

The Clearing Corporation of India Limited



Financial Statements
2019-2020

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Board of Directors:

Mr. R. Gandhi (Chairman)
Mr. R. Sridharan (Managing Director)
Mr. Sankarshan Basu
Mr. Narayan K Seshadri
Dr. G. Sivakumar
Mr. B. Prasanna
Ms. Meena Hemchandra
Ms. S. Vishvanathan
Ms. Pradeep Madhav
Mr. Sudhakar Shanbhag
Mr. Ashish Parthasarthy

Executive Vice President

Mr. O. N. Ravi

Chief Financial Officer

Mr. Deepak Chande

Company Secretary & Compliance Officer

Mr. Pankaj Srivastava

Auditors

M/s Kalyaniwalla & Mistry LLP
Chartered Accountants

Registered and Corporate Office:

CCIL Bhavan,
S. K. Bole Road,
Dadar (West),
Mumbai-400 028
Tel: +91 022 61546200 • Fax: +91 022 24326042
Website: www.ccilindia.com
CIN-U65990MH2001PLC131804



THE CLEARING CORPORATION OF INDIA LIMITED

Financial Statements 2019 - 2020

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

THE CLEARING CORPORATION OF INDIA LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **THE CLEARING CORPORATION OF INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, the Statement of Changes in Equity, the Cash Flow Statement for the year then ended and Notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its Profits, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Information other than the Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and review the steps taken by the Management to communicate with those in receipt of the other information, if previously issued, to inform them of the revision.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016, ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the Directors of the Company as on March 31, 2020 and taken on record by the Board of Directors, none of the Directors of the Company are disqualified as on March 31, 2020, from being appointed as a Director in terms of section 164(2) of the Act.



- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”.
- g) According to information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company does not have any pending litigations which would impact its financial position.
 - ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Sd/-
Daraius Z. Fraser
PARTNER
M. No.: 42454
UDIN: 20042454AAAABP3438

Mumbai: May 22, 2020.

Annexure A to the Independent Auditor's Report

The Annexure referred to in paragraph 1 'Report on Other Legal and Regulatory Requirements' in our Independent Auditors' Report to the members of the Company on the Standalone Financial Statements for the year ended March 31, 2020:

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

1. Fixed Assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification. In case of intangibles comprising of software, Management certifies the software in use and the same is properly dealt with in the books of account.
 - c) According to the information and explanations given to us and on the basis of the records examined by us, the title deeds of immovable properties are held in the name of the Company except a freehold land located at CCIL Bhavan, Dadar having gross block of Rs. 1,320 lakhs as at March 31, 2020.
2. Inventory:

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



7. Statutory Dues:

- a) According to the information and explanations given to us and on the basis of the records examined by us, the Company is regular in depositing undisputed statutory dues, including dues pertaining to Investor Education and Protection Fund, Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Duty of Customs, Cess and any other statutory dues with the appropriate authorities wherever applicable. We have been informed that there are no undisputed dues which have remained outstanding as at the last day of the financial year, for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of Income-tax, Goods and Service Tax, Duty of Customs or Cess outstanding on account of any any dispute, other than the following :

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

8. According to the information and explanations given to us and based on the documents and records produced before us, there has been no default in repayment of dues to banks. There are no dues to financial institutions, debenture holders and Government.
9. According to the information and explanations given to us, the Company has neither raised money through initial public offer or further public offer nor taken any term loans, hence the provisions of paragraph 3 (ix) of the Order are not applicable.
10. During the course of our examination of the books of account and records of the Company, to the best of our knowledge and belief and according to the information and explanations given to us by the Management, no fraud by, or on the Company by its officers or employees, has been noticed or reported during the year.
11. According to the information and explanations given to us and on the basis of the records examined by us, the Company has paid or provided managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Act.

12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with Directors or persons connected with him.
16. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Sd/-

Daraius Z. Fraser

PARTNER

M. No.: 42454

UDIN: 20042454AAAABP3438

Mumbai: May 22, 2020.



Annexure B

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

We have audited the internal financial controls with reference to financial statements of **THE CLEARING CORPORATION OF INDIA LIMITED** ("the Company") as of March 31, 2020, in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls with reference to financial statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that:

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Sd/-
Darius Z. Fraser
PARTNER
M. No.: 42454
UDIN: 20042454AAAABP3438

Mumbai: May 22, 2020



THE CLEARING CORPORATION OF INDIA LIMITED
BALANCE SHEET AS AT 31 MARCH 2020

Particulars	Note	(₹ in lakhs)	
		As at 31 March 2020	As at 31 March 2019
I. ASSETS			
Non Current Assets			
Property, Plant and Equipment	3	15,056	13,790
Capital Work-In-Progress		-	1
Intangible Assets	4	4,880	5,460
Intangible Assets Under Development		695	681
Investments in Subsidiaries	5	1,450	1,450
Financial Assets			
Non Current Loans	6	41	30
Other Non Current Financial Assets	7	17,123	4,055
Other Non Current Assets	8	51	310
Non Current Tax Assets (Net)	9	1,287	1,065
Total Non Current Assets		40,583	26,842
Current Assets			
Financial Assets			
Investments	10	9,26,087	8,74,013
Trade Receivables	11	4,404	3,582
Cash and Cash Equivalents	12a	78,182	4,17,074
Other Bank Balances	12b	4,70,103	3,64,395
Other Current Financial Assets	13	13,623	11,288
Other Current Assets	14	11,251	858
Total Current Assets		15,03,650	16,71,210
TOTAL ASSETS		15,44,233	16,98,052
II. EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	15	5,000	5,000
Other Equity	16	3,42,169	2,92,826
Total Equity		3,47,169	2,97,826
Non Current Liabilities			
Financial Liabilities			
Borrowings	17	5,000	5,000
Deferred Tax Liabilities (Net)	18	1,828	1,732
Provisions	19	1,482	1,376
Total Non Current Liabilities		8,310	8,108
Current Liabilities			
Financial Liabilities			
Borrowings	20	10,456	-
Trade Payables Due to	21		
- Micro and Small Enterprises		10	11
- Other than Micro and Small Enterprises		369	256
Other Current Financial Liabilities	22	11,75,903	13,90,155
Other Current Liabilities	23	516	434
Provisions	24	1,457	1,195
Current Tax Liabilities (Net)	25	43	67
Total Current Liabilities		11,88,754	13,92,118
TOTAL EQUITY AND LIABILITIES		15,44,233	16,98,052
Significant Accounting Policies and Notes to the Financial Statements	1-45		

As per our report of even date attached
For and on behalf of
For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Registration No: 104607W / W100166

Sd/-
Daraius Z. Fraser
Partner
M. No.: 42454
Place : Mumbai
Date : May 22, 2020

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

Sd/-
R. Sridharan
Managing Director
(DIN:00868787)

Sd/-
Deepak Chande
Chief Financial Officer

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

Sd/-
Pankaj Srivastava
Company Secretary

THE CLEARING CORPORATION OF INDIA LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

		(₹ in lakhs)	
Particulars	Notes	Year Ended 31 March 2020	Year Ended 31 March 2019
Revenue			
Revenue from Operations			
- Income from Operations	26	40,769	35,872
- Other Operating Revenues	27	25,033	20,157
Other Income	28	20,077	17,917
Total Revenue		85,879	73,946
Expenses			
Employee Benefits Expense	29	5,233	4,533
Finance Cost	30	2,314	2,121
Depreciation and Amortization Expenses	31	3,639	2,637
Other Expenses	32	8,282	9,636
Total Expenses		19,468	18,927
Profit Before Tax		66,411	55,019
Tax Expense:			
Current Tax	33	16.833	19,428
Deferred Tax Expense /(Income)	33	(325)	126
Total Tax Expenses		16,508	19,554
Profit After Tax		49,903	35,465
Other Comprehensive Income			
<u>Items that will not be reclassified to Profit and Loss</u>			
- Remeasurements of defined benefit plans		(276)	(42)
- Income tax relating to items that will not be reclassified to Profit or Loss		69	15
		(207)	(27)
<u>Items that will be reclassified to Profit and Loss</u>			
- Investments measured at FVOCI		1,944	1,202
- Income Tax relating to items that will be reclassified to Profit or Loss		(489)	(420)
		1,455	782
Other Comprehensive Income for the year, Net of Income Tax		1,248	755
Total Comprehensive Income for the year		51,151	36,220
Earnings per Equity Share (₹ Per Share)			
Basic Earnings per Share	34	99.81	70.93
Diluted Earnings per Share	34	99.81	70.93
(Equity Share of face value of ₹ 10 each)			

As per our report of even date attached
For and on behalf of
For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Registration No: 104607W / W100166

Sd/-
Daraius Z. Fraser
Partner
M. No.: 42454
Place : Mumbai
Date : May 22, 2020

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

Sd/-
R. Sridharan
Managing Director
(DIN:00868787)

Sd/-
Deepak Chande
Chief Financial Officer

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

Sd/-
Pankaj Srivastava
Company Secretary



THE CLEARING CORPORATION OF INDIA LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

Particulars	(₹ in lakhs)	
	2019-2020	2018-2019
(A) CASH FLOWS FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	66,411	55,019
Adjustments for		
Depreciation and Amortisation Expense	3,639	2,637
Unrealised (Gain) / Loss on Foreign Exchange	(103)	(36)
Interest on Taxes	8	-
Interest Income on Investments made out of Own Funds	(19,035)	(17,068)
Excess Provision Written Back	(13)	(5)
Profit/(Loss) on Sale of Property, Plant and Equipment (Net) *	(2)	(0)*
Remeasurement of Defined Benefit Obligation	(276)	(42)
Fair Valuation of Variable Pay	(38)	(35)
Provision for Dividend on Preference Share	425	512
Finance Cost	30	27
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	51,046	41,009
Adjustments:		
(Increase) / Decrease Trade Receivables	(822)	(502)
(Increase) / Decrease Other Current Loans	(11)	34
(Increase) / Decrease Other Non Current Assets	258	(281)
(Increase) / Decrease Other Current Financial Assets	(41)	(5)
(Increase) / Decrease Other Current Assets	(10,292)	(290)
(Increase) / Decrease Interest Accrued	7,303	(9,408)
(Increase) / Decrease of Member's Investments & Deposits with Banks	(1,25,938)	(2,33,915)
Increase / (Decrease) Borrowings	10,456	(6)
Increase / (Decrease) Other Current Financial Liability	(2,14,166)	6,04,357
Increase / (Decrease) Trade Payables	111	6
Increase / (Decrease) Other Current Liability	94	(67)
Increase / (Decrease) Current Provisions	265	102
Increase / (Decrease) Non Current Provisions	116	119
CASH GENERATED FROM OPERATING ACTIVITIES	(2,81,621)	4,01,153
Taxes Paid (Net of Refund)	(17,087)	(19,869)
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	(2,98,708)	3,81,284

* denotes amount less than ₹ 1 Lakh



THE CLEARING CORPORATION OF INDIA LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2020

Particulars	(₹ in lakhs)	
	2019-2020	2018-2019
(B) CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(2,125)	(6,574)
Purchase of Intangible Assets	(2,219)	3,138
Sale of Property, Plant and Equipment	11	0*
Purchase of Government of India Treasury Bills out of Own Funds	(1,49,322)	(1,37,687)
Redemption of T Bills with Government of India made out of Own Funds	1,66,228	92,097
Placement of Deposits with Banks made out of Own Funds	(2,10,529)	(1,06,848)
Redemption of Fixed Deposits with Banks made out of Own Funds	1,45,061	1,34,216
Interest Income	15,032	13,658
NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES (B)	(37,863)	(8,000)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Dividend/Dividend Distribution Tax paid	(2,321)	(1,822)
NET CASH USED BY FINANCING ACTIVITIES (C)	(2,321)	(1,822)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(3,38,892)	3,71,462
Cash and Cash Equivalents at the beginning of the year	4,17,074	45,612
Cash and Cash Equivalents at the end of the year	78,182	4,17,074
CLOSING BALANCE		
- Before Adjustment of Unrealised Foreign Exchange	78,083	4,17,008
- Unrealised Foreign Exchange Restatement in Cash and Cash Equivalents	99	66
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	78,182	4,17,074

As per our report of even date attached
For and on behalf of
For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Registration No: 104607W / W100166

Sd/-
Daraius Z. Fraser
Partner
M. No.: 42454
Place : Mumbai
Date : May 22, 2020

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

Sd/-
R. Sridharan
Managing Director
(DIN:00868787)

Sd/-
Deepak Chande
Chief Financial Officer

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

Sd/-
Pankaj Srivastava
Company Secretary



THE CLEARING CORPORATION OF INDIA LIMITED
STATEMENT OF CHANGES IN EQUITY (SOCIE) FOR THE YEAR ENDED 31 MARCH, 2020

Statement of Changes in Equity (SOCIE) for the year ended 31 March 2020

	A Equity Share Capital		Reserves and Surplus		Other Comprehensive Income		Total
	Balance	Note	General Reserve	Contingency Reserve Fund	Fair Valuation of Debt Instruments Measured at FVOCI	Remeasurement of Defined Benefit Plan	
Balance as at 1 April 2018	5000	15	-	-	-	-	49,903
Changes in equity share capital during the year	-	-	-	-	1,455	-	1,455
Balance as at 31 March 2019	5000	15	-	-	-	(207)	(207)
Changes in equity share capital during the year	-	-	-	-	1,455	(207)	(207)
Balance as at 31 March 2020	5000	15	-	-	-	-	51,151
B Other Equity							
Balance as at 1 April 2019	1,30,000	1,00,732	55,231	6,383	505	(25)	2,92,826
Profit for the year	-	-	-	49,903	-	-	49,903
Fair Value Changes in Investments Measured at OCI	-	-	-	-	-	-	-
Gain/Loss on Re-Measurement of Defined Benefit Plans	-	-	-	-	-	(207)	(207)
Total Comprehensive Income	-	-	-	49,903	-	(207)	49,696
Dividend paid on Equity Shares	-	-	-	(1,500)	-	-	(1,500)
Dividend Distribution Tax paid - Equity Shares	-	-	-	(308)	-	-	(308)
Transferred from Retained Earnings	20,000	12,500	15,044	(47,544)	-	-	-
Balance as at 31 March 2020	1,50,000	1,13,232	70,275	6,934	1,960	(232)	3,42,169
Balance as at 1 April 2018	1,10,000	96,732	45,218	6,739	(277)	2	2,58,414
Profit for the year	-	-	-	35,465	-	-	35,465
Fair Value Changes in Investments Measured at OCI	-	-	-	-	782	-	782
Gain/Loss on Re-Measurement of Defined Benefit Plans	-	-	-	-	-	(27)	(27)
Total Comprehensive Income	-	-	-	35,465	782	(27)	36,220
Dividend paid on Equity Shares	-	-	-	(1,500)	-	-	(1,500)
Dividend Distribution Tax paid - Equity Shares	-	-	-	(308)	-	-	(308)
Transferred from Retained Earnings	20,000	4,000	10,013	(34,013)	-	-	-
Balance as at 31 March 2019	1,30,000	1,00,732	55,231	6,383	505	(25)	2,92,826

As per our report of even date attached
For and on behalf of
For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Registration No: 104607W / W100166

Sd/-
Daratus Z. Fraser
Partner
M. No.: 42454
Place : Mumbai
Date : May 22, 2020

Sd/-
R. Sridharan
Managing Director
(DIN:00868787)

Sd/-
Deepak Chande
Chief Financial Officer

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

Sd/-
Pankaj Srivastava
Company Secretary

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



THE CLEARING CORPORATION OF INDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

1 Background of the Company and Nature of Operations

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

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

2 Basis of Preparation, Measurement and Significant Accounting Policies

2.1 Basis of Preparation and Measurement

(a) Basis of Preparation

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

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

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

These standalone Ind AS financial statements were authorized for issue by the Company's Board of Directors on 22nd May, 2020.

(b) Basis of Measurement

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

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

2.2 Key Estimates and Assumptions

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



THE CLEARING CORPORATION OF INDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

The areas involving critical estimates or judgements are :

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

2.3 Measurement of Fair Values

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

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

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

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

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

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

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

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

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

2.4 Significant Accounting Policies

a) Property Plant and Equipments

Recognition and Measurement

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

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

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

Subsequent Expenditure

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

Depreciation

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

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

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

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

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

b) Intangible Assets

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

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

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

Amortization

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

Residual value, is estimated to be immaterial by Management.

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



THE CLEARING CORPORATION OF INDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

c) Impairment of Non Financial Assets

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

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

d) Borrowing Costs

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

e) Financial Instruments

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

1. Financial Assets

(i) Recognition and Initial Measurement

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

A financial asset, except for an item measured at fair value through profit and loss (FVTPL), is initially measured at fair value plus transaction costs that are directly attributable to its acquisition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(ii) Classification and Subsequent Measurement of Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured at either amortised cost or fair value depending on their respective classification.

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

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

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

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

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Financial Assets Measured at Amortised Cost

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

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

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

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Debt Investments Measured at FVOCI

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

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

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

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

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



THE CLEARING CORPORATION OF INDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Equity Investments:

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

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

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

Debt Instruments at Amortized Cost

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

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

(iii) Derecognition

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability.



