaluation criteria for Public Interest Directors are given below:

1. Qualifications:  
Possesses professional qualification in the area of law, finance, accounting, economics, management, risk management, administration or any other area relevant to the financial markets.
2. Experience:  
Possesses prior experience in the area of law, finance, accounting, economics, management, administration, risk management or any other area relevant to the financial markets.
3. Knowledge and Competence:  
Sufficient understanding and knowledge of the Company and the sector in which it operates and sufficient understanding of the role, responsibilities and obligations as Public Interest Director under the applicable regulatory norms and the risk associated with the business structure.
4. Integrity:  
Demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.). Strictly adheres to the provisions of SEBI SECC Regulations, 2018 and any other regulatory provision, as applicable, along with the code of conduct and code of ethics prescribed. Discloses dealing in securities and other regulatory disclosures on timely basis. Confirms Fit & Proper Person confirmation and non-disclosure of confidential information, unless such disclosure is expressly approved by the Board or required under the law.
5. Leadership:  
Displays efficient leadership, is open-minded, courteous, displays professionalism, decisive etc.
6. Governance:  
Exercises and encourages independent judgement, ensures implementation of good governance practices and compliance, assures appropriate board size, composition, independence, structure.
7. Contribution:  
Contributes effectively to the Company and its Board meetings. Participates in meetings keeping in mind the interests of various stakeholders and actively deliberates on proposed businesses propositions taking into consideration pros and cons of such proportions, long term outlook, cost-benefit analysis etc.
8. Independence:  
Fulfils the independence criteria as specified under Companies Act, 2013 and SEBI Listing Regulations and is independent from the Company & Management and the

other directors and there is no conflict of interest. Confirms his / her non-association with the Company and its member. Also keeps regulators informed of material developments in the Company's functioning.

9. Analysis:

Deliberates in detail and seeks clarifications on or amplification of information as required. Monitors corporate results, significant corporate risks; reviews strategic plans, objectives and budgets. Monitors activities of Board Committees.

10. Quality of decision-making:

Probes effectively and constructively to test the assumptions and validate the information for quality decision-making, actively supports worthwhile ideas and proposals.

11. Independent views and judgement:

Exercises his/ her own judgement and voices opinion freely. Participates in the decisions taken during the meetings in an unbiased manner, based on ethical judgement and in strict conformity to the applicable regulatory norms. Raises concerns if anything observed contrary to regulatory norms and ethical conduct. Ensures fairness and integrity in Company's system, in letter as well as in spirit.

12. Availability / Engagement:

Available for meetings of the Board and attends the meeting of Board and Committees regularly and timely. Ensures that he / she hasn't remained absent for three consecutive meetings of the Board and has attended seventy five percent of the total meetings of the Board in each calendar year. Diligently prepares and remains well-informed.

13. Commitment:

Sufficiently committed to the Board and the Company.

14. Functions as a Team:

Functions as an effective team member, listens attentively to the contributions of others and gives adequate weightage to the views and perception of other Board members. Shares good interpersonal relationship with other directors.

15. Interaction:

Communicates meaningfully in an open, constructive manner, gives a fair chance to others for expressing their views.

16. Corporate Objectives and Goals:

Contributes to define corporate objectives and goals.

17. Fulfilment of Functions:

Understands and fulfils the functions as assigned by the Board and the regulatory norms. Provides views and opinion on various regulatory matters when comments are invited by SEBI.

18. Initiative:

Actively takes initiative with respect to various areas. Insists on information necessary for effective decision making, keeps himself / herself well informed about the functioning of the Company and its external environment and developments taking place in regulatory areas. Identifies any important issues which may involve conflict of interest for the Company or may have significant impact on its functioning or may not be in the interest of securities market and reports the same to SEBI. Deals with critical matters in an appropriate manner.

19. Succession Plan:

Reviews KMPs succession plan.

20. Stakeholders:

Takes informed and balanced decisions particularly in case of conflicting interests and is able to keep minority shareholders' interest and other non-shareholding stakeholders' interest in mind during discussions and decisions.

**(C) Corporate Social Responsibility Committee:**

The Corporate Social Responsibility Committee has been constituted in line with the Companies Act, 2013.

**Composition:**

The Corporate Social Responsibility Committee comprises the following members as on March 31, 2023:

1. Mrs. Praveena Kala – Chairperson, Public Interest Director
2. Mr. Rajiv Relhan – Managing Director & CEO
3. Mr. Atul Roongta - Shareholder Director

**Terms of Reference:**

The terms of reference of the Corporate Social Responsibility Committee include:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- To recommend the amount of expenditure to be incurred on the permitted or required activities referred;
- To monitor the Corporate Social Responsibility Policy of the Company from time to time.
- To institute a transparent monitoring mechanism for implementation of the Corporate Social Responsibility projects or programs or activities undertaken by the Company.

### Number of Meetings held:

During FY 2022-23, the Corporate Social Responsibility Committee met three times, as follows.

- May 6, 2022
- August 2, 2022
- March 29, 2023

### Attendance of Members:

Name of the Committee members	Number of meetings
	Held: 3
	#Attended
Mrs. Praveena Kala	3
Mr. Rajiv Relhan	2
Mr. Atul Roongta	^3

*# attended through Video Conferencing.*

*^Mr. Atul Roongta attended the Corporate Social Responsibility Committee meeting held on August 2, 2022 in person from NCCL Board room.*

### **(D) Stakeholders' Relationship Committee:**

The Stakeholders' Relationship Committee has been constituted in line with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Composition:**

The Stakeholders' Relationship Committee comprises the following members as on March 31, 2023:

1. Mrs. Praveena Kala – Chairperson, Public Interest Director
2. Mr. Rajiv Relhan – Managing Director & CEO
3. Mr. Atul Roongta – Shareholder Director

### **Terms of Reference:**

The terms of reference of the Stakeholders' Relationship Committee include:

- To approve transfer, transmission, dematerialization, rematerialisation, splitting and/or consolidation of share certificates, issue of duplicates etc. of shares and debentures in accordance with the Articles of Association of the Company.
- Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

**Number of Meetings held:**

During FY 2022-23, the Stakeholders' Relationship Committee met once on January 31, 2023.

**Attendance of Members:**

Name of the Committee members	Number of meetings
	Held: 1
	#Attended
Mrs. Praveena Kala	1
Mr. Rajiv Relhan	^1
Mr. Atul Roongta	1

*# attended through Video Conferencing.*

*^Mr. Rajiv Relhan attended the Stakeholders' Relationship Committee meeting held on January 31, 2023, in person from NCCL Board room.*

Name and designation of the Compliance Officer: Mr. Rahul Poojari, Company Secretary of NCCL.

Details of Investor Complaints: During the FY 2022-23, no complaints were received from the investors.

Besides the above, the Company also has constituted the following SEBI mandated Committees namely:

**(A) Member and Core Settlement Guarantee Fund Committee:**

**Composition:**

The Member and Core Settlement Guarantee Fund Committee comprises the following members as on March 31, 2023:

1. Mrs. Shanthi Srikant, Public Interest Director – Chairperson
2. Mr. R Ramaseshan, Public Interest Director
3. Mr. Rajiv Relhan, Managing Director & CEO

**Terms of Reference:**

The terms of reference of the Member and Core Settlement Guarantee Fund Committee include:

- To scrutinize, evaluate, accept or reject applications for admission of members and transfer of membership and approve voluntary withdrawal of membership;
- Approving enplanement & cancellation of Warehouse Service Providers / Vault Service Providers / Assayers, accreditation of warehouse, etc.;
- Review and monitoring of Policy for Accreditation of the Warehouse Service Provider (WSP) and Assayers;

- Reviewing the continuous functioning, monitoring, and compliance of norms by Warehouse Service Providers, Vault Service Providers and assayers;
- Formulate policy for regulatory actions, including warning, monetary fine, suspension, deactivation of terminal, declaring a member as defaulter, expulsion, to be taken for various violations by the members of the Clearing Corporation;
- Based on the laid down Policy, the Committee shall consider the cases of violations observed during inspection, etc. and impose appropriate regulatory measure on the members of the Clearing Corporation;
- While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the 'Principles of natural justice';
- Realize the assets / deposits of defaulter/expelled member and appropriate amongst various dues and claims against the defaulter/ expelled member in accordance with the Rules, Byelaws and Regulations of the Clearing corporation;
- Admission /rejection of claims against such members over the assets of the defaulter/expelled member;
- To manage the Core Settlement Guarantee Fund (Core SGF) of the Clearing Corporation, including its investments as per norms laid down and ensure proper utilization of Core SGF;
- Such other functions as may be specified under by SEBI or any other Statutory or Regulatory Authority.

#### **Number of Meetings held:**

During FY 2022-23, the Member and Core Settlement Guarantee Fund Committee met twice on October 18, 2022 and January 18, 2023.

#### **Attendance of Members:**

Name of the Committee members	Number of meetings
	Held: 2
	#Attended
Mrs. Shanthi Srikant	2
Mr. R Ramaseshan	2
Mr. Rajiv Relhan	^2

*# attended through Video Conferencing.*

*^Mr. Rajiv Relhan attended the Member and Core Settlement Guarantee Fund Committee meeting held on January 18, 2023, in person from NCCL Board room.*

#### **(B) Advisory Committee:**

##### **Composition:**

The Advisory Committee comprises the following members as on March 31, 2023:

1. Mr. R Ramaseshan, Public Interest Director – Chairman
2. Mrs. Praveena Kala, Public Interest Director
3. Mr. Mukesh Goyal (Nominee of Globe Commodities Limited)
4. Mr. Shripal Shah (Nominee of Kotak Securities Limited)

Mr Rajiv Relhan, MD & CEO shall be the permanent invitee to every meeting of the Advisory Committee.

**Terms of Reference:**

The terms of reference of the Advisory Committee include:

- To advise the governing board on non-regulatory and operational matters including product design, technology, charges and levies.
- Such other functions as may be specified by SEBI or any other Statutory or Regulatory Authority.

**Number of Meetings held:**

During FY 2022-23, the Advisory Committee met twice on May 5, 2022 and October 19, 2022.

**Attendance of Members:**

Name of the Committee members	Number of meetings
	Held: 2
	#Attended
Mr. R Ramaseshan	2
Mrs. Praveena Kala	^2
Mr. Shripal Shah (Nominee of Kotak Securities Limited)	2
Mr. Mukesh Goyal (Nominee of Globe Commodities Limited)	2

*# attended through Video Conferencing.*

*^Mrs. Praveena Kala attended the Advisory Committee meeting held on October 19, 2022, in person from NCCL Board room.*

**(C) Risk Management Committee:**

**Composition:**

The Risk Management Committee comprises the following members as on March 31, 2023:

1. Dr. Harshavardhan Raghunath, Public Interest Director - Chairman
2. Mr. R. Ramaseshan, Public Interest Director
3. Mrs. Shanthi Srikant, Public Interest Director
4. Mrs. Praveena Kala, Public Interest Director
5. Dr. Rakesh Arrawatia, Independent External Person

The Board through a resolution passed by circulation on June 28, 2022, had accepted the resignation tendered by Mr. Sankarshan Basu vide its email dated June 21, 2022 from the position of Independent External Person on the Risk Management Committee. Mr. Sankarshan Basu, ceased to be Independent External Person of Risk Management Committee with effect from June 21, 2022.

Further, the Board at its meeting held on August 2, 2022 had re-constituted the Risk Management Committee by inducting Dr. Rakesh Arrawatia for the position of Independent External Person on the Risk Management Committee for a term of three years with effect from August 3, 2022 in place of Mr. Sankarshan Basu.

**Terms of Reference:**

The terms of reference of the Risk Management Committee include:

- The Risk Management Committee shall formulate a detailed risk management policy which shall be approved by the Board of Directors;
- The Risk Management Committee will review the Risk Management Framework & risk mitigation measures from time to time;
- The Risk Management Committee will monitor and review enterprise-wide risk management plan and lay down procedures to inform Board members about the risk assessment and minimisation procedures;
- The head of the risk management department shall be responsible for implementation of the Risk Management Policy and he shall report to the Risk Management Committee and to the Managing Director of the Clearing Corporation;
- The Risk Management Committee shall monitor implementation of the Risk Management Policy and keep SEBI and the Board of Directors informed about its implementation and deviation, if any;
- The Risk Management Committee will oversee the process of identification, measurement and monitoring of the risk profile of the Clearing Corporation (including business risk, default risk, settlement risk, market risk, legal risk, operational risk, technological risk and delivery risk);
- Overseeing Clearing Corporation's integrated risk measurement system and review the risk models as developments take place in the markets;
- Overseeing of Risk and Control measures that are needed to be built into the system of the Clearing Corporation and at periodic intervals, monitoring their compliance and suggestions for improvement;
- Periodically reviewing of Clearing Corporation's financial and risk management policies;
- Review of framework to limit exposures of the Clearing Corporation to members, commodities and geographies; action taken against defaulting members etc.;
- Review the effectiveness of Business Continuity Plan and Disaster Recovery Plan;
- Such other functions as may be specified under the Companies Act, by SEBI or any other Statutory or Regulatory Authorities.

**Number of Meetings held:**

During FY 2022-23, the Risk Management Committee met five times, as follows:

- May 4, 2022
- August 12, 2022
- October 19, 2022
- October 29, 2022
- January 31, 2023

### Attendance of Members:

Name of the Committee members	Number of meetings
	Held: 5
	#Attended
Dr. Harshavardhan Raghunath	^5
Mr. R. Ramaseshan	5
Mrs. Shanthi Srikant	5
Mrs. Praveena Kala	^^5
Mr. Sankarsan Basu	1
Dr. Rakesh Arrawatia	4

*# attended through Video Conferencing.*

*^Dr. Harshavardhan Raghunath attended the Risk Management Committee meeting held on January 31, 2023, in person from NCCL Board room.*

*^^Mrs. Praveena Kala attended the Risk Management Committee meeting held on October 19, 2022, in person from NCCL Board room.*

*Note: Mr. Sankarshan Basu ceased to be the member of the Risk Management Committee with effect from June 21, 2022 and Dr. Rakesh Arrawatia was inducted as a member of the Risk Management Committee with effect from August 3, 2022.*

### **(D) Standing Committee on Technology:**

#### **Composition:**

The Standing Committee on Technology comprises the following members as on March 31, 2023:

1. Dr. Harshavardhan Raghunath, Public Interest Director - Chairman
2. Mrs. Shanthi Srikant, Public Interest Director
3. Mrs. Praveena Kala, Public Interest Director
4. Mr. Sudarshan Singh, Independent External Person
5. Mr. Nirmalendu Jajodia, Independent External Person

#### **Terms of Reference:**

The terms of reference of the Standing Committee on Technology include:

- To monitor whether the technology used by the Clearing Corporation remains upto date and meets the growing demands of the markets;
- To monitor the adequacy of systems capacity and efficiency;
- To look into the changes being suggested by the Clearing Corporation to the existing software/hardware;
- To investigate into problems of computerised Risk Management/ Clearing and Settlement System, such as hanging/ slowdown/ breakdown;
- To ensure that transparency is maintained in disseminating information regarding slowdown/ breakdown in Risk Management/ Clearing and Settlement System;

- The Committee shall submit a report to the Governing Board of the Clearing Corporation. The Board will deliberate on the report and suitable action/ remedial measure will be taken;
- Any stoppage beyond five minutes will be explained and reported to the Board. The Clearing Corporation shall issue a press release specifying the reasons for the breakdown;
- Review the implementation of board approved Cyber Security and Resilience Policy and its framework.
- Such other matters in the scope as may be referred by the Governing Board of the Clearing Corporation and/or SEBI;
- Review technology strategy, review key technology projects in alignment with regulatory guidelines on terms of reference as may be applicable;
- Such other functions as may be specified under the Companies Act, by SEBI or any other Statutory or Regulatory Authority.

#### **Number of Meetings held:**

During FY 2022-23, the Standing Committee on Technology met four times, as follows:

- May 4, 2022
- August 1, 2022
- October 19, 2022
- February 1, 2023

#### **Attendance of Members:**

Name of the Committee members	Number of meetings
	Held: 4
	#Attended
Dr. Harshavardhan Raghunath	4
Mrs. Shanthi Srikant	4
Mrs. Praveena Kala	^4
Mr. Sudarshan Singh	4
Mr. Nirmalendu Jajodia	^^4

*# attended through Video Conferencing.*

*^Mrs. Praveena Kala attended the Standing Committee on Technology meeting held on October 19, 2022, in person from NCCL Board room.*

*^^Mr. Nirmalendu Jajodia attended the Standing Committee on Technology meeting held on February 1, 2023, in person from NCCL Board room.*

#### **(E) Regulatory Oversight Committee:**

##### **Composition:**

The Regulatory Oversight Committee comprises the following members as on March 31, 2023:

1. Mr. R Ramaseshan, Public Interest Director - Chairman
2. Mrs. Shanthi Srikant, Public Interest Director
3. Mr. Ravinder Sachdev, Independent External Person

The Board through a resolution passed by circulation on April 14, 2022, had accepted the resignation tendered by Dr. V R Narasimhan, vide its email dated April 7, 2022 from the position of Independent External Person on the Regulatory Oversight Committee. Dr. V R Narasimhan, ceased to be Independent External Person of Regulatory Oversight Committee with effect from April 7, 2022.

The Board through a resolution passed by circulation on April 26, 2022, had approved the re-constitution of Regulatory Oversight Committee by inducting Mr. Ravinder Sachdev, as an Independent External Person on the Regulatory Oversight Committee for a term of three years with effect from April 26, 2022 as its member in place of Dr. V R Narasimhan.

### **Terms of Reference:**

The terms of reference of the Regulatory Oversight Committee include:

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

### Number of Meetings held:

During FY 2022-23, the Regulatory Oversight Committee met three times, as follows:

- May 5, 2022
- October 18, 2022
- January 23, 2023

### Attendance of Members:

Name of the Committee members	Number of meetings
	Held: 3
	#Attended
Mr. R Ramaseshan	3
Mrs. Shanthi Srikant	3
Mr. Ravinder Sachdev	3

*# attended through Video Conferencing.*

*Note: Dr. V R Narasimhan, ceased to be Independent External Person of Regulatory Oversight Committee with effect from April 7, 2022 and Mr. Ravinder Sachdev was inducted as a member of Regulatory Oversight Committee with effect from April 26, 2022.*

### **(F) Independent Directors / Public Interest Directors Committee:**

#### Composition:

The Independent Directors / Public Interest Directors Committee comprises the following members as on March 31, 2023:

1. Mrs. Shanthi Srikant, Public Interest Director - Chairperson
2. Mr R Ramaseshan, Public Interest Director
3. Dr. Harshavardhan Raghunath, Public Interest Director
4. Mrs. Praveena Kala, Public Interest Director

#### Terms of Reference:

The terms of reference of the Independent Directors / Public Interest Directors Committee include:

- Review the status of compliance with SEBI letters/ circulars.
- Review the functioning of regulatory departments including the adequacy of resources dedicated to regulatory functions.
- The public interest directors shall prepare a report on the working of the other committees on which they are member. The report shall be circulated to the other Public Interest Directors.
- A consolidated report shall then be submitted to the Governing Board of the clearing corporation.
- The public interest directors shall identify important issues which may involve conflict of interest for the Clearing Corporation or may have significant impact on the market and report the same to SEBI.
- Review the performance of Non-independent directors, and the Board as a whole.
- Review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors

- Assess the quality, quantity and timeliness of flow of information between the Company management and the Board.
- Such other functions as may be specified under the Companies Act, SEBI or any other statutory and regulatory authority.

#### **Number of Meetings held:**

During FY 2022-23, the Independent Directors / Public Interest Directors Committee met four times, as follows:

- May 4, 2022
- August 1, 2022
- October 19, 2022
- January 31, 2023

#### **Attendance of Members:**

Name of the Committee members	Number of meetings
	Held: 4
	#Attended
Mrs. Shanthi Srikant	4
Mr. R Ramaseshan	4
Dr. Harshavardhan Raghunath	^4
Mrs. Praveena Kala	^^4

# attended through Video Conferencing.

^Dr. Harshavardhan Raghunath attended the Independent Directors / Public Interest Directors Committee meeting held on January 31, 2023, in person from NCCL Board room.

^^Mrs. Praveena Kala attended the Independent Directors / Public Interest Directors Committee meeting held on October 19, 2022, in person from NCCL Board room.

#### **(G) Grievance Redressal Committee:**

##### **Composition:**

The Grievance Redressal Committee comprises the following members as on March 31, 2023:

1. Mr. Uday Tardalkar
2. Mr. Vithal Dahake
3. Mr. K. Venkitachalam Iyer
4. Mr. V. Chandrasekaran

During FY 2022-23, the tenure of the members of the Grievance Redressal Committee were renewed for a further period of one year.

