

Price Waterhouse & Co Chartered Accountants LLP

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

1. We have reviewed the Statement of Standalone Unaudited Financial Results of National Stock Exchange of India Limited (the "Company") for the quarter and nine months ended December 31, 2019 which are included in the accompanying Statement of Standalone Unaudited Financial Results, (the "Statement"). The Statement has been prepared by the Company pursuant to Regulation 33 of Securities Contracts (Regulation) (Stock Exchange and Clearing Corporations) Regulations, 2018 (the "SECC Regulations") read with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations, 2015"), which has been initialled by us for identification purposes. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement.
3. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SECC Regulation read with Regulation 33 of the Listing Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw your attention to Note 4 to the Statement, relating to the contingent liability, that describes the Orders issued by the Securities and Exchange Board of India ("SEBI") on April 30, 2019 wherein disgorgement/demand aggregating Rs. 687.47 crore (excluding interest thereon at 12% p.a. from April 1, 2014 till the actual date of payment for one order and from September 11, 2015 till the actual date of payment for second order) has been raised against the Company pursuant to an investigation conducted in relation to preferential access to tick by tick data at the Company's Colocation facility, Dark Fiber point to point connectivity and Governance and related matters. SEBI further directed the Company to undertake certain remedial measures, actions and imposed restrictions. The Company has also received Adjudication notices covering identical matters, facts, circumstances and grounds as stated in each of the above orders, which are currently pending for hearing before SEBI. The Company has transferred Rs 687.47 crore to SEBI in respect of these orders and continues to transfer revenues emanating from the colocation facility to a separate bank account, which are then

Price Waterhouse & Co Chartered Accountants LLP, 252, Veer Savarkar Marg, Shivaji Park, Colaba (West),
Mumbai - 400 028
T: +91 (22) 66691500, F: +91 (22) 66547804 / 07

Registered office and Head office: Plot No. Y-14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata 700091

Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership Firm) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number before conversion was 304026E/304026E/E-300009 (ICAI registration number before conversion was 304026E)



Price Waterhouse & Co Chartered Accountants LLP

invested and along with accruals there on have been shown under restricted/earmarked investments and bank balances. The Company has filed appeals to contest the aforesaid orders with the Hon'ble Securities Appellate Tribunal, the future outcome of which is uncertain at this stage. Based on the legal opinion obtained by the Company, no provision for any liability has been made towards the aforesaid demand from the Orders, including any monetary penalty from the pending Adjudication proceedings in the Statement. Our conclusion on the Statement is not modified in respect of these matters.

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



Sumit Seth
Partner
Membership Number: 105869
UDIN: 20105869AAAAAA1732
Place: Mumbai
Date: February 7, 2020



NATIONAL STOCK EXCHANGE OF INDIA LIMITED



STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2019

(₹ in crores unless otherwise stated)

Sr. No. Particulars	Quarter ended			Nine months ended		Year ended
	31.12.2019 Unaudited	30.09.2019 Unaudited	31.12.2018 Unaudited	31.12.2019 Unaudited	31.12.2018 Unaudited	31.03.2019 Audited
1 Income						
(a) Revenue from operations	671.21	696.21	628.20	1,993.30	1,845.75	2,450.44
(b) Other Income	96.45	133.32	101.52	404.77	369.58	578.31
Total Income	767.66	829.53	729.72	2,398.07	2,215.33	3,028.75
2 Expenses						
(a) Employee benefits expense	48.25	48.95	42.84	146.82	119.84	170.12
(b) Clearing & settlement charges	43.87	44.03	36.15	124.91	103.42	139.67
(c) Depreciation and amortisation expense	34.68	32.30	28.92	97.51	89.24	118.07
(d) Other expenses	121.60	122.50	114.61	363.31	348.38	557.52
Total expenses	248.40	247.78	222.52	732.55	660.88	985.38
3 Profit before tax (1-2)	519.26	581.75	507.20	1,665.52	1,554.45	2,043.37
4 Less: Income Tax expenses						
(a) Current tax	127.00	79.00	207.00	378.00	526.00	665.00
(b) Deferred tax	(2.25)	(0.43)	(25.96)	(4.33)	(20.34)	(11.50)
Total Tax expenses	124.75	78.57	181.04	373.67	505.66	653.50
5 Profit for the period / year (3-4)	394.51	503.18	326.16	1,291.85	1,048.79	1,389.87
6 Other Comprehensive Income						
(a) <i>Items that will be reclassified to profit or loss (net of tax)</i>						
Changes in fair value of FVOCI debt instruments	0.42	4.61	15.65	16.94	3.37	2.87
(b) <i>Items that will not be reclassified to profit or loss (net of tax)</i>						
Remeasurements of post-employment benefit obligations	(2.33)	(0.19)	(0.77)	(3.93)	(1.73)	(1.60)
Changes in fair value of FVOCI equity instruments	2.40	4.07	(3.44)	8.53	(12.31)	(1.09)
Total other comprehensive income / (loss) for the period / year, net of taxes	0.49	8.49	11.44	21.54	(10.67)	0.18
7 Total comprehensive income for the period / year (5+6)	395.00	511.67	337.60	1,313.39	1,038.12	1,390.05
8 Paid-up equity share capital (Face Value ₹ 1 per share)	49.50	49.50	49.50	49.50	49.50	49.50
9 Reserves (excluding Revaluation Reserve)						6,333.94
10 Earnings per equity share (EPS) (Face Value ₹ 1 each) - Basic and Diluted (₹)	7.97*	10.17 *	6.59 *	26.10*	21.19*	28.08