THE CLEARING CORPORATION OF INDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

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

(iv) Impairment of Financial Assets

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

2. Financial Liabilities

(i) Recognition and Initial Measurement

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

(ii) Subsequent Measurement

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

(iii) Loans and Borrowing

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

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

(iv) Derecognition

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

3. Offsetting of Financial Instruments

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

f) Cash and Cash Equivalents

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

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



THE CLEARING CORPORATION OF INDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

g) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

h) Revenue Recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers. The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115.

(i) Revenue from services is recognized as and when the service is performed as per the relevant agreements.

(ii) Other revenue income is recognised as and when services are rendered and there is a reasonable certainty of ultimate realisation.

(iii) Interest income on financial assets is recognized on an accrual basis using effective interest method.

Revenue is reported excluding applicable taxes.

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

i) Employee Benefits

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

(i) Defined Contribution plans:

(a) Provident Fund: The provident fund plan is operated by Regional Provident Fund Commissioner (RPFC) and the contribution thereof is paid/provided for.

(b) Superannuation Fund: Superannuation benefit for the eligible employees is covered by Superannuation Scheme with Life Insurance Corporation of India and the contribution thereof is paid/provided for.

(c) National Pension Scheme: The National Pension Scheme is operated by Pension Fund Regulatory and Development Authority (PFRDA) and the contribution thereof in respect of eligible employees is paid/provided for.

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



THE CLEARING CORPORATION OF INDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(ii) Defined Benefits Plans:

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

(iii) Other Long Term Benefits:

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

j) Income-Tax

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

Current Tax

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

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

Deferred Tax

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

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

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

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

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



THE CLEARING CORPORATION OF INDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Deferred tax assets and liabilities are offset only if:

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

k) Foreign Currency Transactions

Functional and Presentation Currency

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

Transactions and Balances

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

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

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

l) Dividend

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

m) Earnings Per Share

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

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

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

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 3 - Property, plant and equipment

Changes in the carrying value of property, plant and equipment for the year ended 31 March 2020:

DESCRIPTION	(₹ in lakhs)								
	Freehold Land	Buildings - Residential	Buildings - Office	Furniture and Fixtures	Electrical Installations and Equipment	Office Equipment	Computers	Non Carpeted Road	Total
Cost as at 1 April, 2019	1,320	959	10,357	132	453	64	1,737	24	15,046
Additions	-	-	-	4	3	65	2,054	-	2,126
Disposals	-	-	-	-	(89)	(1)	(477)	-	(567)
Cost as at 31 March 2020 (A)	1,320	959	10,357	136	367	128	3,314	24	16,605
Accumulated depreciation as at 1 April 2019	-	34	343	60	198	27	583	10	1255
Depreciation charged during the year	-	18	181	28	97	22	502	5	853
Disposals	-	-	-	-	(81)	(1)	(477)	-	(559)
Accumulated depreciation as at 31 March 2020 (B)	-	52	524	88	214	48	608	15	1,549
Net carrying amount as at 31 March 2020 (A) - (B)	1,320	907	9,833	48	153	80	2,706	9	15,056

DESCRIPTION	(₹ in lakhs)								
	Freehold land	Buildings - Residential	Buildings - Office	Furniture and Fixtures	Electrical Installations and Equipment	Office Equipment	Computers	Non Carpeted Road	Total
Cost as at 1 April, 2018	1,320	921	10,357	130	453	44	1,082	24	14,331
Additions	-	38	-	2	-	20	655	-	715
Cost as at 31 March 2019 (A)	1,320	959	10,357	132	453	64	1,737	24	15,046
Accumulated depreciation as at 1 April 2018	-	17	171	30	99	17	261	5	600
Depreciation charged during the year	-	17	172	30	99	10	322	5	655
Accumulated depreciation as at 31 March 2019 (B)	-	34	343	60	198	27	583	10	1,255
Net carrying amount as at 31 March 2019 (A) - (B)	1,320	925	10,014	72	255	37	1,154	14	13,790



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 4

Intangible Assets

Changes in the carrying value of Intangible Assets for the year ended 31 March 2020:

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

Changes in the carrying value of Intangible Assets for the year ended 31 March 2019:

DESCRIPTION	(₹ in lakhs)
	Computer Software
Cost as at 1 April 2018	2,973
Additions	5,857
Disposals	-
Cost as at 31 March 2019 (A)	8,830
Accumulated amortisation as at 1 April 2018	1,388
Amortisation recognised for the year	1,982
Disposals	-
Accumulated amortisation as at 31 March 2019 (B)	3,369
Net carrying amount as at 31 March 2019 (A) - (B)	5,460



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Note 5		
Investments in Subsidiaries		
Investment in Equity Instruments in Wholly Owned Subsidiaries (Unquoted)		
Clearcorp Dealing Systems (India) Limited		
1,00,00,000 (31 March 2019 - 1,00,00,000) Equity Shares of Face Value 10 each (Fully Paid Up)	1,000	1,000
Legal Entity Identifier India Limited		
4,500,000 (31 March 2019 - 4,500,000) Equity Shares of Face Value 10 each (Fully Paid Up)	450	450
	1,450	1,450
Aggregate Book Value of Quoted Investments	-	-
Aggregate Market Value of Quoted Investments	-	-
Aggregate Book Value of Unquoted Investments	1,450	1,450
Aggregate Amount of Impairment in Value of Investments	-	-
Note 6		
Non Current Loans		
<i>(Unsecured, Considered Good)</i>		
Security Deposits	41	30
	41	30
Note 7		
Other Non Current Financial Assets		
<i>(Unsecured, Considered Good)</i>		
Bank Deposits with Residual Maturity of more than 12 Months [^]	17,099	4,051
Interest Accrued on Deposits with Banks	24	4
	17,123	4,055
[^] Bank Deposits includes deposits amounting to ₹ 2,100 lakhs (Previous year - ₹ 2,555 lakhs) earmarked for Contingency Reserve Fund and ₹ 3000 lakhs (Previous year - Nil) earmarked for Settlement Reserve Fund.		
Note 8		
Other Non Current Assets		
<i>(Unsecured Considered Good unless otherwise stated)</i>		
Capital Advance	-	293
Prepaid Expenses	51	17
	51	310



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Particulars	(₹ in lakhs)	
	As at 31 March 2020	As at 31 March 2019
Note 9		
Non Current Tax Assets (Net)		
Advance Taxes (Net of Provision for Taxes)	1,287	1,065
	<u>1,287</u>	<u>1,065</u>
Note 10		
Current Investments		
Quoted Debt Securities		
Investments in Government Securities at Fair Value through Other Comprehensive Income (FVOCI)		
- Investment in US Government Treasury Bills	4,52,942	4,21,392
- Investment in Government of India Treasury Bills	4,73,145	4,52,621
	<u>9,26,087</u>	<u>8,74,013</u>
Aggregate Book Value of Quoted Investments	9,11,655	8,55,911
Aggregate Market Value of Quoted Investments	9,26,087	8,74,013
Aggregate Book Value of Unquoted Investments	-	-
Aggregate Amount of Impairment in Value of Investments	-	-
Note 11		
Trade Receivables		
<i>(Unsecured, Considered Good)</i>		
Trade Receivables Outstanding for a Period Less than Six Months	4,404	3,582
Others Trade Receivables	0 *	0 *
	<u>4,404</u>	<u>3,582</u>
Note 12a		
Cash and Cash Equivalents		
Cash on Hand	1	0 *
Cheques on Hand	-	1
Balances with Banks		
- in Current Accounts #	54,904	8,745
- in Deposit Accounts (Original Maturity of upto 3 Months)	23,277	4,08,328
	<u>78,182</u>	<u>4,17,074</u>
Note 12b		
Other Bank Balances		
Bank Deposits with original maturity of more than 3 months but residual maturity upto 12 months * ^ @	4,70,103	3,64,395
	<u>4,70,103</u>	<u>3,64,395</u>

Includes ₹ 338 lakhs (31 March 2019: Nil) earmarked for Settlement Reserve Fund and ₹ 456 lakhs (31 March 2019: Nil) earmarked for Contingency Reserve Fund.

*denotes amount less than ₹ 1 Lakh

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

* Includes ₹ 81,002 lakhs (31 March 2019: ₹ 48,602 lakhs) earmarked for Settlement Reserve Fund.

^ Includes ₹ 22,305 lakhs (31 March 2019: ₹ 21,703 lakhs) earmarked for Contingency Reserve Fund.

@ Includes ₹ 89,478 lakhs (31 March 2019: ₹ 80,198 lakhs) are held in custody by various banks against overdraft limits sanctioned by them. The total overdraft limits sanctioned by these banks amounts of ₹ 78,710 lakhs (31 March 2019: ₹ 70,688 lakhs).

	(₹ in lakhs)	
	As at 31 March 2020	As at 31 March 2019
Note 13		
Other Current Financial Assets		
<i>(Unsecured, Considered Good)</i>		
Due from Legal Entity Identifier India Limited-Subsidiary Company	18	65
Due from Clearcorp Dealing Systems (India) Ltd.-Subsidiary Company	88	-
Interest Accrued on Deposits with Banks	13,517	11,222
	13,623	11,288

Note 14

Other Current Assets

(Unsecured, Considered Good)

Prepaid Expenses	454	450
Advance to Suppliers	33	181
Funds Used for Default	10,456	-
Others	308	227
	11,251	858

Note 15

Equity Share Capital

a. Details of Authorised, Issued and Subscribed Share Capital

	As at 31 March 2020		As at 31 March 2019	
	Number	₹ in lakhs	Number	₹ in lakhs
Authorised Capital				
Equity shares of ₹ 10/- each	5,00,00,000	5,000	5,00,00,000	5,000
Redeemable, Non Convertible, Cumulative Preference Shares of ₹10/- each*	5,00,00,000	5,000	5,00,00,000	5,000
Issued, Subscribed and Fully Paid Up				
Equity shares of ₹10/- each fully paid	5,00,00,000	5,000	5,00,00,000	5,000
	5,00,00,000	5,000	5,00,00,000	5,000

* 5,00,00,000 Nos 8.50% redeemable cumulative non-convertible preference shares of ₹10 each (total face value of ₹ 5,000) are classified as financial liability (see Note 17)



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

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

	As at 31 March 2020		As at 31 March 2019	
	Number	₹ in lakhs	Number	₹ in lakhs
Equity Shares outstanding at the beginning of the year	5,00,00,000	5,000	5,00,00,000	5,000
Add: Shares issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Equity Shares outstanding at the end of the year	5,00,00,000	5,000	5,00,00,000	5,000

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

Name of shareholder	As at 31 March 2020		As at 31 March 2019	
	No of equity shares held	Percentage	No of equity shares held	Percentage
State Bank of India	84,00,000	16.80%	84,00,000	16.80%
Life Insurance Corporation of India	50,00,000	10.00%	50,00,000	10.00%
STCI Finance Limited	50,00,000	10.00%	50,00,000	10.00%
ICICI Bank Limited	49,50,000	9.90%	49,50,000	9.90%
HDFC Bank Limited	45,00,000	9.00%	45,00,000	9.00%

d. Terms/rights attached to equity shares

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

Dividend: The dividend recommended by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting and would be paid in proportion to the amount of capital paid-up on shares. The Board of Directors have recommended dividend of ₹ 3 per fully paid up equity share of ₹ 10/- each, aggregating ₹ 1,500 Lakhs for the financial year 2019-20, which is based on relevant share capital as on 31st March, 2020.

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

e. For the period of five years immediately preceding the date of the Balance Sheet, the Company has not

- i) Allotted any shares as fully paid up pursuant to contracts without payment being received in cash; or
- ii) Allotted any shares as fully paid up bonus shares; or
- iii) Bought back any of its Equity Shares.

f. There are no securities convertible into equity / preference shares.

g. There are no calls unpaid.

h. No shares have been forfeited.

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Note 16		
Other Equity		
<i>(Refer Statement of Changes in Equity)</i>		
Settlement Reserve Fund	1,50,000	1,30,000
Contingency Reserve Fund	70,275	55,231
General Reserve	1,13,232	1,00,732
Other Comprehensive Income	1,728	480
Retained Earnings	6,934	6,383
	3,42,169	2,92,826

16.1 Nature and Purpose of Reserves

Settlement Reserve Fund

Settlement reserve fund represents amounts set aside from the profits of the Company from time to time as may be considered appropriate by the Board of Directors, to ensure that there are sufficient assigned financial resources which may be utilised for meeting claims in relation to any participants' default. Bank Balances / Bank Deposits / Current Investments amounting to ₹ 1,30,000 lakhs (31 March 2019: ₹ 1,10,000 lakhs) are earmarked for this purpose.

Contingency Reserve Fund

Contingency reserve fund represents amounts set aside from the profits of the Company from, time to time as may be considered appropriate by the Board of Directors to ensure that there are sufficient assigned financial resources which may be utilised for meeting Non-default losses. Bank Balances / Bank Deposits / Current investments amounting to ₹ 55,231 lakhs (31 March 2019: ₹ 45,218 lakhs) are earmarked for this purpose.

General Reserve

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

Other Comprehensive Income

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

Retained Earnings

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

Note 17

Borrowings

Redeemable Preference Shares (Unsecured)

- 8.5% Redeemable, Non Convertible, Cumulative Preference Shares of ₹ 10 each (RNCPS II)	5,000	5,000
	5,000	5,000

Terms of Preference Shares:

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



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Particulars	(₹ in lakhs)	
	As at 31 March 2020	As at 31 March 2019
Note 18		
Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities		
Difference between Book Base and Tax Base of Property, Plant and Equipment and Intangible Assets	1,527	1,936
Fair Valuation of Investments Carried at FVOCI	685	272
Fair Valuation of Variable Compensation	13	15
	2,225	2,223
Deferred Tax Assets		
Tax Disallowances	397	486
Investments measured using EIR	-	5
	397	491
Deferred Tax Assets (Net) / (Deferred Tax Liabilities (Net))	1,828	1,732
Note 19		
Non Current Provisions		
Provision for Employee Benefits:		
- Leave Encashment	1,018	1,022
- Others	464	354
	1,482	1,376
Note 20		
Current Borrowings		
Line of Credit from a Bank	10,456	-
	10,456	-
Note 21		
Trade Payables Due to :		
-Micro and Small Enterprises	10	11
-Other than Micro and Small Enterprises	369	256
	379	267
Note 22		
Other Current Financial Liabilities		
Interest Accrued But not Due	6,765	8,579
Deposits from Members ##	11,66,735	10,00,044
Prefunded Settlement Obligations	-	3,79,750
Due to Clearcorp Dealing Systems (India) Ltd. (Subsidiary Co.)	-	82
Other Liabilities ^	490	396
Creditors for Capital Expenses *	1,488	792
Dividend on Redeemable Preference Shares Classified as Financial Liabilities (including related Dividend Distribution Tax)	425	512
	11,75,903	13,90,155

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

* Creditors for Capital Expenses includes ₹ 2 lakh (31 March 2019 - amount less than ₹ 1 lakh) due to Micro and Small Enterprises.

^ Other Liabilities includes ₹ 21 lakhs (31 March 2019: ₹ 24 lakhs) due to Micro and Small Enterprises.

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

Particulars	Cash Collaterals	Govt. Securities #	Guarantees**
As at 31 March 2020			
Securities Settlement	4,65,113	64,10,275	-
Forex Settlement *	4,90,490	-	-
TREPS Settlement	75,273	3,83,11,708	2,15,000
Default Funds	1,35,859	7,34,220	-
Total	11,66,735	4,54,56,203	2,15,000
As at 31 March 2019			
Securities Settlement	3,93,975	51,86,371	-
Forex Settlement *	4,45,825	-	-
TREPS Settlement	65,520	3,12,90,727	3,55,000
Default Funds	94,724	6,20,594	-
Total	10,00,044	3,70,97,692	3,55,000

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

	(₹ in lakhs)	
	As at 31 March 2020	As at 31 March 2019
US Government Treasury Bills (under Current Investments)	4,49,939	4,18,804
Government of India Treasury Bills (under Current Investments)	3,40,935	2,99,419
Balance in BankAccounts (under Cash and Cash Equivalents)		
- In Current Accounts	48,216	2,817
- In Deposit Accounts	3,27,645	2,79,004
	11,66,735	10,00,044

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

* Equivalent to US Dollars 650,640 thousands (31 March 2019 - US Dollars 644,523 thousands).