##### **Terms of Reference:**

The terms of reference of the Grievance Redressal Committee is to deal with the complaints referred to it by the Clearing Corporation, hear the parties and resolve their complaints / disputes.

**Number of Meetings held:**

During FY 2022-23, no meetings of Grievance Redressal Committee were held.

**REMUNERATION OF DIRECTORS:**

Independent Directors / Public Interest Directors are only paid sitting fees of Rs. 40,000 for attending each meeting of the Board and Audit Committee and Rs. 30,000 for attending each meeting of the other Committees. Independent Directors / Public Interest Directors are also reimbursed expenses incurred by them for attending meetings of the Board and its Committees at actuals.

The sitting fees paid to the Non-Executive Directors for attending the meetings of the Board and Committees during the FY 2022-23 are as follows:

<b>Name of the Non-Executive Director</b>	<b>Sitting fees for attending the meetings of the Board and Committees (in Rs)</b>
Mr. R Ramaseshan	890,000
Mrs. Shanthi Srikant	950,000
Dr. Harshvardhan Raghunath	800,000
Mrs. Praveena Kala	800,000
Mr. Arun Raste	NIL
Mr. Bhaskaran Nayar Venugopal	NIL
Mr. Atul Roongta	NIL

Further, a few of the Board Committees have co-opted Independent External Persons as mandatorily prescribed by the Regulator. The Independent External Persons were entitled to sitting fees of Rs. 30,000/- per meeting for attending the Committee Meetings. Independent External Persons are also reimbursed expenses incurred by them for attending the Committee Meetings at actuals.

The criteria of making payments to Non-executive Directors is uploaded on the Company's website <https://nccl.co.in/disclosures/other-disclosures>

The details of remuneration paid to Managing Director & CEO during the FY 2022-23 is given below:

(Amount in Rs.)

Sl. no.	Particulars of Remuneration	*Mr. Rajiv Relhan Managing Director & Chief Executive Officer
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (includes Provident Fund Contribution)	1,32,74,814
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5,36,141
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	
	- as % of profit	-
	- others, specify	-
5.	Others, please specify (Employer contribution to Provident Fund, withheld variable pay)	18,80,000
	<b>Total</b>	<b>1,56,90,955</b>
	Ceiling as per the Companies Act, 2013	The Company has obtained the approval of the shareholders for the payment of above remuneration pursuant to the provisions of Schedule V of the Companies Act, 2013

\*The above remuneration includes 50% variable pay for FY 2021–22 i.e. Rs.12,50,000/- which was paid in June 2022 (the remaining 50% of the variable pay for FY 2021–22 to be paid on a deferred basis after 3 years as per the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018). Further, the above remuneration also includes deferred variable pay for FY 2018-19 i.e. Rs. 7,90,710/- which was paid in July 2022. The Variable pay for FY 2022-23 is not yet recommended by Nomination Remuneration Committee and approved by the Board.

### Other Disclosures:

- There were no pecuniary relationships or transactions between the Non-Executive Directors and the Company during the year under review, except for the sitting fees paid to the Independent Directors / Public Interest Directors for attending the meetings. None of the Non-Executive Directors of the Company are paid any performance linked incentive.
- The salary structure of the Managing Director & CEO includes Performance Based Incentive. The performance of the Managing Director & CEO is assessed on pre-defined strategic, operational and people development goals approved by the Board. Variable pay for performance is directly linked to the organisation performance. The role of the Managing Director & CEO is defined as a Key Managerial Person and will have Malus and Clawback arrangements. The Managing Director & CEO was appointed for a tenure of three years w.e.f. September 27, 2018. The Managing Director & CEO has been appointed for a further tenure of three years w.e.f. September 27, 2021. The notice period for Managing Director & CEO is three months. The Nomination & Remuneration Committee or the Board may, at its discretion decide if an amount is to be paid, in case of resignation /end of contract.
- The Company has not issued any stock options.

### DETAILS OF GENERAL MEETINGS:

The particulars of last 3 Annual General Meetings of the Company are as follows –

Financial Year	Date of AGM	Time	Venue	Special Resolutions passed
2021-22	August 2, 2022	10.30 a.m.	Through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM').	None
2020-21	July 22, 2021	10.00 a.m.	Through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM').	None
2019-20	August 6, 2020	10.00 a.m.	Through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM').	Alterations of the Articles of Association of the Company.

- The provisions relating to postal ballot are not applicable to the Company.
- The Company has not conducted any Extra-ordinary General Meeting during the year under review.

### MEANS OF COMMUNICATION:

The quarterly, half-yearly and annual results of the Company are generally published in the newspapers viz. Financial Express – an English daily newspaper with circulation in the whole or substantially the whole of India and Navshakti, a Marathi daily newspaper. The financial statements are displayed on the website of the Company – [www.nccl.co.in](http://www.nccl.co.in). Other disclosures and announcements are also displayed on the website of the Company.

Significant events, if any, during the financial year are reported on the website of the Company viz. <https://www.nccl.co.in> from time to time.

No presentations were made to institutional investors or to the analysts during the year under review.

### GENERAL INFORMATION FOR SHAREHOLDERS:

#### 1. Annual General Meeting:

The 17th Annual General Meeting will be held on Tuesday, August 8, 2023 at 02.00 p.m. through Video Conferencing ('VC') / Other Audio Visual Means ('OVAM').

#### 2. Financial Year:

April 1, 2022 to March 31, 2023

#### 3. Dividend Payment Date: Not Applicable

#### 4. The equity shares of the Company are not listed on any Stock Exchange. Hence, the information pertaining to stock code, payment of annual fee to Stock Exchange, Market Price data, performance in comparison to broad-based indices, reasons for securities being suspended from trading are not applicable.

5. **Registrar to an issue and Share Transfer Agents** – Link Intime India Private Limited, C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400083.
6. **Share Transfer System** – The transfer of equity shares of the Company is as per the provisions of the Companies Act, 2013 and the provisions of the Articles of Association of the Company and the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporation) Regulations 2018.
7. **Distribution of Shareholding:** Not applicable since the Company is a wholly-owned subsidiary of National Commodity & Derivatives Exchange Limited ('NCDEX').
8. **Dematerialization of shares & liquidity:** All the shares of the Company are in demat form. Further, since the shares of the Company are not listed, the liquidity in respect of the issued shares are not applicable.
9. **Outstanding global depository receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity:** Nil
10. **Commodity price risk or foreign exchange risk and hedging activities** – Not Applicable
11. **Plant locations:** Nil
12. **Address for correspondence:** First Floor, Ackruti Corporate Park, L.B.S. Road, Kanjurmarg West, Mumbai 400 078.
13. **List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad:** Not Applicable

**Other disclosures:**

1. There were no significant related party transactions of material nature that may have potential conflict with the interest of the Company.
2. Details of non-compliance, penalties, strictures imposed by SEBI or any statutory authority, on any matter related to capital markets, during the last three years: SEBI after its inspection has issued certain advisories with respect to regulatory operational aspects.
3. Details of establishment of vigil mechanism / whistle blower policy, and affirmation that no personnel has been denied access to the Audit Committee: The Company has a whistle blower policy wherein the employees are free to report violations of laws, rules, regulations or unethical conduct including access to the Audit Committee. The Policy is displayed on the website of the Company at <https://nccl.co.in/disclosures/other-disclosures>
4. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements: The Company has complied with all the applicable mandatory requirements. Further, the Company has adopted non-mandatory requirements with respect to unmodified audit opinion, separate posts of Chairman and Chief Executive Officer and reporting of internal auditor.

5. Web link where policy for determining 'material' subsidiaries is disclosed: Not Applicable
6. Web link where policy on dealing with related party transactions is disclosed: <https://nccl.co.in/disclosures/other-disclosures>
7. Disclosure of commodity price risks and commodity hedging activities: Not Applicable
8. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) – Not Applicable
9. A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority – The said certificate is attached as **Annexure – I**
10. There were two instances where the Board had not accepted the recommendation of Nomination & Remuneration Committee with regard to the (i) Band and Grade of Chief Compliance Officer and Head – Legal of the Company based on the seniority level parameters, and (ii) Incorporating the 'Cooling-off period' clause in the Standard Operating Procedure for the appointment of Consultants.
11. Total fees for all services paid by the Company, to the Statutory Auditor and all entities in the network firm/ network entity of which Statutory auditor is part is provided herein below:

(Rs in lakhs)

<b>Payment to Statutory Auditors</b>	<b>For the year ended March 31, 2023</b>
For Audit Fees	6.00
For Limited Review Fees	3.60
For Tax Audit Fees	1.50
For Taxation matters	1.30
For Certification matters	0.75
For Reimbursement of expenses	0.39
<b>TOTAL</b>	<b>13.54</b>

12. The disclosures required to be given under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013:

The Company is committed to providing a work environment that ensures that every employee is treated with dignity and respect. The Company has in place a Policy on Prevention of Sexual Harassment of Women in line with requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Further, the Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An 'Internal Committee' has been set up to redress complaints received regarding sexual harassment.

The disclosures required under Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 are given in the following table:

1	Number of complaints of sexual harassment received in the year	NIL
2	Number of complaints disposed off during the year	NIL
3	Number of workshops or awareness programs against sexual harassment carried out	Awareness program was conducted for all the employees.

13. Disclosure of 'Loans and advances' in the nature of loans to firms / companies in which directors are interested by name and amount: None
14. Details of material subsidiaries of the Company; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries: Not Applicable
15. Non-compliance of any requirement of corporate governance report: The Company has complied with the applicable provisions relating to Corporate Governance Report.
16. Disclosure of discretionary requirements as specified in Part E of Schedule II, as below:
- Modified opinion(s) in audit report
- The Auditors' Report on statutory financial statements of the Company is unmodified.
- Reporting of Internal Auditor
- The Internal auditor of the Company directly reports to the Audit Committee.
- Separate posts of Chairperson and the Managing Director or the Chief Executive Officer
- Mr. R Ramaseshan, Public Interest Director (Independent Director) is the Chairman of the Board and Mr. Rajiv Relhan is the Managing Director & CEO. Further, the Chairman is not related to Managing Director & CEO as per the term "relative" defined under the Companies Act, 2013.
17. The Company is in compliance with the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable.
18. Code of Conduct: The Company has framed and adopted a Code of Conduct / Ethics Policy, which is approved by the Board. Affirmation of compliance with the Code of Conduct/Ethics is attached to this report as **Annexure - II**.
19. Compliance certificate from practicing company secretary regarding compliance of conditions of Corporate Governance is attached as **Annexure - III**.
20. Disclosure with respect to demat suspense account/ unclaimed suspense account: Nil



# Ragini Chokshi & Co.

Tel. : 022-2283 1120  
022-2283 1134

## Company Secretaries

34, Kamer Building, 5th Floor, 38 Cawasji Patel Street, Fort, Mumbai - 400 001.  
E-mail : ragini.c@rediffmail.com / mail@csraginichokshi.com  
web: csraginichokshi.com

Date : \_\_\_\_\_

To,  
The Members of **National Commodity Clearing Limited**  
1st Floor, Ackruti Corporate Park,  
L B S Marg, Kanjurmarg (West), Mumbai 400078.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **National Commodity Clearing Limited** having (CIN: U74992MH2006PLC163550) and having registered office at 1st Floor, Ackruti Corporate Park, Near G E Garden, L B S Road, Kanjurmarg (West), Mumbai 400078 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from to time).

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its Officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on March 31, 2023 have been debarred or disqualified from being appointed or from continuing as Directors of Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of the Director	Designation	Date of Appointment	DIN
1.	Mr. Ramalingam Ramaseshan	Chairman & Public Interest Director	11-05-2021*	00200373
2.	Mrs. Shanthi Srikant	Public Interest Director	11-05-2021*	08100689
3.	Dr. Harshavardhan Raghunath	Public Interest Director	11-05-2021	01675460
4.	Mrs. Praveena Kala	Public Interest Director	11-05-2021	08765830
5.	Mr Arun Raste	Shareholder Director	03-08-2021	08561128
6.	Mr. Bhaskaran Nayar Venugopal	Shareholder Director	03-08-2021	02638597
7.	Mr. Atul Roongta	Shareholder Director	29-08-2022 *	07878061
8.	Mr. Rajiv Relhan	Managing Director & CEO	27-09-2021*	07214524

\* Date of re-appointment at current designation has been considered

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

**Date : 17/05/2023**  
**Place: Mumbai**

**FOR RAGINI CHOKSHI & CO**

**sd/-**  
**UMASHANKAR HEGDE**  
**(PARTNER)**  
**M.No: A22133 #CP No: 11161**  
**UDIN :- A022133E000319342**  
ICSI Unique Code: P1988MH05 6900  
Peer Review Certificate No -659/2020

**Compliance with the Code of Conduct and Ethics by the Directors &  
Senior Management Personnel of the Company for the Financial Year 2022-2023**

We declare that all Board members and senior management personnel of National Commodity Clearing Limited have affirmed compliance with the Code of Conduct and Ethics for Directors and Senior Management Personnel for the financial year 2022-23.

**For National Commodity Clearing Limited**

**sd/-**

**Rajiv Relhan  
Managing Director & CEO**

Date: May 17, 2023

Place: Mumbai



# Ragini Chokshi & Co.

Tel. : 022-2283 1120  
022-2283 1134

## Company Secretaries

34, Kamer Building, 5th Floor, 38 Cawasji Patel Street, Fort, Mumbai - 400 001.  
E-mail : ragini.c@rediffmail.com / mail@csraginichokshi.com  
web: csraginichokshi.com

Date : \_\_\_\_\_

### CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,  
**The Members,**  
**National Commodity Clearing Limited**  
First Floor, Ackruti Corporate Park,  
L. B. S. Marg, Kanjurmarg West, Mumbai - 400078

We have examined all relevant records of **National Commodity Clearing Limited** ('the Company') for the purpose of certifying compliance of the disclosure requirements and corporate governance norms as specified for the Listed Companies for the financial year ended March 31, 2023. In terms of Regulation 33 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the disclosure requirements and corporate governance norms as specified for listed companies have become mutatis mutandis applicable to the Company as it is a recognized Clearing Corporation. We have obtained all the information and explanations to the best of our knowledge and belief, which were necessary for the purpose of this certification.

We state that the compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. This certificate 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the applicable disclosure requirements and corporate governance norms as specified for listed companies.

**Date:17/05/2023**

**Place: Mumbai**

**FOR RAGINI CHOKSHI & CO**

sd/-

**UMASHANKAR HEGDE**

**(PARTNER)**

**M.No: A22133 #CP No: 11161**

**UDIN : - A022133E000319331**

**ICSI Unique Code: P1988MH05 6900**

**Peer Review Certificate No -659/2020**

## Annual Report on Corporate Social Responsibility activities for the Financial Year 2022-23

### 1. Brief Outline of the Company's Corporate Social Responsibility ("CSR") Policy

National Commodity Clearing Limited ('NCCL' / 'Company') has framed a Corporate Social Responsibility ('CSR') policy in compliance with the provisions of the Companies Act, 2013 and Rules made thereunder, which outlines its CSR objectives and the manner in which it will be implemented. The Company's CSR activities largely cover social and development sectors with focus on Education, Healthcare, Gender Equality & Empowerment of Women, Environment Sustainability and contributions to 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 schedule caste, tribes, other backward classes, minorities and women.

### 2. Composition of the CSR Committee

The CSR Committee of NCCL has been constituted with an oversight on the overall implementation by the Company of the CSR Policy / framework. The CSR Committee comprised of the following members as on March 31, 2023:

1. Mrs. Praveena Kala, Public Interest Director, Chairperson
2. Mr. Rajiv Relhan, Managing Director & CEO
3. Mr. Atul Roongta, Shareholder Director

During the FY 2022-23, the CSR Committee met three times, as under:

- May 6, 2022
- August 2, 2022
- March 29, 2023

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.	Mrs. Praveena Kala	Public Interest Director, Chairperson	3	3
2.	Mr. Rajiv Relhan	Managing Director & Chief Executive Officer	3	2
3.	Mr. Atul Roongta*	Shareholder Director	3	3

# attended through Video Conferencing.

\*Note: Mr. Atul Roongta attended the CSR Committee meeting held on August 2, 2022 in-person from NCCL Board Room.

**3. Web-link where composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company**

The composition of CSR Committee is available on the website of the Company at the web link <https://www.nccl.co.in/about-us/committee>

The CSR policy including overview of CSR projects or program approved is available on the website of the Company at the web link <https://nccl.co.in/disclosures/csr>

**4. Provide the executive summary along with web-link(s) 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.**

Not applicable since impact assessment of CSR projects was not required to be carried out for FY 2022-23.

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

Financial Year	2019-20	2020-21	2021-22
Amount in Rs	1,97,51,668	(70,34,159)	6,37,94,454

Average net profits of the Company made during the three immediately preceding financial years: Rs. 2,55,03,987.67/-

*Note: Net Profits are computed in accordance with the provisions prescribed under Section 135 of the Companies Act, 2013 and Rules made thereunder, for the purpose of determining limits of CSR expenditure.*

**5. (b) Two percent of average net profit of the Company as per section 135(5)**

The CSR expenditure for FY 2022-23 required to be made was Rs. 5,10,079.75.

**5. (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years**

No surplus is arising out of the CSR Projects or programmes or activities of the previous financial year(s).

**5. (d) Amount required to be set-off for the financial year, if any.**

None

**5. (e) Total CSR obligation for the financial year [(b)+(c)-(d)]**

The total CSR obligation for FY 2022-23 was Rs. 5,10,079.75.

**6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).**

There were no CSR amount spent against ongoing projects during FY 2022-23.

Further, the details of amount spent on CSR projects against other than ongoing project during FY 2022-23 is given below:

Sr. 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	During FY 2022-23, the Company contributed an amount of Rs. 5,15,000/- towards 'The Aashayein Project'.  The Aashayein Project aims to promote importance of education and distribution of Stationery Kit to students.	Promoting education, including special education	Yes	Maharashtra	Palghar district	5,15,000	No	Indian Development Foundation	CSR00001585

**6. (b) Amount spent in Administrative Overheads**

No amount spent in administrative overheads for FY 2022-23.

**6. (c) Amount spent on Impact Assessment, if applicable**

No amount spent on impact assessment for FY 2022-23.

**6. (d) Total amount spent for the Financial Year [(a)+(b)+(c)]**

The total CSR amount spent for FY 2022-23 was Rs. 5,15,000.

**6. (e) CSR amount spent or unspent for the Financial Year:**

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as 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
Rs. 5,15,000 spent for FY 2022-23.	Not applicable		Not applicable		

**6. (f) Excess amount for set-off, if any:**

Sl. No.	Particulars	Amount (in Rs.)
(1)	(2)	(3)
i.	Two percent of average net profit of the company as per section 135(5)	5,10,079.75
ii.	Total amount spent for the Financial Year	5,15,000
iii.	Excess amount spent for the Financial Year [(ii) – (i)]	4,920.25
iv.	Surplus arising out of the CSR Projects or programmes or activities of the previous Financial Years, if any	0
v.	Amount available for set off in succeeding Financial Years [(iii) – (iv)]	4,920.25

**7. Details of unspent Corporate Social Responsibility amount for the preceding three Financial Years:**

Sr. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Amount Spent in the Financial Year (in Rs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in Rs.)	Deficiency, if any
					Amount (in Rs.)	Date of Transfer		
Not applicable since there were no unspent CSR amount for the preceding three financial years.								

**8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year**

Yes                      No

If Yes, enter the number of capital assets created/acquired:    Not Applicable

The details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
The Company has not created nor acquired any capital asset through CSR spent during the FY 2022-23.							

**9. 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, since the amount spent in FY 2022-23 towards the CSR activity is more than two percent of the average net profit as per section 135(5).