* Not annualised

Notes :

- 1 The above Standalone Unaudited Financial Results for the quarter and nine months ended December 31, 2019 have been reviewed by the Audit Committee in its meeting held on February 6, 2020 and approved by the Board of Directors in its meeting held on February 7, 2020. The financial results for the quarter and nine months ended December 31, 2019 were reviewed by the Statutory Auditors of the Company.
- 2 The Company has paid final dividend of ₹ 449.71 crores (including dividend distribution tax) during the quarter ended September 30, 2019, approved by the shareholders in Annual General Meeting held on August 2, 2019. The Company has also paid interim dividend of ₹ 584.81 crores (including dividend distribution tax) as approved by the Board of Directors at its meeting held on November 7, 2019.
- 3 Since the segment information as per Ind AS 108 - Operating segments is provided on the basis of consolidated financial results, the same is not provided separately for the standalone financial results.
- 4 Securities and Exchange Board of India (SEBI) had directed NSE to carry out an investigation including forensic examination by independent external agencies in respect of certain aspects of NSE's Colocation facility. NSE got the investigation carried out and submitted the reports to SEBI. Further, SEBI had directed that pending completion of the investigations, all revenues emanating from the colocation facility with effect from September 2016 be transferred to a separate bank account. Accordingly, as of December 31, 2019, an amount of ₹ 3,182.81 crores (March 31, 2019 ₹ 2,258.71 crores) was transferred to a separate bank account and have been invested. These investments along with accruals there on have been shown under restricted / earmarked investments and bank balances.

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

The Company having received the orders passed by SEBI sought legal advice thereon and preferred an appeal against the said SEBI Orders. Hon'ble SAT vide its interim order has stayed the disgorgement of the amount, however it directed the Company to transfer the amount of ₹ 624.89 crores in the Colocation matter and ₹ 62.58 crores in the Dark Fibre matter totaling to ₹ 687.47 crores to SEBI which has been remitted by the Company on June 13, 2019 out of the total earmarked investments as indicated above. Accordingly, as on December 31, 2019 the total earmarked investment including income accrued thereon stood at ₹ 2,797.40 crores (March 31, 2019 ₹ 2,424.42 crores). Further, the Company is also directed to continue to transfer all revenues emanating from its co-location facility to a separate bank account. With respect to Governance and related matters, Hon'ble SAT vide its interim order has kept the directions passed in the SEBI order in abeyance.

The Company believes that it has strong grounds to contest the above orders including monetary liability (including from pending adjudication proceedings) raised by SEBI. Accordingly, no provision for any liability in this regard is considered necessary in the financial results as of and for the nine months ended December 31, 2019.

- 5 NSE is in receipt of SEBI Show Cause Notice dated October 9, 2019 (bearing reference no. MRD/DSA-I/VA/SKS/26772/1/2019) and a Supplementary notice dated December 16, 2019 (bearing no. MRD/DSA-I/VA/SKS/33591/1/2019) alleging violation in relation to certain alleged irregularities in the appointment of Chief Strategic Advisor and his re-designation as 'Group Operating Officer and Advisor to MD' by the former MD and CEO and the sharing of certain internal information pertaining to NSE with an alleged third party by former MD & CEO. NSE has sought inspection of records from SEBI in the matter and in the meanwhile also filed a Settlement Application. SEBI response in this regard is awaited.
- 6 Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to all contracts existing on April 1, 2019 using the simplified approach. Accordingly, comparative information for the previous periods have not be retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use-asset (ROU) and corresponding lease liability of ₹ 26.33 crores. Additionally, existing assets and related obligation in respect of finance leases have been reclassified and presented as part of ROU and lease liability amounting to ₹ 76.67 crores and ₹ 11.40 crores, respectively. The adoption of this new standard did not have any impact on the opening equity as of April 1, 2019 and neither have a material impact on the results for the quarter and nine months ended December 31, 2019.
- 7 The Company has elected to exercise the option of a lower tax rate provided under Section 115BAA of the Income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. Accordingly, the Company recognised provision for income tax and deferred tax assets basis the rate provided in the said section and recognised the impact of above changes in the results for the quarter ended September 30, 2019.
- 8 Previous period / year figures have been regrouped / reclassified wherever necessary to correspond with the current period classification / disclosure.

For and on behalf of the Board of Directors

Place : Mumbai
Date : February 7, 2020

Vikram Limaye
Managing Director & CEO
DIN : 00488534