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



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Particulars	(₹ in lakhs)	
	As at 31 March 2020	As at 31 March 2019
Note 23		
Other Current Liabilities		
Statutory Dues	506	434
Revenue Received in Advance	10	-
	516	434
Note 24		
Short Term Provisions		
Provision for Employee Benefits:		
- Leave Encashment	226	134
- Others	1,231	1,061
	1,457	1,195
Note 25		
Current Tax Liabilities (Net)		
Provision for Taxation (Net of Advance Tax)	43	67
	43	67

Particulars	(₹ in lakhs)	
	Year Ended 31 March 2020	Year Ended 31 March 2019
Note 26		
Income from Operations		
- Transaction Charges - Securities Settlement - Outright Trades	21,363	15,953
- Transaction Charges - Securities Settlement - Repo Trades	4,181	4,059
- Transaction Charges - CBLO Settlement	-	1,596
- Transaction Charges - TREPS Settlement Segment	2,707	1,108
- Transaction Charges - Forex Settlement	4,608	5,335
- Transaction Charges - CLS Settlement	2,275	2,375
- Trade Processing Charges - Trade Repository	773	697
- Portfolio Compression Charges	351	659
- Forex Forward Charges	2,384	2,020
- Derivatives Charges	1,767	1,859
- Other Fees and Charges	360	211
	40,769	35,872



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(₹ in lakhs)

Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
Note 27		
Other Operating Revenues		
Interest / Income on investments made out of operational funds		
- Income on Current Investments	27,362	23,548
- Interest on Deposits with Banks	18,643	17,807
	<u>46,005</u>	<u>41,355</u>
Less : Interest Paid on Deposits from Members	20,972	21,198
	<u><u>25,033</u></u>	<u><u>20,157</u></u>
Note 28		
Other Income		
Interest / Income on Investments made out of Own Funds		
- on Current Investments	7,467	7,952
- on Deposits with Banks	11,568	9,116
	<u>19,035</u>	<u>17,068</u>
Profit on Sale of Property, Plant and Equipments (Net)	2	0*
Profit on Foreign Currency Transactions and Translation (Net)	103	36
Business Support Charges from Subsidiary Companies	781	702
Business Management Charges from Subsidiary Companies	56	25
Others	100	86
	<u><u>20,077</u></u>	<u><u>17,917</u></u>
Note 29		
Employee Benefits Expenses		
Salaries	4,471	3,824
Contribution to Provident and Other Funds (Refer Note 40)	580	528
Staff Welfare Expenses	182	181
	<u>5,233</u>	<u>4,533</u>
Note 30		
Finance Cost		
Line of Credit Commitment and Other Charges	1,851	1,564
Dividend on Preference Shares	425	512
Interest on Taxes	8	18
Interest on Others	30	27
	<u>2,314</u>	<u>2,121</u>

* denotes amount less than ₹ 1 Lakh



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Particulars	(₹ in lakhs)	
	Year Ended 31 March 2020	Year Ended 31 March 2019
Note 31		
Depreciation		
Depreciation of Property, Plant and Equipment (Refer Note 3)	853	655
Amortisation of Intangible Assets (Refer Note 4)	2,786	1,982
	<u>3,639</u>	<u>2,637</u>
Note 32		
Other Expenses		
Power and Fuel	412	425
Repairs and Maintenance -Buildings	57	80
Repairs and Maintenance -Computer Systems and Equipment	2,165	2,238
Repairs and Maintenance -Others	120	113
Insurance	132	15
Rates and Taxes	128	154
Communication Expenses	271	272
CLS Settlement Charges	1,480	1,525
Expenditure towards Corporate Social Responsibility	1,076	1,035
Professional Fees	285	387
Directors' Sitting Fees	89	75
Payment to Auditors		
- Audit Fees	28	13
<u>Sharing of Income with Subsidiary Company</u>		
- Transaction Charges - Securities Settlement	1,025	1,911
- Transaction Charges - Forex Settlement	148	529
- Derivatives Charges	4	5
Others	862	859
	<u>8,282</u>	<u>9,636</u>

* denotes amount less than ₹ 1 Lakh

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 33

Income Taxes

Tax Expense

(a) Amounts Recognised in Statement of Profit and Loss

	Year Ended 31 March 2020	Year Ended 31 March 2019
Current Tax Expense		
Current year	16,833	19,428
Changes in estimates related to prior period	-	-
	16,833	19,428
Deferred Tax Expense		
Origination and reversal of temporary differences	(325)	126
	(325)	126
Tax Expense for the year	16,508	19,554

(₹ in lakhs)

(b) Amounts Recognised in other comprehensive income

	Year Ended 31 March 2020		Year Ended 31 March 2019	
	Before Tax	Net of Tax Benefit	Before Tax	Net of Tax Benefit
Items that will not be Reclassified to Profit or Loss				
Remeasurements of the Defined Benefit Liability (Asset)	(276)	69	(207)	15
Items that will be Reclassified to Profit or Loss				
Investments measured at FVOCI	1,944	(489)	1,455	(420)
	1,668	(420)	1,248	(405)

(₹ in lakhs)

(c) Reconciliation of Effective Tax Rate

	Year Ended 31 March 2020	Year Ended 31 March 2019
Profit Before Tax	66,411	55,019
Statutory income tax rate	25.17%	34.94%
Expected income tax expense	16,714	19,226



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 33 (Contd.)

(c) Reconciliation of Effective Tax Rate

	(₹ in lakhs)	
	Year Ended 31 March 2020	Year Ended 31 March 2019
<u>Expenses not allowed under Income Tax</u>		
- Municipal tax considered under Income from House Property	0*	0*
- Expenditure towards Corporate Social Responsibilities and Other Donation	271	433
- Interest U/s 234 of Income Tax Act	2	6
- Interest on Late payment of TDS	-	0
- Others	-	0
<u>Income credited to Statement of Profit & Loss to be considered separately</u>	-	-
- Rent on Residential Flat let out	(4)	(5)
- Profit on Sale of Property, Plant and Equipment	(0)	-
Deduction u/s 80G	(184)	(258)
Income from House Property	3	4
Others	(294)	148
Total tax expense	16,508	19,554
Current tax	16,833	19,428
Deferred tax	(325)	126
	<u>16,508</u>	<u>19,554</u>

* denotes amount less than ₹ 1 lakh

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 33
Income Taxes

	Net Balance 1 April 2019	Recognised in Profit or Loss	Recognised in OCI	As at 31 March 2020		
				Net Deferred Tax Asset/Liability	Deferred Tax Asset	Deferred Tax Liability
Deferred Tax Liability						
Difference between BookBase and Tax Base of Tangible and Intangible Assets	1,936	(409)	-	1,527	-	1,527
Fair Valuation of Investments carried at FVOCI	272	(76)	489	685	-	685
Fair Valuation of Variable Compensation	15	(2)	-	13	-	13
Deferred tax asset						
Tax Disallowances	(486)	89	-	(397)	(397)	-
Remeasurement of Defined Benefit Obligation Investments Measured using EIR	-	69	(69)	-	-	-
	(5)	5	-	-	-	-
Tax assets (Liabilities)	1,732	(325)	420	1,828	(397)	2,225
Set Off Tax	-	-	-	-	-	-
Net Tax Assets	1,732	(325)	420	1,828	(397)	2,225

(₹ in lakhs)



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(₹ in lakhs)

	Net Balance 1 April 2018	Recognised in Profit or Loss	Recognised in OCI	As at 31 March 2019		
				Net Deferred Tax Asset/Liability	Deferred Tax Asset	Deferred Tax Liability
Deferred Tax Liability						
Difference between Book Base and Tax base of tangible and intangible assets	1,816	120	-	1,936	-	1,936
Fair Valuation of Investments carried at FVOCI	-	(148)	420	272	-	272
Fair Valuation of Variable Compensation	13	3	-	15	-	15
Deferred Tax Asset						
Tax Disallowances	(462)	(10)	(15)	(486)	(486)	-
Investments Measured using EIR	(18)	13	-	(5)	(5)	-
Fair Valuation of Investments carried at FVOCI	(148)	148	-	-	-	-
Tax Assets (Liabilities)	1,201	126	405	1,732	(491)	2,223
Set Off Tax	-	-	-	-	-	-
Net Tax Assets	1,201	126	405	1,732	(491)	2,223

Note 33 (Contd..)

(e) Movement in Deferred Tax Balances (F. Y. 2018-19)

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

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 34

Earnings Per Share (EPS)

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

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

Particulars	(₹ in lakhs)	
	Year Ended 31 March 2020	Year Ended 31 March 2019
i. Profit attributable to equity holders (₹ in lakhs)		
Profit attributable to equity holders for basic and diluted EPS	49,903	35,465
	49,903	35,465
ii. Weighted average number of ordinary shares		
Number of shares outstanding at the beginning of the year	5,00,00,000	5,00,00,000
Add/(Less): Effect of shares issued/ (bought back)		
Weighted average number of shares for calculating basic EPS	5,00,00,000	5,00,00,000
Effect of dilution		
Share options	-	-
Weighted average number of shares for calculating diluted EPS	5,00,00,000	5,00,00,000
iii. Basic earnings per share (₹)	99.81	70.93
iv. Diluted earnings per share (₹)	99.81	70.93



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 35
Financial Instruments - Fair Values
A. Accounting Classification and Fair Values
The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	As at 31 March 2020							
	Carrying Amount			Fair Value				
	Fair Value Through Profit and Loss	Fair Value Through Other Comprehensive Income	Amortised Cost	Total	Level 1 - Quoted Price in Active Markets	Level 2 - Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
Financial Assets								
Non Current Loans	-	-	41	41	-	-	-	-
Other Non Current Financial Assets	-	-	17,123	17,123	-	-	-	-
Current Investments								
- Investment in US Government Treasury Bills	-	4,52,942	-	4,52,942	-	4,52,942	-	4,52,942
- Investment in Government of India Treasury Bills	-	4,73,145	-	4,73,145	42,884	4,30,261	-	4,73,145
Trade Receivables	-	-	4,404	4,404	-	-	-	-
Cash and Cash Equivalents	-	-	78,182	78,182	-	-	-	-
Bank Balances other than Cash and Cash Equivalents	-	-	4,70,103	4,70,103	-	-	-	-
Other Current Financial Assets	-	-	13,623	13,623	-	-	-	-
	-	9,26,087	5,83,476	15,09,563	42,884	8,83,203	-	9,26,087
Financial Liabilities								
Borrowings	-	-	5,000	5,000	-	-	-	-
- Preference Shares	-	-	10,456	10,456	-	-	-	-
- Line of Credit from a Bank	-	-	379	379	-	-	-	-
Trade Payables	-	-	-	-	-	-	-	-
Other Current Financial Liabilities	-	-	11,75,903	11,75,903	-	-	-	-
	-	-	11,91,738	11,91,738	-	-	-	-

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

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 35 (Contd..)

Financial Instruments - Fair Values

A. Accounting Classification and Fair Values

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

	As at 31 March 2019									
	Carrying Amount				Fair Value					
	Fair Value Through Profit and Loss	Fair Value Through Other Comprehensive Income	Amortised Cost	Total	Level 1 - Quoted Price in Active Markets	Level 2 - Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total		
Financial Assets										
Non Current Loans	-	-	30	30	-	-	-	-	-	-
Other Non Current Financial Assets	-	-	4,055	4,055	-	-	-	-	-	-
Current Investments										
- Investment in US Government Treasury Bills	-	4,21,392	-	4,21,392	-	4,21,392	-	-	-	4,21,392
- Investment in Government of India Treasury Bills	-	4,52,621	-	4,52,621	58,628	3,93,993	-	-	-	4,52,621
Trade Receivables	-	-	3,582	3,582	-	-	-	-	-	-
Cash and Cash Equivalents	-	-	4,17,074	4,17,074	-	-	-	-	-	-
Bank Balances other than Cash and Cash Equivalents	-	-	3,64,395	3,64,395	-	-	-	-	-	-
Other Current Financial Assets	-	-	11,288	11,288	-	-	-	-	-	-
	-	8,74,013	8,00,424	16,74,437	58,628	8,15,385	-	-	-	8,74,013
Financial Liabilities										
Borrowings										
-Preference Shares	-	-	5,000	5,000	-	-	-	-	-	-
Trade Payables	-	-	267	267	-	-	-	-	-	-
Other Current Financial Liabilities	-	-	13,90,155	13,90,155	-	-	-	-	-	-
	-	-	13,95,422	13,95,422	-	-	-	-	-	-

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



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 35 (Contd..)

Financial Instruments - Fair Values

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

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

B. Fair Value Hierarchy

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

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

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

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

Financial Instruments Measured at Fair Value

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

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

Transfers between Levels

There have been no transfers between levels during the reporting periods

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 35

Financial Instruments - Fair Values and Risk Management (Continued)

Risk Management

Introduction

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

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

a. Credit Risk

Risk Description

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

Risk Management Approach

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

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

The Company regularly invests its internally generated funds and funds received from its members towards Margin and Default funds. The Company has a detailed Investment Policy, approved by the CODRM and the Board, which prescribes eligible instruments, exposure limits, Guidelines on Risk management and other aspects relating to the investment activity. The CODRM and the Board review the Investment Policy annually. In accordance with the Investment policy the Company invests only into highly secure and liquid avenues such as Deposit with high net-worth Commercial Banks and short term Government Securities such as Government treasury Bills. The total credit risk of the Company is represented by the total financial assets of the Company. There is no credit risk in case of investment into Government securities. Credit risk in case of deposits with banks, is mitigated by prescribing stringent eligibility criteria for the investee banks and setting of exposure and concentration limits on the amounts to be invested.



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 35

Financial instruments - Fair Values and Risk Management (Continued)

Cash and cash equivalents and Other bank balances (Including bank deposits having maturity more than 12 months)

The Company held cash and cash equivalents and other bank balances of ₹ 5,65,383 lakhs at 31 March 2020 (31 March 2019: ₹ 7,85,520 lakhs). The cash and cash equivalents and other bank balances are held with bank and financial institution counterparties with good credit ratings.

Offsetting of Financial Assets and Liabilities

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

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

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

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

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

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

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 35

Financial Instruments - Fair Values and Risk Management (Continued)

(₹ in lakhs)

As at 31 March 2019	Gross Amounts of Financial Assets	Gross Amounts of Financial Liabilities	Net Amounts Presented in Statement of Financial Position after Setoff of Financial Assets & Liabilities	Related Amount Not Offset in Statement of Financial Position		Net Amount
				Financial Instruments (including Non-Cash Collateral)	Cash Collateral Received	
Types of Financial Assets						
Forex Settlement (Including Forwards)	7,20,576	7,20,576	-	-	-	-
Derivative Settlement (IRS)	1,04,734	1,04,734	-	-	-	-
Securities Settlement (including TREPS)	3,31,633	3,31,633	-	-	-	-
Total	11,56,943	11,56,943				

b. Liquidity Risk

Risk Description

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

Risk Management Approach

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

Maturities of financial liabilities

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

As at 31 March 2020	Contractual cash flows				
	Carrying amount	Total	Upto 1 years	1 to 5 years	More than 5 years
(₹ in lakhs)					
Non Derivative Financial Liabilities					
Borrowings					
- Preference Shares	5,000	5,000	-	5,000	-
- Line of Credit from Banks	10,456	10,456	10,456		
Trade payables	379	379	379	-	-
Other current financial liabilities	11,75,903	11,75,903	11,75,903	-	-
Total	11.91.738	11.91.738	11.86.738	5,000	-



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 35

Financial Instruments - Fair Values and Risk Management (Continued)

As at 31 March 2019	(₹ in lakhs)				
	Carrying Amount	Contractual Cash Flows			
Total		Upto 1 year	1 to 5 years	More than 5 years	
Non Derivative Financial Liabilities					
Borrowings					
- Preference Shares	5,000	5,000	-	5,000	-
Trade Payables	267	267	267	-	-
Other Current Financial Liabilities	13,90,155	13,90,155	13,90,155	-	-
Total	13,95,422	13,95,422	13,90,422	5,000	-

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

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

Risk Description

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

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

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

Risk Management Approach

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

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 35

Financial instruments - Fair Values and Risk Management (Continued)

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

(₹ in lakhs)

	As at 31 March 2020	As at 31 March 2019
Fixed Rate Instruments		
Financial Assets - INR Investments	9,83,625	8,32,294
Financial Assets - US Dollar Investments	4,74,219	8,29,720
Financial Liabilities	(5,000)	(5,000)
	14,52,844	16,57,014
Variable Rate Instruments		
Financial Assets	-	-
Financial Liabilities - INR (Deposits from Members)	(6,76,244)	(5,54,219)
Financial Liabilities - US Dollar (Deposits from Members)	(4,90,490)	(4,45,825)
Financial Liabilities - US Dollar (Prefunded Settlement Obligation)	-	(3,79,750)
Financial Liabilities - INR (Deposits from Members)	(10,456)	-
	(11,77,190)	(13,79,794)
Total	2,75,654	2,77,220

Interest Rate Sensitivity Analysis

The Company aims to minimise its exposure to interest rate fluctuations. Any exposure is predominantly due to the mismatch between the Company's interest bearing assets and interest bearing liabilities (including deposits from members). Since the return paid on member liabilities is generally reset to prevailing market interest rates and after retaining a spread the Company's exposure is limited. Further, the maximum fixed exposure on any asset in the investment portfolio (including Deposits with Banks) is 13 months.

The following table shows the estimated impact of exposure described in the paragraph above on the profit after tax and on retained earning within the share holder's equity :-

Interest Rate Sensitivity - Variable Rate Instruments

A change of 100 basis points (bps) (Previous Year - 50 basis points) for INR investments / liabilities and 20 basis points (bps) (Previous Year - 20 basis points) for US Dollar investments / liabilities in interest rates at the reporting date would have increased / decreased profit or loss by amounts shown below. This analysis assumes that all other variables remains constant. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year end balances are not necessarily representative of the financial assets / financial liabilities outstanding during the year.