**For National Commodity Clearing Limited**

sd/-  
**Rajiv Relhan**  
**Managing Director & CEO**  
DIN: 07214524

sd/-  
**Praveena Kala**  
**Chairperson of the CSR Committee**  
DIN: 08765830

Mumbai  
Date: May 17, 2023



*Ragini Chokshi & Co.*

Tel. : 022-2283 1120  
022-2283 1134

*Company Secretaries*

34, Kamer Building, 5th Floor, 38 Cawasji Patel Street, Fort, Mumbai - 400 001.  
E-mail : ragini.c@rediffmail.com / mail@csraginichokshi.com  
web: csraginichokshi.com

Date : \_\_\_\_\_

**FORM NO MR-3**

**SECRETARIAL AUDIT REPORT**

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

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023**

To,  
The Members,  
**NATIONAL COMMODITY CLEARING LIMITED**  
First Floor, Ackruti Corporate Park,  
L. B. S. Marg, Kanjurmarg West, Mumbai - 400078.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **NATIONAL COMMODITY CLEARING LIMITED** (hereinafter called as the 'Company') having (CIN: U74992MH2006PLC163550). 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 the verification and examination of Company's 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 March 31, 2023 (hereinafter called 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 March 31, 2023** according to the provisions of:



# Ragini Chokshi & Co.

Tel. : 022-2283 1120  
022-2283 1134

## Company Secretaries

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web: csraginichokshi.com

Date : \_\_\_\_\_

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings; **(Not Applicable to the Company for the Audit Period as there is no FDI or ODI or ECB 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 for the Audit Period)**
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not Applicable to the Company for the Audit Period)**
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not Applicable to the Company for the Audit Period)**
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(Not Applicable to the Company for the Audit Period)**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable as the Company has not issued any debt securities 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 as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the Audit Period)**
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(Not applicable as the Company has not delisted its equity shares from any stock exchange during the Audit Period)**
  - (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; **(Not applicable as the Company has not bought back any of its securities during the Audit Period)**



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web: csraginichokshi.com

Date : \_\_\_\_\_

**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) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [to the extent applicable as a Recognized Clearing Corporation pursuant to Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018].

**We further report that** having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check basis, the Company has complied with the following laws applicable specifically to the Company:

- Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018. ('The SECC Regulations, 2018') and the circulars/guidelines issued thereunder;

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**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. There were no changes in the composition of the Board of Directors of the Company during the Audit Period.

Adequate notice was given to all directors to schedule the Board / Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and where the same were given at shorter notice than seven days, the Company has taken shorter notice consent from the Members of the Board / Committees 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 were carried through either unanimously or on the basis of majority 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.



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Date : \_\_\_\_\_

**We further report that** during the audit period, there were following specific events or actions which have a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc:

1. Re-appointment of Mr. Atul Roongta as a Shareholder Director of the Company w.e.f. August 29, 2022.
2. Renewal of recognition to act as a Clearing Corporation for a period of 3 years commencing from September 10, 2022.
3. Allotment of 15,00,000 equity shares of Rs.10/- each at Rs.10/- per equity share on rights basis to the Holding Company i.e National Commodity & Derivatives Exchange Limited on December 30, 2022.
4. Cessation of Ms. Sylvia Fernandez as a Compliance Officer of the Company w.e.f close of business hours of December 30, 2022.
5. Appointment of Mr. Suresh Nair as a Chief Compliance Officer & Head - Legal and Key Managerial Personnel of the Company w.e.f February 1, 2023.
6. Cessation of Mr. Ruchit Chaturvedi as a Chief Risk Officer of the Company w.e.f close of business hours of March 9, 2023.

**Date:17/05/2023**

**Place: Mumbai**

**FOR RAGINI CHOKSHI & CO**

sd/-

**UMASHANKAR HEGDE**

**(PARTNER)**

**M.No: A22133 #CP No: 11161**

**UDIN : - A022133E000319320**

ICSI Unique Code: P1988MH05 6900

Peer Review Certificate No -659/2020



# Ragini Chokshi & Co.

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web: csraginichokshi.com

Date : \_\_\_\_\_

### ANNEXURE TO SECRETARIAL AUDIT REPORT

To,

The Members

**NATIONAL COMMODITY CLEARING LIMITED**

**CIN: U74992MH2006PLC163550**

Secretarial Audit 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.

**Date: 17/05/2023**

**Place: Mumbai**

**FOR RAGINI CHOKSHI & CO**

sd/-

**UMASHANKAR HEGDE**

**(PARTNER)**

**M.No: A22133 #CP No: 11161**

**UDIN : - A022133E000319320**

ICSI Unique Code: P1988MH05 6900

Peer Review Certificate No -659/2020



# *Ragini Chokshi & Co.*

*Company Secretaries*

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Annexure - 5  
Tel. : 022-2283 1120  
022-2283 1134

Date : \_\_\_\_\_

## **Secretarial Compliance Report of National Commodity Clearing Limited for the financial year ended March 31, 2023**

[Under Regulation 24A of Securities and Exchange Board of India (Listing Obligations and  
Disclosure Requirements) Regulations, 2015]

We have conducted the review of the compliance of the applicable statutory provisions and the adherence to good corporate practices by NATIONAL COMMODITY CLEARING LIMITED (hereinafter referred as 'the Company'), having its Registered Office at First Floor, Ackruti Corporate Park, L. B. S. Marg, Kanjurmarg West, Mumbai - 400078. Secretarial Review 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's books, papers, minutes 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 Review, We hereby report that in our opinion, the Company has, during the review period covering the financial year ended on March 31, 2023, 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:

- (a) all the documents and records made available to us and explanations provided by **NATIONAL COMMODITY CLEARING LIMITED** ("the Company")
- (b) the filings/ submissions made by the Company to the stock exchanges (Not Applicable)
- (c) website of the Company,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended March 31, 2023 ("Review Period") in respect of compliance with the provisions of:



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Date : \_\_\_\_\_

- (a) The Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; (to the extent applicable to a recognised Clearing Corporation as prescribed under Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 ("SECC Regulations, 2018")
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not Applicable to the Company during the Review Period)**
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable to the Company during the Review Period)**
- (d) Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; **(Not Applicable to the Company during the Review Period)**
- (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(Not Applicable to the Company during the Review Period)**
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the Review Period)**
- (g) Securities and Exchange Board of India (Issue and Listing of Non – Convertible Securities) Regulations, 2021; **(Not Applicable to the Company during the Review Period)**
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not Applicable to the Company during the Review Period)**
- (i) The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 ("SECC Regulations, 2018") & the circulars/guidelines issued by SEBI and applicable to Clearing Corporation ;



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web: csraginichokshi.com

Date : \_\_\_\_\_

The Company has complied with its Whistle Blower Policy. Further, based on the confirmations received from the respective departments of the Company and the Chairperson of the Audit Committee and the Board, we hereby report that there were no Whistle Blower complaints received against the Clearing Corporation or its Management during the Financial year 2022-23.

During the period under review, there was no default on part of any clearing member of the Company, and therefore the utilization of Core SGF was not required.

We hereby report that the Compliance Status of the Company is appended herein below:

Sr.No	Particulars	Compliance Status (Yes/No/NA)	Observations/ Remarks by PCS
1	<b>Secretarial Standards:</b> The compliances of the Company are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI) notified by the Central Government under section 118(10) of the Companies Act, 2013 and mandatorily applicable .	Yes	
2	<b>Adoption and timely updation of the Policies:</b> <ul style="list-style-type: none"><li>•All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the Company</li><li>•All the policies are in conformity with SEBI Regulations and have been reviewed &amp; updated on time, as per the regulations/circulars/guidelines issued by SEBI .</li></ul>	Yes	



# Ragini Chokshi & Co.

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## Company Secretaries

34, Kamer Building, 5th Floor, 38 Cawasji Patel Street, Fort, Mumbai - 400 001.  
E-mail : ragini.c@rediffmail.com / mail@csraginichokshi.com  
web: csraginichokshi.com

Date : \_\_\_\_\_

3	<b>Maintenance and disclosures on Website:</b> <ul style="list-style-type: none"><li>•The Company is maintaining a functional website</li><li>•Timely dissemination of the documents/ information under a separate section on the website</li><li>•Web-links provided in the annual corporate governance reports under Regulation 27(2) are accurate and specific which re-directs to the relevant document(s)/ section of the website.</li></ul>	Yes	
4	<b>Disqualification of Director:</b> None of the Director of the Company are disqualified under Section 164 of Companies Act, 2013.	Yes	
5	<b>To examine details related to Subsidiaries of listed entities:</b> a. Identification of material subsidiary companies. b. Disclosure requirement of material as well as other subsidiaries	Not applicable	Company did not have any subsidiary during the period under the review.
6	<b>Preservation of Documents:</b> The Company is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.	Yes	
7	<b>Performance Evaluation:</b> The Company has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year/during the financial year as prescribed in SEBI Regulations.	Yes	



# Ragini Chokshi & Co.

Tel. : 022-2283 1120  
022-2283 1134

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E-mail : ragini.c@rediffmail.com / mail@csraginichokshi.com  
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Date : \_\_\_\_\_

8	<b>Related Party Transactions:</b> a.The Company has obtained prior approval of Audit Committee for all Related party transactions .  b.The Company has provided detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit Committee, in case no prior approval has been obtained.	Yes  NA	The Company has obtained prior approval of Audit Committee for all Related Party Transactions.
9	<b>Disclosure of events or information:</b> The Company has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder	Yes	
10	<b>Prohibition of Insider Trading:</b> The Company is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015	Not Applicable	The shares of the Company are not listed on any Stock Exchange.
11	<b>Actions taken by SEBI or Stock Exchange(s), if any:</b> • No action(s) has been taken against the Company/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder except as provided under separate paragraph herein (**).	Yes	No action is taken against the Company/ its promoters / directors of Company by SEBI under SEBI Regulations and circulars/ guidelines issued thereunder.
12	<b>Additional Non-compliances, if any:</b> No any additional non-compliance		During the period under review there



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observed for all SEBI regulation/circular/guidance note etc.	No	were no instances of non-compliance observed for applicable SEBI regulation/circular/guidance note etc.
--	----	---

Compliances related to resignation of statutory auditors from listed entities and their material subsidiaries as per SEBI Circular CIR/CFD/CMD1/114/2019 dated 18<sup>th</sup> October, 2019:

Sr.No	Particulars	Compliance Status (Yes/No/NA)	Observations /Remarks by PCS*
1	Compliances with the following conditions while appointing/re-appointing an auditor		
	i.If the auditor has resigned within 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter; or	NA	During the period under review, there were no incidence of resignation by the Statutory Auditor of the Company.
	ii. If the auditor has resigned after 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter as well as the next quarter; or	NA	
	iii. If the auditor has signed the limited review/ audit report for the first three quarters of a financial year, the auditor before such resignation has issued the limited review/ audit report for the last quarter of such financial year as well as the audit report for such financial year.	NA	





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	ii. Disclaimer in case of non-receipt of information: The auditor has provided an appropriate disclaimer in its audit report, which is in accordance with the Standards of Auditing as specified by ICAI / NFRA, in case where the Company/ its material subsidiary has not provided information as required by the auditor.	NA	
3	The Company / its material subsidiary has obtained information from the Auditor upon resignation, in the format as specified in Annexure- A in SEBI Circular CIR/CFD/CMD1/114/2019 dated 18 <sup>th</sup> October, 2019.	NA	During the period under review there were no incidence of resignation by the Statutory Auditor of the Company.

The Company has complied with the points 6(A) and 6 (B) as mentioned in SEBI No. CIR/CFD/CMD1/114/2019 dated October 18, 2019 and it has incorporated all the terms and conditions in the respective appointment letter / supplemental letter issued to the Statutory Auditors.

- (a) The Company has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

Sr.No	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No	Deviations	Action Taken by	Type of Actions	Details of Violation	Fine Amount	Observations/Remarks of PCS	Management Response	Remarks
	Refer Note									

Note :- The Company has during the review period received deficiency letter from SEBI citing the delays observed in updating its's Bye Laws as a Clearing Corporation as per the SEBI Circular issued from time to time . We have been informed that the Board of Directors have taken the note of the same at its meeting held on February 1,2023.



# Ragini Chokshi & Co.

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Date : \_\_\_\_\_

(b) The Company has taken the following actions to comply with the observations made in previous reports

Sr.No	Compliance Requirement (Regulation s/ circulars / guidelines including specific clause)	Regulation/ Circular No	Deviations	Action Taken by	Type of Actions	Details of Violation	Fine Amount	Observations/ Remarks of PCS	Management Response	Remarks
	Not Applicable									

### Assumptions & Limitation of scope and Review:

1. Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the Company.
2. Our responsibility is to certify based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
3. We have not verified the correctness and appropriateness of financial Records and Books of Accounts of the Company.
4. This Report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and 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 RAGINI CHOKSHI & CO

Date:10/05/2023  
Place: Mumbai

sd/-  
UMASHANKAR HEGDE  
(PARTNER)

M.No: A22133 #CP No: 11161

UDIN : - A022133E000285660

ICSI Unique Code: P1988MH05 6900

Peer Review Certificate No -659/2020

**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: **N.A.**
- (b) Nature of contracts/arrangements/transactions: **N.A.**
- (c) Duration of the contracts/arrangements/transactions: **N.A.**
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: **N.A.**
- (e) Justification for entering into such contracts or arrangements or transactions: **N.A.**
- (f) Date of approval by the Board: **N.A.**
- (g) Amount paid as advances, if any: **N.A.**
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: **N.A.**

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

- (a) Name(s) of the related party and nature of relationship: **Please see Annexure to AOC -2**
- (b) Nature of contracts/arrangements/transactions: **Please see Annexure to AOC -2**
- (c) Duration of the contracts/arrangements/transactions: **Please see Annexure to AOC -2**
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: **Please see Annexure to AOC -2**
- (e) Date(s) of approval by the Board, if any: **Transactions were in the ordinary business and at arm's length, and hence the approval of the Board was not applicable under Section 188 of the Companies Act, 2013. However, the approval of the Board was obtained for related party transactions for FY 2022-23 on February 3, 2022.**
- (f) Amount paid as advances, if any: **Nil**

## Annexure to FORM NO. AOC -2

The details of material contracts or arrangements or transactions at arm's length basis (excluding GST wherever levied) for the year ended March 31, 2023 are as follows:

Name of Related Party & nature of relationship	Nature of Transaction	Year Ended March 31, 2023 (Rs in Lakhs)	Duration of transactions	Salient terms of transactions
National Commodity & Derivatives Exchange Limited  (Holding Company)	Reimbursement paid for office and administration services, Shared Technology Services, staff on deputation, Depreciation and Interest on shared capital assets and Insurance.	442.89	These transactions occurred during the FY 2022-23	The related party transactions (RPTs) entered during the year was in the ordinary course of business and on arm's length basis.

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

sd/-

**R Ramaseshan  
Chairman  
DIN: 00200373**

Place: Mumbai

Date: May 17, 2023

**DISCLOSURES PURSUANT TO SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

The disclosures pertaining to remuneration in terms of Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as per the details provided below:

<b>Sr. No.</b>	<b>Requirements</b>	<b>Disclosures</b>
I	Ratio of Remuneration* of each director to the median remuneration of the employees of the Company for the Financial Year 2022-23	Managing Director & Chief Executive Officer – 19.22
II	The percentage increase in remuneration of each Director, Chief Financial Officer, Managing Director & Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year 2022-23 is around	Managing Director & Chief Executive Officer – 10.71% Chief Financial Officer – 12.00% Company Secretary – 19.86%
III	The percentage increase in the median remuneration of employees in the Financial Year 2022-23	The percentage increase in the median remuneration of employees in the financial year is around 10.52%.
IV	The number of permanent employees on the rolls of company	As on March 31, 2023, there are 68 employees on the rolls of the Company.
V	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average percentile increase for the employees has been 12.91% as against 13.71% for the **managerial personnel in the last Financial Year. Apart from the performance based normal increment, there was no other exceptional salary revision given in FY 2022-23.
VI	Affirmation that the remuneration is as per the remuneration policy of the Company	The remuneration is as per the remuneration policy of the Company.

\* Remuneration refers to the pay received during FY 2022-23

\*\* KMPs under Companies Act and KMPs under SECC Regulations are considered as managerial personnel.

Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Annexure - 8

Sr. No.	Name & Qualifications	Age (Completed Years of Age)	Designation/ Nature of Duties	Remuneration received during the FY2022-23 (Inclusive of Salary as per Provisions contained in Section 17(1)+ Employer's PF contribution + NPS contribution + Motor Car Expense Reimbursement + Perquisite Value)	Nature of employment	Experience	Date of Commencement of Employment	Name of the Previous Employer	% of equity shares held by the employee or with his spouse and dependent in the company within the meaning of clause (iii) of sub rule (2) of The Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014	Whether any employee is a relative of any director or manager of the company and if so, name of such director or manager
1	Rajiv Relhan* MMS, Bcom	58	MD & CEO	14,440,955	Full Time	34 years	September 27, 2018	Standard Chartered Bank	Nil	No
2	Hemant Singhvi* B.Com, CA	45	Chief Operating Officer	7,300,776	Full Time	22 years	June 21, 2018	National Commodity & Derivatives Exchange Limited	Nil	No
3	Komal Sunil Shahani* B.Com, CA	54	Chief Financial Officer	6,876,968	Full Time	28 years	June 21, 2018	National Commodity & Derivatives Exchange Limited	#0.000001	No
4	Ruchit Chaturvedi* @ MBA, FRM, CFA Level-III	44	Chief Risk Officer	6,268,036	Full Time	19 years	July 9, 2018	Nomura Service India Private Limited	Nil	No
5	Rahul Kanaiyalal Ganatra BCom, CA	45	Finance Controller	4,436,500	Full Time	21 years	July 16, 2018	National Commodity & Derivatives Exchange Limited	Nil	No
6	Abhishek Soni CA, Bcom	41	Vice President	3,947,984	Full Time	16 years	January 1, 2019	National Commodity & Derivatives Exchange Limited	Nil	No
7	Sachin Pundle MBA	50	Senior Vice President	3,613,216	Full Time	22 years	September 27, 2018	National Commodity & Derivatives Exchange Limited	Nil	No
8	Sweedin Satav CA	48	Vice President	3,189,248	Full Time	22 years	September 27, 2018	National Commodity & Derivatives Exchange Limited	Nil	No
9	Manojkumar Shimpi MBA	41	Vice President	2,885,189	Full Time	18 years	September 27, 2018	National Commodity & Derivatives Exchange Limited	Nil	No
10	Rahul Rama Poojari* Mcom, LLB, ACS	39	Vice President (Company Secretary)	2,630,008	Full Time	14 years	July 12, 2018	HDFC Standard Life Insurance Company Limited	Nil	No

Notes:

1. \*For the Key Management Personnel, the above remuneration includes 50% of the variable pay for FY 2021-22 but excludes balance 50% variable pay for FY 2021-22 that will be paid on deferred basis after 3 years. It additionally includes the deferred variable pay of FY 2018-19 which was paid to eligible Key Management Personnel during FY 2022-23 as per the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

2. An employee whose name has been marked with @ was employed with the Company for the part of the year.

3. The above mentioned remuneration is exclusive of any provision made towards Gratuity.

4. All Employees are in permanent employment of the Company on contractual basis governed by the employment terms & conditions and service rules.

5. The Company does not have any Employees Stock Option Plan (ESOP) Scheme for its employees.

6. #holding one equity share of NCCL jointly with National Commodity & Derivatives Exchange Limited ('NCDEX'), NCDEX being the first holder.

**Details of compensation of Key Management Personnel under Securities Contracts (Stock Exchanges and Clearing Corporations) Regulations, 2018:**

Sr. No.	Employee's Name	Designation	Date of Joining	Compensation (Amount in Rs.)	Ratio of compensation paid to each key management personnel, vis-a-vis. median of compensation paid to all employees of the Company
1	Mr. Rajiv Relhan	Managing Director & CEO	September 27, 2018	1,44,40,955	19.22
2	Mr. Hemant Singhvi	Chief Operating Officer	June 21, 2018	73,00,776	9.71
3	Ms. Komal Shahani	Chief Financial Officer	June 21, 2018	68,76,968	9.15
4	* Mr. Ruchit Chaturvedi	Chief Risk Officer	July 9, 2018	62,68,036	8.34
5	Mr. Rahul Poojari	Company Secretary (Vice President)	July 12, 2018	26,30,008	3.50
6	* Ms. Sylvia Fernandez	Compliance Officer (Vice President)	March 7, 2019	20,51,456	2.73
7	* Mr. Suresh Nair	Chief Compliance Officer and Head Legal	February 1, 2023	19,69,647	2.62

**Note:**

1. \* indicates employees with the Company for the part of the year.
2. The remuneration stated above includes:
  - Deferred 50% variable pay of FY 2018-19 paid in FY 2022-23 to eligible Key Management Personnel.
  - 50% of the variable pay for FY 2021-22 paid in FY 2022-23 and excludes balance 50% of variable pay for FY 2021-22 that has been deferred for 3 years.
  - 50% of onetime pay (if applicable) paid during FY 2022-23 and excludes balance 50% of onetime pay for FY 2022-23 that has been deferred for 3 years

**INFORMATION REQUIRED TO BE FURNISHED PURSUANT TO RULE 17 OF THE  
SECURITIES CONTRACTS (REGULATION) RULES, 1957**

**a) Changes in Rules and Bye-laws, if any:**

During FY 2022-2023, NCCL had amended its Byelaws to inter alia conform with the Securities Contracts (Regulation) Act, 1956, as amended, the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, as amended, the relevant circular issued by Securities and Exchange Board of India (SEBI) in this regard and subject to approval of the Governing Board of NCCL and SEBI. The Governing Board of the NCCL at its meeting held on October 05, 2020 and February 03, 2022 approved the amendments to the Bye Laws of NCCL. Post publication of Byelaws in the Gazette of India in Part IV on May 7, 2022 [Weekly Gazette – May 7, 2022 - May 13, 2022] and in the Gazette of State of Maharashtra in Part II Sankirna on May 19, 2022 [Weekly Gazette – May 19, 2022 – May 25, 2022] for seeking the comments from the public, NCCL submitted the proposed amendments to SEBI for approval on June 13, 2022.