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 35

Financial Instruments - Fair Values and Risk Management (Continued)

(₹ in lakhs)

As at 31 March 2020	INR INVESTMENTS / LIABILITIES		FOREIGN INVESTMENTS / LIABILITIES	
	Gain / (Loss)		Gain / (Loss)	
	100 bp Increase	100 bp Decrease	50 bp Increase	50 bp Decrease
Variable-rate Instruments	(6,762)	6,762	(2,505)	2,505
Cash Flow Sensitivity (Net)	(6,762)	6,762	(2,505)	2,505
As at 31 March 2019	50 bp Increase		50 bp Decrease	
	50 bp Increase	50 bp Decrease	20 bp Increase	20 bp Decrease
Variable-rate Instruments	(2,771)	2,771	(1,651)	1,651
Cash Flow Sensitivity (Net)	(2,771)	2,771	(1,651)	1,651

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

d. Foreign Exchange Risk

Risk Description

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

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

The currency profile of financial assets and financial liabilities of material financial currency exposure denominated as at 31 March 2020 and 31 March 2019 are as below:

Exposure in US Dollar	As at 31 March 2020	As at 31 March 2019
Financial Assets (A)		
US Govt. Treasury Bills	4,52,942	4,21,392
Bank Balance in Current Accounts	42,942	4,09,497
	4,95,884	8,30,889
Financial Liabilities (B)		
Deposits from Members	4,90,491	4,45,825
Interest Payable to Members	3,906	5,188
Expenses Payable	191	141
Prefunded Settlement Obligations	-	3,79,750
	4,94,588	8,30,904
Net Exposure (A - B)	1,296	(15)

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 35

Financial Instruments - Fair Values and Risk Management (Continued)

(₹ in lakhs)

Exposure in ZAR	As at 31 March 2020	As at 31 March 2019
Financial Assets (A)		
Funds Used for Default	10,456	-
	10,456	
Financial Liabilities (B)		
Line of Credit from a Bank	10,456	
	10,456	-
Net Exposure (A - B)	-	-

Sensitivity Analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against USD/ZAR at 31 March 2020 and 31 March 2019 would have affected the measurement of financial instruments denominated in foreign currencies and affected Statement of profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(₹ in lakhs)

Effect in INR	As at 31 March 2020		As at 31 March 2019	
	Gain/(Loss)		Gain/(Loss)	
	Strengthening	Weakening	Strengthening	Weakening
5% movement				
USD	64.80	(64.80)	(0.75)	0.75
ZAR	-	-	-	-
10% movement				
USD	129.61	(129.61)	(1.51)	1.51
ZAR	-	-	-	-
15% movement				
USD	194.41	(194.41)	(2.26)	2.26
ZAR	-	-	-	-

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



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 36

Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

A. Relationships -

Category I: Subsidiaries (Parties where control exists)

Clearcorp Dealing Systems (India) Limited (Clearcorp)
Legal Entity Identifier India Limited (LEIL)

Category II:

State Bank of India - The Company is an associate of SBI.

Category III: Key Management Personnel (KMP)

Mr. R. Sridharan - Managing Director

Non Executive Directors

Mr. R. Gandhi - Chairman (w.e.f. September 20, 2019)
Mrs. Usha Thorat -Chairperson (upto October 25, 2018)
Mr. Bhavesh Zaveri (upto November 28, 2019)
Mr. M S Sundara Rajan (upto August 24, 2019)
Mr. Sankarshan Basu
Mr. Sudhir Joshi (upto August 24, 2019)
Mr. Rajendra Chitale (upto August 24, 2019)
Mr. B. Sambamurthy (upto October 16, 2019)
Mr. Narayan K. Seshadri
Dr. G Sivakumar
Mr. B. Prasanna
Mr. Satish C. Singh (upto September 3, 2019)
Mr. Sudhakar Shanbhag (from October 21, 2019)
Mr. Pradeep Madhav (from August 13, 2019)
Mr. S. Vishvanathan (from August 13, 2019)
Mr. Prashant Kumar (upto March 16, 2020)
Ms. Meena Hemchandra
Mrs. Anshula Kant (upto September 27, 2018)
Mr. C Venkat Nageswar (upto November 28, 2018)
Mr. K.K. Mahajan (upto December 25,2018)

Other Key Management Personnel

Mr. O. N. Ravi - Executive Vice President (KMP from May 10, 2018)
Mr. Deepak Chande - Chief Financial Officer
Mr. Pankaj Srivastava -Company Secretary

Category IV: Other Related Parties

CCIL Employees Group Gratuity Fund Trust
CCIL Employees Superannuation Trust

b) Transactions with Key Management Personnel :

Key Management Personnel Compensation

(₹ in lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Short-Term Employee Benefits	347	305
Post-Employment Defined Benefit	40	35
Other Long Term Benefits	28	5
Total	415	345

Compensation of the Company's' key managerial personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit plan (See Note 29).

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 36

Related Party Disclosures (Continued)

c) Transactions :

(₹ in lakhs)

Particulars	Subsidiary Clearcorp	Subsidiary LEIL	Other Related Parties	State Bank of India	KMP
1) Income from Operations	-	-	-	1,527	-
	-	-	-	(1,859)	-
2) Business Support Charges and Other receipts	658	232	-	-	-
	(626)	(119)	-	-	-
3) Rent received for residential accommodation	16	-	-	-	-
	(15)	-	-	-	-
4) Reimbursement/Sharing of expenses and (Receipts)	92	7	-	-	-
	(117)	(127)	-	-	-
5) LEI Renewal charges (Expense)	-	0	-	-	-
	-	(0)	-	-	-
6) Collaterals Cash Received	-	-	-	41,306	-
	-	-	-	(43,058)	-
7) Collaterals Cash Repaid	-	-	-	41,468	-
	-	-	-	(40,268)	-
8) Collaterals Securities Received (at face value)	-	-	-	1,94,45,500	-
	-	-	-	(76,35,850)	-
9) Collaterals Securities Returned (at face value)	-	-	-	2,11,44,700	-
	-	-	-	(96,13,113)	-
10) Interest on deposits from members	-	-	-	424	-
	-	-	-	(474)	-
11) Operational Income shared	1,155	-	-	-	-
	(2,884)	-	-	-	-
12) Contribution to employee benefit trust	-	-	268	-	-
	-	-	(412)	-	-
13) Purchase of Intangible Asset	25	-	-	-	-
	-	-	-	-	-
14) Director Sitting Fees	-	-	-	-	89
	-	-	-	-	(75)



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 36

Related party disclosures (Continued)

d) The related party balances outstanding at year end are as follows:

Particulars	(₹ in lakhs)			
	Subsidiary Company - Clearcorp	Subsidiary Company - LEIL	Party having substantial interest	Key Management Personnel
1) Receivable	88	18	96	-
	-	(65)	(127)	-
2) Payable	-	-	153	14
	(82)	-	(218)	(10)
3) Collaterals outstanding - Cash	-	-	21,172	-
	-	-	(20,042)	-
4) Collaterals outstanding - Securities (at face value)	-	-	3,65,966	-
	-	-	(20,65,166)	-

Notes:

- 1 "0" denotes amount less than ₹ 1 lakh.
- 2 Figures in brackets represent corresponding amounts in the previous year.
- 3 Transactions with Subsidiaries are in accordance with the terms of agreements entered into in this regard.
- 4 Transactions with State Bank of India in the nature of banker-customer relationship have been excluded.
- 5 Collaterals received in the form of Government Securities are held under Constituent Subsidiary General Ledger (CSGL) Account with Reserve Bank of India.
- 6 The amounts are exclusive of Goods and Service Tax (GST) wherever applicable.
- 7 The above related party information has been disclosed to the extent such parties have been identified by the Company. This has been relied upon by the Auditors.

	(₹ in lakhs)	
	As at 31 March 2020	As at 31 March 2019
Note 37		
Commitments		
Capital Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	647	728
	647	728

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(₹ in lakhs)

	As at 31 March 2020	As at 31 March 2019
Note 38		
Contingent Liabilities		
Claims against the Company not acknowledged as debt -		
- Income Tax Demands for various assessment years disputed by the Company	1,982	666
Total	1,982	666

Note 39

Micro and Small Enterprises

There are no micro and small enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31 March 2020 and 31 March 2019. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

	As at 31 March 2020	As at 31 March 2019
a. Principal and interest amount remaining unpaid	33	35
b. Interest due thereon remaining unpaid	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006)	-	-
e. Interest accrued and remaining unpaid	-	-
f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

Note 40

Employee Benefits

Amounts recognised as expense:

(I) Defined Contribution Plan

- (1) Employer's contribution to provident fund amounting to ₹ 240 lakhs (Previous year : ₹ 216 lakhs) has been included in Note 29 under contribution to provident fund and other funds.
- (2) Employer's Contribution to Superannuation Fund amounting to ₹ 67 lakhs (Previous year : ₹ 58 lakhs) has been included in Note 29 under contribution to provident fund and other funds.
- (3) Employer's Contribution to NPS amounting to ₹ 74 lakhs (Previous year : ₹ 64 lakhs) has been included in Note 29 under contribution to provident fund and other funds.



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 40

Employee benefits (Continued)

(ii) Defined benefit plan

In terms of the Company's gratuity plan, on leaving of service every employee who has completed atleast five years of service gets a gratuity computed at the rate of 30 days of last drawn salary for each completed year service. The Gratuity Scheme of the Company is funded with Life Insurance Corporation of India (LIC) in the form of qualifying insurance policy.

In accordance with the Indian Accounting Standard on employee benefits (Ind AS 19) the following disclosures have been made which is based on Actuarial Valuation provided by an Independent Actuary.

Gratuity cost amounting to ₹ 177 (Previous year: ₹ 171 lakhs) has been included in Note 29 under contribution to provident and other funds.

	As at 31 March 2020	As at 31 March 2019
(₹ in lakhs)		
A. Amount Recognised in the Balance Sheet		
Present value of the obligation as at the end of the year	2,290	1,817
Fair value of plan assets as at the end of the year	2,243	1,972
Net Asset / (Liability) to be Recognized in the Balance Sheet	(47)	155
Non-current portion	47	-
Current portion	-	155
B. Change in Projected Benefit Obligation		
Projected benefit of obligation at the beginning of the year	1,817	1,500
Current service cost	189	173
Interest cost	140	117
Benefits paid	(41)	(19)
Actuarial (gain) / loss on obligation	276	46
Acquisition Adjustment	(91)	-
Projected Benefit Obligation at the end of the year	2,290	1,817
C. Change in Plan Assets		
Fair value of plan assets at the beginning of the year	1,972	1,523
Expected return on plan assets	152	119
Contributions made	251	346
Benefits paid	(41)	(19)
Return on plan assets, excluding amount recognized in net interest expense	-	3
Acquisition Adjustment	(91)	-
Fair Value of Plan Assets at the end of the year	2,243	1,972
D. Amount Recognised in The Statement of Profit and Loss		
Current service cost	189	173
Net Interest cost / (income) on the net defined benefit asset / liability	(12)	(2)
Expenses Recognised in the Statement of Profit and Loss	177	171
E. Amount Recognised in Other Comprehensive Income		
Actuarial (gains) / loss		
- change in demographic assumption	1	(2)
- change in financial assumption	199	19
- experience variation	76	29
Return on plan assets, excluding amount recognised in net interest expense	-	(3)
	276	42

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 40

Employee Benefits (Continued)

F. Major Categories of Plan Assets as a Percentage of Total Plan :

1. 100 % Insurance Funds

(₹ in lakhs)

G. Assumptions Used	As at 31 March 2020	As at 31 March 2019
Discount Rate	6.80%	7.70%
Employee Attrition Rate	3.00%	3.00%
Future Salary Increase	8.00%	8.00%
Mortality Rate	100% (% of IALM 12-14)	100% (% of IALM 06-08)

H. Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(₹ in lakhs)

	As at 31 March 2020		As at 31 March 2019	
	Increase to	Decrease to	Increase to	Decrease to
Discount rate (1% movement)	2,070	2,548	1,643	2,021
Salary growth rate (1% movement)	2,543	2,070	2,018	1,641
Attrition rate (1% movement)	2,260	2,326	1,809	1,826
Mortality rate (1% movement)	2,290	2,291	1,817	1,817

I. Expected Future Cash Flows

(₹ in lakhs)

Particulars	1 year	2 to 5 years	6 to 10 years	More than 10 years	Total
As at 31 March 2020					
Defined Benefit Obligations (Gratuity)	371	371	650	3,933	5,325
Total	371	371	650	3,933	5,325

(₹ in lakhs)

Particulars	1 year	2 to 5 years	6 to 10 years	More than 10 years	Total
As at 31 March 2019					
Defined Benefit Obligations (Gratuity)	131	545	550	3,589	4,815
Total	131	545	550	3,589	4,815



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 41

Segment Reporting

The Company has presented segment information in the consolidated financial statements which are presented in the same financial report. Accordingly, in terms of Ind AS 108 'Operating Segments', no disclosures related to segments are presented in this standalone financial statements.

Note 42

Corporate Social Responsibility (CSR)

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Gross amount required to be spent by the Company during the year	1,076	1,035
Amount spent and debited to Statement of Profit and Loss during the year	1,076	1,035

Amounts debited to Statement of Profit and Loss were paid in cash during the respective year and were incurred for the purpose other than construction / acquisition of any asset.

Note 43

Leases

IND AS 116 has become applicable to the Company for financial reporting periods beginning on April 1, 2019. The Company has analysed the new IND AS 116 - Leases and concluded that there are no Leases as defined in the Standard and therefore there is no impact on the financial statements on account of the Standard becoming effective.

Note 44

Disclosure under Schedule III of the Companies Act, 2013 has been given to the extent applicable.

Note 45

Previous year's figures have been regrouped and rearranged to conform to current year's presentation, wherever necessary.



THE CLEARING CORPORATION OF INDIA LIMITED

Form AOC - I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement Containing Salient Features of the Financial Statement of Subsidiaries/Associate Companies/Joint Ventures

Part "A": Subsidiaries

(₹ in lakhs)

Sr. No.	Particulars		
1.	Name of the Subsidiary	Clearcorp Dealing Systems (India) Limited	Legal Entity Identifier India Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.
3.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	N.A.	N.A.
4.	Share Capital	1,000	450
5.	Reserves & Surplus	8,929	493
6.	Total Assets	11,169	1,301
7.	Total Liabilities	1,240	358
8.	Investments	1,103	-
9.	Turnover	3,946	889
10.	Profit Before Taxation	1,589	308
11.	Provision For Taxation	422	79
12.	Profit After Taxation	1,167	229
13.	Proposed Dividend	-	-
14.	% of Shareholding	100	100

Notes:

1.	Names of subsidiaries which are yet to commence operations	None
2.	Names of subsidiaries which have been liquidated or sold during the year.	None



THE CLEARING CORPORATION OF INDIA LIMITED

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

1.	Name of Associates/ Joint Ventures	None
2.	Latest Audited Balance Sheet Date	N.A.
3.	Shares of Associate/ Joint Ventures held by the Company on the year end	
	i.Number.	N.A.
	ii. Amount of Investment in Associates/ Joint Venture	N.A.
	iii.Extend of Holding %	N.A.
4.	Description of how there is significant influence	N.A.
5.	Reason why the associate/joint venture is not consolidated	N.A.
6.	Networth attributable to Shareholding as per latest Audited Balance Sheet	N.A.
	Profit / Loss for the year	
	i. Considered in Consolidation	N.A.
	i. Not Considered in Consolidation	N.A.
	Notes:	
1.	Names of associates or joint ventures which are yet to commence operations.	None
2.	Names of associates or joint ventures which have been liquidated or sold during the year.	None

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

Sd/-
R. Sridharan
Managing Director
(DIN:00868787)

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

Place : Mumbai
Date : May 22, 2020

Sd/-
Deepak Chande
Chief Financial Officer

Sd/-
Pankaj Srivastava
Company Secretary



INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

THE CLEARING CORPORATION OF INDIA LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of **THE CLEARING CORPORATION OF INDIA LIMITED** ("the Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement for the year then ended and the notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs as at March 31, 2020, of the consolidated profits, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

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

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Companies Act, 2013, that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of



appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group 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 ability of the Group 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 Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements.

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

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report, to the extent applicable, 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 purpose of our audit of the aforesaid Consolidated Financial Statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
 - d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under section 133 of the Act.
 - e) On the basis of the written representations received from the Directors of the Holding Company as on March 31, 2020 and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the Directors of the Group Companies are disqualified as on March 31, 2020, from being appointed as a Director in terms of section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.



- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) There were no pending litigations which would impact the consolidated financial position of the Group.
 - ii) The Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies.

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

Sd/-
Daraius Z. Fraser
PARTNER
M. No.: 42454
UDIN: 20042454AAAABQ6063

Mumbai: May 22, 2020.

Annexure A to the Independent Auditor's Report

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

We have audited the internal financial controls with reference to financial statements of **THE CLEARING CORPORATION OF INDIA LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary companies as of March 31, 2020, in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding Company and its subsidiary companies are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the "Act" or the "Companies Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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



Meaning of Internal Financial Controls with reference to financial statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of Management and Directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 with reference to financial statements

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

Opinion

In our opinion, the Holding Company and its subsidiary companies have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by ICAI.

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

Sd/-
Daraius Z. Fraser
PARTNER
M. No.: 42454
UDIN: 20042454AAAABQ6063

Mumbai: May 22, 2020.



THE CLEARING CORPORATION OF INDIA LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2020

(₹ in lakhs)

Particulars	Note	As at 31 March 2020	As at 31 March 2019
I. ASSETS			
Non Current Assets			
Property, Plant and Equipment	3	15,153	13,910
Capital Work-In-Progress		-	1
Intangible Assets	4	6,065	6,157
Intangible Assets Under Development		948	1,164
Financial Assets			
Non Current Loans	5	41	30
Other Non Current Financial Assets	6	17,471	4,451
Deferred Tax Assets (Net)	7	86	84
Other Non Current Assets	8	277	536
Non Current Tax Assets (Net)	9	1,355	1,135
Total Non Current Assets		41,396	27,468
Current Assets			
Financial Assets			
Investments	10	9,27,190	8,75,166
Trade Receivables	11	4,845	3,802
Cash and Cash Equivalents	12a	78,231	4,17,115
Bank Balances Other than Cash and Cash Equivalents	12b	4,78,282	3,71,111
Other Current Financial Assets	13	13,865	11,483
Other Current Assets	14	11,275	921
Total Current Assets		15,13,688	16,79,598
TOTAL ASSETS		15,55,084	17,07,066
II. EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	15	5,000	5,000
Other Equity	16	3,51,528	3,00,860
Total Equity		3,56,528	3,05,860
Non Current Liabilities			
Financial Liabilities			
Borrowings	17	5,000	5,000
Deferred Tax Liabilities (Net)	18	1,828	1,732
Provisions	19	1,927	1,693
Total Non Current Liabilities		8,755	8,425
Current Liabilities			
Financial Liabilities			
Borrowings	20	10,456	-
Trade Payables Due to :	21		
- Micro and Small Enterprises		19	11
- Other than Micro and Small Enterprises		604	433
Other Current Financial Liabilities	22	11,76,177	13,90,246
Other Current Liabilities	23	698	581
Provisions	24	1,784	1,435
Current Tax Liabilities (Net)	25	63	75
Total Current Liabilities		11,89,801	13,92,781
TOTAL EQUITY AND LIABILITIES		15,55,084	17,07,066
Significant Accounting Policies and Notes to the Financial Statements	1-45		

As per our report of even date attached
For and on behalf of
For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Registration No: 104607W / W100166

Sd/-
Daraius Z. Fraser
Partner
M. No.: 42454
Place : Mumbai
Date : May 22, 2020

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

Sd/-
R. Sridharan
Managing Director
(DIN:00868787)

Sd/-
Deepak Chande
Chief Financial Officer

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

Sd/-
Pankaj Srivastava
Company Secretary



THE CLEARING CORPORATION OF INDIA LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020

		(₹ in lakhs)	
Particulars	Notes	Year Ended 31 March 2020	Year Ended 31 March 2019
Revenue			
Revenue from Operations			
- Income from Operations	26	44,428	38,622
- Other Operating Revenues	27	25,033	20,157
Other Income	28	19,832	17,659
Total Revenue		89,293	76,438
Expenses			
Employee Benefits Expense	29	6,434	5,511
Finance Cost	30	2,323	2,127
Depreciation and Amortization Expenses	31	4,231	3,101
Other Expenses	32	8,012	8,131
Total Expenses		21,000	18,870
Profit Before Tax		68,293	57,568
Tax Expense:			
Current Tax	33	17,320	20,159
Deferred Tax Expense /(Income)	33	(310)	123
MAT Credit Entitlement	33	-	11
Tax Adjustments for Earlier Years	33	(1)	7
Total Tax Expenses		17,009	20,300
Profit After Tax		51,284	37,268
Other Comprehensive Income			
<u>Items that will not be reclassified to Profit and Loss</u>			
- Remeasurements of Defined Benefit Plans		(342)	(81)
- Income Tax relating to items that will not be reclassified to Profit or Loss		86	26
		(256)	(55)
<u>Items that will be reclassified to Profit and Loss</u>			
- Investments measured at FVOCI		1,943	1,206
- Income Tax relating to items that will be reclassified to Profit or Loss		(489)	(421)
		1,454	785
Other Comprehensive Income for the year, net of Income Tax		1,198	730
Total Comprehensive Income for the year		52,482	37,998
Earnings per Equity Share (₹ per Share)			
Basic Earnings per Share	34	102.57	74.54
Diluted Earnings per Share	34	102.57	74.54
(Equity Share of Face Value of ₹ 10 each)			

As per our report of even date attached
For and on behalf of
For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Registration No: 104607W / W100166

Sd/-
Daraius Z. Fraser
Partner
M. No.: 42454
Place : Mumbai
Date : May 22, 2020

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

Sd/-
R. Sridharan
Managing Director
(DIN:00868787)

Sd/-
Deepak Chande
Chief Financial Officer

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

Sd/-
Pankaj Srivastava
Company Secretary



THE CLEARING CORPORATION OF INDIA LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2020

Particulars	(₹ in lakhs)	
	2019-2020	2018-2019
(A) CASH FLOWS FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	68,293	57,568
Adjustments for		
Depreciation and Amortisation Expense	4,230	3,101
Unrealised (Gain) / Loss on Foreign Exchange	(96)	(36)
Interest on Taxes	10	0*
Interest Income on Investments made out of Own Funds	(19,680)	(17,604)
Excess Provision Written Back	(30)	(6)
Profit/(Loss) on Sale of Property, Plant and Equipment (Net)	(2)	(0)*
Remeasurement of Defined Benefit Obligation	(341)	(81)
Fair Valuation of Variable Pay	(46)	(41)
Provision for Dividend on Preference Share	425	512
Finance Cost	36	32
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	52,799	43,445
Adjustments:		
(Increase) / Decrease Trade Receivables	(1,043)	(527)
(Increase) / Decrease Other Current Loans	(11)	34
(Increase) / Decrease Other Non Current Assets	257	(281)
(Increase) / Decrease Other Current Financial Assets	(45)	(98)
(Increase) / Decrease Other Current Assets	(10,260)	(309)
(Increase) / Decrease Interest Accrued	7,354	(9,427)
(Increase) / Decrease of Member's Investments & Deposits with Banks	(1,25,911)	(2,33,911)
Increase / (Decrease) Borrowings	10,651	32
Increase / (Decrease) Other Current Financial Liability	(2,14,094)	6,04,556
Increase / (Decrease) Trade Payables	246	156
Increase / (Decrease) Other Current Liability	103	6
Increase / (Decrease) Current Provisions	266	117
Increase / (Decrease) Non Current Provisions	140	144
CASH GENERATED FROM OPERATING ACTIVITIES	(2,79,548)	4,03,937
Taxes Paid (Net of Refund)	(17,561)	(20,613)
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	(2,97,109)	3,83,324

* denotes amount less than ₹ 1 Lakh



THE CLEARING CORPORATION OF INDIA LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2020

	(₹ in lakhs)	
Particulars	2019-2020	2018-2019
(B) CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(2,133)	(6,663)
Purchase of Intangible Assets	(3,040)	2,523
Sale of Property, Plant and Equipment	11	0*
Purchase of Government of India Treasury Bills out of Own Funds	(1,50,397)	(1,38,804)
Redemption of T Bills with Government of India made out of Own Funds	1,67,345	92,097
Placement of Deposits with Banks made out of Own Funds	(2,18,848)	(1,14,054)
Redemption of Fixed Deposits with Banks made out of Own Funds	1,51,967	1,40,709
Interest Income	15,640	14,144
NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES (B)	(39,455)	(10,048)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Dividend/Dividend Distribution Tax Paid	(2,321)	(1,822)
NET CASH USED BY FINANCING ACTIVITIES (C)	(2,321)	(1,822)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(3,38,884)	3,71,454
Cash and Cash Equivalents at the beginning of the year	4,17,115	45,661
Cash and Cash Equivalents at the end of the year	78,231	4,17,115
CLOSING BALANCE		
- Before Adjustment of Unrealised Foreign Exchange	78,132	4,17,051
- Unrealised Foreign Exchange Restatement in Cash and Cash Equivalents	99	66
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	78,231	4,17,115

As per our report of even date attached
For and on behalf of
For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Registration No: 104607W / W100166

Sd/-
Daraius Z. Fraser
Partner
M. No.: 42454
Place : Mumbai
Date : May 22, 2020

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For and on behalf of the Board of Directors

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Managing Director
(DIN:00868787)

Sd/-
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Chief Financial Officer

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

Sd/-
Pankaj Srivastava
Company Secretary



THE CLEARING CORPORATION OF INDIA LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCIE) FOR THE YEAR ENDED 31 MARCH, 2020

	(₹ in lakhs)						
	Settlement Reserve Fund	Reserves and Surplus		Retained Earnings	Other Comprehensive Income		Total
A Equity Share Capital	Note	General Reserve	Contingency Reserve Fund	Fair Valuation of Debt Instruments Measured at FVOCI	Remeasurement of Defined Benefit Plan		
Balance as at 1 April 2018	15	1,30,000	1,00,756	55,231	14,426	(60)	3,00,860
Changes in equity share capital during the period							
Balance as at 31 March 2019	15				51,284	-	51,284
Changes in equity share capital during the period						(256)	(256)
Balance as at 31 March 2020	15				1,454	-	1,454
B Other Equity					1,454	(256)	1,198
Balance as at 1 April 2019		1,30,000	1,00,756	55,231	14,426	(60)	3,00,860
Profit for the year					51,284		51,284
Gain/Loss on Re-Measurement of Defined Benefit Plans						(256)	(256)
Fair Value Changes in Investments Measured at OCI						1,454	1,454
Total Comprehensive Income					51,284	(256)	50,028
Dividend paid on Equity Shares					(1,500)		(1,500)
Dividend Distribution Tax paid on Equity Shares					(308)		(308)
Transferred from Retained Earnings		20,000	12,500	15,044	(47,544)		
Balance as at 31 March 2020		1,50,000	1,13,256	70,275	16,358	(316)	3,51,528
Balance as at 1 April 2018		1,10,000	96,756	45,218	12,979	(6)	2,64,670
Profit for the year					37,268		37,268
Fair Value Changes in Investments Measured at OCI					785		785
Gain/Loss on Re-Measurement of Defined Benefit Plans						(54)	(54)
Total Comprehensive Income					37,268	(54)	36,714
Dividend paid on Equity Shares					(1,808)		(1,808)
Transferred from Retained Earnings		20,000	4,000	10,013	(34,013)		
Balance as at 31 March 2019		1,30,000	1,00,756	55,231	14,426	(60)	300,860

As per our report of even date attached
For and on behalf of
For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Registration No: 104607W / W100166

Sd/-
Daraius Z. Fraser
Partner
M. No.: 42454
Place : Mumbai
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Signatures to the Financial Statements and Notes thereon
For and on behalf of the Board of Directors

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Managing Director
(DIN:00868787)

Sd/-
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Director
(DIN:00053563)

Sd/-
Deepak Chande
Chief Financial Officer

Sd/-
Pankaj Srivastava
Company Secretary



THE CLEARING CORPORATION OF INDIA LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

1 Background of the Group and Nature of Operations

The Consolidated Financial Statements relates to The Clearing Corporation of India Limited ('the Company' or 'the Parent Company') and its wholly owned subsidiaries namely Clearcorp Dealing Systems (India) Limited and Legal Entity Identifier India Limited ('the Subsidiary Companies'), collectively referred to as 'the Group'.

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

Clearcorp Dealing Systems (India) Limited provides dealing systems/platforms, facilitates trading in the money market instruments, foreign exchange and other financial market instruments and carries out related activities.

Legal Entity Identifier India Limited ('the Company') is the Local Operating Unit (LOU) for the issuance, maintenance and provision of Legal Entity Identifier (LEI) services in India. The LEI is a global reference number that uniquely identifies every legal entity or structure that is party to a financial transaction, in any jurisdiction. The Company has been recognized by the Reserve Bank of India as an "Issuer" of Legal Entity Identifiers under the Payment and Settlement Systems Act, 2007, and accredited by the Global Legal Entity Identifier Foundation (GLEIF) as a LOU for issuance and management of LEI's.

2 Basis of Preparation, Measurement and Significant Accounting Policies

2.1 Basis of Preparation and Measurement

(a) Basis of Preparation

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

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

The Consolidated Ind AS financial statements were authorized for issue by the Holding Company's Board of Directors on 22nd May, 2020.

Current vs Non Current Classification

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

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(b) Basis of Measurement

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

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

(c) Basis of Consolidation

The consolidated financial statements of the Parent Company and the Subsidiaries have been prepared in accordance with the consolidation procedures prescribed under Ind AS 110 'Consolidated Financial Statements'.

The consolidated financial statements have been prepared on the following basis:

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter Group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed wherever necessary to ensure consistency with the policies adopted by the Group.

(ii) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Particulars of the subsidiaries

Name of the Company	Country of Incorporation	Subsidiary w.e.f.	Percentage of holding	
			As at 31 March 2020	As at 31 March 2019
Clearcorp Dealing Systems (India) Limited	India	11.06.2003	100%	100%
Legal Entity Identifier India Limited	India	05.10.2015	100%	100%



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

2.2 Key Estimates and Assumptions

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

The areas involving critical estimates or judgements are :

- i. Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalized; (Note 2.4(a))
- ii. Determination of the estimated useful lives of intangible assets and determining intangible assets having an indefinite useful life; (Note 2.4(b))
- iii. Recognition of deferred tax assets, availability of future taxable profit against which tax losses carried forward can be used; (Note 2.4(j))
- iv. Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources; (Note 2.4(g))
- v. Fair value of financial instruments (Note 33)
- vi. Recognition and measurement of defined benefit obligations, key actuarial assumptions; (Note 2.4(i))

2.3 Measurement of Fair Values

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

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

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

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

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

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

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

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

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

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

2.4 Significant Accounting Policies

a) Property Plant and Equipments

Recognition and Measurement

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

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

Subsequent Expenditure

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

Depreciation

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

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

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

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

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



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

b) Intangible Assets

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

Following initial recognition, intangible assets are carried at cost less any accumulated impairment losses. Intangible assets are amortised on a straight line basis over the estimated useful life.

Amortization

Amortization of Intangible Assets is based on Internal technical assessment/advice. Intangible asset whose cost is Rs. 5,000 or less are fully written off in the year of acquisition.

Residual value, is estimated to be immaterial by Management.

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

c) Impairment of Non-financial Assets

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

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

d) Borrowing Costs:

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

e) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments also include derivative contracts such as forward contracts, futures and currency options.

1. Financial Assets

(I) Recognition and Initial Measurement

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

A financial asset, except for an item measured at fair value through profit and loss (FVTPL), is initially measured at fair value plus transaction costs that are directly attributable to its acquisition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(ii) Classification and Subsequent Measurement of Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured at either amortised cost or fair value depending on their respective classification.

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

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

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

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

Financial Assets Measured at Amortised Cost

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

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

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

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Debt Investments Measured at FVOCI

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

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



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

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

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

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

Equity Investments:

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

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

Debt Instruments at Amortized Cost

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

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

(iii) Derecognition

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

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

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(iv) Impairment of Financial Assets

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

2. Financial Liabilities

(i) Recognition and Initial Measurement

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

(ii) Subsequent Measurement

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

(iii) Loans and Borrowing :

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

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

(iv) Derecognition

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

3. Offsetting of Financial Instruments

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



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

f) Cash and Cash Equivalents

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

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

g) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

h) Revenue Recognition

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

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

(i) Revenue from services is recognized as and when the service is performed as per the relevant agreements.

(ii) Other revenue income is recognised as and when services are rendered and there is a reasonable certainty of ultimate realisation.

(iii) Interest income on financial assets is recognized on an accrual basis using effective interest method.

Revenue is reported excluding applicable taxes.

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

i) Employee Benefits

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

(i) Defined Contribution Plans:

(a) Provident Fund: The provident fund plan is operated by Regional Provident Fund Commissioner



THE CLEARING CORPORATION OF INDIA LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(RPFC) and the contribution thereof is paid/provided for.

(b) Superannuation Fund: Superannuation benefit for the eligible employees is covered by Superannuation Scheme with Life Insurance Corporation of India and the contribution thereof is paid/provided for.

(c) National Pension Scheme: The National Pension Scheme is operated by Pension Fund Regulatory and Development Authority (PFRDA) and the contribution thereof in respect of eligible employees is paid/provided for.

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

(ii) Defined Benefits Plans:

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

(iii) Other Long Term Benefits:

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

j) Income Tax

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

Current Tax

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

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

Deferred Tax

Deferred Income tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purpose and the amount considered for tax purpose. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized such reductions are reversed when it becomes probable that sufficient taxable profits will be available. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be recovered.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

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

k) Foreign Currency Transactions

Functional and Presentation Currency

The Groups's financial statements are prepared in Indian Rupees (INR) which is also Group's functional currency.