Post approval from SEBI vide letter no. SEBI/HO/MRD/RAC-1/P/OW/2022/50179/1 dated September 27 2022, and emails dated November 02, 2022 and November 28, 2022, NCCL published the approved amendments in the Gazette of India in Part IV on December 24, 2022 [Weekly Gazette – December 24, 2022 – December 30, 2022] and the Gazette of State of Maharashtra in Part II Sankirna on December 15, 2022 [Weekly Gazette – December 15, 2022 – December 21, 2022]. NCCL also issued a circular informing the market participants in this regard on December 28, 2022.

**List of clauses amended under the Byelaws of NCCL is as under:**

Sr. No.	Clauses	Particulars
1	Sub clause 6.4.1	Amendment in sub clause 6.4.1 under Byelaw 6.4 i.e. Power to issue Notices and Circulars/ Power to Prescribe Enabling Provisions
2	Sub clause 8.32.1	Amendment in sub clause 8.32.1 under Byelaw 8.32 i.e. Force Majeure
3	Sub clause 9.4.3	Insertion of new sub clause 9.4.3 under Byelaw 9.4 i.e. Margin to be held by the Clearing Corporation
4	Sub clause 9.9.2	Existing sub clause 9.9.2 under Byelaw 9.9 is deleted and is made part of newly inserted byelaw 9.4.3
5	Sub clause 10.7.1	Amendment in sub clause 10.7.1 under Byelaw 10.7 i.e. Transfer of positions by Member
6	Sub clause 11.1.2A	Insertion of new sub clause 11.1.2A under Byelaw 11.1 i.e. Reference to Arbitration
7	Byelaw 12	Amendments to the title of Byelaw 12 i.e. Default
8	Sub clause 12.11.1	Amendment in sub clause 12.11.1 under Byelaw 12.11 i.e. Notice Inviting Claims
9	Sub clause 12.11.2	Amendment in sub clause 12.11.2 under Byelaw 12.11 i.e. Notice Inviting Claims
10	Byelaw 12.12A	Insertion of new byelaw 12.12A under byelaw 12.12 i.e. Vesting of Defaulter's assets in the Clearing Corporation
11	Sub clause 12.21.1	Amendment in sub clause 12.21.1 under Byelaw 12.21 i.e. Application of assets

Sr. No.	Clauses	Particulars
12	Byelaw 12.27	Insertion of new byelaw 12.27 i.e. Relevant Authority to decide on Likelihood of Default
13	Byelaw 12.28	Insertion of new byelaw 12.28 i.e. Freezing of Bank Account in case of Likelihood of Default by The Member
14	Byelaw 12.29	Insertion of new byelaw 12.29 i.e. Rights of Clearing Corporation in the event of Default or Likelihood of Default
15	Byelaw 13.1	Amendment to the title of byelaw 13.1 i.e. Establishment of Settlement Guarantee Fund
16	Sub sub clause 13.2.5.1	Amendment to sub sub clause 13.2.5.1 under byelaw 13.2 i.e. Corpus of Core SGF
17	Sub clause 13.6.2	Amendments in sub clause 13.6.2 under byelaw 13.6 i.e. Further contribution to / Recoupment of Core SGF
18	Sub sub clause 13.7.1(e)	Amendments in sub clause 13.7.1 (e) under byelaw 13.7 i.e. Default waterfall
19	Sub sub clause 13.7.1 (g)	Amendments in sub sub clause 13.7.1 (g) under byelaw 13.7 i.e. Default waterfall
20	Sub sub clause 13.7.1 (h)	Amendment in sub sub clause 13.7.1 (h) under byelaw 13.7 i.e. Default waterfall

Further during FY 2022-23, there were no changes in the Memorandum and Articles of Association of NCCL.

#### **b) Changes in the Composition of the Governing Body:**

During FY 2022-23, following change occurred in the composition of the governing body of NCCL as below:

Mr. Atul Roongta was re-appointed as Shareholder Director of NCCL with effect from August 29, 2022.

The composition of the governing board of NCCL, as on March 31, 2023 was as under:

Sr. No.	Name of the Director	Designation
1	Mr. R. Ramaseshan	Public Interest Director, Chairman
2	Mrs. Shanthi Srikant	Public Interest Director
3	Dr. Harshavardhan Raghunath	Public Interest Director
4	Mrs. Praveena Kala	Public Interest Director
5	Mr. Arun Raste	Shareholder Director
6	Mr. Bhaskaran Nayar Venugopal	Shareholder Director
7	Mr. Atul Roongta	Shareholder Director
8	Mr. Rajiv Relhan	Managing Director & Chief Executive Officer

No director resigned from the directorship of NCCL during the year under review.

#### **c) Sub-committees set up and changes in the composition of existing ones:**

The following are the Committees of NCCL as on March 31, 2023:

1. Audit Committee
2. Nomination & Remuneration Committee
3. Risk Management Committee

4. Standing Committee on Technology
5. Member and Core Settlement Guarantee Fund Committee
6. Regulatory Oversight Committee
7. Independent Directors / Public Interest Directors Committee
8. Advisory Committee
9. Grievance Redressal Committee
10. Stakeholders Relationship Committee
11. Corporate Social Responsibility Committee

The composition of the above Committee as on March 31, 2023 was as follows:

1. Audit Committee:

1. Mr. R Ramaseshan, Public Interest Director – Chairman
2. Mrs. Shanthi Srikant, Public Interest Director
3. Dr. Harshavardhan Raghunath, Public Interest Director
4. Mrs. Praveena Kala, Public Interest Director
5. Mr. Atul Roongta, Shareholder Director

2. Nomination & Remuneration Committee:

1. Mrs. Shanthi Srikant, Public Interest Director - Chairperson
2. Mr. R Ramaseshan, Public Interest Director
3. Dr. Harshavardhan Raghunath, Public Interest Director

3. Risk Management Committee:

1. Dr. Harshavardhan Raghunath, Public Interest Director – Chairman
2. Mr. R. Ramaseshan, Public Interest Director
3. Mrs. Shanthi Srikant, Public Interest Director
4. Mrs. Praveena Kala, Public Interest Director
5. Dr. Rakesh Arrawatia, Independent External Person

4. Standing Committee on Technology:

1. Dr. Harshavardhan Raghunath, Public Interest Director - Chairman
2. Mrs. Praveena Kala, Public Interest Director
3. Mrs. Shanthi Srikant, Public Interest Director
4. Mr. Sudarshan Singh, Independent External Person
5. Mr. Nirmalendu Jajodia, Independent External Person

5. Member and Core Settlement Guarantee Fund Committee:
  1. Mrs. Shanthi Srikant, Public Interest Director – Chairperson
  2. Mr. R Ramaseshan, Public Interest Director
  3. Mr. Rajiv Relhan, Managing Director & CEO
  
6. Regulatory Oversight Committee:
  1. Mr. R Ramaseshan, Public Interest Director – Chairman
  2. Mrs. Shanthi Srikant, Public Interest Director
  3. Mr. Ravinder Sachdev, Independent External Person
  
7. Independent Directors / Public Interest Directors Committee:
  1. Mrs. Shanthi Srikant, Public Interest Director - Chairperson
  2. Mr. R. Ramaseshan, Public Interest Director
  3. Dr. Harshavardhan Raghunath, Public Interest Director
  4. Mrs. Praveena Kala, Public Interest Director
  
8. Advisory Committee:
  1. Mr. R Ramaseshan, Public Interest Director – Chairman
  2. Mrs. Praveena Kala, Public Interest Director
  3. Mr. Shripal Shah (Nominee of Kotak Securities Limited)
  4. Mr. Mukesh Goyal (Nominee of Globe Commodities Limited)
  
9. Grievance Redressal Committee:
  1. Mr. Uday Tardalkar
  2. Mr. Vithal Dahake
  3. Mr. K. V. Iyer
  4. Mr. V. Chandrasekaran
  
10. Stakeholders Relationship Committee:
  1. Mrs. Praveena Kala, Public Interest Director - Chairperson
  2. Mr. Rajiv Relhan, Managing Director & CEO
  3. Mr. Atul Roongta, Shareholder Director
  
11. Corporate Social Responsibility Committee:
  1. Mrs. Praveena Kala, Public Interest Director - Chairperson
  2. Mr. Rajiv Relhan, Managing Director & CEO

3. Mr. Atul Roongta, Shareholder Director

**Changes in the composition of the Committees during the year under review:**

**1. Risk Management Committee\***

<b>Members as on March 31, 2022</b>	<b>Members as on March 31, 2023</b>
<ol style="list-style-type: none"> <li>1. Dr. Harshavardhan Raghunath, Public Interest Director – Chairman</li> <li>2. Mr. R. Ramaseshan, Public Interest Director</li> <li>3. Mrs. Shanthi Srikant, Public Interest Director</li> <li>4. Mrs. Praveena Kala, Public Interest Director</li> <li>5. Mr. Sankarshan Basu, Independent External Person</li> </ol>	<ol style="list-style-type: none"> <li>1. Dr. Harshavardhan Raghunath, Public Interest Director – Chairman</li> <li>2. Mr. R. Ramaseshan, Public Interest Director</li> <li>3. Mrs. Shanthi Srikant, Public Interest Director</li> <li>4. Mrs. Praveena Kala, Public Interest Director</li> <li>5. Dr. Rakesh Arrawatia, Independent External Person</li> </ol>

*\*Risk Management Committee ('RMC') was re-constituted with effect from August 3, 2022 by inducting Dr. Rakesh Arrawatia as Independent External Person of RMC in place of Mr. Sankarshan Basu. Mr. Sankarshan Basu, ceased to be Independent External Person of RMC with effect from June 21, 2022 pursuant to resignation tendered by him.*

**2. Regulatory Oversight Committee\***

<b>Members as on March 31, 2022</b>	<b>Members as on March 31, 2023</b>
<ol style="list-style-type: none"> <li>1. Mr. R Ramaseshan, Public Interest Director – Chairman</li> <li>2. Mrs. Shanthi Srikant, Public Interest Director</li> <li>3. Dr. V R Narasimhan, Independent External Person</li> </ol>	<ol style="list-style-type: none"> <li>1. Mr. R Ramaseshan, Public Interest Director – Chairman</li> <li>2. Mrs. Shanthi Srikant, Public Interest Director</li> <li>3. Mr. Ravinder Sachdev, Independent External Person</li> </ol>

*\*Regulatory Oversight Committee ('ROC') was re-constituted with effect from April 26, 2022 by inducting Mr. Ravinder Sachdev as Independent External Person of ROC in place of Dr. V R Narasimhan. Dr. V R Narasimhan, ceased to be Independent External Person of ROC with effect from April 7, 2022 pursuant to resignation tendered by him.*

**3. Grievance Redressal Committee\***

<b>Members as on March 31, 2022</b>	<b>Members as on March 31, 2023</b>
<ol style="list-style-type: none"> <li>1. Mr. Uday Tardalkar</li> <li>2. Mr. Vithal Dahake</li> <li>3. Mr. K. Venkitachalam Iyer</li> <li>4. Mr. V. Chandrasekaran</li> </ol>	<ol style="list-style-type: none"> <li>1. Mr. Uday Tardalkar</li> <li>2. Mr. Vithal Dahake</li> <li>3. Mr. K. Venkitachalam Iyer</li> <li>4. Mr. V. Chandrasekaran</li> </ol>

*\*During the FY 2022-23, the tenure of the members of the Grievance Redressal Committee were renewed for a further period of one year.*

**d) Admissions, Re-admissions, deaths or resignations of members:**

	Total Members	TCM	STCM	PCM
Members as on March 31, 2022	140	130	6	4
Surrendered/Expelled/defaulters/ Ceased during the year	14	14	0	0
New members added	4	4	0	0
Members as on March 31, 2023	130	120	6	4

**e) Disciplinary action against members:**

NCCL has imposed fines / penalties, or disabled the trading / clearing terminals of members and taken other disciplinary actions including declaration of member as defaulter for violation of Rules, Bye Laws, Regulations and circulars issued by the Clearing Corporation or pursuant to SEBI directives.

**f) Arbitration of disputes (nature and number) between members and non-members:**

No claims, difference or disputes between the Clearing Members inter-se and between the Clearing Members and their Clients or Constituents were referred to Arbitration.

**g) Defaults:**Physical Delivery Default:

Following are the instances of default in physical delivery obligation during the FY 2022-23:

Expiry Month	Symbol	Shortages	Unit
May-22	STEEL	40	MT
Nov-22	GUARGUM5	5	MT
Nov-22	DHANIYA	55	MT
Dec-22	CASTOR	15	MT
Dec-22	COCUDAKL	90	MT

MTM Settlement Default:

None of the members had defaulted in meeting their MTM settlements during the period 2022-23.

**h) Action taken to combat any emergency in trade:**

Not Applicable.

**i) Securities listed and de-listed:**

Futures contracts in the following commodities were launched by National Commodity & Derivatives Exchange Limited ('the Exchange') and hence additionally clearing and settlement services were provided for the following commodities:

- a. Robusta Cherry AB Coffee (COFFEE)

Futures and Options contracts in the following commodities were discontinued by National Commodity & Derivatives Exchange Limited ('the Exchange') and hence no clearing and settlement services were provided for the following commodities:

- a. Paddy (non-basmati)
- b. Wheat
- c. Chana
- d. Mustard Seed and its derivatives
- e. Soybean and its derivatives
- f. Soybean and its derivatives
- g. Crude Palm Oil
- h. GUAREX Index

**j) Securities brought on or removed from the forward list:**

Not Applicable.

**INFORMATION REQUIRED TO BE FURNISHED PURSUANT TO RULE 17A OF THE SECURITIES CONTRACTS (REGULATION) RULES, 1957**

**i) The official rates for the securities enlisted thereon:**

Not Applicable.

**ii) The number of shares delivered through the clearing house:**

The quantum of physical delivery of underlying commodities and the value thereof are detailed below:

Expiry Month	Total Delivery (In MT)	Delivery Value (In Crores)
Apr-22	15515	143.64
May-22	20116	136.52
Jun-22	25694	134.81
Jul-22	30529	191.61
Aug-22	20410	167.51
Sep-22	23152	158.62
Oct-22	27038	229.75
Nov-22	14067	134.77
Dec-22	14614	115.23
Jan-23	20173	214.37
Feb-23	6400	26.38
Mar-23	10283	77.98

**iii) The making-up prices:**

Not Applicable

**iv) The clearing house programmes:**

Not Applicable

**v) The number of securities listed and de-listed during the previous three months:**

Nil

**vi) The number of securities brought on or removed from the forward list during the previous three months:**

Not Applicable

**vii) Any other matter as may be specified by the Securities and Exchange Board of India:**

Not Applicable

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## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of National Commodity Clearing Limited**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the accompanying financial statements of **National Commodity Clearing Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Loss), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, the Loss and total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

##### **Basis for Opinion**

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

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon. The Board's Report including Annexures to Board's Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board's Report including Annexures to Board's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe actions applicable in the applicable laws and regulations.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive loss, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 a reasonably knowledgeable user 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 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, 2020 ("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'**, 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, based on our audit 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 Loss, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure 'B'**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations as at March 31, 2023 on its financial position in its financial statements – Refer Note 40 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses - Refer Note 45 to the financial statements.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023 - Refer Note 46 to the financial statements.
  - iv. a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries - Refer Note 42(ix) to the financial statements.;
  - b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any

manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries - Refer Note 42(ix) to the financial statements; and

- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The Company has neither declared nor paid any dividend during the year.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

**For Khandelwal Jain & Co.  
Chartered Accountants**

Firm Registration Number:105049W

**sd/-**

**Narendra Jain**

**Partner**

Membership Number: 048725

UDIN: 23048725BGYVQK6139

Place: Mumbai

Date: May 17, 2023

## **Annexure A to Independent Auditors' Report**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **National Commodity Clearing Limited** of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
  - (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment and relevant details of right-of-use assets.  
  
(B) The Company has maintained proper records showing full particulars of intangible assets.
  - (b) The Company has physically verified the fixed assets in accordance with a program of verification which in our opinion provides for physical verification of all Property, Plant and Equipment and right-of-use assets at reasonable intervals. We have been informed that no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not have any immovable property and accordingly the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
  - (d) According to the information and explanations given to us, the Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
  - (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of clause 3(ii) of Companies (Auditor's Report) Order, 2020 are not applicable to the Company.  
  
(b) According to the information and explanations given to us, the Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.

- iii. According to the information and explanations given to us and on the basis of examination of the records of the company, the Company has made investments, but has not provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. In view thereof, reporting under clause 3(iii)(a), (c), (d), (e) and (f) of the Order is not applicable. The investments made during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.
- iv. According to information and explanation given to us, the Company has not granted loans or provided guarantees or securities to the parties covered under Section 185 and 186 of the Act. The Company has complied with the provisions of Section 185 and 186 of the Act in respect of investments made to the parties covered under Section 186 of the Act.
- v. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under clause 3(vi) of the order is not applicable to the Company.
- vii (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, service tax, goods and service tax (GST), duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues, as applicable, with the appropriate authorities. According to the records of the Company, there were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service-tax, GST, duty of custom, duty of excise, value added tax, cess and other statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
  - (b) According to the information and explanation given to us, there are no dues in respect of sales tax, value added tax, income tax, goods and services tax, duty of customs, wealth tax, duty of excise and service tax including cess which have not been deposited with the appropriate authorities on account of any dispute.
- viii. According to the information and explanation given to us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable.
  - (b) According to the information and explanation given to us, the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
  - (c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.

- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company.
- (e) The Company does not have any subsidiary, associate or joint venture and accordingly, reporting under paragraph 3(ix)(e) of the Order is not applicable to the Company.
- (f) The Company does not have any subsidiary, associate or joint venture and accordingly, reporting under paragraph 3(ix)(f) of the Order is not applicable to the Company.
- x. (a) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
  - (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) We hereby confirm that to the best of our knowledge and belief, there are no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
  - (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
  - (c) As represented to us by the management there are no whistle blower complaints received by the Company during the year.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
  - (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

- xvi. (a) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable to the Company.
- (b) As per information and explanation given to us and in our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The Company has incurred cash losses of Rs. 304.28 lakhs during the financial year covered by our audit. The company has not incurred cash losses in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. (a) According to the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- (b) According to the information and explanations given to us, the Company does not have any amount remaining unspent under section (5) of section 135 in respect of any 'ongoing projects' pertaining to current financial year and immediately preceding financial year and accordingly reporting under paragraph 3(xx)(b) of the Order is not applicable to the Company.

**For Khandelwal Jain & Co.**  
**Chartered Accountants**

Firm Registration Number:105049W

sd/-

**Narendra Jain**  
**Partner**

Membership Number: 048725

UDIN: 23048725BGYVQK6139

Place: Mumbai

Date: May 17, 2023

## **Annexure B to Independent Auditors' Report**

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **National Commodity Clearing Limited** of even date)

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls over financial reporting of **National Commodity Clearing Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## **Meaning of Internal Financial Controls Over Financial Reporting**

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

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

## **Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Khandelwal Jain & Co.  
Chartered Accountants**

Firm Registration Number:105049W

sd/-

**Narendra Jain  
Partner**

Membership Number: 048725

UDIN: 23048725BGYVQK6139

Place: Mumbai

Date: May 17, 2023

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	70.74	91.85
Right to use assets	2	210.98	281.25
Other intangible assets	3	376.17	317.14
Intangible assets under development	3	263.68	324.20
<b>Financial assets</b>			
- Other financial assets			
- Bank balances	4(a)	6,679.88	3,179.55
- Others	4(b)	31.89	1.27
Deferred tax assets (net)	14	380.06	243.52
Income tax assets	5	421.60	361.85
Other non-current assets	6	6.44	9.76
<b>Total non-current assets</b>		<b>8,441.44</b>	<b>4,810.39</b>
<b>Current Assets</b>			
Financial assets			
- Investment	7	1,350.32	1,190.31
- Trade receivables	8	1,867.57	1,928.55
- Cash and cash equivalents	9	1,283.65	1,449.56
- Bank balances other than cash and cash equivalents	10	28,185.55	32,512.18
- Others	4(b)	934.20	1,040.72
Other current assets	6	76.35	54.84
<b>Total current assets</b>		<b>33,697.64</b>	<b>38,176.16</b>
<b>TOTAL ASSETS</b>		<b>42,139.08</b>	<b>42,986.55</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	11	12,275.00	12,125.00
Other equity	12	13,278.29	12,330.42
<b>Total Equity</b>		<b>25,553.29</b>	<b>24,455.42</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions	13(a)	228.07	183.57
Lease liability	17	173.12	238.31
<b>Total non-current liabilities</b>		<b>401.19</b>	<b>421.88</b>
<b>Current liabilities</b>			
Financial liabilities			
- Deposits	15	8,043.32	8,315.40
- Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	16	41.44	43.56
- Total outstanding dues of creditors other than micro enterprises and small enterprises	16	308.58	297.96
Other Financial liabilities	17	7,286.25	8,920.28
Lease Liability	17	65.19	59.30
Other current liabilities	18	81.41	95.70
Provisions	13(a)	143.50	159.72
Current Tax Liabilities (net)	13(b)	214.91	217.33
<b>Total current liabilities</b>		<b>16,184.60</b>	<b>18,109.25</b>
<b>TOTAL LIABILITIES</b>		<b>16,585.79</b>	<b>18,531.13</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>42,139.08</b>	<b>42,986.55</b>
Summary of significant accounting policies	1		
The accompanying notes are an integral part of the financial statements.			
As per our report of even date			
<b>For Khandelwal Jain &amp; Co.</b> Chartered Accountants ICAI Firm Registration No : 105049W		<b>For and on behalf of the Board of Directors</b> National Commodity Clearing Limited CIN: U74992MH2006PLC163550	
sd/- <b>NARENDRA JAIN</b> Partner Membership No. 048725	sd/- <b>RAJIV RELHAN</b> Managing Director & CEO DIN - 07214524	sd/- <b>R RAMASESHAN</b> Chairman DIN - 00200373	
Place : Mumbai Date : May 17, 2023	sd/- <b>RAHUL POOJARI</b> Company Secretary	sd/- <b>KOMAL SHAHANI</b> Chief Financial Officer	

**National Commodity Clearing Limited**  
**Statement of Profit and Loss for the year ended March 31, 2023**

(₹ In lakhs)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>INCOME</b>			
Revenue from operations	19	1,089.31	1,835.42
Other Income	20	982.41	1,232.56
<b>Total income</b>		<b>2,071.72</b>	<b>3,067.98</b>
<b>EXPENSE</b>			
Employee benefits expense	21	1,212.83	1,170.55
Finance cost	22	25.59	31.29
Depreciation & amortization	23	273.03	221.00
Other expenses	24	1,027.39	1,007.19
<b>Total expenses</b>		<b>2,538.84</b>	<b>2,430.03</b>
<b>Profit / (Loss) before exceptional items and tax</b>		<b>(467.12)</b>	<b>637.95</b>
Less : Exceptional Items		-	-
<b>Profit/ (loss) after exceptions items and before tax</b>		<b>(467.12)</b>	<b>637.95</b>
<b>Tax expense</b>			
Current tax	25	11.05	183.51
Deferred tax	25	(125.53)	(6.01)
<b>Total Tax expense</b>		<b>(114.48)</b>	<b>177.50</b>
<b>Profit / (Loss) for the year (A)</b>		<b>(352.64)</b>	<b>460.45</b>
<b>Other Comprehensive Income:</b>			
Items that will not be reclassified to the Statement of profit and loss			
- Remeasurement of post-employment benefit obligations		(39.62)	(22.36)
- Income tax impact on above	25	11.02	6.22
<b>Other comprehensive income for the year, net of taxes (B)</b>		<b>(28.60)</b>	<b>(16.14)</b>
<b>Total comprehensive income for the year (A+B)</b>		<b>(381.24)</b>	<b>444.31</b>
<b>Basic earnings per share ( Face Value of ₹ 10 each)</b>	33		
(1) Basic (₹)		(0.29)	0.38
(2) Diluted (₹)		(0.29)	0.38

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For Khandelwal Jain & Co.**

Chartered Accountants

ICAI Firm Registration No : 105049W

sd/-

**NARENDRA JAIN**

Partner

Membership No. 048725

Place : Mumbai

Date : May 17, 2023

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

National Commodity Clearing Limited

CIN: U74992MH2006PLC163550

sd/-

**RAJIV RELHAN**

Managing Director & CEO

DIN - 07214524

sd/-

**RAHUL POOJARI**

Company Secretary

sd/-

**R RAMASESHAN**

Chairman

DIN - 00200373

sd/-

**KOMAL SHAHANI**

Chief Financial Officer

A Equity Share Capital

Particulars	Amount
Balance as at April 1, 2021	12,125.00
Changes in equity share capital during the year	-
<b>Balance as at March 31, 2022</b>	<b>12,125.00</b>
Changes in equity share capital during the year	150.00
<b>Balance as at March 31, 2023</b>	<b>12,275.00</b>

B Other Equity

Particulars	Core Settlement Guarantee Fund				Retained Earnings	Total
	NCCL & NCDEX Settlement Penalties	NCCL contribution towards Core SGF	NCDEX contribution towards Core SGF	Total		
<b>Balance as at 1st April 2021</b>	3,818.11	13,862.68	3,531.62	<b>21,212.41</b>	(10,639.33)	<b>10,573.08</b>
<b>Profit/(Loss) for the year</b>	-	-	-	-	460.45	<b>460.45</b>
Items of Other Comprehensive Income for the year, net of tax Remeasurement benefit of defined benefit plans	-	-	-	-	(16.14)	<b>(16.14)</b>
<b>Contribution to Core Settlement Guarantee Fund</b>						
Add : Additional Contribution (a)	230.78	-	-	<b>230.78</b>	-	<b>230.78</b>
Add : Interest on income tax refund	0.40	3.01	0.87	<b>4.28</b>	-	<b>4.28</b>
Add : Income on investment of SGF (as on respective dates of contribution) adjusted towards contribution (b)	-	-	-	-	-	-
Add : Income on investment of SGF (other than stated in (b) above) ( c )	198.27	703.39	176.31	<b>1,077.97</b>	-	<b>1,077.97</b>
<b>Closing Balance</b>	<b>4,247.56</b>	<b>14,569.08</b>	<b>3,708.80</b>	<b>22,525.44</b>	<b>(10,195.02)</b>	<b>12,330.42</b>
Share issue expenses	-	-	-	-	-	-
<b>Balance as at March 31, 2022</b>	<b>4,247.56</b>	<b>14,569.08</b>	<b>3,708.80</b>	<b>22,525.44</b>	<b>(10,195.02)</b>	<b>12,330.42</b>
<b>Balance as at April 1, 2022</b>	<b>4,247.56</b>	<b>14,569.08</b>	<b>3,708.80</b>	<b>22,525.44</b>	<b>(10,195.02)</b>	<b>12,330.42</b>
<b>Profit/(Loss) for the year</b>	-	-	-	-	(352.64)	<b>(352.64)</b>
Items of Other Comprehensive Income for the year, net of tax Remeasurement benefit of defined benefit plans	-	-	-	-	(28.60)	<b>(28.60)</b>
<b>Contribution to Core Settlement Guarantee Fund</b>						
Add : Additional Contribution (a)	122.15	-	-	<b>122.15</b>	-	<b>122.15</b>
Add : Interest on income tax refund (net)	1.15	4.44	1.30	<b>6.89</b>	-	<b>6.89</b>
Add : Income on investment of SGF (as on respective dates of contribution) adjusted towards contribution (b)	-	-	-	-	-	-
Add : Income on investment of SGF (other than stated in (b) above) ( c )	234.05	768.02	198.00	<b>1,200.07</b>	-	<b>1,200.07</b>
<b>Closing Balance</b>	<b>4,604.91</b>	<b>15,341.54</b>	<b>3,908.10</b>	<b>23,854.55</b>	<b>(10,576.26)</b>	<b>13,278.29</b>
Share issue expenses	-	-	-	-	-	-
<b>Balance as at March 31, 2023</b>	<b>4,604.91</b>	<b>15,341.54</b>	<b>3,908.10</b>	<b>23,854.55</b>	<b>(10,576.26)</b>	<b>13,278.29</b>

1) The above Core SGF amounting to ₹ 23,854.55 lakhs (March 31, 2022 : ₹ 22,525.44 lakhs) has been considered by the management as a part of equity and is included under "Other Equity".

2) The Company, vide its letter dated September 5, 2018, had given an undertaking to SEBI for increasing the Core Settlement Guarantee Fund (Core SGF) to ₹ 250.00 crore by way of equitable additions every 6 months over the period of 3 years i.e. by September 30, 2021. Accordingly, the Company was required to have the Core SGF of ₹ 250.00 crore as on September 30, 2021, for which the Company, vide its letter dated September 2, 2021 to SEBI, sought an extension of time till March 31, 2022. SEBI has vide its letter dated September 13, 2021 granted an extension of time to increase the Core SGF till March 31, 2022. Subsequently, the Company vide its letter dated February 2, 2022 to SEBI, sought an extension of time till March 31, 2023. SEBI has vide its letter dated March 08, 2022 granted an extension of time to increase the Core SGF till December 31, 2022. Further the Company vide its letter dated December 05, 2022 to SEBI, sought an extension of time till June 30, 2023. SEBI has vide its letter dated December 15, 2022 granted an extension of time to increase the Core SGF till June 30, 2023.

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For Khandelwal Jain & Co.**  
Chartered Accountants  
ICAI Firm Registration No : 105049W

**For and on behalf of the Board of Directors**  
National Commodity Clearing Limited  
CIN: U74992MH2006PLC163550

sd/-  
**NARENDRA JAIN**  
Partner  
Membership No. 048725

sd/-  
**RAJIV RELHAN**  
Managing Director & CEO  
DIN - 07214524

sd/-  
**R RAMASESHAN**  
Chairman  
DIN - 00200373

Place : Mumbai  
Date : May 17, 2023

sd/-  
**RAHUL POOJARI**  
Company Secretary

sd/-  
**KOMAL SHAHANI**  
Chief Financial Officer

**National Commodity Clearing Limited**  
**Audited Cash Flow Statement for the year ended March 31, 2023**

(₹ In lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. Cash flow from operating activities</b>		
Profit/(Loss) before tax	(467.12)	637.95
<u>Adjustments for:</u>		
Depreciation & amortisation	273.03	221.00
Loss/(Gain) on sale of fixed assets	(0.69)	0.22
Interest on Lease Liability	25.28	30.67
Net gain on sale of investments measured at Fair Value through Profit or Loss	(160.75)	(146.25)
Intangible asset under development written off	26.12	-
Net gain/(loss) on financial assets mandatorily measured at Fair Value	(0.53)	(0.47)
Interest income on Bank deposit	(797.18)	(1,036.22)
<b>Operating profit before working capital changes</b>	<b>(1,101.84)</b>	<b>(293.10)</b>
<b>Movements in working capital:</b>		
Decrease / (Increase) in trade receivables	60.98	19.52
Decrease / (Increase) in other current assets	(21.51)	(2.20)
Decrease / (Increase) in other non current assets	3.32	(9.61)
Decrease / (Increase) in other financial assets	(6.64)	(22.88)
Increase / (Decrease) in long term provision	44.50	43.00
Increase / (Decrease) in trade payables	8.51	(69.76)
Increase / (Decrease) in Short term provision	(55.84)	18.52
Increase / (Decrease) in financial liabilities	(1,906.11)	(10,570.24)
Increase / (Decrease) in other current liabilities	(14.29)	(39.66)
<b>Cash generated/(used) from operations</b>	<b>(2,988.92)</b>	<b>(10,926.41)</b>
Contribution to Core SGF by Exchange and Settlement Penalties (net of funding from SGF)	122.15	230.78
Direct taxes paid (net of refunds)	(73.22)	(272.60)
<b>Net cash generated/(used) in operating activities (A)</b>	<b>(2,939.99)</b>	<b>(10,968.23)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets, including intangible assets and CWIP	(206.28)	(304.48)
Proceeds from sale / disposal of fixed assets	0.69	-
Purchase of current investments	(83,830.00)	(1,19,313.00)
Proceeds from sale of current investments	83,931.22	1,22,547.72
Interest received	1,986.73	2,168.27
Investment in fixed deposits	(2,08,138.07)	(5,69,936.46)
Redemption/Maturity of fixed deposits	2,08,964.37	5,64,754.75
<b>Net cash generated/(used) in investing activities (B)</b>	<b>2,708.66</b>	<b>(83.20)</b>
<b>C. Cash Flows from financing activities</b>		
Payment of Lease Rent	(84.58)	(84.58)
Proceed of issue of equity shares	150.00	-
<b>Net cash generated/(used) from financing activities (C)</b>	<b>65.42</b>	<b>(84.58)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(165.91)</b>	<b>(11,136.01)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,449.56</b>	<b>12,585.57</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,283.65</b>	<b>1,449.56</b>
<b>Components of cash and cash equivalents</b>		
Cash and cheques on hand	-	-
With Banks		
- on current accounts *	133.65	93.56
- on fixed deposits (Original maturity being three months or less) **	1,150.00	1,356.00
<b>Total</b>	<b>1,283.65</b>	<b>1,449.56</b>

\* Includes current account for Core Settlement Guarantee Fund ₹ 0.31 lakhs (March 31, 2022 : ₹ 0.50 lakhs).

\*\* Includes Fixed Deposit for Core Settlement Guarantee Fund ₹ NIL (March 31, 2022 : ₹ NIL).

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS - 7 on Statement of Cash Flow as notified under Companies (Accounts) Rules, 2015.

Previous year figures have been regrouped / reclassified wherever necessary to confirm to current year presentation.

As per our report of even date

**For Khandelwal Jain & Co.**  
Chartered Accountants  
ICAI Firm Registration No : 105049W

**For and on behalf of the Board of Directors**  
National Commodity Clearing Limited  
CIN: U74992MH2006PLC163550

sd/-  
**NARENDRA JAIN**  
Partner  
Membership No. 048725

sd/-  
**RAJIV RELHAN**  
Managing Director & CEO  
DIN - 07214524

sd/-  
**R RAMASESHAN**  
Chairman  
DIN - 00200373

Place : Mumbai  
Date : May 17, 2023

sd/-  
**RAHUL POOJARI**  
Company Secretary

sd/-  
**KOMAL SHAHANI**  
Chief Financial Officer

## **Background and Significant Accounting Policies**

### **Background**

National Commodity Clearing Limited (the 'Company') is a wholly owned subsidiary of National Commodity and Derivatives Exchange Limited and is set up to provide clearing and settlement services to the holding company.

The financial statements were authorised for issuance by the Company's Board of Directors on May 17, 2023.

### **1 Significant accounting policies :**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to year presented, unless otherwise stated.

#### **a) Statement of compliance**

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

#### **b) Basis of preparation**

These financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, on accrual basis and are drawn up in accordance with the provisions of the Companies Act, 2013 (the Act) and Indian Accounting Standards ("Ind AS") notified under Section 133 of Act read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, amendment to the Rules and other relevant provisions of the Act.

##### **(i) Historical cost convention**

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets that is measured at fair value,

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, leasing transactions that are within the scope of Ind AS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36, Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;

Level 2 inputs are other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs for the asset or liability.

#### **c) Revenue recognition**

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. Revenue is recognised net of applicable taxes.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised in the period when the service is provided as per arrangements/agreements with the customers.

The sources of revenue are:

- i) Risk Management Fees is recognized when open interest is increased as compared to previous day.
- ii) Delivery charges are recognised as income on delivery of commodities.
- iii) Warehouse charges are recognized when a new location is accredited by a warehouse service provider (WSP) and when WSP information is processed.
- iv) Annual subscription charges are recognised as income on a time proportion basis beginning from the month in which member is enabled.
- v) Admission fees are recognized as income at the time an applicant is converted as member.
- vi) Income excludes applicable taxes and other levies.
- vii) Dividends on Investments are recognized when a right to receive the same is established
- viii) Interest is recognized on time proportionate basis taking into consideration the amount outstanding and the rate applicable.
- ix) All other revenue is recognised in the period in which the performance obligation is satisfied over a period of time or point in time.

**d) Income Tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at 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 interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in statement of profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note issued by the Institute of Chartered Accountant of India (ICAI), on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

**e) Impairment of assets**

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**f) Cash Flow Statements & Cash and cash equivalents**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Restricted cash:**

Other bank balances comprise of Fixed deposits with maturity of more than three months and less than twelve months, other non current financial assets contains Fixed deposits with maturity of more than one year.

**g) Trade receivables**

Trade receivables are recognized initially at fair value, plus in the case of trade receivables not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the trade receivables. However, trade receivables that do not contain a significant financing component are measured at transaction price.

#### h) Investments and other financial assets

##### (i) Recognition

All financial assets are recognized and de-recognized on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

##### (ii) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit and loss or other comprehensive income. For investment in debt instruments, this will depend on business model in which the investment is held.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

##### (iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit and loss.

##### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

• **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in statement of profit and loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

• **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of profit and loss and recognized in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

• **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss.

##### (iv) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

##### (v) De-recognition of financial assets

A financial asset is de-recognized only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognized. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

##### (vi) Income recognition

###### Interest income

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the gross carrying amount of financial assets. When calculating the effective interest rates, the Company estimates the expected cash flows by considering all the contractual term of the financial instruments but does not consider expected credit losses.

###### Dividends

Dividends are recognized in the statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be reliably measured.

**i) Financial liabilities**

**(i) Classification as debt or equity**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

**(ii) Initial recognition and measurement**

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortized cost unless at initial recognition, they are classified as fair value through profit or loss.

**(iii) Subsequent measurement**

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognized 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.

**j) Property, plant and equipment (including CWIP)**

PPE are stated at actual cost less accumulated depreciation and impairment loss. Actual cost is inclusive of freight, installation cost, duties, taxes and other incidental expenses for bringing the asset to its working condition for its intended use (net of CENVAT / GST) and any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by the Management. It includes professional fees and borrowing costs for qualifying assets.

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

Depreciation of these PPE commences when the assets are ready for their intended use. Depreciation on subsequent expenditure on PPE arising on account of capital improvement or other factors is provided for prospectively over the remaining useful life.

Depreciation is provided on straight line method over the useful life of the assets.

Fixed assets having an original cost less than or equal to Rs. 5,000 individually are fully depreciated in the year of purchase or installation.

Leasehold improvement is amortized over the renewable period of lease.

(i) The useful life of property, plant and equipment are as follows :

Assets	Useful Life of Asset
Improvement to Lease hold Property	Over the period of lease
Office Equipment's	5 years
Office Hardware - Servers etc.	6 years
Office Hardware - Desktop, Laptop etc.	3 years
Furniture and Fixtures	10 years
Vehicle	8 years
Telecommunication Systems	6 years

The estimated useful life and residual values are reviewed on an annual basis and if necessary, changes in estimates are accounted for prospectively.

An item of PPE is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of profit and loss.

(ii) Intangible Assets:

Intangible assets are recorded at acquisition cost and are amortized over the estimated useful life on straight line basis. Depreciation on additions is provided on pro-rata basis from the date of acquisition/ upto the date of deletion.

Assets	Estimated Useful Life of Asset
Software	4 years

**k) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**l) Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation to be settled at future date. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

**m) Contingent Liabilities and Contingent Assets**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Contingent assets are not recognized in the financial statements. However if the inflow of economic benefits is probable, then it is disclosed in the financial statements.

**n) Earnings per share**

**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the period.

**(ii) Diluted earning per share**

Diluted earning per share adjusts the figures used in the determination of basic earnings per share to take into account:

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

**o) Foreign currency translation and transactions**

**(i) Functional and presentation currency**

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian currency (INR), which is the Company's functional and presentation currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in statement of profit and loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit and loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

**p) Leases**

**As a lessee**

Leases of property, plant and equipment, where the terms of the lease has substantially transferred all the risks and rewards of ownership to the Company are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of 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.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

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 and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

**q) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**r) Contributed Equity**

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**s) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

**t) Current versus Non-current classification and operating cycle**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle i.e. 12 months
- Held primarily for purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle i.e. 12 months.
- It is held primarily for purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- All other liabilities are classified as non-current.

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**u) Rounding of Amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakhs as per the requirement of Schedule III, unless otherwise stated.