Transactions and Balances

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

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

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

l) Dividend:

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

m) Earnings Per Share:

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

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

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

n) Operating Segments

As per Ind AS-108 'Operating segments', if a financial report contains both the consolidated financial statements of a parent that is within the scope of Ind AS -108 'Operating segments' as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Accordingly, information required to be presented under Ind AS-108 'Operating segments' has been given in the consolidated financial statements (Note 42).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 3 - Property, Plant and Equipment

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

DESCRIPTION	(₹ in lakhs)								
	Freehold Land	Buildings - Residential	Buildings - Office	Furniture and Fixtures	Electrical Installations and Equipment	Office Equipment	Computers	Non Carpeted Road	Total
Cost as at 1 April 2019	1,320	959	10,357	133	453	71	1,864	24	15,180
Additions	-	-	-	4	3	65	2,062	-	2,134
Disposals	-	-	-	-	(89)	(1)	(501)	-	(591)
Cost as at 31 March 2020 (A)	1,320	959	10,357	137	367	135	3,425	24	16,723
Accumulated depreciation as at 1 April 2019	-	34	343	60	198	29	597	11	1,271
Depreciation charged during the year	-	18	181	28	97	22	532	5	883
Disposals	-	-	-	-	(81)	(1)	(501)	-	(583)
Accumulated depreciation as at 31 March 2020 (B)	-	52	524	88	214	50	628	16	1,571
Net carrying amount as at 31 March 2020 (A) - (B)	1,320	907	9,833	49	153	85	2,797	8	15,153

Changes in the Carrying Value of Property, Plant and Equipment for the year ended 31 March 2019:

DESCRIPTION	(₹ in lakhs)								
	Freehold Land	Buildings - Residential	Buildings - Office	Furniture and Fixtures	Electrical Installations and Equipment	Office Equipment	Computers	Non Carpeted Road	Total
Cost as at 1 April 2018	1,320	921	10,357	130	453	50	1,085	24	14,340
Additions	-	38	-	2	-	20	779	-	840
Disposals	-	-	-	-	-	-	-	-	-
Cost as at 31 March 2019 (A)	1,320	959	10,357	133	453	71	1,864	24	15,180
Accumulated depreciation as at 1 April 2018	-	17	171	30	98	18	264	5	603
Depreciation charged during the year	-	17	172	30	99	11	333	5	667
Disposals	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 31 March 2019 (B)	-	34	343	60	198	29	597	11	1,271
Net carrying amount as at 31 March 2019 (A) - (B)	1,320	925	10,014	73	255	42	1,267	13	13,910



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Note 4

Intangible Assets

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

DESCRIPTION	(₹ in lakhs)
	Computer Software
Cost as at 1 April 2019	10,622
Additions	3,255
Disposals	-
Cost as at 31 March 2020 (A)	13,877
Accumulated amortisation as at 1 April 2019	4,465
Amortisation recognised for the year	3,347
Disposals	-
Accumulated amortisation as at 31 March 2020 (B)	7,812
Net carrying amount as at 31 March 2020 (A) - (B)	6,065

Changes in the Carrying Value of Intangible Assets for the year ended 31 March 2019:

DESCRIPTION	(₹ in lakhs)
	Computer Software
Cost as at 1 April 2018	4,283
Additions	6,338
Disposals	-
Cost as at 31 March 2019 (A)	10,622
Accumulated amortisation as at 1 April 2018	2,032
Amortisation recognised for the year	2,433
Disposals	-
Accumulated amortisation as at 31 March 2019 (B)	4,465
Net carrying amount as at 31 March 2019 (A) - (B)	6,157

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Note 5		
Non Current Loans		
<i>(Unsecured, Considered Good)</i>		
Security Deposits	41	30
	<u>41</u>	<u>30</u>
Note 6		
Other Non Current Financial Assets		
<i>(Unsecured, Considered Good)</i>		
Bank Deposits with Residual Maturity of More than 12 Months [^]	17,444	4,446
Interest Accrued on Deposits with Banks	27	5
	<u>17,471</u>	<u>4,451</u>
<p>[^]Bank Deposits includes deposits amounting to ₹ 2,100 lakhs (Previous year - ₹ 2,555 lakhs) earmarked for Contingency Reserve Fund and ₹ 3,000 lakhs (Previous year - ₹ Nil lakhs) earmarked for Settlement Reserve Fund</p> <p>[^] Bank Deposits with maturity of more than 12 months includes deposit amounting to ₹ Nil (31 March 2019 ₹ 25 Lakhs) kept with a bank under lien in favour of Forex Dealers Association of India (FEDAI).</p>		
Note 7		
Deferred Tax Assets (Net)		
Deferred Tax Assets		
Tax Disallowances	117	95
	<u>117</u>	<u>95</u>
Deferred Tax Liabilities		
Difference between book base and tax base of Property, Plant and Equipment and Intangible Assets	27	8
Fair Valuation of Investments carried at FVOCI	1	1
Provision for Variable Pay Recorded at Present Value	3	2
	<u>31</u>	<u>11</u>
Deferred Tax Assets (Net) / (Deferred Tax Liabilities (Net))	<u>86</u>	<u>84</u>
Note 8		
Other Non Current Assets		
<i>(Unsecured Considered Good unless otherwise stated)</i>		
Capital Advance	-	293
Service Tax Demand (Paid under Protest)	226	226
Prepaid Expenses	51	17
	<u>277</u>	<u>536</u>



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Particulars	(₹ in lakhs)	
	As at 31 March 2020	As at 31 March 2019
Note 9		
Non Current Tax Assets (Net)		
Advance Taxes (Net of Provision for Taxes)	1,355	1,135
	<u>1,355</u>	<u>1,135</u>
Note 10		
Current Investments		
Quoted Debt Securities		
- Investment in US Government Treasury Bills	4,52,942	4,21,392
- Investment in Government of India Treasury Bills	4,74,248	4,53,774
	<u>9,27,190</u>	<u>8,75,166</u>
Aggregate Book Value of Quoted Investments	9,12,730	8,57,028
Aggregate Market Value of Quoted Investments	9,27,190	8,75,166
Aggregate Book Value of Unquoted Investments	-	-
Aggregate Amount of Impairment in Value of Investments	-	-
Note 11		
Trade Receivables		
<i>(Unsecured, Considered Good)</i>		
Trade Receivables outstanding for a period less than six months	4,840	3,802
Others Trade Receivables	5	0*
	<u>4,845</u>	<u>3,802</u>
Note 12a		
Cash and Cash Equivalents		
Cash on Hand	1	0*
Cheque On Hand	-	2
Balances with Banks		
- in Current Accounts #	54,953	8,785
- in Deposit Accounts (Original Maturity of Upto 3 Months)	23,277	4,08,328
	<u>78,231</u>	<u>4,17,115</u>
Note 12b		
Bank Balances Other Than Cash and Cash Equivalents		
Bank Deposits with original maturity of more than 3 months but residual maturity upto 12 months * ^ @ ##	4,78,282	3,71,111
	<u>4,78,282</u>	<u>3,71,111</u>



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

	(₹ in lakhs)	
Particulars	As at 31 March 2020	As at 31 March 2019

Includes ₹ 338 lakhs (31 March 2019: Nil) earmarked for Settlement Reserve Fund and ₹ 456 lakhs (31 March 2019: Nil) earmarked for Contingency Reserve Fund.

* Includes ₹ 81,002 lakhs (31 March 2019: ₹ 48,602 lakhs) earmarked for Settlement Reserve Fund.

^ Includes ₹ 22,305 lakhs (31 March 2019: ₹ 21,703 lakhs) earmarked for Contingency Reserve Fund.

@ Includes ₹ 89,478 lakhs (31 March 2019: ₹ 80,198 lakhs) are held in custody by various banks against overdraft limits sanctioned by them. The total overdraft limits sanctioned by these banks amounts of ₹ 78,710 lakhs (31 March 2019: ₹ 70,688 lakhs).

Bank Deposits with residual maturity upto 12 months includes deposits amounting to ₹ Nil (31 March 2019 : ₹ 75 lakhs) kept with a bank under lien in favour of Forex Dealers Association of India (FEDAI).

Note 13

Other Current Financial Assets

(Unsecured, Considered Good)

Interest Accrued on Deposits with Banks	13,815	11,479
Others	50	4
	13,865	11,483

Note 14

Other Current Assets

(Unsecured, Considered Good)

Prepaid Expenses	473	475
Funds Used for Default	10,456	-
Advance to Suppliers	38	218
Others	308	228
	11,275	921

Note 15

Equity Share Capital

a. Details of Authorised, Issued and Subscribed Share Capital

	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
Authorised capital				
Equity shares of ₹10/- each	5,00,00,000	5,000	5,00,00,000	5,000
Redeemable, Non Convertible, Cumulative Preference Shares of ₹10/- each*	5,00,00,000	5,000	5,00,00,000	5,000
Issued, Subscribed and Fully Paid Up				
Equity Shares of ₹10/- each Fully Paid	5,00,00,000	5,000	5,00,00,000	5,000
	5,00,00,000	5,000	5,00,00,000	5,000

* 500 lakhs 8.50% redeemable cumulative non-convertible preference shares of ₹10 each (total face value of ₹5,000) are classified as financial liability (See Note 17)

* denotes amount less than ₹ 1 lakh



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 15 (Contd..)

b. Reconciliation of number of shares at the beginning and at the end of the year

	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	5,00,00,000	5,000	5,00,00,000	5,000
Add: Shares issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	5,00,00,000	5,000	5,00,00,000	5,000

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

Name of shareholder	As at 31 March 2020		As at 31 March 2019	
	No of equity Shares Held	Percentage	No of equity Shares Held	Percentage
State Bank of India	84,00,000	16.80%	84,00,000	16.80%
Life Insurance Corporation of India	50,00,000	10.00%	50,00,000	10.00%
STCI Finance Limited	50,00,000	10.00%	50,00,000	10.00%
ICICI Bank Limited	49,50,000	9.90%	49,50,000	9.90%
HDFC Bank Limited	45,00,000	9.00%	45,00,000	9.00%

d. Terms/rights attached to equity shares

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

Dividend: The dividend recommended by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting and would be paid in proportion to the amount of capital paid-up on shares. The Board of Directors have recommended dividend of ₹ 3 per fully paid up equity share of ₹ 10/- each, aggregating ₹ 1,500 Lakhs for the financial year 2019-20, which is based on relevant share capital as on 31st March, 2020.

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

e. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

The Group has neither issued any bonus shares nor has there been any buy back of shares during the five years immediately preceding 31 March 2020.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Particulars	(₹ in lakhs)	
	As at 31 March 2020	As at 31 March 2019
Note 16		
Other Equity		
<i>(Refer Statement of Changes in Equity)</i>		
Settlement Reserve Fund	1,50,000	1,30,000
Contingency Reserve Fund	70,275	55,231
General Reserve	1,13,256	1,00,756
Other Comprehensive Income	1,645	447
Retained Earnings	16,358	14,426
	<u>3,51,528</u>	<u>3,00,860</u>

16.1 Nature and Purpose of Reserves

Settlement Reserve Fund

Settlement reserve fund represents amounts set aside from the profits of the Group from time to time as may be considered appropriate by the Board of Directors, to ensure that there are sufficient assigned financial resources which may be utilised for meeting claims in relation to any participants' default. Bank Balances / Bank Deposits / Current Investments amounting to ₹ 1,30,000 lakhs (31 March 2019: ₹ 1,10,000 lakhs) are earmarked for this purpose.

Contingency Reserve Fund

Contingency reserve fund represents amounts set aside from the profits of the Group from time to time as may be considered appropriate by the Board of Directors to ensure that there are sufficient assigned financial resources which may be utilised for meeting Non-default losses. Bank Balances / Bank Deposits / Current investments amounting to ₹ 55,231 lakhs (31 March 2019: ₹ 45,218 lakhs) are earmarked for this purpose.

Other Comprehensive Income

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

Retained Earnings

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

General Reserve

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



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Particulars	(₹ in lakhs)	
	As at 31 March 2020	As at 31 March 2019
Note 17		
Borrowings		
Redeemable Preference Shares (Unsecured)		
- 8.5% Redeemable, Non Convertible, Cumulative Preference Shares of ₹ 10 each (RNCPS II)	5,000	5,000
	<u>5,000</u>	<u>5,000</u>
Terms of Preference Shares:		
1) The Company has only one class of Preference Shares being Redeemable, Cumulative, Non-convertible and Non-participating Preference Shares.		
2) The shareholders have right to vote only on resolutions which directly affect their interest. The Preference Shareholders are entitled to dividend @ 8.50% p.a. and shares are redeemable on March 22, 2023 .		
3) In the event of liquidation, Preference Shares will have preferential right of return of amount paid-up on the shares together with the arrears of cumulative preferential dividend, if any, due on the date of winding up but shall not have further right or claim over the surplus assets of the Company.		
Note 18		
Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities		
Difference Between Book Base and Tax Base of Property, Plant and Equipment and Intangible Assets	1,527	1,935
Fair Valuation of Investments Carried at FVOCI	685	272
Fair Valuation of Variable Compensation	13	15
	<u>2,225</u>	<u>2,222</u>
Deferred Tax Assets		
Tax Disallowances	397	486
Investments Measured using EIR	-	5
	<u>397</u>	<u>491</u>
Deferred Tax Assets (Net) / (Deferred Tax Liabilities (Net))	<u>1,828</u>	<u>1,731</u>

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Particulars	(₹ in lakhs)	
	As at 31 March 2020	As at 31 March 2019
Note 19		
Provisions		
Provision for Employee Benefits:	15	19
- Gratuity (Refer Note 41)	1,330	1,251
- Leave Encashment	582	423
- Others	<u>1,927</u>	<u>1,693</u>
Note 20		
Current Borrowings		
Line of Credit from a Bank	10,456	-
	<u>10,456</u>	<u>-</u>
Note 21		
Trade Payables Due to :		
- Micro and Small Enterprises {Refer Note 40}	19	11
- Other than Micro and Small Enterprises	604	433
	<u>623</u>	<u>444</u>
Note 22		
Other Current Financial Liabilities		
Interest Accrued But Not Due	6,765	8,579
Deposits From Members ##	11,66,735	10,00,044
Prefunded Settlement Obligations	-	3,79,750
Creditors for Capital Expenses*	1,712	913
Other Payables^	540	448
Dividend on Redeemable Preference Shares Classified as Financial Liabilities (including related Dividend Distribution Tax)	425	512
	<u>11,76,177</u>	<u>13,90,246</u>

* Creditors for Capital Expenses includes ₹ 48 lakh (31 March 2019 - ₹ 48 lakh) due to Micro and Small Enterprises.

^ Other Payable includes ₹ 24 lakhs (31 March 2019: ₹ 26 lakhs) due to Micro and Small Enterprises.



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

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

Particulars	(₹ in lakhs)		
	Cash Collaterals	Govt. Securities #	Guarantees**
As at 31 March 2020			
Securities Settlement	4,65,113	64,10,275	-
Forex Settlement *	4,90,490	-	-
TREPS Settlement	75,273	3,83,11,708	2,15,000
Default Funds	1,35,859	7,34,220	-
Total	11,66,735	4,54,56,203	2,15,000
As at 31 March 2019			
Securities Settlement	3,93,975	51,86,371	-
Forex Settlement *	4,45,825	-	-
TREPS Settlement	65,520	3,12,90,727	3,55,000
Default Funds	94,724	6,20,594	-
Total	10,00,044	3,70,97,692	3,55,000

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

	As at 31 March 2020	As at 31 March 2019
US Government Treasury Bills (under Current Investments)	4,49,939	4,18,804
Government of India Treasury Bills (under Current Investments)	3,40,935	2,99,419
Balance in Bank Accounts (under Cash and Cash Equivalents)		
- In Current Accounts	48,216	2,817
- In Deposit Accounts	3,27,645	2,79,004
	11,66,735	10,00,044

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

* Equivalent to US Dollars 650,640 thousands (31 March 2019 - US Dollars 644,523 thousands).