**v) Critical Accounting Estimates And Judgements**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

Estimation of useful life of property, plant and equipment and intangible asset refer Note 1(j)

Estimation of current tax expense and payable Note 25

Estimation of contingent liabilities refer Note 29

Estimation of Impairment of Assets refer Note 1(e)

Estimation of Provision for doubtful debts

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

- w) As per SEBI vide circular no. CIR/MRD/DRMNP/25/2014 dated August 27, 2014 every recognised clearing corporation shall establish and maintain a Fund for each segment, to guarantee the settlement of trades executed in that respective segment of a recognised Commodity exchange. The Clearing Corporation shall have a fund called Core SGF for each segment of each Recognised Commodity Exchange to guarantee the settlement of trades executed in the respective segment of the Commodity Exchange. In the event of a clearing member (member) failing to honor settlement commitments, the Core SGF shall be used to fulfill the obligations of that member and complete the settlement without affecting the normal settlement process. The Core SGF shall be contributed by National Commodity Clearing Limited (NCCL), National Commodity & Derivatives Exchange Limited (NCDEX) and the clearing members, in a manner as prescribed by SEBI. This fund is represented by earmarked Core SGF investments. The income earned on such investments is credited to the respective contributor's funds and adjusted towards incremental requirement of Minimum Required Corpus (MRC). Settlement related penalties are transferred to Core SGF.**

**x) Recent pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**1. Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**2. Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**3. Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

2 Property, plant and equipment

(₹ in lakhs unless otherwise stated)

Particulars	Telecommunication Equipments	Office Equipments	Office Hardware	Clearing & Settlement System	Furniture & Fixtures	Motor Vehicle	Leasehold improvements	Total	Right to Use Asset	Total
<b>Gross carrying amount</b>										
Opening as at April 01, 2021	19.50	10.48	76.25	0.63	0.40	10.08	-	117.34	-	117.34
Additions	-	0.66	33.51	-	-	-	12.23	46.40	351.52	397.92
Disposals / Adjustments	-	0.38	-	-	-	-	-	0.38	-	0.38
<b>Closing gross carrying amount</b>	<b>19.50</b>	<b>10.76</b>	<b>109.76</b>	<b>0.63</b>	<b>0.40</b>	<b>10.08</b>	<b>12.23</b>	<b>163.36</b>	<b>351.52</b>	<b>514.88</b>
<b>Accumulated depreciation and impairment</b>										
Opening as at April 01, 2021	8.96	3.63	31.71	0.53	0.05	1.89	-	46.77	-	46.77
Depreciation for the year	3.26	2.34	16.35	0.07	0.04	1.26	1.58	24.90	70.27	95.17
Disposals / Adjustments	-	0.16	-	-	-	-	-	0.16	-	0.16
<b>Closing accumulated depreciation</b>	<b>12.22</b>	<b>5.81</b>	<b>48.06</b>	<b>0.60</b>	<b>0.09</b>	<b>3.15</b>	<b>1.58</b>	<b>71.51</b>	<b>70.27</b>	<b>141.78</b>
<b>Net carrying amount as at March 31, 2022</b>	<b>7.28</b>	<b>4.95</b>	<b>61.70</b>	<b>0.03</b>	<b>0.31</b>	<b>6.93</b>	<b>10.65</b>	<b>91.85</b>	<b>281.25</b>	<b>373.10</b>
<b>Gross carrying amount</b>										
Opening as at April 01, 2022	19.50	10.76	109.76	0.63	0.40	10.08	12.23	163.36	351.52	514.88
Additions	-	0.17	14.03	-	0.06	-	-	14.26	-	14.26
Disposals / Adjustments	-	-	0.01	-	-	-	-	0.01	-	0.01
<b>Closing gross carrying amount</b>	<b>19.50</b>	<b>10.93</b>	<b>123.78</b>	<b>0.63</b>	<b>0.46</b>	<b>10.08</b>	<b>12.23</b>	<b>177.61</b>	<b>351.52</b>	<b>529.13</b>
<b>Accumulated depreciation and impairment</b>										
Opening as at April 01, 2022	12.22	5.81	48.06	0.60	0.09	3.15	1.58	71.51	70.27	141.78
Depreciation for the year	3.26	2.34	25.78	0.04	0.04	1.26	2.65	35.37	70.27	105.64
Disposals / Adjustments	-	-	0.01	-	-	-	-	0.01	-	0.01
<b>Closing accumulated depreciation</b>	<b>15.48</b>	<b>8.15</b>	<b>73.83</b>	<b>0.64</b>	<b>0.13</b>	<b>4.41</b>	<b>4.23</b>	<b>106.87</b>	<b>140.54</b>	<b>247.41</b>
<b>Net carrying amount as at March 31, 2023</b>	<b>4.02</b>	<b>2.78</b>	<b>49.95</b>	<b>0.01</b>	<b>0.33</b>	<b>5.67</b>	<b>8.00</b>	<b>70.74</b>	<b>210.98</b>	<b>281.72</b>

3 Intangible Assets & Intangible assets under development

Particulars	RMS Software	Office Software	NCFE Software	Clearing Software (FOCASS)	Total	Intangible assets under development	Total
<b>Gross carrying amount</b>							
Opening as at April 01, 2021	216.22	29.29	2.60	280.07	528.18	238.98	238.98
Additions	106.37	6.25	-	60.24	172.86	262.05	262.05
Disposals / Adjustments	-	-	-	-	-	5.22	5.22
Capitalised during the year	-	-	-	-	-	171.61	171.61
<b>Closing gross carrying amount</b>	<b>322.59</b>	<b>35.54</b>	<b>2.60</b>	<b>340.31</b>	<b>701.04</b>	<b>324.20</b>	<b>324.20</b>
<b>Accumulated amortisation and impairment losses</b>							
Opening as at April 01, 2021	65.56	17.37	0.78	174.36	258.07	-	-
Amortisation for the year	67.37	7.54	0.65	50.27	125.83	-	-
Disposals / Adjustments	-	-	-	-	-	-	-
<b>Closing accumulated amortisation</b>	<b>132.93</b>	<b>24.91</b>	<b>1.43</b>	<b>224.63</b>	<b>383.90</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount as at March 31, 2022</b>	<b>189.66</b>	<b>10.63</b>	<b>1.17</b>	<b>115.68</b>	<b>317.14</b>	<b>324.20</b>	<b>324.20</b>
<b>Gross carrying amount</b>							
Opening as at April 01, 2022	322.59	35.54	2.60	340.31	701.04	324.20	324.20
Additions	60.27	6.82	-	159.33	226.42	185.61	185.61
Disposals / Adjustments / Written off	-	-	-	-	-	26.12	26.12
Capitalised during the year	-	-	-	-	-	220.01	220.01
<b>Closing gross carrying amount</b>	<b>382.86</b>	<b>42.36</b>	<b>2.60</b>	<b>499.64</b>	<b>927.46</b>	<b>263.68</b>	<b>263.68</b>
<b>Accumulated amortisation and impairment losses</b>							
Opening as at April 01, 2022	132.93	24.91	1.43	224.63	383.90	-	-
Amortisation for the year	85.64	6.16	0.65	74.94	167.39	-	-
Disposals / Adjustments	-	-	-	-	-	-	-
<b>Closing accumulated amortisation</b>	<b>218.57</b>	<b>31.07</b>	<b>2.08</b>	<b>299.57</b>	<b>551.29</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount as at March 31, 2023</b>	<b>164.29</b>	<b>11.29</b>	<b>0.52</b>	<b>200.07</b>	<b>376.17</b>	<b>263.68</b>	<b>263.68</b>

Intangible assets under development ageing schedule at March 31, 2023

Intangible assets under development	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	102.89	48.62	80.33	31.84	263.68
Projects temporarily suspended	-	-	-	-	-

Any of the project's completion is not overdue & neither any cost is exceeded as compared to original plans.

Intangible assets under development ageing schedule at March 31, 2022

Intangible assets under development	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	155.84	85.48	82.88	-	324.20
Projects temporarily suspended	-	-	-	-	-

Any of the project's completion is not overdue & neither any cost is exceeded as compared to original plans.

4 Other Financial Asset

Particulars	Non Current	Current	Non Current	Current
	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2022
<b>(a) Non-current bank balances</b>				
Fixed deposits with bank - maturity more than 12 months *	6,679.88	-	3,179.55	-
<b>Total (a)</b>	<b>6,679.88</b>	<b>-</b>	<b>3,179.55</b>	<b>-</b>
<b>(b) Others</b>				
<b>Unsecured, Considered Good</b>				
Receivable against sale of Mutual Funds	-	300.21	-	400.16
Interest accrued on fixed deposits **	31.89	598.34	1.27	611.55
Deposits	-	3.88	-	0.13
Deposit for rent	-	31.77	-	28.88
<b>Total (b)</b>	<b>31.89</b>	<b>934.20</b>	<b>1.27</b>	<b>1,040.72</b>

\* Fixed Deposit for Core Settlement Guarantee Fund (Core SGF) ₹ 6529.88 lakhs (March 31, 2022 : ₹ 2202.55 lakhs).

\*\* Includes interest on Core SGF - Non Current ₹ 31.89 lakhs (March 31, 2022 : ₹ 1.27 lakhs) and Current ₹ 472.35 lakhs (March 31, 2022 : ₹ 373.15 lakhs)

5 Income Tax Assets

Particulars	As at March 31, 2023	As at March 31, 2022
Advance income tax paid including tax deducted at source receivable *	421.60	361.85
<b>Total</b>	<b>421.60</b>	<b>361.85</b>

\* Includes TDS on Core SGF ₹ 217.63 lakhs (March 31, 2022 : ₹ 217.63 lakhs)

6 Other Assets

Particulars	Non Current	Current	Non Current	Current
	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2022
<b>Unsecured, Considered Good</b>				
Prepaid expenses	0.03	39.53	0.13	42.09
Balances with Government authorities (Net)	-	21.68	-	-
Advances recoverable in cash or in kind or for value to be received	-	11.78	-	9.54
Advances to employee	-	0.15	-	-
INDAS - Deferred rent	6.41	3.21	9.63	3.21
<b>Total</b>	<b>6.44</b>	<b>76.35</b>	<b>9.76</b>	<b>54.84</b>

7 Current Investments

Particulars	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2022
	Units	Amount	Units	Amount
<b>A) Investment in mutual funds</b>				
<b>Mutual Funds (Unquoted)</b>				
Axis Overnight Fund -Direct Plan-Growth	25,308.41	300.05	22,248.25	250.03
Kotak Overnight Fund -Direct Plan-Growth	50,193.03	600.20	-	-
Nippon Overnight Fund -Direct Plan-Growth	-	-	8,23,944.57	940.28
HSBC Overnight Fund-Direct Plan-Growth	38,369.35	450.07	-	-
<b>Total - Current Investments (a)</b>		<b>1,350.32</b>		<b>1,190.31</b>
<b>Aggregate amount of unquoted investments</b>		<b>1,350.32</b>		<b>1,190.31</b>

8 Trade Receivables

Particulars	Current	
	As at March 31, 2023	As at March 31, 2022
a) Trade receivables considered good - Secured	89.37	150.35
b) Trade receivables considered good - Unsecured	-	-
c) Trade Receivables which have significant increase in Credit Risk	1,778.20	1,778.20
d) Trade Receivables - credit impaired	733.79	733.79
<b>Sub Total</b>	<b>2,601.36</b>	<b>2,662.34</b>
Less : Allowance for bad and doubtful debts	(733.79)	(733.79)
<b>Total</b>	<b>1,867.57</b>	<b>1,928.55</b>

Trade Receivables Ageing as at March 31, 2023

Particulars	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables – considered good	89.37	-	-	-	-	89.37
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
Disputed Trade Receivables – considered good	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk *	-	-	-	-	1,778.20	1,778.20
Disputed Trade Receivables – credit impaired	-	-	-	-	733.79	733.79
<b>Sub Total</b>	<b>89.37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,511.99</b>	<b>2,601.36</b>
Less : Allowance for bad and doubtful debts	-	-	-	-	(733.79)	(733.79)
<b>Total</b>	<b>89.37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,778.20</b>	<b>1,867.57</b>

\* No provision is made since there is corresponding liability as "Payable to Core SGF" as referred in Note-17

Trade Receivables Ageing as at March 31, 2022

Particulars	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables – considered good	139.67	8.85	1.83	-	-	150.35
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
Disputed Trade Receivables – considered good	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk *	-	-	-	1,778.20	-	1,778.20
Disputed Trade Receivables – credit impaired	-	-	-	733.79	-	733.79
<b>Sub Total</b>	<b>139.67</b>	<b>8.85</b>	<b>1.83</b>	<b>2,511.99</b>	<b>-</b>	<b>2,662.34</b>
Less : Allowance for bad and doubtful debts	-	-	-	733.79	-	(733.79)
<b>Total</b>	<b>139.67</b>	<b>8.85</b>	<b>1.83</b>	<b>1,778.20</b>	<b>-</b>	<b>1,928.55</b>

\* No provision is made since there is corresponding liability as "Payable to Core SGF" as referred in Note-17

9 Cash and cash equivalents

Particulars	Current	
	As at March 31, 2023	As at March 31, 2022
<b>Cash and cash equivalents</b>		
Cash in hand	-	-
Funds in transit	-	-
<b>Balances with bank</b>		
On current accounts *	133.65	93.56
Fixed deposits with original maturity of three months or less **	1,150.00	1,356.00
<b>Total</b>	<b>1,283.65</b>	<b>1,449.56</b>

\* Includes current account for Core Settlement Guarantee Fund ₹ 0.31 lakhs (March 31, 2022 : ₹ 0.50 lakhs).

\*\* Includes Fixed Deposit for Core Settlement Guarantee Fund ₹ NIL (March 31, 2022 : ₹ NIL).

10 Bank balances other than cash and cash equivalents

Particulars	Current	
	As at March 31, 2023	As at March 31, 2022
<b>Fixed Deposits</b>		
- with original maturity for more than 3 months but less than 12 months	100.00	6,096.31
- with maturity of less than 12 months at the balance sheet date	11,483.07	6,685.53
	<b>11,583.07</b>	<b>12,781.84</b>
<b>Fixed Deposits - Core Settlement Guarantee Fund</b>		
- with original maturity for more than 3 months but less than 12 months towards Core Settlement Guarantee Fund	1,139.86	3,504.97
- with maturity of less than 12 months at the balance sheet date towards Core Settlement Guarantee Fund	15,462.62	16,225.37
	<b>16,602.48</b>	<b>19,730.34</b>
<b>Total</b>	<b>28,185.55</b>	<b>32,512.18</b>

11 Equity share capital

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Authorised</b> 140,000,000 (Previous Year : 140,000,000) Equity Shares of ₹ 10 Each	<b>14,000.00</b>	<b>14,000.00</b>
<b>Issued, subscribed and fully paid up shares</b> 122,750,000 (Previous Year : 121,250,000) Equity Shares ₹10 each fully paid up.	12,275.00	12,125.00
<b>Total</b>	<b>12,275.00</b>	<b>12,125.00</b>

a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year

	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	₹ In lakhs	No. of Shares	₹ In lakhs
<b>Equity Shares of ₹ 10 each fully paid</b>				
At the beginning of the year	12,12,50,000	12,125.00	12,12,50,000	12,125.00
Issued during the year	15,00,000	150.00	-	-
<b>Outstanding at the end of the year</b>	<b>12,27,50,000</b>	<b>12,275.00</b>	<b>12,12,50,000</b>	<b>12,125.00</b>

b. Terms/Rights attached to equity share

The Company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share.

The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by the Shareholder at the Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c. Details of shareholders holding more than 5% share in the Company

	As at March 31, 2023		As at March 31, 2022	
	No.	% holding	No.	% holding
National Commodity and Derivatives Exchange Limited	12,27,50,000	100.00%	12,12,50,000	100.00%

The Company has not issued any shares by way of bonus or for consideration other than cash and has not bought back any shares during the period of five years immediately preceding the reporting date.

No shares are reserved for issue under options and contract or commitment for the sale of shares or disinvestments.

c. Disclosure of Shareholding of Promoters

Disclosure of shareholding of promoters as at March 31, 2023 is as follows:

Promoter name	Shares held by promoters				% change during the year
	As at March 31, 2023		As at March 31, 2022		
	No of shares	% of total shares	No of shares	% of total shares	
National Commodity and Derivatives Exchange Limited	12,27,50,000	100.00%	12,12,50,000	100.00%	-
<b>Total</b>	<b>12,27,50,000</b>	<b>100.00%</b>	<b>12,12,50,000</b>	<b>100.00%</b>	<b>-</b>

Disclosure of shareholding of promoters as at March 31, 2022 is as follows:

Promoter name	Shares held by promoters				% change during the year
	As at March 31, 2022		As at March 31, 2021		
	No of shares	% of total shares	No of shares	% of total shares	
National Commodity and Derivatives Exchange Limited	12,12,50,000	100.00%	12,12,50,000	100.00%	-
<b>Total</b>	<b>12,12,50,000</b>	<b>100.00%</b>	<b>12,12,50,000</b>	<b>100.00%</b>	<b>-</b>

**Right issue**

During the year, the Company invited its shareholders to subscribe to a right issue of 8,999,023 equity shares at an issue price of ₹ 10 per share, with such shares to be issued on and rank paripasu with the existing equity shares. The issue was subscribed for 1,500,000 equity shares and the said shares were allotted on December 30, 2022.

12 Other Equity

Particulars	Core Settlement Guarantee Fund				Retained Earnings	Total
	NCCL & NCDEX Settlement Penalties	NCCL contribution towards Core SGF	NCDEX contribution towards Core SGF	Total		
<b>Balance as at April 1, 2021</b>	<b>3,818.11</b>	<b>13,862.68</b>	<b>3,531.62</b>	<b>21,212.41</b>	(10,639.33)	<b>10,573.08</b>
<b>Profit/(Loss) for the year</b>	-	-	-	-	460.45	<b>460.45</b>
Items of Other Comprehensive Income for the year, net of tax						
Remeasurement benefit of defined benefit plans	-	-	-	-	(16.14)	(16.14)
<b>Contribution to Core Settlement Guarantee Fund</b>						
Add : Additional Contribution (a)	230.78	-	-	<b>230.78</b>	-	<b>230.78</b>
Add : Interest on income tax refund	0.40	3.01	0.87	<b>4.28</b>	-	<b>4.28</b>
Add : Income on investment of SGF (as on respective dates of contribution) adjusted towards contribution (b)	-	-	-	-	-	-
Add : Income on investment of SGF (other than stated in (b) above) (c)	198.27	703.39	176.31	<b>1,077.97</b>	-	<b>1,077.97</b>
<b>Closing Balance</b>	<b>4,247.56</b>	<b>14,569.08</b>	<b>3,708.80</b>	<b>22,525.44</b>	<b>(10,195.02)</b>	<b>12,330.42</b>
Share issue expenses	-	-	-	-	-	-
<b>Balance as at March 31, 2022</b>	<b>4,247.56</b>	<b>14,569.08</b>	<b>3,708.80</b>	<b>22,525.44</b>	<b>(10,195.02)</b>	<b>12,330.42</b>
<b>Balance as at April 1, 2022</b>	<b>4,247.56</b>	<b>14,569.08</b>	<b>3,708.80</b>	<b>22,525.44</b>	<b>(10,195.02)</b>	<b>12,330.42</b>
<b>Profit/(Loss) for the year</b>	-	-	-	-	(352.64)	<b>(352.64)</b>
Items of Other Comprehensive Income for the year, net of tax						
Remeasurement benefit of defined benefit plans	-	-	-	-	(28.60)	(28.60)
<b>Contribution to Core Settlement Guarantee Fund</b>						
Add : Additional Contribution (a)	122.15	-	-	<b>122.15</b>	-	<b>122.15</b>
Add : Interest on income tax refund (net)	1.15	4.44	1.30	<b>6.89</b>	-	<b>6.89</b>
Add : Income on investment of SGF (as on respective dates of contribution) adjusted towards contribution (b)	-	-	-	-	-	-
Add : Income on investment of SGF (other than stated in (b) above) (c)	234.05	768.02	198.00	<b>1,200.07</b>	-	<b>1,200.07</b>
<b>Closing Balance</b>	<b>4,604.91</b>	<b>15,341.54</b>	<b>3,908.10</b>	<b>23,854.55</b>	<b>(10,576.26)</b>	<b>13,278.29</b>
Share issue expenses	-	-	-	-	-	-
<b>Balance as at March 31, 2023</b>	<b>4,604.91</b>	<b>15,341.54</b>	<b>3,908.10</b>	<b>23,854.55</b>	<b>(10,576.26)</b>	<b>13,278.29</b>

**Note :**

1) The above Core SGF amounting to ₹ 23,854.55 lakhs (March 31, 2022 : ₹ 22,525.44 lakhs) has been considered by the management as a part of equity and is included under "Other Equity".

2) The Company, vide its letter dated September 5, 2018, had given an undertaking to SEBI for increasing the Core Settlement Guarantee Fund (Core SGF) to ₹ 250.00 crore by way of equitable additions every 6 months over the period of 3 years i.e. by September 30, 2021. Accordingly, the Company was required to have the Core SGF of ₹ 250.00 crore as on September 30, 2021, for which the Company, vide its letter dated September 2, 2021 to SEBI, sought an extension of time till March 31, 2022. SEBI has vide its letter dated September 13, 2021 granted an extension of time to increase the Core SGF till March 31, 2022. Subsequently, the Company vide its letter dated February 2, 2022 to SEBI, sought an extension of time till March 31, 2023. SEBI has vide its letter dated March 08, 2022 granted an extension of time to increase the Core SGF till December 31, 2022. Further the Company vide its letter dated December 05, 2022 to SEBI, sought an extension of time till June 30, 2023. SEBI has vide its letter dated December 15, 2022 granted an extension of time to increase the Core SGF till June 30, 2023.

**Description of nature and purpose of reserve**

**Settlement Guarantee Fund**

Core Settlement Guarantee Fund (SGF) is established to guarantee the settlement of trades executed in Commodity Exchange. In the event of a clearing member (member) failing to honor settlement commitments, the Core SGF shall be used to fulfill the obligations of that member and complete the settlement without affecting the normal settlement process.

**Retained Earnings**

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the separate financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.

13 Provisions

Particulars	Non-Current	Current	Non-Current	Current
	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2022
<b>(a) Employee benefits obligation</b>				
i) Provision for gratuity	123.36	39.32	90.46	31.86
ii) Provision for leave encashment	18.92	5.54	17.87	4.94
iii) Provision for Performance based incentives (PBI)	85.79	98.64	75.24	122.92
<b>Total</b>	<b>228.07</b>	<b>143.50</b>	<b>183.57</b>	<b>159.72</b>
<b>(b) Current Tax Liabilities</b>				
i) Current Tax Liabilities	-	214.91	-	217.33
<b>Total (b)</b>	<b>-</b>	<b>214.91</b>	<b>-</b>	<b>217.33</b>

14 Deferred tax Asset / liabilities (net)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Deferred tax assets components</b>		
Leave, Gratuity & PBI	78.88	56.59
Provision For Doubtful Debt	204.14	204.14
Business Losses	110.77	-
Lease Depreciation & rent - ROU	7.60	4.55
Net impact on Fair Valuation of Security deposit	0.25	0.16
<b>Gross deferred tax asset</b>	<b>401.64</b>	<b>265.44</b>
<b>Deferred tax liabilities components</b>		
Depreciation and amortisation	21.43	21.79
Financial assets at fair value through P&L	0.15	0.13
<b>Gross deferred tax liabilities</b>	<b>21.58</b>	<b>21.92</b>
<b>Net deferred tax asset/(liability)</b>	<b>380.06</b>	<b>243.52</b>

15 Deposits

Particulars	Current	
	As at March 31, 2023	As at March 31, 2022
a) Deposit from Clearing members	4,237.50	4,285.00
b) Deposit in lieu of Bank Guarantee/securities	649.23	670.97
c) Deposits from clearing banks	2,800.00	3,000.00
d) Deposits from warehouse service providers	356.59	359.43
<b>Total</b>	<b>8,043.32</b>	<b>8,315.40</b>

16 Trade payables

Particulars	Current	
	As at March 31, 2023	As at March 31, 2022
a) Trade payable other than micro and small enterprises	38.63	37.24
b) Trade payable to micro enterprises and small enterprises	34.67	36.80
c) Trade payable to related parties	269.95	260.72
d) Trade payable to related parties micro enterprises and small enterprises	6.77	6.76
<b>Total</b>	<b>350.02</b>	<b>341.52</b>

Particulars	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	21.69	-	-	-	-	21.69
Others	308.58	-	-	-	-	308.58
Total	330.27	-	-	-	-	330.27
Add : Provisions						19.75
<b>Total</b>	<b>330.27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>350.02</b>

Trade Payable Ageing as at March 31, 2022

Particulars	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	19.97	-	-	-	-	19.97
Others	309.10	-	-	-	-	309.10
Total	329.07	-	-	-	-	329.07
Add : Provisions						12.45
<b>Total</b>	<b>329.07</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>341.52</b>

17 Other Financial Liabilities

Particulars	Non-Current	Current	Non-Current	Current
	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2022
a) Payable towards purchase of fixed assets / intangibles	-	11.87	-	11.70
b) Margins money from clearing members	-	5,474.67	-	7,110.59
c) Lease liability	173.12	65.19	238.31	59.30
d) Creditor for capital expenditure payable to micro and small enterprises	-	2.24	-	1.52
e) Payable to Core SGF	-	1,778.20	-	1,778.20
f) Other payable	-	19.27	-	18.27
<b>Total</b>	<b>173.12</b>	<b>7,351.44</b>	<b>238.31</b>	<b>8,979.58</b>

18 Other Current Liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
a) Revenue received in advance	12.91	17.52
b) Statutory dues payable	68.50	78.18
<b>Total</b>	<b>81.41</b>	<b>95.70</b>

19 Revenue from operations

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Sale of services</b>		
Risk Management Fees	434.32	854.18
Physical Delivery Charges	511.64	810.32
Warehouse charges	96.22	127.52
Admission Fees	20.00	15.00
Annual subscription fees	27.13	28.40
<b>Total</b>	<b>1,089.31</b>	<b>1,835.42</b>

During the financial year 2022-23, the Company's significant revenue of 10.94% of Operating Revenue (March 31, 2022 : 10.66%) is derived from a single customer and the total Operating Revenue from such customer amounts to ₹ 119.19 lakhs (March 31, 2022 : ₹ 195.61 lakhs). Similarly, the Company's significant revenue of 21.20% of Operating Revenue (March 31, 2022 : 20.51%) is derived from group of entities under common control and the total Operating Revenue from such entities is ₹ 230.92 lakhs (March 31, 2022 : ₹ 376.39 lakhs). No other single customer / a group of entities under common control contributed 10% or more to the Company's Operating Revenue for FY 2022-23 and FY 2021-22.

20 Other Income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Other non-operating income</b>		
<b>Finance Income</b>		
Interest on Bank deposits	797.18	1,036.22
Net gain on sale of investments measured at fair value through profit or loss	160.75	146.25
Net gain/(loss) on financial assets mandatorily measured at Fair Value through Profit or Loss	0.53	0.47
Others (miscellaneous income)	20.37	46.99
Gain on sale of fixed assets	0.69	-
Interest income on ROU	2.89	2.63
<b>Total</b>	<b>982.41</b>	<b>1,232.56</b>

21 Employee benefits expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, bonus and allowances	1,051.64	1,040.46
Contribution to Provident fund	56.65	49.00
Contribution to Gratuity Fund	26.46	23.66
Contribution to Other Fund	0.02	0.03
Staff welfare expenses	78.06	57.40
<b>Total</b>	<b>1,212.83</b>	<b>1,170.55</b>

22 Finance costs

(₹ In lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Finance Costs:</b>		
Interest on lease liability	25.28	30.67
Interest	0.31	0.62
<b>Total</b>	<b>25.59</b>	<b>31.29</b>

23 Depreciation & Amortization

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation	105.64	95.17
Amortization	167.39	125.83
<b>Total</b>	<b>273.03</b>	<b>221.00</b>

24 Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent	8.72	8.53
Rates and Taxes	0.14	0.72
Legal and Professional Charges	79.48	84.45
Communication Expenses	4.00	4.29
Travelling and Conveyance Expenses	29.59	18.92
Electricity Charges	17.50	12.36
Repairs and Maintenance	17.29	15.16
Insurance Expenses	22.55	24.18
Technology Expenses	675.06	635.01
Research & Testing Expenses	9.45	10.39
Comtrack Connectivity Fees	35.00	35.00
Advertisement and Publicity	1.38	9.06
Committee Sitting Fees	6.00	8.10
Directors Sitting Fees	34.40	49.80
Meeting Expenses	0.93	0.40
Loss on sale of fixed assets	-	0.22
Corporate Social Responsibility	5.15	5.00
Books Periodicals & Subscription	0.20	1.56
Security Charges	13.04	12.84
Payment to Auditors	13.54	14.14
Printing and stationery	2.08	1.85
Bad debts	-	14.68
Intangible asset under development written off	26.12	-
Miscellaneous Expenses	25.77	40.53
<b>Total</b>	<b>1,027.39</b>	<b>1,007.19</b>

<b>Payment to Auditors</b>		
- Audit Fees	6.00	6.00
- Limited Review Fees	3.60	3.60
- Tax Audit Fees	1.50	1.00
- Taxation matters	1.30	2.20
- Certification matters	0.75	1.25
- For reimbursement of expenses	0.39	0.09
<b>Total</b>	<b>13.54</b>	<b>14.14</b>

25 Current and Deferred Tax

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax	11.05	183.51
Deferred Tax	(125.53)	(6.01)
<b>Sub-Total</b>	<b>(114.48)</b>	<b>177.50</b>
Deferred Tax - OCI	(11.02)	(6.22)
<b>Total</b>	<b>(125.50)</b>	<b>171.28</b>

**26 Tax Reconciliation**

**A) The major components of income tax expense statement of profit and loss**

**Statement of profit and loss**

Particulars	March 31, 2023	March 31, 2022
<b>Current income tax:</b>		
Current income tax charge	-	180.96
Adjustments in respect of current income tax of prior period	11.05	2.55
<b>Total current tax expense</b>	<b>11.05</b>	<b>183.51</b>
<b>Deferred tax:</b>		
Decrease (increase) in deferred tax assets	(136.20)	(11.82)
(Decrease) increase in deferred tax liabilities	(0.34)	(0.41)
<b>Total deferred tax expense (benefit)</b>	<b>(136.54)</b>	<b>(12.23)</b>
<b>Income tax expense reported in the statement of profit or loss</b>	<b>(125.49)</b>	<b>171.28</b>

**B) Reconciliation of tax expense and the accounting profit multiplied by tax rate**

	March 31, 2023	March 31, 2022
Profit before income tax expense	(467.12)	637.95
Tax rate (%)	27.82%	27.82%
Tax	(129.95)	177.48
Adjustments in respect of current income tax of previous years	11.05	2.55
<b>Non-deductible expenses for tax purposes:</b>		
Adjustment on account of Depreciation	(2.39)	-
Adjustment on account of expenses not allowed	18.18	0.04
Impact of Gratuity - OCI	(11.02)	(6.22)
Others (CSR,.etc)	(11.35)	(2.57)
<b>Income Tax Expense</b>	<b>(125.49)</b>	<b>171.28</b>

**C) Income tax asset/liability at the end of the year**

Particulars	March 31, 2023	March 31, 2022
Opening Balance	144.52	55.43
Income tax paid/(refund)	73.22	272.60
Current Income Tax payable for the year	-	(180.96)
Provision for tax of earlier years	(11.05)	(2.55)
<b>Net income tax asset/liability at the end of the year</b>	<b>206.69</b>	<b>144.52</b>

**D) Deferred tax assets (net)**

The balance comprises temporary difference attributable to;

Particulars	March 31, 2023	March 31, 2022
<b>Deferred Income Tax assets</b>		
Provision for Gratuity	17.63	17.42
Provision for Gratuity - OCI	27.63	16.61
Provision for Leave Encashment	4.05	3.59
Provision for Performance Bonus	29.57	18.97
Provision for doubtful debts	204.14	204.14
Leasehold Premises	7.85	4.71
Carried forward business losses	110.77	-
<b>Total deferred tax assets (a)</b>	<b>401.64</b>	<b>265.44</b>
<b>Deferred Income Tax liabilities</b>		
Property, plant and equipment and intangible assets under development	21.43	21.79
Financial assets at fair value through profit and loss	0.15	0.13
<b>Total deferred tax liabilities (b)</b>	<b>21.58</b>	<b>21.92</b>
<b>Net deferred tax assets/(liabilities) (a-b)</b>	<b>380.06</b>	<b>243.52</b>

E) Movement in Deferred Tax Assets

Particulars	Leasehold premises	Sec 43B (Leave, PBI & Gratuity)	Provision for doubtful debts	Carried forward business losses	Total
As at April 1, 2021	-	44.90	208.72	-	253.62
Charged/(credited)					
- to profit or loss	4.71	11.69	(4.58)	-	11.82
<b>As at March 31, 2022</b>	<b>4.71</b>	<b>56.59</b>	<b>204.14</b>	<b>-</b>	<b>265.44</b>
As at April 1, 2022					
Charged/(credited)					
- to profit or loss	3.14	22.29	-	110.77	136.20
<b>As at March 31, 2023</b>	<b>7.85</b>	<b>78.88</b>	<b>204.14</b>	<b>110.77</b>	<b>401.64</b>

F) Movement in Deferred Tax Liabilities

Particulars	Property, plant and equipment	Financial assets at fair value through profit and loss	Total
As at April 1, 2021	21.36	0.97	22.33
Charged/(credited)			
- to profit or loss	0.43	(0.84)	(0.41)
<b>As at March 31, 2022</b>	<b>21.79</b>	<b>0.13</b>	<b>21.92</b>
As at April 1, 2022			
Charged/(credited)			
- to profit or loss	(0.36)	0.02	(0.34)
<b>As at March 31, 2023</b>	<b>21.43</b>	<b>0.15</b>	<b>21.58</b>

The company recognizes MAT credit available as an asset only to the extent there is reasonable certainty that the company will pay normal income tax during the specified period. Accordingly, MAT credit entitlement not recognized in books of accounts till March 31, 2023 is ₹ 365.30 lakhs (March 31, 2022 : ₹ 263.67 lakhs), which will be carried forward. Further, as and when the MAT credit will be recognised the same will be directly credited to retained earnings and not the statement to profit & loss account as the same is arising out of contribution to Core SGF, forming part of other equity. Deferred tax asset on loss on account of contribution to Core SGF till March 31, 2023 amounting to ₹ 3,319.34 lakhs (March 31, 2022 : ₹ 3,319.34 lakhs) will be recognized and credited directly to retained earnings when there is reasonable certainty.

27 During the year, Company has recognised the following amounts in the financial statements as per Ind AS 19 "Employees Benefits" :

**(a) Defined Contribution Plan**  
**Contribution to Provident Fund, Superannuation Fund, and Labour Welfare Fund**

Contribution to Defined Contribution Plan, recognised are charged off for the year as under :  
The Company makes contribution, determined as percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Labour Welfare Fund, which are defined contribution plan. The Company has no obligation other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Employer's Contribution to Provident Fund and Labour Welfare Fund	56.67	49.03

**(b) Defined Benefit Plan**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more and less than or equal to nine years of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. Every employee who has completed more than ten years of service gets a gratuity on departure at 26 days salary (last drawn salary) for each completed year of service.

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date. The significant actuarial assumptions were as follows:

Actuarial assumptions	Gratuity (Funded)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Expected Rate of Return on plan assets	7.31%	6.09%
Discount rate (per annum)	7.31%	6.09%
Rate of increase in Compensation levels	10.00% p.a. for the next 2 years, 7.00% p.a. for the next 5 years, starting from the 3rd year 5.00% p.a. thereafter, starting from the 8th year	10.00% p.a. for the next 3 years, 7.00% p.a. for the next 5 years, starting from the 4th year 5.00% p.a. thereafter, starting from the 9th year
Rate of Employee turnover	20.00%	20.00%
Mortality Rate during Employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)
Mortality Rate after Employment	N.A.	N.A.

**Table showing changes in present value of obligations :**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Present value of obligation as at the beginning of the year	171.49	158.17
Interest Cost	10.44	8.83
Past service cost (Vested Benefit)	-	-
Current Service Cost	19.01	18.82
Curtailement cost / (Credit)	-	-
Settlement cost / (Credit)	-	-
Benefits paid	(6.49)	(36.42)
Actuarial (gain)/ loss on obligations - Due to Change in Financial Assumptions	(9.94)	(3.34)
Actuarial (gain)/ loss on obligations - Due to experience	50.34	25.40
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	0.03
<b>Present value of obligation as at the end of the period</b>	<b>234.85</b>	<b>171.49</b>

**Table showing changes in the fair value of plan assets :**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Fair value of plan assets at beginning of the year	49.18	74.78
Interest Income	2.99	4.17
Assets Transferred In/ Acquisitions	-	-
(Assets Transferred Out/ Divestments)	-	-
Return on Plan Assets, Excluding Interest Income	0.78	(0.26)
Contribution by employer	25.72	6.91
(Benefits paid out of fund)	(6.49)	(36.42)
Actuarial gain/ (loss) on plan assets	-	-
<b>Fair value of plan assets at year end</b>	<b>72.18</b>	<b>49.18</b>

The amounts to be recognized in Balance Sheet :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(Present value of obligation as at the end of the period)	(234.85)	(171.50)
Fair value of plan assets as at the end of the period	72.18	49.18
Funded Status (Surplus / (Deficit))	(162.68)	(122.32)
Unrecognised actuarial (gains) / losses	-	-
Net asset / (liability) recognised in Balance Sheet	(162.68)	(122.32)

Expenses recognised in Statement of Profit and Loss :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	19.01	18.82
Past service cost (Vested Benefit)	-	-
Interest Cost	7.45	4.65
Expected return on plan assets	-	-
Curtailement and settlement cost /(credit)	-	-
Expenses recognised in the Statement of Profit and Loss	26.46	23.47

Expenses recognised in Other Comprehensive Income :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Actuarial (Gains)/Losses on Obligation For the Period	40.40	22.10
Return on Plan Assets, Excluding Interest Income	(0.78)	0.26
Change in Asset Ceiling	-	-
Net (Income)/Expense for the period recognized in Other Comprehensive Income	39.62	22.36

Maturity profile of defined benefit obligation :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Projected benefits payable in future years from the date of reporting</b>		
1st Following year	40.59	26.06
2nd Following year	39.23	25.96
3rd Following year	44.86	24.88
4th Following year	33.48	28.10
5th Following year	25.85	21.17
Sum of Years 6 to 10	86.62	64.68
Sum of Years 11 & above	41.52	31.71

Investment Details :-

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Investments with insurance fund	100%	100%

Sensitivity :-

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

Gratuity	Change in Assumption	2023		2022	
		Increase / (decrease) in liability	Increase / (decrease) in liability	Increase / (decrease) in liability	Increase / (decrease) in liability
Discount rate	+1%/-1%	-7.50	8.08	-6.17	6.67
Salary Escalation Rate	+1%/-1%	7.95	-7.52	6.47	-6.09
Employee Turnover	+1%/-1%	-0.38	0.33	-0.99	0.99

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

Note-1: The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the Actuary.

Note-2: The obligations are measured at the present value of estimated future cash flows by using a discount rate that is determined with reference to the market yields at the Balance Sheet date on Government Bonds which is consistent with the estimated terms of the obligation.

Note-3: The estimate of future salary increase, considered in the actuarial valuation, takes account of inflation, security, promotion and other relevant factors such as supply and demand in the employment market.

28 Disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
a. Principal amount remaining unpaid to any supplier as at the year end	43.68	45.08
<u>Interest due thereon :</u>		
b. Amount of interest paid during the year	-	-
c. Amount of payments made to the supplier beyond the appointed day during the accounting year.	-	-
d. Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the (year) but without adding the interest specified under the Micro Small and Medium Enterprises Development Act, 2006.	-	-
e. Amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
f. The amount of further 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 for the purpose of disallowance as a deductible expenditure under the MSMED Act 2006.	-	-

Note: The above information and the information given in Note No. 16 & 17 regarding Micro and Small Enterprises has been determined on the basis of information available with the Company and has been relied upon by the auditors.

29 Commitments and Contingencies

(a) Contingent Liabilities : NIL

(b) Capital Commitments :

Particulars	As on March 31, 2023	As on March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-

(c) Other Commitments : NIL

30 Segment Reporting :-

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".

31 LEASES

The company's leasing arrangements are in respect of operating leases for office premises.