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

Note 23

Other Current Liabilities

Revenue Received in Advance	68	52
Statutory Dues	611	502
Other Payables	19	27
	698	581

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Particulars	(₹ in lakhs)	
	As at 31 March 2020	As at 31 March 2019
Note 24		
Provisions		
Provision for Employee Benefits:		
- Gratuity (Refer Note 41)	-	1
- Leave Entitlement	252	154
- Others	1,532	1,280
	<u>1,784</u>	<u>1,435</u>
Note 25		
Current Tax Liabilities (Net)		
Provision For Taxation (Net of Advance Tax)	63	75
	<u>63</u>	<u>75</u>

Particulars	(₹ in lakhs)	
	Year Ended 31 March 2020	Year Ended 31 March 2019
Note 26		
Income from Operations		
Transaction Charges - Securities Settlement - Outright Trades	21,363	15,953
Transaction Charges - Securities Settlement - Repo Trades	4,181	4,059
Transaction Charges - CBLO Settlement	-	1,596
Transaction Charges - TREPS Settlement	2,707	1,108
Transaction Charges - Forex Settlement	4,608	5,335
Transaction Charges - CLS Settlement	2,275	2,375
Trade Processing Charges - Trade Repository	773	697
Transaction Charges - Repo Trading Systems	399	-
Transaction Charges - CBLO Trading system	-	798
Transaction Charges - TREPS Trading System	1,354	554
Transaction Charges - Forex Trading Systems	75	-
Transaction Charges - NDS OM	483	-
Transaction Charges - NDS Call	54	-
Datafeed Charges	370	357
LEI Registration Charges	417	835
Annual LEI Renewal Fees	472	149
Portfolio Compression Charges	351	659
Forex Forward Charges	2,384	2,020
Derivatives Charges	1,763	1,859
Other Fees and Charges	399	268
	<u>44,428</u>	<u>38,622</u>



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Particulars	(₹ in lakhs)	
	Year Ended 31 March 2020	Year Ended 31 March 2019
Note 27		
Other Operating Revenues		
Interest / Income on Investments made out of Operational Funds		
- Income on Current Investments	27,362	23,548
- Interest on Deposits with Banks	18,643	17,807
	<u>46,005</u>	<u>41,355</u>
Less : Interest Paid on Deposits from Members	20,972	21,198
	<u>25,033</u>	<u>20,157</u>
Note 28		
Other Income		
Interest / Income on investments made out of own funds		
- on Current Investments	7,538	7,984
- on Deposits with Banks	12,142	9,620
	<u>19,680</u>	<u>17,604</u>
Profit on Sale of Property, Plant and Equipments (Net)	2	0*
Profit on Foreign Currency Transactions and Translation (Net)	104	36
Excess Provision Written Back	17	-
Others	29	19
	<u>19,832</u>	<u>17,659</u>
Note 29		
Employee Benefits Expenses		
Salaries	5,515	4,577
Contribution to Provident and Other Funds [Also, Refer Note 41]	702	621
Reimbursement for Employees on Deputation	-	94
Staff Welfare Expenses	217	219
	<u>6,434</u>	<u>5,511</u>
Note 30		
Finance Cost		
Line of Credit Commitment and Other Charges	1,851	1,564
Dividend on Preference Shares	425	512
Interest on Taxes	11	19
Interest on Others	36	32
	<u>2,323</u>	<u>2,127</u>

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(₹ in lakhs)

Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
Note 31		
Depreciation		
Depreciation of Property, Plant and Equipment (Refer Note 3)	884	668
Amortisation of Intangible Assets (Refer Note 4)	3,347	2,433
	4,231	3,101
Note 32		
Other Expenses		
Power and Fuel	412	425
Repairs and Maintenance - Buildings	57	80
Repairs and Maintenance - Computer Systems and Equipment	2,564	2,653
Repairs and Maintenance - Others	120	113
Insurance	132	15
Rates and Taxes	129	154
Communication Expenses	372	392
CLS Settlement Charges	1,480	1,525
Loss on Foreign Currency Transactions and Translation (Net)	9	2
Expenditure towards Corporate Social Responsibility	1,113	1,067
Professional Fees	320	423
Directors' Sitting Fees	101	81
Payment to Auditors :		
- Audit Fees	38	17
- Reimbursement of Expenses	0*	-
Others	1,165	1,184
	8,012	8,131

* denotes amount less than ₹ 1 Lakh



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 33

Income Taxes

Tax Expense

(a) Amounts Recognised in Statement of Profit and Loss

	Year Ended 31 March 2020	Year Ended 31 March 2019
	(₹ in lakhs)	
Current Tax Expense		
Current year	17,320	20,159
MAT Credit Entitlement	-	11
Tax Adjustments relating to earlier years	(1)	7
	17,319	20,177
Deferred Tax Expense		
Origination and reversal of temporary differences	(310)	123
	(310)	123
Tax expense for the year	17,009	20,300

(b) Amounts Recognised in Other Comprehensive Income

	Year Ended 31 March 2020		Year Ended 31 March 2019	
	(₹ in lakhs)			
	Before Tax	Net of Tax	Before Tax	Net of Tax
Items that will not be Reclassified to Profit or Loss				
Remeasurements of the Defined Benefit Liability (Asset)	(342)	86	(256)	(81)
Items that will be Reclassified to Profit or Loss				
Investments Measured at FVOCI	1,943	(489)	1,454	1,206
	1,601	(403)	1,198	1,125
			Tax Benefit	Benefit
			(81)	26
			(256)	(55)
			1,206	(421)
			1,125	730

(c) Reconciliation of Effective Tax Rate

	Year Ended 31 March 2020		Year Ended 31 March 2019	
	(₹ in lakhs)			
Statutory Income Tax Rates				
The Clearing Corporation of India Limited	25.17%			34.94%
Clearcorp Dealing Systems India Limited	25.17%			29.12%
Legal Entity Identifier India Limited	25.17%			27.82%
Profit Before Tax	68,293			57,568
Expected Income Tax Expense at Respective Statutory Tax Rates of Group Companies	17,188			19,965

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 33 (Contd..)

Income Taxes

© Reconciliation of Effective Tax Rate

	Year Ended 31 March 2020	Year Ended 31 March 2019
		(₹ in Lakhs)
<u>Expenses not allowed under Income Tax</u>		
- Municipal tax considered under Income from House Property	0*	0*
- Expenditure towards Corporate Social Responsibilities	271	433
- Interest U/s 234 of Income Tax Act	2	6
- Interest on Late payment of TDS	-	0*
<u>Income credited to Statement of Profit & Loss to be considered separately</u>		
- Rent on Residential Flat let out	(4)	(5)
- Profit on Sale of Property, Plant and Equipment	(6)	-
Deduction u/s 80G of Income Tax Act	(179)	(258)
Income from House Property	3	4
Others	(265)	(41)
Changes due to change in tax rate	-	180
Brought Forward business loss setoff	-	15
Tax Adjustments relating to earlier years	(1)	-
Total tax expense	17,009	20,300
Current tax	17,320	20,159
Deferred tax	(310)	123
MAT credit entitlement	-	11
Tax Adjustments relating to earlier years	(1)	7
	17,009	20,300

* denotes amount less than ₹ 1 lakh



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 33
Income Taxes (Contd..)

(d) Movement in Deferred Tax Balances (F.Y. 2019-20)

	Net Balance 1 April 2019	Recognised in Profit or Loss	Recognised in OCI	As at 31 March 2020		
				Net Deferred Tax Asset/Liability	Deferred Tax Asset	Deferred Tax Liability
Deferred Tax Liability						
Difference between book base and tax base of tangible and intangible assets	(1,944)	390	-	(1,554)	-	1,554
Fair valuation of investments carried at FVOCI	(273)	78	(489)	(686)	-	686
Fair valuation of variable compensation	(17)	1	-	(16)	-	16
Deferred Tax Asset						
Tax disallowances	582	(68)	-	514	514	-
Remeasurement of defined benefit obligation	-	(86)	86	-	-	-
Investments measured using EIR	5	(5)	-	-	-	-
Tax Assets (Liabilities)	(1,647)	310	(403)	(1,742)	(514)	2,256
Set Off Tax	-	-	-	-	-	-
Net tax Assets	(1,647)	310	(403)	(1,742)	(514)	2,256

(₹ in lakhs)

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 33
Income Taxes (Contd..)

	(₹ in lakhs)					
	Net Balance 1 April 2018	Recognised in Profit or Loss	Recognised in OCI	As at 31 March 2019		
				Net Deferred Tax Asset/Liability	Deferred Tax Asset	Deferred Tax Liability
Deferred Tax Liability						
Difference between book base and tax base of tangible and intangible assets	(1,840)	(140)	-	(1,944)	-	1,944
Fair valuation of investments carried at FVOCI	-	148	(421)	(273)	-	273
Fair valuation of variable compensation	(15)	(2)	-	(17)	-	17
Deferred Tax Asset						
Tax disallowances	543	38	-	582	582	-
Remeasurement of defined benefit obligation	-	(26)	26	-	-	-
Investments measured using EIR	18	(13)	-	5	5	-
Provision for Expected Credit Loss	148	(148)	-	-	-	-
Carried Forward Loss / Depreciation	15	(15)	-	-	-	-
Mat Credit	11	-	-	-	-	-
Tax Assets (Liabilities)	(1,119)	(123)	(395)	(1,647)	587	2,234
Set Off Tax	-	-	-	-	-	-
Net Tax Assets	(1,119)	(123)	(395)	(1,647)	587	2,234

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered. Any changes in future taxable income would impact the recoverability of deferred tax assets.



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 34

Earnings Per Share (EPS)

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

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

Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
(₹ in lakhs)		
i. Profit attributable to equity holders (₹ in lakhs)		
Profit attributable to equity holders for basic and diluted EPS	51,284	37,268
	51,284	37,268
ii. Weighted average number of ordinary shares		
Number of shares outstanding at the beginning of the year	5,00,00,000	5,00,00,000
Add/(Less): Effect of shares issued/ (bought back)		
Weighted average number of shares for calculating basic EPS	5,00,00,000	5,00,00,000
Effect of dilution		
Share options	-	-
Weighted average number of shares for calculating diluted EPS	5,00,00,000	5,00,00,000
iii. Basic earnings per share (₹)	102.57	74.54
iv. Diluted earnings per share (₹)	102.57	74.54

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 35

Financial Instruments - Fair Values

A. Accounting Classification and Fair Values

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

	As at 31 March 2020							Total	Fair Value			
	Carrying Amount				Level 1 - Quoted Price in Active Markets				Level 2 - Significant Observable Inputs			Level 3 - Significant Unobservable Inputs
	Fair value Through Profit and Loss	Fair Value Through Other Comprehensive Income	Amortised Cost	Total	Level 1 - Quoted Price in Active Markets	Level 2 - Significant Observable Inputs	Level 3 - Significant Unobservable Inputs		Total			
Financial Assets												
Non Current Loans	-	-	41	41	-	-	-	-	-	-		
Other Non Current Financial Assets	-	-	17,471	17,471	-	-	-	-	-	-		
<u>Current Investments</u>	-	-	-	-	-	-	-	-	-	-		
- Investment in US Government Treasury Bills	-	4,52,942	-	4,52,942	-	4,52,942	-	-	-	4,52,942		
- Investment in Government of India Treasury Bills	-	4,74,248	-	4,74,248	42,884	4,31,364	-	-	-	4,74,248		
Trade Receivables	-	-	4,845	4,845	-	-	-	-	-	-		
Cash and Cash Equivalents	-	-	78,231	78,231	-	-	-	-	-	-		
Bank Balances other than Cash and Cash Equivalents	-	-	4,78,282	4,78,282	-	-	-	-	-	-		
Other Current Financial Assets	-	-	13,865	13,865	-	-	-	-	-	-		
	-	9,27,190	5,92,735	15,19,925	42,884	8,84,306	-	-	-	9,27,190		
Financial Liabilities												
Borrowings												
- Preference Shares	-	-	5,000	5,000	-	-	-	-	-	-		
- Line of Credit from a Bank	-	-	10,456	10,456	-	-	-	-	-	-		
Trade Payables	-	-	623	623	-	-	-	-	-	-		
Other Current Financial Liabilities	-	-	11,76,177	11,76,177	-	-	-	-	-	-		
	-	-	11,92,256	11,92,256	-	-	-	-	-	-		

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



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 35
Financial Instruments - Fair Values (Cont..)
A. Accounting Classification and Fair Values
The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	As at 31 March 2019							(₹ in lakhs)
	Carrying Amount			Fair Value				
	Fair Value Through Profit and Loss	Fair Value Through Other Comprehensive Income	Amortised Cost	Total	Level 1 - Quoted Price in Active Markets	Level 2 - Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	
Financial Assets								
Non Current Loans	-	-	30	30	-	-	-	-
Other Non Current Financial Assets	-	-	4,451	4,451	-	-	-	-
<u>Current Investments</u>	-	-	-	-	-	-	-	-
- Investment in US Government Treasury Bills	-	4,21,392	-	4,21,392	-	4,21,392	-	4,21,392
- Investment in Government of India Treasury Bills	-	4,53,774	-	4,53,774	58,628	3,95,146	-	4,53,774
Trade Receivables	-	-	3,802	3,802	-	-	-	-
Cash and Cash Equivalents	-	-	4,17,115	4,17,115	-	-	-	-
Bank Balances other than Cash and Cash Equivalents	-	-	3,71,111	3,71,111	-	-	-	-
Other Current Financial Assets	-	-	11,483	11,483	-	-	-	-
	-	8,75,166	8,07,992	16,83,158	58,628	8,16,538	-	8,75,166
Financial Liabilities								
Borrowings (Preference Shares)	-	-	5,000	5,000	-	-	-	-
Trade Payables	-	-	445	445	-	-	-	-
Other Current Financial Liabilities	-	-	13,90,246	13,90,246	-	-	-	-
	-	-	13,95,691	13,95,691	-	-	-	-

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

THE CLEARING CORPORATION OF INDIA LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 35 (Contd.)

Financial Instruments - Fair Values

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

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

B. Fair Value Hierarchy

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

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

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

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

Financial Instruments Measured at Fair Value

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

Type	Valuation Technique	Significant Unobservable Inputs	Inter-Relationship Between Significant Unobservable Inputs and Fair Value Measurement
Investment in Government Securities	The fair value of treasury bills is calculated basis the market price of these instruments as at the balance sheet date. Market price is calculated on the basis of the price published by FIBIL.	N.A.	N.A.
Investment in U.S. Government Securities	The fair value of treasury bills is calculated basis the market price of these instruments as at the balance sheet date. Market price is calculated on the basis of the price published by FED Reserve.	N.A.	N.A.

Transfers between Levels

There have been no transfers between levels during the reporting periods



THE CLEARING CORPORATION OF INDIA LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 35

Financial Instruments - Fair Values and Risk management (Contd..)

Risk Management

Introduction

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

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

a. Credit Risk

Risk Description

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

Risk Management Approach

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

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

The Company regularly invests its internally generated funds and funds received from its members towards Margin and Default funds. The Company has a detailed Investment Policy, approved by the CODRM and the Board, which prescribes eligible instruments, exposure limits, Guidelines on Risk management and other aspects relating to the investment activity. The CODRM and the Board review the Investment Policy annually. In accordance with the Investment policy the Company invests only into highly secure and liquid avenues such as Deposit with high net-worth Commercial Banks and short term Government Securities such as Government treasury Bills. The total credit risk of the Company is represented by the total financial assets of the Company. There is no credit risk in case of investment into Government securities. Credit risk in case of deposits with banks, is mitigated by prescribing stringent eligibility criteria for the investee banks and setting of exposure and concentration limits on the amounts to be invested.

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 35

Financial Instruments - Fair values and Risk management (Contd..)

Cash and Cash Equivalents and Other Bank Balances (Including bank deposits having maturity more than 12 months)

The Group held cash and cash equivalents and other bank balances of ₹ 5,73,956 lakhs at 31 March 2020 (31 March 2019: ₹ 7,92,671 lakhs). The cash and cash equivalents and other bank balances are held with bank and financial institution counterparties with good credit ratings.

Offsetting of Financial Assets and Liabilities

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

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

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

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

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

(₹ in lakhs)

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



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 35

Financial Instruments - Fair Values and Risk Management (Contd..)

(₹ in lakhs)

As at 31 March 2019	Gross Amounts of Financial Assets	Gross Amounts of Financial Liabilities	Net Amounts Presented in Statement of Financial Position after Setoff of Financial Assets & Liabilities	Related amount not offset in Statement of Financial Position		Net Amount
				Financial Instruments (including Non-Cash Collateral)	Cash Collateral Received	
Types of Financial Assets						
Forex Settlement (Including Forwards)	7,20,576	7,20,576	-	-	-	-
Derivative Settlement (IRS)	1,04,734	1,04,734	-	-	-	-
Securities Settlement (including TREPS)	3,31,633	3,31,633	-	-	-	-
Total	11,56,943	11,56,943	-	-	-	-

b. Liquidity Risk

Risk Description

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

Risk Management Approach

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

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 35

Financial Instruments - Fair Values and Risk Management (Contd..)

Maturities of Financial Liabilities

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

(₹ in lakhs)

As at 31 March 2020	Carrying Amount	Contractual Cash Flows			
		Total	Upto 1 year	1 to 5 years	More than 5 years
Non Derivative Financial Liabilities					
Borrowings					
- Preference Shares	5,000	5,000	-	5,000	-
- Line of Credit from a Bank	10,456	10,456	10,456	-	-
Trade Payables	623	623	623	-	-
Other Current Financial Liabilities	11,76,177	11,76,177	11,76,177	-	-
Total	11,92,256	11,92,256	11,87,256	5,000	-

(₹ in lakhs)

As at 31 March 2019	Carrying Amount	Contractual Cash Flows			
		Total	Upto 1 year	1 to 5 years	More than 5 years
Non Derivative Financial Liabilities					
Borrowings					
- Preference Shares	5,000	5,000	-	5,000	-
Trade Payables	445	445	445	-	-
Other Current Financial Liabilities	13,90,246	13,90,246	13,90,246	-	-
Total	13,95,691	13,95,691	13,90,691	5,000	-

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

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

Risk Description

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



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 35

Financial Instruments - Fair Values and Risk Management (Contd..)