As Lessee:

A The following is the movement in lease liabilities

Particulars	As at 31st March, 2023	As at 31st March, 2022
Balance at the beginning of the year	297.61	-
Additions	-	351.52
Finance cost accrued during the period	25.28	30.67
Payment of lease liabilities	(84.58)	84.58
Balance at the end of the year	238.31	297.61

B Maturity Analysis of Lease Liabilities

Particulars	As at 31st March, 2023	As at 31st March, 2022
Maturity Analysis - Contractual undiscounted Cash Flows		
Less than one year	84.58	84.58
One to five years	189.46	274.05
More than five years	-	-
Total Undiscounted Lease Liabilities	274.05	358.63

Lease Liabilities included in the Statement of Financial Position

Particulars	As at 31st March, 2023	As at 31st March, 2022
Non Current	173.12	238.31
Current	65.19	59.30
Total	238.31	297.61

C Amount Recognized in the Statement of Profit & Loss

Particulars	As at 31st March, 2023	As at 31st March, 2022
Interest on Lease Liabilities	25.28	30.67
Depreciation on Lease Asset	70.27	70.27

32 In compliance with Ind AS 24 - "Related Party Disclosures" under section 133 of the Companies Act 2013 read with relevant rules issued thereunder, the required disclosures are given in the table below:

**(a) Details of Related Party :**

Related Party	Nature of Relationship
National Commodity & Derivatives Exchange Limited (NCDEX)	Holding Company
NCDEX e Markets Limited (Formerly known as NCDEX Spot Exchange Limited)	Fellow Subsidiary
NCDEX Institute of Commodity Markets & Research (NICR)	Fellow Subsidiary
National E-Repository Limited (NERL)	Fellow Subsidiary
Mr. Rajiv Relhan - Managing Director & CEO	Managing Director
Mr. R Ramaseshan - Public Interest Director	Director
Mrs. Shanthi Srikant - Public Interest Director	Director
Mr. Harshavardhan Raghunath - Public Interest Director (w.e.f. May 11, 2021)	Director
Mrs. Praveena Kala - Public Interest Director (w.e.f. May 11, 2021)	Director
Mr. Atul Roongta – Shareholder Director	Director
Mr. Arun Raste – Shareholder Director (w.e.f. August 3, 2021)	Director
Mr. Bhaskaran Nayar Venugopal – Shareholder Director (w.e.f. August 3, 2021)	Director

**(b) Details of transactions ( excluding taxes wherever levied/credit taken) with related parties are as follows:**

Name of the Related Party	Nature of Transactions	Year ended March 31, 2023	Year ended March 31, 2022
National Commodities and Derivatives Exchange Limited (NCDEX)	• Reimbursement paid for Admin and Technology services	442.88	438.89
	• Interest on security deposit paid by NCDEX	-	0.43
	• Recovery from members of dues, SEBI fees etc on behalf of NCDEX.	2.77	27.30
	• Transfer of leasehold improvements	-	7.80
	• Closing Balance - Payable	269.95	260.72
National E-Repository Limited (NERL)	• Exchange Connectivity Charges	35.00	35.00
	• Closing Balance - Payable	6.77	6.76
Rajiv Relhan - Managing Director & CEO	a) Short term employee benefits	133.72	119.76
	b) Post employment benefits	6.30	5.24
	c) Other long term benefits	15.00	12.50
	d) Closing liability *	69.74	58.16

\* Includes Performance based incentive, 50% of which is payable after 3 years from the respective years subject to certain conditions.

Mrs. Shanthi Srikant - Director	• Director/Committee Sitting Fees	9.50	14.10
Mr. R Ramaseshan - Director	• Director/Committee Sitting Fees	8.90	13.80
Mr. Harshavardhan Raghunath	• Director/Committee Sitting Fees	8.00	12.50
Mrs. Praveena Kala	• Director/Committee Sitting Fees	8.00	8.60
Mr. R Venkatraman - Director	• Director/Committee Sitting Fees	-	0.40
Mr. Siddhartha Roy - Director	• Director/Committee Sitting Fees	-	0.40

33 In accordance with Ind AS - 33 "Earning per Share" notified under section 133 of the Companies Act 2013 read with relevant rules issued thereunder, the required disclosure is given below.

**Earning per share**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Net Profit / (Loss) attributable to Equity Shareholders ( ₹ In lakhs)	(352.64)	460.45
Weighted Average number of equity shares issued (No.)	12,16,28,082	12,12,50,000
Basic earnings per share of ₹ 10/- each (in ₹)	(0.29)	0.38
Diluted earnings per share of ₹ 10/- each (in ₹)	(0.29)	0.38

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earning per share of the Company remain the same.

There are no instruments (including contingently issuable shares) issued that could potentially dilute basic earnings per share in the future.

34 Core Settlement Guarantee Fund

Securities and Exchange Board of India (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 for one year. Subsequently, the Company made application for grant of renewal of recognition as a clearing corporation and SEBI vide letter no. SEBI/HO/CDMRD/DRMP/OW/P/2019/22794/1 dated September 05, 2019 granted renewal of recognition to the Company as a "Clearing Corporation" for a period of three years commencing from September 10, 2019. Further, the Company has made an application for grant of renewal of recognition as a clearing corporation and SEBI vide letter no. SEBI/HO/MRD/RAC-1/P/OW/2022/47300/1 dated September 09, 2022 granted renewal of recognition to the Company as a "Clearing Corporation" for a period of three years commencing from September 10, 2022.

SEBI, vide circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014, inter alia, has issued norms related to the computation and Minimum Required Contribution (MRC) to the Core Settlement Guarantee Fund by the Clearing Corporation (minimum 50%) from its own fund, Stock Exchange (minimum 25%) and members (maximum 25%). Based on this the Company has created the Core Settlement Guarantee Fund.

The details of Core SGF as on March 31, 2023 are as under.

Particulars	Settlement Penalties	NCCL Contribution	NCDEX Contribution	Member Contribution	Total
Balance as at April 01, 2021	3,818.11	13,862.68	3,531.62	-	21,212.41
<b>Contribution to Core Settlement Guarantee Fund</b>					
Add : Additional Contribution (a)	230.78	-	-	-	230.78
Add : Interest on income tax refund	0.40	3.01	0.87	-	4.28
Add : Income on investment of SGF (as on respective dates of contribution) adjusted towards contribution (b)	-	-	-	-	-
Add : Income on investment of SGF (other than stated in (b) above) (c)	198.27	703.39	176.31	-	1,077.97
<b>Balance as at March 31, 2022</b>	<b>4,247.56</b>	<b>14,569.08</b>	<b>3,708.80</b>	-	<b>22,525.44</b>
<b>As on April 01, 2022</b>	4,247.56	14,569.08	3,708.80	-	22,525.44
Add : Additional Contribution (a)	122.15	-	-	-	122.15
Add : Interest on income tax refund	1.15	4.44	1.30	-	6.89
Add : Income on investment of SGF (as on respective dates of contribution) adjusted towards contribution (b)	-	-	-	-	-
Add : Income on investment of SGF (other than stated in (b) above) (c)	234.05	768.02	198.00	-	1,200.07
<b>As on March 31, 2023</b>	<b>4,604.91</b>	<b>15,341.54</b>	<b>3,908.10</b>	-	<b>23,854.55</b>

The above Core SGF amounting to ₹ 23,854.55 lakhs (March 31, 2022 : ₹ 22,525.44 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 as on March 31, 2023 are as under:

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'	3,590.03	9,962.65	3,049.80	-	16,602.48
Fixed deposits included under 'Non-current bank balances'	878.18	4,906.59	745.11	-	6,529.88
Accrued Interest on Fixed Deposits	106.12	333.03	65.10	-	504.25
TDS on Interest/Income	30.99	138.98	47.66	-	217.63
Current Account	0.02	0.29	-	-	0.31
<b>Total</b>	<b>4,605.34</b>	<b>15,341.54</b>	<b>3,907.67</b>	-	<b>23,854.55</b>

Details of earmarking of funds towards Core SGF as on March 31, 2022 are as under:

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'	3,865.19	12,258.22	3,606.93	-	19,730.34
Fixed deposits included under 'Non-current bank balances'	173.97	2,028.58	-	-	2,202.55
Funds in transit (for fixed deposit)	-	-	-	-	-
Accrued Interest on Fixed Deposits	89.32	226.57	58.53	-	374.42
TDS on Interest/Income	20.74	152.17	44.72	-	217.63
Current Account	0.50	-	-	-	0.50
<b>Total</b>	<b>4,149.72</b>	<b>14,665.54</b>	<b>3,710.18</b>	-	<b>22,525.44</b>

35 (a) Fair value measurement

(i) Fair value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value and are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three level prescribed under the accounting standard. An explanation to each level follows underneath the table.

Financial Assets and Liabilities measured at Fair Value - recurring fair Value measurements at March 31, 2023.

Particulars	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
<b>Financial Investment at FVPL</b>					
Mutual Fund	7	1,350.32	-	-	1,350.32
<b>Total Financial Assets</b>		<b>1,350.32</b>	-	-	<b>1,350.32</b>

Financial Assets and Liabilities measured at Fair Value - recurring fair Value measurements at March 31, 2022

Particulars	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
<b>Financial Investment at FVPL</b>					
Mutual Fund	7	1,190.31	-	-	1,190.31
<b>Total Financial Assets</b>		<b>1,190.31</b>	-	-	<b>1,190.31</b>

For financial assets and liabilities which are measured at amortised cost, their carrying amount is approximately equal to the fair values.

The fair value of financial instruments as referred to in note above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements). The categories used are as follows :

**Level 1**

Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, exchange traded funds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

**Level 2**

If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The fair value of financial instruments that are not traded in an active market (for example, government securities) is determined using FIMMDA valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates.

**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.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices and NAV.

(iii) Fair value measurements using significant unobservable inputs (level 3)

No items falling in level 3 during the period.

(iv) Valuation processes :

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. Expert opinion is taken as and when required.

(b) Financial Instruments by category

Particulars	March 31, 2023		March 31, 2022	
	Amortized Cost	FVPL	Amortized Cost	FVPL
<b>Financial Assets</b>				
Investments in Mutual Fund	-	1,350.32	-	1,190.31
Funds in transit	-	-	-	-
Fixed Deposits	36,015.43	-	37,047.73	-
Trade Receivables	1,867.57	-	1,928.55	-
Cash & Bank Balance	133.65	-	93.56	-
Other financial assets	966.09	-	1,041.99	-
<b>Total Financial Assets</b>	<b>38,982.74</b>	<b>1,350.32</b>	<b>40,111.83</b>	<b>1,190.31</b>
<b>Financial Liabilities</b>				
Trade payables	350.02	-	341.52	-
Deposits	8,043.32	-	8,315.40	-
Other Financial liabilities	7,524.56	-	9,217.89	-
<b>Total Financial Liabilities</b>	<b>15,917.90</b>	-	<b>17,874.81</b>	-

36 Financial Risk Management (also refer note 37)

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Treasury department that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Treasury department activities are designed to:

- protect the Company's financial results and position from financial risks
- maintain market risks within acceptable parameters, while optimising returns; and
- protect the Company's financial investments, while maximising returns.

The Treasury department is responsible to maximize the return on companies internally generated funds.

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintains a conservative funding and investment strategy, with a positive cash balance during the year ended March 31, 2023. This was the result of cash generated from operating activities to provide the funds to service the financial liabilities on a day-to-day basis.

The Company's treasury department regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated by the operating entities, over and above the amount required for working capital management and other operational requirements, is retained as cash equivalents (to the extent required), other highly liquid investments and excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimize the returns on investments while ensuring sufficient liquidity to meet its liabilities.

Particulars	Carrying amount	Payable on demand	Less than 12 Month	More than 12 months
<b>As at March 31, 2023</b>				
Deposit	8,043.32	-	8,043.32	-
Trade payables	350.02	-	350.02	-
Other financial liabilities	7,524.56	-	7,351.44	173.12

Particulars	Carrying amount	Payable on demand	Less than 12 Month	More than 12 months
<b>As at March 31, 2022</b>				
Deposit	8,315.40	-	8,315.40	-
Trade payables	341.52	-	341.52	-
Other financial liabilities	9,217.89	-	8,979.58	238.31

## B MANAGEMENT OF MARKET RISK

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- interest rate risk

The above risks may affect the Company's income and expenses, or the value of its financial instruments. The objective of the Company's management of market risk is to maintain this risk within acceptable parameters, while optimizing returns.

### Trade and other receivables :

Concentrations of credit risk with respect to trade receivables are limited, due to the Company's customer base being large and diverse and also on account of member's deposits kept by the company as collateral which can be utilised in case of member default. Further, amount lying in Core settlement Guarantee fund (Core SGF) is available for utilisation in case of settlement default by member. All trade receivables are reviewed and assessed for default on a quarterly basis.

## C CAPITAL MANAGEMENT

The Company considers the following components of its Balance Sheet to be managed capital:

Total equity (as shown in the balance sheet). – retained profit, share capital.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimize returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. Company considers the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company aims to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The Company is not subject to financial covenants in any of its significant financing agreements.

- 37 SEBI vide its circular dated April 10, 2019, has prescribed Risk based method to determine the net worth required for Clearing Corporation. In terms of this circular, the Company shall quarterly review their net worth requirement and ensure that the net worth does not fall below the prescribed threshold, applicable from first quarter of financial year 2019-20. The Company is in compliance with said SEBI directives.

The Company has received an undertaking from National Commodity & Derivatives Exchange Limited for infusion of capital to the extent required to enable compliance with SEBI directives on net worth and SGF.

- 38 The amounts recoverable from members as on March 31, 2023 include amounts recoverable from two members who have failed to honor their pay-in obligations in September 2019 and the amounts continue to be due from them as on date. The Company has declared these two members as defaulters. The amount recoverable from them as on the date of signing the financials, after adjustment of their collaterals and margin money is ₹ 2,503.56 lakhs (Previous Year ₹ 2,503.56 lakhs) (including ₹ 680.77 lakhs towards penalties and GST thereon). As the penalties will be transferred to Core SGF only on collection from members, the Company has funded net amount of ₹ 1,822.79 lakhs for pay-out to counter parties, as follows.

Particulars	March 31, 2023	March 31, 2022	Remarks
Clearing Corporation's own resources	621.84	621.84	5% of MRC of SGF ₹ 12,436.78 lakhs (maximum as per SEBI provisions)
Core SGF	1,200.95	1,200.95	Net amount funded from Core SGF
<b>Total</b>	<b>1,822.79</b>	<b>1,822.79</b>	

The Company is in the process of following due processes (including legal course of action) for recovery from members as well as from insurance. Considering the recovery of the amount funded and SEBI guidelines for utilisation of Core SGF, during FY 2019-20 provision had been made for ₹ 621.84 lakhs funded from Company's own resources as per conservative accounting principle and a provision of ₹ 24.56 lakhs was also made towards Clearing Corporation dues from these members. In addition to the above, during the FY 2020-21 a provision of ₹ 103.85 lakhs was made with respect to GST on penalties recoverable from two defaulting members earlier it was funded by Core SGF.

39 Corporate social responsibility expenses:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Amount required to be spent by the company during the year	5.10	4.71
Amount of expenditure incurred	5.15	5.00
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	-
Name of the Fund	Indian Development Foundation	Indian Development Foundation
Nature of CSR activities	Aashayein Project - Promoting education to the underprivileged children by facilitating them with books & stationery items so that these children do not drop out of schools.	The Dignity Project - Promoting awareness on menstrual hygiene amongst the girl students and distribution of Dignity Kit.
Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard	NIL	NIL
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	NA	NA

40 Below is the list of pending litigations as on March 31, 2023.

Filed by	Filed against	Date of filing	Court	Case Type / Status
National Commodity Clearing Limited	Kunjil Trade Commodities	November 30, 2019	In the High Court of Judicature at Bombay, Ordinary Original Civil Jurisdiction	Summary Suit Status - The next date of hearing is 14.06.2023
National Commodity Clearing Limited	Dita Comtrade Ltd	November 30, 2019	In the High Court of Judicature at Bombay, Ordinary Original Civil Jurisdiction	Summary Suit Status - The next date of hearing is 14.06.2023
Jabs International Pvt Ltd	Union of India (through Ministry of Finance) & Ors.  NCDEX(R-3) NCCL(R-4)	September 21, 2020	In the High Court of Judicature at Bombay, Ordinary Original Civil Jurisdiction	Writ Petition Status - The matter is yet to be listed by the Court
Dita Comtrade Ltd	National Commodity Clearing Limited (R-1)  NCDEX (R-2)	July 23, 2021	In the High Court of Delhi at New Delhi Civil Original Jurisdiction WP (Civil) No 8142 of 2021	Writ Petition Status - The next date of hearing is 02.08.2023
National Commodity Clearing Limited	National Insurance Company Ltd (NIC)	May 23, 2022	Before The Learned Sole Arbitrator Chief Justice Akil Kureshi (Retired)	Arbitration Status - Arguments in the matter to be held on 21.06.2023, 22.06.2023 and 23.06.2023

The Company's pending litigations as at March 31, 2023, comprise of proceedings pending with various Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position (Refer note 29 for details on contingent liabilities).

41 Disclosure of Financial Ratios

Particulars	Numerator	Denominator	31st March, 2023	31st March, 2022	Variance	Explanation > 25%
1 Current ratio	Current Assets	Current Liabilities	2.08	2.11	-1.23%	
2 Debt Equity ratio	Total Debt (represent lease liabilities)	Shareholder's Equity	NA	NA	NA	
3 Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	-0.64	8.43	-107.58%	Decline in Revenue has resulted in net loss which in turn has resulted in fall in the ratio
4 Return on Equity (ROE)	Net Profits after taxes less Pref. Dividend (if any)	Average Shareholder's Equity	-2.10%	2.89%	-172.72%	Decline in Revenue has resulted in net loss which in turn has resulted in fall in the ratio
5 Inventory Turnover ratio	Cost of goods sold OR sales	Average Inventory	NA	NA	NA	
6 Trade receivables turnover ratio	Revenue from operations	Avg. Accounts Receivable	9.09	11.45	-20.64%	
7 Trade payables turnover ratio	Net Credit Purchases	Avg. Trade Payables	3.44	3.05	12.73%	
8 Net capital turnover ratio	Revenue from operations	Working Capital	0.06	0.09	-32.00%	Some of the callable fixed deposits have been placed for more than 12 months which in turn has resulted in fall in the ratio
9 Net Profit Ratio	Net Profit	Revenue from operations	-32.37%	25.09%	-229.04%	Decline in Revenue has resulted in net loss which in turn has resulted in fall in the ratio
10 Return on capital employed	Earning before interest and taxes (EBIT)	Capital Employed	-2.83%	3.93%	-171.95%	Decline in Revenue has resulted in net loss which in turn has resulted in fall in the ratio
11a Return on investment (Mutual Funds)	Income generated from investments	Time weighted average investments	5.30%	3.28%	61.60%	Increase in return on Liquid & Overnight mutual funds
11b Return on investment (FD's)	Income generated from investments	Time weighted average investments	5.30%	4.21%	25.76%	Increase in rate on Fixed Deposits
11c Return on investment (SGF FD's)	Income generated from investments	Time weighted average investments	5.30%	4.91%	7.88%	

42 Additional regulatory information required by Schedule III

- i Details of benami property held  
No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- ii Wilful defaulter  
The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- iii Relationship with struck off companies  
The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.
- iv Compliance with number of layers of companies  
The Company has complied with the number of layers prescribed under the Companies Act, 2013.
- v Compliance with approved scheme(s) of arrangements  
The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
- vi Undisclosed income  
There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- vii Details of crypto currency or virtual currency  
The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.
- viii Valuation of PP&E, intangible asset and investment property  
The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.
- ix Utilisation of borrowed funds and share premium  
No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).  
The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- x Borrowing secured against current assets  
The Company does not have borrowings from banks and financial institutions on the basis of security of current assets.

**Notes to Financial Statements for the year ended March 31, 2023**

- 43 The Code on Social Security, 2020 (Code) relating to employee benefits during employment and post-employment benefits has received Presidential assent on 28th September 2020 and the said Code has been published in the Gazette of India. However, the date on which the Code comes into effect has not been notified. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 44 As per SEBI directives, National Commodity and Derivatives Exchange Limited (NCDEX) had issued a circular dated December 20, 2021 informing the market participants that no fresh positions and launch of new contracts are allowed for a period of one year in respect of certain commodities prescribed in the said circular including major commodities like Soyabean, Refined Soy Oil as well as earlier suspended commodities viz. Chana and Rapeseed - Mustard. Subsequently, the suspension of these commodities was extended for a further period of one year i.e. till December 20, 2023. NCDEX has issued a circular: NCDEX/SURVEILLANCE & INVESTIGATION-092/2022 dated December 21, 2022 to that effect. Due to the suspension of major commodities, the revenue of the Company from clearing and settlement activities of these commodities has been impacted. The Company, based on its assessment, is of the view that there is no impact on the carrying value of its assets. Therefore, no adjustments are made in the financial statements for the year ended March 31, 2023.
- 45 In accordance with relevant provision of the Companies Act, 2013, the Company did not have any long term contracts including derivative contracts as at March 31, 2023.
- 46 For the year ended March 31, 2023, the Company is not required to transfer any amount into the Investors education and protection fund as required under relevant provisions of the Companies Act, 2013.
- 47 Previous year figures have been regrouped / reclassified wherever necessary to confirm to current year presentation.

**For Khandelwal Jain & Co.**

Chartered Accountants

ICAI Firm Registration No : 105049W

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

National Commodity Clearing Limited

CIN: U74992MH2006PLC163550

sd/-

**NARENDRA JAIN**

Partner

Membership No. 048725

sd/-

**RAJIV RELHAN**

Managing Director &amp; CEO

DIN - 07214524

sd/-

**R RAMASESHAN**

Chairman

DIN - 00200373

Place : Mumbai

Date : May 17, 2023

sd/-

**RAHUL POOJARI**

Company Secretary

sd/-

**KOMAL SHAHANI**

Chief Financial Officer