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

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

Risk Management Approach

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

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	(₹ in lakhs)	
	As at 31 March 2020	As at 31 March 2019
Fixed Rate Instruments		
Financial Assets - INR Investments	9,93,252	8,40,816
Financial Assets - US Dollar Investments	4,74,219	8,29,720
Financial Liabilities	(5,000)	(5,000)
	<u>14,62,471</u>	<u>16,65,536</u>
Variable Rate Instruments		
Financial Assets	-	-
Financial Liabilities - INR (Deposits from Members)	(6,76,244)	(5,54,219)
Financial Liabilities - US Dollar (Deposits from Members)	(4,90,491)	(4,45,825)
Financial Liabilities - US Dollar (Prefunded Settlement Obligation)	-	(3,79,750)
Financial Liabilities - Line of Credit from Bank	(10,456)	-
	<u>(11,77,191)</u>	<u>(13,79,794)</u>
Total	<u><u>2,85,280</u></u>	<u><u>2,85,742</u></u>

Interest Rate Sensitivity Analysis

The Group aims to minimise its exposure to interest rate fluctuations. Any exposure is predominantly due to the mismatch between the Group's interest bearing assets and interest bearing liabilities (including deposits from members). Since the return paid on member liabilities is generally reset to prevailing market interest rates and after retaining a spread the Group's exposure is limited. Further, the maximum fixed exposure on any asset in the investment portfolio (including Deposits with Banks) is 13 months.

Interest Rate Sensitivity - Variable Rate Instruments

A change of 50 basis points (bps) for INR investments / liabilities and 20 basis points (bps) for US Dollar investments / liabilities in interest rates at the reporting date would have increased / decreased profit or loss by amounts shown below. This analysis assumes that all other variables remains constant. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year end balances are not necessarily representative of the financial assets / financial liabilities outstanding during the year.

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 35

Financial Instruments - Fair Values and Risk Management (Contd..)

(₹ in lakhs)

As at 31 March 2020	INR INVESTMENTS/LIABILITIES		FOREIGN INVESTMENTS/LIABILITIES	
	Gain /(Loss)		Gain /(Loss)	
	100 bp Increase	100 bp Decrease	50 bp Increase	50 bp Decrease
Variable-rate Instruments	(6,762)	6,762	(2,505)	2,505
Cash Flow Sensitivity (Net)	(6,762)	6,762	(2,505)	2,505
As at 31 March 2019	50 bp Increase		50 bp Decrease	
	50 bp Increase	50 bp Decrease	20 bp Increase	20 bp Decrease
	50 bp Increase	50 bp Decrease	20 bp Increase	20 bp Decrease
Variable-rate Instruments	(2,771)	2,771	(1,651)	1,651
Cash Flow Sensitivity (Net)	(2,771)	2,771	(1,651)	1,651

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

d. Foreign Exchange Risk

Risk Description

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

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

The currency profile of financial assets and financial liabilities of material financial currency exposure denominateds as at 31 March 2020 and 31 March 2019 are as below:

(₹ in lakhs)

	As at 31 March 2020	As at 31 March 2019
Financial Assets (A)		
US Govt. Treasury Bills	4,52,942	4,21,392
Bank Balance in Current Accounts	42,942	4,09,497
Datafeed Charges Receivable	10	0*
	4,95,894	8,30,889
Financial Liabilities (B)		
Deposits from Members	4,90,491	4,45,825
Interest payable to Members	3,906	5,188
Prefunded Settlement Obligations	-	3,79,750
Expesne Payable	191	141
License Fees Payable	136	120
	4,94,724	8,31,024
Net Exposure (A - B)	1,170	(135)

* denotes amount less than ₹ 1 lakh



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 34

Financial Instruments - Fair Values and Risk Management (Contd..)

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

(₹ in lakhs)

Exposure in ZAR	As at 31 March 2020	As at 31 March 2019
Financial Assets (A)		
Funds Used for Default	10,456	-
	10,456	-
Financial Liabilities (B)		
Line of Credit from a Bank	10,456	-
	10,456	-
Net Exposure (A - B)	-	-

Sensitivity Analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against USD at 31 March 2020 and 2019 would have affected the measurement of financial instruments denominated in foreign currencies and affected Statement of profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(₹ in Lakhs)

Effect in INR	As at 31 March 2020		As at 31 March 2019	
	Gain/(Loss)		Gain/(Loss)	
	Strengthening	Weakening	Strengthening	Weakening
5% Movement				
USD	58.48	(58.48)	(6.74)	6.74
ZAR	-	-	-	-
10% Movement				
USD	116.96	(116.96)	(13.49)	13.49
ZAR	-	-	-	-
15% Movement				
USD	175.43	(175.43)	(20.23)	20.23
ZAR	-	-	-	-

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

THE CLEARING CORPORATION OF INDIA LIMITED
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Note 36

Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

A. Relationships -

Category I:

State Bank of India - The Company is an associate of SBI.

Category II: Key Management Personnel (KMP)

Mr. R. Sridharan -Managing Director

Non Executive Directors

Mr. R. Gandhi - Chairman (w.e.f. September 20, 2019)
Mrs. Usha Thorat -Chairperson (up to October 25, 2018)
Mr. Bhavesh Zaveri (up to November 28, 2019)
Mr. M S Sundara Rajan (up to August 24, 2019)
Mr. Sankarshan Basu
Mr. Sudhir Joshi (up to August 24, 2019)
Mr. Rajendra Chitale (up to August 24, 2019)
Mr. B. Sambamurthy (up to October 16, 2019)
Mr. Narayan K. Seshadri
Dr. G Sivakumar
Mr. B. Prasanna
Mr. Satish C. Singh (up to September 3, 2019)
Mr. Sudhakar Shanbhag (from October 21, 2019)
Mr. Pradeep Madhav (from August 13, 2019)
Mr. S. Vishvanathan (from August 13, 2019)
Mr. Prashant Kumar (up to March 16, 2020)
Ms. Meena Hemchandra
Mrs. Anshula Kant (up to September 27, 2018)
Mr. C Venkat Nageswar (up to November 28, 2018)
Mr. K.K. Mahajan (up to December 25,2018)

Other Key Management Personnel

Mr. O. N. Ravi - Executive Vice President (KMP from May 10, 2018)
Mr. Deepak Chande - Chief Financial Officer
Mr. Pankaj Srivastava -Company Secretary

Category III: Other Related Parties

CCIL Employees Group Gratuity Fund Trust
CCIL Employees Superannuation Trust



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 36

Related Party Disclosures (Contd..)

b) Transactions with Key Management Personnel:

Key Management Personnel Compensation

(₹ in lakhs)

Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
Short Term Employee Benefits	347	305
Post-Employment Defined Benefit	40	35
Other Long Term Benefits	28	5
Total	415	345

Compensation of the Group's key managerial personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit plan (Note 26).

c) Transactions other than those with Key Management Personnel :

(₹ in lakhs)

	Particulars	Party having Substantial Interest	Other Related Parties	KMP
1)	Income from Operations	1,527 (1,859)		- -
2)	Collaterals Cash Received	41,306 (43,058)	- -	- -
3)	Collaterals Cash Repaid	41,468 (40,268)	- -	- -
4)	Collaterals Securities Received (at face value)	1,94,45,500 (76,35,850)	- -	- -
5)	Collaterals Securities Returned (at face value)	2,11,44,700 (96,13,113)	- -	- -
6)	Interest on Deposits from Members	424 (474)	- -	- -
7)	Director Sitting Fees	- -	- -	89 (75)
8)	Contribution to employee benefit trust	- -	268 (412)	- -

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 36

Related Party Disclosures (Contd..)

d) The Related Party Balances Outstanding at year end are as follows:

Particulars	(₹ in lakhs)	
	Party having Substantial Interest	Key Management Personnel
1) Receivable	96 (127)	- -
2) Payable	153 (218)	5 (6)
3) Collaterals outstanding - Cash	21,172 (20,042)	- -
4) Collaterals Outstanding - Securities (at Face Value)	3,65,966 (20,65,166)	- -

Notes:

- 1 Transactions with Subsidiaries are in accordance with the terms of agreements entered into in this regard.
- 2 Transactions with State Bank of India in the nature of banker-customer relationship have been excluded.
- 3 Collaterals received in the form of Government Securities are held under Constituent Subsidiary General Ledger (CSGL) Account with Reserve Bank of India.
- 4 The amounts are exclusive of Goods and Service Tax (GST) wherever applicable.
- 5 The above related party information has been disclosed to the extent such parties have been identified by the Group. This has been relied upon by the Auditors.

Note 37

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available.

All operating segments' results are regularly reviewed by the Board of Directors, which have been identified as the Chief Operating Decision Maker ('CODM') of the Group inter-Company revenues and expenses, for which discrete financial information is available. The Board of Directors, which have been identified as the CODM, regularly review the performance reports and make decisions about allocation of resources.

The Group has two reportable segments, as described below, which are the Group's strategic business units. For each business units the Board of Directors regularly reviews the performance reports.

Reportable segments

- i. Clearing and settlement services
- ii. Trading services



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Information about Reportable Segments

The Board of Directors reviews profit before tax as the measure of a segment performance. The segment results are thus profit before tax attributable to the respective segments.

(₹ in lakhs)

Particulars	2019-20			2018-19		
	Clearing & Settlement Services	Trading Services	Total	Clearing & Settlement Services	Trading Services	Total
REVENUE						
Revenue from Operations (External)	65,515	3,946	69,461	54,568	4,211	58,779
Total Revenue from Operations	65,515	3,946	69,461	54,568	4,211	58,779
RESULT						
Segment Result	46,797	1,664	48,461	37,643	2,266	39,909
Add: Other Income			19,832			17,659
Profit Before Tax			68,293			57,568
Tax Expense						
- Current Tax			17,320			20,159
- MAT Credit Entitlement			-			123
- Deferred Tax			(310)			11
- Tax Adjustments relating to earlier years			(1)			7
Profit After Tax			51,284			37,268
OTHER INFORMATION						
Assets						
Segment Assets	15,43,915	11,169	15,55,084	16,97,575	9,491	17,07,066
Total Assets	15,43,915	11,169	15,55,084	16,97,575	9,491	17,07,066
Liabilities						
Segment Liabilities	11,97,403	1,153	11,98,556	14,00,441	765	14,01,205
Total Liabilities	11,97,403	1,153	11,98,556	14,00,441	765	14,01,205
Capital Expenditure						
Segment Capital Expenditure	4,327	846	5,173	3,445	695	4,140
Total Capital Expenditure	4,327	846	5,173	3,445	695	4,140
Depreciation/Amortisation						
Segment Depreciation/Amortisation	3,638	593	4,231	2,637	463	3,100
Total Depreciation/Amortisation	3,638	593	4,231	2,637	463	3,100



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

	(₹ in lakhs)	
	As at 31 March 2020	As at 31 March 2019
Note 38		
Commitments		
Capital Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	956	1,004
Note 39		
Contingent Liabilities		
Claims against the Group not acknowledged as debt -		
- Income Tax Demands for various assessment years disputed by the Group	1,994	723
Service Tax Demands including penalty and interest		
- Pending settlement of the dispute, an amount of ₹ 226 lakhs, being the principal amount claimed by the authorities has been paid under protest and disclosed under Other Non Current Assets.	775	775
Total	2,769	1,498

Note 40

Micro and Small Enterprises

There are no micro and small enterprises, to whom the Group owes dues, which are outstanding for more than 45 days as at 31 March 2020 and 31 March 2019. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Group.

	(₹ in lakhs)	
	31 March 2020	31 March 2019
a. Principal and interest amount remaining unpaid	91	37
b. Interest due thereon remaining unpaid	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006)	-	-
e. Interest accrued and remaining unpaid	-	-
f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 41

Employee Benefits

Amounts Recognised as Expense:

(i) Defined Contribution Plan

- (1) Employer's contribution to provident fund amounting to ₹ 292 lakhs (31 March 2019: ₹259 lakhs) has been included in Note 26 under contribution to provident fund and other funds.
- (2) Employer's Contribution to Superannuation Fund amounting to ₹ 78 lakhs (31 March 2019: ₹ 68 lakhs) has been included in Note 26 under contribution to provident fund and other funds.
- (3) Employer's Contribution to NPS amounting to ₹ 84 lakhs (31 March 2019: ₹ 70 lakhs) has been included in Note 26 under contribution to provident fund and other funds.

(ii) Defined Benefit Plan

In terms of the gROUP's gratuity plan, on leaving of service every employee who has completed atleast five years of service gets a gratuity computed at the rate of 30 days of last drawn salary for each completed year service. The Gratuity Scheme of the Group is funded with Life Insurance Corporation of India (LIC) in the form of qualifying insurance policy.

In accordance with the Indian Accounting Standard on employee benefits (Ind AS 19) the following disclosures have been made which is based on Actuarial Valuation provided by Independent Actuary.

Gratuity cost amounting to ₹ 222 lakhs (31 March 2019: ₹ 204 lakhs) has been included in Note 26 under contribution to provident and other funds.

(₹ in lakhs)

	31 March 2020	31 March 2019
A. Amount recognised in the balance sheet		
Present value of the obligation as at the end of the year	2,861	2,159
Fair value of plan assets as at the end of the year	2,773	2,326
Net asset / (liability) to be recognized in the balance sheet	(88)	167
Non-current	(88)	(19)
Current	-	186
B. Change in projected benefit obligation		
Projected benefit of obligation at the beginning of the year	2,159	1,759
Current service cost	235	207
Past Service Cost	165	-
Interest cost	20	137
Benefits paid	370	(29)
Actuarial (gain) / loss on obligation	(91)	84
Acquisition Adjustment	3	-
Projected benefit obligation at the end of the year	2,861	2,159
C. Change in plan assets		
Fair value of plan assets at the beginning of the year	2,326	1,795
Expected return on plan assets	179	140
Contributions made	309	416
Benefits paid	(41)	(29)
Return on plan assets, excluding amount recognized in net interest expense	-	3
Acquisition Adjustment	(0)*	-
Fair value of plan assets at the end of the year	2,773	2,326



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 41
Employee Benefits (Contd.)

	(₹ in lakhs)	
	As at 31 March 2020	As at 31 March 2019
D. Amount recognised in the statement of profit and loss		
Current service cost	235	207
Past service Cost	(14)	-
Net Interest cost / (income) on the net defined benefit asset / liability	1	(3)
Expenses recognised in the statement of profit and loss	222	204
E. Amount recognised in other comprehensive income		
Actuarial (gains) / loss		
- change in demographic assumption	1	(2)
- change in financial assumption	252	22
- experience variation	89	65
Return on plan assets, excluding amount recognised in net interest expense	-	(4)
	342	81

F. Major categories of plan assets as a percentage of total plan :

1. 100 % Insurance funds

	(₹ in lakhs)	
	As at 31 March 2020	As at 31 March 2019
G. Assumptions Used		
Discount rate	6.80%	7.70%
Employee attrition rate	3.00%	3.00%
Future salary increase	8.00%	8.00%
Mortality Rate	100% (of IALM 12-14)	100% (of IALM 06-08)

H. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	(₹ in lakhs)			
	As at 31 March 2020		As at 31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	2,584	3,187	1,950	1,683
Salary growth rate (1% movement)	3,180	2,584	2,400	1,367
Attrition rate (1% movement)	2,824	2,906	2,149	1,521
Mortality rate (1% movement)	2,861	2,863	2,159	1,513

THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 41

Employee Benefits (Contd.)

I. Expected Future Cash Flows

(₹ in lakhs)

Particulars	1 year	2 to 5 years	6 to 10 years	More than 10 years	Total
31 March 2020					
Defined Benefit Obligations (Gratuity)	389	494	884	4,924	6,691
Total	389	494	884	4,924	6,691

(₹ in lakhs)

Particulars	1 year	2 to 5 years	6 to 10 years	More than 10 years	Total
31 March 2019					
Defined benefit obligations (Gratuity)	142	638	731	4,256	5,767
Total	142	638	731	4,256	5,767

Note 42

Corporate Social Responsibility (CSR)

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Gross amount required to be spent by the Group during the year	1,114	1,067
Amount spent and debited to Statement of Profit and Loss	1,114	1,067

Amounts debited to Statement of Profit and Loss were paid in cash during the respective year and were incurred for the purpose other than construction / acquisition of any asset.

Note 43

Leases

IND AS 116 has become applicable to the Group for financial reporting periods beginning on April 1, 2019. The Group has analysed the new IND AS 116 - Leases and concluded that there are no Leases as defined in the Standard and therefore there is no impact on the financial statements on account of the Standard becoming effective.

Note 44

Disclosure under Schedule III of the Companies Act, 2013 has been given to the extent applicable.

Note 45

Previous year's figures have been regrouped and rearranged to conform to current year's presentation, wherever necessary.



THE CLEARING CORPORATION OF INDIA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Additional Information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Act

Name of the entity in the Group	Net Assets, i.e. Total Assets minus Total Liabilities		Share of Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount (₹ in lakhs)	As % of consolidated profit or loss	Amount (₹ in lakhs)	As % of consolidated other comprehensive income	Amount (₹ in lakhs)	As % of consolidated total comprehensive income	Amount (₹ in lakhs)
<u>Parent</u>								
The Clearing Corporation Of India Limited	96.96	3,45,674	97.31	49,905	104.18	1,249	97.47	51,154
<u>Subsidiaries - Indian</u>								
Clearcorp Dealing Systems (India) Limited	2.78	9,910	2.24	1,148	(3.83)	(46)	2.10	1,103
Legal Entity Identifier India Limited	0.26	944	0.45	230	(0.35)	(4)	0.43	226
Total	100	3,56,528	100	51,284	100	1,198	100	52,482